

# Part 1

## Medium- to Long-Term Management Strategy

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### Selection and concentration of business to break from past traditions and return to a growth trajectory

**Toshimitsu Taiko**

Director, President and CEO, Representative Executive Officer



#### Reflection on progress

#### Recording impairment loss to confront risks now and provide a clean slate

Fiscal 2022 marks both the final year of the DX2022 Medium-term Business Plan and a year of record consolidated Group revenue, at ¥1,130.3 billion and a jump of 24% over the previous fiscal year. This marks our highest revenue since the 2003 integration that formed Konica Minolta as it exists today. However, amidst this success and a steady recovery of our business contribution profit\* (measuring earning power) to ¥29.7 billion, we elected to post a significant impairment loss of ¥116.6 billion, driving our operating profit and profit attributable to owners of the Company into the red, at ¥95.1 billion and ¥103.1 billion, respectively. When viewed in isolation, these are undeniably severe results.

In closing our accounts for fiscal 2022, we tested several acquired assets, including technology assets, goodwill and other intangible assets, and fixed assets, for impairment in line with International Financial Reporting Standards (IFRS). This impairment testing resulted in a determination that it would be difficult to recover investments within originally expected timeframes in several business areas, including precision medicine. We therefore decided to process these as impairment losses so as not to postpone inevitable risks.

Another challenging decision that was made this year, in light of a total examination of our performance this fiscal year and the importance of investing in future business given the environment and the prospects therein, we have elected to suspend the payment of a year-end dividend for fiscal 2022, resulting in solely the ¥10 per share interim dividend for the fiscal year in total. I offer my sincerest apologies for this suspension of standard dividend payment. However, in light of this decision not to pay a year-end dividend, we have elected to voluntarily return a portion of executive compensation paid to executive officers as defined by Japan's Companies Act.

\* Business contribution profit is a Konica Minolta-original index, defined as profit determined by subtracting sales cost and SG&A from revenue.

## Message from the CEO

### Despite falling short of targets, we have made three years of progress toward future growth

In the three fiscal years from 2020 to 2022, we have toiled to enhance our profitability and solidify our financial soundness per the direction of DX2022, our Medium-term Business Plan. Despite our best efforts, however, we ultimately failed to achieve any of the financial targets set therein, referring specifically to operating profit, operating profit ratio, equity ratio, and net Debt/EBITDA ratio. We particularly note that we still face challenges in three units defined as new strategic businesses that posted greater losses: precision medicine, DW-DX, and imaging-IoT solutions.

Even in our office business, traditionally a business with stable profits, we continued to face struggles due to a number of factors, including a prolonged COVID-19 pandemic, the global shortage of semiconductors, and a reduced toner supply capacity due to the accident at the Konica Minolta Supplies Manufacturing Tatsuno Factory. Still, despite these troubles, we were able to achieve significant improvements in profits during fiscal 2022 by

increasing production capacity and curbing the rise in fixed costs through structural reforms. Another positive note is the three years of profit growth nearly in line with targets in our other focus pillars of sensing, IJ (inkjet) components, production print, and medical imaging (healthcare).

Therefore, when we view the DX2022 three-year period from the lens of individual businesses, we can see results generated that will lead us to future success. Looking ahead to fiscal 2023, the first year of our new Medium-term Business Plan, we view these results as a major driving force and underlying foundation supporting new actions and further growth.

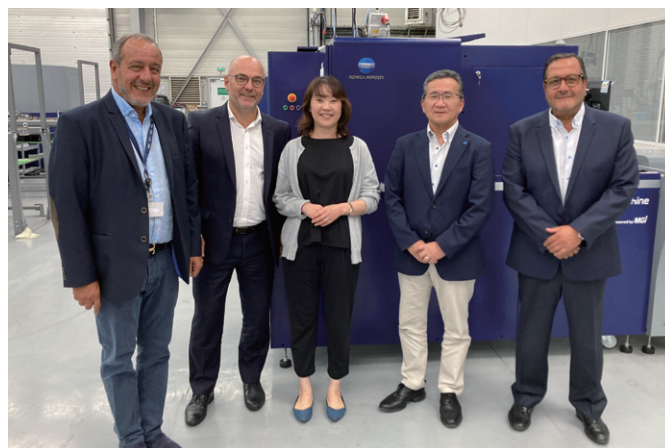
### Regaining trust and confidence in fiscal 2022

Since assuming the post of President in 2022, I have sought to rebuild the trust with stakeholders both external and internal as well as the confidence of our employees. Therefore, in fiscal 2022 I worked with utmost priority to restore Konica Minolta to profitability. With the exception of fiscal 2022, the Company has for many years set lofty

annual goals at the outset that were dependent on the best possible conditions being in place. What is especially important in our new approach with respect to employee confidence is that our fiscal 2022 goals were tempered to represent a place we could reach if we all worked hard together, even without the best possible conditions and with absorbing some potential downsides. Achieving these goals was meant to remind Konica Minolta employees of our winning ways, and particularly to re-embolden them by turning a profit after a series of net losses since fiscal 2019.

I believe the truth is in the field—in the factories, offices, and all other places, in Japan and abroad, where our colleagues deliver Konica Minolta excellence. In order to convey my desire to rebuild confidence to my colleagues, I have spent a great deal of time meeting with nearly 5,000 Company employees around the world, listening to their concerns and discussing how we should move forward.

While our diligent work together makes it especially frustrating that we could not bring Konica Minolta back to the black by the end of fiscal 2022, there is no doubt in my mind that our Group's earning power is steadily recovering.



Dialogues with many employees around the world

## Message from the CEO

This is evident in our business contribution profit (a unique Konica Minolta measure of earning power) for fiscal 2022 of ¥29.7 billion, jumping more than ¥40 billion from a loss of ¥12.2 billion in fiscal 2021. Not only that, but if we exclude the aforementioned impairment losses, operating profit was ¥21.5 billion, well exceeding the initial plan of ¥15 billion.

There is one more insight I would like to relay from my time traveling between sites in Japan and abroad in the last year. Spending this time on the front lines has reminded me of how well some of our Group businesses are steadily generating profits, even if they may not be so obvious in a summarized annual report. My time also revealed a great deal of new technologies and talented colleagues I had not

taken notice of before, something that has helped reform some of our new business policies and aided our ability to deploy best practices to other businesses. Though these revelations did not directly allow us to turn a profit in fiscal 2022, they underpin our determination in the coming year.

### Future outlook

#### Selection and concentration of business at the core of our new Medium-term Business Plan

We are entering a new Medium-term Business Plan period as of fiscal 2023 (see page 18 for details). The most fundamental of our priority policies in this plan is

strengthening our balance sheet and ability to generate cash flow to extract ourselves from our present deficit. This policy is paired with a key focus on selection, concentration, and structural reforms in our businesses so as to establish a foundation for growth toward fiscal 2025 and beyond.

In the selection and concentration of business, we have recategorized all businesses to fit in one of the following four categories: strengthening businesses, maintaining profit businesses, non-focused businesses, and direction-changing businesses. This new categorization is designed to allow us to clearly indicate the roles and responsibilities of each business and the criteria

### Business positioning in the new Medium-term Business Plan

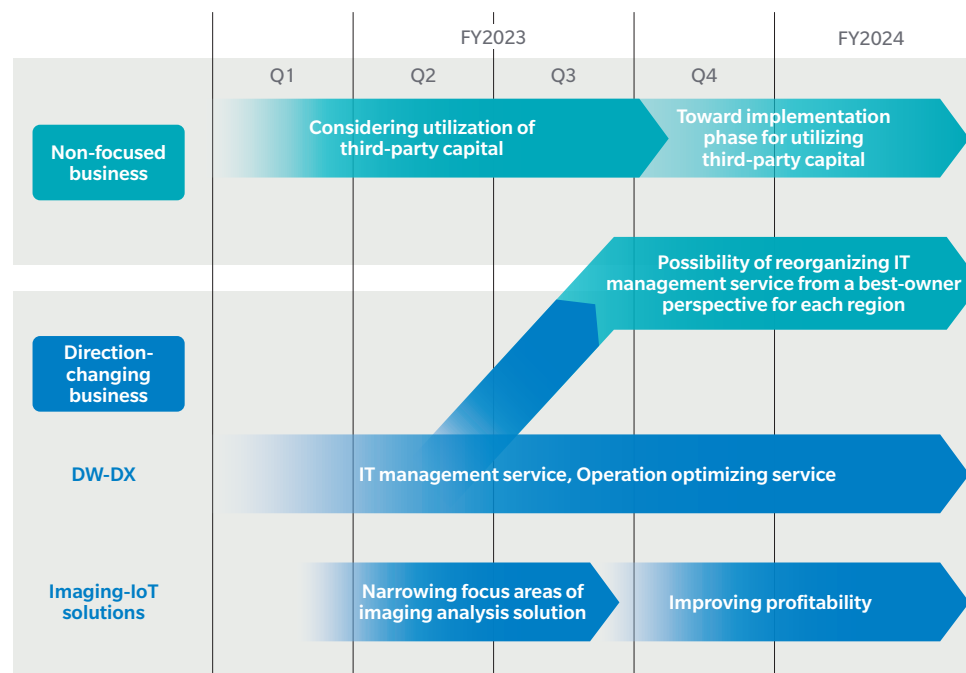
Industry Healthcare Professional Print Digital Workplace

	Direction	Relevant businesses
Strengthening business	Expanding businesses to drive greater corporate growth	Strengthening areas for Industry*1
		Strengthening areas for Professional Print*2
		Healthcare (Medical imaging)
Maintaining profit business	Stable generation of cash	Office
Non-focused business	Use of third-party capital, etc.	Marketing services
		Precision medicine
		Optical components (non-industrial applications)
Direction-changing business	Redesignation of strategic direction for growth	Imaging-IoT solutions
		DW-DX

\*1 Strengthening areas for Industry: Sensing, performance materials, IJ components, and optical components (industrial applications)

\*2 Strengthening areas for Professional Print: Production print and Industrial print

### Milestones: non-focused and direction-changing businesses





## Message from the CEO

for re-allocating resources to or from each, whereas our previous quadrant-based matrix was part of an omnidirectional growth policy.

What is most important to note here is that the new strategic businesses, as defined in the previous Medium-term Business Plan, have been reclassified to either non-focused businesses or direction-changing businesses since they have not been keeping up with the growth strategies laid out for them. More specifically, our precision medicine business, despite its presence in a promising growth field with significant potential contribution to society, has been classified as a non-focused business. Furthermore, an assessment of its compatibility with our growth strategy and the need for additional investment has resulted in a move to consider methods to raise third-party capital to support the business, including potential business transfer to another entity and/or public listing on a U.S. equity market. In addition, we decided to remove our domestic subsidiary within the marketing services business from the scope of consolidation in April 2023 through a third-party joint venture agreement.

Two businesses have been classified as direction-changing businesses: DW-DX and imaging-IoT solutions. Within DW-DX are our operation optimizing services and IT management businesses. We are examining potential regional changes in the latter, including as a best possible owner, given its limited synergy with our office business and development resources. As for imaging-IoT solutions, we will narrow our focus areas in image analysis solutions to outdoor and thermal utilization areas in Europe and North America. Through these activities in both businesses, we are accelerating our work toward greater overall profitability.

### Driving growth through priority resource allocation to strengthening businesses

Our Industry, Professional Print, and medical imaging businesses have been defined as strengthening businesses, which are to drive growth for the Group. In

order to facilitate their role in our growth, we will focus our management resources in these areas to continue building strengths from the previous Medium-term Business Plan period and achieve further growth in revenue and profits.

Within the particularly profitable Industry Business, we are working to expand our business and achieve cross-domain technology synergies in a number of domains for strengthening, including sensing, performance materials, IJ components, and optical components. In growth areas such as displays, mobility, and semiconductor manufacturing, we believe that we can generate business that is more closely tied to our customers by maximizing our relationships with each and our technological assets across the entire business. We have already launched a dedicated organization for this purpose in April 2023, which is practicing cross-functional activities to achieve our goals in this area (see page 49 for details).

In the Professional Print Business, the digital printing market is enjoying steady expansion in both commercial and industrial applications as the pool of available skilled technicians shrinks around the world and as customers become increasingly mindful of the environment. Thanks to these favorable conditions, we are able to utilize our extensive network of contact, not only with printing companies but also with those ordering printed materials (brand owners), logistics companies, and other sites throughout the printing supply chain, to help customers go digital in their processes, providing additional value in automation, labor savings, and remote operations (see page 55 for details).

So too does the medical imaging business offer greater business opportunities going forward, and we will aim to capture this and achieve growth with a focus on high-value-added imaging and IT solutions, built on the foundations of our brand power and firm customer base cultivated since the days of X-ray films (see page 53 for details).

On the other hand, we must consider the accelerating shift away from printing as to how it affects our office business, classified as a maintaining profit business in the



new Medium-term Business Plan. This more rapid shift, accelerated beyond the gradual pace we anticipated by the COVID-19 pandemic, has forced us to assess the impact on this business from the shift to hybrid remote-office work systems going forward. Understanding this, we are working to restructure our business model in this area to ensure a certain profit level and cash flow even if print volume declines through broader use of our unique billing model, transformation in our sales and service operations, and reducing manufacturing costs (see page 57 for details).

### Utmost focus on ROE for maximum corporate value

Our new Medium-term Businesses Plan adopts an approach of challenging and achievable management, establishing achievable plans incorporating a balance of risks and opportunities.

## Message from the CEO

For our financial targets, these plans include Company-wide targets to achieve revenue of ¥1.2 trillion, business contribution profit ratio of 5% or more, and ROE of 5% or more in fiscal 2025.

While we do not intend to significantly grow our revenue in and of itself, we are planning to make significant changes to its composition. We expect a gradual decline in sales from the office business and given this we will expand our high-margin strengthening businesses, boosting their revenue to ¥500 billion by fiscal 2025 and making their share of total business contribution profit around 75%, thereby improving the profitability of the entire Company (see page 20 for details).

Among our financial targets in the Medium-term Business Plan, we are placing our utmost focus on ROE in the interest of maximizing corporate value. Given that we have recorded a loss attributable to the owners of the Company for the past several years, our priority is indeed to return to profitability in fiscal 2023, but within this

priority, we see ROE of 5% or more, our fiscal 2025 target, as the bare minimum. We will work to achieve the 5% level as soon as possible and work to reach an 8% ROE at an early stage within the next Medium-term Business Plan period at the latest.

In order to improve ROE, we believe it is necessary to go beyond revenue and profits to also improve financial soundness. Our targets in this area include a total asset turnover ratio of 1.0 and financial leverage of 2.0 times. To ensure a more effective policy, we have decided to incorporate ROE with a significant 80% weighting in evaluations for medium-term stock bonus for Directors and Executive Officers, which are linked to performance (see page 69 for details).

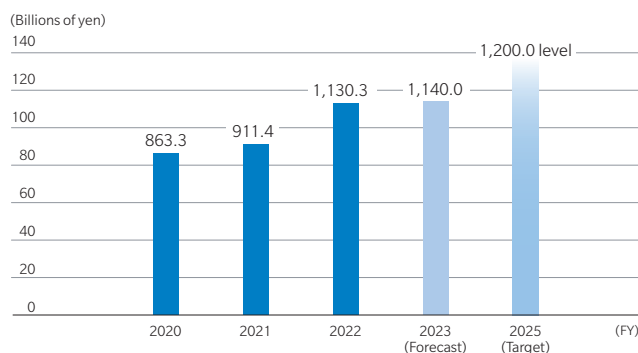
As for the future outlook in our new Medium-term Business Plan, the first year's performance is an area of great interest for us. In fiscal 2023, ¥18 billion is our operating profit target, and this is the absolute minimum level we need to achieve, even if there are some changes in

the environment around us. The key will be how far we can exceed this level. Overall, we are committed first to achieving a return to profitability, a goal we did not achieve in fiscal 2022, to restore confidence to the Group as a whole, and then to aim for a new growth trajectory. Furthermore, we are working to enhance our cash generation ability and offer more robust dividends and other shareholder returns.

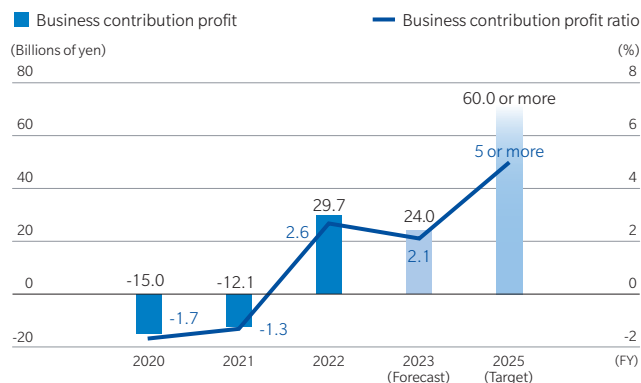
### Sustainability at the heart of management

Since the 2003 management integration that created the Konica Minolta of today, sustainability has been at the heart of the Group's management. In 2020, when we envisioned what society would be like a decade later in 2030, we used this illustration to backcast and identify five material issues for the Group. Though there is an urgent need to restore our performance in the challenging business environment we face today, our management policy remains

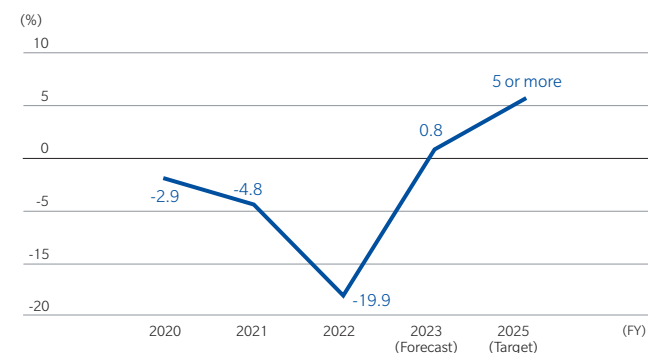
### Revenue



### Business contribution profit



### ROE



## Message from the CEO

unchanged: we will aim to enhance our corporate value over the medium-to long-term by contributing to solving social issues through our business activities based on the aforementioned five material issues.

In fiscal 2022, we established new environmental targets for addressing climate change, one of our material issues. Even before that and in advance of our peers, we established a bold target of reaching Carbon Minus status by fiscal 2030 in fiscal 2017, and have even moved forward this target's achievement year to fiscal 2025. Carbon Minus refers to the state of using our businesses to help reduce CO<sub>2</sub> emitted not only by us but also by our customers and society as a whole across Scopes 1, 2, and 3, and the goal of thereby reaching negative total CO<sub>2</sub> emissions. We will

achieve this, and simultaneously grow our earnings, through unprecedented work to pitch the emissions-reducing environmental value of our office, Professional Print, and other businesses. Also, we have set a target to achieve Net Zero CO<sub>2</sub> emissions across Scopes 1, 2, and 3 by fiscal 2050, and we are accelerating reductions in Konica Minolta product lifecycles. Separately, with regard to the material issue of using limited resources effectively, we have set a new target of reducing natural resource use in our products by 90% from fiscal 2019 levels by fiscal 2050, and have been taking measures to achieve the target (see page 25 for details).

One element not yet mentioned that is absolutely essential for sustainable corporate growth is human capital. Even the very best high-level strategies are nothing without the employees on the frontlines who actually implement them and make them work, and we are therefore committed to supporting and uplifting our talent to instill passion and pride in their work. Our global employee survey will absorb employee feedback for driving greater organizational capability, with a goal of achieving the industry average employee engagement score of 7.7 in fiscal 2025, and reaching the top 25% of industry peers in fiscal 2030 (see page 41 for details).

In order for our management to more profoundly commit to addressing climate change, and supporting and uplifting human capital, we have incorporated our CO<sub>2</sub> emissions reduction rate and employee engagement score in evaluations for medium-term stock bonuses (performance-linked) for Directors and Executive Officers as of fiscal 2023 (see page 69 for details). This will help make our officers more mindful not only of ROE and other financial targets, but also building greater non-financial capital, and will lead to further enhancement of corporate value.

## Holding our new course toward reestablishing steady growth

Since assuming office as President, I have always been mindful of the need to engage in forward-looking discussions to pave the way for the future, and at the same time, to be resolute and make cool, collected decisions in the interest of the company's future based on the facts of the matter rather than be shackled by historic precedent. In my discussions with our executive management, I have asked them to also break with the past, focusing on building an organization with the dynamism to be resilient and adaptable in the face of environmental changes.

Our work to make the Board of Directors a place that fosters frank, interactive discussions, including not only our regular monthly meetings but also informal open discussions in the form of roundtable meetings, is also part of this effort. These environmental changes have resulted in more profound and preemptive discussions among board members, including outside directors, and consequently the raising of several helpful suggestions as to the Group's management. Discussions were especially insightful in shaping the decision to adjusting management policies in the new Medium-term Business Plan, as well as in record an impairment loss for fiscal 2022.

Fiscal 2023 marks not only the first year of our new Medium-term Business Plan, but also the 150th anniversary of our company's founding and the 20th anniversary of our management integration. My aim is to make this year one that is remembered as a major turning point toward a new beginning for Konica Minolta, and I am fully committed to using our past reflections and learning for the betterment of our management and steadily returning us to a growth trajectory under the guidance of the new Medium-term Business Plan.

As we take these steps forward, I humbly ask for your ongoing support and understanding, whether shareholder, investor, customer, or employee.







The directors and the executive team are working together to achieve the new Medium-term Business Plan

### Soichiro Sakuma Independent Outside Director

Mr. Sakuma was involved in the management of the manufacturing industry for many years at Nippon Steel Corporation and Nippon Steel & Sumitomo Metal Corporation (currently Nippon Steel Corporation) and has extensive experience and knowledge as a corporate manager.

He became an Outside Director of the Company in June 2020 and Chairperson of the Corporate Governance Committee in June 2023.

### Chikatomo Kenneth Hodo Independent Outside Director

Mr. Hodo has been involved in the management of Accenture Japan Ltd, which provides management consulting and IT services, for many years, and has extensive experience as a corporate manager and extensive knowledge of digital business.

He became an Outside Director of the Company in June 2018 and the Chairperson of the Board of Directors in June 2022.

### Evaluation of the Previous Medium-term Business Plan

#### — How do you evaluate the results of the previous Medium-term Business Plan “DX2022”?

**Hodo:** In order to evaluate the results of “DX2022,” it is necessary to consider not only the three-year planning period, but also a long span going back to the previous plan. From such a big picture perspective, the big milestone for our company was “TRANSFORM 2016,” which started in fiscal 2014. Since then, for a total of nine years, through “SHINKA 2019” and “DX2022,” we have been working to shift away from a business portfolio that relied on the MFP business.

**Sakuma:** That’s right, we have consistently sought to transform our portfolio and establish the following pillars from new business areas.

**Hodo:** Under “DX2022,” it was the time to harvest concrete results in the precision medicine business, the imaging-IoT solution business, and the DW-DX business including the Workplace Hub as a completion of the portfolio transformation. However, we were exposed to headwinds such as the US-China trade friction and the spread of the COVID-19 pandemic, and we were unable to achieve the results we expected. In addition, there were internal factors such as the accident at the toner factory. As a result of these effects, we recorded a continued deficit.

**Sakuma:** Under “DX2022,” although we set an operating profit target of 55 billion yen for the final fiscal year, we finally posted an operating loss of 95.1 billion yen. Results are the most important thing for management, and this fiscal year we are in a situation where we absolutely cannot accept any result other than a positive operating profit. However, looking at the performance of the final fiscal year of 2022, the business contribution profit has improved significantly from the previous fiscal year, and it has turned a profit. In this way, while we are in a tight situation, I think we have shown in the final year of the plan that the earning power of the business is definitely improving and performance can be reversed in the future.



## Discussion with Outside Directors

**Hodo:** Looking back, the US-China conflict intensified since around October 2018, and since then, the gap between planned values and actual results has begun to widen. Our response to the change in the situation ultimately caused us to miss the opportunity and affected the trust from the market and the confidence of employees. I feel that from the fiscal year 2022, when President Taiko took office, we have been able to achieve the committed measures and target figures.

**Sakuma:** President Taiko himself said, “We will strive to increase our ability to execute and to receive positive evaluations from stakeholders for our challenging and achievable management,” but I think it should be appreciated that the divergence between budget and performance has narrowed despite the impact of environmental changes.

### Konica Minolta’s Strengths

#### — What do you think are the Company’s strengths for improving the competitiveness of the business in the future?

**Sakuma:** I think that it is in our “quality of manufacturing” backed by advanced and diverse technical skills. Even if you look around the world, it is very rare for a company to have advanced technology in both mechanical and chemical aspects. I am also from a manufacturing background, so I have met with various suppliers and peers, but I can’t think of many other companies with these qualities. This strength has led to the development of digital products such as a



mobile X-ray system featuring a wireless dynamic digital radiography function, as well as label printers and textile printers.

**Hodo:** The company I run also uses Konica Minolta MFPs, and I feel that it is a product that really combines various technologies such as mechanical, optical, electronics, network, chemical, and nanotechnology. In addition, when developing new materials, Konica Minolta is boldly challenging the cutting-edge fields of the era, such as using material informatics.

**Sakuma:** In addition, we have built a global sales and service network, mainly in Europe and the United States, and have contacts with customers in various industries around the world, which is a major strength that no other company has.

**Hodo:** As you said, it is also our strength that we can develop markets from a technological starting point and expand them globally. I think that one of our points of differentiation is that we can provide functions that meet the needs of the market in a timely manner by taking advantage of our software engineers stationed in various regions of the world, in addition to our sales and customer service staff.

### Probability of the New Medium-term Business Plan

#### — What kind of discussions did the Board of Directors have when formulating the Medium-term Business Plan (Fiscal 2023-2025)?

**Hodo:** Under the traditional planning process, the executive side developed the content to a near-final state before presenting it to the Board of Directors, but this time the Outside Directors also joined the discussion from the draft stage and considered the contents. Discussions began around the end of the summer of 2022 and ultimately took until May 2023. The economic environment and the competitive environment changed along the way, and there were ups and downs, but I think that as a result, we were able to have a more profound and enriching discussion from a multifaceted perspective.

**Sakuma:** In the new Medium-term Business Plan, we will review the positioning of each business and first promote business selection and concentration in the two years of fiscal 2023 and

fiscal 2024. In particular, I think it was a big decision to change some of the businesses that have previously been positioned as strategic new businesses to “non-focused businesses” and “direction-changing businesses.” As a result of this review, it has become very clear what each business is aiming for.

**Hodo:** Although this Medium-term Business Plan has no title, we will make a new start after summarizing the nine years of efforts from “TRANSFORM 2016” to “DX2022,” and with the message of “making the most of past reflections and learning in management,” we have taken “break with the past” as a keyword.

**Sakuma:** I know it well because I have worked in companies for a long time, but “break with the past” is an extremely strong statement for business people. I think it was very courageous to use this phrase in the announcement materials of the Medium-term Business Plan. This phrase was incorporated in a way that encouraged us to make this decision.

**Hodo:** Looking back on our history so far, we have a track record of transforming our business portfolio even after withdrawing from our original camera and film business, and in fact, we are a company that is not too afraid of change. We believe that the next three years are a stage of preparation for a new journey to increase corporate value in the medium and long term.

#### — What is your opinion on the setting of the management goals?

**Sakuma:** In the current Medium-term Business Plan, restoring trust from stakeholders and restoring employee confidence are of paramount importance, and these are also the basis for setting the management goals. Although it may seem like a somewhat conservative goal setting from the market’s perspective, I think it is an appropriate goal given the current situation of our company.

**Hodo:** After a decline in performance, everyone hopes to have a V-shaped recovery, but even if you can turn a profit in 1-2 years, it takes time to become a leader in the industry. Therefore, I think that this Medium-term Business Plan is the first step to make a big jump in the future. I believe that the direction and goal setting of the plan have a good probability, but we must work with a sense of speed in their implementation.

## Discussion with Outside Directors

**Sakuma:** Among our financial targets for fiscal 2025, scaling up the sales of the strengthening businesses to 500 billion yen and maintaining high profitability in these businesses is by no means an easy goal – it is very challenging. ROE of 5% or more will also be a great improvement, but it is true that some people still say that this is still not enough. Therefore, in order to regain the trust of stakeholders, we must do everything possible to achieve it, and by doing this, we should be able to restore the confidence of employees.

— Please tell us what your intention was to incorporate the non-financial targets of “CO<sub>2</sub> emission reduction rate” and “employee engagement score” into the evaluation criteria for executive compensation in the current plan.

**Sakuma:** Compared to the financial targets, for the non-financial targets the direct correlation between “management efforts” and “goal achievement” is weak, so various opinions were also expressed in the Compensation Committee. For example, although we are working to contribute to environmental issues through our business, our own CO<sub>2</sub> emissions will decrease if sales and production fall, even if management does not make efforts. However, this does not mean that you have really achieved your goal.

**Hodo:** If you achieve your non-financial goals well, but do not achieve your financial goals, in the end, it will not lead to an increase in corporate value.

**Sakuma:** So, this requires a decoupling perspective regarding CO<sub>2</sub> emissions. You must decouple your energy consumption from increased sales and production and have the Compensation Committee monitor whether the Company is achieving its goals through proactive management efforts.

**Hodo:** I am focusing on the “employee engagement score” in particular. I think this will be key for us to continue to achieve our financial goals in the future. This is because there is a big difference in final performance between a company that has highly motivated human capital and one that does not, given the same employee abilities. Thoroughly assessing each employee’s abilities while increasing engagement and bringing everyone’s strengths together to point in the same direction can lead to

stronger executive power. In other words, the realization of human capital transformation is a major issue for the future, and the Board of Directors will continue to monitor the progress of this aspect thoroughly.

### Evolution of Corporate Governance

— Since fiscal 2022, an Outside Director has become the Chairperson of the Board of Directors. How has the Board of Directors changed in the past year?

**Sakuma:** Since Outside Director Hodo assumed the Chairperson, I feel that the awareness on the executive side of “Let’s discuss from the perspective of the Outside Directors” has become even stronger. As a result, I think we can have lively discussions from an even standpoint.

**Hodo:** As Mr. Sakuma said, in the past, there were many cases where Outside Directors asked questions and executives answered them, but recently, this has changed to a place where we can have more in-depth discussions beyond internal and external positions. As a result, I think that the style of formulating measures together with the executive side and the directors has become clear.

**Sakuma:** Isn’t it because the answer to the question “What does the President want from the Board of Directors discussions” has changed? Traditionally, the executive side finalized the policy and then the Board of Directors verified and approved it, but since last year, we have adopted a style where the executive side presents multiple options and we discuss them and determine the policy at the Board of Directors.

**Hodo:** In addition, since last year, we have held meetings only for Outside Directors once a month. If an Outside Director wants to ask “what about this point?” there may be a lack of information and accurate questions and opinions may not be possible on the spot. That’s why we share everyone’s questions and opinions at this meeting, and feed them back to the next board meeting to make the discussions even more lively.

**Sakuma:** Moreover, the decisive difference from two years ago is that the Board of Directors is now composed of a majority of Outside Directors. In other words, if the opinions of internal and



Outside Directors diverge, the outside opinions win. For the executive side, there is a sense of tension that agenda items that can convince the Outside Directors must be drafted and fully explained. Of course, the responsibilities of Outside Directors have become even heavier and we must be aware of this and face these responsibilities with a higher level of tension.

— Why did you establish a new Corporate Governance Committee?

**Sakuma:** Konica Minolta was one of the first companies in Japan to become a Company with Three Committees, and since last fiscal year, Outside Directors, including the Chairperson, have occupied a majority of the Board of Directors, which is an example of the way we have built an advanced and exemplary corporate governance system. However, currently this has not been accompanied by performance, and the problem awareness of what should be done to fill this gap was the starting point for the establishment of the committee. In addition, one of the reasons was that we had not discussed the form of governance itself for a while.

**Hodo:** Since the Company transitioned to the current institutional design in 2003, the Nominating, Audit, and Compensation Committees have continued their own rules of not appointing the President to the committee from the viewpoint of increasing independence. This fiscal year, there are no members who have the experience of being President of Konica Minolta,

## Discussion with Outside Directors

and agenda items related to nomination and compensation are discussed by a majority of Outside Directors. Even for important proposals such as the approval of the Medium-term Business Plan, since last fiscal year, decisions have been made by a Board of Directors that consists of a majority of Outside Directors. It is no exaggeration to say that this is the frontier of corporate governance in Japan. However, as long as there is no example to follow, you need to verify for yourself whether this mechanism is really working. For example, there may be a variety of options regarding the balance of management and monitoring on the Board of Directors, and the skill set of the directors, but we must find out what is best for our company to achieve proper results.

**Sakuma:** Even in the OECD's Principles of Corporate Governance revised this year, only the broad concept is shown, and each company has to create a system that suits itself with regard to specific mechanisms. In short, there is no such thing as a definite "silver bullet" in corporate governance, so we must think about the system ourselves. I believe that it is the mission of the Committee to consider what kind of governance is best based on the situation we are in and our vision for the future.

**Hodo:** Of course, it is not written in the Japanese corporate governance code, so I would like us to become a company that can embody pioneering best practices.



**Sakuma:** In addition, the President is not a member in the Nominating, Audit, or Compensation Committees, but he does participate in the Corporate Governance Committee as a member. I think this is a very good mechanism. The committee also plays a role in filling certain gaps, such as discussing various themes that are difficult to discuss at the Board of Directors and other committees, so it is a good opportunity to deepen our understanding of the President's true feelings and execution side opinions on various topics that cannot be discussed elsewhere.

### — How do you plan to work as an Outside Director to achieve the new Medium-term Business Plan?

**Sakuma:** The fiscal 2023 results are overwhelmingly important. Based on the fact that performance in the past two years was at a critical level, we must achieve an operating profit of 18 billion yen in fiscal 2023.

**Hodo:** We will monitor various KPIs set to achieve that goal, but the external environment and competitive environment will change rapidly during the planning period, so it is important to handle the situation flexibly. When there is a risk that the plan will be delayed due to environmental changes, it is necessary to take additional measures quickly and adjust the goals accordingly.

**Sakuma:** There will always be environmental changes in the future. Since you can't control the environmental change itself, it is important to thoroughly implement measures that can be done by your own efforts, such as cost management. To that end, I believe that we must clarify our responsibility for cost management and put in place a management system to execute this more efficiently as soon as possible.

**Hodo:** In order to get out of the current crisis mode, it is important that we securely expand the strengthening businesses. Regarding the Industry Business in particular, the basic policy and action items have been clarified, and we will enter a stage where we will incorporate specific measures such as how to develop and strengthen the business in the future. We will also closely monitor the formulation and implementation of these measures.



**Sakuma:** Although we did not achieve "DX2022", we believe that the Industry Business has the potential to grow into a pillar of our Company in the future. We would like to work together so that we can exceed our targets in these strengthening business areas and accumulate as much as possible regarding the final goals of the Medium-term Business Plan.

**Hodo:** To achieve this, it is important to strengthen the execution ability of the entire company. In addition to optimizing the allocation of human capital, we must firmly establish the associated internal investment allocation and circulation mechanism, and constantly revitalize the business organization. In order to grasp such an execution situation in detail, this fiscal year I would like to visit various business sites and reduce the sense of distance between Directors and the executive team. After correctly understanding the actual situation, I would like to thoroughly discuss the mechanism of corporate governance that directly leads to improving performance and measures to strengthen executive ability at the Board of Directors and each committee, and contribute to the achievement of the Medium-term Business Plan.



## Review of DX2022

In the Medium-term Business Plan "DX2022", which began in fiscal 2020, we have been working to restore the profitability of the office business that was greatly affected by the spread of the COVID-19, and to promote the building of businesses that will be the next mainstay after the office business.

### Results of fiscal 2022 financial targets

In fiscal 2022, due to significant operating losses caused by the recording of impairment losses, the decrease in cash generation capacity, and the damage to equity, the profitability (operating profit, operating profit margin) and financial health (equity ratio, net Debt/EBITDA) targets of DX2022 could not be achieved.

### Results and factors of fiscal 2022 priority policies

In fiscal 2022, we were aiming to restore the operating profit of the office business to the level of fiscal 2018, but on the demand side, print volume decreased due to the spread of the COVID-19, and on the supply side, profit declined due to the shortage of semiconductors and the lengthening of the transportation period. Although the supply recovered in the second half of fiscal 2022, print volume did not return to the level before the COVID-19, and we were unable to meet the annual target. On the other hand, we were able to implement structural reforms and maintain the level of SG&A in fiscal 2020.

In terms of costs, we achieved our goal of maintaining total fixed costs at the level of fiscal 2020 (based on local currency) by shifting human capital to growth areas while maintaining the total number of personnel.

In terms of portfolio transformation, we planned to accelerate profit improvement for strategic new businesses and make a profit in fiscal 2022. However, in the precision medicine, DW-DX, and imaging-IoT solutions businesses, although the factors behind the results were different, operating losses increased in fiscal 2022, and major challenges remain.

In response to the goal of accelerating the building of businesses that will be the next mainstay after the office business, the strengths of businesses such as sensing, IJ components, production print, industrial print, and medical imaging were harnessed to achieve growth, and operating profit increased by 26.3 billion yen from fiscal 2020 to fiscal 2022, exceeding the target. This profit contribution has been a major driving force and support for the formulation of policies in the new Medium-term Business Plan from fiscal 2023.

### Results of fiscal 2022 financial targets

	Indicators	FY2022 management targets (Released on November 27, 2020)	FY2022 achievements
Profitability	Operating profit	55 billion yen	-95.1 billion yen (excluding 21.5 billion yen of impairment loss)
	Operating profit ratio	5.3%	— (excluding 1.9% impairment loss)
Financial health	Equity ratio	40% or higher	34.5%
	Equity ratio*	44% or higher	37.9%
	Net Debt/EBITDA*	2.0 or lower	-17.1

\* rating purposes

### Results and factors of fiscal 2022 priority policies

+ Targets achieved - Targets missed

FY 2022 priority policies (Released on November 27, 2020)	Results	Factors behind results
<b>1. Operating profit for the office business recovered to fiscal 2018 level (48.4 billion yen)</b>	Unachieved	- Reduced print volumes due to COVID-19, semiconductor shortages and longer transportation times Toner supply shortage due to toner factory accidents (internal factor)
		+ Structural reforms carried out and results achieved
<b>2. Maintain fiscal 2020 level of total fixed costs</b>	Achieved	+ Level maintained (based on local currency)
<b>3. Improve profits in new businesses at a faster pace</b> FY 2020-->2022: Profitable from operating profit -21 billion yen	-23.7 billion yen (excluding impairment loss)	- Precision medicine Slow growth for the number of genetic testing samples and delays in clinical trials due to the COVID-19 pandemic Collaboration with third parties in genetic field was not achieved • DW-DX Delays to growth of high profit services, increase in SG&A expenses • Imaging-IoT solutions Deterioration in profit margin of MOBOTIX AG due to spike in semiconductor parts Delays in use of VMS (Video Management System)
		+ Identifying non focused businesses and pursuing utilization of third party capital
<b>4. Accelerated pace for building business that will be the next mainstay after the office business</b> FY 2020-->2022: Increasing operating profit by 23.5 billion yen	Achieved, increased by 26.3 billion yen	+ Growth in sensing, IJ components, production print, industrial print, and medical imaging

# New Medium-Term Business Plan

## Awareness of Issues in Formulating the New Medium-Term Business Plan

Breaking away from the past, reviewing the positioning of strategic new businesses, and working on selection and concentration of businesses

Improving the balance sheet and cash generating capability as urgent tasks

## New Medium-term Business Plan (FY2023–2025)

### Basic Policies

#### Challenging and achievable management

We will no longer devise plans that can only be achieved under optimal conditions, and will steadily implement plans that can realistically be achieved to restore confidence and trust.

#### Return to a highly profitable company

- FY2022 (Previous Medium-term Business Plan):  
Recorded impairment losses to eliminate balance sheet risk  
Achieved initial forecast for operating profit without impairment losses
- FY2023–2024: Implementing business selection and concentration
- FY2025: Establishing foundation for growth

### Strengthening business profitability

▶ P19-20

Business selection and concentration

Reallocation of resources in strengthening businesses

Maintaining profitability in the office business

### Structural reforms implemented to reinforce profit foundation

▶ P22-24

Reduction in operating costs

Reinforcement of financial foundation and emphasis on cash generation

### Reinforcement of business management system

▶ P24

Clarification of business performance

Accelerate selection and concentration

## Selection and Concentration of Business—Rethinking the Role of Each Business

In the previous Medium-term Business Plan, we classified our businesses according to their growth potential and profitability and tried to expand each business. In the current Medium-term Business Plan, to determine which businesses to select and concentrate on, we have reorganized our businesses into four categories—strengthening businesses, maintaining profit businesses, non-focused businesses, and direction-changing businesses—and have further clarified their roles and our expectations for these businesses. Also, strengthening the business management system will increase the transparency of each business’s performance, and we will be implementing business selection and concentration in fiscal 2023-2024. This will extract value from our business assets, thus increasing our corporate value.

- Businesses designated as “strengthening businesses” will be driving the Company’s growth through their further expansion fed by their successes during the previous Medium-term Business Plan.
- Office business designated as “maintaining profit businesses” will be responsible for generating stable cash flows.
- For “non-focused businesses,” although we recognize the growth prospects of their markets and the social value of business activities, we have determined that in terms of ownership, it may be best for these businesses to be capitalized by a third party.
- With regard to “direction-changing businesses,” although we had previously invested in these businesses because we had considered them to be strategic new businesses, due to their continued low profitability, we will be monitoring each business’s quarterly performance in fiscal 2023 so that we can redesignate their future direction.

	Industry Business ▶ p.49	Healthcare Business ▶ p.53	Professional Print Business ▶ p.55	Digital Workplace Business ▶ p.57
<b>Strengthening business</b> Drive our growth through business expansion	Sensing Performance materials IJ (inkjet) components Optical components (for industrial use)	Healthcare (medical imaging)	Production print Industrial print	
<b>Maintaining profit business</b> Stable generation of cash				Office
<b>Non-focused business</b> Use of third party capital, etc.	Optical components (for non-industrial use)	Precision medicine	Marketing services	
<b>Direction-changing business</b> Redesignation of strategic direction for growth	Imaging-IoT solutions			DW-DX



## Our Goals for Fiscal 2025

### Main Financial Indicators

Achieve ROE of 5% as soon as possible, then aim for ROE of at least 8% during the next Medium-term Business Plan

For strengthening businesses, where we will be concentrating our efforts through fiscal 2025, we have set goals of 500 billion yen in revenues and a business contribution profit ratio\* of 11%-13%. Increasing the business contribution profit ratio of the Company's highly profitable strengthening businesses will enable us to raise the business contribution profit ratio for the entire Company to 5% or more, so that we will achieve ROE of 5% or more by fiscal 2025 and then reach ROE of 8% or more during the next Medium-term Business Plan that starts in fiscal 2026.

\* Business contribution profit is a Konica Minolta-original index, defined as profit determined by subtracting sales cost and SG&A from revenue.

#### Main Financial Indicators to Be Achieved by FY2025

		FY2022 results	FY2025 plan
<b>Revenue</b>	Strengthening business* <sup>2</sup>	418.4 billion yen	<b>500 billion yen</b>
	Company-wide	1,130.4 billion yen	<b>1,200 billion yen level</b>
<b>Business contribution profit ratio*<sup>1</sup></b>	Strengthening business* <sup>2</sup>	11.5%	<b>11%–13%</b>
	Company-wide	2.6%	<b>5% or higher</b>
<b>ROE</b>		-19.9%	<b>5% or higher</b>
<b>FOREX (Yen)</b>	US	135.5	135.0
	EURO	141.0	140.0

\*<sup>1</sup> Business contribution profit is stated at the figure after adjustment for head office expenses.

\*<sup>2</sup> Strengthening Business: Industry (sensing, performance materials, IJ components, and optical components), medical imaging, and Professional Print (production print and industrial print)

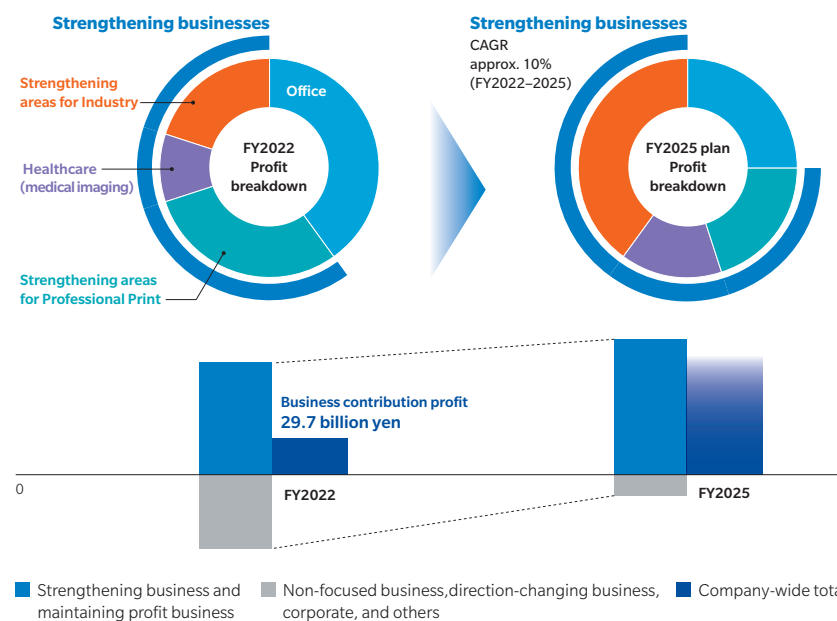
### Business Contribution Profit

Expand company-wide business contribution profit by developing strengthening businesses, improving the profitability of low-profit businesses, and reducing head office expenses

In fiscal 2022, business contribution profit was 29.7 billion yen (profitability ratio of 2.6%). As our goal is to increase the business contribution profit ratio to 5% or more by fiscal 2025, our growth will be driven by strengthening businesses. We anticipate that the business contribution profit ratio of strengthening businesses will grow at an annual average rate (during fiscal 2022–2025) of about 10%, and we will expand the strengthening businesses within our Industry Business. Protecting the earnings of the office business will underpin the earnings of the entire Company.

We will also work to increase Company-wide profitability by minimizing the negative factors in our business contribution profit through reducing head office expenses and improving the profitability of our non-focused businesses and direction-changing businesses.

#### Image of Breakdown of Business Contribution Profit in Fiscal 2025



## Our Vision for Fiscal 2025— Toward Maximized Corporate Values

### Target ROE

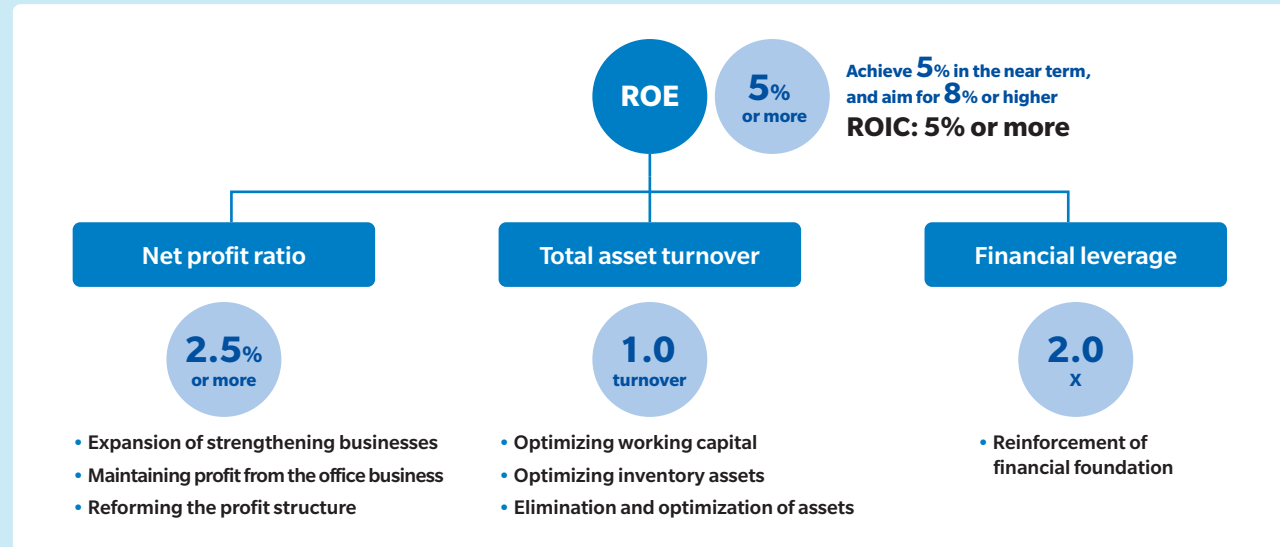
The highest-priority goal in our vision for fiscal 2025 is to improve our ROE. The driver for this will be better profitability, and through business selection and concentration, we aim to raise our net profit ratio to 2.5% or more. Another goal is to improve our asset turnover rate to 1.0x by optimizing our working capital and inventory assets and our financial leverage to 2.0x by building a well-balanced financial foundation, as we work toward achieving an ROE of at least 5% as soon as possible and of at least 8% in the future.

We are working to achieve an ROIC of 5% or more by improving these indicators.

### Key Non-Financial Indicators

**Better employee engagement:** To enhance our business execution, we need to ascertain any workplace issues in the execution of our strategy and address them promptly. We are trying to improve engagement by being attentive to each and every one of our employees and taking immediate action to resolve any issues (see page 41 for details).

**Reducing CO<sub>2</sub> emissions:** Our efforts toward solving the problem of global climate change can only accomplish so much. We will grow our businesses by aiming for Net Zero emissions for those CO<sub>2</sub> emissions that are within the purview of our responsibility and to achieve Carbon Minus status by aggressively reducing global CO<sub>2</sub> through collaboration with our business partners, customers, and other stakeholders (see page 25 for details).



		FY2022 results	FY2025 plan	
<b>Employee engagement score</b>		6.6	7.7	
<b>CO<sub>2</sub> emissions produced in Konica Minolta product lifecycle</b>	Reductions compared to 2005	58%	61%	Achieving the Carbon Minus status
	Emissions	860,000 tons	800,000 tons	
<b>Contribution to CO<sub>2</sub> reduction by customers and partners</b>		600,000 tons	800,000 tons or more	

# Financial Strategy

**We will work to improve profitability and financial structure, achieve 5% ROE at an early stage, and aim to achieve 8% or more.**

**Yoshihiro Hirai**

Director, Executive Vice President and Executive Officer



## Fiscal 2022 Review

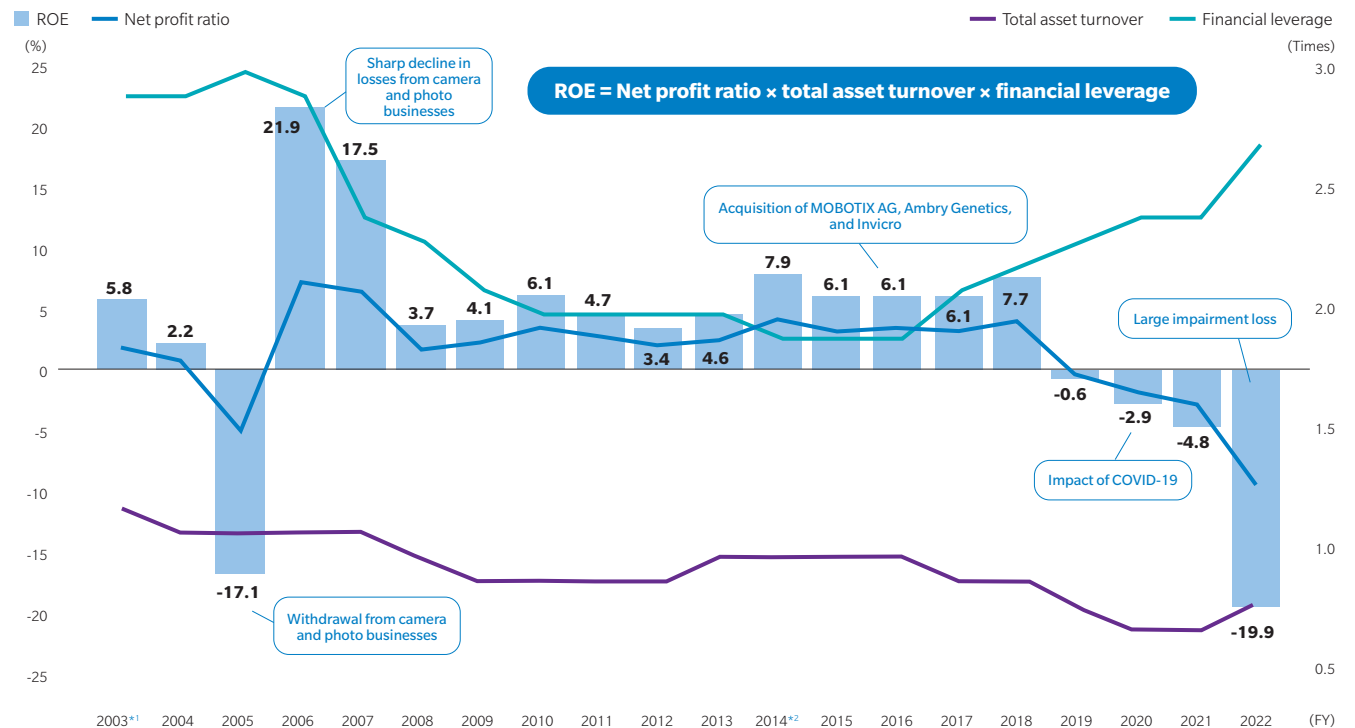
**We need to Improve the financial balance through strengthening profitability and improving cash generation capacity**

In the previous Medium-term Business Plan “DX2022” (fiscal 2020-2022), in addition to the impact on production due to the lockdown caused by the spread of COVID-19, the reduction in non-hardware sales of toner, etc. due to the decline in printing accompanying the acceleration of remote work, and the soaring prices of components and energy costs, the business environment continued to be harsh, for example the business was

severely affected by a shortage of toner supply due to an accident at the Konica Minolta Supplies Manufacturing Tatsuno Factory in fiscal 2021.

Even in such an environment, our consolidated sales in fiscal 2022 were ¥1,130.3 billion (+24% YoY), the highest since the business merger in 2003. By region, North America sales grew by about 44% compared to the previous year, Europe by about 27%, China by about 13%, and Japan by about 1%, demonstrating growth in all regions. In addition, considering the results by business, backorders were eliminated in the Digital Workplace and Professional Print Business due to the recovery in product supply, and sales volume increased, with both hardware and non-hardware revenue increasing year-on-year. In the Healthcare

## ROE Fluctuations



\*1: Due to the integration between Konica and Minolta, shareholders equity and net profits in FY2013 were pro forma basis.

\*2: Adoption of IFRS in FY2014



## Financial Strategy

Business, sales in Japan and the United States remained strong in medical imaging (healthcare), and sales in the precision medicine increased by 83% year-on-year due to an increase in the number of genetic tests. In contrast, in the Industry Business, while the sensing unit recorded a record high in sales, the performance materials unit experienced a decline in sales due to market inventory adjustments, and the entire business was slightly negative.

On the other hand, in considering the selection and concentration of the business, we conducted a detailed review of investments, focusing on past acquisitions, and conducted impairment tests based on international accounting standards. As a result, we recorded an impairment loss of a total of ¥116.6 billion, mainly for goodwill related to the precision medicine and goodwill related to imaging-IoT solutions. As a result, the operating loss in fiscal 2022 was ¥95.1 billion, and the net loss was ¥103.1 billion. Operating profit excluding impairment losses was ¥21.5 billion, exceeding the initial earnings forecast of ¥15 billion, and it can be said that the earning power of the business is recovering. However, ultimately, due to large impairment losses, the equity ratio at the end of fiscal 2022 fell to 34.5% (37.9% for rating purposes). In addition, interest-bearing liabilities increased due to the increase in inventory assets, the net D/E ratio has increased to 0.8, and the total asset turnover decreased to 0.8. Improving the financial balance by strengthening profitability and cash generation is an urgent issue.

In addition, in the financial results for fiscal 2022, we once again conflicted with the financial restriction clauses attached to some syndicated loan agreements concluded with multiple financial institutions in which we “pledged not to record operating losses for two consecutive periods.” However, the Group has received acknowledgement from all of the relevant institutions that they will not request the acceleration of payment due to that infringement.

### Basic Policy for Financial Strategy in the Medium-term Business Plan

#### Improve the financial balance through improved profitability and asset efficiency, leading to enhancing corporate value

In the new Medium-term Business Plan (fiscal 2023-2025), we have established the following basic policies with the aims of “Challenging and achievable management” and “Return to a highly profitable company.”

- ① **Strengthening business profitability:** Selecting and concentrating the businesses, redistributing resources to strengthen the business, and maintaining the profitability of the office business
- ② **Strengthening the profit foundation:** Cost structure reform, financial base strengthening (asset efficiency improvement), cash-focused
- ③ **Strengthening the business management system:** Clarification of business performance, acceleration of selection and concentration

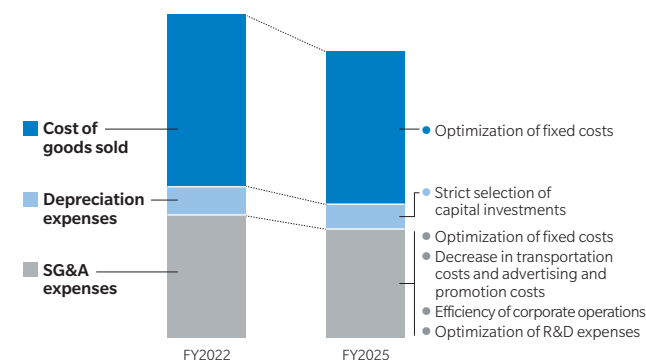
#### Strengthening business profitability

With regard to the strengthening of business profitability, each business will be newly positioned as a “Strengthening business,” “Maintaining profit business,” “Non-focused business,” and “Direction-changing business,” and we will endeavor to achieve results through measures in line with this approach.

#### Strengthening the profit foundation

In order to strengthen our profit foundation, we will strengthen our financial foundation and improve our cash generation capacity through cost structure reform and asset efficiency improvement, and aim to improve the company-wide business contribution profit margin that indicates the profitability of our main businesses from 2.6% in fiscal 2022 to 5% or more in fiscal 2025. In order to achieve this, as a cost structure reform, we will strive to reduce fixed costs by reviewing research and development themes, how we use human resources, more

### Cost Structure Reforms



efficient corporate operations, and the functions of bases.

To strengthen the financial foundation and generate cash, going forward in addition to sales and profit, we will focus on instilling an awareness of the importance of cash and asset efficiency. Specifically, in addition to reviewing the business portfolio, we will work to improve asset efficiency by compressing working capital such as sales receivables and inventory assets, carefully selecting capital investment, organizing bases and real estate, and compressing interest-bearing liabilities, and increase the total asset turnover rate, which was 0.8 at the end of fiscal 2022, to 1.0 at the end of fiscal 2025. In particular, inventory assets that increased to ¥242.1 billion at the end of fiscal 2022 were intentionally held as strategic inventory to eliminate order backlogs during the COVID-19 pandemic, but we will review and level these inventory assets in the future.

In addition, as a capital allocation, we plan to create a cumulative operating cash inflow of ¥300 to ¥330 billion in the three years from fiscal 2023 to fiscal 2025, use ¥150 billion, which is about half of the obtained cash, for strategic business investment, and use ¥150 to ¥180 billion to reduce interest-bearing liabilities and distribute dividends to shareholders. With the reduction of interest-bearing liabilities, the net D/E ratio will be improved from 0.8 at the end of fiscal 2022 to 0.5 to 0.55 at the end of fiscal 2025, and the financial balance will be restored to an appropriate level.



## Growing our business while solving social and environmental issues

### Noriyasu Kuzuhara

Director, Executive Vice President and Executive Officer  
General Manager, Corporate Planning Headquarters



### Since the integration of Konica and Minolta's management in 2003, sustainability has constantly been at our management's core

For Konica Minolta, sustainability means contributing to the realization of a sustainable society by solving social and environmental issues through its business activities, while growing as a company. In our view, we can achieve sustainable growth by solving social and environmental issues through economically rational business. Since the management integration in 2003, we have constantly positioned sustainability at the core of our management, seeking growth while helping to solve social and environmental issues based on this concept. In 2020, we evaluated the impact that social and environmental issues have on the Company from an opportunity and risk perspective with any eye toward creating a sustainable society that should be achieved in ten years, in 2030. By back-casting from there, we identified five material issues. We have maintained this basic approach in the new Medium-term Business Plan, which starts from fiscal 2023, and are pursuing the realization of material issues according to the new value creation process (see page 5 for details).

### Achieving corporate growth by constantly cycling through the value creation process

In the new Medium-term Business Plan, we will continue to deploy and cycle through the value creation process by positioning "co-creation with customers" at the core. Our business is designed to create value by backcasting based on future social issues.

In this process, we especially focus on co-creation with customers through strengthening businesses. The source of our value creation is our close relationships with our customers and it increases the certainty that we remain profitable, and have a broad impact on society through those customers. We will provide even greater value to society by pursuing co-creation with our customers to address specific social and environmental issues, while further expanding business and achieving sustainable growth. Together with our customers, we seek to achieve a major social impact unachievable by our company alone by changing the industrial value chain focusing long-term on changes in end-users and society beyond our

customers. To this end, we will make greater use of our diverse human capital than ever before and integrate our technologies across businesses.

### Achieving material issues through a new value creation process

Under the new process for value creation, we will achieve the following five material issues through our business activities: "Improving fulfillment in work and corporate dynamism," "Supporting healthy, high-quality living," "Ensuring social safety and security," "Addressing climate change," and "Using limited resources effectively."

For example, the vision of the Professional Print Business is to create a world where high value-added printed materials are efficiently used, and the environmental impact of printing is minimized by "shifting from analog to digital printing." Our digital printing system, which includes decorative printing, is labor saving, requires no high-skill to use, and enables remote operation, providing a substantial reduction in work time, and leading to a cleaner working environment at the printing site and a more creative and dynamic workplace. In addition, we seek to transform the entire printed materials supply chain, including our brand owner clients who pursue the potential of printing and the logistics sites that deliver printed materials. In the new Medium-term Business Plan, with the reduction of environmental impact now a global trend, we have set the digitalization of label printing, packaging printing, and textile printing as our areas of focus in the industrial printing field. Working together with our target customers, who are printing companies and brand owners that are strongly conscious of sustainability, we will grow our business through digitalization and create significant social and environmental value by focusing on manufacturing products that satisfy customers and can be used by professionals.

In the Healthcare Business, our mission is to "enable convenient and advanced medical care by advancing familiar modalities and IT services." We will contribute to "early diagnosis," "lower medical care costs," and "improved Quality of Life (QOL)" by advancing medical care through these two axes: 1) making the invisible visible through high-value-added imaging and enabling advanced medical care, and 2) supporting workflow reforms and greater operational efficiency in clinics using the power of medical IT.

## Sustainability Strategy

This is how we will continue to be indispensable to our customers and society, we will maximize the use of our intangible assets, the source of our value creation, and co-create with our customers to not only contribute to society, but also to convert these assets into financial value and achieve business growth.

### Toward business growth through environmental activities

Konica Minolta has extensive experience accumulated over the years to help it achieve its long-term vision. To reduce the environmental impact that we are responsible for, such as product lifecycle CO<sub>2</sub> emissions, we conduct Green Factory activities to promote energy-saving, decarbonization, and conserving energy in our production processes, and Green Products activities to promote the environmental friendliness of our products, such as reducing their environmental impact when our customers use them. We also conduct Green Marketing activities that link this kind of low-environmental-impact performance to sales. The Company has set up a system where all functions, including development, production, and sales, are each responsible for reducing product lifecycle CO<sub>2</sub> emissions.

We have also long been committed to helping reduce CO<sub>2</sub> emissions and resources beyond the product lifecycle. The previously mentioned “shift from analog to digital printing” promoted by the Professional Print Business eliminates the need for plates used in each process compared to conventional analog printing, and greatly reduces the work of adjusting color and position. The result is that customers can significantly reduce their CO<sub>2</sub> emissions and resource use. This is a further contribution to printing on media other than paper. In the textile industry, where environmental concerns have recently become increasingly important, the switch from screen printing to digital printing eliminates the need for cleaning water and energy for fixing, which are mainly responsible for the environmental impact of the dyeing process.

We are also trying to create new environmental contributions in the Industry Business domain, an area that we seek to strengthen in our Medium-term Business Plan for 2025. A specific example is the introduction of inkjet systems at the manufacturing sites of our Inkjet (IJ) component business. In the manufacturing process of electronic devices such as printed circuit boards and displays, special printing for flexible packaging, building materials, and solar cells, we seek to

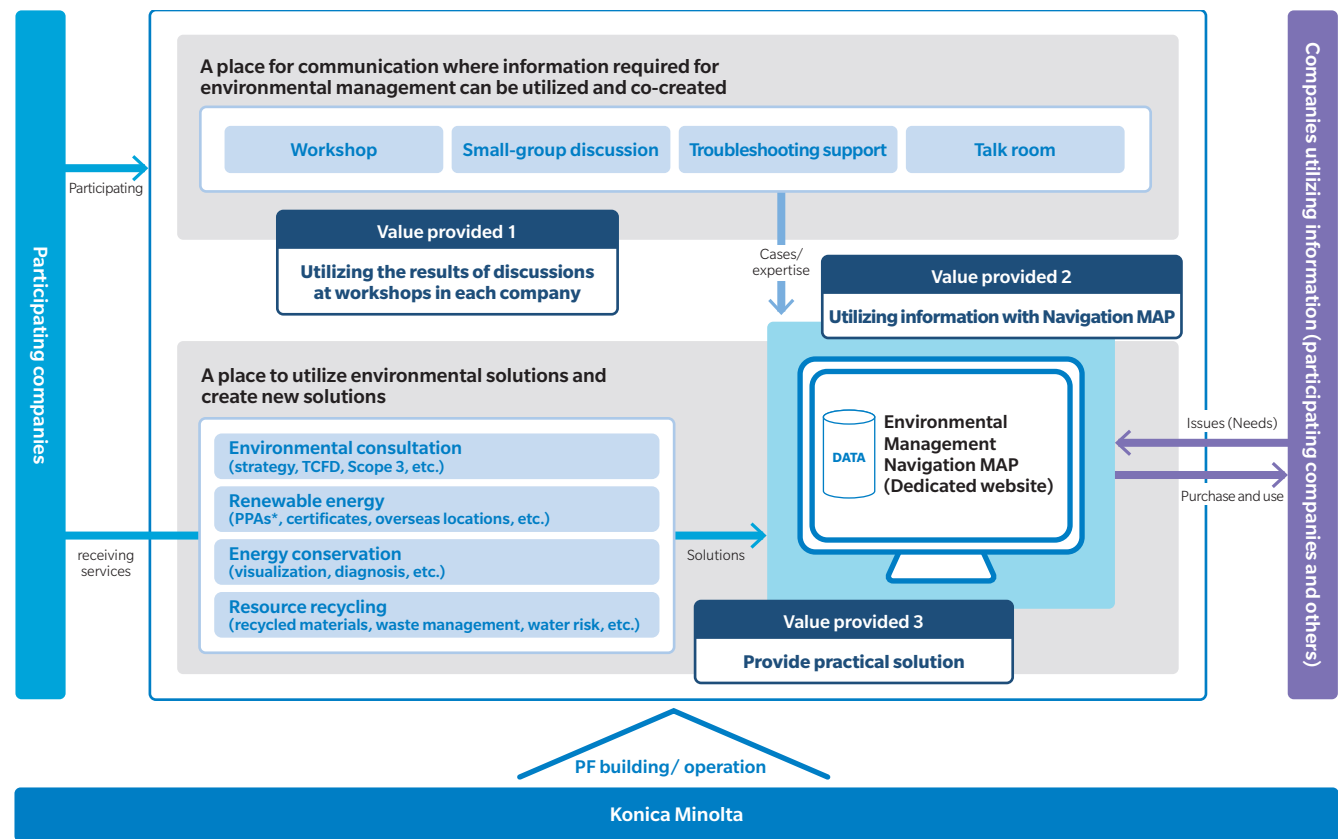
transform our customers’ workflows and achieve new manufacturing process by using inkjet printing technology. For example, in the solder resist manufacturing for printed circuit boards, the inkjet method can greatly simplify the process compared to the conventional process using the photographic development method. Not only are we improving the work environment at our customer’s companies through process reduction, but we also expect a significant reduction in

environmental impact through the elimination of VOCs (volatile organic compounds) and waste fluids.

### Accelerating decarbonization by collaborating with suppliers and partners

One of our distinctive initiatives to reduce the environmental impact outside of the product lifecycle is our “Carbon Neutral

### Environmental Digital Platform



\* PPA: Power Purchase Agreement



# Sustainability Strategy

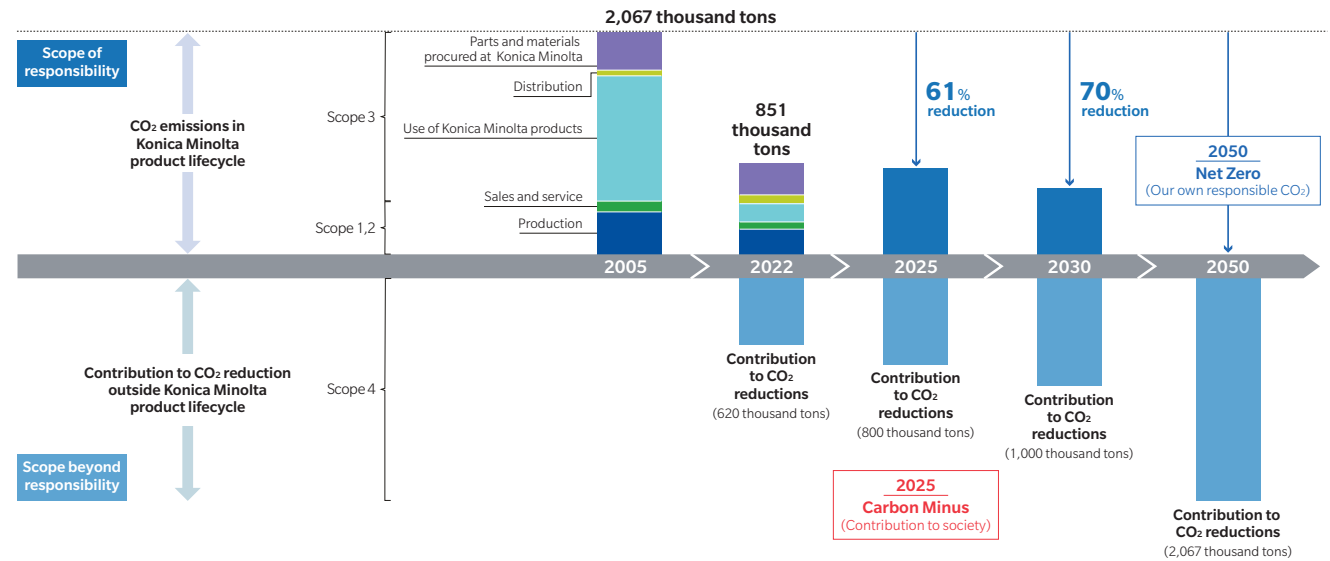
Partner Activity” that supports the reduction of CO<sub>2</sub> emissions at suppliers. In the past, environmental and energy specialists had to visit procurement sites to provide support, which limited the number of companies that could be served to three or four per year. However, Konica Minolta has developed a system that automatically performs energy conservation diagnosis, which enables us to collaborate with about ten suppliers per year. Support for these CO<sub>2</sub> reductions will result in a spillover effect on environmental impact reductions outside of our own procurement, thereby contributing to reducing our environmental impact outside our scope of responsibility. In recent years, creating a more sustainable supply chain has become an important issue, so we are taking steps to decarbonize the entire supply chain by leveraging our long years of experience and increased efficiency through DX.

The Environmental Digital Platform launched in fiscal 2020 is another of our priority initiatives. Launched as an ecosystem for reducing environmental impact, the Environmental Digital Platform was started with 16 companies, but the number of participating companies had expanded to 86 as of July 2023. The platform seeks to promote the creation of innovation through collaboration and co-creation among companies and to solve environmental issues on a global scale by raising operational efficiency through workshops and sharing knowledge on the themes of Net Zero and the circular economy and by pooling and capitalizing on knowledge from different industries.

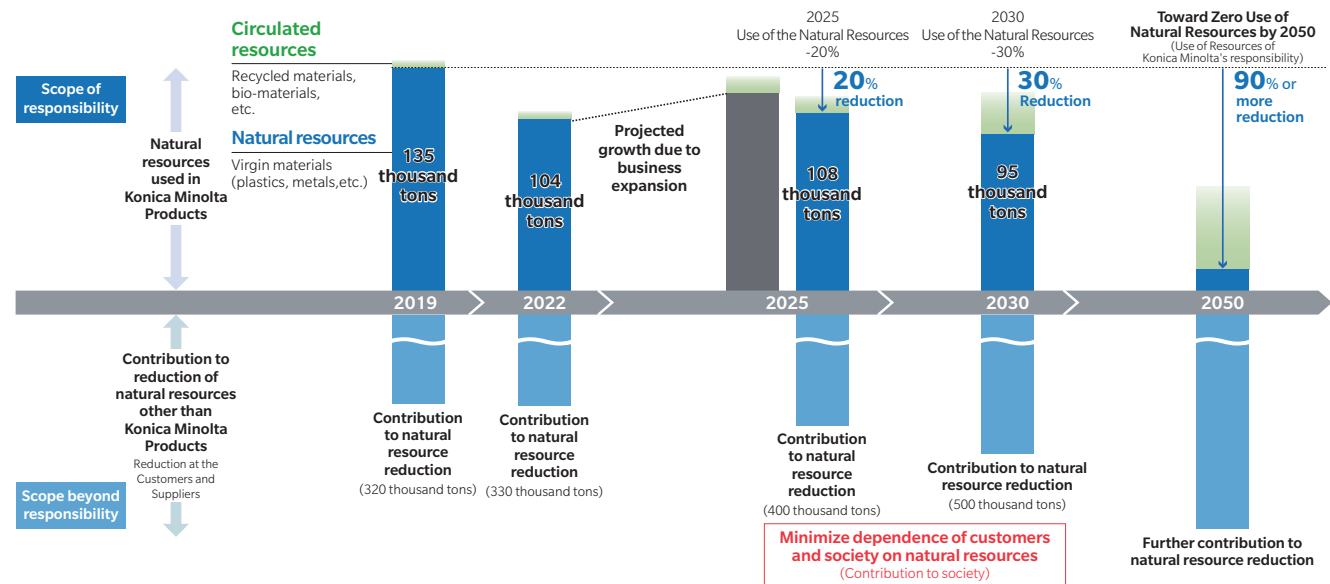
## Aiming for Net Zero CO<sub>2</sub> and zero use of natural resources by 2050

Based on the above initiatives, we have formulated Eco Vision 2050, our long-term environmental vision that includes the unique concept of Carbon Minus in our environmental management. Carbon Minus seeks to not only reduce the lifecycle environmental impact of products within the scope of our responsibility, but also to contribute to the reduction of environmental impact that we are not responsible for, and to create a state wherein this reduction exceeds the emissions generated by Konica Minolta, through collaboration with customers and suppliers. We believe that this approach and our initiatives embody the concept of environmental management of

### Environmental New Target: Net Zero CO<sub>2</sub> emissions by 2050



### Environmental New Target: Toward zero use of natural resources by 2050



\* Natural resources: Resources that require new drilling or mining, such as crude oil or mineral resources and are generally synonymous with depletable resources.

## Sustainability Strategy

“growing our business by solving environmental challenges and also creating new businesses,” which has resulted in our non-financial activities being highly assessed by various stakeholders.

At the same time, the transition to a decarbonized and recycling-oriented society in the global market is occurring at a rapidly increasing pace, making it necessary to speed up our efforts a notch to maintain our non-financial activities at an effective level. Therefore, we have also re-examined our long-term environmental vision which consists of non-financial indicators in our new Medium-term Business Plan.

With regard to climate change, we had previously set the goal of reducing product lifecycle CO<sub>2</sub> emissions, which is within the scope of our responsibility, by 80% from the fiscal 2005 level by 2050, but we have now set the goal of achieving Net Zero emissions by 2050. This shows our intention to adapt our business to a decarbonized society. In addition, we have decided to push forward our goal of achieving Carbon Minus emissions from 2030 to 2025, wherein our contribution to CO<sub>2</sub> reductions outside the scope of our responsibility exceeds the emissions within the scope of our responsibility. With society shifting significantly to decarbonization, we seek to demonstrate the value of contributing to society through our business by showing that our contribution exceeds our own emissions, and that this will drive our business growth.

We have also set two long-term targets to reduce resource use for 2050, which are divided into, 1) resources within the scope of our responsibility and, 2) contribution to resource reductions. For resources within the scope of our responsibility, we will reduce our resource use and replace it with circulated resources to achieve zero use of natural resources. We will also maximize our contribution to reducing global resources in products other than our own. In parallel with a decarbonized society, we will create new businesses and achieve growth by building a recycling-oriented society.

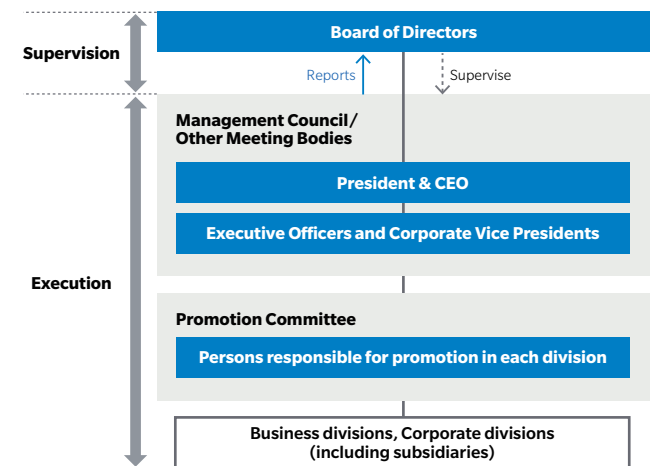
### Further advancing our sustainability management

The President and CEO has overall responsibility and authority for the Company’s sustainability management. As the person responsible for the Corporate Planning Headquarters, I promote the Group’s sustainability management and report on the state of our progress at board meetings and receive advice and feedback.






I am proud of the leadership we have shown in our ongoing sustainability efforts, especially in the environmental field. On the other hand, I recognize that our sustainability initiatives do not necessarily generate profits, or they do generate profits, but they are invisible to investors and other stakeholders, and this is a major issue. Making progress towards resolving this issue is a major goal of our Medium-term Business Plan.

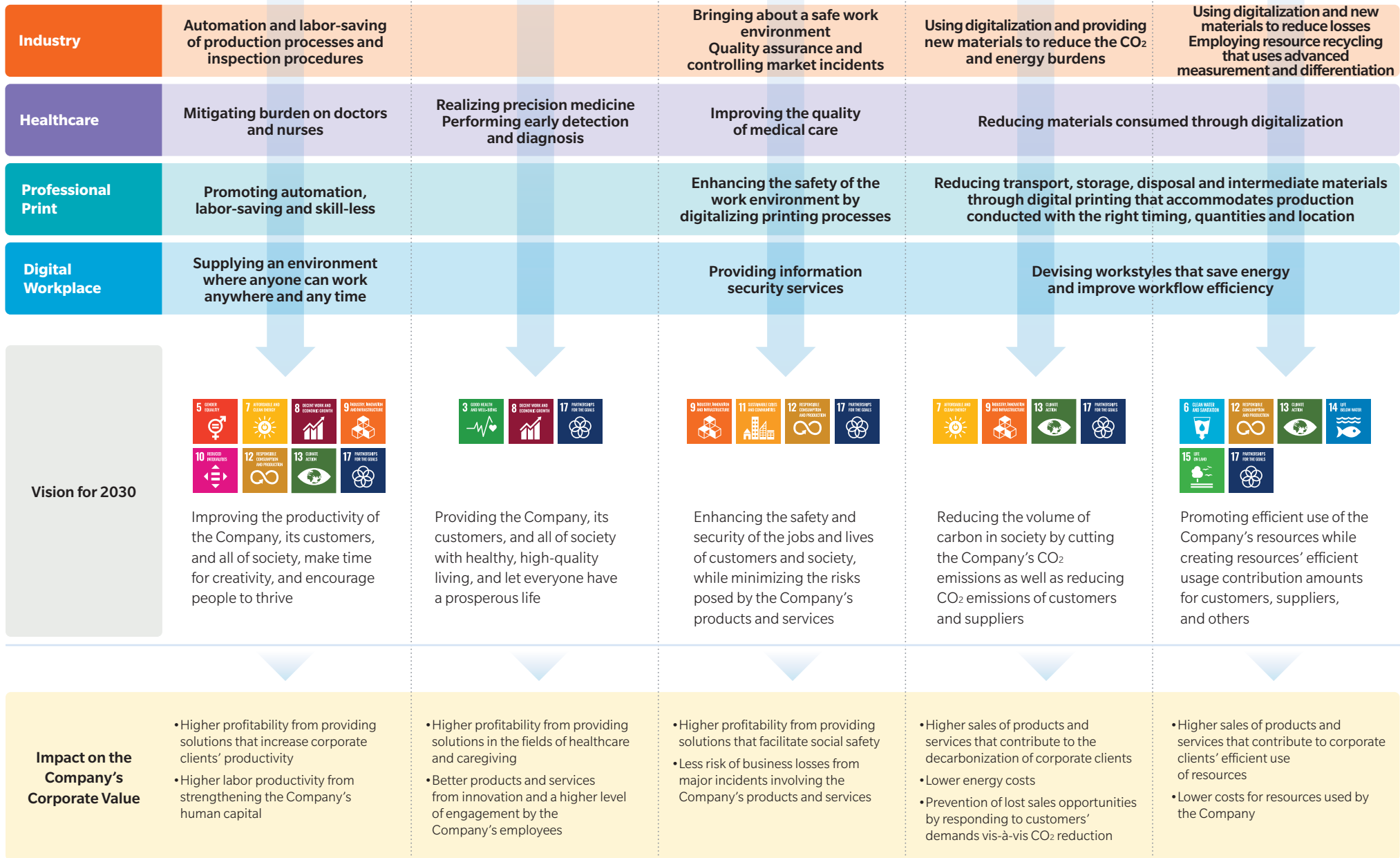
As General Manager of the Corporate Planning Headquarters, I will lead the Company to ensure that the new value creation process has spread to and is incorporated in each and every business and employee, and that the management team including the Board of Directors, fully supports these activities.

### Sustainability Management System



# Material Issues to Tackle in Order to Realize Our Management Vision

Material issues	 <p><b>Improving fulfillment in work and corporate dynamism</b></p>	 <p><b>Supporting healthy, high-quality living</b></p>	 <p><b>Ensuring social safety and security</b></p>	 <p><b>Addressing climate change</b></p>	 <p><b>Using limited resources effectively</b></p>
<p><b>Opportunities</b></p>	<p><b>Through Konica Minolta businesses</b></p> <ul style="list-style-type: none"> <li>Improving profitability and employee morale by transforming the supply chain and transforming processes through digitalization of production sites</li> <li>Eliminating labor shortages through automation, labor-saving, and reducing the need for skills</li> <li>Using DX to transform how work is done so that corporate clients can have better productivity and have more time for creativity</li> </ul> <p><b>Internal action to create value</b></p> <ul style="list-style-type: none"> <li>Realizing the full potential of human capital, who are the source of new value, and creating organizations where individuals thrive</li> </ul>	<p><b>Through Konica Minolta businesses</b></p> <ul style="list-style-type: none"> <li>Promoting disease prevention and early detection by providing high value-added medical services, and reducing medical expenses</li> <li>Further develop healthcare and improve its accessibility by making convenient and advanced medical treatment possible</li> <li>Streamlining drug development by fostering innovation in pharmaceutical development processes utilizing genetic testing and other technologies</li> <li>Using imaging-IoT solution for workflow transformation and labor creation in caregiving</li> </ul> <p><b>Internal action to create value</b></p> <ul style="list-style-type: none"> <li>Building safe and comfortable workplaces where employees feel motivated</li> </ul>	<p><b>Through Konica Minolta businesses</b></p> <ul style="list-style-type: none"> <li>Creating safe work environments for corporate clients by using production site digitalization to transform processes</li> <li>Ensuring product quality and preventing market incidents by corporate clients by enabling advanced measurement and testing</li> <li>Improving safety and security at production sites and in society by using imaging-IoT solution to visualize inherent dangers</li> </ul>	<p><b>Through Konica Minolta businesses</b></p> <ul style="list-style-type: none"> <li>Reducing the energy and CO<sub>2</sub> burdens of customers and the supply chain by transforming the supply chain and processes through the digitalization of production sites and use of new materials</li> <li>Reducing the energy/CO<sub>2</sub> burdens of customers and society by using DX to transform how work is done</li> </ul> <p><b>Internal action to create value</b></p> <ul style="list-style-type: none"> <li>Using DX to achieve dramatic reductions in costs and CO<sub>2</sub> emissions by business partners and at the Company's locations</li> </ul>	<p><b>Through Konica Minolta businesses</b></p> <ul style="list-style-type: none"> <li>Fewer customer and supply chain losses due to the transformation of processes and the supply chain through the digitalization of production sites and the use of new materials</li> <li>Contributing to the resource recycling by enabling advanced measurement and differentiation</li> <li>Achieving flexible workstyles by using DX to transform the way that work is done</li> </ul> <p><b>Internal action to create value</b></p> <ul style="list-style-type: none"> <li>Reducing the volume of resources used by employing renewable materials and developing models for re-use</li> </ul>
<p><b>Risks</b></p>	<p><b>Affecting Konica Minolta</b></p> <ul style="list-style-type: none"> <li>Mismatches between employee skills and their work due to rapid changes in systems and environments</li> <li>Declines in employee diversity, independence, and ability to innovate due to stagnated efforts to create workplaces that promote diversity</li> </ul>	<p>—</p>	<p><b>Affecting Konica Minolta</b></p> <ul style="list-style-type: none"> <li>Causing corporate and social damages due to major incidents caused by products and services</li> <li>Causing major security incidents linked to data leaks and invasion of privacy involving products and services</li> </ul>	<p><b>Affecting Konica Minolta</b></p> <ul style="list-style-type: none"> <li>Loss of partners and customers due to delays in converting to sustainable energy</li> <li>Delays in converting businesses to paperless operations</li> <li>Supply chain disruptions due to abnormal weather</li> </ul>	<p><b>Affecting Konica Minolta</b></p> <ul style="list-style-type: none"> <li>Loss of partners and customers due to delays in converting to sustainable raw materials</li> <li>Higher costs and unstable supplies of components due to resource shortages</li> </ul>





Close Up Growth Drivers That Contribute to Solving Social and Environmental Issues

Case 1 Production print that significantly reduce the environmental impact of the printing industry

Related material issues



Addressing climate change



Using limited resources effectively

Even today, analog printing, such as offset printing, which is the mainstream of the printing industry, is a model that assumes mass production, mass transportation, and mass disposal. As a leading company in digital printing, we aim to create a world where environmental impact is continuously reduced by promoting digital printing to reduce loss and associated CO<sub>2</sub> emissions in each process of production, transportation, and disposal.

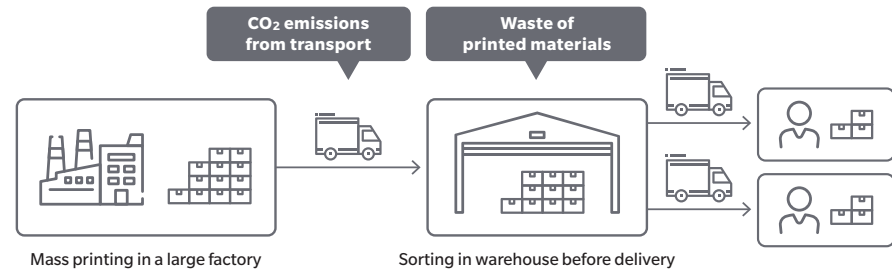
The overall paper printing market for commercial printing is shrinking, while the digital printing market is expected to grow at an annual rate of 4%. Against this background, Konica Minolta's color digital presses have gained a top-class share in the production printing field. In recent years, print purchasers (brand owners) and stores have begun to take individualized communication measures, and the need for small lots and short delivery times for

printed materials has increased. In addition, in recent years, both printing companies and printing clients have a stronger tendency to attach importance to environmental measures, and emphasis has been placed on reducing greenhouse gases and optimizing the use of resources by switching to digital printing. Specifically, digital printing can reduce wasteful printing by being able to print as much as needed when needed, and it can also reduce CO<sub>2</sub> emissions during transportation by printing in a distributed manner at factories close to the destination.

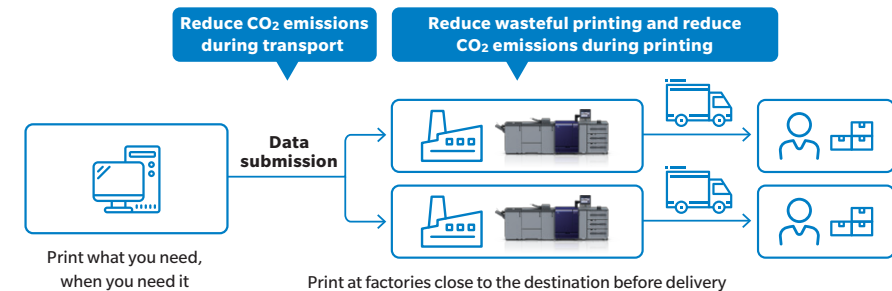
In order to further accelerate the transition from analog printing to digital printing, we are proposing efficient printing with our unique automatic quality optimization function and automatic inspection function to support the business growth of customers in the printing industry and reduce CO<sub>2</sub> emissions.



Traditional offset printing



Digital printing



# Case 2

## IJ components that transform the manufacturing flow of printed circuit boards

### Related material issues



Improving fulfillment in work and corporate dynamism



Addressing climate change

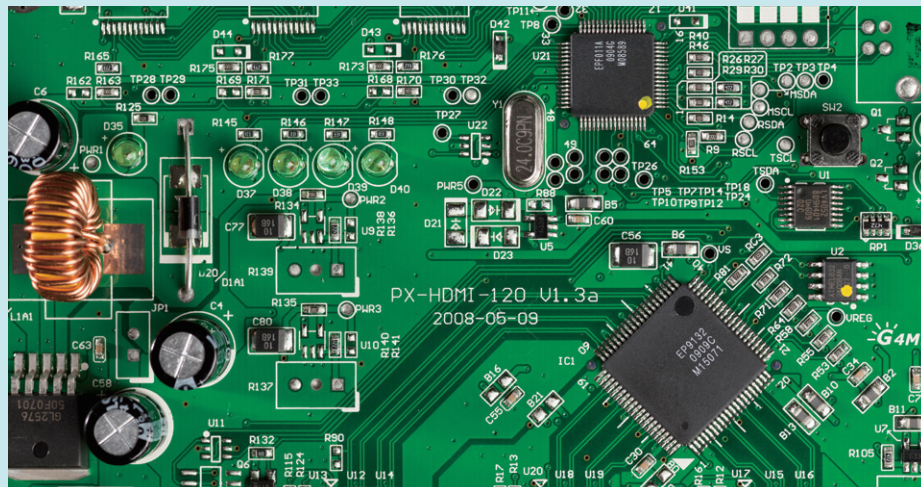


Using limited resources effectively

The key characteristic of inkjet (IJ) technology is that you can print or apply the amount of ink or other materials you want exactly where you want. In addition to signage and graphics applications such as printers that print on paper and large outdoor signage, in recent years, IJ has also become used in industrial applications such as manufacturing equipment used in production sites, and customer interest in IJ technology is increasing as on-demand manufacturing becomes more popular.

In solder resist manufacturing of printed circuit boards, patterns were formed using a conventional photographic development method. In this method, it is

necessary to create masks and printing plates, and it is expensive to produce in small batches, so it was necessary to produce a certain amount in bulk. On the other hand, with the IJ method, it becomes possible to produce only the necessary amount of printed circuit boards without the need for masks or plates, which realizes cost reductions and short delivery times for small batch products, and contributes to reducing photomasks and unnecessary inventory. In addition, the steps of UV exposure, development, cleaning, etc. are greatly reduced, becoming a simple process. As a result, various emitted chemicals such as VOCs used in the overall coating process are



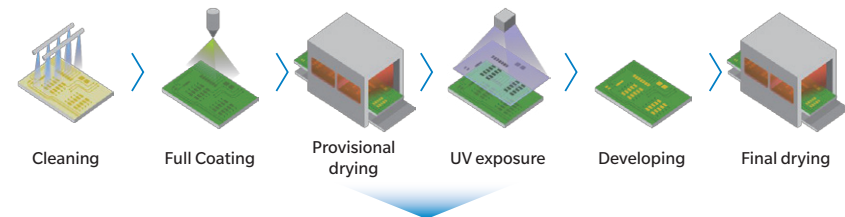
reduced, industrial wastewater generated in the cleaning process is reduced, the working environment is greatly improved, and material costs are reduced by 70%. In particular, a reduction of 20,000 tons of VOCs per year and 22.5 million tons of industrial wastewater per year can be expected across the solder resist industry. In addition, IJ manufacturing improves the workflow, which can also contribute to the

reduction of CO<sub>2</sub> and the reduction of energy consumption (Konica Minolta estimates).

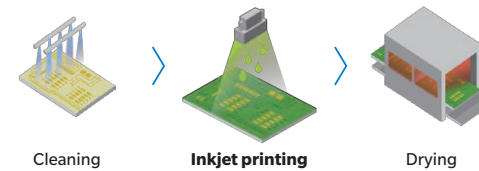
Through the introduction of IJ technology, we are transforming customer workflows and contributing to the reduction of environmental burdens, inventory, and waste. We will continue to promote IJ manufacturing in all fields, aiming to both expand sales and profits and solve social issues.

### Transformation of printed circuit board solder resist manufacturing process

#### Pattern formation by conventional method (photographic development type)



#### Inkjet method



VOC reduction<sup>1</sup> 20,000 tons/year

Improved work environment

Industrial wastewater reduction<sup>2</sup> 22.5 million tons/year




70% reduction in material costs<sup>3</sup> (Lot of 100)



<sup>1</sup> Total amount of all industrial types in Tokyo From the Ministry of the Environment VOC emission inventory survey (2020)

<sup>2</sup> Total amount of waste stipulated in the Waste Management and Public Cleansing Act (2018 Tokyo Metropolitan Government Survey)

<sup>3</sup> Reduction amount: Based on the actual example of a factory manufacturing 6 million m<sup>2</sup>, estimated based on all solder resist manufacturing worldwide converting to IJ (from Fuji Chimera Research Institute, Inc. information)

# Sustainability Targets

Material Issues	Themes	Indicators	FY2022 Results	FY2023 Targets	FY2024 Targets	FY2025 Targets	FY2030 Targets	FY2050 Targets		
 <p><b>Improving fulfillment in work and corporate dynamism</b></p>	Increasing customer productivity and making time for creativity	To be formulated and released								
	Creating an organization that draws out potential talent so that individuals can thrive	Social and environmental value	Strategic assignments for manager candidates (%) *1	100						
			Number of DX leaders*2 trained (people)	24						
			Imaging-IoT specialists resources *3	814	1,000		50% or more engineers in each business unit			
			Global Employee Survey Score*4	Employee engagement score*5	6.6	-	-	7.7 (Industry average)	25% or more engineers in each business unit	
				Equity*6 Note 1	7.4 (6.1)	-	-	8.0 (7.0) or more		
				Freedom of opinion*7 Note 1	7.2 (6.6)	-	-	8.0 (7.5) or more		
Percentage (%) of management positions*8 held by women*9	9.9	11% or more		13% or more	18% or more*9					
Percentage of women among new graduate recruits (%)*9	37	Maintain 30% or more								
Note: Target scope: Konica Minolta, Inc. However, the scope of targets of the GES score (*4) is the Konica Minolta Group (worldwide) and the data for Konica Minolta, Inc. in parentheses in Note 1.										
 <p><b>Supporting healthy, high-quality living</b></p>	Promote health and high quality of life at corporate clients	To be formulated and released								
	Building safe and comfortable workplaces where employees feel motivated	Improve organizational health	Social and environmental value	Rate of reduction in Level 4 workplaces*10 (%) *11	38					
				Percentage of workplaces where stress levels exceed the appropriate range*10	13.3%	-	-	9.3%		
				Percentage moving to higher level of organizational health (%) *12	15					
	Employee health	Employee health	Social and environmental value	Average score of the organizational health survey (10-point scale)results	6.1	-	-	7.7		
				Number of employees who are at high risk physically (employees with the highest health risks)*11 Note1	6% decrease					
				Presenteeism: Percentage of employees with moderate or greater impaired work function due to health problems*13	18.2%	-	-	15.1%		
Absenteeism*14				Number of leave-of-absence days taken due to mental health problems*11 Note 2	36.8% increase					
	Average number of days of leave of new absence*15	160	-	-	133					
Note: Target scope: Konica Minolta, Inc. However, the scope of targets and results of Employees who are at high risk physically (Note1) includes Group employees in Japan										
 <p><b>Ensuring social safety and security</b></p>	Provide safety and security in the work and daily lives of corporate clients	To be formulated and released								
	Minimizing risks related to the safety and security of Konica Minolta products and services	Eliminate substances that affect health	Social and environmental value	Number of serious accidents*16 caused by chemical substances	0	0	0	0	0	
			Economic value	Serious business losses due to chemical substance management (JPY)	0					
		Reinforce efforts to ensure health when products and services are used	Social and environmental value	Number of serious product-related accidents*17	0	0	0	0	0	
			Economic value	Major business losses related to product safety (JPY)	0					
		Completely eliminate serious information security incidents	Social and environmental value	Number of serious information security incidents*18	0	0	0	0	0	
Economic value			Major business losses related to information security (JPY)	0						

Material Issues	Themes		Indicators	FY2022 Results	FY2023 Targets	FY2024 Targets	FY2025 Targets	FY2030 Targets	FY2050 Targets	
 <p><b>Addressing climate change</b></p>	Reducing energy usage and CO <sub>2</sub> emissions by transforming customer processes		Social and environmental value	Amount of contribution to CO <sub>2</sub> reduction* <sup>19</sup> (thousand tons)	624	630	720	800	1,000	2,060
			Economic value	Solution sales (billion yen)	75.5	89.0	97.0	100.0	-	-
	Energy usage and CO <sub>2</sub> emissions reduction related to Konica Minolta sites, business partners, products and services	CO <sub>2</sub> emissions over the product lifecycle* <sup>20</sup>	Social and environmental value	Reduction of CO <sub>2</sub> emissions (thousand tons)	850	-	-	800	650	0 (Net Zero)
			Social and environmental value	Reduction rate (%) over FY2005	58	-	-	61	70	100
		Reduction of environmental impact of Konica Minolta production sites* <sup>21</sup>	Social and environmental value	Reduction of CO <sub>2</sub> emissions (thousand tons)	18	6	13	20	-	-
			Economic value	Monetary equivalent of energy reduction (million yen)	450	280	560	840	-	-
			Social and environmental value	Amount of CO <sub>2</sub> reduced through procurement of renewable energy (thousand tons)	20	3	8	34	-	-
			Social and environmental value	Percentage of electricity derived from renewable energy (%)	12.3	-	-	-	50	100
		Reduction of environmental impact through the use/ procurement of Konica Minolta products and services	Social and environmental value	Reduction of CO <sub>2</sub> emissions (thousand tons)	53	22	47	78	-	-
			Economic value	Green Products* <sup>22</sup> sales (billion yen)	776.6	-	-	840.0	-	-
		Reduction of environmental impact at suppliers using DX* <sup>21</sup>	Social and environmental value	Amount of contribution to CO <sub>2</sub> reduction* <sup>19</sup> (thousand tons)	6.4	1.8	3.5	4.1	-	-
			Economic value	Monetary equivalent of energy reduction (million yen)	103	42	81	94	-	-
	Reinforcing engagement with customers using DX		Economic value	Number of customer relationships strengthened* <sup>23</sup>	338	372	-	-	-	-
				Number of times participating in business talks* <sup>24</sup>	230	257	-	-	-	-
				Sales Contributions* <sup>25</sup> (million yen)	989	1,100	-	-	-	-
 <p><b>Using limited resources effectively</b></p>	Effective use of resources by transforming customer business processes		Social and environmental value	Reduction of waste discharge of customers (thousand tons)	340	360	380	400	500	-
			Economic value	Solution sales (billion yen)	79.3	89.3	97.8	103.3	-	-
	Toward zero natural resources* <sup>26</sup>		Social and environmental value	Natural resources used* <sup>26</sup> (thousand tons)	104	-	-	108	95	-
			Social and environmental value	Reduction rate (%) over FY2019	20	-	-	19	30	-
	Effective use of resources relating to Konica Minolta sites, suppliers, products and services	Reduction of environmental impact of Konica Minolta production sites* <sup>21</sup>	Social and environmental value	Reduction of waste discharge (thousand tons)* <sup>27</sup>	1.7	0.2	0.5	0.8	-	-
			Economic value	Monetary equivalent of waste reductions (million yen)	470	-	-	-	-	-
		Reduction of environmental impact through the use of Konica Minolta products and services	Social and environmental value	Amount of resources saved and recycled (thousand tons)	12	13	14	14	-	-
		Economic value	Green Products* <sup>22</sup> Sales (billion yen)	776.6	-	-	840.0	-	-	

\*1 Percentage of employees assigned to strategic leadership positions \*2 DX leader: Leaders who can meet customer needs with digital solutions \*3 Human resources with the technology to analyze imaging data and various sensor information leveraging AI technologies such as deep learning to support decision-making and assessments at various worksites \*4 Global Employee Survey Score: The average score of responses, on a scale of 0 to 10, to relevant questions \*5 Engagement: Applicable question: "How likely is it you would recommend Konica Minolta as a place to work?" \*6 Equity: Applicable question: Are "people of all backgrounds treated fairly in my department/team?" \*7 Freedom of opinion: Applicable question, "Is your opinion respected in your department/team?" \*8 Time of compilation: As of April 1 of the following fiscal year. \*9 Target value as of April 1, 2030 \*10 Percentage of workplaces where stress levels exceed the appropriate range: Level 4 workplaces deemed to have the highest level of stress based on the results of a stress check \*11 Rate of change from fiscal 2019 results \*12 The rate of year-on-year change in the number of workplaces whose results in the organizational health survey (5-point scale) improved from less than 3.5 to 3.5 or higher (upper level) \*13 Presenteeism: A condition in which an employee is present at work, but their performance is declining due to some physical disorder. An evaluation conducted with WFun (Work Functioning Impairment Scale: A questionnaire developed at the University of Occupational and Environmental Health to measure the degree of impaired work functioning due to health problems. It consists of seven questions and is scored on a total score (7-35). A higher score indicates a greater degree of work impairment. In Japan, a score of 21 or higher is said to indicate moderate or severe impaired work functioning.) \*14 Absenteeism: Condition of not being able to come to work due to illness or poor health \*15 New absence: Absentee or leave of absence. The average number of days of absence is the average number of days of absence during the relevant year for new absences, and does not include fixed days-off, paid vacations, and absence due to work-related injury. \*16 Serious accident: A case that causes serious harm to the product user's life and/or body and cases that cause serious and significant impact on the business of the product user \*17 Serious product-related accidents refer to those accidents that cause serious harm to the product user's life and/or body and accidents that cause serious damage to assets other than the product. to assets other than the product \*18 Serious security incidents refer to those product-security incidents that cause serious and significant harm to the product user's business \*19 Contribution to CO<sub>2</sub> reduction: Volume of CO<sub>2</sub> emissions reduced at customers, business partners and the broader society \*20 CO<sub>2</sub> emissions over the product lifecycle, from procurement, production, distribution, sales and service to use by the customer \*21 Cumulative reductions for each fiscal year from FY2020 - FY2022 and FY2023 - FY2025. Total reduction amount for each fiscal year due to the measures implemented from the first fiscal year of each period to the relevant fiscal year \*22 Green Products: Name changed from Sustainable Solution in FY2023. Promotes the solving of social and environmental issues by defining and certifying solutions that help to solve social and environmental issues and expand sales \*23 Enhanced customer relations: Number of business opportunities gained by providing customers with environment-related technologies and know-how \*24 Business negotiation participation: Number of proposed products for which a quotation was submitted out of the number of enhanced customer relations \*25 Sales contribution: Total amount of sales of products proposed at the above-mentioned business negotiations \*26 Natural resources: Resources that involve new mining, such as crude oil and mineral resources, and are generally synonymous with depletable resources \*27 Set as a target that includes the reduction of plastic waste at major sites in Japan as part of activities to reduce and recycle plastic waste from products that use plastic based on the Act on Promotion of Resource Circulation for Plastics enacted in Japan



## We will accelerate the growth of the strengthening businesses by deepening the integration and utilization of core technology and AI technology.



**Toshiya Eguchi**

Executive Vice President and Executive Officer

### Initiatives and challenges up to the previous Medium-term Business Plan “DX2022”

During the previous Medium-term Business Plan period, due to delayed or insufficient creation of added value through R&D, strategic new businesses such as Precision medicine, DW-DX, and imaging-IoT solutions were unable to contribute to the business as planned. We recognize that it was a challenge for us to formulate investment recovery period that was based on the characteristics and challenges of doing business in areas where we had little experience, and to determine the difficulty of technology development and the value that would be created. Going forward, we will transform how we invest in R&D in order to realize profit contribution at an early stage, and the investment decision process for each phase.

On the other hand, in each business such as sensing, performance materials, IJ components, optical components (industrial applications), and medical imaging (healthcare), we were able to add new value to products and services and further increase the growth potential by combining data utilization and AI technology with the strengths of our core technologies that we have continued to enhance during the previous Medium-term Business Plan period. The new Medium-term Business Plan, which began in fiscal 2023, positions these businesses as "strengthening businesses" and we will continue to strengthen R&D activities in order to accelerate growth.

For example, in the Performance materials business, we are making the optical film manufacturing process more data-driven and collecting data such as temperature, pressure, sound, and images from a wide variety of sensors located in manufacturing facilities. We can predict faults and optimize production conditions by comprehensively judging the state of production equipment using AI. In the sensing business, we have added value by introducing AI-powered judgment technology to visual inspection of automotive paints. In the medical imaging business, we have realized an auxiliary function that is unique among our competitors, namely AI-powered dynamic digital radiography using general X-ray imaging equipment.

### Basic policy and priority themes for R&D strategy

From the results of the previous Medium-term Business Plan, I have reaffirmed that the value created by the integration of the four core technologies (materials, optics, nano-fabrication, and imaging) that we have honed for 150 years since our establishment is the essence of our technological strength. Furthermore, in order to accelerate the growth of the strengthening businesses going forward, we will actively utilize AI technology and promote business development by collaborating on technology across the whole company as the basic policy, and will work on the following as key themes.

#### Key themes of R&D strategy

Key themes	Initiatives
<b>1. Technology development that contributes to the expansion of the strengthening businesses</b>	<b>Industry business area expansion</b> <ul style="list-style-type: none"> <li>Technology development for the expansion of inkjet industrial applications</li> <li>Development of new materials and optical inspection technologies related to semiconductor manufacturing (development of inks, mounting materials, optical units, etc. to achieve the desired functions in a short period of time using data-driven models)</li> </ul>
	<b>Technology to address labor shortages</b> <ul style="list-style-type: none"> <li>Development of technologies to realize automation through the use of AI in manufacturing inspections and process management</li> <li>Development of technologies that realize ICT cloud services and AI image diagnosis for remote diagnosis</li> <li>Development of automatic printed image inspections using AI image recognition and transfer robot utilization technologies to improve the production efficiency of the printing industry</li> </ul>
<b>2. Technology development of medium- to long-term preparations</b>	<b>Environmentally friendly technologies</b> <ul style="list-style-type: none"> <li>Development of manufacturing process monitoring technology (multimodal sensing using AI) for "bio-manufacturing," which is expected to be the key to achieving Net Zero. Accelerate needs exploration and technology development by establishing a technical cooperation research laboratory with the National Institute of Advanced Industrial Science and Technology</li> <li>Development of resin recycling technology and CO<sub>2</sub> recovery technology, etc.</li> </ul>

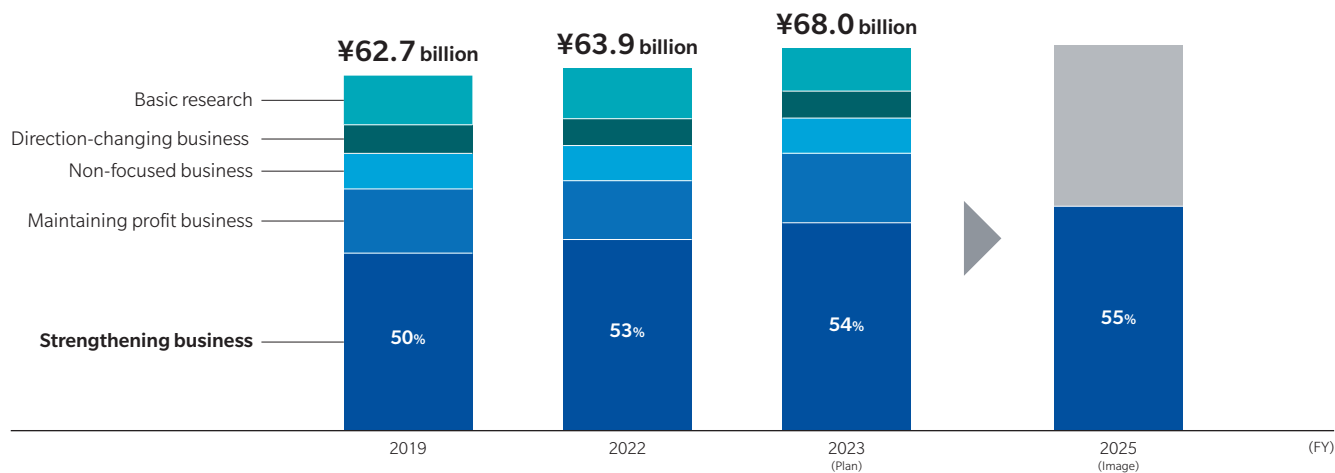
## Technology Strategy

### R&D investment shift in line with the transformation of the positioning of each business

In the new Medium-term Business Plan, we transformed the ratio of R&D expenses invested in each area in line with the transformation of the positioning of each business to “strengthening business,” “maintaining profit business,” “non-focused business,” and “direction-changing business.” The R&D expenses for the strengthening businesses will increase to 55% for fiscal 2025, while accelerating the human resource shift from other business areas. We plan to spend a total of 17% on R&D for non-focused businesses and direction-changing businesses, but we will narrow down our investments and further promote the shift to strengthening businesses.

In basic research, we will continue to make appropriate investments in technology development for future corporate value enhancement and growth, and in the training of engineers who will contribute to the continuous advancement and evolution of our core technology.

### Breakdown of R&D expenses



### Expand and deepen the use of AI technology throughout the company

As initiatives to expand the use of AI technology, we are working to “1. Cultivate imaging-IoT specialists<sup>1</sup> and implement usage measures in each business,” “2. Implement measures to utilize FORXAI technology<sup>2</sup> in all businesses,” and “3. Formulate basic policies for the use of AI and build an AI governance system.”

1. We plan to increase imaging-IoT specialists resources to 1,000 by the end of fiscal 2023. 800 people are currently active in each business area. Going forward, we will strengthen the shift and development of human resources to the strengthening business areas.
2. In fiscal 2023, we will gather relevant engineers in the newly established FORXAI business department to support technology development and service provision that uses FORXAI to increase added value in all businesses, and provide development kits and infrastructure to facilitate the use of AI technology.

3. When using AI, it is necessary to understand that there is a risk of problems related to infringement of human rights, fairness, and ethical issues. Therefore, we have established basic policies, regulations, education, and governance systems for the use of AI, so that each business can use AI with confidence, and have been operating them since fiscal 2021. In addition, in the future, we will actively utilize generative AI such as ChatGPT for operational and business purposes by developing rules and an environment for safe use.

<sup>1</sup> Imaging-IoT specialists: AI engineers, data scientists, solution developers

<sup>2</sup> FORXAI technology: Imaging AI, edge devices, IoT platforms

### Promote technology development that contributes to society in the future, centered on material issues

In recent years, demographic changes, labor shortages, climate change, and resource depletion have become pressing social and environmental issues around the world. Based on these social and environmental trends, we have established five material issues that describe “what we should do now” with a view to 2030. In the strengthening businesses too, we will continue to develop technologies that contribute to solving social problems with these material issues in mind, mainly in the Industry business field.

In addition, in order to accelerate the growth of the strengthening businesses and continue to be a company needed by society in the future, I recognize that it is my mission to promote R&D challenges that lead to the improvement of corporate value, such as contributing to the transformation of manufacturing processes in various industries around the world to achieve Carbon Minus by utilizing our expertise in manufacturing process monitoring technology and data-driven material development technology.

For 150 years, we have fulfilled the desires of customers to “see” and helped realize people’s purpose in life. We will continue to take on the challenge of solving social problems by responding to the new things society wants to “see” using the technologies that can only be realized by Konica Minolta.

TOPICS

## Realizing automation of quality inspection for production lines with AI-powered image analysis technology

The need for automation is increasing in automobile production lines due to the shortage of manpower. Within this trend, while the market size for inspection equipment is expanding at a compound annual growth rate (CAGR) of 15%, many parts of visual inspection for vehicle bodies are still dependent on manual visual inspections, and quality improvement, quality stabilization, and labor saving are major challenges. In response to these challenges, Konica Minolta has developed a system that realizes the automation and improved efficiency of visual inspections by combining the color measurement and management of the exterior, which is a traditional strength of Konica Minolta, with the tunnel-type automatic inspection technology of the group company Eines Systems (Spain), a pioneer in visual

inspection. The system features a tunnel type device that automatically inspects paint defects, gaps, and unevenness without stopping the car body flowing on the line, freeing workers from simple work or work in harsh environments.

Our automatic paint defects inspection system achieves an accuracy that will not miss defects down to the diameter of a mechanical pencil core. In addition, by introducing AI, the system can classify and analyze a wide variety of paint defects in detail, which makes it possible to feed back to the previous process and link to an automatic repair system in the subsequent process. The AI algorithm can be customized to handle customer-specific judgment needs. In addition, the tunnel-type inspection system that enables non-contact full in-line inspections may provide new



value to customers as a device that collects information that can be used for quality control, process improvement, and productivity improvement.

Going forward, we will continue to contribute to the further development and improved efficiency of the automotive industry by providing diverse inspection know-how and technologies for the rapidly spreading and developing EV (electric vehicle) production lines.

VOICE

**With the automation of visual inspection, we want to free workers from simple work and work in harsh environments**

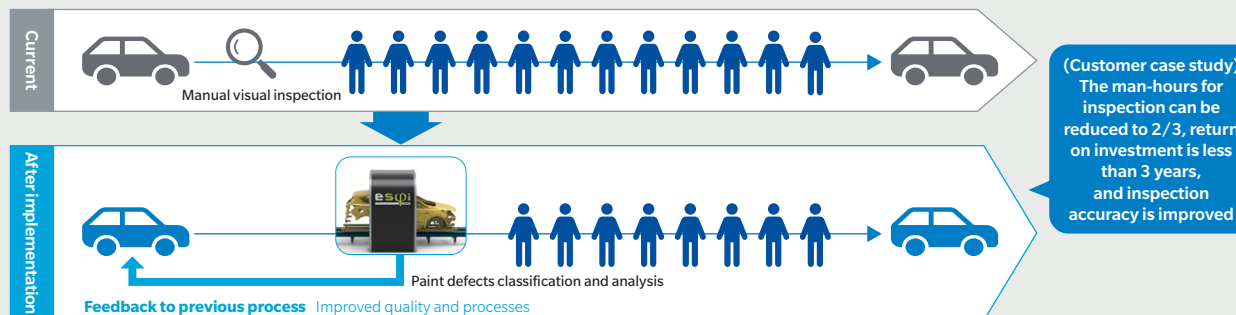
Manual visual inspection on production lines requires high skill and experience because the target is moving, but customers that have used the tunnel-type inspection system that incorporates our AI technology highly appreciate the accurate classification of defects, and we have been told that it is “superior to human capabilities.” The automation of visual inspections not only improves the working environment of the factory, but also effectively uses the information obtained from the inspection equipment to improve customer productivity and reduce environmental impact. In the future, we want to focus on efforts to increase the level of trust with our customers and establish ourselves as a business partner with whom they can work together to solve problems.



**Yoshihito Souma**

Advanced Sensing Business Unit  
Sensing Business Headquarters  
Konica Minolta, Inc.

Value provided by visual measurement system



# Intellectual Property Strategy

## Intellectual property activities that contribute to business activities

In recent years, intangible assets such as intellectual property have attracted increasing attention as an important management resource that is a source of competitiveness, and Konica Minolta has been striving to strengthen competitiveness and improve corporate value by investing in and utilizing intellectual property and intangible assets.

In particular, we have formulated and implemented an intellectual property strategy that is closely linked to our business strategy to support business growth and profitability. In the newly formulated fiscal 2023-2025 Medium-term Intellectual Property Plan, we have focused on investing intensively in technologies, products, and services that are key to achieving business expansion and sustainable growth in strengthening businesses, and formulating and utilizing intellectual property that is linked to business scenarios.

## Promoting the new Medium-term Business Plan

In our Medium-term Business Plan 2023-2025, we have positioned the healthcare (medical imaging), Professional Print business focus area, and the Industry focus area as “strengthening businesses” and we are expanding these businesses as the engines driving our growth.

Regarding the “strengths” of each business that will become drivers in the expansion of these strengthening businesses, we are building a strong intellectual property barrier by continuing to carry out intensive and proactive intellectual property investments and activities.

For example, as shown in the graphs below, we are building barriers to entry with a patent network that will be far superior to other companies for Dynamic Digital Radiography (“DDR”) that provides “high-value-added image diagnosis,” which is one of our “strengths” in the medical imaging area; Intelligent Quality Optimizer function that realizes “automation, skill-free, and remote technology field mastery,” which are three “strengths” of the Professional Print Business focus area, and a “solvent casting+ belt” type film-casting process that realizes ultra-wide SANUQI

film stretched offline, which is one of the growth drivers in the industry focus area.

By leveraging this intellectual property and promoting and strengthening more intensive intellectual property investments, we will strongly promote the achievement of the new Medium-term Business Plan.

### See also the Intellectual Property Report

We explain in detail the intellectual property rights strategy, including patent rights, the results of acquiring and exercising intellectual property rights, and the Company’s internal structure in the intellectual property report disclosed on our website.

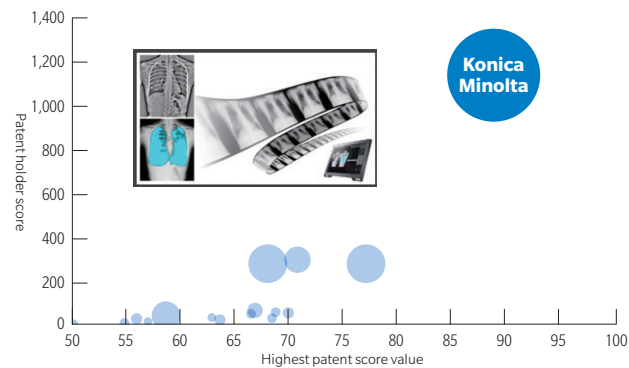
Please take a look at the link below.

[https://www.konicaminolta.com/global-en/investors/ir\\_library/intellectual\\_property/index.html](https://www.konicaminolta.com/global-en/investors/ir_library/intellectual_property/index.html)

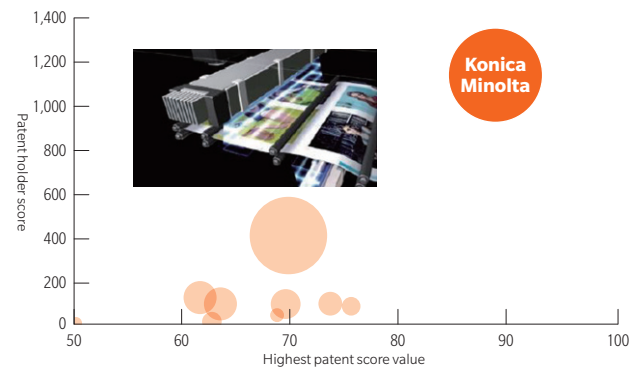


## Score map of Japanese patents (public patents + registered patents) related to focus areas

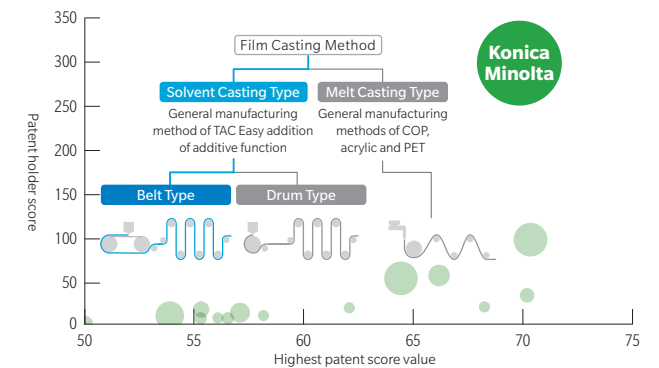
### DDR area



### Automatic quality optimization function area



### SANUQI area



\* Provided by Konica Minolta using “Biz Cruncher” patent analysis tool from Patent Result Co., Ltd.



## Looking back at the previous Medium-term Business Plan

During the previous Medium-term Business Plan period, Konica Minolta's production faced unprecedented hardships. As an external factor, the spread of COVID-19 occurred in early 2020. Since then, many risks have become apparent, such as lockdowns and economic stagnation in various regions, logistics disruptions that occurred as the global economy recovered, component shortages, especially semiconductors, difficulties in recruiting new human resources in some regions, and a weaker yen that far exceeded expectations. In addition, in terms of internal factors, explosions occurred at our toner production plant in 2021, which not only caused lost profits but also caused great inconvenience and concern to our important customers. In order to overcome these hardships, we have been working together as a whole under the slogan "We will produce as many devices and consumables as we can and deliver them to customers" based on safety first/quality first.

Specifically, we implemented measures to prevent parts from becoming unavailable, such as using general-purpose parts, multi-company purchasing, multiple logistics routes, and switching to and securing alternative raw materials. In addition, when the China production bases were locked down, employees stayed at the closed factory to continue production, and by building a complementary production system between the bases, we were able to overcome various adversities and minimize the decline in production.

In response to the toner plant explosion accidents, we invited experts from various internal fields such as development, production, technology, general affairs, and public relations, and after reassuring stakeholders, they rapidly investigated the causes of the accidents and took safety measures in order to resume production. As a result, four months after the accidents, we rebuilt a safe toner production system and resumed production. The toner inventory that reduced due to the accidents has already recovered to a safe level, and the gap between supply and demand has been closed.

In the past three years, we faced unprecedented crises, but we were able to overcome them by demonstrating the cooperation and production capability of the production sites that we have developed so far.

## Response to supply chain risk due to US-China conflict

However, the US-China conflict has become protracted, and we continue to recognize that responding to the deterioration of the external environment is a major challenge. Specifically, counter policies have been launched by China against the "derisking" policy of Japan, the United States, and Europe, which restricts excessive reliance on China in the supply chain and the provision of advanced technology to China.

China has promoted the development and strengthening of the semiconductor industry through policies such as "Made in China 2025" announced in 2015, but due to military conflicts and competition in the field of advanced science, the country has



Production staff at production sites in China that overcame the lockdown



Employee tents in a meeting room



PCR testing undertaken by Konica Minolta employees

been subject to export restrictions on state-of-the-art semiconductors and their manufacturing equipment by like-minded countries, mainly the United States. China's counter policies - procurement restrictions on specific semiconductors and export restrictions on major semiconductor raw materials - have also affected Konica Minolta's parts procurement and production activities.

Konica Minolta regards the risks caused by the US-China conflict centered on these semiconductors as a new issue that should be paid attention to more than any other, and is preparing for the expansion of such regulations.

### Risk response on the procurement side

In the past, electronic components such as semiconductors were procured intensively from specific suppliers to reduce costs. However, in today's difficult procurement environment, we have shifted to a policy of world-wide multiple procurement and are implementing it in cooperation with the development department. At the same time, we are strengthening our system to quickly grasp the logistics status such as material procurement status, production operation status, and shipping status for each required supplier.

### Risk response on the production side

From the perspective of production allocation as a risk diversification measure, in the office business, in addition to shifting production from the Chinese factory to the Malaysian factory, we are transferring external production, mainly assembly, from China to the ASEAN region.

Also, in the production print business, our production bases are heavily focused on China, and we recognize that this is a further challenge we need to respond to. In response, we will promote a production shift to Japan with the aim of diversifying the risks of concentrating production in China and innovating production technology. In addition, during the Medium-term Business Plan period, the development, production, and sales departments will work together to realize the switch from the traditional "intensive production," which focuses on efficiency, to "decentralized production outside China," taking the shift to ASEAN as the main approach while continuing production in China.

## Enhancing the production capacity of the entire supply chain through "Production DX"

Konica Minolta has been promoting production capacity strengthening activities based on "Production DX" for a long time. We have defined "Production DX = frontline capabilities x digital manufacturing," and are working to solve problems by transforming workflows using appropriate digital tools, taking production site challenges as the starting point. On-site capabilities mean the ability to discover problems faced by on-site operators, make them concrete, and lead to solutions, and to maximize production efficiency (QDC improvement) by combining this with digital tools such as automation technology, ICT, and data science. Under this policy, we will ultimately realize "manufacturing that does not depend on people, countries, places, or changes."

In addition, in the future, we will expand our Production DX initiatives to suppliers and support their strengthening of production capacity in order to reduce procurement costs and improve quality.

## Promotion of sustainability activities in procurement and production

As an environmental initiative, 100% of the electricity used in the Malaysian plant was covered by renewable energy, which resulted in 100% renewable energy at all of the Konica Minolta Group's overseas MFP production sites in June 2023.

In addition, we conduct Konica Minolta CSR Audits\*<sup>1</sup> and RBA Third Party Audits (VAP Audits)\*<sup>2</sup> from the perspectives of "labor," "human rights," "environment," and "ethics" at our own and supplier production sites. Konica Minolta's main plants are certified silver or above in the RBA Environmental Closure Audit (as of July 2023).

Through these initiatives, we will enhance Konica Minolta's social presence value for a sustainable society.

\*<sup>1</sup> Konica Minolta CSR Audit: An audit conducted by a Konica Minolta auditor who is qualified as an RBA auditor using the auditing standards of the Responsible Business Alliance (RBA), a CSR promotion organization for supply chains

\*<sup>2</sup> RBA Third Party Audit (VAP (Validated Audit Program) Audit): A third-party audit institution accredited by the RBA confirms compliance with the RBA Code of Conduct based on audit standards, and extracts points of improvement to encourage corrections. One of the most trusted third-party audits of CSR in the world

## Strengthening the business continuity plan (BCP) management response system

Going forward, we will continue to make our utmost efforts to ensure that the provision of products and services to customers is not hindered by strengthening the BCP management response system that anticipates any environmental changes and by strengthening the supply chain network, including procurement, production, and logistics.

## We draw out the potential of human capital and the organization to the greatest extent possible and drive the business selection and concentration.



**Shinichiro Oka**  
Executive Vice President and Executive Officer

### Review of DX2022

With the previous Medium-term Business Plan DX2022, we promoted a human capital strategy in which the highest priority issue was how to draw out the individuality—that is, the individual capabilities—that each employee possesses in order to compete globally in a DX era.

In particular, as a mechanism to make human capital visible so that the next generation of leaders can be systematically trained, we introduced the CEO Talent Review Process, in which the leaders of businesses and functional divisions and the CEO hold one-on-one discussions on the state of the training of successors for important positions in the divisions. In fiscal 2022, a list of about 150 candidates from a short- and medium-term perspective was developed, and we are running through the PDCA cycle to reinforce the pipeline of the next generation of managers through fast tracking and provision of education opportunities.

We also constructed a unique scheme to select and train DX business leaders in collaboration with Switzerland-based IMD, a world-class business school, in order to leverage the strengths of our more than 40,000 employees throughout the world, one of our competitive advantages. First, for the office business, our core business, we selected about 500 candidate employees from throughout the world, and then through repeated assessments, we narrowed down the number to about thirty for training. We formulate training plans tailored to each employee, provide them with challenging assignments to implement those plans, and make strategic training rotations not limited to the organization or country they are assigned to, and these efforts are driven by the head office.

On the other hand, we feel that strengthening management, particularly in Japan, is a major challenge for improving employee engagement. As human capital grow more diverse, it is not possible to draw out the potential of our human capital or the full capabilities of the organization with our traditional mid-level management positions. Therefore, Konica Minolta (the Company) and Konica Minolta Japan Inc., our distributor in Japan, reviewed the related system last year. We eliminated those traditional,

uniform mid-level management positions and introduced a double-track human capital system that consists of “empowerment leaders,” who energize human capital, draw out their potential, and increase the organization’s capabilities, and “experts” with advanced specialization, who contribute to the Company. We are now expanding training through this system and will continue to increase its effectiveness. Furthermore, from the perspective of promoting diversity, we consider the active participation of women, non-Japanese, and LGBT people an issue.

### Basic human capital strategy in the Medium-term Business Plan

In the new Medium-term Business Plan, the highest priority issues are restoring business profitability through business selection and concentration and strengthening our financial foundation through structural reforms. In order to secure and train the human capital to drive business selection and concentration and generate sustainable growth, it is necessary to further strengthen the active participation of diverse human capital through the CEO Talent Review Process, Global Leader Training Scheme, and double-track human capital system, all of which are systems we have created over the years.

The human capital strategy to achieve this is based on the three priority initiatives of “training leaders and shifting human capital to accelerate business selection and concentration,” “promoting female advancement and DE&I,” and “improving employee engagement,” and we will implement measures to transform the Company into a group of professionals.\*

\* Human capital who possess superior knowledge, expertise, and unique skills and can act to solve problems based on own independent critical thinking.

### Shifting, securing, and leveraging human capital who accelerate business selection and concentration

To accelerate business selection and concentration, we must shift and reskill human capital within the Company and capture outside human capital to compensate for the diversity we lack.

## Human Capital Strategy

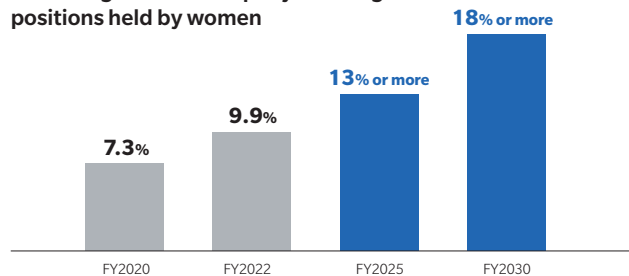
With an eye toward an effective shift of human resources to businesses to be reinforced, we are moving forward with building a talent management system to ascertain whether individual employees can adapt to changing assignments not limited to a particular job or business field, to select candidates that match business needs and human capital requirements, and to make overall optimal human resource assignments possible while taking into consideration the career desires of individuals.

Moreover, we are promoting training and education to secure one thousand specialists with advanced IT skills (imaging-IoT specialists), such as data scientists, during the current fiscal year and have succeeded in attracting more than 800 to date. On the other hand, simply having specialist human capital is not enough to promote the DX business and in-house DX. And it is necessary to have leaders who are decisionmakers, including management, be aware of the effectiveness of DX and understand how to leverage that for management decisions. It is also necessary to build an environment in which non-specialist employees become IT literate and can participate in discussions from the same perspective. To achieve that, we will promote learning and training programs to raise the level of employees throughout the Company after conducting assessments, and these efforts will be driven by the head office.

### Promoting DE&I

The environment in which the Company operates has grown so dynamic and complex that it is no longer comparable to the environment in olden days. Under these conditions, it is necessary to make quick and quality decisions, not to be bound by precedent. Therefore, what is important is for diverse human capital to participate in management, and management to make

#### Percentage of the Company's management positions held by women



\* Date compiled: as of April 1 of each fiscal year

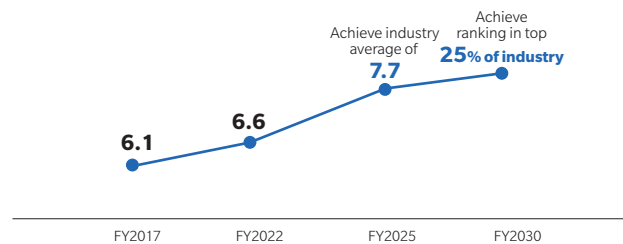
decisions based on the various options that come to light from multi-faceted perspectives and ideas.

First of all, we are focused on promoting female advancement, a common issue throughout the world, and are making long-term efforts having set the ratio of women at the management level as a KPI. In particular, considering that Japan is lagging behind in its initiatives related to female advancement, we established a dedicated body in 2016, and since then, have moved forward with various activities, including fostering an organizational climate in which women can advance, reinforcing the recruitment of women, and strengthening training of female employees who possess strong potential, with the CEO playing a leading role as this is an important management issue. Through these efforts, the ratio of female managers, which was 3% when efforts were launched, rose to about 10% in fiscal 2022, one of the top levels in the industry. Not satisfied with the current state, we have set our sights on overseas and other industries and further raised the target for this KPI, aiming for at least 13% by the beginning of fiscal 2026 and 18% or greater in fiscal 2030, and the Company has united to tackle this priority issue.

### Improving engagement

In addition to fortifying human capital, improving engagement is indispensable for reinforcing the ability of the organization to implement the strategy. With the global employee survey “Your Voice,” we do not simply gather information on scores but have created a system that makes it possible to listen to the opinion of each employee and improve the workplace through an understanding of strengths and issues. In particular, we make it possible for two-way dialogue in which superiors can respond whenever there are comments obtained from employees through the survey, and tie this to greater engagement via our own system

#### Employee engagement score



that extracts priority issues for each workplace using AI and makes it possible to immediately confirm issues on the dashboard.

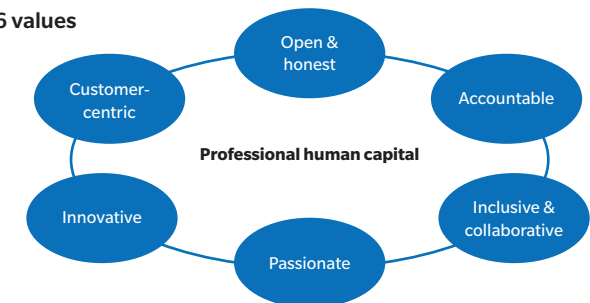
For the fiscal 2022 survey, 35,000 employees (85% of the total) from throughout the world completed the survey, which brought up various organizational issues. We have set the target of raising the engagement score obtained from this survey to the industry average during the period of the Medium-term Business Plan and then ranking in the top 25% by fiscal 2030. In addition, we have included the engagement score in the compensation scheme for Directors and Executive Officers, and the whole Group has united to achieve this as one of the key management indicators.

We are aware that “employee’s health is the key to everything.” The medium-term health plan is based on the Konica Minolta Group Health Declaration, which lays forth the principle of promoting health and productivity. Under this plan, by fostering a “health-first” climate, we have broadened the scope of initiatives from undertaking traditional risk management to improving the productivity and vitality of the organization and the brilliance of individuals and introduced health promotion measures with the goal of increasing the well-being of individuals and maximizing performance for individuals and organization.

### Conclusion

So that employees will independently make decisions and act to solve problems as professionals, we have set “six values,” a code of conduct for all employees that can also be called our DNA, and work to incorporate these into employee evaluations. We believe that drawing out the potential of human capital who possesses this DNA and the organization will accelerate business selection and concentration and our sustainable growth. Therefore, I will take the lead on activities related to the active participation of diverse human capital.

#### 6 values





TOPICS

## Recognizing best practice in the Group and foster a culture of innovation with employees around the world

Every year, we host the Konica Minolta Awards, a global, in-house awards program. In this awards program, initiatives that should be commended are selected based on the Medium-term Business Plan in two categories: the Transform Awards (TA), which recognize activities that have overcome internal and external challenges to provide customer value and promote business innovation, and the Business Contribution Awards (BCA), which recognize initiatives that have significantly contributed to the company's overall performance for the fiscal year.

In the fiscal 2022 Konica Minolta Awards, there were 82 entries for TA and 22 entries for BCA, with 8 TA finalists and 7 BCA winners selected. The Konica Minolta Awards Ceremony, which was held online in October 2022, was attended by the TA finalists and BCA winners from various countries and was streamed live to employees around the world.

We will continue to develop best practice throughout the Group through the Konica Minolta Awards, from which we hope that each employee will learn and change their behavior, leading to the expansion of the Group's growth opportunities.



### Transform Awards: Award-winning project examples

#### Developing innovative solutions to increase sales efficiency Deploying globally using the awards as a trigger



**Award winner**  
Konica Minolta Business Solutions U.S.A., Inc.

Identifying leading prospects from a large number of potential customers—. We have developed High Potential Prospect as a tool to meet this challenge. It can analyze historical performance data, identify high-priority prospects, and flag urgent actions in the account management system. These flags allow salespeople to understand the customers that should be handled preferentially at a glance and achieve efficient sales activities. This initiative was awarded the TA in 2019.

The effect of the award has been highly significant. Interest in the tool's effectiveness has increased and spread beyond the United States and the tool is now used by group companies in more than five countries in Europe and APAC. In addition, there was a noticeable change in the US company, such as salespeople who learned about High Potential Prospect starting to use it to determine the priority of potential customers.

We are also considering providing High Potential Prospect to our sales partners in the future. To advance DX further, a data-driven strategy like High Potential Prospect is essential. We are convinced that the High Potential Prospect initiative will not only provide better support for strategic decisions, but will also be a force to achieve the big goal of "improving customer service."

# Disclosure Based on TCFD Recommendations

Detailed disclosures based on the TCFD recommendations are posted on our website. <https://www.konicaminolta.com/about/csr/environment/strategy/tcfd/index.html>

## Governance

At Konica Minolta, responding to climate change is positioned as one of the objectives of our sustainability management, and decisions such as setting and changing key targets are ultimately made with the approval of the Board of Directors. Specifically, we have set and changed target values after approval by the Board of Directors in fiscal 2008, fiscal 2017, fiscal 2020, and fiscal 2023.

## Strategy

To address climate change risks, in May 2023, we set out a vision to achieve Net Zero greenhouse gas emissions across the whole value chain by 2050. We aim to achieve our goals through our business by integrating the risks caused by climate change into business risks and linking the medium-term goals and annual plans related to climate change measures with the Medium-term Business Plan for areas such as product planning, development, production, procurement, and sales.

In terms of opportunities, we have further advanced the timing of achieving “Carbon Minus” to 2025 to increase the level of contribution to energy and CO<sub>2</sub> reduction in customer companies and society and to achieve business growth. We will strengthen the core technologies that each business has cultivated over the past 150 years since our founding as an “evolved core technology group” through the integration of AI utilization (data-driven development and production) and technologies that cut across business areas, and increase the contribution of energy and CO<sub>2</sub> reduction through workflow and supply chain reforms.

## Climate change scenario analysis and results

Konica Minolta has identified two scenarios: business risks that will impact business performance in 2030, and business opportunities that can be created by proactively addressing the challenges of climate change.

The scenario analysis is carried out based on the following process.

- Identify target business areas for climate change scenario analysis
- Identify key climate-related risks and opportunities
- Consider existing scientific scenarios on climate change
- Consider and clarify risks and opportunities in the scenarios and their financial impact
- Consider future response approaches, policies, and strategies

### Scenario 1

**If the average global temperature increase is kept below 2°C (equivalent to 1.5°C) and a low-carbon global society is achieved**

### Addressing the “Risks” of Climate Change

Impact on Konica Minolta		Target segment	Classification	Financial impact	Timeline	Handling
Increase in procurement and manufacturing costs	Stakeholder demand for renewable energy procurement	Industry Digital Workplace	Market evaluation	Medium	Short-term	Introduce renewable-energy-derived electricity at production, R&D, and sales sites
	Replacing fossil resources and fuels in production	Industry	Policies/Laws	Medium	Medium to long-term	Examine the introduction of CO <sub>2</sub> -free fuels, examine the introduction of ICP <sup>1</sup> and optimization of procurement strategy
	Response to new emissions regulations and tax laws	Industry Digital Workplace Professional Print Healthcare	Policies/Laws	Strong	Short to medium term	Develop energy-saving production technology
Increase in product development costs	Response to the market and new regulations on product energy efficiency	Digital Workplace Professional Print	Policies/Laws Market	Medium	Short-term	Product energy-saving design in keeping with new environmental labeling standards, compliant with public procurement and bidding requirements
Decrease in sales due to changes in demand for products and services	Decrease in office printing demand due to acceleration toward a paperless society	Digital Workplace	Market	Strong	Short to medium term	Convert business to paperless operation

<sup>1</sup> Internal carbon pricing

### “Opportunities” of Climate Change

Impact on Konica Minolta		Target segment	Classification	Financial impact	Timeline
Higher sales due to change in demand for products and services	A digital solution that transforms the supply chain for the printing and apparel industries	Professional Print	Products/Services	Strong	Short- to medium -term
	Transforming the production process through performance materials with a reduced product carbon footprint, hyperspectral imaging <sup>2</sup> that contributes to improving the sorting and recycling rate of used plastics, and inkjet technology.	Industry	Products/Services	Medium	Short- to medium -term

<sup>2</sup> Multi-wavelength measurement technology for visible to non-visible light regions. With this technology, it is possible to inspect not only the color and appearance of the surface of the object, but also the internal components.

## Disclosure Based on TCFD Recommendations

### Scenario 2

If the average global temperature increase exceeds 2°C and the predicted physical effects of climate change materialize

### Addressing the “Risks” of Climate Change

Impact on Konica Minolta		Target segment	Classification	Financial impact	Timeline	Handling
Lower profits due to a reduction in production capacity	Insufficient or interrupted supply of natural resources due to changes in climate patterns	Industry	Chronic physical	Strong	Long-term	Product design and development not dependent on particular natural resources
	Supply chain interruptions following large-scale natural disasters	Digital Workplace Professional Print	Acute physical	Strong	Medium-term	Establish business continuity management (BCM), decentralize production and supply of consumables by region
Decrease in sales due to changes in demand for products and services	Limited access to forest resources due to abnormal climate and forest fires	Digital Workplace Professional Print	Chronic physical	Strong	Long-term	Turn the shift to paperless into business opportunity

### “Opportunities” of Climate Change

Impact on Konica Minolta		Target segment	Classification	Financial impact	Timeline
Increase in sales due to changes in demand for products and services	Imaging-IoT solutions that contribute to prevention and mitigation of disasters caused by acute abnormal climate and natural disasters	Industry	Products/Services	Minimal	Medium-term

#### Prerequisites of Scenario Analysis

##### • Classification of risks and opportunities

Transition risks: policies and laws, technologies, markets, reputation  
 Physical risks: acute physical, chronic physical  
 Opportunities: resource efficiency, energy, products/services, markets, resilience

##### • Definition and evaluation criteria for “financial impact”

“Large”: additional cost or profit decrease of 1 billion yen or more,  
 “Medium”: additional cost or profit decrease of 100 million yen to 1 billion yen  
 “Minimal”: additional cost or profit decrease of less than 100 million yen

##### • Definition and evaluation criteria for “financial impact”

“Large”: Profit of 10 billion yen or more  
 “Medium”: Profit of 1 to 10 billion yen  
 “Minimal”: Profit of less than 1 billion yen

##### • Definition and evaluation criteria for timeline

Long-term: 10 years or more  
 Medium-term: 3 to 10 years  
 Short-term: 1 to 3 years

### Risk management

Konica Minolta positions risk management as an “activity that seeks to maximize returns while minimizing the negative impact of risk,” and evaluates risk from a medium- to long-term perspective. For environmental risks, including climate change, we assess and manage the impact and uncertainty of climate change risks based on two scenarios. Also, this environmental risk is positioned as one of the management risks of the entire Group and is managed by the Risk Management Committee.

In addition to discussing plans and measures related to climate change response at the Group Environmental Promotion Committee held every quarter, rolling work to review the degree of change in risks is conducted twice a year at the Committee, and risks are re-evaluated. The Group Environmental Officer reports to the President every month on the progress of the plan. In addition, important environmental issues are also reported by the Group Environmental Officer to the Management Committee, other meeting bodies, and the Risk Management Committee, etc. The Board of Directors receives regular reports on the progress of the management plan for responding to climate change and oversees its implementation.

Details of Konica Minolta’s risk management system and risk management process are described on page 71.

## Disclosure Based on TCFD Recommendations

### Indicators and targets

In addition to its “Carbon Minus targets” and “Product lifecycle CO<sub>2</sub> emissions,” Konica Minolta has set “Renewable energy-derived electricity ratio” as a management indicator for climate change risks and opportunities.

### Carbon Minus

We aim to achieve a “Carbon Minus” state where we create more emissions reduction contributions outside the scope of our product lifecycle than the CO<sub>2</sub> we emit by 2025.

### Product lifecycle CO<sub>2</sub> emissions

Includes all of Scope 1 and Scope 2 emissions (CO<sub>2</sub> emissions at the production stage, sales and service stage) and Key Scope 3 emissions (CO<sub>2</sub> emissions at the procurement stage, logistics stage, and product use stage).

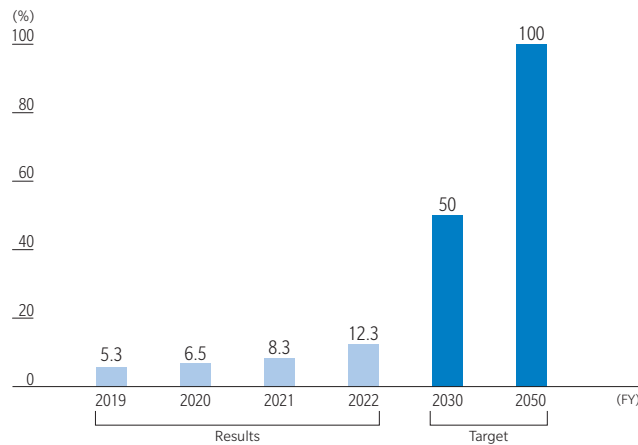
In the medium term, we have set a target of a 61% reduction compared to fiscal 2005 by 2025 and a 70% reduction by 2030. In fiscal 2022, it was about 850,000 tons (150,000 tons for Scope 1, 150,000 tons for Scope 2, and 550,000 tons for Key Scope 3), a 58% reduction compared to fiscal 2005.

In the long term, we have set a goal of Net Zero greenhouse gas emissions across our value chain by 2050.

### Renewable energy-derived electricity ratio

Based on our forecast that fossil fuels will no longer be available in the future, we have set a target of increasing the proportion of renewable energy-derived electricity used in our business activities to 50% or more by 2030 and to 100% by 2050, contributing to the reduction of Scope 2 emissions.

### Progress in the “renewable energy-derived electricity ratio”



### Green products\* sales

We have set a target of sales of green products that contribute to addressing climate change, and we are aiming for a sales ratio of 70% by fiscal 2025. In fiscal 2022, sales were 776.6 billion yen, representing a sales ratio of 68.7%.

\* Products and services that solve our uniquely defined environmental issues

### Executive compensation

In order to increase incentives to achieve the goals of the Medium-term Business Plan and promote the holding of company shares, we have set a non-financial indicator, “CO<sub>2</sub> emission reduction rate,” as one of the evaluation indicators that constitutes medium-term stock bonus (performance-linked). After the completion of the Medium-term Business Plan, executive compensation for Inside Directors and Executive Officers will be determined in the range of 0 to 200% depending on the degree of achievement of the target, and company shares will be issued.

### Activity results examples

**Achieved 100% of energy used from renewable energy at our multi-functional peripheral production site in Malaysia, meaning that all overseas multi-functional peripheral production sites have now achieved 100%**

Konica Minolta Business Technologies (Malaysia) Sdn. Bhd. a multi-functional peripheral (MFP) production site in Malaysia, introduced a photovoltaic power generation system (installation area of 17,059 square meters, power generation capacity of 3.4 MW) in March 2023<sup>1</sup>, which covers about 20% of the electricity usage<sup>2</sup> with photovoltaic power generation, and together with previously introduced power with renewable energy certificates<sup>3</sup>, the site has achieved 100% renewable energy<sup>4</sup>.

In our MFP production sites in China, Konica Minolta Business Technologies (Dongguan) Co., Ltd. achieved 100% renewable energy in 2019 and Konica Minolta Business Technologies (Wuxi) Co., Ltd. achieved 100% renewable energy in 2020, respectively, and all of the Konica Minolta Group's overseas MFP production sites have achieved 100% renewable energy.



<sup>1</sup> Uses Power Purchase Agreement (PPA)

<sup>2</sup> Estimates calculated from power usage results from January to December 2022

<sup>3</sup> I-REC certificate (International Renewable Energy Certificate)

<sup>4</sup> Renewable Energy-derived Electricity Ratio