



KONICA MINOLTA

**RETHINK
WHAT'S
POSSIBLE**



KONICA MINOLTA, INC.

Integrated Report 2021

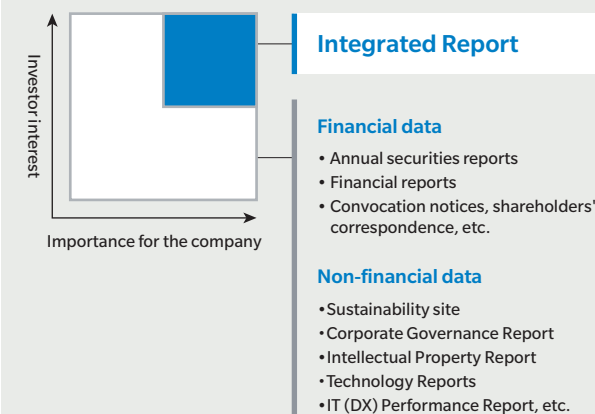


Giving Shape to Ideas

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Role of Integrated Report 2021



Notes on outlook for future results

The plans, strategies and statements related to the outlook for future results in this document are in accordance with assumptions and beliefs determined by management based on currently available information, and include elements of risk and uncertainty. However, it should be noted that there is a possibility that actual results could differ significantly due to such factors as social and economic conditions. In this report, unless otherwise indicated, "the Company" refers to Konica Minolta, Inc.

About "RETHINK" (on the Front Cover)

RETHINK is at the heart of everything we do. It means we are always creative in our approach, empowering people to shine and help improve the world around us. We strive to RETHINK today to make the future a better place for everyone.



Introduction

In FY2020, Konica Minolta formulated a long-term management vision that targets 2030 and a medium-term business plan "DX2022" that sets goals to be achieved by 2022. These efforts mark the start of a new management approach that takes a 10-year view.

This report presents Konica Minolta's strategies for transforming its business portfolio through digital transformation (DX) as well as efforts to strengthen the intangible assets that support these strategies with a focus on this management vision and DX2022. Also discussed here are our efforts to improve corporate value through good corporate governance.

The report was a cross-organizational collaboration accomplished by taking cues from sources such as the Integrated Reporting Framework published by the Value Reporting Foundation (VRF) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation formulated by the Ministry of Economy, Trade and Industry of Japan. I can attest to the soundness and accuracy of the report creation process and its content.

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

Shoei Yamana

President & CEO

Frameworks referred to

- Value Reporting Foundation (VRF), Integrated Reporting Framework
- Ministry of Economy, Trade and Industry, Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation

* Information provided on Konica Minolta's Sustainability site is given based on the GRI and SASB standards.
GRI Standards Comparison Table:
<https://www.konicaminolta.com/about/csr/csr/vision/gri.html>
SASB Standards Comparison Table:
<https://www.konicaminolta.com/about/csr/csr/vision/gri-sasb.html>



Major international initiatives supported by Konica Minolta

- UN Global Compact
- Sustainable Development Goals (SDGs)
- TCFD (Task Force on Climate-related Financial Disclosures)
- RE100



SUSTAINABLE DEVELOPMENT GOALS



Value Creation Story

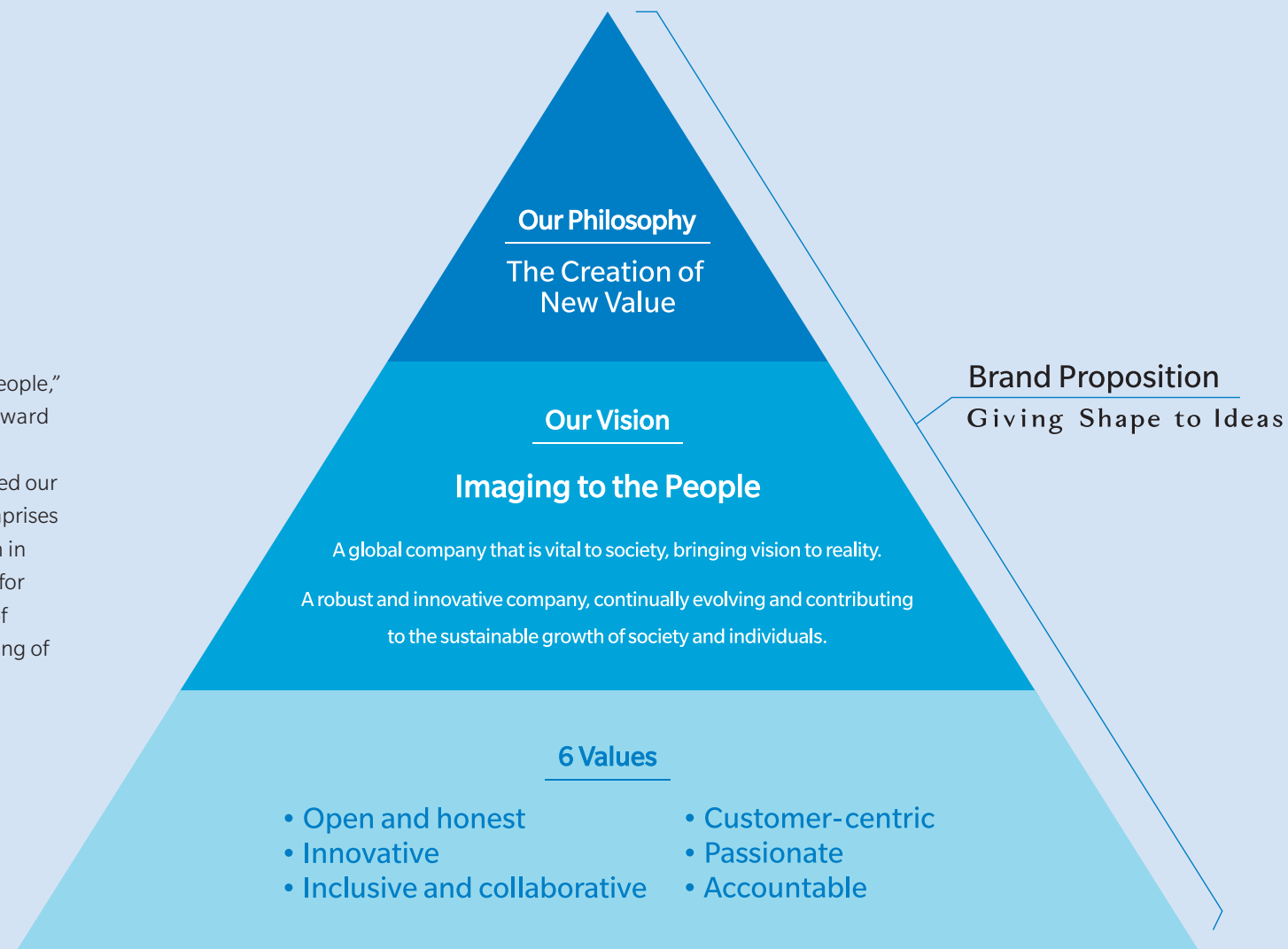
Creating new value through the power of imaging



Konica Minolta Philosophy

Konica Minolta has formulated “Imaging to the People,” a long-term management vision that looks forward to 2030.

In concert with these initiatives, we redeveloped our philosophy. Now, Konica Minolta Philosophy comprises Our Philosophy, unchanged since its formulation in 2003, Our Vision, which defines our aspirations for 2030, the 6 Values that guide the development of Konica Minolta's corporate culture as the wellspring of our value creation, and our “Brand Proposition.”

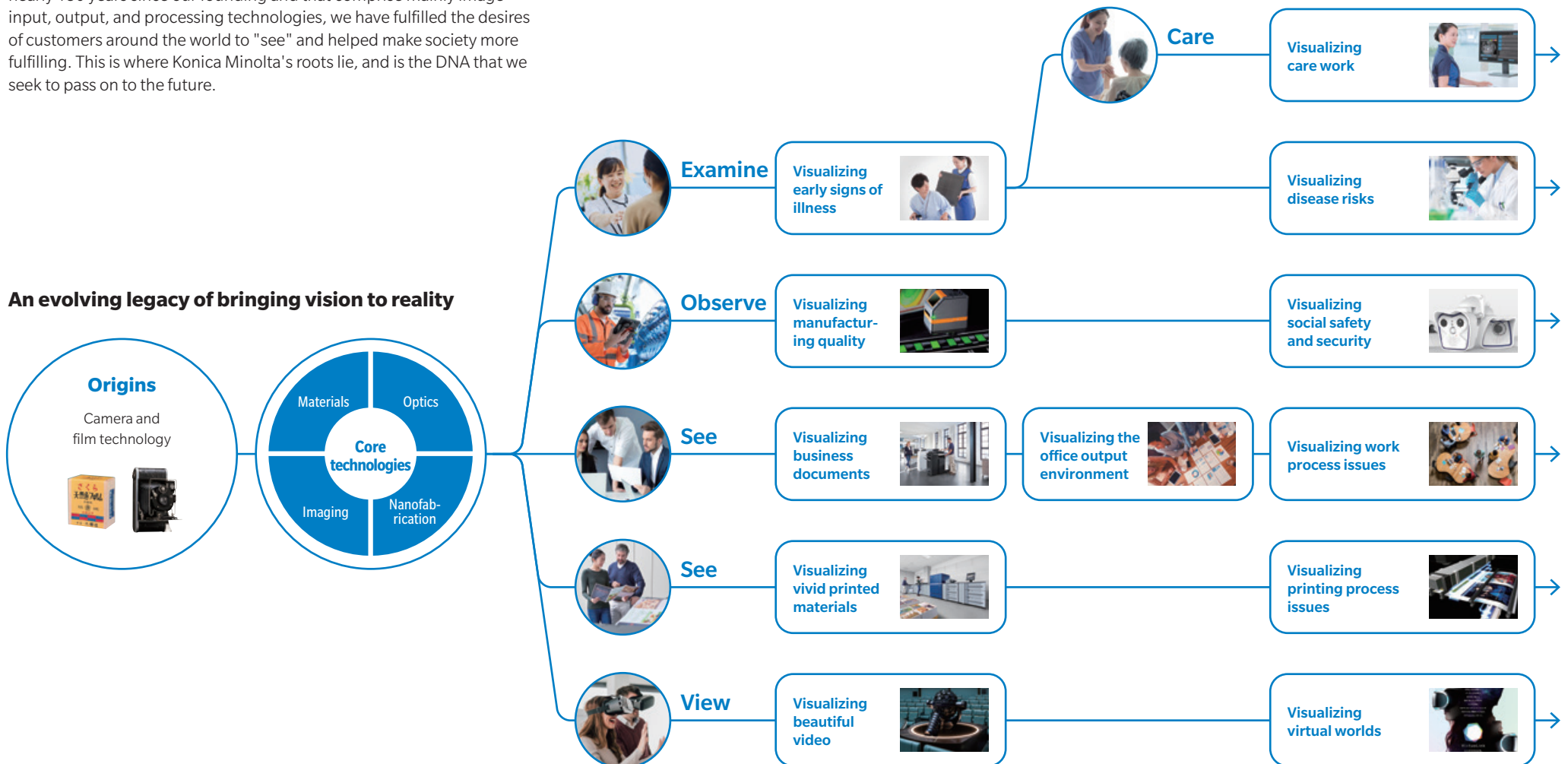


Konica Minolta's DNA

Satisfying hopes and desires to "see," while creating new value

Leveraging the "imaging" technologies that we have developed over the nearly 150 years since our founding and that comprise mainly image input, output, and processing technologies, we have fulfilled the desires of customers around the world to "see" and helped make society more fulfilling. This is where Konica Minolta's roots lie, and is the DNA that we seek to pass on to the future.

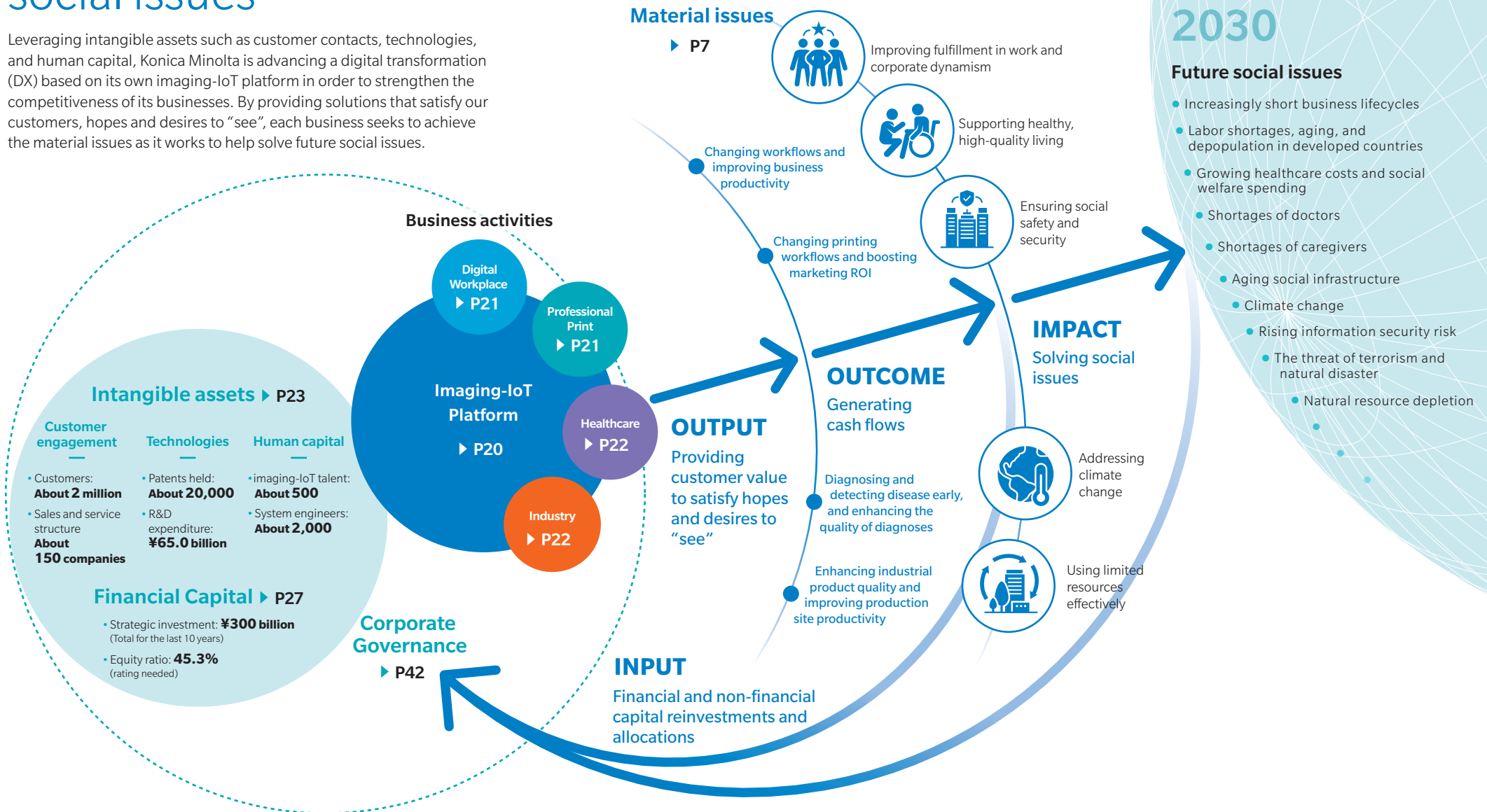
An evolving legacy of bringing vision to reality



Value Creation Process

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































Leveraging intangible assets such as customer contacts, technologies, and human capital, Konica Minolta is advancing a digital transformation (DX) based on its own imaging-IoT platform in order to strengthen the competitiveness of its businesses. By providing solutions that satisfy our customers, hopes and desires to “see”, each business seeks to achieve the material issues as it works to help solve future social issues.



Material issues for value creation

Backcasting from 2030 to identify five material issues

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

Material issue	Vision for 2030	Related SDGs
 Improving fulfillment in work and corporate dynamism	Increase labor productivity for corporate clients, society, and Konica Minolta. Make time for creativity, and promote workplaces where all individuals can thrive.	       
 Supporting healthy, high-quality living	Promote health and high quality of life at corporate clients, in society, and Konica Minolta. Help individuals lead fulfilling lives.	  
 Ensuring social safety and security	Enhance safety and security in the workplaces of corporate clients and in society. Minimize risks posed by Konica Minolta products and services.	   
 Addressing climate change	Reduce CO ₂ emissions by Konica Minolta. Enhance CO ₂ emissions reduction at corporate clients and suppliers, and reduce the carbon footprint of society.	   
 Using limited resources effectively	Promote the effective use of resources at Konica Minolta, while also helping corporate clients and suppliers to achieve effective use.	     

Material issues for value creation

Material Issue Evaluation and Identification Process

Step 1. Issue Awareness

First, Konica Minolta made a list of diverse environmental, social, and economic issues by referencing international frameworks and guidelines such as the GRI Standards and SDGs, as well as macro trends in each specialized field.

The list was prepared by referring to the Wedding Cake Model of the SDGs. This structural model was developed by the Stockholm Resilience Center* as a way to understand the SDGs, and it helps to clarify the relationships among the SDGs. With this model, the 17 goals are divided into three layered categories, like the tiers of a wedding cake. These tiers from bottom to top are biosphere, society and economy. The model illustrates that achieving the biosphere and society-related SDGs can help to build a sustainable economy and society, upon which companies can help build the foundation for a sustainable economy. With this relationship in mind, Konica Minolta identified the issues of greatest importance to its business.

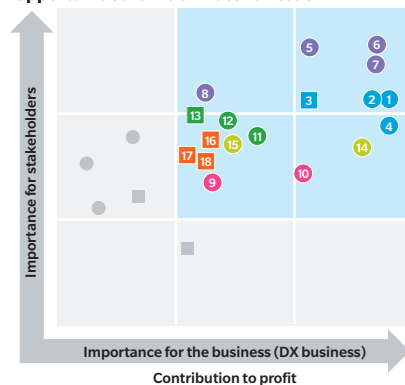
During this identification process, Konica Minolta also considered social and environmental changes, regulatory and policy trends, and stakeholder requirements, all in light of the company's current and potential business areas as well as the corresponding supply and value chains.

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

Step 2. Issue Identification and Prioritization

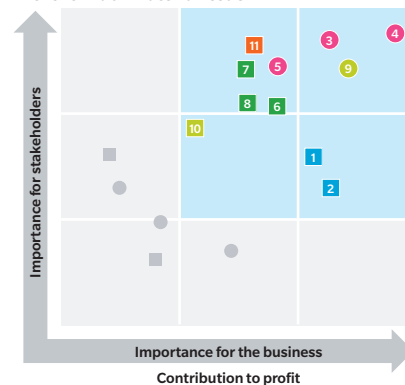
From the initial list of issues, Konica Minolta identified fields that are particularly relevant to its business, and then conducted a prioritization process. Konica Minolta's materiality analysis is unique in that it assesses both risks and opportunities. By evaluating both these aspects, the company aims to fulfill expectations for enterprises to tackle the SDGs. The expectation is that companies treat social and environmental issues as opportunities to grow their businesses, while helping to solve the issues through their business activities. Materiality analysis put 1 of 5 levels of importance for stakeholders (customers, suppliers, shareholders and investors, employees, etc.) and the business (amount of financial impact), and assigned priority to each issue.

Opportunities for Each Material Issue



- 1 Improving productivity of customer organizations and increasing time for creativity by providing work-style solutions using digital technology
- 2 Improving productivity and enhancing workplace motivation in the supply chains of customer organizations by providing products and services that transform the workflows of frontline workers
- 3 Realizing the full potential of human resources, who are the source of new value, and creating workplaces organizations where individuals thrive
- 4 Eliminating labor shortages and strengthening cyber security by eliminating the gap in IT access faced by small and medium enterprises
- 5 Transforming caregiver workflow with imaging IoT-based systems and onsite consulting services, and creating a labor pool in the caregiving industry
- 6 Promoting disease prevention and early detection by providing high value-added medical services, and reducing medical expenses
- 7 Streamlining drug development by promoting innovation in pharmaceutical development processes utilizing genetic testing technology
- 8 Improving healthcare accessibility in developing countries
- 9 Improving safety and security at client sites and for society by providing products and services such as gas leak monitoring services
- 10 Supporting the quality produced by corporate clients by offering products and services that facilitate high-tech measurement and inspection
- 11 Reducing energy consumption and CO₂ emissions of customers and society by providing manufacturing process solutions
- 12 Promoting a paperless and ubiquitous computing society by providing solutions for work style reform
- 13 Contributing to drastic CO₂ emissions and cost reductions by helping business partners to reduce their environmental impact using DX technology
- 14 Constructing efficient supply chains for client companies using on-demand production
- 15 Reducing workflow and supply chain loss for client companies
- 16 Fostering a corporate culture that encourages role models for the generation of SDG innovation
- 17 Improving ESG relations with investors
- 18 Enhancing customer relations by making the most of ESG initiatives

Risks for Each Material Issue



- 1 Mismatches between employee skills and their work due to rapid changes in systems and environments
- 2 Declines in employee diversity, independence, and ability to innovate due to stagnated efforts to create workplaces that promote diversity
- 3 Loss of public confidence in the event of a product or service-related accident that results in death or injury to a user
- 4 Loss of public confidence in the event of a serious information security accident related to a product or service, which results in a personal data leak or privacy infringement
- 5 Impacts on operations and product shipments due to the use of substances that pollute ecosystems and pose human health hazards
- 6 Skyrocketing energy prices, increased material costs due to raw material shortages, and supply instability
- 7 Greater use of paperless systems due to skyrocketing energy prices and raw material shortages
- 8 Supply chain disruptions due to abnormal weather
- 9 Decline in competitiveness due to delayed participation in the circular economy
- 10 Production or shipment delays due to water-related risks and water resource depletion
- 11 Decline in public confidence due to lack of governance at business partners




- Improving fulfillment in work and corporate dynamism
- Supporting healthy, high-quality living
- Ensuring social safety and security
- Addressing climate change
- Using limited resources effectively
- Cross-cutting opportunities and risks
- Create value through the business
- Create value through the Company's activities

Step 3. Results Confirmation and Issue Identification

The Konica Minolta Group Executive for Corporate Sustainability, who chairs the Group Sustainability Promotion Committee, confirmed the appropriateness of the material issue evaluation process and the prioritized issues. The selected material issues were then discussed by senior management and approved by the Board of Directors. The process used to identify material issues is reviewed annually, which guarantees the validity of the issues selected and the corresponding plan.

Material issues for value creation

Opportunities and risks for each material issue, and Medium-term Sustainability Plan 2022

Material issues	 Improving fulfillment in work and corporate dynamism	 Supporting healthy, high-quality living	 Ensuring social safety and security
Environmental and social issues with a view to 2030	<p>Many economies around the world, including Japan, are expected to see labor shortages. As industrial structures change, there will be imbalances in the type of labor force needed. There will be labor shortages in some areas and more mismatches between the skills people have and the skills jobs require. By 2030, a total labor shortage of about 100 million people is anticipated in the countries that make up the top 70% of global GDP. Many jobs will need to be performed using technologies such as robotics and automation. This will occur not just on the manufacturing floor, but in offices as well. While it is important to increase productivity with technology, human creativity must also be fostered to solve the global labor shortage.</p>	<p>Due to population aging, the number of people suffering from diseases in developed countries is expected to grow. With a corresponding increase in the demand for medical treatment and nursing care, social security costs will also climb. In sparsely populated areas and developing countries, there are concerns that healthcare access could become difficult. In addition, the gap between supply and demand for nursing care in Japan is expected to grow to approximately 500,000 patients by 2030.*¹ Similar issues are also anticipated in other developed countries in the near future. As part of productivity and safety improvement at medical facilities and seniors care sites, the quality of and access to medical services need to be enhanced, and social security costs have to be reduced. This can be done through the prevention and early detection of disease. It can also be accomplished by shortening the development period for new drugs through improved candidate success rates and greater clinical trial efficiency.</p>	<p>Due to the aging of factories and equipment, staff shortages and the retirement of veteran employees with a wealth of experience, among other factors, the risk of disasters at manufacturing sites has increased and the risk of workplace accidents is also considered to rise. In order to attract personnel, however, companies must provide safer workplace environments. In addition, cyber-attacks have become increasingly frequent and sophisticated. The unprecedented damage they have caused is estimated at as much as 90 trillion dollars*² worldwide. Societies also need to respond to risks such as urban crime, natural disasters, pandemics and food insecurity, which all threaten people's work and livelihoods. To make society safer and more security, it is vital to visualize dangers to social infrastructure and workplaces, as well as information security risks, and to improve the inspection of products and services that contribute to people's work and livelihoods.</p>
Opportunities	<p>Through Konica Minolta businesses</p> <ul style="list-style-type: none"> Improving productivity of customer organizations and increasing time for creativity by providing work-style solutions using digital technology Improving productivity and employee engagement in the supply chains of customer organizations by providing products and services that transform the workflows of frontline workers Eliminating labor shortages and strengthening cyber security by eliminating the gap in IT access faced by small and medium enterprises <p>Internal action to create value</p> <ul style="list-style-type: none"> Realizing the full potential of human resources, who are the source of new value, and creating organizations where individuals thrive 	<p>Through Konica Minolta businesses</p> <ul style="list-style-type: none"> Promoting disease prevention and early detection by providing high value-added medical services, and reducing medical expenses Streamlining drug development by fostering innovation in pharmaceutical development processes utilizing genetic testing technology Improving healthcare accessibility in developing countries Transforming care staff workflow with imaging IoT-based systems and onsite consulting services, and creating a labor pool in the nursing care industry <p>Internal action to create value</p> <ul style="list-style-type: none"> Building safe and comfortable workplaces where employees feel motivated 	<p>Through Konica Minolta businesses</p> <ul style="list-style-type: none"> Supporting the quality produced by corporate clients by offering products and services that facilitate high-tech measurement and inspection Improving safety and security at client sites and for society by providing products and services such as those that make gas leaks visible
Risks	<p>Affecting Konica Minolta</p> <ul style="list-style-type: none"> Mismatches between employee skills and their work due to rapid changes in systems and environments Declines in employee diversity, independence, and ability to innovate due to stagnated efforts to create workplaces that promote diversity 	<p>—</p>	<p>Affecting Konica Minolta</p> <ul style="list-style-type: none"> Loss of public confidence in the event of a product or service-related accident that results in death or injury to a user Public disapproval in the event of a serious information security accident related to a product or service, which results in a personal data leak or privacy infringement Impacts on operations and product shipments due to the use of substances that pollute ecosystems and pose human health hazards
Medium-term Sustainability Plan 2022	<ul style="list-style-type: none"> Increasing customer productivity and making time for creativity Improving employee engagement and making the most of human resources globally <p>KPI Strategic assignment of managerial candidates/Number of DX leaders trained/Employees engagement score/Percentage of management positions held by women</p>	<ul style="list-style-type: none"> Promote health and high quality of life at corporate clients Building safe and comfortable workplaces where employees feel motivated <p>KPI Rate of reduction of Level 4 workplaces/Percentage moving to higher level of organizational health/Percentage moving to higher level of organizational health/Number of employees who are at high risk physically/Number of vacation days due to mental health problems</p>	<ul style="list-style-type: none"> Provide safety and security in the work and daily lives of corporate clients Minimize safety and security risks posed by Konica Minolta products and services <p>KPI Number of serious accidents caused by chemical substances/Serious business losses due to chemical substance management/Number of serious accidents with products. Serious business losses due to product safety/Number of serious incidents due to information security/Serious business losses due to information security</p>

*1 From a report released by Japan's Ministry of Economy, Trade and Industry on April 9, 2018: Report compiled by the Study Group for Future Supply and Demand of Elderly Nursing Care Systems

*2 Source: Zurich Insurance Group and the Atlantic Council, 2015

Material issues for value creation

Material issues



Addressing climate change

The Paris Agreement provides a framework for the world to move more quickly and ambitiously to build a low-carbon global society. At the same time, there are concerns that the needed changes will not happen fast enough and climate change will have a harsh impact on the world. If and when the low-carbon society is achieved, the energy structure of entire industries will have changed significantly, including the widespread use of renewable energy and dramatic energy savings. On the other hand, if dire climate change predictions materialize, rising sea levels will submerge coastlines and damage biodiversity. There will likely also be frequent severe weather events, such as typhoons and hurricanes, which could have a significant impact on both industry and people's lives. In order to transition to a low-carbon global society, there needs to be a fundamental change in how energy is used, which means conventional workflows must be dramatically reformed. In addition, it is vital to build an industrial structure that can withstand severe weather events in case dire climate change predictions materialize.

Environmental and social issues with a view to 2030

Opportunities

Through Konica Minolta businesses

- Reducing energy consumption and CO₂ emissions of customers and society by providing manufacturing process solutions
- Promoting a paperless and ubiquitous computing society by providing solutions for work style reform

Internal action to create value

- Contributing to dramatic CO₂ emissions and cost reductions by helping business partners to reduce their environmental impact using DX technology

Risks

Affecting Konica Minolta

- Soaring energy prices, increased material costs due to raw material shortages, and supply instability
- Greater use of paperless systems due to rising energy prices and raw material shortages
- Supply chain disruptions due to abnormal weather

Medium-term Sustainability Plan 2022

- Reduce energy use and CO₂ by transforming customers' operational processes
KPI Amount of "Carbon Minus" contributions/Solution sales
- Reduce energy use and CO₂ from Konica Minolta sites, Konica Minolta products and services and business partners
KPI Reduction of CO₂ emissions/Monetary equivalent of energy reduction/Amount of CO₂ reduced through procurement of renewable energy/Sales from sustainable solutions/Monetary equivalent of energy reduction



Using limited resources effectively

Given the world's growing population and the growing rate of resource consumption, it is estimated that the equivalent of two earths will be needed by 2030. In order to make more effective use of limited resources, companies need not only to recover and recycle waste, but also to reduce the volume of resources wasted. This means that drastic workflow innovations are required, such as using on-demand production and IoT technology, to reduce resource waste in the supply chain. Circular economies also need to be created by developing material technologies that facilitate recycling, while building better networks for recovering used resources.

Through Konica Minolta businesses

- Constructing efficient supply chains for client companies using on-demand production
- Reducing workflow and supply chain loss for corporate clients

Affecting Konica Minolta

- Decline in competitiveness due to delayed participation in the circular economy
- Production or shipment delays due to water-related risks and water resource depletion

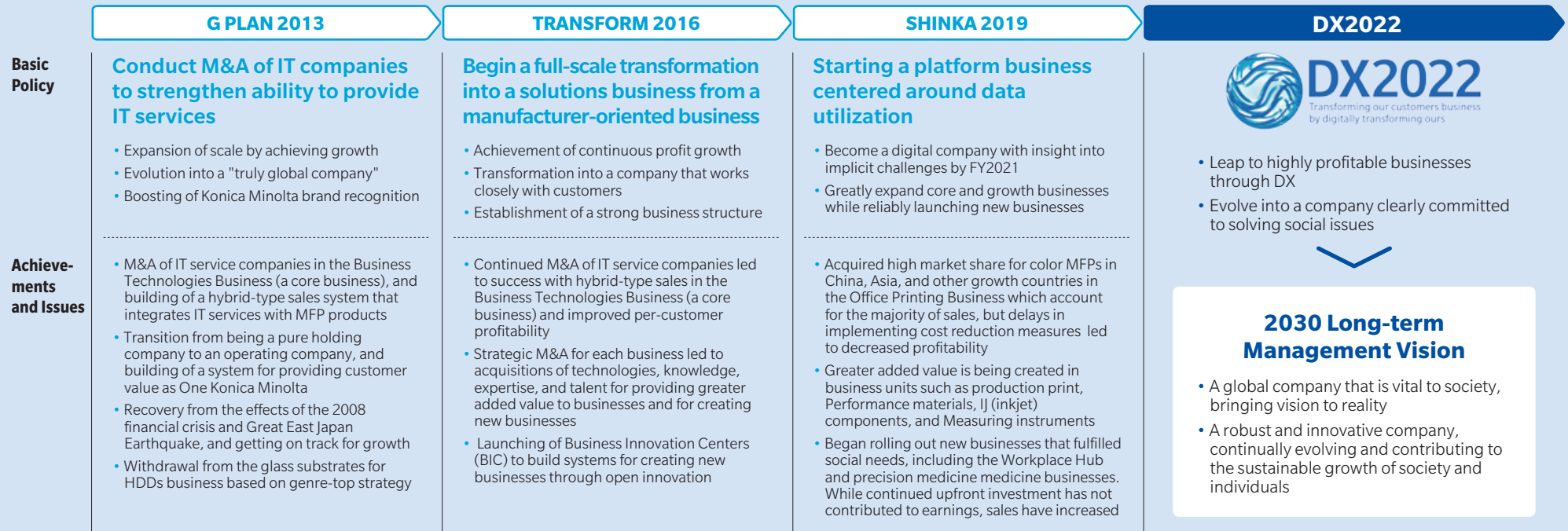
- Promote effective use of resources by transforming customers' operating processes
KPI Reduction of waste discharge of customers/Solution sales
- Promote effective use of resources by Konica Minolta sites and for Konica Minolta products and services
KPI Reduction of waste discharge of customers/Reduction of waste discharge/Amount of resources saved and recycled (thousand tons)
Sustainable solution sales (billion yen)

Medium- to Long-term Value Creation Strategy

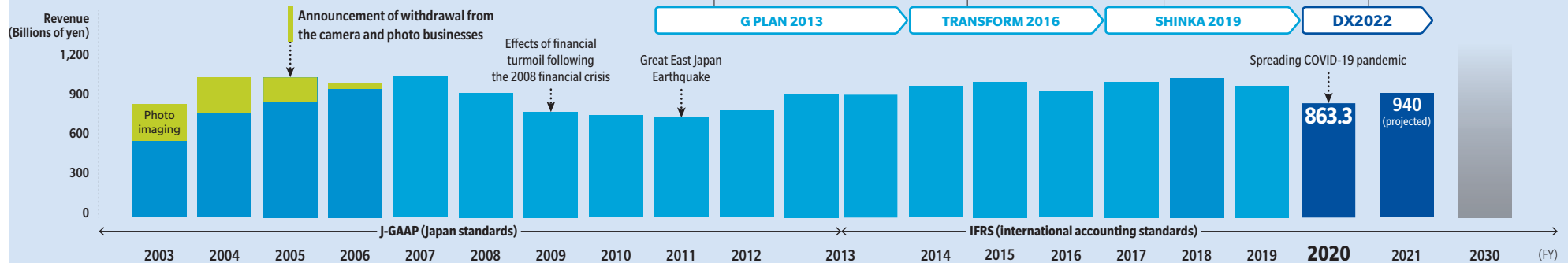
Transforming our business portfolio through DX



Our Changing Medium-term Business Plan



Sales over time



Message from the CEO



As I promote management based on the conviction that we have no future without the completion of our business portfolio transformations, we will achieve profit diversification and a business structure that enables sustainable growth via bold shifting and reinforcement of management resources.

Shoei Yamana

President and CEO, Representative Executive Officer

Redefining the risks and opportunities facing our company as society is dramatically changed by COVID-19

COVID-19 has had a major impact on societies and economies around the world, greatly accelerating changes to our values and the way we work and live, and has had a great impact on the business of the Konica Minolta Group. This year has seen the Group face many new risks and opportunities due to such changes to society and human behavior.

Such risks include an acceleration in the decline of print volumes due to the reduced numbers of employees commuting to an office caused by the expansion and normalization of working from home. This is a structural change that we were expecting to happen gradually, but COVID-19 has certainly accelerated such

Message from the CEO

change. In anticipation of the shift to reduced print volumes, we have been seeking to transform our Office Printing Business to solutions and IT services for a long while now. Although the cancelation of events and closing of stores has led to a drastic decline in demand for commercial printing, this is a temporary phenomenon caused by COVID-19, and after the pandemic subsides, I expect demand to recover, particularly for the digital printing provided by the Company.

On the other hand, COVID-19 has accelerated behavioral changes in the way we live and work, which can be expressed by keywords such as individualization/decentralization and remote/non-contact services, and has led to demand for safety, security, and health. I believe that such changes to society provide us with a new business opportunity. For example, the popularization of working from home has increased the importance of information security. This has led to various customers asking us for proposals on workflow reforms that utilize the advanced security technologies and digitalization of the Company, and our solutions have been well received. Various workplaces have also been investigating methods for avoiding infection and ensuring social distancing, and this has led to many inquiries about projects such as temperature screening services via image diagnosis, remote medical care at hospitals, and services for automating the inspection process at factories. With COVID-19 also increasing consumer interest in health, I feel that demand for services that support personalized medical care and early diagnosis will certainly grow.

Completing the two portfolio transformations essential to achieving long-term growth

In order for the Company to achieve sustainable growth and enhanced corporate value, we must make sure to implement business structure reforms from the perspective of these risks and opportunities. That is the most important challenge that I face as CEO. We have been promoting the three-year DX2022 medium-term business plan since fiscal 2020, and the fundamental objectives of DX2022 are to "leap to highly profitable businesses through DX" and to "evolve into a company

clearly committed to solving social issues." In order to achieve these objectives, I have resolved to complete two portfolio transformations.

The first such transformation is to shift our Office Printing Business, which focused on MFPs, to the Digital Workplace Business. COVID-19 has led to a change from employees concentrated at an office to decentralized work via working from home. Companies now have a pressing need to maintain information security and ensure efficient workflows. Workplace Hub is a solution that links cloud computing with edge computing to provide new information security measures, and has the ability to respond to such requirements in detail. There is also a shift toward digitalizing the workflows for paper-based application and approval at companies, government, and local municipalities, and we will proactively approach such document digitalization needs with security technologies. We have already been deploying managed IT services to markets in Europe and North America in order to provide centralized management of IT infrastructure at small and medium-sized companies, and we will further strengthen this business. In short, we will robustly promote our goal of creating advantages for the Company via security.

The second transformation is a company-wide business portfolio transformation to reduce our dependence on the Office Printing Business, which currently accounts for about half of our revenue, and accelerate growth in our Industry Business and Healthcare Business. In regard to sensing in the Industry Business, we have established the top position in the world in the field of measuring instruments for displays. By utilizing this strength, we will further expand our business in the area of displays, and expand our business into new areas other than displays, such as visual inspections for automobiles and component inspection for food and pharmaceuticals. In the field of imaging IoT, we have established technologies for detecting and analyzing behavior based on the intelligent edge processing cameras of German company MOBOTIX. We will combine these AI (artificial intelligence) network cameras, sensing devices, and analysis software to provide a new platform called FORXAI. By linking with the technologies and products of various business partners, we will meet the needs for safety/security and non-contact services/labor saving at various worksites, including monitoring at plants, warehouses, and logistics areas, as well as thermal cameras for the automatic measurement of body temperature combined with

Message from the CEO

facial recognition and services for watching the elderly at nursing facilities.

In the Healthcare Business, we will aim for further growth in the field of early diagnosis, which we excel in. Our digital X-ray diagnostic imaging systems have evolved from still images to the real-time capturing of video, and that video can now be combined with AI dynamic analysis to support more accurate interpretation and diagnosis by doctors. These cutting-edge Konica Minolta technologies are well-received at medical sites, and contribute to achieving early diagnosis and reducing workloads. In the field of precision medicine, our United States subsidiary Ambry Genetics has advanced technology in the area of genetic testing, and Invicro in the field of image diagnosis. We will utilize these strengths to provide genetic testing services for healthy people, as well as pharmaceutical development support services. We will also start providing the LATTICE multi-omics platform that integrates the gene and diagnosis image data that we have accumulated. These efforts will enable us to contribute to quality of life (QOL) improvement with early diagnosis and early treatment via various approaches.



Starting to rebuild our management system in order to accelerate the speed of executing transformations

We have set the ultimate goal of these two transformations for fiscal year 2025, but to ensure that a certain level of results have been achieved by 2022, the final fiscal year of our DX2022 medium-term business plan, we will dramatically shift our management resources such as our R&D and human resources to these growth areas. On the other hand, we recognize that our failure to increase the speed of these transformations during the previous medium-term management plan is a major issue, and will also promote drastic reforms of our management system. Therefore, over the past few months, I myself have identified issues via a thorough examination of our management system, and am currently working on restructuring the Company in a manner that can solve those issues.

One key point of management reforms is speeding up decision-making and actions via the adoption of the OODA (Observe-Orient-Decide-Act) loop. Rather than carefully planning before executing initiatives in an unpredictable business environment subject to drastic change, the OODA loop should enable us to get closer to achieving our goals by clarifying what we want to achieve, determining the best course of action based on the information at the time, and immediately taking action. In order to effectively operate this new decision-making framework, we are currently investigating a method for collecting and analyzing reports from various business sites and reviewing our framework for conducting meetings and making decisions. At the same time, we recognize that department autonomy is extremely important for speedy decision-making, and have adopted a policy of proactively delegating authority closer to business sites in the future.

Of course, efforts to further strengthen digital transformation (DX) are also essential for accelerating the two transformations. We are promoting DX from two perspectives: "Business DX", which maximizes the value provided to customers by digitally evolving businesses, and "Operational DX", which aims to improve all of our operations across the entire company. Business DX overlooks customer business processes to visualize issues that the customer themselves may not have realized, in order to derive optimal solutions together with the customer and assist business process and business model reforms. In addition to combining AI and IoT

Message from the CEO

with the imaging technologies that form the basis of our strength, we plan to build a platform that will enable us to link with the technologies and services of various partners, and provide solutions to a wide range of customers. On the other hand, operational DX will involve efforts such as expanding the digital manufacturing built at our Malaysia factory to other factories, achieving high-precision forecasting by utilizing AI at SCM, and optimizing the maintenance services provided to our customers in the field.

Placing sustainability at the foundation of management strategy to improve our medium to long-term corporate value

To formulate DX2022, we held deep discussions on what we want society to be like a decade from now in the year 2030, and what environmental/social issues we will need to solve in order to achieve that vision. As the world moves toward an autonomous distributed society that develops sustainably, we have redefined our purpose as contributing to "Support people to achieve their own purpose" and "Realize a sustainable society."

This is the stance that has been at the foundation of our management strategy since the merger between Konica and Minolta in 2003, and since being appointed President, I have focused management based on my belief that contributing to the realization of a sustainable society where everyone can live with a purpose is the only way to achieve the sustainable growth of the Company. This idea has carried over to our employees and we are seeing more and more voluntary initiatives, such as projects for solving social issues that were proposed and started by young employees. I find it extremely encouraging that we have such human resources that truly want to improve the world.

In fiscal 2020, we clarified our five material issues for contributing to solving social issues via our business activities as "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." In regard to climate change in particular, we have worked toward

long-term goals since establishing the Eco Vision 2050 long-term environment plan in 2009. In fiscal 2020, we pushed forward our timeline for achieving carbon minus status to the ambitious target of 2030. We aim to increase the amount that we can contribute to reducing CO₂ emissions at client companies and business partners compared to our own CO₂ emissions, by sharing our expertise and knowledge on environmental management in order to reduce the environmental impact of the entire value chain. As for material issues not related to the environment, we will continue to quantify the social and economic impact that our business activities have, and set specific KPIs to accelerate our initiatives.

Guided by our philosophy—"The Creation of New Value," we will continue to create environmental/social value and economic value via all kinds of business activities. We will also contribute to a sustainable society as a company clearly committed to solving social issues, while simultaneously improving our medium to long-term corporate value, and I hope for the continued support of all of our stakeholders.



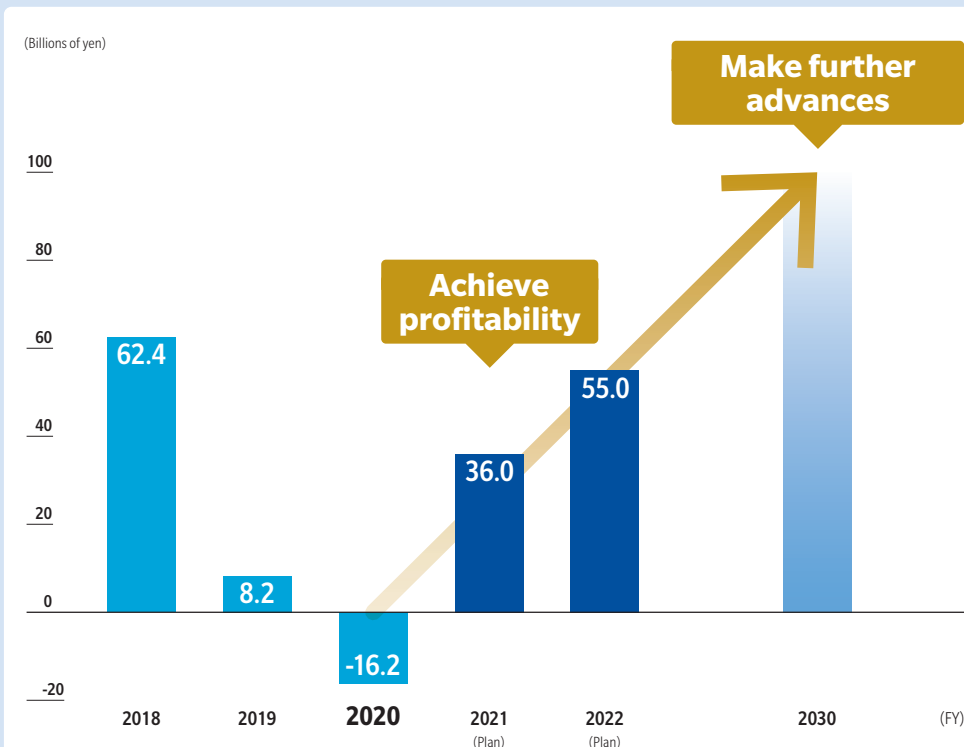
Shoei Yamana
President and CEO, Representative
Executive Officer
KONICA MINOLTA, INC.

Medium-term Business Plan "DX2022"



Our Medium-term Business Plan DX2022, which began in FY2020, calls for quickly restoring the revenue of the Office Printing Business, which has been hit hard by COVID-19 since the outbreak of the virus at the start of 2020, to the level in FY2018 by FY2021. This will involve strengthening the business' position as a cash cow following FY2020 structural reforms, and simultaneously building a business to serve as an earnings pillar that replaces the Office Printing Business by undertaking two portfolio transformations. We will achieve the major management targets of FY2021 and FY2022 while making the necessary investments to complete these business portfolio transformations.

Operating profit plan



Main management indicators

	FY2021 (plan)	FY2022 (plan)
Operating profit	¥36 billion	¥55 billion
Operating profit ratio	3.8%	+1 pt or more
Operating cash flows	¥190 billion	
ROIC	2.8%	+1 pt or more

Medium-term Business Plan "DX2022"

Strategy trajectory

External environment awareness

The COVID-19 pandemic has changed people's values and how we work and live

Risk

Declining demand in the office printing field, which accounts for more than 50% of Konica Minolta's revenue

- Accelerating decline in office print volume among customer companies
- Accelerating decline in print volume among centralized reprographic department at customer companies
- Declining hardware sales volume due to decreasing print volume

Opportunities

Increasing business opportunities centered on imaging in areas where social needs are growing

- Working styles continue to change due to DX
- Growing demand for individualized and diversified solutions in various fields
- Growing demand for contactless, distributed, and remote solutions
- Growing demand in the safety, security, and sanitation field

Toward establishing new businesses that follow on the Office Printing Business

Earnings structure reform in the Office Printing Business

- Sales process reform
- After-sales service productivity improvement
- Development expense reduction
- Fixed production costs reduction

Get FY2021 Office Printing Business operating profit back to the FY2018 level

Build businesses to stand as new earnings pillars

Digital Workplace

Workplace Hub and IT services business growth

Professional Print

Healthcare

Industry

Establish business base in measurement, inspection, and diagnosis

Business model evolution through DX

Medium-term Business Plan "DX2022"

The ideal business portfolio

Deriving the majority of earnings from the Industry and Healthcare businesses

With the goal of achieving a business portfolio that is not reliant on the Office Printing Business, we are working quickly to bring about two transformations.

The first entails shifting business to the Digital Workplace Business by leveraging the customer base of our Office Printing Business and providing greater added value. This will involve visualizing our customers' workflows, viewing customers that we have developed over the years in our Office Business as assets. We will then provide managed IT services for comprehensively managing IT infrastructure, which includes teleworking environments for our customers, as a service to support DX and a distributed working style. We will also provide solutions to diagnose and address information security, an area of increasing importance, as well as solutions specialized to our customers' different lines of business and industries.

The second transformation entails achieving a business portfolio transformation that speeds up business growth companywide in the measurement, inspection, and diagnosis fields. Three businesses will become pillars of our company going forward. One is the Professional Print Business, which will bring individualized, distributed, and laborsaving solutions in digital form. Another is the Healthcare

Business, which will support early diagnosis functions that include gene testing to the next level digitally through safe, secure, remote, and individualized solutions. The last is the Industry Business, where we will provide imaging-IoT solutions as a platform to fulfill a demand for safe, secure, remote, and laborsaving solutions in measurement and inspection. To accomplish all this, we will allocate personnel, R&D expenditures, and investments and loans.

By quickly carrying out measures to achieve these transformations during the period of DX2022, we will complete our business portfolio transformation by FY2025 and significantly improve each business' operating profit composition.

Two transformations aimed at achieving business portfolios that are not reliant on the Office Printing Business



Operating profit by segment

- Digital Workplace Business (including the Office Printing Business)
- Professional Print Business
- Healthcare Business
- Industry Business



Medium-term Business Plan "DX2022"

Business model change through DX

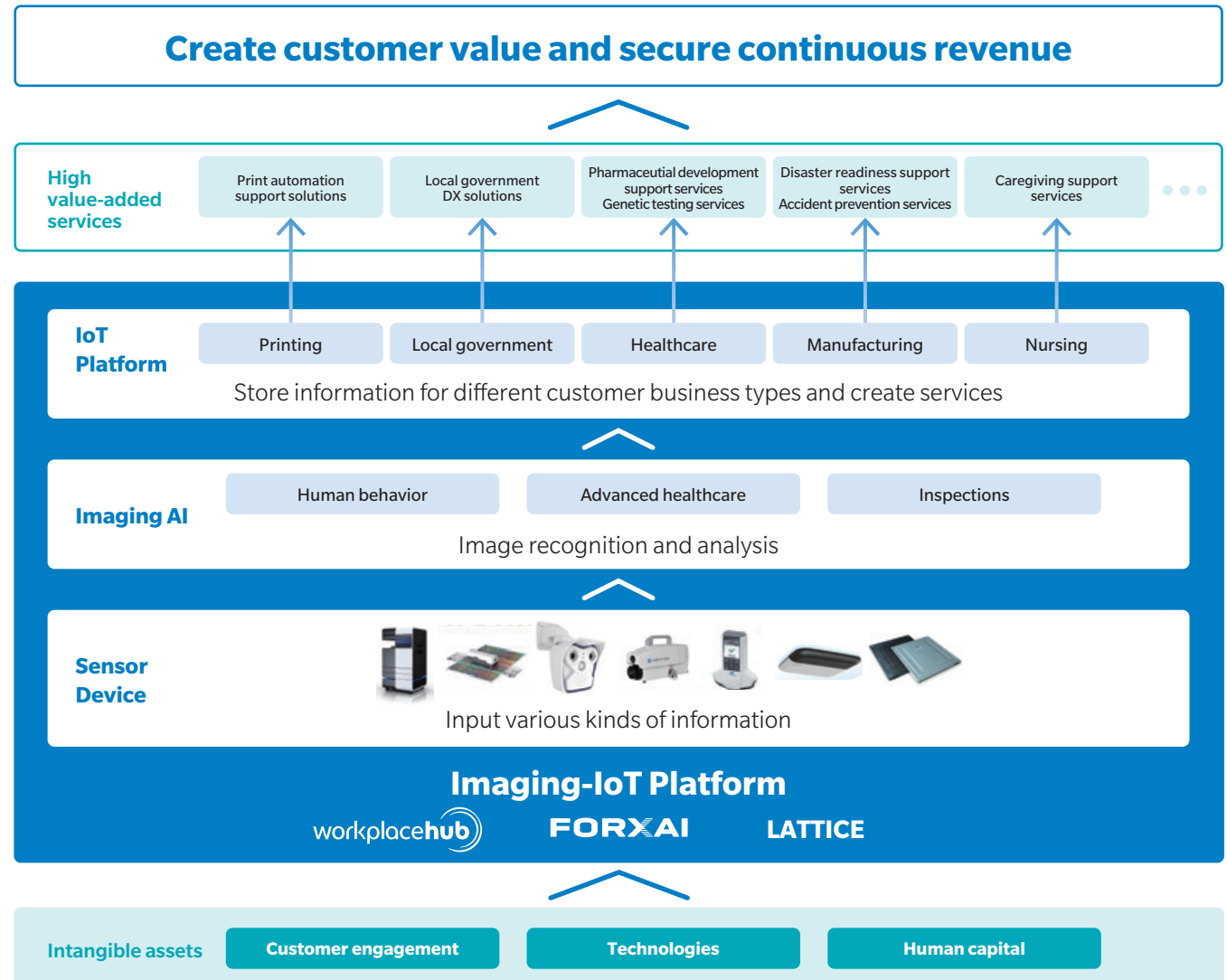
Establishing a data-driven platform business

To achieve our business portfolio transformation, we are shifting toward a business model that centers on high-value-added services through DX (DX as a Service) from a product-oriented goods-sales business model. We will accomplish this by establishing a proprietary platform business that brings together imaging technologies developed over our long history with state-of-the-art IoT and AI technologies.

We will be able to "visualize" problems encountered by professionals in a variety of fields by reading and converting data images and other information from our customers' workplaces gathered via sensor devices, an area in which we excel, and analyzing them with AI. We will then hold on to this information for different types of businesses and provide it as a solutions service.

After establishing a platform to provide the services, we will build an ecosystem linking business partners with customers and create a business that will ensure continued, stable earnings.

We will consolidate intangible assets such as the imaging technologies we have developed over the years, human capital of more than 40,000 employees in our Group worldwide, and customer engagement with close to two million customers, and we will transform our business model.



Medium-term Business Plan "DX2022"

DX strategies for each business with a view to FY2022

Digital Workplace Business

Strategy — Transformation into the Digital Workplace Business on the assumption of a decline in office printing

- While maintaining and expanding the customer base we have developed in the Office Printing Business, we will provide additional value-added services in the form of digital workflow services tailored to different business types, as well as managed IT services and cyber security services targeting all business types. We will also transform into the Digital Workplace Business by offering further lifetime value to customers.
- We will improve the gross profit ratio by obtaining major accounts through an array of new MFP products launched in FY2020, reducing service costs by replacing previous models owned by existing customers (replacing consumable parts less frequently and expanding remote service maintenance), and offering a flat rate system. We will also grow our customer base in growth markets (China, India, APAC) in which we are a market share leader.
- We will establish a stable revenue base by expanding sales of proprietary development software that has a high gross profit ratio and broadening our offerings for monthly recurring revenue models. We will also expand sales of services to achieve business process DX in different sectors (including education, healthcare, law, finance, and local government).
- We will reduce cost of goods sold by improving sales productivity through the use of AI in customer targeting and proposal making, by continuing to expand inside sales and remote sales, which have seen success during the COVID-19 pandemic, and by outsourcing back office operations for services. We will also reduce R&D costs by narrowing development projects.

CAGR by market (2020 → 2022)

	CAGR by market (2020 → 2022)	
	Hardware	Non-hardware
MFP	+2%	+3%
IT services	+8%	

* Konica Minolta estimates

Strategic KPI

	2021	2022
MRR* growth rate	+15% or more/yr	+15% or more/yr
Customer retention	+1pt/yr	+2pt/yr
Sales growth by industry	+15% or more/yr	+20% or more/yr
Service factory countries	10	25
Sales growth rate of products/ services developed by Konica Minolta	+15% or more/yr	+15% or more/yr

* MRR: Monthly Recurring Revenue

Professional Print Business

Strategy — Expand competitive advantages in the growing commercial and industrial digital printing markets

- As we become a leader in the digital printing market, which is expected to undergo continued growth, we are looking to gain more large printing companies as customers. To do this, we will expand our customers' and our business by pairing heavy production printers (HPP) with industrial printing machines and supporting print workflow DX. We will also support customers in transitioning from analog to digital printing.
- We will improve production efficiency among small and medium-sized printing companies by providing new models of light production printers (LPPs) and mid production printers (MPPs) equipped with the same functions as with HPPs, and will maintain market share leadership in this market. We will also expand sales in growth markets (China, India) in which we have very high market share.
- We will increase print volume by adding automatic inspection functions to the intelligent quality optimizer function (IQ-501), which makes use of technologies from the sensing business, to greatly improve work efficiency. We will also reduce service costs by broadening our remote service maintenance with the rollout of new LPP and MPP models.
- We will launch and grow sales of new high-speed label printer models in the industrial print domain, which is primed for considerable digital print volume growth. We will also grow sales by providing total solutions that bring together high-speed inkjet printers with digital embellishment printing to satisfy package printing demand. These efforts will see us greatly increase our non-hardware sales.

CAGR by market (2020 → 2022)

	CAGR by market (2020 → 2022)
Commercial printing	+7%
Label printing	+6%
Package printing	+15%

* Konica Minolta estimates

Strategic KPI

	2021	2022
HPP market share	35%	40%
YoY sales Non-hardware		
Production Print	+22%	+5%
Industrial Print	+24%	+28%

Medium-term Business Plan "DX2022"

DX strategies for each business with a view to FY2022

Healthcare Business

Strategy — Solving problems using AI and data, with support from our existing technologies and customer base

- Challenges remain with regard to enhancing diagnoses, providing preventive medicine, conducting online diagnoses, and achieving efficiencies in medical resource usage through inter-hospital coordination in developed countries, as well as improving healthcare access, boosting pharmaceutical development process efficiency, and providing precision medicine in developing countries. We will speed up efforts to resolve these issues by using AI and data with support from our existing technologies and customer base.
- In the diagnostic equipment domain, we will expand sales of X-ray systems whose dynamic analysis functions provide high added value in Japan, the U.S., and China.
- In the medical IT domain, we will focus on "infomity," with which we are building a customer base in Japan, and provide online diagnosis services and promote inter-hospital coordination. We will also bring PACS (picture archiving and communication systems) to the ASEAN region after deploying it in Japan and the U.S. Furthermore, starting in Japan, we will deploy AI-powered imaging support systems and diagnosis support systems.
- In the genetic diagnostics domain, along with growing sales by increasing the number of high-precision RNA test samples, we will globally expand the CARE Program, which includes genetic diagnostics for cancer screenings, to countries beyond just the U.S. and Japan. We will also market new panel tests jointly developed with the University of Tokyo and the National Cancer Center Japan. At the same time, we will establish a proprietary integrated diagnostics data platform by consolidating gene, pathology, and image data, and contribute to the early detection of diseases while also operating a data business for the pharmaceuticals market. (→P33)

CAGR by market

Healthcare *1	X-ray diagnostic equipment	+1%
Precision medicine *2	Biomarker market	+16.3%
	Next-generation sequencing market	+31.4%

*1 2020 → 2022 Konica Minolta estimates.

*2 2020 → 2025 BCC Research (2021)

Major KPI

	2021	2022
DR integrated X-ray system, dynamic analysis, and Asia business revenue growth rate	+8% or more	+15% or more
Medical IT service revenue growth	+5% or more	+8% or more

Industry Business

Strategy — Expanding growth industries through sensors, imaging IoT and AI technologies, and key devices

- In the sensing field, where we hold more than 50% market share in light source color measurement for various displays, we will leverage the technologies of two companies we have acquired over the last several years and expand business in the automobile visual inspection domain as well as the internal components testing domain, which includes such things as foods, drugs, and recycling. (→P29)
- In the materials and components field, where we provide key devices essential for industry, we will strengthen profitability by providing high-added-value products that leverage core technologies. We will expand sales of performance materials by using a new resin named SANUQI film, in addition to the TAC products we have already been using, for wide-ranging applications that involve the growing market for displays used in products such as large TVs, small and medium-sized mobile devices, and automobiles. For inkjet heads, we will expand business in industrial printing and POD (print on demand), two domains primed for considerable growth, by providing products with high durability, high-precision that make use of MEMS technology, and special ink application.
- In the imaging-IoT field, where we have evolved imaging along with the times, we will globally deploy imaging-IoT platform "FORXAI," which brings together proprietary imaging AI technologies with a range of sensor devices that read images. (→P31)

CAGR by market (2020 → 2022)

Sensing	Light source color / object color	+1%
	Automotive exterior	+16%
Performance materials	Large TVs (LCD+OLED)	+15%
	Medium-sized devices (mobile devices)	+11%
Inkjet	Industrial applications	+34%
	POD	+28%

* Konica Minolta estimates

Strategic KPI

	2022
Sensing	Expanding the strategic investment business (visual inspection and HSI* industry applications) Strategic investment business revenue ratio: 17%
Performance materials	Expanding growth domains (materials for large-sized TVs and ultrathin film functions for small and medium-sized devices) - Large-screen TVs: 30% or more - Small and medium-sized devices: 50% or more
Inkjet	Business expansion via new head and ink products - Industrial print share: 72% - POD share: 14%
Imaging IoT	Strengthen imaging-IoT platform collaboration with partners - Sales partners: 37 companies - Technology partners: 63 companies

* HSI: Hyperspectral imaging

Medium-term Business Plan "DX2022"

Strengthening the intangible assets that support business DX

Customer engagement

Leveraging a customer base of two million companies to provide continued, long-term value for different industries and regions

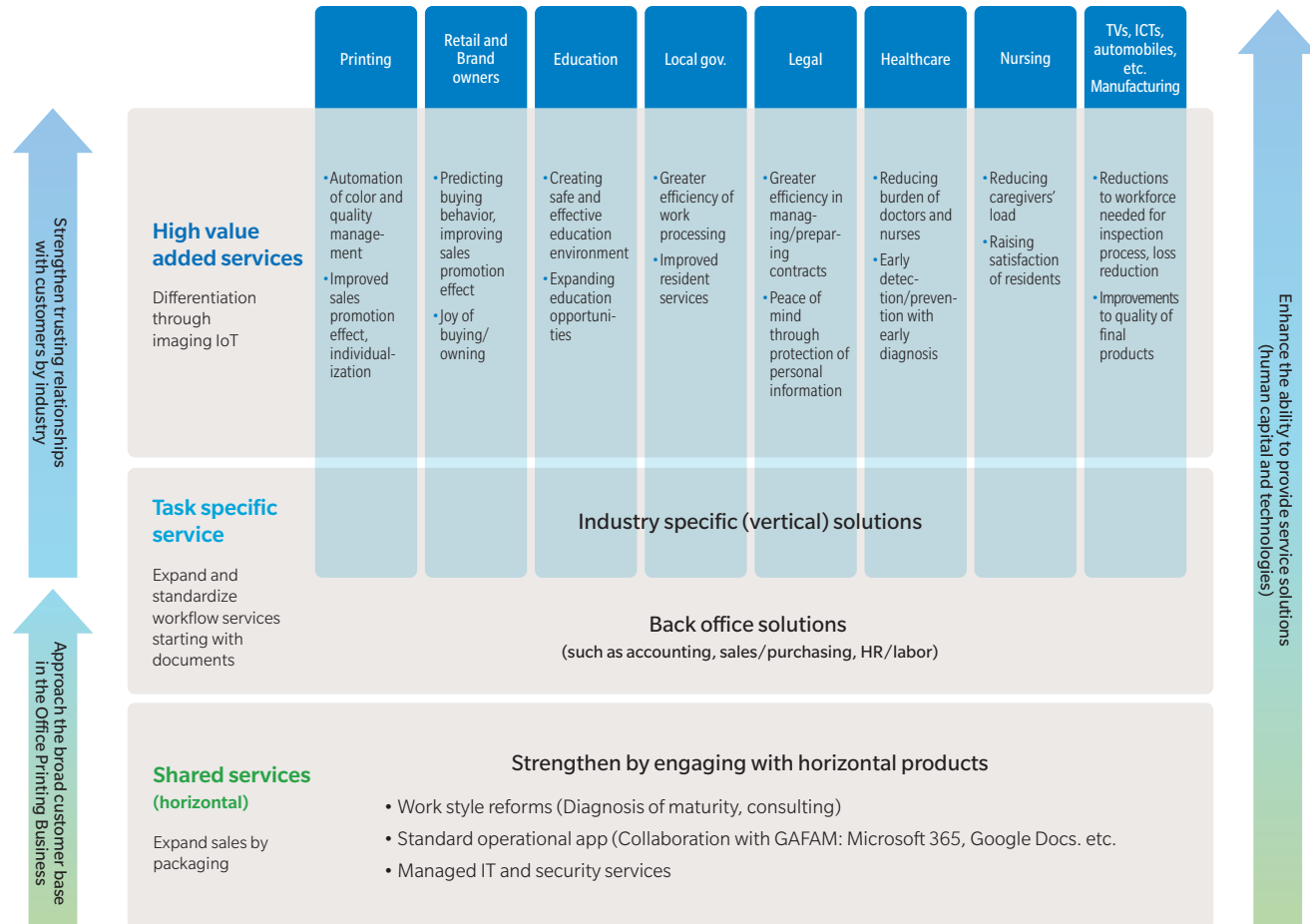
Strengths

- Market share leader in markets we have cultivated using "genre-top strategies" that focus resources on domains primed for growth and domains with prospects for success
- Global customer base of two million companies spanning a multitude of industries
- In Digital Workplace Business, engagement with a wide range of customers that are primarily SMEs, with some global companies and governmental organizations as well
- In Professional Print, Healthcare, and Industry businesses, relationships with customers built by closely working with such industries as printing, healthcare, displays, and automobiles
- New customer bases targeting specific lines of business, industries, and solutions gained through acquisitions

Basic Strategy

- Boost sales efficiency by packaging services used by many industries, including work style reform and standard operational apps as well as managed IT services that provide customers with a full range of IT security and IT infrastructure management
- Specialize in document-based workflows for operations such as accounting, sales, purchasing, and HR for a broad range of customers, building on, improving, and standardizing services that include digitalization. Also coordinate with industry specific solutions
- Strengthen Konica Minolta's ability to provide value for different industries and types of business by providing solutions tailored to business types in which we excel in different regions. Cultivate the markets for healthcare and ICT brand owners in the U.S.; for manufacturing in Europe; for printing, displays, and other product manufacturing in China and Asia; and local governments, healthcare, nursing, and manufacturing in Japan

Strategies by target business types



Medium-term Business Plan "DX2022"

Strengthening the intangible assets that support business DX

Technologies

Leveraging AI and IoT to further advance imaging technologies developed over the years

Strengths

- Proprietary imaging technologies that fulfill customers' desire to "see"
- Four technology domains—"materials," "optics," "nanofabrication," and "imaging"—that we have refined as core technologies in the process of creating various products
- World-class imaging AI technologies in the field of human behavior recognition
- World-class sensing devices developed over the years in the Industry Business and Healthcare Business, and newly-acquired hyperspectral imaging technologies
- Engineer mindset focused on knowing customers and markets and making business proposals, not just knowing their own specialized technologies, and an education system to foster that mindset
- Manufacturing system built up to provide high precision, high quality products, and world-class intellectual properties in the precision equipment industry

Basic Strategy

- Create and provide new value to customers by upgrading and consolidating core technologies, and combining them with AI
- Integrate state-of-the-art imaging AI technologies into Konica Minolta and other companies' sensor devices and strengthen the three-part "imaging-IoT technologies" through which we provide customer value via the IoT Platform
- Work with imaging AI technology partners to quickly provide the solutions customers need, while also aiming to be a technology leader in our fields of focus (human behavior, advanced healthcare, and inspections)
- Expand sensor device wavelength range and grow the Industry Business
- Implement a genre-top IP strategy for maintaining the competitive advantage of Konica Minolta technologies

Reinforcing Imaging AI

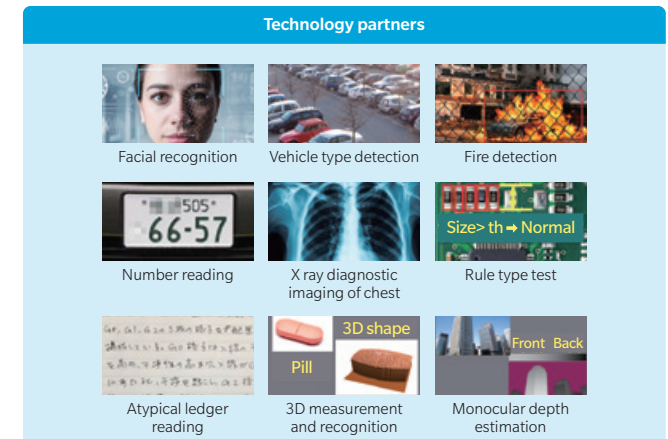
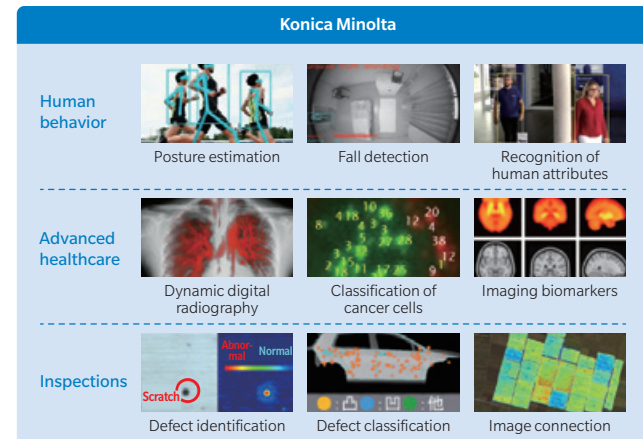


Image recognition algorithms

Konica Minolta

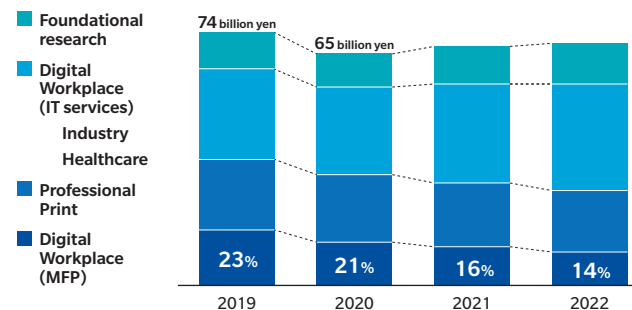
Specializing in areas where we can utilize our strengths



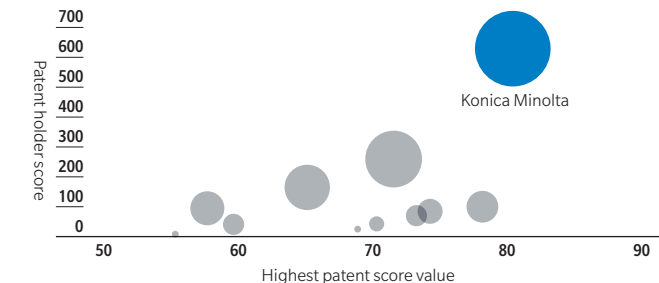
Technology partners

Rapidly incorporate cutting edge technology outside of our own areas of strength

Expand on and improve R&D into imaging-IoT technologies



Genre top of intellectual property in imaging-IoT technology (e.g., IQ-501 technology IP position)



Note: Prepared by Konica Minolta using "Biz Cruncher" by Patent Result Co., Ltd.

Medium-term Business Plan "DX2022"

Strengthening the intangible assets that support business DX

Human Capital

Improving and expanding upon imaging-IoT talent needed to achieve DX

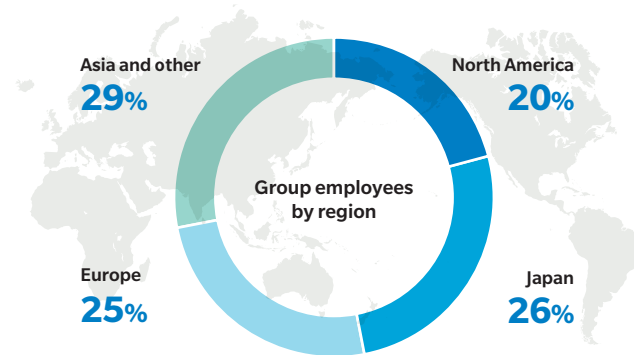
Strengths

- Diverse workforce of more than 40,000 employees in the Konica Minolta Group
- Talent who have brought brand new identities, knowledge, and experience to the company, acquired through active M&A efforts over the past 10 years
- HR and benefits programs, along with measures to make personnel transfers easier, shared throughout the Group, and opportunities to attempt anything, anywhere in the world, for all employees
- Improving on and expanding a corporate culture, education, training, and systems that facilitate women's workplace participation
- System to support good mental and physical health tailored to primarily remote work, and an ability to execute programs focused on such things as organizational development and building resilience

Basic strategies

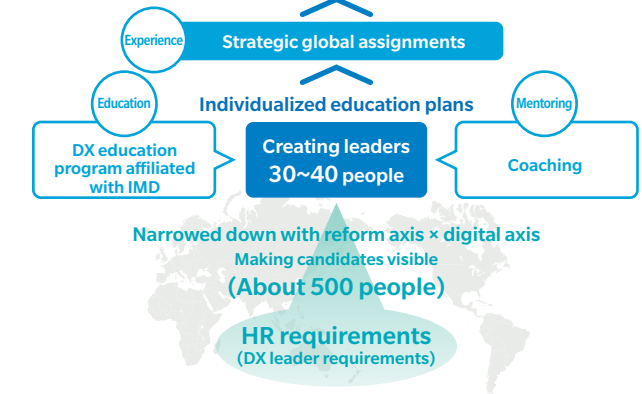
- Foster DX leaders and talent to bring DX business closer to customers: selecting DX business leader candidates from around the world and conducting assessments and training programs in conjunction with IMD, a Switzerland-based business school with an established reputation in the DX domain (the first wave began with the Digital Workplace Business and Professional Print Business). This involves assigning DX business leader candidates to DX leader positions and promoting DX business expansion and internal DX initiatives
- Shift talent to achieve a smooth business portfolio transformation: a plan to provide internal training for imaging-IoT talent, ramping up external recruiting, and doubling the number of people from the current 500 to 1,000 by FY2023. This involves developing a systematic education program that will satisfy a need for advanced skills, and seamlessly shifting talent into the imaging-IoT field from other businesses
- Appoint female employees to Japan headquarters: increasing the proportion of women in management and leadership positions

Leveraging a diversity of human resources and putting them to work worldwide spanning regional borders

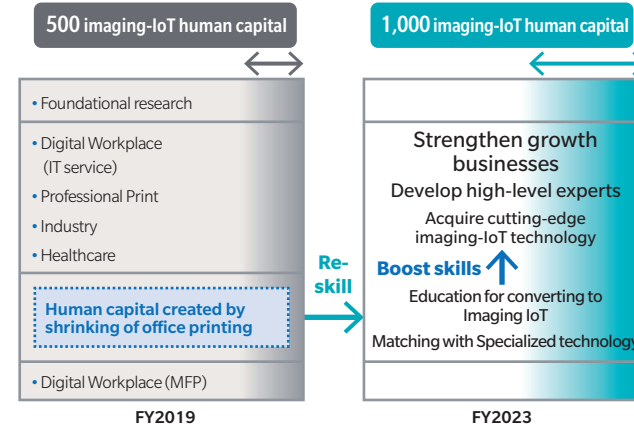


Foster DX leaders to bring DX business closer to customers

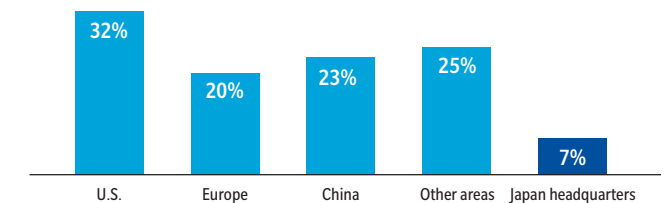
Expand DX business and accelerate promotion of DX internally



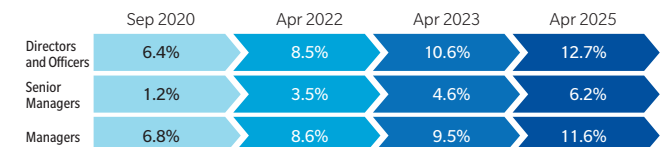
Shift talent to achieve a smooth business portfolio transformation



Female manager ratios worldwide



Facilitate women's workplace participation in Japan as soon as possible



Medium-term Business Plan "DX2022"

Konica Minolta's Vision for DX

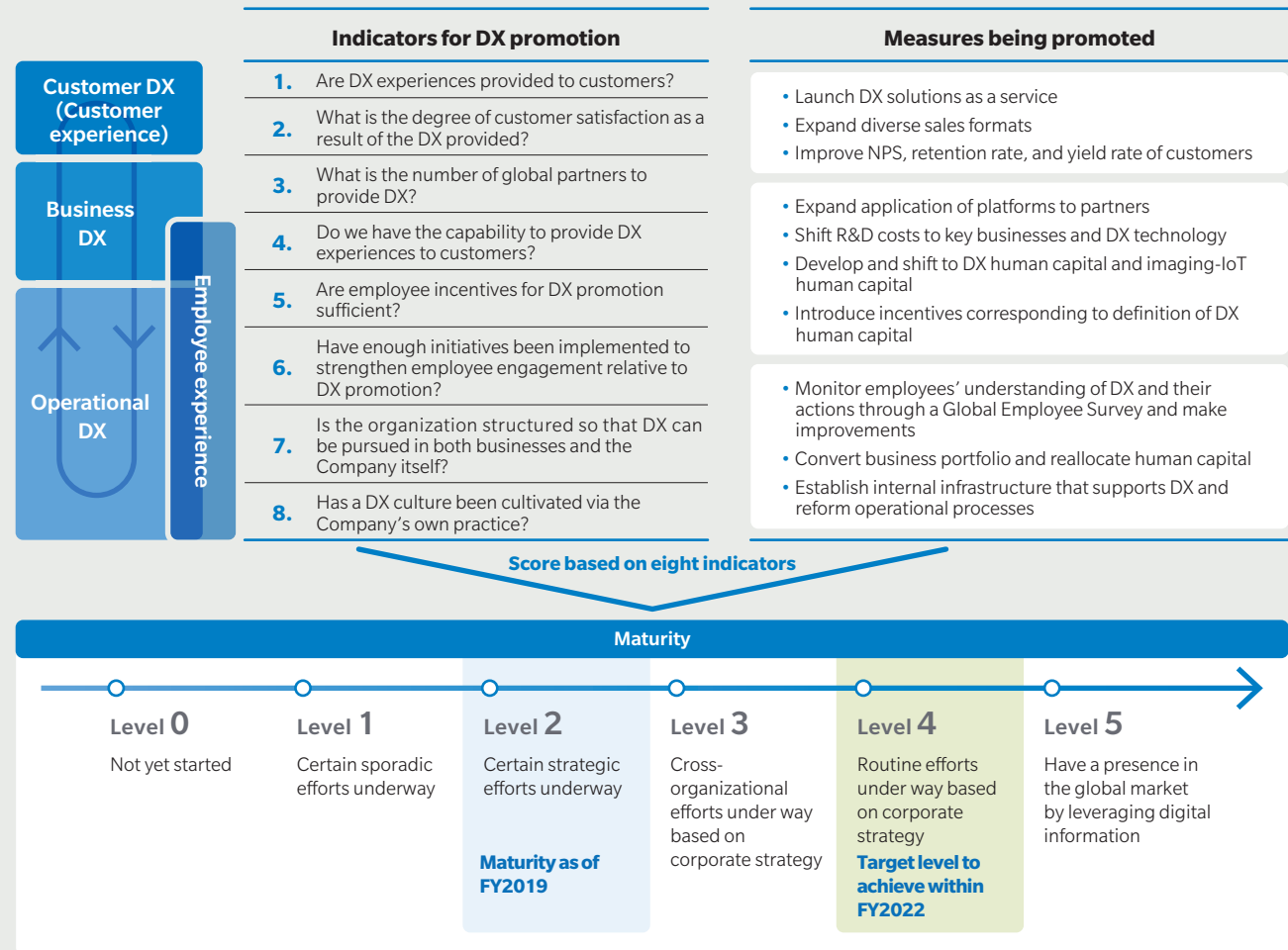
Create indicators for DX achievement and promote DX companywide

Konica Minolta sees DX as a two-layered means of enhancing corporate value. The first layer consists of "business DX," which involves enhancing customer value and continuously increasing gross profit through DX. The second layer consists of "operational DX," whereby we will leverage DX to boost sales, production, and management operation efficiency and productivity, as well as reduce our cost and SG&A ratios. All Konica Minolta organizations will promote these two DX during the DX2022 period.

To gauge our progress, we have established eight indicators for DX promotion. These indicators consist of business DX and operational DX, as well as customer DX, which measures how much we contributed to our customers' DX. We use them as a compass to guide us in thoroughly promoting DX companywide.

We calculate scores based on these indicators and comprehensively evaluate our DX maturity level on a six-point scale from levels 0 to 5. It has been determined that, as of FY2019, our overall maturity is level 2, "certain strategic efforts under way." We will carry out further DX efforts with a view to achieving level 4 by FY2022.

In recognition of our DX promotion efforts, we have been certified as a "DX-certified operator" in accordance with the DX Certification Initiative established by the Ministry of Economy, Trade and Industry in April 2021.



Message from the CFO



We will take a dynamic approach to strategic investments to complete the transformation of our business portfolio.

Seiji Hatano
Executive Vice President and Executive Officer
Responsible for Business Management, Accounting,
Finance, and Risk Management

Prioritizing two portfolio transformations

Our core Office Printing Business has seen a continued drop off in printing demand in recent years, and in fiscal 2020 this trend accelerated due to the COVID-19 pandemic. To address this change in business environment, we are now working to transform two different portfolios simultaneously. The first shift involves evolving the Office Printing Business, which had focused on MFPs, into the Digital Workplace Business, and the second is establishing the measurement, inspection and diagnostics domains as new pillars of business. At present, the top priority of management is quickly achieving these two portfolio transformations, with completion slated by fiscal 2025.

In our business portfolio management, we have rigorously evaluated the importance and role of each business according to the three areas of growth, profitability/capital efficiency and compatibility with strategy. Based on the results, we are mapping each under the quadrants of new strategic business, core business, stable profit business, and low profit business. We will take concrete action in allocating investments and resources to

businesses vital to this business portfolio transformation. For low profit businesses, we plan to place every option on the table, including selling off the business or pursuing a capital tie-up with a third party, for improving profitability and selecting targeted businesses. In this manner, we will take action promptly, efficiently and in a dynamic nature.

Business portfolio management focused on capital efficiency

In terms of improving our business portfolio management, we are working to maximize corporate value and increase company-wide capital efficiency using the KPI of business-unit specific KM-ROIC^{*1} and company-wide capital cost. Specifically, we have set KM-ROIC (hurdle rate) for each business that needs to be achieved during DX2022, and now each business is implementing business strategy aimed at achieving this KPI. When reviewing the launch of new businesses or M&A, the period required for each deal's KM-ROIC to exceed the company-wide hurdle rate is used as one of the important criteria for judging whether to move forward with

an investment. Furthermore, we aim to generate a return beyond the initial target while regularly reviewing the situation even after the investment is completed.

Meanwhile, we have established exit rules, such as falling below the business-unit specific hurdle rate and capital cost, for determining when to exit or scale down a business. Businesses that breach these rules will undergo a detailed review process for restructuring or exit.

We consider business-unit specific KM-ROIC and return on invested capital^{*2} to be foundations for the enhancement of company-wide capital efficiency. Through maximizing both, we will further enhance capital efficiency and corporate value.

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

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

Setting financial targets and KPI for financial soundness

Under DX2022, we have established targets for each fiscal year covering not only profits, but also ROIC and financial soundness. However, our top priority is completing the two portfolio transformations mentioned above by fiscal 2025. Therefore, we intend to make strategic investments ahead of time as needed going forward. During this process, achieving the targets for ROIC and financial soundness could become a slightly lower priority.

Of course, we will maintain the target of restoring ROIC to a level higher than 6.5% in excess of capital cost by the end of fiscal 2025 along with the basic policy of aiming for ROIC of between 9% and 10% over the long term. There is also no change in our approach of further solidifying our financial foundation by strengthening financial governance, minimizing financial risks, improving cash efficiency, and boosting shareholders' equity and using this to support aggressive investments in growth during the timeline until fiscal 2025.

Capital policy for growth

Operating cash flow has seen a strong recovery since the second quarter of fiscal 2020. Looking ahead, we will work toward generating ¥100 billion in operating cash flow per year by working toward comprehensive improvements in the successful

Message from the CFO

undertaking of structural reforms and efficiency measures, boosting the profitability of new businesses, and the cash conversion cycle through further reducing inventories and trade receivables. Moreover, we plan to maximize cash inflows by either carving out non-core businesses and assets or seeking out capital tie-ups to accelerate upscaling.

We will earmark the cash generated for strategic investments in future growth in the amount of around ¥30 billion over the two fiscal years of 2021 and 2022. We intend to concentrate investment on business domains slated to become the next pillars of our growth, and we will also explore the possibility of executing investments planned for fiscal 2023 and later ahead of time in order to complete our business portfolio restructuring by fiscal 2025.

In terms of capital expenditures, we will take a dynamic approach, where we rein in capital expenditures in the Office Printing Business, but at the same time increase spending directly tied to DX and business growth. We will also strive to reduce debt after considering the optimal balance between growth investments and financial soundness.

Shareholder returns

Our basic policy regarding shareholder return is to proactively distribute earnings to shareholders after comprehensive consideration of factors including consolidated business results and strategic investment in growth areas. For fiscal 2020, we paid a dividend of ¥25 per share, consisting of a ¥10 interim dividend

and ¥15 year-end dividend.

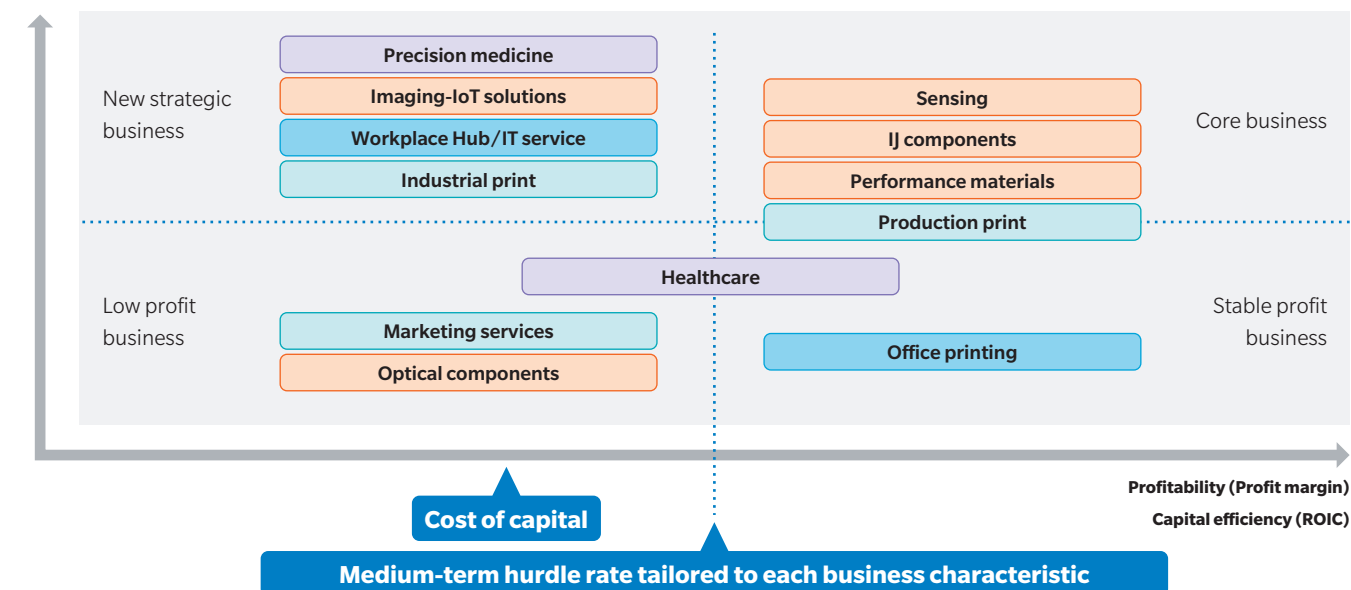
In fiscal 2019 and fiscal 2020, we prioritized liquidity on hand because of the unprecedented nature of the COVID-19 pandemic, which forced us to reduce our dividend below the ¥30 per share level that we had maintained for some time. However, we have seen a steady recovery in our profits and ability to generate cash since the second quarter of fiscal 2020. As a result, we are making solid progress toward achieving our management plan targets for fiscal 2021 and beyond.

We expect to be able to restore the annual dividend to ¥30 per share in fiscal 2021. Looking forward, we are committed to making steady progress toward further enhancing corporate value.

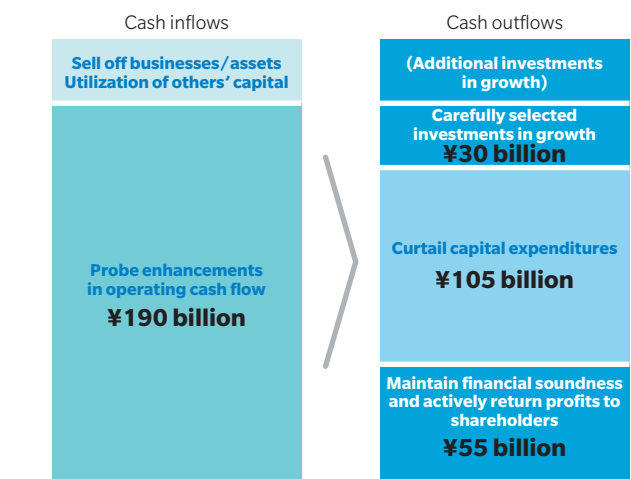
Business Portfolio Management

■ Digital Workplace Business ■ Professional Print Business ■ Healthcare Business ■ Industry Business

Growth (Revenue growth rate)



Approach to cash allocation for fiscal 2021/fiscal 2022



Medium- to long-term growth drivers

Sensing business growth strategies



Sensing business strengths and market forecast

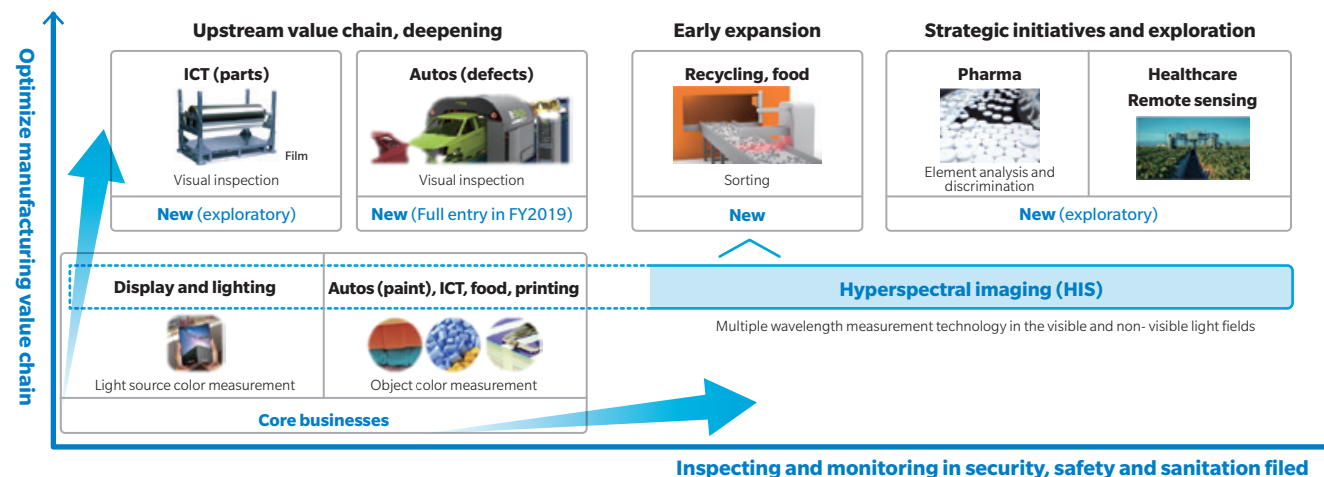
Based on the optical technologies we have developed over many years, Konica Minolta provides the world with competitive measuring instruments in three domains. One is light source color measurement, which includes light source color measuring instruments for displays, an area where Konica Minolta holds more than 50% of the global market share. Another is object color measurement, which meets color quality management needs in a broad range of industries. The last is visual surface inspection, where we provide products for the ICT and automotive industries. As one strength of our sensing business, since our customers are companies with global supply chains, we have a business model that allows for expanding the sales of measuring instrument models specified by these companies across the entire supply chain. Through a worldwide service support network, we can keep in continuous contact with our customers and stay abreast of the

latest trends in the industry.

Measuring instrument demand is being aided by an increasing demand for IT devices due to the proliferation and expansion of teleworking and more people staying at home by COVID-19, as well as a trend toward automation and laborsaving on production floors. This demand is projected to grow even further, from ¥38 billion to ¥50 billion for light source color measurement, from ¥44 billion to ¥50 billion for object color measurement, and from ¥600 billion to ¥870 billion for the entire light and image measurement market.

Going forward, our strategy will focus on expanding business into the upstream region of the value chain and into security, safety, and sanitation field, further expanding growth with the "visual inspection for automobiles" and "hyperspectral imaging (HSI)" businesses, in particular, which we position as strategic investment.

Growth strategies for the sensing business



Medium- to long-term growth drivers

Growth strategy 1: Expanding visual inspection

Speeding up the business expansion in the automobile market

Facing a shortage of workers, automakers are increasingly looking to automate production processes. One process in particular is the visual inspection of vehicle bodies. Because the human eye is often relied upon for these inspections, it is a major challenge to improve quality, achieve consistency, and save labor.

Seeing the chance to solve a problem for the automobile industry as a growth opportunity, we are actively investing in the business of visual inspection for automobiles, which includes looking for scratches, gaps, or unevenness on vehicle exteriors. In 2015, we acquired Radiant Vision, a major U.S.-based manufacturer of display inspection systems and took ownership of their visual inspection technologies. Then in 2019, we acquired Spain-based Eines Systems, a leading company in the automobile visual inspection market. Eines is a technology company whose primary business is providing automated systems and solutions for quality inspections in automotive production processes. It has a global customer base and excels in customer-centric development.



Eines' automated quality inspection system for automobile production

Konica Minolta will continue making strategic investments in the visual surface inspection business for automobiles and accelerate growth in this field.

Growth strategy 2: Entry into the HSI market

Expanding business into the security, safety and sanitation field

Previously, Konica Minolta's sensing technologies have consisted mainly of technologies for measuring visual light. Going forward, however, we will expand the range of "visualization" by broadening our scope to include the invisible light region. As part of this effort, in December 2020 we acquired Finland-based Specim, Spectral Imaging, a leading company in hyperspectral imaging, a multi-wavelength measurement technology for the visible light and invisible light regions. Having this company's technologies allows us to not only inspect the color and appearance of object surfaces but also internal components.

For example, the sorting of plastics is gathering attention in the field of recycling, which is an area set to see greater demand amid efforts to build a circular economy. HSI is now being used to

sort black plastic material, which had previously been difficult to automatically identify.

The HSI market is predicted to see an average annual growth rate of 15% between 2020 and 2025. Positioning HSI technology as a linchpin of our growth strategy for the sensing business, we will expand our business in security, safety and sanitation field through areas such as foreign material inspections for foods and pharmaceuticals and material sorting for recycling.

Comment from Specim

Specim is a global leader in hyperspectral imaging and our international team is equipped with expertise in optics, electronics, software, and sensor technologies. We serve the market with the broadest range of hyperspectral cameras, imaging spectrographs, systems, software, and accessories.

Our products are globally used in machine vision systems, inspecting food or pharmaceuticals production quality, sorting waste, or measuring printed color accuracy. Our products are chosen by numerous research labs, including world recognized centers and installed and operated in drones and large-scale remote sensing airplanes.

Konica Minolta shares our vision and values and will greatly support our business through improved sell-through and reach to global customers. We see many potential synergy benefits in new product development and global sales network expansion.

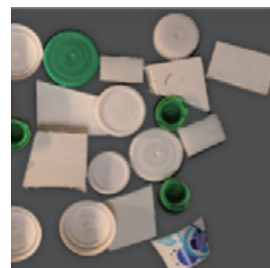
We are excited and motivated to work as a part of Konica Minolta Group to grow our common business and add value to our customers globally.

Tapio Kallonen,
CEO of Specim

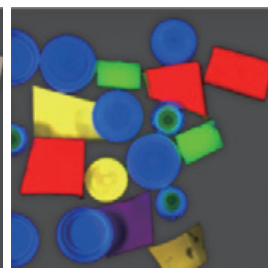


HSI enabling sorting based on material type

Color image



HSI processing image



- PET
- PP
- PVC
- HDPE
- PS

Medium- to long-term growth drivers

Growth strategies for imaging-IoT solutions business



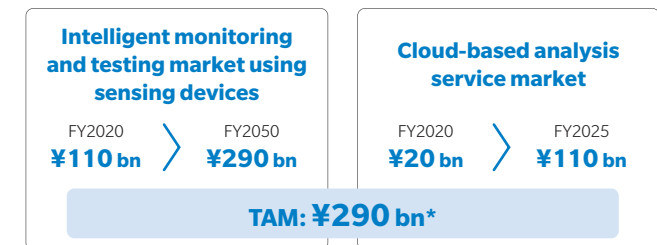
Imaging-IoT solutions business strengths and market forecast

The image analysis services market is expected to see demand growth as a result of recent AI technology advances and social needs that have been made clear by COVID-19, including solutions that are safe, secure, remote, contactless, personalized, and distributed. Within this market, Konica Minolta is targeting the cloud-based analysis service market and the intelligent monitoring and testing market using sensing devices. These are estimated to grow to a combined ¥290 billion by FY2025.

Key to cultivating both of these markets will be FORXAI, a proprietary imaging-IoT platform. FORXAI consists of an IoT platform that can provide remote support for connected devices, as well as high-speed, high precision imaging AI and sensor devices that leverage sensing technologies, an area of strength for Konica Minolta. Through this platform, we will identify problems by using imaging AI to analyze mostly image data that is constantly collected by sensor devices. We will also work with

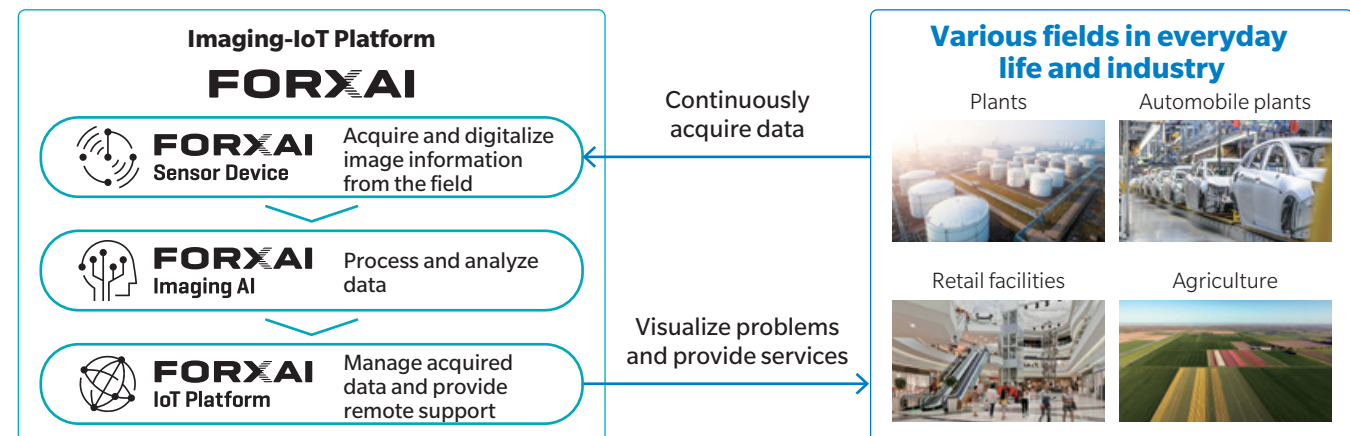
partners to quickly create a variety of services and accelerate DX with a view toward making society safer and more secure.

Estimated image analysis services market size



* Market for image analysis services that use sensing systems such as CPU-equipped network cameras with AI processing functions and links to the cloud (Konica Minolta estimates)

Konica Minolta's proprietary imaging-IoT solutions



Medium- to long-term growth drivers

Strengthening sensor device and imaging AI technologies

Developing world-class AI technologies in three domains: human behavior, advanced healthcare, and inspection

The rapid advance of AI technologies in recent years has seen many companies focusing on product or service development. Konica Minolta has improved and built upon a sensor device lineup that includes gas monitoring cameras and MOBOTIX network cameras. At the same time, in order to use image data taken from these devices to solve our customers' problems, we have developed an image analysis-based proprietary AI algorithm that is powered by state-of-the-art deep learning technologies.

Konica Minolta's imaging AI technologies are at the top of their class worldwide in three areas: human behavior, advanced healthcare, and inspection. For example, we have an extensive track record in the monitoring domain for recognition accuracy and processing speed for an algorithm capable of recognizing human behavior and objects at the same time. With regard to inspection, our solutions provide high accuracy when determining product acceptability through visual inspections.



World-class recognition accuracy and processing speed for human behavior and object recognition (results compared to top companies in the International Conference on Computer Vision)

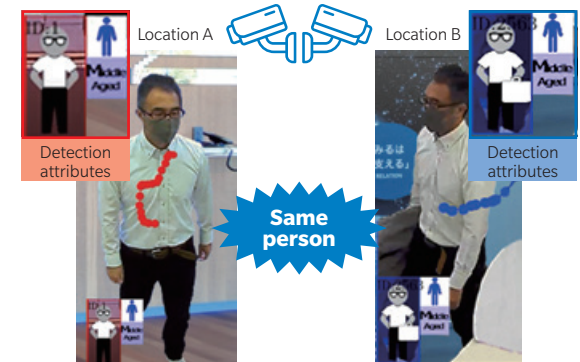
Deploying our IoT platform

Deploying solutions using our IoT platform

Our IoT platform technologies bring together sensor devices and imaging AI technologies to provide a group of technologies that allow for the simple and secure building of solution services. The three core technologies that make up FORXAI are already being used in settings that include healthcare, nursing, plants, factories, retail facilities, and agriculture. For example, we have collaborated with Marubeni Group companies such as the Marubeni Corporation to codevelop "people flow marketing" solutions, which involve analyzing the behavior of visitors to retail facilities from camera footage and identifying marketing data from it that includes numbers of shoppers, numbers of mutual shoppers of different stores in a facility, shopper time attributes, and routes taken by shoppers. We then provide this data to help stores develop efficient sales strategies.

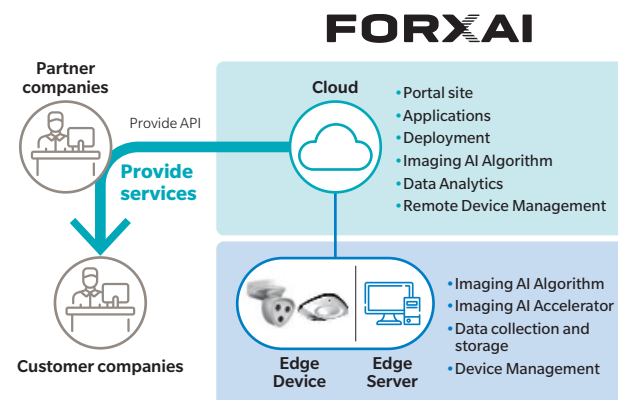
Going forward, we will provide such solutions through a subscription model as a means to forge ongoing relationships with partner companies and ensure consistent earnings. Konica

Minolta has already rolled out the FORXAI Partner Program and is now working to create value by having numerous companies participate in the program by developing various technologies and solutions that include AI algorithms.



"People flow marketing" concept

Building FORXAI



Message from a partner company

Solutions that identify individuals based on various attribute data and that track their movements are not new to the world. However, clothing color estimation as used in attribute identification has been a challenge, so the benefit of FORXAI is being able to use FORXAI's precision color calibration technologies to identify colors as being the same by calibrating for changes caused by the effects of lighting. Along with using this technology for traffic DX (parking lot congestion prediction) at retail facilities, we are considering implementing this solution in other lines of business, as well.



Yoshinori Kurihara
Deputy General Manager, Mobile Solutions Business Division
Marubeni Network Solutions Inc.

Medium- to long-term growth drivers

Precision medicine business growth strategies



Precision medicine business strengths and market forecast

Advancements are being made in personalized medical care in the U.S. and other countries in the face of population aging and other issues that have prompted a need for improved quality of life and reduced healthcare costs for people around the world. Precision medicine is currently a more than \$40 billion market worldwide, and is expected to grow 16% annually on average^{*1} and is receiving increasing attention from investors. Companies are accelerating growth investment with the realization that gaining a competitive advantage in these markets depends greatly on how much diagnostic and analysis data can be collected and how quickly.

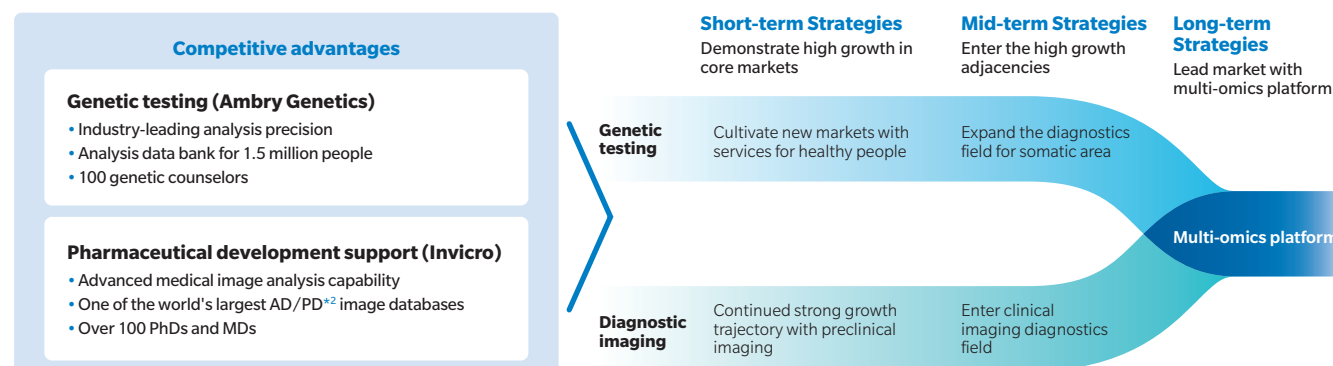
Against this backdrop, Konica Minolta Group operates the precision medicine business, utilizing the genetic analysis, organ image analysis, and high sensitive tissue testing technologies owned by U.S.-based Ambry Genetics, Invicro, and Konica Minolta, respectively. By analyzing the human body at the molecular level and performing high precision stratification, these technologies facilitate proper patient dosing and treatment and help boost clinical trial and pharmaceutical development success rates.

Because of their rarity throughout the world, companies with technologies for analyzing genes, organs, and proteins enjoy a competitive strength. Ambry Genetics and Invicro, in particular, have a first-rate technology suite and track record in the U.S. market, where precision medicine is making advancements.

Guided by short term, medium-term, and long-term strategies, Konica Minolta Group will maximize its strengths. In the short- to mid-term, we will focus on strengthening two core businesses—Ambry Genetics' genetic testing services and Invicro's image analysis services—and aiming for upgrading and expanding our services. Looking to mid- to long-term, we will bring together the bioscience and informatics technologies of these two companies to realize a multi-omics analysis service, which involves comprehensively analyzing the molecules in the human body, and provide this service to the world through a cloud-based platform. We plan to actively grow our businesses through such strategies.

^{*1} Source: BCC Research (2021). Biomarkers: Technologies and Global Markets

Short, medium and long-term strategies for the precision medicine business



^{*2} AD: Alzheimer's disease, PD: Parkinson's disease

Medium- to long-term growth drivers

Short-term Strategy: Growth of Core Businesses

Expand scope of genetic testing services to non-patients

Ambry Genetics has created many services new to the industry, which includes being the first to commercialize RNA testing. With a state-of-the-art, large-scale laboratory capable of processing 7,000 samples a day, the company continues to grow by providing genetic testing services for patients with cancer.

With a view to expanding the number of people receiving genetic testing to include non-patients, in 2019 Ambry Genetics launched its CARE Program™, a genetic testing services for people receiving regular health checkups. There are currently several million people in the U.S. who have not been tested for cancer yet at high risk. 650,000 tests were conducted in 2019, and the NCCN (National Comprehensive Cancer Network) Guidelines estimates that approx. 32 times that number of people—21 million—require testing. As genetic testing provided by healthcare providers to non-patients is a new market with few competitors, Ambry Genetics is expanding the service at a rapid pace.

Through the CARE Program, healthcare providers identify individuals with high hereditary cancer risk through Web-based interviews. They then recommend tests for high-risk individuals, who thereafter receive undergo counseling and tests at a hospital.

Based on the results, healthcare providers then propose cancer screening plan individually customized for the individual. Using IT, healthcare providers provide thorough support from recommending to the tests to educating individuals and conducting follow-ups. The user base has seen continued growth since the service was launched, increasing twofold between January and October 2020.

In April 2021, the CARE Program was also launched in Japan. Working with Seirei Social Welfare Community, which runs a number of hospitals in the country, we will roll out this service in stages throughout Japan.

Expanding pharmaceutical development support services in the central nervous system and cancer fields

Using advanced image analysis technologies powered by AI, Invicor provides pharmaceutical development support services that identify biomarkers, improve clinical trial efficiency, and decrease pharmaceutical development process risk. The company excels in services for the central nervous system, in particular, and boasts one of the world's largest image databases for Alzheimer's and Parkinson's diseases.

The number of clinical trials for Alzheimer's began to grow in

2020, and Invicor is focusing on leveraging this favorable opportunity to boost its track record. At the same time, the company is enhancing its pharmaceutical development support in the cancer field by applying its data management expertise and technologies developed through its central nervous system research.

Although Invicor currently provides services to mainly pharmaceutical companies, in the future it will broaden its service lineup for clinical settings.

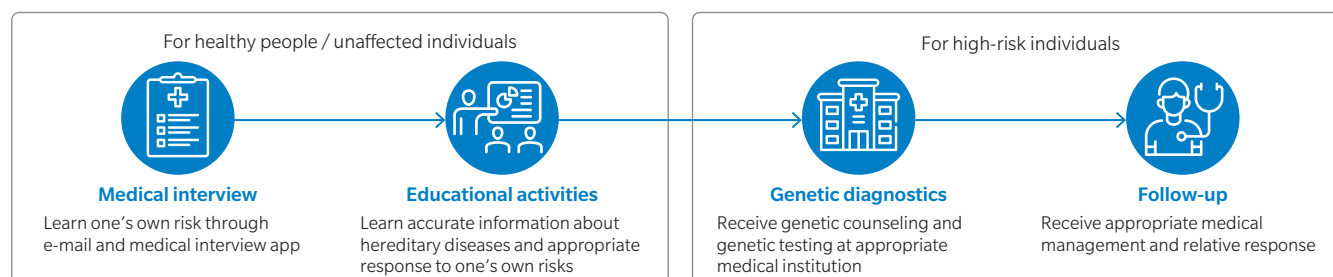
Message from a Business Partner

The Seirei Social Welfare Community has sought to achieve early detection of cancer and provide preventive treatment by conducting "personalized screenings based on gene mutation." By combining high-quality, precision technologies derived from Ambry Genetics' scientific findings with Seirei's know-how in providing healthcare and screenings, we have developed the SEIREI-CARE Program, Japan's first genetic diagnostics service. The benefits of this program are the ability to determine whether an individual has hereditary breast cancer or ovarian cancer risk through AI (chatbot) interviews, instead of face-to-face interviews to ask about individuals' medical and family histories that have previously been conducted by doctors, nurses, certified genetic counselors, and other healthcare professionals. Furthermore, I believe this program gives everyone accurate knowledge of genetic cancers and facilitates better awareness and education about hereditary cancers. We are also considering expanding the program to cover other cancers such as colorectal, prostate, and pancreatic cancers, as well as dementia. By getting as many people as possible to use this program, we hope to help people achieve a healthier, higher quality of life. We look forward to further R&D efforts by Konica Minolta and Ambry Genetics in order to grow this program into the future.



Takanori Fukuda
Director, Senior Executive Director, and Health Business Department Manager, Seirei Social Welfare Community

The CARE Program, a genetic testing service for healthy people / unaffected individuals



Medium- to long-term growth drivers

Medium-term Strategy: Expansion of Diagnostic Menu

Expanding genetic testing services to cover non-hereditary cancers

Genetic testing for cancer has typically targeted hereditary cancers. In recent years, however, it has become possible to receive genetic tests for non-hereditary cancers, as well, due to advances in medicine and technologies, and companies are stepping up competition to develop such tests. The market for genetic testing for non-hereditary cancers conducted in clinical settings is expected to grow significantly between FY2019 and FY2024: 30-40% compared to the 2-5% for hereditary cancer tests.

Ambry Genetics will take this opportunity to commercialize genetic testing services for non-hereditary cancers. The company will achieve differentiated services by launching liquid biopsies (tests using blood, etc.) for diagnosis and treatment and high-

precision RNA liquid biopsies in short- to mid-term. Liquid biopsies are useful not only for diagnosing cancer risk but also when following up on treatment. As such, they can comprehensively support patients from the early detection stage through to recurrence prevention.

Ambry Genetics was the first to commercialize many services in the industry, and by using this strength it will build a groundbreaking testing service in the field of non-hereditary cancers, as well.

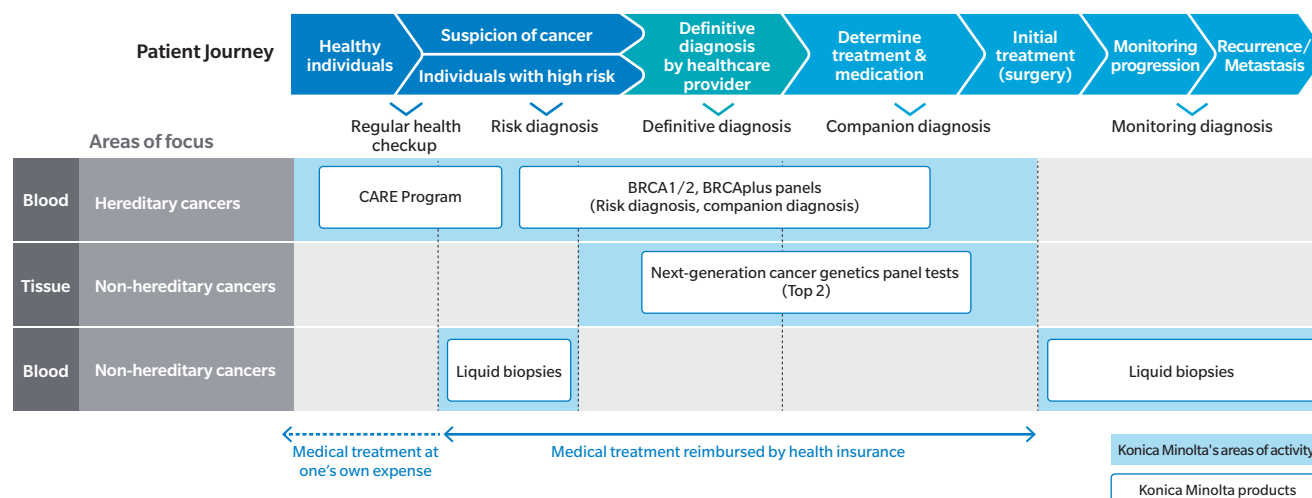
Working with research institutes to develop a cancer gene panel inspection

To strengthen its genetic testing for non-hereditary cancers, Konica Minolta is working with the University of Tokyo and

National Cancer Center Japan to develop a cancer gene panel inspection.

This inspection detects numerous gene mutations all at once. The goal of this effort is to bring together the advanced detection and analysis technologies of these two institutions with Ambry Genetics' expertise and establish a means of conducting an inspection of unprecedented precision and performance. This inspection will allow for identifying previously unidentifiable gene mutations and accumulating extensive inspection data, which will lead to improved data analysis precision and further support for pharmaceutical development and diagnoses. This next-generation panel inspection is slated to hit the market in or after 2022.

Areas of focus for Konica Minolta in oncogene testing



Message from a Development Partner

The University of Tokyo is working with Konica Minolta to commercialize the Todai OncoPanel, a proprietary cancer gene panel test, and further improve its performance. The Todai OncoPanel is one of the world's most state-of-the-art twin panels for analyzing both DNA (750 genes) and RNA (1418 genes). It allows for calculating scores related to gene mutation, amplification, and drug sensitivity, and for quantifying fusion genes, transcript variant, and gene expression level, all in one panel.

By collaborating with Konica Minolta Group, it will become possible to integrate diagnostic imaging that includes pathologies with genetic diagnostic technologies, and we expect to be able to bring world-leading next-generation precision medicine to the global market.



Katsutoshi Oda

Professor, Graduate School of Medicine, Division of Integrative Genomics, The University of Tokyo

Medium- to long-term growth drivers

Medium to Long-Term Strategy: Multi-omics Platforms

Providing a next-generation diagnosis platform through Group synergy

Multi-omics analysis is garnering attention as a key aspect of personalized medicine going forward. A method of analyzing various substances within the human body, including genes and proteins, all at once rather than individually, it can further enhance the quality of disease prevention, diagnosis, and treatment.

Konica Minolta Group has launched LATTICE™, a next-generation diagnostics platform that performs multi-omics analysis. Powering LATTICE is an expansive database built up by Ambry Genetics and Invicro.

In addition to analysis data for 1.5 million cancer patients, Ambry Genetics possesses precision genetic analysis data from RNA tests and high-quality analysis data provided by genetic counselors. This data is at the top of its class worldwide both in quality and quantity. Invicro has a vast store of data that includes image data for pharmaceutical development and clinical testing, as well as digital pathology images.

LATTICE has a plan to create its own unique value by pairing a wide range of medical information with the data of gene, pathology, and medical images within Konica Minolta Group and analyzing it all using AI.

Working with Amazon Web Services (AWS) to help achieve personalized medicine care worldwide

To operate LATTICE, Konica Minolta works with U.S.-based AWS, using the company's wide-ranging services and high-security cloud to provide services useful for pharmaceutical development, clinical trials, diagnosis, and treatment to hospitals and pharmaceutical companies around the world.

We have also signed contracts with third-party laboratories worldwide to provide consulting services for genetic analysis. Having a worldwide network of contracted laboratories would bring much more data into LATTICE, improving diagnosis accuracy and allowing us to provide even more useful information for

pharmaceutical development and clinical trials.

The principle target diseases are breast, prostate, and lung cancers, as well as Alzheimer's disease. With breast cancer, for example, since a patient's condition can be identified using only X-ray images currently, using LATTICE as well to add genetic information to an analysis enables earlier detection and more effective treatment.

We have received investment from AWS for this groundbreaking platform and will coordinate with the company over the next five years. Along with diagnoses and treatment in clinical settings, through LATTICE we are aiming to further contribute to discovering new biomarkers, developing new treatment methods, and accelerating pharmaceutical development.

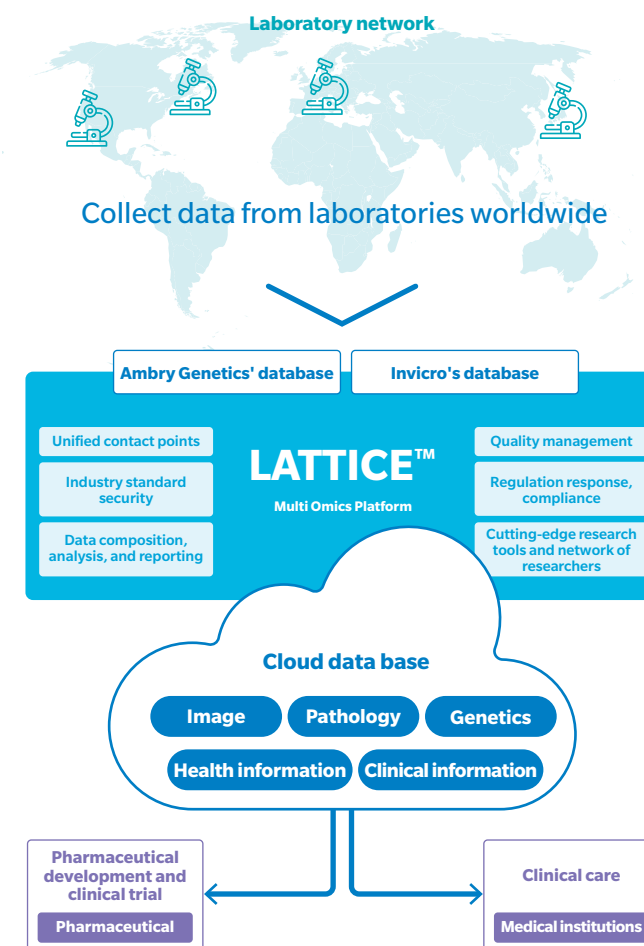
Message from a Business Partner

One of the cornerstones of precision medicine is precision diagnostics, and we are excited to collaborate with Konica Minolta Precision Medicine, Inc. to enhance and accelerate their innovative offerings and help deliver precision diagnosis at a global scale using Amazon HealthLake. We're seeing a renaissance in the healthcare and life sciences industry as more organizations leverage cloud technology on AWS to uncover new ways to reduce cost, improve patient outcomes, and ultimately save lives.

Taha Kass-Hout

Director of Machine Learning, Amazon Web Services, Inc.

Next-generation diagnosis platform "LATTICE"



Environment Strategy

Message from the Group Executive

Dramatically Increase Contribution to CO₂ Reductions through DX

Takenori Takahashi
Corporate Vice President
General Manager, Corporate Sustainability Operations



Seeking to be carbon minus by 2030

Environmental problems such as climate change are urgent issues that have been brought up at G7 meetings. Companies have significant responsibilities in curbing environmental impact and creating sustainable societies. Konica Minolta expresses its strong determination to fulfill this responsibility in its long-term environmental vision looking ahead to 2050, Eco Vision 2050.

In 2009, Eco Vision 2050 set an ambitious target of reducing CO₂ emissions for the lifecycle of Konica Minolta products by 80% of fiscal 2005 levels by 2050. In 2017, the Company added the concept of Carbon Minus to signal its commitment to reducing society's CO₂ emissions to negative levels through its business, and expanded measures to encompass the entire supply chain. In 2020, Konica Minolta declared that it would achieve Carbon Minus in 2030, 20 years earlier than its deadline for meeting this goal.

We view Carbon Minus as an activity in which efforts to reduce CO₂ emissions at customers and suppliers surpass the Company's CO₂ emissions across the entire product lifecycle thanks to products and services offered by Konica Minolta.

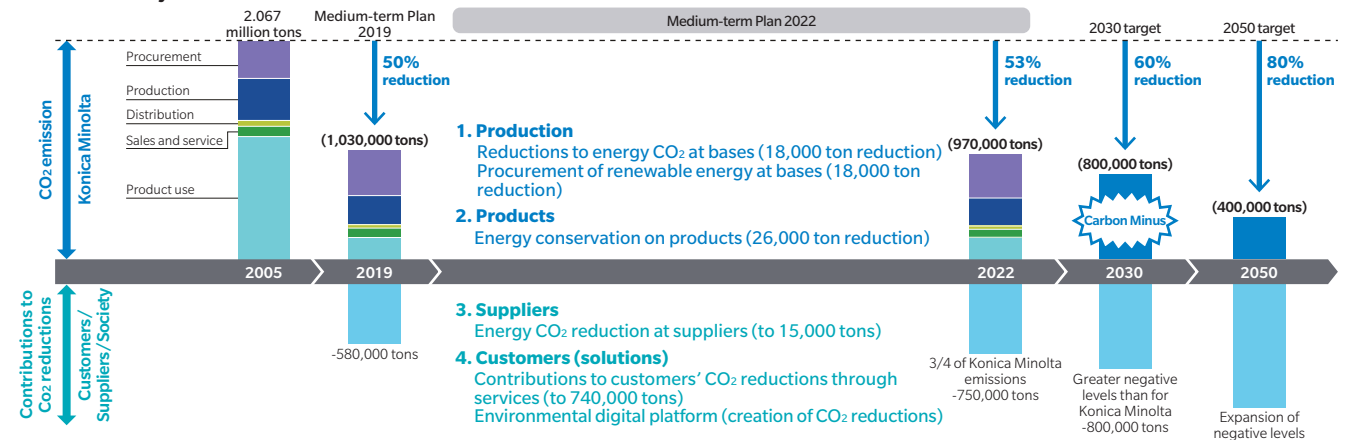
With the Company's business changing from products to

services through DX, Konica Minolta will also shift to activities utilizing DX in its efforts to achieve Carbon Minus status. Konica Minolta calls this GX (Green Transformation).

To achieve Carbon Minus, Konica Minolta will accelerate its initiatives to reduce CO₂ emissions at every stage, including its own manufacturing, products, support for suppliers, and the provision of services to its customers. The Medium-term Sustainability Plan 2022, which was established at the same time as DX2022, lowers the emissions volume to 970,000 tons by reducing CO₂ emissions along the life cycle of Konica Minolta products by 53%. In addition, the Company is aggressively introducing renewable energy, and has set targets of 30% for 2030 and 100% by 2050. The target for fiscal 2022 has been raised from 6.5% in fiscal 2020 to 10%.

By helping suppliers and customers reduce CO₂, such as reforming customers' operating processes by introducing the Company's on-demand print system, Konica Minolta can increase its contributions to CO₂ reductions to 750,000 tons. These initiatives will enable the Company to bring its contributions to CO₂ reductions to three-fourths of its own CO₂ emissions.

Carbon Minus by 2030



Environment Strategy

Collaborating with more companies through DX and making bold reductions in CO₂

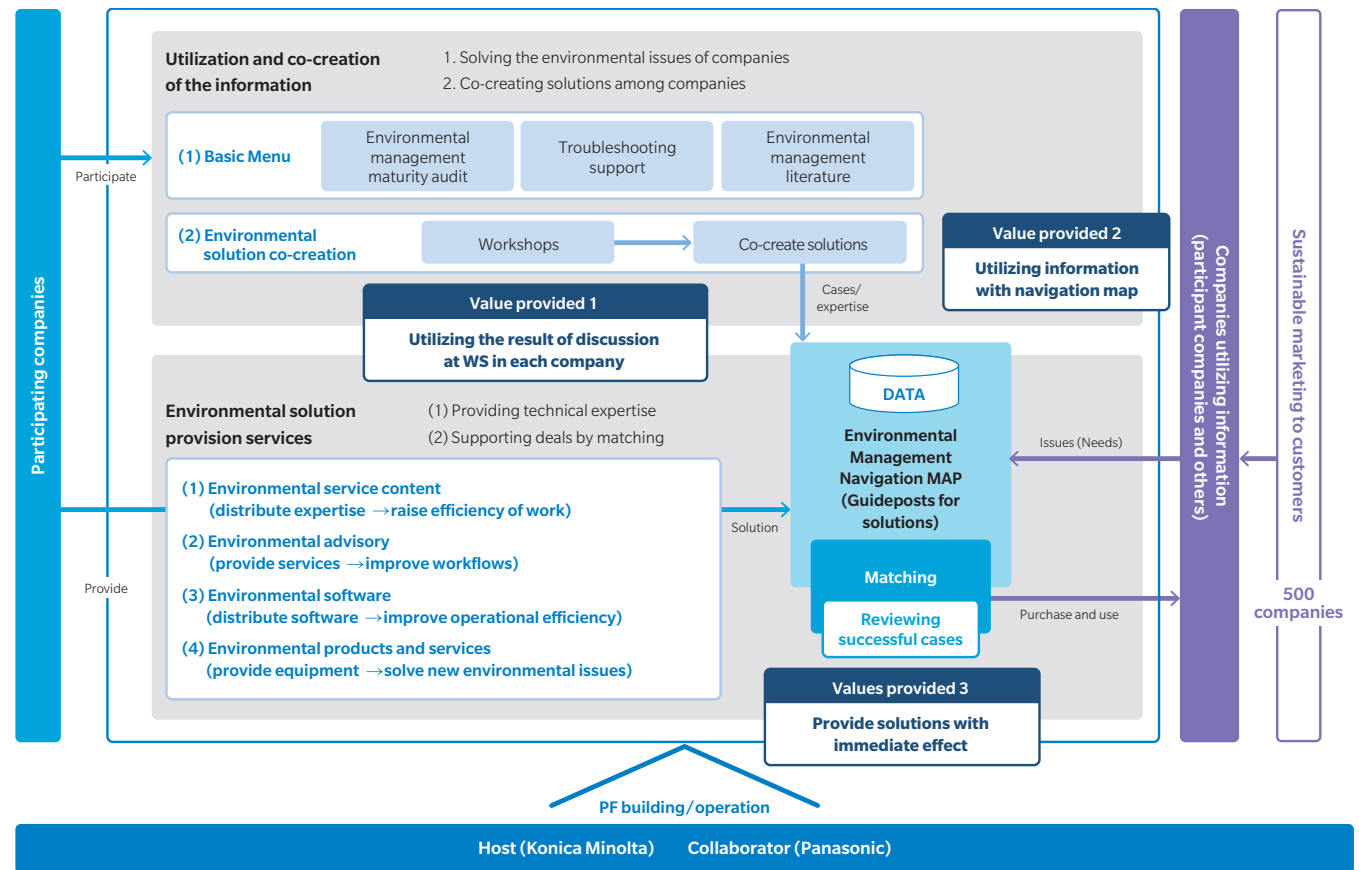
Konica Minolta aims to collaborate with more companies using digital technology and achieve its challenging target of realizing Carbon Minus in 2030.

One of the key initiatives for this is DX Green Supplier Activities. Up until this point, Konica Minolta's environment and energy experts have visited customers and helped them with energy conservation diagnoses, but the Company has now developed a system that enables these diagnoses to be done automatically. After trial and error at several companies, the Company introduced the system on a full scale from fiscal 2020. By using a digital system, diagnoses can be done remotely. Compared to the previous approach of visiting in person, the Company expects to conserve even more energy with efficiency that is several times greater.

Another important initiative is the Environment Digital Platform, launched as an eco system to reduce environmental impact. In June 2020, 16 companies began activities, and the number of participating companies increased to 44 (as of the end of July 2021). The value provided by this platform can be roughly divided into three categories. First, participating companies hold discussions and use the information gathered at workshops in their environmental management. Second, the Navigation MAP, which compiles information that helps to improve environmental management, can be used to search for information when necessary. Third, when a solution with immediate efficacy is needed, companies are matched with a solution company that has the environmental technology and expertise.

Konica Minolta aims to raise efficiency by bringing together the wisdom of companies in different industries and using this information, while accelerating the resolution of environmental issues through an affiliation between companies, promoting co-creation and the development of innovations, and helping to resolve environmental issues on a global scale.

Environmental Digital Platform



We are determined to achieve sustainable corporate growth by delivering on our three-year medium-term business plan. We will do this by pursuing collaboration with many different

companies in order to bring about drastic reductions of environmental impact in society as well as drive our own growth.

Environment Strategy

Response to New Framework for Climate-related Financial Information Disclosure

1. Disclosure on four themes based on TCFD recommendations

Konica Minolta believes that accurately assessing the risks and opportunities related to climate in its business operations and actively disclosing information to investors and a wide range of other stakeholders is essential for a company capable of sustainable growth. In light of this, Konica Minolta agreed to support the final report, “Recommendations of the Task Force on Climate-related

Financial Disclosures,” of the Task Force on Climate-related Financial Disclosures (TCFD), established by the G20 Financial Stability Board (FSB). The Group will disclose its climate change initiatives using the TCFD framework.

Subject	Activities	
Governance	In 2008, Konica Minolta set the goal of reducing CO ₂ emissions across the entire lifecycle of its products by 80% compared to fiscal 2005. This target was approved by the Board of Directors. In 2017, the company added a Carbon Minus target as part of its commitment to contributing, along with partner companies, to a carbon-neutral society. In addition, in 2020 the Board of Directors approved the inclusion of “addressing climate change” as one of the five material issues that Konica Minolta would address in its long-term management vision and the decision to move the Carbon Minus target date forward to 2030 as its goal for addressing climate change. At Konica Minolta, the president	has the ultimate responsibility for and authority over climate change issues and is responsible for the effectiveness of environmental management, including climate change. The officers assigned by the president (Group sustainability officer) pursue environmental management and prepare medium-term plans, while also reporting every month to the president, chairman of the Board of Directors and the Audit Committee set up by the Board of Directors on issues including progress made with environmental management and climate change issues. The Audit Committee routinely monitors and reviews the status of the overall implementation of environmental management led by the president.
Strategy	As climate change predictions materialize and the global environment continues to substantially change, this will likely cause turmoil in the economic and financial sectors. Konica Minolta recognizes these to be significant risks to its business. At the same time, the company believes that, by helping to solve environmental issues through business activities, opportunities can be created that will promote the sustainable growth of the Group. By actively introducing cutting-edge technology and combining it with Konica Minolta's strengths in imaging-IoT technology and digital input and output, the Group is transforming itself into a digital company with insight into implicit challenges. In the long-term management vision formulated in fiscal 2020, “addressing climate change” was designated as one of the material	issues and achieving Carbon Minus status by 2030 was set as a target. As Konica Minolta's offerings to clients shift from products to services, it aims to reduce CO ₂ from services as well as CO ₂ emissions from its products and turn this into business growth. By backcasting from this target and linking the medium-targets and annual plans on climate change measures to medium-term business plans for product planning, development, production, procurement and sales, Konica Minolta aims to achieve its Carbon Minus target while continuing to develop its business.
Risk Management	Konica Minolta carries out risk management so as to maximize returns while minimizing negative impacts and evaluates risks from a medium- and long-term perspective. In the short and medium term, environmental risks, including climate change, are viewed as management risks for the Group overall, and are managed by the Risk Management Committee. The Committee assesses and manages the impact and uncertainty of climate change risks from a medium- to long-term perspective in two scenarios: one in which a shift to a low-carbon society has taken place and one in which the impacts of climate change have materialized. The Group Sustainability Promotion Committee discusses plans and measures on	the response to climate change at its quarterly meetings and also reassesses the extent of changes to risks twice a year. The Group Sustainability Officer report to the president on progress made with the plan every month. Important environmental issues are also reported by the Group Sustainability Officer to the core meetings and Risk Management Committee meetings, among others. The Board of Directors receives regular reports on the progress of the management plan for addressing climate change at their meetings, and they monitor the plan's execution.
Metrics and Targets	Konica Minolta has established its Eco Vision 2050, which sets the goals of reducing CO ₂ emissions over the product lifecycle and achieving Carbon Minus status, as its metric for managing the risks and opportunities posed by climate change. The company aims to reduce CO ₂ emissions across the product lifecycle by 80% by 2050 compared to fiscal 2005 levels. Konica Minolta reduced emissions by about 820,000 tons in fiscal 2020, achieving a 60% reduction. The Carbon Minus target that Konica Minolta has set is a commitment to reduce CO ₂ emissions beyond Scopes 1, 2 and 3	by helping customers and business partners solve environmental issues and to cut CO ₂ emissions by levels exceeding the CO ₂ emissions from Konica Minolta products throughout their lifecycle. Konica Minolta aims to achieve “Carbon Minus” status by 2030. Moreover, given projections that the use of fossil fuels will no longer be possible in the future, Konica Minolta has set targets to adapt to climate-related risks, specifically using 100% renewable energy sources for the energy used in its business activities and bringing renewable energy use up to 30% by 2030 and 100% by 2050.

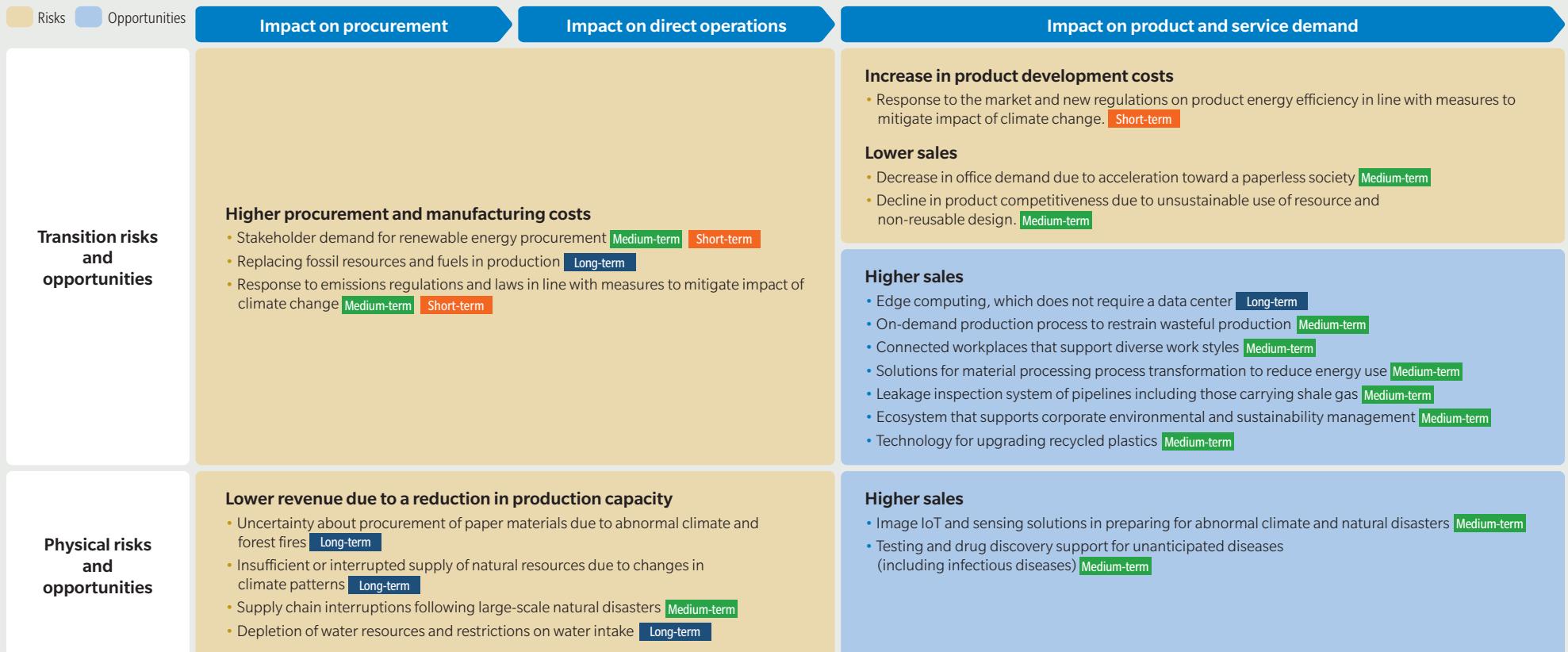
* See our Sustainability page (<https://www.konicaminolta.com/about/csr/index.html>) for details.

Environment Strategy

2. Konica Minolta's Climate-Related Risks and Opportunities

The Paris Agreement is a framework for addressing climate change that seeks to move the world more quickly and ambitiously to a low-carbon model. At the same time, there are concerns that the needed changes will not happen fast enough and climate change will have a harsh impact on the world. Konica Minolta is forecasting using both optimistic and pessimistic scenarios, as described

below. It is identifying business risks that could adversely affect the performance of the Group in the future as well as business opportunities that can be created by proactively addressing the challenges of climate change.

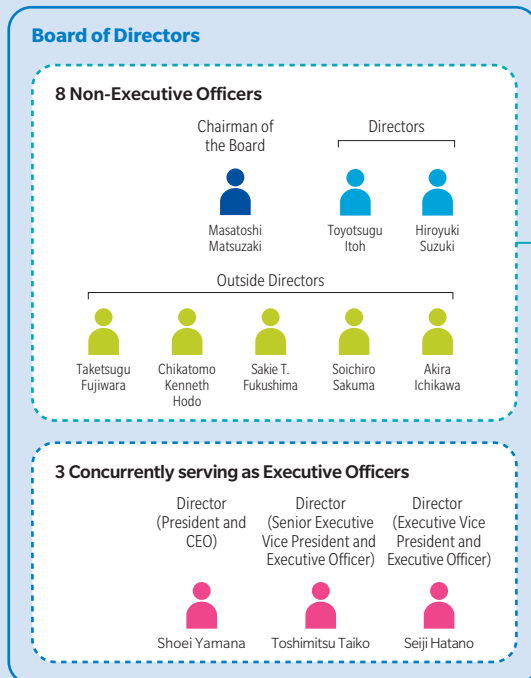


Platform Supporting Value Creation

Strengthening governance to enhance corporate value

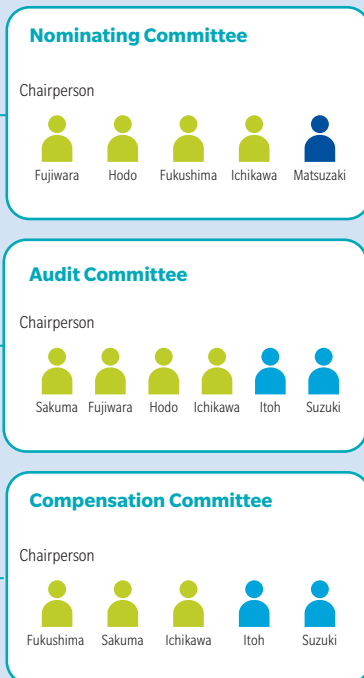


Corporate Governance Overview



Key characteristics of the Board of Directors

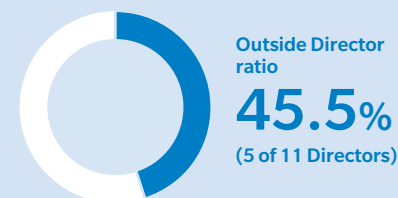
- Chairman is not an Executive Officer
- Outside Directors are at least one-third of the Board of Directors
- All Outside Directors are Independent Directors
- Directors who are not concurrently Executive Officers are the majority of the Board of Directors



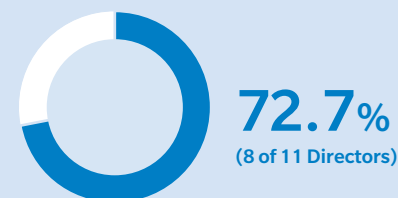
Key characteristics of the three committees

- Chairperson are Outside Directors
- Directors who are concurrently Executive Officers are not allowed to be committee members

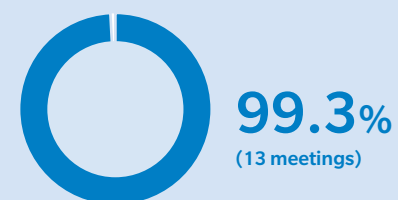
Board of Directors members



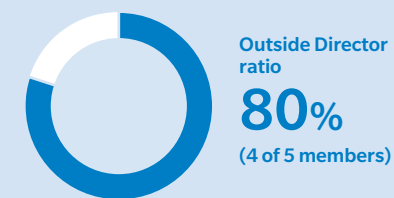
Non-Executive Officer ratio



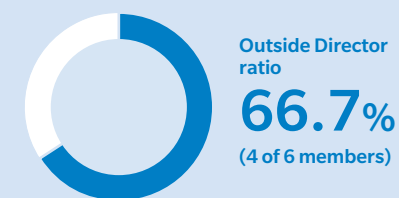
Board of Directors meeting attendance



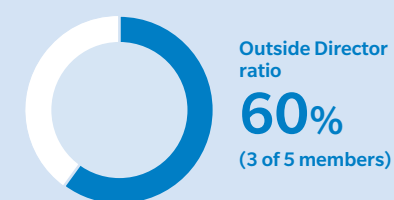
Nominating Committee members



Audit Committee members



Compensation Committee members



Message from the Chairman of the Board



Masatoshi Matsuzaki
Chairman of the Board

When the MFP business began to be affected by lockdowns around the world due to COVID-19, the Board of Directors held discussions which led to the conclusion that "non-hardware revenue in the MFP business will never be the same, even when COVID-19 goes away. This phenomenon is not a temporary change but a structural transformation." This idea prompted me to request our executive officers to revise the Medium-term Business Plan that began in FY2020. We need to assume the transition to a paperless society will happen faster than we anticipated, to accelerate the transformation of the MFP business and the portfolios of all Konica Minolta businesses, and to envision what that transformation will look like in 2025 when it is done. I have therefore asked executive officers to be mindful of what we will need to do to achieve these things by 2022. As a first step, the Board of Directors has approved our revised Medium-term Management Policy. I have also asked executive officers to re-examine the Medium-term Business Plan with regard to the allocation of cash and what key operational measures we will employ to achieve the transformation, and the Board of Directors has reviewed and approved these revisions. Business operations will be carried out in fiscal 2021 and 2022 in accordance with this policy and plan.

Although I am reluctant to say this, we are in the red for fiscal 2020. However, it is obvious that this is due to countries' lockdowns in response to COVID-19, and my above-mentioned request to revise the Medium-term Business Plan was done based on the belief that we are undergoing a structural change. At the same time, the Board of Directors needs to keep in mind the things we did well in fiscal 2020, as well as the achievements that led to earnings recover beginning in fiscal 2021 and further the transformation of our business portfolio.

First among the achievements I've noted has been cutting fixed costs and reducing the breakeven point ratio in the MFP business even as COVID-19 drove revenues down. A second achievement is CCC (cash conversion cycle) improvements made by our businesses, which led to regaining an operating cash flow level equivalent to ¥100 billion for the full fiscal year. As a third achievement, the sensing, performance materials, and imaging-IoT solutions businesses, which compose the Industry Business (businesses that will play a central role for the company following the business portfolio transformation) realized both increased revenues and profit for the full fiscal year, a sign that our strategies are on the right track. A fourth is our launching of FORXAI, an AI-powered software platform for providing solutions in the imaging field, an area where we excel. FORXAI gives the Industry Business a new competitive edge and allows the imaging-IoT solutions business to grow through provision of the service to our partners worldwide. A fifth achievement is making progress in efforts to enhance the business value of the precision medicine business.

With regard to the precision medicine business, I would like to talk about the discussions we have been having with investors attending our small meetings. One such investor asked, "in evaluating Konica Minolta, is there anything we might be overlooking as investors?" My answer was as follows. "Concerning the precision medicine business, I feel there is a disconnect between investors' opinion of the business and the actual situation. I regret that the information we share about this business with investors concerning its financials consists primarily of planned and actual results for business earnings. However, this business has already established a foothold through technologies and sales channels in a high growth

potential market with a TAM^{*1} of over \$40 billion^{*2}, and had a gross margin ratio of 59% in normal conditions (FY2019). Although the business has yet to make an earnings contribution to the Group due to a focus on establishing a position in growth markets and continuing investment aimed at realizing our three-stage growth strategy, some have spoken highly of the business' growth potential. Whether the business is a failed one that has yet to contribute to earnings after being acquired, or whether it's a business that is most certainly generating business value, depends on the view of the investor." This seemed to give the investor who asked the question a new perspective on the issue, and I believe our dialogue was a constructive one.

At Konica Minolta, the CEO, Chairman of the Board, and Secretariat of the Board of Directors discuss and determine Board agenda items and the goals of those items for three months out. I refer to the Board of Directors Operating Policy that I formulated at the beginning of the year and, in an oversight capacity, propose matters to be reviewed as agenda items. The following are agenda items for assessing our progress in implementing the management policy approved by the Board of Directors, as well as distinctive agenda items established over the past 12 months.

I have requested a full accounting of Konica Minolta's management system and a report on what issues have been brought to light and how we should tackle them. Similarly, I have requested a full accounting of the Company's corporate culture and a report on issues identified and means to tackle them. These agenda items have been set because of how significantly they will impact our ability to take action toward implementing the management policy. This is because,

although it is important that the Board expresses its views after the results of these reviews are in, it is more constructive and effective if the Board gives its opinions once it has learned about the current situation with respect to the factors contributing to the results. The CEO and outside directors have given positive feedback on the importance of establishing agenda items and on the matters they have discussed.

Based on external assessments, we have established and discussed agenda items concerning the current state and future direction for improving the Company's innovativeness and ability to cultivate markets, which are fundamental elements to building corporate value. I believe the Company has systematized a companywide capacity for creating innovation, a fact borne out by the continual acclaim we receive. However, the Company's non-financial evaluations are not consistent with its financial evaluations, which I think is due to lacking a method for turning innovativeness into profit-making capability. Since we must rely on certain key staff for the time being, we need to appoint the right people if we are going to transform the MFP business and achieve a companywide business portfolio transformation. As such, I will be overseeing efforts to assign those who will lead each business and recruit additional people when needed.

Naturally, we have also made an agenda item for discussing current efforts to address sustainability issues, an area of great interest for stakeholders. Observing Q&A sessions from the standpoint of Chairman, I feel our executive officers are more experienced and knowledgeable on this subject. Currently, questions from outside directors are generally rather surface level. Since 2009, when I was CEO, our executive team has established targets and made good achievements under the

banner of needing to become "a company that is vital to society in order to become a company capable of sustainable growth." Because of this, we are seeing experience level differences between them and our outside directors. A new outside director will take part in this year's discussions on the subject, and I have high hopes for these discussions.

This concludes my annual review as Chairman of the Board. I look forward to continued constructive dialogue with all investors and stakeholders.

^{*1} TAM: Total Addressable Market. The largest possible market attainable for a product or service.

^{*2} Source: BCC Research (2021). Biomarkers: Technologies and Global Markets

Message from the Chairperson of the Nominating Committee

We will progress the three key themes of the Nominating Committee with a view to transformation of Konica Minolta



Taketsugu Fujiwara
Outside Director

Mr. Fujiwara provides extensive experience and broad knowledge in corporate management, including mobilizing M&A to foster new businesses, from a long career at Asahi Kasei Corporation—a comprehensive chemical manufacturer with diversified strengths from chemicals and textiles to electronic materials, pharmaceuticals and housing. Mr. Fujiwara was appointed Outside Director at Konica Minolta in June 2018.

Initiatives of three key themes

The key themes of Nominating Committee activities are outlined in the following sections. The five members of the Nominating Committee—four Outside Directors and one Inside Director (Chairman of the Board)—make the most of their various background insights and careers to vigorously and earnestly discuss and exchange opinions related to these key themes.

1. Review of the objectives of the composition of the Board of Directors

Every year the Nominating Committee discusses the objectives of the composition of the Board of Directors from viewpoints including composition ratios (of outside/inside directors, executive/non-executive directors) and diversity with the aim of further enhancing the effectiveness of oversight of the Board of Directors. Based on the results of these discussions, the number of Board of Directors candidates (including the number for the entire board, and the number of outside/inside directors and executive/non-executive directors) for the next fiscal year is confirmed. Additionally, the number of new candidates for Outside Directors and Inside Directors to be appointed to the Board of Directors is decided based on the number of Directors who will resign due to standards for the number of years as a Director or age.

2. Decision on Director candidates to be submitted to the General Meeting of Shareholders

Based on the results of 1. above, the Nominating Committee discusses and makes a decision regarding the selection of Board of Directors candidates. In the case of selection of Outside Director candidates, the Nominating Committee discusses and determines the careers and skills that will be required of new Outside Directors in order to enable them to be a good match with Outside Directors to be reelected. A prerequisite of this is appropriate oversight concerning management issues at the Company. The candidates recommended by the Nominating Committee and so on based on the above requirements are then made into a list, which is then narrowed down and ordered according to (candidate) priority. According to this order of priority, myself, the Chairperson of the Nominating Committee, and the Chairman of the Board of Directors, Mr. Masatoshi Matsuzaki, visit and approach the candidates to serve as an Outside Director. Mr. Akira Ichikawa, who assumed his role as Outside Director in June 2021, was selected as a candidate based on our judgement that we could expect to obtain oversight and advice beneficial to the Company from his extensive experience as a corporate leader and broad knowledge related to ESG and SDGs.

On the other hand, with regard to draft proposals for Inside Director candidates, firstly, the president conveys to the Chairman of the Board the composition of the executive officer system for the next fiscal year. Next, the President & CEO and Chairman of the Board discuss the Non-Executive Inside Director candidates and Inside Director candidates who will serve concurrently as Executive Officers based on factors such as election standards for Directors, respective roles, and required skills and experience. The President & CEO and Chairman of the Board will then make a joint proposal to the Nominating Committee.

The Nominating Committee decides on the Director candidates to be submitted to the General Meeting of Shareholders based on considerations such as the above outlined process.

3. Oversight of the succession plan (development and selection) of the President & CEO

The current President & CEO implements the succession plan and its processes and establishes the schedules of the plan, while

the Board of Directors holds the authority to decide on the next President & CEO. Meanwhile, the Nominating Committee has responsibility for overseeing the selection process of the next President & CEO.

Specifically, the current President & CEO submits a report to the Nominating Committee about once every half year regarding clarification of qualifications and requirements, selection of successor(s), development and implementation of a successor development plan—including challenging assignments—and confirmation and assessment of the status of successor development. The Nominating Committee oversees and gives advice on this report.

The President & CEO, based on opinions and advice of the Nominating Committee, implements the successor plan PDCA cycle. This process is considerably entrenched in the Company and is being utilized in finding and developing successors for the next and following generation CEOs. Moreover, I feel this process has appropriately established opportunities (such as Board of Directors meetings and forums of Executive Officers) for Outside Directors to grasp the character and observe firsthand the speech and conduct of successor candidates.

In working toward these three key themes, I give my opinions and advice related to the conditions required of top management and key points for nurturing such personnel based on my own management experience.

Towards future change

The needs of society with respect to corporate governance and the material issues of corporations are significantly changing. Additionally, Konica Minolta is progressing with two transformations (achieving high added value in Office Printing Business and building another mainstay business to replace the Office Printing Business).

Against this backdrop of changes in our operating environment, in future, there is ample possibility that what is required of our Directors and Executive Officers will change from what has been the norm until now. The Nominating Committee will operate so that it functions appropriately, while constantly focusing on the fact that it will be necessary to review the ways of thinking and ways of progressing the three key themes.

Message from the Chairperson of the Audit Committee

Responding to shareholder mandate and contributing to improving medium to long term corporate value by working to improve audit quality



Soichiro Sakuma
Outside Director

At Nippon Steel Corporation and Nippon Steel & Sumitomo Metal Corporation (currently Nippon Steel Corporation), Mr. Soichiro Sakuma was involved for many years in management in the manufacturing sector and was in charge of main head office functions, including general administration, human resources, environment, and IT, handling primarily legal, internal control, and auditing operations. He has extensive experience and a broad range of knowledge as a corporate executive. Mr. Sakuma was appointed Outside Director in June 2020.

Auditing of status of DX2022 strategy promotion

The Audit Committee conducts its audits with whether business execution departments are promoting strategy in a systematic and planned manner in mind—based on the basic policies of DX2022: ‘Leap to highly profitable businesses through DX’ and ‘Evolve into a company clearly committed to solving social issues.’

Firstly, regarding portfolio transformation into a solutions business that is progressing with leveraging imaging-IoT technologies, we focus on whether the work by business execution departments towards promoting this strategy is being undertaken in a certain and timely manner. Moreover, we examine the effectiveness of work toward securing and nurturing imaging-IoT human capital vital for portfolio transformation. We also inspect the revision of our business portfolio that is being undertaken in conjunction with the portfolio transformation into a solutions business from the perspective of risk management and the rationality of decision making of business execution departments.

Further, regarding the five material issues that are key to our contributions to solving social issues, we confirm the implementation status of each measure established for each material issues and follow up to see whether the measures are contributing to improving corporate value in the medium to long

term. Additionally, I personally strive to provide advice in a timely manner regarding responses in anticipation of policy changes and the global status surrounding ESG and SDGs—based on my experience developing policies and rules related to corporate laws and regulations, corporate governance, and international investment and responsible corporate behavior within the OECD, and through my background participating in various governmental committees and research groups.

Implementing audits and discussing diverse themes

The major auditing themes in fiscal 2020 included:

- Status of response to anticipated risks related to promoting management plans such as the impact of COVID-19, and impairment and business continuity risks,
- Management frameworks and effectiveness of operations in the key Digital Workplace Business and the new business unit for precision medicines,
- Status of development and operation of information security management systems for DX businesses, and
- Operational status and effectiveness of global quality systems.

The status of activities related to these themes were confirmed through meetings such as with the president, Executive Officers and External Accounting Auditors and through monitoring of auditing activities. This was then discussed at the Audit Committee.

Focusing on auditing of Group companies in Japan and overseas

Konica Minolta has undertaken dozens of M&As over the last ten years, therefore we are focusing on auditing of Group companies. With this background, as a Group we aim for autonomous internal control whereby the internal controls of each company function appropriately. In terms of auditing also, we focus on ensuring risk management is being implemented sufficiently at each company.

Further, we follow up on the KPIs set for each key Group subsidiary and inspect the status of response to market environment changes from moment to moment. Also, any time a company is acquired we undertake a valuation of the goodwill of

the company in collaboration with the External Accounting Auditors.

Moreover, for overseas Group subsidiaries, we also focus on confirming whether the situation of subsidiaries is being appropriately grasped such as the status of their management—regardless of whether they have good or bad financial results—and the establishment and operation of management systems by business execution departments.

Working to improve quality of auditing and contribute to increasing corporate value

In this current age known as one of volatility, uncertainty, complexity, and ambiguity—or VUCA—flexible and effective auditing is more in need than in the past. In this time of difficulty in predicting the future, I, as Chairperson of the Audit Committee, want to focus on: ‘ensuring my viewpoint is tailored to each work situation, even amidst limitations imposed by COVID-19’ and ‘ensuring I remember to look at the details while not forgetting macro trends such as our Vision and medium-term business plan.’ Additionally, in the midst of everything in nature surrounding global corporations, I want to carefully work to find the important impacts on our Group business and unwaveringly implement auditing based on a risk approach.

I want to continue responding to our mandate to shareholders and contributing to improving medium to long term corporate value by working to improve audit quality on a daily basis through effective collaboration with various actors such as the Board of Directors, the Nominating and Compensation Committees, internal audit departments, and External Accounting Auditors.

Message from the Chairperson of the Compensation Committee

Further improving the Directors' Compensation System under the medium-term business plan DX2022



Sakie Tachibana Fukushima
Outside Director

Ms. Sakie Tachibana Fukushima served as Member of the Board of Korn/Ferry International (Global Headquarters) and President and Chairperson of its Japanese subsidiary. She has also served as President and Representative Director of G&S Global Advisors Inc. In addition to extensive experience as the former Vice-Chairman of the Japan Association of Corporate Executives and a broad range of experience and knowledge about the management of human capital, she has an extensive range of knowledge about corporate governance. Ms. Fukushima was appointed Outside Director at Konica Minolta in June 2019.

The current form of the Compensation Committee

With the start of the three-year DX2022 medium-term business plan in fiscal 2020, policy for determining compensation was revised and as a result the Directors' compensation system was also partially revised. Additionally, the Compensation Committee started investigating in fiscal 2020 the compensation system of Directors and Executive Officers taking into consideration market value towards securing and retaining outstanding personnel who will be integral to our Group growth.

This will involve investigating a compensation system that is appropriate for Directors and Executive Officers currently with the underway revision of our global business portfolio and after the resulting portfolio transformation, as well as ongoing discussions into the future. Simultaneously, we are investigating guidelines on Director and Executive Officer stock ownership and making preparations towards the globalization of Director and Executive Officer compensation.

With these various investigations progressing, I have been aiming to provide recommendations, based on my experience related to human capital consulting, to enable development of a Directors' compensation system that in addition to being competitive from the perspective of market value—including

global human capital compensation systems and incentives—is also transparent and fair.

Key aspects of changes to policy for determining compensation and to the Directors' compensation system

There are three key aspects of revisions to policy for determining compensation and of the partial revision of the Directors' compensation system.

The first key aspect is the review of indicators for evaluating performance-based bonuses for executive officers. The evaluation indicators for annual performance-based cash bonuses changed from operating profit, operating profit ratio and ROA to operating profit, operating profit ratio, operating cash flow, and KMCC-ROIC*. The evaluation indicators for medium-term stock bonuses (performance-linked) were changed from operating profit and ROE to operating profit, operating cash flow and ROIC. The objective of setting operating cash flow as an indicator is to secure underlying capital for strategic investment to transform our business portfolio and dividends; and for KMCC-ROIC and ROIC the objective was for improving the efficiency of invested capital. The review of indicators was also linked with the management targets of DX2022.

The second key aspect is the review of the payment rate of performance-based cash bonus for executive officers. The payment rate—for annual performance-based cash bonuses and medium-term stock bonuses (performance-linked)—was set to between 0 and 200% depending on the level of target attainment. While the former upper limit of 150% was increased to 200%, this was not merely an increase in the upper limit, but the creation of a more dynamic relationship between the target attainment rate and payment rate. The intent of which is to further encourage the attainment of performance targets by each executive officer.

The third key aspect is the adoption of a long-term stock bonus for executive and non-executive Inside Directors. The long-term stock bonus is distributed to Directors in the form of Company shares after their retirement as a Director, and is based on their position, roles and years of service. The bonus is aimed at incentivizing efforts to improve shareholder value over the long term.

We hope to support the solid execution and completion of DX2022 in this three-year term by executive officers toward sustainable Group growth and medium to long term improvement in corporate value through these revisions and reviews.

* KMCC-ROIC is ROIC to calculate annual performance-based cash bonus for the relevant fiscal year, defining invested capital as assets that can be separately managed and improved by each business segment.

Towards building a competitive Directors' Compensation System

Securing human capital in new fields will also become important due to increased competition in different markets to our traditional ones as we progress with revision of our business portfolio under DX2022. When we reach that stage, it will be necessary to rapidly reinvestigate benchmark companies to confirm the status and positioning of our Directors' compensation system (composition and levels of remuneration). Additionally, in future our management team is expected to become more international, therefore I think we will immediately need to investigate compensation systems that are competitive in the global market.

Even in such times of great change, we will continue to investigate and review our Directors' compensation system with a view to one optimal to the times while always taking into consideration the trends in the global human capital market and while confirming our place and standing within it.

Corporate Governance

Towards governance aimed at achieving sustainable corporate growth and improving medium- to long-term corporate value

The Company believes that corporate governance should contribute to sustainable corporate growth and increased corporate value over the medium to long term by encouraging appropriate risk-taking as part of management execution. On the other hand, the Company has established a corporate governance system from the standpoint of the supervisory side in the belief that setting up and managing a highly effective supervisory function is also necessary. As part of its institutional design in accordance with the Companies Act, in 2003 the Company selected the “company with committees” system (now, a “company with three committees” system) and established a system that eliminated dependency on personal characteristics, thereby pursuing governance in a style specific to the Company. The Basic Policy on Corporate Governance that was formulated in September 2015 defines the basic views regarding corporate governance.

Furthermore, Konica Minolta complies with every principle of Japan’s Corporate Governance Code (revised on June 1, 2018) based on the above Basic Views, with the following exception: “Principle 4.11 Preconditions for Board of Directors and Kansayaku Board Effectiveness (should be constituted in a manner to achieve both diversity, including gender and international experience, and appropriate size).” We have indicated in the corporate governance report* in detail all 11 general principles, principles, and supplementary principles for which the Tokyo Stock Exchange requires disclosure as well as the reason for non-compliance with Principle 4.11.

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

Basic Policy on Corporate Governance: Basic Views

- Ensuring business supervisory functions by separating the supervisory and execution functions in order to increase the corporate value;
- Election of an Independent Outside Director who can provide supervision from a shareholder perspective; and
- Improvement of the transparency, integrity and efficiency of management through the above-mentioned points.

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

	FY2000-	FY2010-	FY2020-
Institutional Design	2003 • Formation of Konica Minolta Holdings, Inc. due to a management integration. Became a company with committees (now a company with three committees)		
Directors	2000 • Reduced the number of Directors (started an Executive Officer system) 2002 • Elected two Independent Outside Directors • Shortened the term of Directors to one year	2003 • Number of Independent Outside Directors increased from two to four 2006 • First overseas field trip by Outside Directors (two) for a visit to a manufacturing subsidiary in China	2018 • Increased the number of Independent Outside Directors from four to five
Rules and Policies	2003 • Establishment of the Corporate Organization Basic Regulations	2010 • Revised part of the Board of Directors rules 2015 • Established the Basic Policy on Corporate Governance	2018 • Revised some of the Board of Directors Rules
Effectiveness Assessments	2004 • Started self-assessments (using questionnaires) of the effectiveness of the Board of Directors	2014 • Started establishing a Fiscal Year Policy for the Board of Directors based on results of self-assessments 2016 • Started using an external organization for questionnaires and interviews to assess the effectiveness of the Board of Directors	
Nominating Committee	2006 • Chairman of the Board started participating in the Nominating Committee • Established standards for the independence of Outside Directors	2015 • The Nominating Committee started overseeing the succession plan (development and selection) of the President & CEO	2021 • Disclosed a skill matrix for Director candidates (these matrices have previously been prepared and used within the Nominating Committee when selecting candidates)
Audit Committee	2006 • Changed External Accounting Auditors		
Compensation Committee	2003 • Establishment of policy for determining compensation 2005 • Ended lump-sum retirement payments and started compensation-type stock options	2009 • Revised part of the terms for performance-linked compensation in the compensation determination policy 2017 • The compensation determination policy was revised, replaced compensation-type stock options and introduced stock bonus linking with medium-term performance	2020 • Revised part of the terms for performance-linked compensation in the compensation determination policy 2020 • Implemented a long-term stock bonus in addition to the medium-term stock bonus
Other	2006 • Ended the senior adviser position 2019 • Issued tablet devices to Outside Directors and commenced digital delivery of Board of Directors meeting materials		

Corporate Governance

Building a highly transparent system of governance that maintains a clear separation between supervisory and executive functions

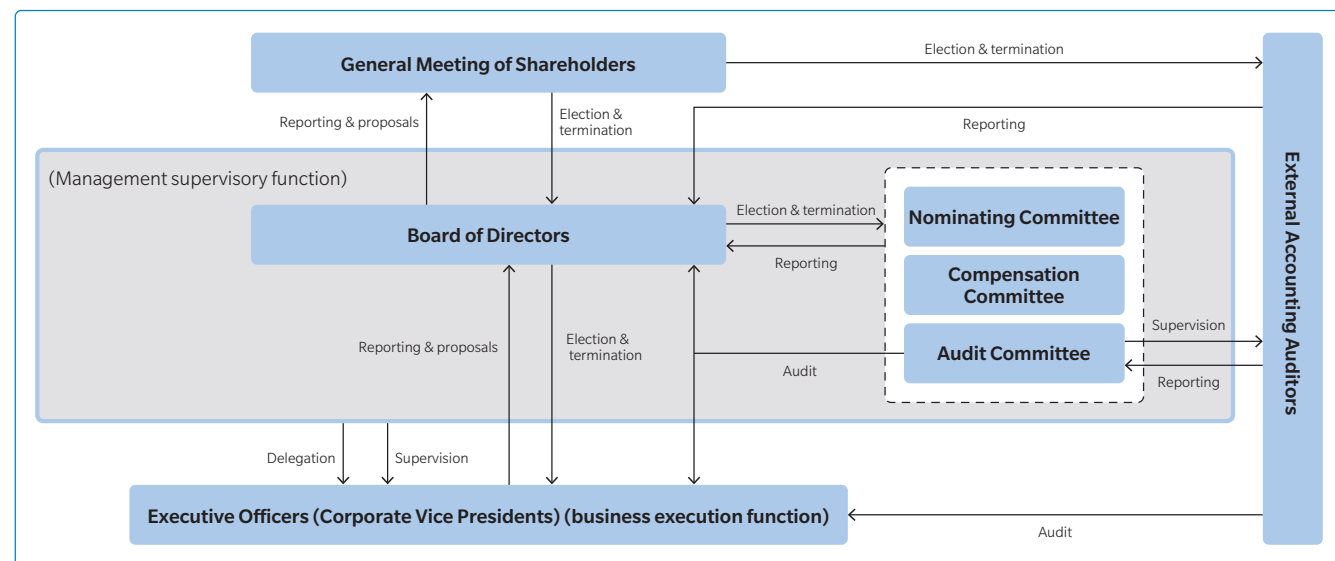
As a company with three committees, to the extent legally allowed, Konica Minolta's Board of Directors entrusts the majority of business decisions to Executive Officers and flexibly executes business. Matters such as basic business policies are by law subject to approval by the Board of Directors, and the Board makes decisions on a limited range of matters that entail investments beyond a certain amount and other such matters that could significantly impact the Group's business. The three important matters to be resolved by the Board of Directors are basic management policies, internal control systems, and the election of Executive Officers.

At least one third of the total number of Directors must be Independent Outside Directors, and Directors not also serving as Executive Officers must compose the majority of Directors. The Chairman of the Board, selected from among Directors not also serving as Executive Officers, ensures that the Board of Directors is supervised effectively.

Outside Directors compose the majority of the Nominating Committee, Audit Committee, and Compensation Committee, and committee chairmen are selected from among these Outside Directors. The President or other Directors who are concurrently Executive Officers are not elected to a committee.

In principle, the Board of Directors meets once a month. Outside Directors receive materials in advance that detail agenda items in order to familiarize them with the agenda and facilitate lively discussions at meetings of the Board of Directors. Executive Officers in charge may also occasionally conduct preliminary briefings on important management decisions. In addition, the seating configuration changes at each Board meeting, except for the Chairman of the Board and the President & CEO, in an effort to encourage communication among board members and enliven the proceedings.

Structure of Corporate Governance Systems (As of June 17, 2021)



Roles of the Board of Directors and three committees, and meetings held

	Role	Times held	Participation by all Directors (%)	Participation by Outside Directors (%)
Board of Directors	Acting in accordance with laws and the Articles of Incorporation, the Board of Directors makes decisions on the Company's business and supervises the execution of duties by the Directors and Executive Officers (including the execution of business by the Representative Executive Officer and Executive Officers).	13 times	99.3%	100%
Nominating Committee	The Nominating Committee makes decisions on agenda items that concern the election or dismissal of Directors, which are submitted to General Meetings of Shareholders. When appropriate, this committee also receives reports on and supervises succession plans (regarding personnel development and selection) provided by the President & CEO.	7 times	97.1%	100%
Compensation Committee	The Compensation Committee makes decisions about individual compensation, bonuses, and other financial benefits that Directors and Executive Officers receive from the Company as compensation for performing their duties.	9 times	100%	100%
Audit Committee	The Audit Committee audits Directors and Executive Officers' execution of duties, prepares audit reports, and makes decisions on proposals that concern the election, dismissal, or non-reelection of External Accounting Auditors and that are submitted at General Meetings of Shareholders.	13 times	100%	100%

Corporate Governance

Directors are elected with an emphasis on having a diversity of skills and careers

Konica Minolta is not carrying out "Principle 4-11 Preconditions for Board of Directors and Kansayaku Board Effectiveness" in the Corporate Governance Code (revised on June 1, 2018).

The Company has paid due heed to the idea that "the Board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities," and "it should be constituted in a manner to achieve both diversity and appropriate size," as stipulated in the principle. While Konica Minolta naturally considers gender and international experience as aspects of diversity, the Company cannot guarantee that its Board will always be of an optimal size while also being balanced in terms of gender and international experience, as such a thing is not realistic. The important thing when ensuring the effectiveness of the Board of Directors is not "attributes" but "aptitude."

The Nominating Committee starts each year by performing reviews of the composition of the Board of Directors and committees and of the standards for the selection of Directors and committee members. By performing examinations from the standpoints of balance of career and skill, diversity and other factors, this committee aims to upgrade its selections of Director candidates. The following process is used to make selections.

Board of Directors

- 1) The Nominating Committee examines the objectives of the composition of the board and then confirms a proposal for the total number of Directors, the number of Outside Directors, and the number of Inside Directors who do and do not concurrently serve as Executive Officers.
- 2) Confirmation of Directors who will resign due to standards for the number of years as a Director or age and expected number of new Outside Director and new Inside Director candidates.

Outside Directors

- 3) To select Outside Director candidates, after the Nominating Committee confirms the selection process, the members of this committee determine the careers and skills that will be required of new Outside Directors in order to enable them to be a good match with Outside Directors to be reelected. The purpose is to receive beneficial oversight and advice concerning management issues at the Company.

- 4) The Nominating Committee Chairperson asks for a broad range of recommendations for candidates, based on information from Nominating Committee members, other Outside Directors and the President & CEO.
- 5) The Nominating Committee narrows down the number of candidates from the recommended individuals obtained through the preceding process and determines an order of priority.
- 6) Using the order of priority for candidates, the Nominating Committee Chairperson and Chairman of the Board visit and approach the candidates to serve as an Outside Director.

Inside Directors

- 7) Candidates for Inside Director are jointly proposed with the Nominating Committee following discussions between the Chairman of the Board and the President and CEO concerning proposed candidates for non-executive Directors and Directors who concurrently serve as Executive Officers based on the President and CEO sharing his plan for the executive system for the next fiscal year with the Chairman of the Board.
- 8) The Nominating Committee uses the draft proposals to examine the candidates.

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

Director skills matrix

Directors		Expertise and experience expected of candidates for Director							
		Corporate executive experience in listed company	Global executive management experience (Note 3)	R&D and manufacturing	Sales and marketing	Finance and accounting, and understanding of investor perspective	HR management	Governance, internal control, legal affairs	Business transformations and new business development (DX)
Director Chairman of the Board	Masatoshi Matsuzaki	●	●	●				●	●
Director President & CEO	Shoei Yamana	●	●		●				●
Outside Director	Taketsugu Fujiwara	●	●	●					●
Outside Director	Chikatomo K. Hodo		●			●			●
Outside Director	Sakie T. Fukushima		●				●	●	
Outside Director	Soichiro Sakuma		●				●	●	●
Outside Director	Akira Ichikawa	●	●		●				
Director	Toyotsugu Itoh			●				●	
Director	Hiroyuki Suzuki				●			●	
Director Senior Executive Vice President and Executive Officer	Toshimitsu Taiko		●		●				●
Director Executive Vice President and Executive Officer	Seiji Hatano		●			●		●	

* "Global executive management experience" includes both actual experience at a global business and experience relating to overseas business operation.

Corporate Governance

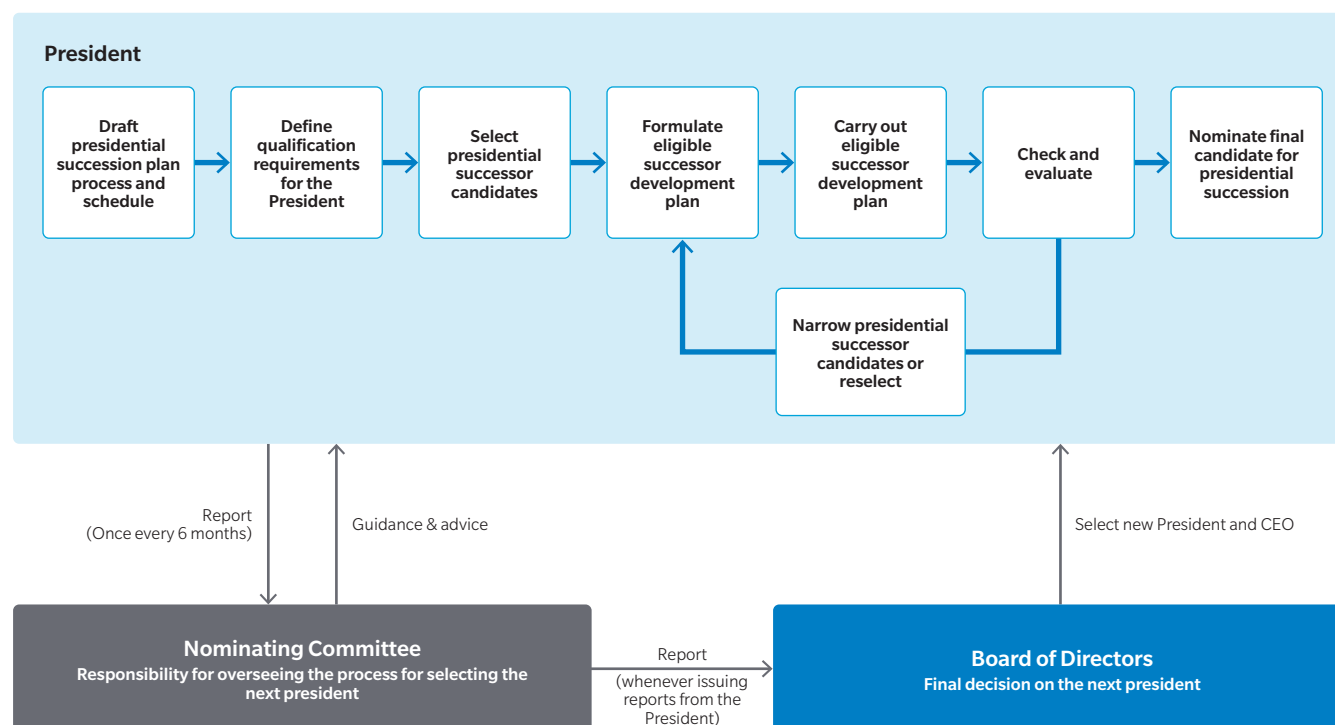
Succession plan for the President

When developing a succession plan for the President, functions and roles are defined for the Board of Directors, Nominating Committee, and President.

Nominating Committee members (four Outside Directors and one Inside Director) evaluate presidential successor candidates through explanations and Q&A sessions during site visits and meetings that include Board of Directors meetings.

During the succession planning process, the President makes an objective accounting of the strengths and issues concerning presidential successor candidates through external assessments. The President is currently examining the top management team that will support the next President, while making solid progress on the prerequisite CxO succession plan. The selection of candidates to become future presidential successors is done on an ongoing basis via the top executive candidate (Executive Officers, Corporate Vice Presidents, etc.) development process below.

Presidential succession plan development process and division of roles



Top executive candidate (Executive Officers, Corporate Vice Presidents, etc.) development plan

The development of top executive candidates such as Executive Officers and Corporate Vice Presidents is also being done in a systematic fashion. The Talent Committee selects candidates and formulates development plans and assignment plans.

The Committee conducts the following activities, the results of which are reported to the Nominating Committee by the President (once a year).

- Conducting an in-house program for developing next-generation executives
- Coaching by the Chairman of the Board
- Individual meetings with the President
- Coaching by former Outside Directors
- Dispatching personnel to participate in external (Japan and overseas) executive development programs

Corporate Governance

Evaluation of Effectiveness of the Board of Directors

In 2003, the Company became a company with committees (now a company with three committees). To determine if the corporate governance system is functioning as intended, the Company started performing self-assessments in 2004 concerning the Board of Directors' effectiveness. Self-assessments were conducted on the effectiveness of the Board of Directors and the three committees, looking back over the activities of the past year for the purpose of confirming whether or not the construction and operation of the Company's corporate governance system is contributing to the realization of sustainable growth and enhancement of medium- to long-term corporate value that the system is designed to facilitate. The results of these self-assessments are used to identify items that the Board of Directors should work on in the following fiscal year in order to further improve effectiveness.

In FY2020, assessment of effectiveness was carried out giving consideration to the circumstances that (1) time was required for the fruition of the two transformations (transformation of the Office Printing Business into Digital Workplace Business, and the development of core business to come after the Office Printing Business; hereinafter the "Transformation"), and (2) the Company is in a situation where the market has been making a harsh evaluation on the Company's corporate value since the announcement of downward revisions to the forecasts for the full-year earnings results in July 2019. Having theorized the possibility of circumstances (1) and (2) above being attributable to the Company's governance, ascertaining the current situation, identifying issues, and checking methods of redress have been made key issues.

Process for performing effectiveness assessments in FY2020

March to April 2021	Distribution and return of self-evaluation questionnaires
May 2021	Compiling of questionnaire responses and evaluation results Exchanging of opinions based on details after processing (informal gatherings of Directors)
June 2021	Explanation of Board of Directors Operations Policy for FY2021 by the Chairman of the Board, Q&A session and opinion exchange (Board of Directors meeting immediately after the ordinary general meeting of shareholders)

FY2020 Board of Directors effectiveness assessment details

Question structure

The following questions were asked separately for (1) and (2) at left.

1. What governance aspects are or might be impacting the Company's circumstances ((1) or (2))? (select from the following categories)
Categories: "Structure and term periods," "quality of operating guidelines and discussions," "Executive Officer selection and risk-taking environment," "foundation of Konica Minolta's governance system," "information disclosure and collaboration with stakeholders"
2. What are the reasons and justification for the decision made for 1. above? (Write-in response)
3. What are the specific solutions or measures for improvement? (Write-in response)

Effectiveness assessment results

The results of compiling and analyzing each Director's responses, evaluation, and opinions to questions 1 through 3 are given below.

Circumstance (1)	Circumstance (2)
<ul style="list-style-type: none"> - It is necessary to encourage Executive Officers to produce results through the personnel appointments of Executive Officers and their system of remuneration. To do so, the oversight regarding the education and training of managerial personnel will become increasingly important. - Discussions on basic policies of management for the realization of the Transformation are insufficient. It is necessary to enhance deliberations when the Transformation become a theme for deliberation. - The confirmation performed by the Board of Directors for "Internal Control Systems (management systems for achieving corporate goals)" with regard to the execution capability to realize the Transformation was not thorough. - There is room for reconsidering the terms of office for Outside Directors. It might be necessary to have Outside Directors who are familiar with businesses subject to business portfolio transformation. - It is felt that Outside Directors have more to offer regarding assistance and advice for producing outcomes. 	<ul style="list-style-type: none"> - It is necessary to set agenda items for the Board of Directors meeting with a greater awareness on share price. - There need to be improvements on the approach for the oversight performed as the Board of Directors regarding the content and timing of information disclosure. - More consideration is required to raise the interconnection between share price or corporate value and the compensation system for Executive Officers. - Based on the acknowledgement that multiple instances of not achieving the announced forecasts is the underlying reason for the market's continual harsh evaluation on the Company's corporate value, it is necessary to carry out measures to remedy the situation.

Outline of Board of Directors Management Policies for FY2021

The below is a summary of the 2021 Board of Directors Management Policies formulated based on the results of effectiveness assessments and of discussions had at informal gatherings of Directors.

- | | |
|--|---|
| 1) Encourage Executive Officers to produce results through Executive Officer appointments and remuneration system. | 4) Carry out measures to facilitate greater assistance and advice from Outside Directors. |
| 2) Improve quality of discussions and deliberations by the Board of Directors | 5) Continue improvement to achieve greater effectiveness. |
| 3) Continue to check on items regarding the executive team's execution capability. | |

Corporate Governance

Implementing a Directors' compensation system with clearly defined standards

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

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

Directors' compensation system

Compensation packages for Directors (excluding Directors concurrently serving as Executive Officers) exclude a short-term performance-linked cash bonus because Directors have a supervisory role, and consist of a base salary component in the form of a base salary and stock bonus. The stock bonus consists of the medium-term stock bonus (non-performance-linked) and long-term stock bonus. Outside Directors only receive a base salary, inclusive of a remuneration according to their roles.

Executive Officers receive a base salary component, an annual performance-based cash bonus, and stock bonuses (medium-term stock bonus (performance-linked) and long-term stock bonus).

Executive compensation structure

Directors	Inside (not concurrently serving as Executive Officers)	Base Salary		Medium-term stock bonus (non-performance-linked)	Long-term stock bonus
	Outside	Base Salary			
Executive Officers	President	Base Salary 50%	Annual performance-based cash bonus 25%	Medium-term stock bonus (performance-linked) 15%	Long-term stock bonus 10%
	Senior Executive Vice President and Executive Officers, Executive Vice President and Executive Officers, Executive Officers	Base Salary 51-55%	Annual performance-based cash bonus 29-25%	Medium-term stock bonus (performance-linked) 12%	Long-term stock bonus 8%

Evaluation indicators for annual performance-based cash bonuses

Item	Portion according to performance level	Portion according to attainment of performance targets					Portion according to personal appraisal
Assessment index and others	Operating profit	Corporate divisions *1/core business divisions				New business divisions	Reflects progress of each Executive Officer's key measures
		Operating Profit 25%	Operating profit ratio 25%	Operating cash flow 25%	KMCC-ROIC *2 25%	Individual divisions targets	
	Linked with Group consolidated performance result level	Linked with annual performance target achievement rate				Linked with individual target attainment rate	

^{*1} The corporate divisions include management affairs divisions of Konica Minolta, Inc. and those with group-wide horizontal functions.

^{*2} KMCC-ROIC is ROIC for calculating the current annual performance-linked cash bonus, and invested capital consists of assets capable of individual management and improvement by each business division.

Indicators for determining medium-term stock bonus (performance-linked)

Item	Medium-term stock bonus (performance-linked)		
Assessment index	Group consolidated operating profit	Group consolidated operating cash flow	Group consolidated ROIC
	(Cumulative total for 3 years from FY2020 to FY2022)		(3 year average from FY2020 to FY2022)
	40%	30%	30%
	Linked with attainment rate of medium-term business plan targets		

Corporate Governance

Total compensation for Directors and Executive Officers

		Directors			Executive Officers
		Outside	Inside	Total	
Total (million yen)		64	188	253	724
Base salary	Persons	6	3	9	22
	Amount (million yen)	64	124	188	465
Performance-based cash bonus	Persons	–	–	–	22
	Amount (million yen)	–	–	–	121
Stock bonus	Persons	–	3	3	22
	Amount (million yen)	–	64	64	137

Note 1 The number above includes one (1) Outside Director who resigned at the date of the 116th Ordinary General Meeting of Shareholders held on June 30, 2020 and one (1) Executive Officer who resigned at May 31 the same year. At the end of the period (March 31, 2021), the Company has five (5) Outside Directors, three (3) Inside Directors (not concurrently holding Executive Officer posts) and twenty-three (23) Executive Officers.

Note 2 In addition to the three (3) Inside Directors shown above, the Company has another four (4) Inside Directors who concurrently hold Executive Officer posts, and the compensation to these Directors is included in compensation to Executive Officers.

Note 3 Regarding the performance-based cash bonus, the amounts which were recorded as expense in the period are stated.

Note 4 Regarding the stock bonus, the amounts which were recorded as expense in the period are stated, based on a calculation of estimated amount of stock bonus of the Company in the future according to estimated points to be allotted to Directors (excluding Outside Directors) and Executive Officers as part of their compensation. The amount includes medium-term stock bonus (performance-based) to be distributed according to the target attainment rate in the period of the medium-term management plan.

Determining cross-shareholdings based on significance or justification

In principle, the Company will not hold listed stocks as cross-shareholdings except in cases where it recognizes there is significance or justification for ownership. Significance or justification for ownership will be judged from the results of yearly examinations conducted on each based on whether there are expectations of collaboration with the issuers and business synergies, as well as on whether the benefit and risk of holding said stock are appropriate to its capital cost. Consequently, stock where there is little significance or justification for ownership will be sold while taking into account the proper stock price, market conditions, and other factors. Nine stocks judged to be lacking in significance were sold (excluding deemed holding shares) in FY2020 (proceeds were ¥8,615 million).

Investment shares held for purposes other than pure investment

	Stocks (name)	Total carrying amount (million yen)
Unlisted shares	23	2,542
Shares other than unlisted shares	17	12,801

Note: Konica Minolta categorizes the investment stocks it holds as follows.

- Stocks held for "pure investment": stocks held solely for share price fluctuation or dividends
- Stocks held for "purposes other than pure investment": stocks held based on the judgment that so doing will, in addition to the above, help improve corporate value by strengthening corporate cooperation and business synergy with the stock issuer

Standards for Exercising Voting Rights on Cross-Shareholdings

The execution of voting rights is an important means of communicating with investees, and the Company exercises its voting rights related to all cross-shareholdings.

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

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

Risk Management

Major risks identified by frequency and potential degree of impact

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

In line with this philosophy, we have established the Risk Management Committee, which comprehensively and systematically manages various risks concerning the Group's business activities. The committee is in charge of facilitating the building and strengthening of Group companies' risk management systems, and its members are appointed by the committee's chairperson. Konica Minolta's Executive Officers and Corporate Vice Presidents are required to perform risk management for their respective areas of responsibility. Risk Management Committee members consist of individuals of Executive Officer or Corporate Vice President class or higher.

Risk management process

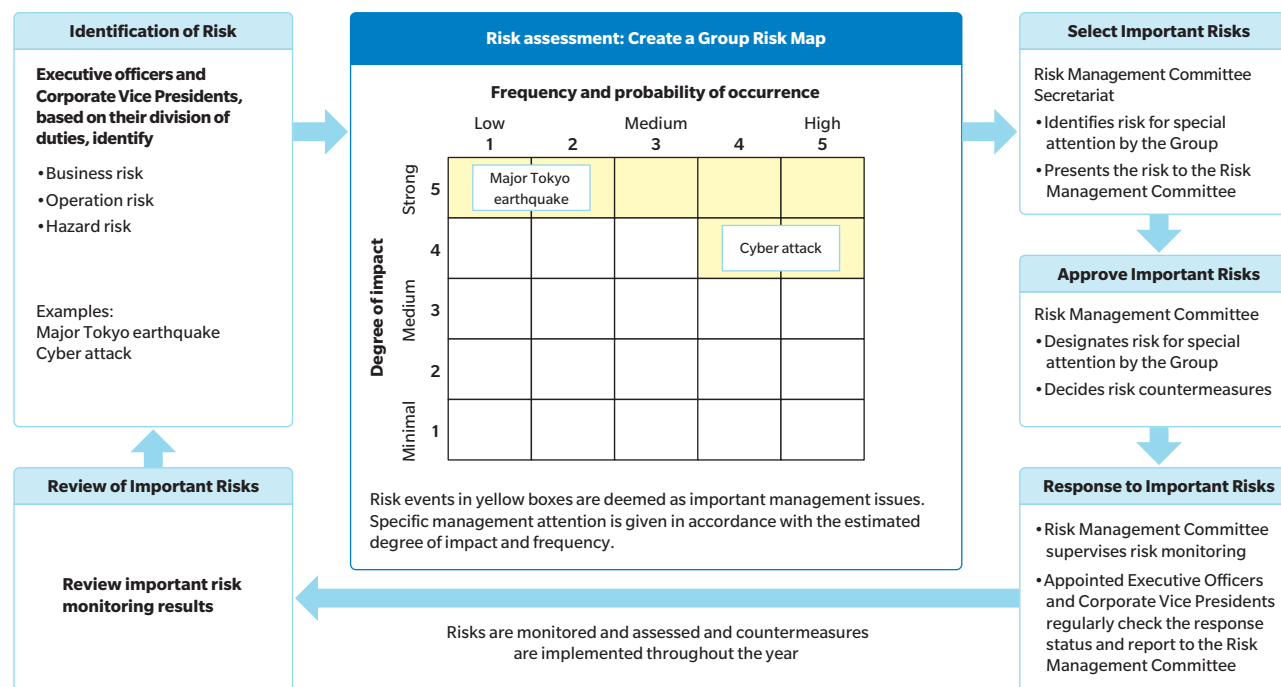
The Risk Management Committee reviews management risk items in seventeen categories, including items classified as small and medium risks. It applies the PDCA process to improve risk measures, in which the committee reviews the status of countermeasures by conducting monthly and quarterly monitoring. The Risk Management Committee also annually identifies significant risks to the Group that are considered especially critical to management and need to be monitored from a companywide perspective. Significant risks are primarily managed by the committee members (Executive Officers and Corporate Vice Presidents), who also monitor the monthly progress of the Group's countermeasures.

All risks are plotted into a comprehensive Group Risk Map based on quantitative assessments of the degree of impact and the frequency and probability of occurrence. These maps are updated and pertinent countermeasures are discussed twice a year.

When required due to some unforeseeable situation that occurs, the extraordinary meeting is convened at the discretion of

the committee's chairperson. For risks deemed to be of high importance by the committee, progress made in addressing these risks are reviewed monthly or quarterly. Risks deemed to be of particularly high importance are addressed by the Group as a whole, with efforts led primarily by Executive Officers and Corporate Vice Presidents appointed by the committee chair.

Process of Identifying Important Risk for the Group



Major risks and countermeasures

Risk	Probability	Potential Occurrence	Potential Impact	Countermeasures
Forex fluctuations	High	Any time	Medium	To reduce the effects of exchange rate fluctuation, hedges are made using mainly forward exchange contracts in major currencies such as the U.S. dollar and the euro.
Digital Workplace Business Changes in the print environment	High	Within 1 year	Strong	To address the risk of declining output opportunities in offices in developed countries, we are working to provide value that contributes to workflow improvement for our customers. This entails going outside of output business to provide managed IT services and content managed services that support information management and editing for customers in the office unit. We also continue to expand deployment of color MFPs in countries and regions that still have room to grow, including China and India.
National or regional regulations	High	Within 1 year	Medium	We always pay close attention to and gather information about trends concerning laws and regulations in our countries and regions of business. We coordinate with legal affairs personnel in each area, ascertain the situation in overseas regions, and take action when necessary with help from specialized organizations that include outside lawyers and consultants.
Technology developments	Medium	Within 3 years	Medium	By advancing and synthesizing core technologies in four fields, namely materials, optics, nanofabrication, and imaging, and by combining IoT and AI technologies, we further enhance "technologies to make the invisible visible," which are the wellspring of the data we collect, while collaborating with customers on carrying out DX for the Digital Workplace, Professional Printing, Healthcare, and Industry businesses.
Shift to new products	Low	Within 3 years	Strong	From the initial stage of development through to mass production, at every step along the way in transitioning to new products and services, we perform thorough testing and gate management focused on product specifications, quality needs, production costs, and green measures for every prototype, pre-production sample, and mass-produced product we handle.
Collaborations, company acquisitions	Medium	Any time	Medium	In our collaboration with other companies and corporate acquisitions, we assess the viability of an investment after conducting investment assessments that look at compatibility with our corporate strategies, planning probability, appropriateness of the investment size, and risk management.
Procurement, production	High	Within 1 year	Strong	We have specialized divisions in our core procurement regions of Japan, China, Vietnam, and Malaysia, and we accelerate our action-taking by gathering information on such things as regulations, restrictions, and changes that concern procurement in each region. We have also sought to practice production-related risk management and improve our flexibility in responding to changes in the business environment by building production assembly sites in Japan, China, and Malaysia. With these sites, we have increased the proportion of products we make outside of China, mainly for major flagship products with large production volume. We do this to hedge against country risk in China, which has increased in various respects in recent years.
Product liability and quality assurance	Low	Any time	Medium	As a means to prevent serious quality problems, we have created the "Quality Assurance Managers Committee," which is chaired by an Executive Officer or Corporate Vice President who has quality-related responsibilities and authority and which oversees quality management throughout the Group.
Major earthquake, disaster, epidemic	Medium	Any time	Strong	Executive Officer in charge of crisis management centrally manage information in the event of such things as disasters, infectious disease outbreaks, wars, acts of terrorism, and cyber attacks, and we have built a system for taking appropriate action with top priority given to employee safety. For large earthquakes and other natural disasters, we are working in accordance with the Medium-term Disaster Readiness Plan and making improvements to our response capabilities both in terms of tangible and intangible asset, with measures aimed at prevention, mitigation, emergency response, initial response, recovery, and reconstruction.
Environmental regulations, climate change	Medium	Any time	Medium	Konica Minolta believes that conducting business with a focus on quickly conforming to the needs of a renewable energy-based society that is not reliant on fossil fuels, a major cause of man-made CO ₂ emissions, is a necessary condition for any company to grow sustainably. We are therefore a member of the RE100 international leader initiative, which aims to conduct business using 100% renewable energy. We have set a 2050 target to be using 100% renewable energy for the electricity procured for use in our business operations.
Intellectual property rights	Low	Any time	Minimal	In countries and regions where it is difficult to properly acquire and enforce intellectual property rights that protect things such as technologies, we employ a number of methods to stop the circulation of counterfeit products. These include collaborating with governmental agencies to confiscate and ban the import of such goods in order to conform with trademark rights, and stopping the sale of counterfeit products from e-commerce sites by coordinating with business operators.
Human resource availability	Medium	Within 3 years	Medium	We see the development and acquisition of IoT personnel as an important strategy and are focusing on implementing related measures. These measures include "Re-skill" programs, which include IoT transition programs for shifting human resource into DX promotion, and "Up-skill" programs such as IT skill certification programs for developing highly-skilled professionals. As part of efforts to recruit personnel, we are stepping up efforts towards long-term internships and collaboration with universities on attracting talented students of IoT to the Company.
Information security	Medium	Any time	Strong	Our information management efforts include developing appropriate technological measures and internal control systems, as well as educating employees. We also launched a comprehensive security management system in FY2020 to manage risk according to a security policy used throughout the entire supply chain, including contractors, for every product and service at every phase, including development, design, manufacturing, sales, and maintenance. We are strengthening security through these efforts.
Impact from the COVID-19 pandemic	High	Within 1 year	Strong	In the face of the COVID-19 pandemic, Konica Minolta follows the laws and guidance of every government and region where the Company operates to prevent further infection and gives the highest priority to the health and safety of all its stakeholders, including customers, suppliers, everyone working in the Group, and their family members. To ensure no disruption in our provision of products and services to customers and society, we continue to make every effort toward maintaining our supply chain, which includes production and distribution. In order to further boost productivity while enhancing quality and cost competitiveness, we maintain a particular focus on continued efforts to apply DX in our production activities and pass on those results to our suppliers.

Management Members | Directors



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

Masatoshi Matsuzaki

Chairman of the Board

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

Shoei Yamana

Director (President and CEO, Representative Executive Officer)

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

Management Members | Directors

Taketsugu Fujiwara

Director (Outside Director)

April 1969	Joined Asahi Chemical Industry Co., Ltd.
June 1998	President and Representative Director of Asahi-Schwebel Co., Ltd.
June 2000	Director of Asahi Chemical Industry Co., Ltd.
June 2003	Senior Executive Officer of Asahi Kasei Corporation
October 2003	President of Asahi Kasei Chemicals Corporation
April 2009	Vice-Presidential Executive Officer of Asahi Kasei Corporation
June 2009	Director, Vice-Presidential Executive Officer of Asahi Kasei Corporation
April 2010	President and Representative Director of Asahi Kasei Corporation
April 2014	Vice Chairman and Director of Asahi Kasei Corporation
June 2014	Vice Chairman of Asahi Kasei Corporation
June 2015	Standing Counsellor of Asahi Kasei Corporation
June 2018	Counsellor of Asahi Kasei Corporation
June 2018	Director of the Company (present position)
June 2020	Special Adviser of Asahi Kasei Corporation (present position)

Chikatomo Kenneth Hodo

Director (Outside Director)

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

Sakie Tachibana Fukushima

Director (Outside Director)

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

Soichiro Sakuma

Director (Outside Director)

April 1978	Joined Nippon Steel Corporation
April 2009	Director (under the Executive Management System) of Nippon Steel Corporation
April 2012	Managing Director (under the Executive Management System) of Nippon Steel Corporation
June 2012	Managing Director (Member of the Board) of Nippon Steel Corporation
October 2012	Managing Director, Member of the Board of Nippon Steel & Sumitomo Metal Corporation
April 2014	Representative Director and Executive Vice President (in charge of General Administration, Legal, Internal Control & Audit, Business Process Innovation, Human Resources and Environment) of Nippon Steel & Sumitomo Metal Corporation
April 2018	Director of Nippon Steel & Sumitomo Metal Corporation
June 2018	Senior Advisor of Nippon Steel & Sumitomo Metal Corporation
April 2019	Senior Advisor of Nippon Steel Corporation
June 2020	Director of the Company (present position)
July 2020	Adviser of Nippon Steel Corporation (present position)

Akira Ichikawa

Director (Outside Director)

April 1978	Joined Sumitomo Forestry Co., Ltd.
June 2007	Executive Officer, General Manager of Corporate Planning Division of Sumitomo Forestry Co., Ltd
June 2008	Director and Managing Executive Officer of Sumitomo Forestry Co., Ltd
April 2010	President and Representative Director of Sumitomo Forestry Co., Ltd
April 2020	Chairman of the Board and Representative Director of Sumitomo Forestry Co., Ltd (present position)
June 2021	Director of the Company (present position)

Toyotsugu Itoh

Director

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

Hiroyuki Suzuki

Director

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

Toshimitsu Taiko

Director (Senior Executive Vice President and Executive Officer)

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

Seiji Hatano

Director (Executive Vice President and Executive Officer)

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

Management Members | Executive Officers (listed by name in Japanese alphabetical order for date of employment or promotion) As of June 17, 2021



Shohei Yamana

President and CEO, Representative Executive Officer

Areas of Responsibility

Responsible for Diversity Enhancement

After working in overseas sales in which he engaged in emerging market development and went on assignment to the UK, he worked in companywide business planning before going on to serve as CEO for a U.S.-based printing company acquired by Minolta. He played a role in integrating the businesses of Konica and Minolta, and since the integration in 2003 has served as Senior Executive Officer in charge of corporate strategy. He has served as President and CEO, Representative Executive Officer since April 2014.



Kiyotaka Fujii

Senior Executive Vice President and Executive Officer

Areas of Responsibility

Division President of Healthcare Business Headquarters and Chairman, Konica Minolta Precision Medicine, Inc.

Joined McKinsey & Company, Inc. in 1981 and worked in the M&A Advisory department at the New York headquarters of a U.S.-based investment bank. He later joined the Company in 2016 after acquiring extensive business management experience serving in CEO positions for top global companies in Japan, including SAP and the Louis Vuitton Group. He has led Konica Minolta's global healthcare business as Senior Executive Vice President and Executive Officer since April 2018.



Toshimitsu Taiko

Senior Executive Vice President and Executive Officer

Areas of Responsibility

Lead Officer responsible for Business Technologies and Responsible for Corporate Planning, Investor Relations and Corporate Communications

After working in legal affairs in Japan and the U.S., he engaged in printer sales and later marketing and business planning operations at a printer sales company. Following the business integration between Konica and Minolta, he was involved in all aspects of the Business Technologies Business, where he worked in strategic business planning and served as president for a U.S.-based distributor. Since 2020, he has been a Director, Senior Executive Vice President and Executive Officer responsible for the Business Technologies Business, as well as Corporate Planning, Investor Relations, and Corporate Communications.



Seiji Hatano

Executive Vice President and Executive Officer

Areas of Responsibility

Responsible for Business Management, Accounting, Finance and Risk Management

Joined Mitsubishi Bank in 1982 and gained experience in general global corporate financing services for major companies, while engaging in M&A, project financing, and treasury management in a broad range of industries. He joined the Company in 2011 and became a director and Executive Vice President and Executive Officer in 2014.



Noriyasu Kuzuhara

Executive Vice President and Executive Officer

Areas of Responsibility

Division President of Material & Component Business Headquarters and General Manager, Corporate R&D Headquarters

After joining Konica Corporation in 1990, was involved in new business development projects such as the development of cancer diagnostic agents utilizing immune response and electrolyzed water sanitizing systems, and LCD films. He became an Executive Vice President and Executive Officer in 2016. He has also been the Division President of Material & Component Business Headquarters since 2017 and the Division President of Corporate R&D Headquarters since 2018.



Yuji Ichimura

Executive Vice President and Executive Officer

Areas of Responsibility

Responsible for Digital Transformation, DX Brand Communication and Public Relations

Joined Konica Minolta in 2012 after engaging in sales, planning, business development and start-up investment at a major global IT company, and focused on M&A and business process transformation to reinforce IT service operations and supervise new business development company-wide. He became an Executive Officer in 2015 and an Executive Vice President and Executive Officer in 2018.



Hajime Takei

Executive Vice President and Executive Officer

Areas of Responsibility

Division President of Digital Workplace Business Headquarters and Responsible for BIC (Business Innovation Center)

Joined Minolta Camera Co., Ltd. in 1986. He engaged in the development of medical printers and MFPs for offices. He worked in developing OEM products with Japanese and foreign business partners, and gained experience as a project manager. He served as an Executive Officer and General Manager of the R&D Headquarters, Business Technologies, before becoming an Executive Vice President and Executive Officer in 2020.



Toshiya Eguchi

Executive Vice President and Executive Officer

Areas of Responsibility

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

Joined Konica Corporation in 1989. He developed system LSIs for photo printing equipment and office equipment such as facsimiles and printers, and engaged in system design for digital cameras and medical devices. He served as General Manager of IoT Service Platform Development Operations before becoming Executive Vice President and Executive Officer in 2021.



Shinichiro Oka

Executive Vice President and Executive Officer

Areas of Responsibility

Responsible for Human Resources

Joined Toshiba Corporation in 1991, working in human resources. He then served as an HR director for companies such as United Technologies and the IBM Corporation, as well as an Executive Officer and Global CHRO for Macromill, Inc. He joined the Company in June 2020 and became an Executive Vice President and Executive Officer in 2021.

Independent Valuation of Konica Minolta's Management, with Its Focus on Achieving Sustainable Growth

ESG investment, which involves selecting and investing in companies that make outstanding achievements with respect to areas such as human resources, the environment, and corporate governance, as well as corporate finance, has been garnering attention around the world in recent years.

Konica Minolta has been included in several international ESG investment indexes. Since 2012, the Company has been included in the World Index of the Dow Jones Sustainability Index issued by U.S.-based S&P Dow Jones Indices. The Company has also been included in the FTSE4Good Index Series (since 2003).

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

Inclusion in Prominent Japanese/Foreign Indices

July 2021	Maintained inclusion in the FTSE4Good Index Series for the 18th consecutive year
July 2021	Inclusion in four investment indexes—the FTSE Blossom Japan Index, the MSCI Japan ESG Select Leaders Index, the MSCI Japan Empowering Women Index, and the S&P/JPX Carbon Efficient Index—by the Government Pension Investment Fund (GPIF), the world's largest pension fund, since the fund was established
November 2020	Included in the Dow Jones Sustainability World Index for 9 years running, and in the Asia-Pacific Index consecutively since 2009

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



Evaluations by International ESG Rating Agencies

March 2021	Achieved the highest rating, Platinum, in EcoVadis' sustainability survey
February 2021	Received Silver Class distinction from S&P Global Inc. in S&P Global Sustainability Award 2021
January 2021	Selected three years in a row as one of the Global 100 Most Sustainable Corporations by Canada-based Corporate Knights
December 2020	Included on the Climate A list organized by the CDP, an international NGO that conducts activities aimed at achieving sustainable economies. Also named a Supplier Engagement Leader in February 2021.

Sustainability Award
Silver Class 2021
S&P Global

Various management surveys in Japan

April 2021	Selected as a DX Certified Business Operator by the Ministry of Economy, Trade and Industry
March 2021	For the sixth time and four years in a row, named in the Health and Productivity Stock Selection
February 2021	Given the Silver Award in the Environmentally Sustainable Company Category of the second ESG Finance Awards Japan (Minister of the Environment Award)
February 2021	Recognized as a Hall of Famer in the Environmental Communication Awards

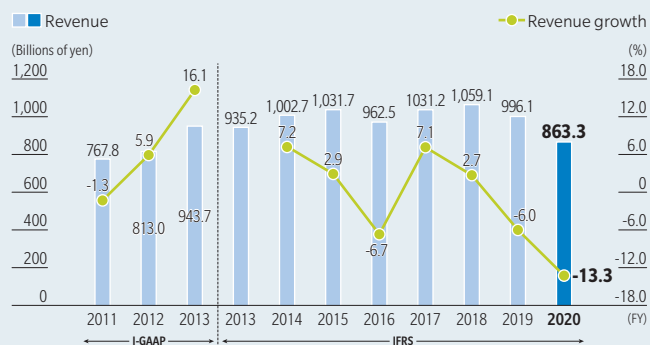


Financial Highlights

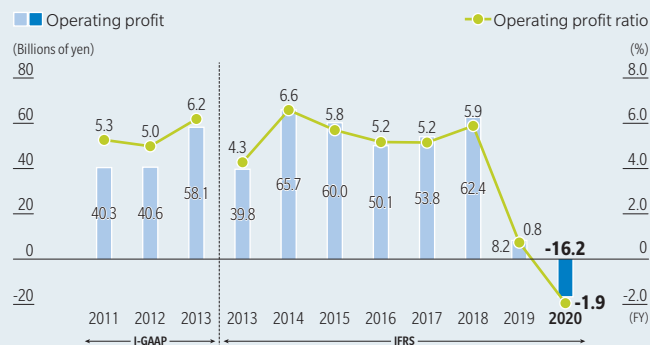
Profitability

In FY2020, the COVID-19 pandemic spread across the world and significantly impacted economic activity, partly because it changed how people behaved. While our Digital Workplace Business, which accounts for a large share of our sales, saw a drop in demand for paper output in offices primarily in the U.S. and Europe, the Industry Business maintained good sales figures for mainly units that capitalized on the change in demand. Amid this environment, revenue amounted to ¥863.3 billion (down 13.3% year on year), operating loss was ¥16.2 billion (FY2019 was a profit of ¥8.2 billion), and the net loss attributable to owners of the Company was ¥15.2 billion (FY2019 loss was ¥3.0 billion).

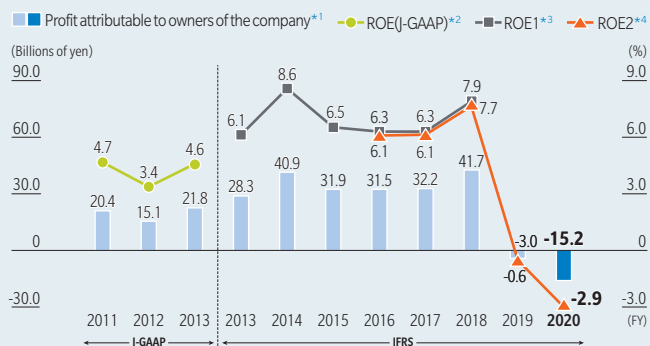
Revenue, Revenue growth



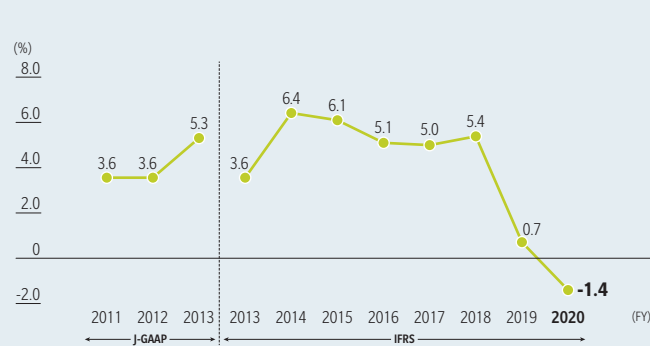
Operating profit, Operating profit ratio



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



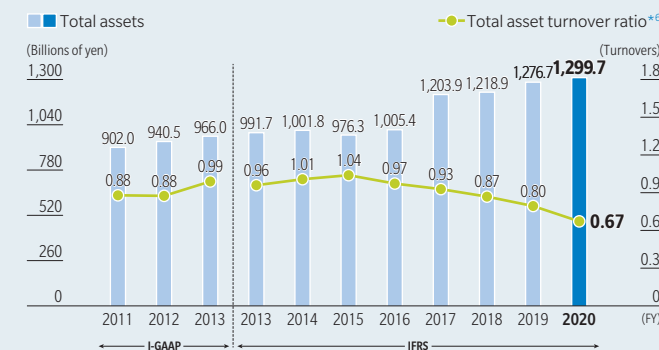
ROIC*5



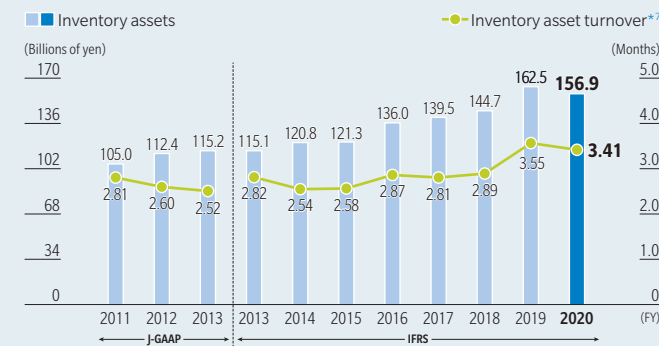
Efficiency

Total assets at the end of FY2020 increased by ¥22.9 billion, or 1.8%, over last fiscal year end to ¥1,299.7 billion. This owed mainly to an increase in cash and cash equivalents, an increase in goodwill and intangible assets, and a decrease in tangible fixed assets. Inventory assets remained high but declined year on year due to efforts to address harbor congestion in the U.S. and other countries. This resulted in an inventory asset turnover period of 3.41 months.

Total assets / total asset turnover ratio*6



Inventory assets, inventory asset turnover*7



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

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

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

*3 ROE 1 (IFRS) = Profit attributable to owners of the company / (Share capital + Share premium + Retained earnings + Treasury shares (average of beginning and ending balances)) x 100%

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

*5 ROIC = Operating profit after tax / (Share capital + Share premium + Retained earnings + Treasury shares + Interest-bearing debt (average of beginning and ending balances)) x 100%

*6 Total asset turnover ratio = Revenue / Average total assets

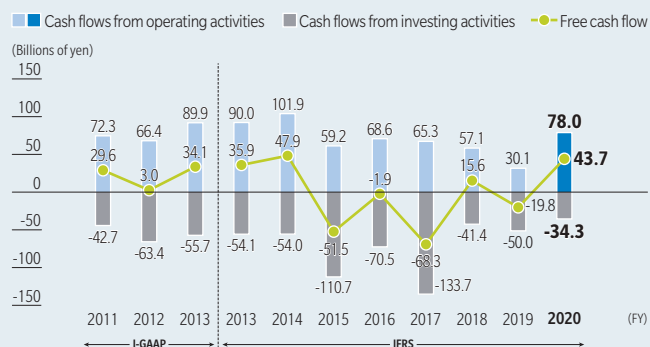
*7 Inventory asset turnover = Inventory balance at fiscal year end / Average cost of sales for most recent three months

Financial Highlights

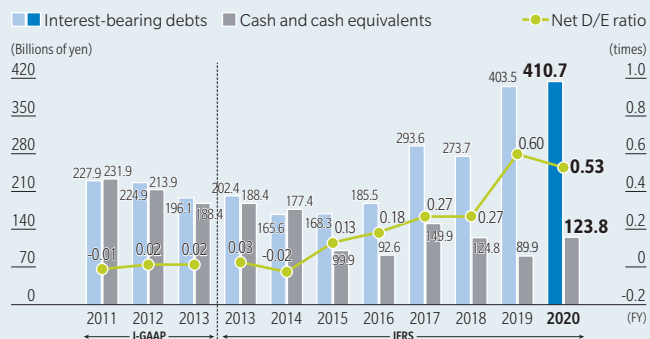
Stability

Concerning FY2020 cash flows, net cash provided by operating activities was ¥78.0 billion. Net cash used in investing activities was ¥34.3 billion (expenses of ¥34.3 billion, consisting of capital investment for new product molds, etc., as well as investment-related expenses concerning technology enhancement and distributor acquisition). This resulted in a free cash flow increase of ¥43.7 billion. Interest-bearing debt increased to ¥410.7 billion over FY2019. Cash reserves increased to ¥123.8 billion. The net debt-to-equity ratio stood at 0.53 (0.35 if excepting the effects of IFRS 16).

Cash flows



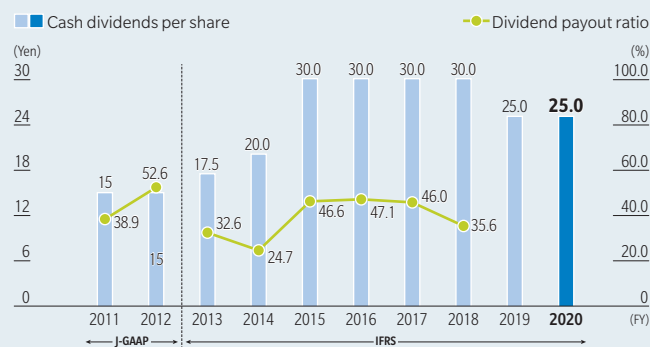
Interest-bearing debts, Cash and cash equivalents, Net D/E ratio



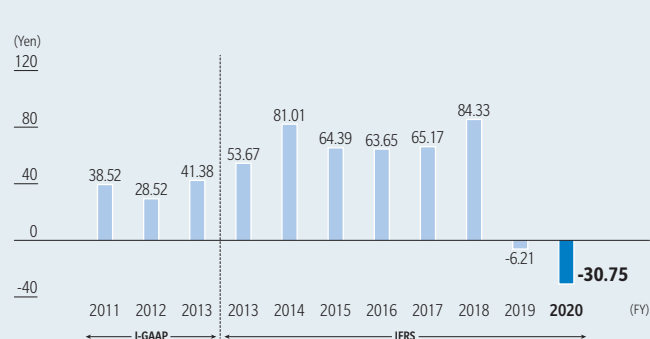
Shareholder Return/Investment Indicators

The Company's basic policy regarding shareholder return is to proactively distribute earnings to shareholders after comprehensive consideration of factors including consolidated business results and strategic investment in growth areas. Although the effects of COVID-19 have had an impact on the Company's business, the FY2020 year-end dividend paid was ¥15 per share due to an increased likelihood of increased profits beginning in FY2021. Combined with the dividend of ¥10 per share already paid at the end of the second quarter, the total annual dividend was ¥25 per share.

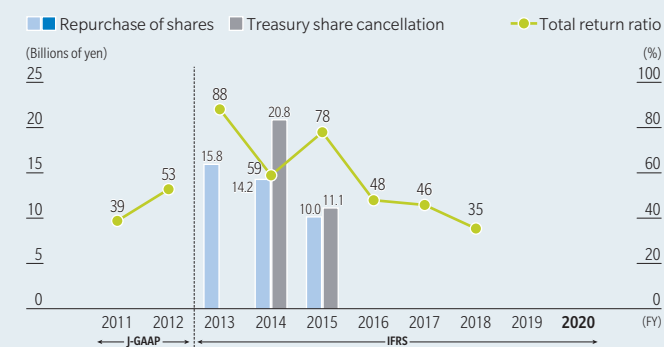
Cash dividends, Dividend payout ratio (%)



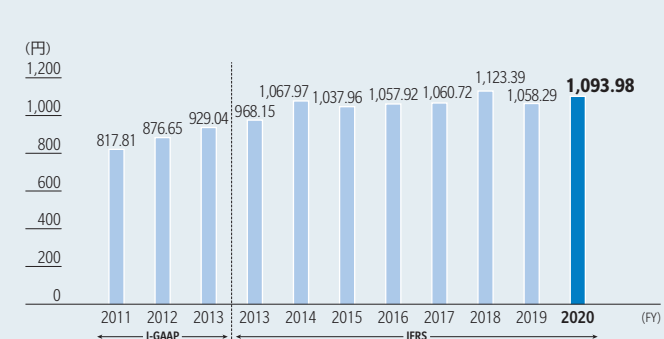
EPS^{*8}



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



BPS^{*9}



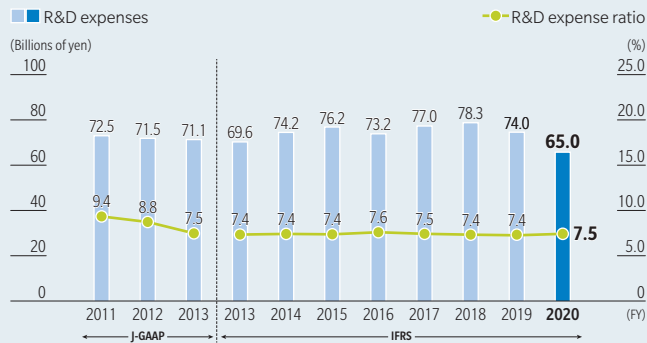
*8 EPS = Profit attributable to owners of the company / Average number of outstanding shares during the period

*9 BPS = Total equity / shares at fiscal year end

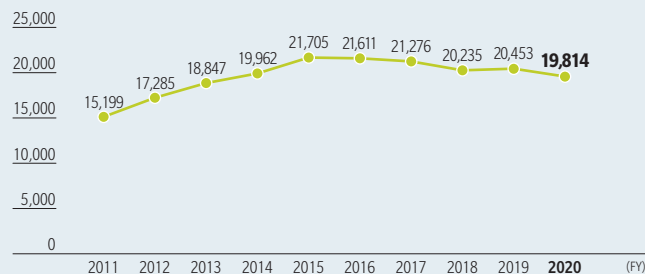
Non-financial Data Highlights

Research and Development Data

R&D expenses, R&D expense ratio

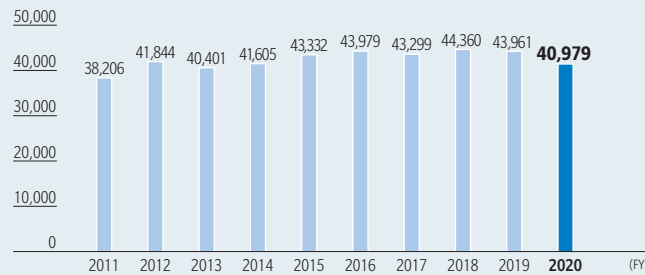


Number of patent rights held*1

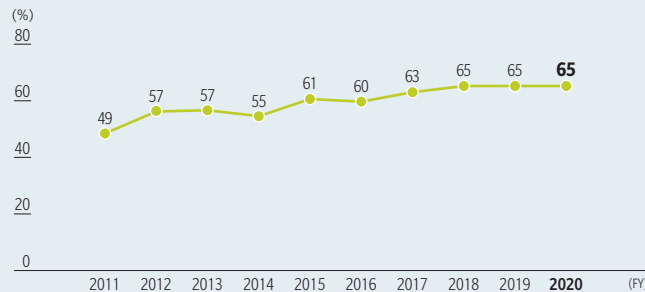


Employee Data

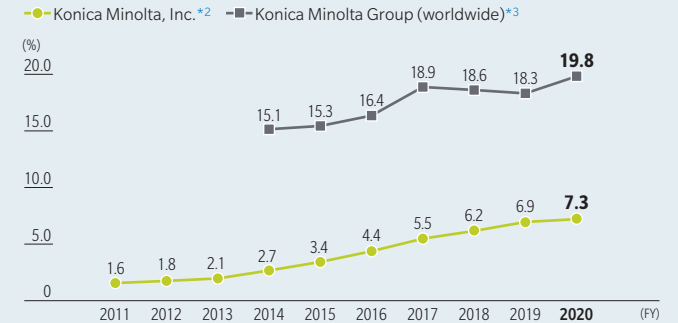
Group employees (consolidated)



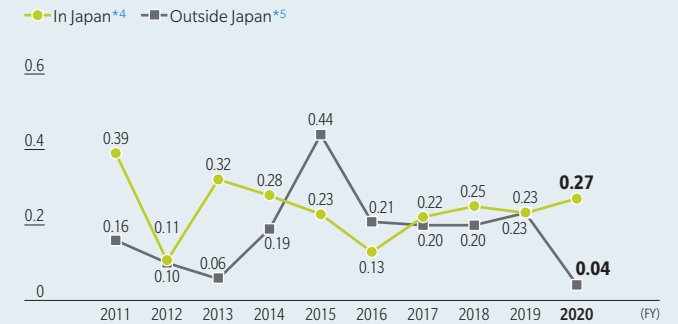
Local/foreign president ratio at foreign subsidiaries



Percentage of management positions held by women



Frequency rate of accidents causing absence from work



*1 The number of patents is the total number of patents held in Japan, the U.S., and China.

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

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

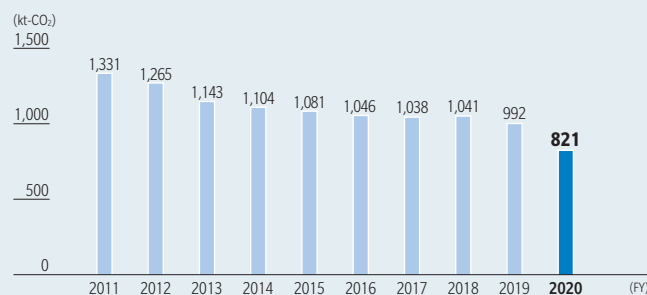
*4 Figures are employees of Konica Minolta Group in Japan, including those dispatched from an agency.

*5 Figures are for employees of group companies in China and major manufacturing companies in Malaysia, including those dispatched from an agency, through fiscal 2014. Employees of Group companies in China and manufacturing companies in Malaysia, including those dispatched from an agency, since fiscal 2015.

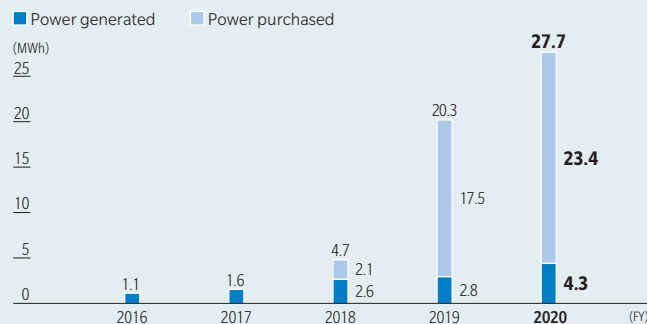
Non-financial Data Highlights

Environmental Data

CO₂ emissions throughout product life cycle^{*6}



Consumption of electricity from renewables



^{*6} CO₂ emissions throughout a product's lifecycle, from procurement to production, distribution, sales, service, and product customization.

Regional Overview

Consolidated Subsidiaries^{*}

171

Global Sites^{*} (countries)

51

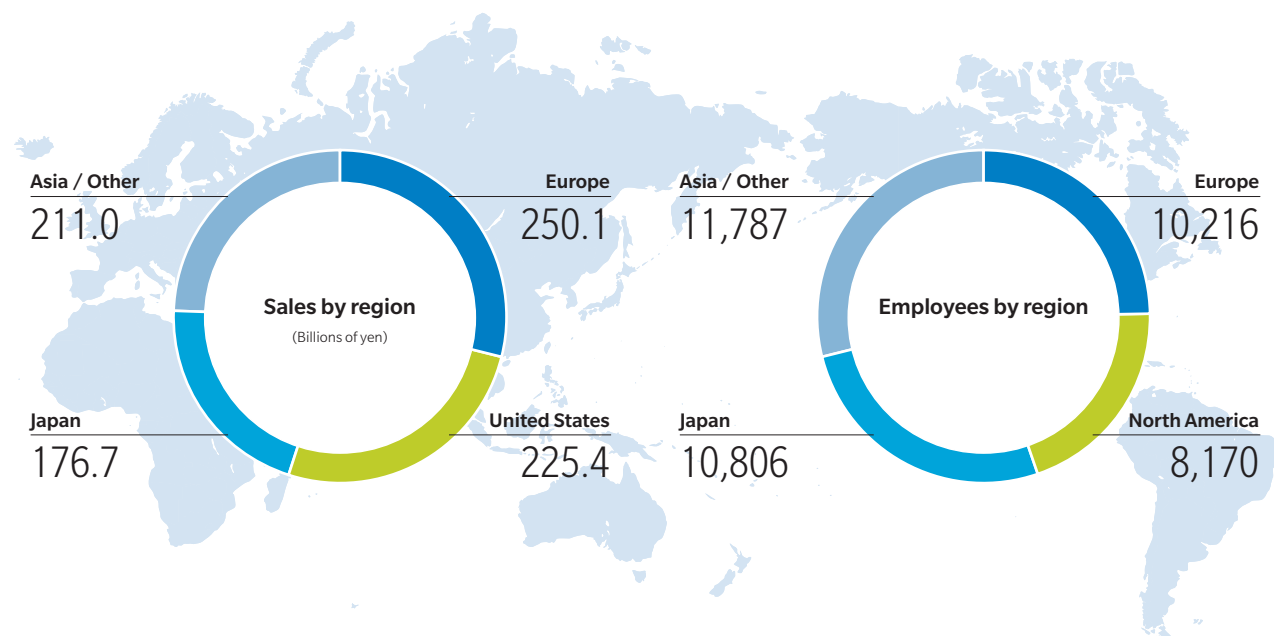
In Sales and Service (countries)

approximately 150

Employees^{*}

40,979

^{*} Data is compiled on a consolidated basis (as of March 31, 2021)



Material Issues and KPIs (Medium-Term Sustainability Plan 2022)

Improving fulfillment in work and corporate dynamism

Themes	Indicators		FY2020		FY2021	FY2022
			Results	Targets	Targets	Targets
Increasing customer productivity and making time for creativity			Plan to formulate and disclose going forward			
Improving employee engagement and making the most of human resources globally	Social and environmental value	Strategic assignment of managerial candidates (%) ^{*1}	70	70	100	100
		Number of DX leaders ^{*2} trained (people)	-	-	27	-
		Employees engagement score	GES ^{*3} designing	GES designing	GES implementation Problem identification and goal setting	Improving engagement score (Compared to FY2021)
		Percentage of management positions held by women (%) ^{*4}	7.2	-	8	8% or more

^{*1} Percentage of employees assigned to strategic leadership positions ^{*2} DX leader: Leaders who can meet the needs of customers with digital solutions ^{*3} GES (Global Employee Survey) ^{*4} Target scope: Konica Minolta, Inc.

Supporting healthy, high-quality living

Themes		Indicators		FY2020		FY2021	FY2022
				Results	Targets	Targets	Targets
Promote health and high quality of life at corporate clients				Plan to formulate and disclose going forward			
Building safe and comfortable workplaces where employees feel motivated ^{*1}	Improve organizational health	Social and environmental value	Rate of reduction of Level 4 workplaces (%) ^{*2}	38	15	30	50
			Percentage moving to higher level of organizational health (%) ^{*3}	-	-	5	10
			Number of employees who are at high risk physically (employees with the highest health risks)	24% increase	4% decrease	8% decrease	12% decrease
	Employee health ^{*4}		Number of vacation days due to mental health problems	13% increase	3% decrease	7% decrease	13% decrease

^{*1} Target scope: Konica Minolta, Inc. ^{*2} The rate of reduction from fiscal 2019 levels in the number of Level 4 workplaces, which have the highest level of stress (workplaces deemed to have the highest level of stress based on the results of a four-level stress check)

^{*3} The rate of year-on-year change in the number of workplaces whose results in the organizational health survey improved from less than 3.5 to 3.5 or higher (upper level) ^{*4} Rate of change from fiscal 2019 results

Ensuring social safety and security

Themes	Indicators			FY2020		FY2021	FY2022
				Results	Targets	Targets	Targets
Provide safety and security in the work and daily lives of corporate clients				Plan to formulate and disclose going forward			
Minimize safety and security risks posed by Konica Minolta products and services	Eliminate substances that affect health	Social and environmental value	Number of serious accidents ^{*1} caused by chemical substances	0	0	0	0
		Economic value	Serious business losses due to chemical substance management (yen)	0	0	0	0
	Reinforce efforts to ensure safety when products and services are used	Social and environmental value	Number of serious accidents with products ^{*2}	0	0	0	0
		Economic value	Serious business losses due to product safety (yen)	0	0	0	0
	Completely eliminate serious information security incidents	Social and environmental value	Number of serious incidents due to information security ^{*3}	0	0	0	0
		Economic value	Serious business losses due to information security (yen)	0	0	0	0

^{*1} Serious accident: A case that causes serious harm to the product user's life and/or health and cases that cause serious and significant impact on the business of the product user

^{*2} Serious product-related accident: A case that causes serious harm to the product user's life and/or body and cases that cause serious damage to assets other than the product ^{*3} Serious security incident: A case in which product security has a serious and significant harm to the product user's business

Material Issues and KPIs (Medium-Term Sustainability Plan 2022)

Addressing climate change

Themes		Indicators		FY2020		FY2021	FY2022
				Results	Targets	Targets	Targets
Reduce energy use and CO ₂ by transforming customers' operational processes		Social and environmental value	Amount of "Carbon Minus" contributions (thousand tons) ^{*1}	565	590	700	740
		Economic value	Solution sales (billion yen)	51	56	66	76
Reduce energy use and CO ₂ from Konica Minolta sites, Konica Minolta products and services and business partners	Reduce environmental impact from Konica Minolta's manufacturing sites ^{*2}	Social and environmental value	Reduction of CO ₂ emissions (thousand tons)	4	4	10	18
		Economic value	Monetary equivalent of energy reduction (million yen)	79	89	210	430
		Social and environmental value	Amount of CO ₂ reduced through procurement of renewable energy (thousand tons)	6	6	12	20
	Reduce environmental impact during use of Konica Minolta products and services	Social and environmental value	Reduction of CO ₂ emissions (thousand tons)	24	24	26	26
		Economic value	Sales from sustainable solutions (billion yen)	676	670	690	700
	Reduce environmental impact of suppliers through DX ^{*2}	Social and environmental value	Amount of "Carbon Minus" contributions (thousand tons)	1.5	1.3	3.1	4.8
		Economic value	Monetary equivalent of energy reduction (million yen)	22	21	44	68

^{*1} "Carbon Minus" contributions: Volume of CO₂ emissions reduced at customers, business partners and the broader society ^{*2} Reduction amount for each fiscal year due to the measures implemented during medium-term plan

Using limited resources effectively

Themes		Indicators		FY2020		FY2021	FY2022
				Results	Targets	Targets	Targets
Promote effective use of resources by transforming customers' operating processes		Social and environmental value	Reduction of waste discharge of customers (thousand tons)	325	330	360	370
		Economic value	Solution sales (billion yen)	53	58	71	83
Promote effective use of resources by Konica Minolta sites and for Konica Minolta products and services	Reductions to environmental impact from Konica Minolta manufacturing sites [*]	Social and environmental value	Reduction of waste discharge (thousand tons)	0.6	0.5	1.0	1.2
		Economic value	Monetary equivalent of waste reductions (million yen)	130	110	200	260
	Reductions to environmental impact during use of Konica Minolta products and services	Social and environmental value	Amount of resources saved and recycled (thousand tons)	12	12	14	14
		Economic value	Sustainable solution sales (billion yen)	676	670	690	700

^{*} Reduction amount for each fiscal year due to the measures implemented during medium-term plan

Data highlights by business segment

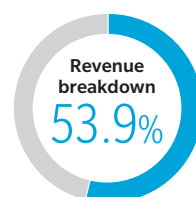
Digital Workplace Business

- Office
- IT Service Solutions
- Workplace Hub



Revenue, operating profit and operating profit ratio by business

	2018	2019	2020
(Billions of yen)			
Revenue	587.9	549.0	465.2
Operating profit	40.1	17.7	-2.7
Operating profit ratio (%)	6.8	3.2	-0.6



Business Overview

In the office unit, while sales of MFPs continued to recover in China and Japan due in part to the impact of new products, such a recovery is lagging in the U.S. and Europe due to the effects of lockdowns. Sales of consumables and services dropped on a lower-than-expected recovery due to a continued decline in the office attendance rate of employees at customers' office sites.

In the IT services solutions unit, revenues were up due to increased demand for managed IT services, through which we provide a full suite of IT functions for customers, as well as digital workflow solutions and security services.

The Workplace Hub unit recorded increased revenues, partly owing to the start of sales for successor models. Furthermore, we provided DX support services to local governments in Japan that enabled more than 50 governments to conduct workload surveys. We analyzed data using AI to submit work process improvement proposals, and gained new contracts.

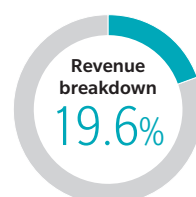
Professional Print Business

- Production Print
- Industrial Print
- Marketing Services



Revenue, operating profit and operating profit ratio by business

	2018	2019	2020
(Billions of yen)			
Revenue	227.7	210.0	169.5
Operating profit	13.8	4.3	-7.8
Operating profit ratio (%)	6.1	2.1	-4.6



Business Overview

In the production print unit, although sales of printers trended upward due to the effects of new products, revenues declined due to sluggish recovery in printing demand and consequent delays in investment decisions concerning printing companies. This owes to the postponement or decreased frequency of marketing activities and events for companies due to continued lockdowns and other restrictions in many areas.

In the industrial printing unit, although sales of hardware such as printer main units fell due to restrictions on equipment installations at customer sites, non-hardware sales for such things as consumables and services increased.

In the marketing services unit, revenue from marketing production management offered in Europe was negatively affected due to a decline in marketing-related printing by companies. Revenue increased in Japan and Asia, and overall revenue remained flat.

Data highlights by business segment

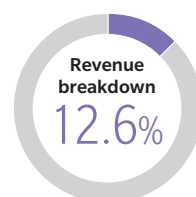
Healthcare Business

- Healthcare
- Precision Medicine



Revenue, operating profit and operating profit ratio by business

	2018	2019	2020
(Billions of yen)			
Revenue	116.8	118.5	109.0
Operating profit	-1.3	-4.3	-6.4
Operating profit ratio (%)	-1.1	-3.9	-5.9



Business Overview

In the healthcare unit, DR sales volume was flat year over year while diagnostic ultrasound system sales volume increased. Medical IT services recorded sales growth in Japan for IT services that support medical image management and inter-facility coordination, while in the U.S. PACS sales were stagnant due to the effects of a more difficult business environment and the effects of capital investment cutbacks among healthcare providers owing to the spread of the COVID-19 pandemic. Furthermore, revenue declined due in part to the effects of depressed sales of low profitability purchased goods and services.

Regarding the genetic testing services in the precision medicine unit, sales got back onto a growth track in March despite a drop in test numbers due to a decline in visitors to hospitals in the U.S. The pharmaceutical development support services business was affected by delays in starting clinical trials by pharmaceutical companies because of a decrease in trial participants. We plan to provide such services in the next fiscal year.

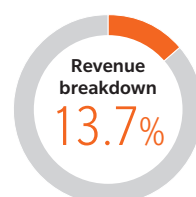
Industry Business

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



Revenue, operating profit and operating profit ratio by business

	2018	2019	2020
(Billions of yen)			
Revenue	125.1	117.1	118.2
Operating profit	15.1	14.4	15.6
Operating profit ratio (%)	12.1	12.3	13.2



Business Overview

The measuring instruments unit recorded increased sales owing to continued growth in sales of object color measurement instruments and light source color measurement instruments. Sales from our recently acquired Specim also contributed.

In the materials and components field, performance materials revenue increased on the back of high-value-added products such as phase difference films for LCDs and thin films for PCs and mobile devices. Revenues for optical components and IJ components fell due to lower demand arising from COVID-19.

In the imaging-IoT sales of thermal camera solution contributed to increased revenues. We also began rolling out the FORXAI imaging-IoT platform. Regarding visual solutions, while business was adversely impacted by national state of emergency declarations made in Japan, large-scale orders received from science museums and other clients contributed to revenue that was roughly on par year over year.

SASB INDEX

Sector / Category: Technology & Communications, Hardware

Topic	Code	Accounting Metric	Website
Product Security	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	We release information concerning our approaches to enhancing the security of products and services, how we collect and address vulnerability information, our secure development and operation processes, and how we respond in the event of product security incidents. More information can be found below. https://www.konicaminolta.com/about/csr/customers/enhanced_security.html#a01
Employee Diversity & Inclusion	TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	We release information such as employee numbers by gender, employee numbers by region, and female ratios of manager / technical staff. We also provide information concerning our philosophy on and efforts to promote diversity. More information can be found below. https://www.konicaminolta.com/about/csr/esg/index.html https://www.konicaminolta.com/about/csr/human-capital/configuration.html
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Based on the regulated substances and substance groups that are included in the Declarable Substance List (DSL) of IEC 62474 (Material Declaration for Products of and for the Electrotechnical Industry) created by the International Electrotechnical Commission (IEC), there are standards for prohibited and monitored substances used in equipment products. Konica Minolta's office equipment products do not contain any IEC 62474 Declarable Substances other than RoHS exempted substances and REACH-SVHC substances. More information about control and risk reduction efforts for other chemical substances is available below. https://www.konicaminolta.com/about/csr/environment/progress/green-products/chemical.html https://www.konicaminolta.com/about/csr/environment/progress/green-factory/chemical.html
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	In fiscal 2020, models with EPEAT certification (*including equivalent models sold in the EU and Japan) accounted for 86.7% of sales of Konica Minolta's imaging equipment products. More information can be found below. https://www.konicaminolta.com/about/csr/environment/communication/epeat.html
	TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	Almost all of our office equipment products for offices are compliant with these criteria. In fiscal 2020, models with International Energy Star Program certification (*including equivalent models sold in the EU and Japan) accounted for 86.7% of sales of Konica Minolta's imaging equipment products. Further information, including about other certifications, can be found below. https://www.konicaminolta.com/about/csr/environment/progress/green-products/customer.html
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Products recovered in FY2020 totaled 13.6 thousand tons, and 13.4 thousand tons of products were recycled. Other recycling-related data and information about our recycling activities can be found below. https://www.konicaminolta.com/about/csr/esg/index.html https://www.konicaminolta.com/about/csr/environment/management/performance/output1.html
Supply Chain Management	TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	As an RBA member, Konica Minolta administers CSR audits that have roughly 100 key suppliers so designated based on transaction volume, their irreplaceability, or the importance of the parts they handle, conduct RBA self-assessment questionnaire (RBA SAQ). Where assessment results do not meet targets, suppliers are requested to implement corrective actions. RBA third-party audits (VAP audits) will be conducted for suppliers unable to achieve targets despite corrective action. 86% of RBA third-party audits (VAP audits) and Konica Minolta CSR audits have been conducted as of FY2020.
	TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	7% of suppliers were found non-compliant through RBA third-party audits (VAP audits) and Konica Minolta CSR audits, and there were zero instances of noncompliance with priority items at the time of follow-up audit completion. Currently, corrective action has been completed for 56% of all other noncompliances. More information concerning CSR procurement can be found below. https://www.konicaminolta.com/about/csr/csr/suppliers/csr_procurement.html#anc01
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	We release information concerning our efforts to comply with conflict mineral regulations, the recycling of plastic materials, which the marine plastic and other problems have demonstrated to be high risk, and supply risk mitigation efforts as necessitated by increasingly strict environmental regulations and other developments. More information can be found below. https://www.konicaminolta.com/about/csr/csr/suppliers/procurement_policy.html https://www.konicaminolta.com/about/csr/csr/suppliers/conflict_minerals.html https://www.konicaminolta.com/about/csr/environment/progress/green-products/recycling.html

* URLs may have changed since this was published. Up-to-date URLs can be found here.
<https://www.konicaminolta.com/about/csr/csr/vision/gri-sasb.html>

Company Overview/Stock Information

Company Overview (as of March 31, 2021)

Company name	KONICA MINOLTA, INC.
Stock code	4902 Listed with first section of the Tokyo Stock Exchange
Date established	1873

Establishment as joint-stock company	1936
Capital	37,519 million yen

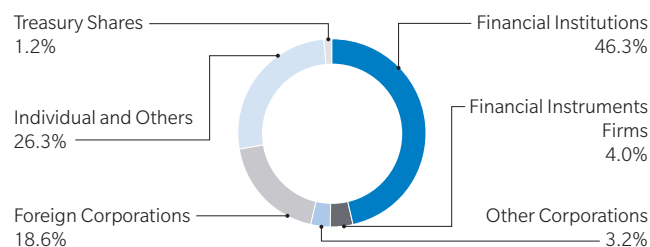
Number of employees	Consolidated: 40,979
Head office	JP TOWER, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7015, Japan

Stock Information (as of March 31, 2021)

Stock Information

Total number of shares authorized to be issued	1,200,000,000 shares
Total number of shares issued	502,664,337 shares
Number of shareholders	108,609
Minimum trading units	100 shares

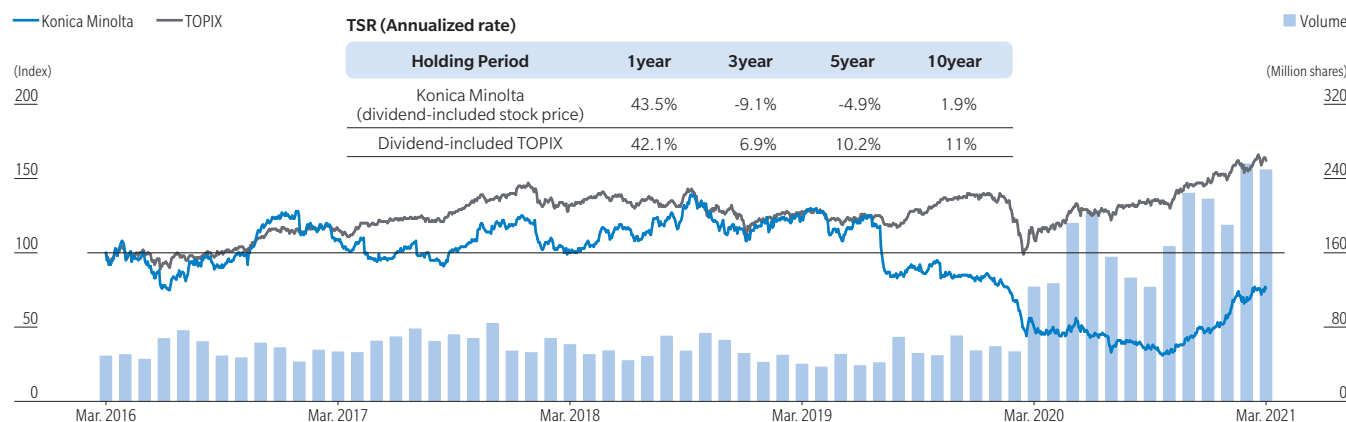
Shareholder Composition



Major Shareholders (the top ten shareholders)

Name of shareholder	Number of shares held (thousand shares)	Ratio of shares held * (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	51,942	10.47
Custody Bank of Japan, Ltd. (Trust account)	32,769	6.60
MUFG Bank, Ltd.	12,000	2.42
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Pension Trust Account)	11,875	2.39
Nippon Life Insurance Company	10,809	2.18
The Nomura Trust and Banking Co., Ltd. (Holder in Retirement Benefit Trust for MUFG Bank, Ltd.)	10,801	2.18
Custody Bank of Japan, Ltd. (Trust account 9)	9,261	1.87
Daido Life Insurance Company	9,040	1.82
Custody Bank of Japan, Ltd. (Trust account 7)	8,838	1.78
Custody Bank of Japan, Ltd. (Trust account 5)	6,220	1.25

Total Shareholder Return (TSR)



* Return on investment assuming the closing price on March 31, 2016 to be 100 and dividends reinvested. Prepared by Konica Minolta based on Bloomberg data.

* The Company holds 6,346,561 shares of treasury shares and is excluded from the above list of major shareholders. Ratio of shares held is calculated by deducting treasury shares. Treasury shares do not include the Company's shares held by trust accounts related to the BIP (Board Incentive Plan) trust for compensation for Directors (2,809,437 shares).

Glossary

Digital Workplace Business

- **MFP (Multi Function Peripheral)**

Units that support a variety of functions otherwise handled by separate equipment, such as copiers, printers, scanners, and facsimiles.

- **PV (Print Volume)**

The print output quantity. (Also called Copy Volume.)

- **MIT (Managed IT)**

Services that support all operations in a company's IT department. These wide-ranging services include support for a product's lifecycle, including the creation of plans for deploying things such as PCs and servers, operating systems, software, and networks, as well as the actual deployment, contracted operation and support, management, maintenance, and contracted collection.

- **Workplace Hub**

An IoT business platform on which Konica Minolta is recently focused. The Workplace Hub is a solution for streamlining business processes and reducing IT infrastructure management costs achieved by equipping MFPs with servers that allow businesses to analyze data in real time and visualize patterns. It brings people and data together and enables smarter decision-making and problem-solving support in the office.

Professional Print Business

- **Color production print machine segments**

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

- **IQ-501/Intelligent Quality Optimizer-501**

An optional unit that automates color management and front-to-back registration during printing through continual monitoring, greatly shortening calibration time and improving productivity.

Healthcare Business

- **DR (Digital Radiography)**

Also referred to as digital X-rays. A technique that detects the intensity distribution of the X-rays that pass through the body when an X-ray is taken, and then converts the data to a digital signal, which is processed by computer. Also refers to systems that do this.

- **X-ray kinetic analysis**

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

- **PACS (Picture Archiving and Communication System)**

An image storage and communication system for medical image processing. More generally, any system for managing a large number of images, such as CT, MRI, and X-ray images from DR or CR.

- **informity**

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

- **Diagnostic ultrasound systems**

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

- **Genetic diagnosis**

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

- **Pharmaceutical development support services**

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

- **CARE (Comprehensive Assessment, Risk & Education) Program**

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

- **RNA (ribonucleic acid) Testing**

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

Industrial Business

- **Imaging IoT**

A technology that involves supporting decision-making and drawing conclusions at wide-ranging job sites by analyzing image data and data from various sensors by using AI technologies such as deep learning.

- **FORXAI**

An imaging-IoT platform that is powered by cutting-edge IoT and AI technologies built on imaging technologies, and that allows for furthering social DX together with customers and partners.

- **SANUQI**

A trademark for a new resin film used as a component in electronic devices for displays.

- **TAC (Triacetyl cellulose)**

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

note



KONICA MINOLTA

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