

KONICA MINOLTA

KONICA MINOLTA, INC.
IT (DX) Performance Report 2021

RETHINK WHAT'S POSSIBLE



Giving Shape to Ideas

Pursuing the development and reinforcement of our internal IT infrastructure, while accelerating the digital transformation (DX) of our business



As the global spread of COVID-19 infections still shows no signs of ending, people's work-styles, lifestyles, and values have shifted substantially. In the coming years, these changes are expected to continue marching forward along with VUCA (volatility, uncertainty, complexity, and ambiguity) as well as the acceleration of digitalization. Additionally, the environment surrounding IT is also changing, due to rising expectations for ESG and social value, as well as global geopolitical risks. At the same time, cyber-security (including IoT devices) and safeguarding personal information have become even more critical management challenges.

Meanwhile, the emergence of a new business model within the context of advancing IT technology and state-led DX (digital transformation) is accelerating industry-structure changes and individuation in many types of fields.

With this in mind, Konica Minolta formulated last year a long-term Management Vision targeting 2030 and a new Medium-Term Business Plan "DX2022" targeting FY2022. With FY2020 as our starting point,

we will execute a three-year plan that leaps to highly profitable businesses through DX while striving to be a company clearly committed to solving social issues.

Furthermore, we formulated an IT Medium-Term Plan based on DX2022 and will proactively move to develop and strengthen our internal IT infrastructure, including promoting data utilization, reforming internal business infrastructure, leveraging IT technology supporting work style reform and fulfillment in work, boosting productivity and creativity through the utilization of RPA (robotic process automation), and driving security advancements. As we do so, we will accelerate DX for our business by training talented personnel and expanding shared platforms that use DX to support highly profitable business projects. We aim to be a perpetually evolving IT Planning Division that promotes the internal implementation of advanced IT services to boost employee satisfaction and productivity, and contribute to business by sharing examples of successful internal practices with customers while elevating customer value.

In this IT (DX) Performance Report, our aim is to promote DX alongside even more customers and partner companies so that we can grow together. To that end, we are sharing the progress of our IT Medium-Term Plan and DX initiatives, and explaining the details of the platforms that support them. It is our hope that this report is informative for readers and helps contribute to the digital transformation of global society and the co-creation of social value.

2020-2022 Medium-term business plan



Leap to highly profitable businesses through DX

Evolve into a company clearly committed to solving social issues

Yuji Ichimura

Executive Vice President and Executive Officer
Responsible for Digital Transformation,
DX Brand Communication and Public Relations
Konica Minolta, Inc.

IT Medium-Term Plan

Guided by the IT Medium-Term Plan linked with our new Medium-Term Business Plan "DX 2022," the Konica Minolta IT Planning Division is strengthening its internal IT infrastructure while at the same time developing and managing an IoT business platform.

In the years up to FY2016, we established internal IT infrastructure as a global company, and subsequently, during the previous IT Medium-Term Plan for FY2017-2019, we dedicated effort aimed at expanding our IoT business, including establishing IT infrastructure to support business transformation, driving the advancement of security measures, and

building a business analytics platform.

In the new IT Medium-Term Plan FY2020-2022, we will strive to further evolve operations (internal DX) that support business, as we move toward building a new business model that realizes DX for customers. To that end, we selected seven themes to organize our efforts during this Medium-Term Plan, which include pursuing greater advancement and higher efficiency by transforming internal work tasks, increasing the sophistication of security measures, and utilizing data to strengthen relationships with customers and expedite decision making.

Vision

Improve employee satisfaction and productivity by providing more highly-developed IT services, and contribute to business growth by providing examples of successful experiences as customer values.

We will promote internal efforts aimed at better work efficiency and automation, promotion of data utilization, and stronger collaboration by reforming core digital systems and adopting master data management, RPA, BI tools, and other digital tools leveraging AI. We will also boost employee satisfaction and productivity by enabling new work-styles unrestricted by place or time.

Strengthen IT security measures and provide high-value-added IT services to support business departments to boost our digital transformation.

In addition to maximally leveraging our longstanding strengths in IT (system maintenance and operation; IT infrastructure safeguarded by advanced security), we will acquire the skills needed to implement new development methods and develop differentiated systems, while also building the capability for in-house development of internal systems.

Medium-Term Plan Themes

- 1. Enhance the internal IT platform to improve employee experience and strengthen profitability** P.4-7
- 2. Enhance IT security measures to support business continuity and increase competitiveness** P.8
- 3. Promote data utilization globally that contributes to decision-making and the added value of KM business** P.4-5
- 4. Enhance IT services for business divisions to support expanding added-value IoT business** P.6
- 5. Optimize IT costs so that we can invest resources into strategic IT areas**
- 6. Secure and develop outstanding IT human resources** P.9
- 7. Promote the GBI plan and platform development, and establish operational structure** P.6

Operational DX Promotion

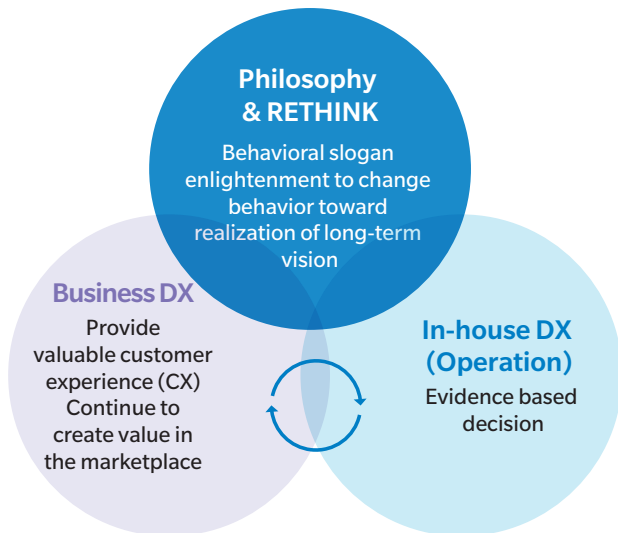
By leveraging data generated in many aspects of business, including customer contact points, service provision, and internal work tasks, Konica Minolta strives to improve customer experiences, strengthen relationships with customers, and boost the speed and precision of management decision making, with the objective of increasing business profitability and achieving innovation for internal work tasks.

DX promotion departments, including IT departments, have been working to build up a business analytics platform and a master data platform that are shared globally. Going forward, in order to generate new value through data utilization, we will promote the creation of an environment able to analyze and utilize data. Our efforts will include strengthening data governance, reforming core systems, expanding our ability to visualize management information, building a shared platform that supports the services business, and appropriately collecting data (including automating data collection and aggregation tasks).

Utilizing Konica Minolta DX Promotion Indicators

Based on our DX promotion indicators outlined in our Medium-Term Business Plan DX2022, we evaluate the progress of operational and business DX and provide feedback and upgrades for everything from Group-wide strategies to business-specific strategies.

Under the Konica Minolta philosophy and action slogan of “RETHINK,” we will cultivate a DX culture internally, map primary business and operational DX measures onto each DX promotion indicator, and visually depict the Group-wide balance of measures. By doing so, we will steadily achieve DX for Konica Minolta.



Philosophy & RETHINK	
DX promotion Index	
<ul style="list-style-type: none"> • Do you have the ability to provide a DX experience to your customers? 	Business DX
<ul style="list-style-type: none"> • Are your customers satisfied with your DX offering? 	Business DX
<ul style="list-style-type: none"> • How many global partners do you have to collaborate and provide DX to your customers? 	Business DX
<ul style="list-style-type: none"> • To what degree is your organization able to support the provision of DX to customers? 	In-house DX
<ul style="list-style-type: none"> • Is there a system of employee incentives to promote DX? 	In-house DX
<ul style="list-style-type: none"> • Have you strengthened employee engagement to promote DX? 	In-house DX
<ul style="list-style-type: none"> • Is the organizational structure setup such that DX can be promoted both in business and internally? 	In-house DX
<ul style="list-style-type: none"> • Is a DX promotion culture fostered internal implementations? 	In-house DX

Reforming core systems for data-driven management

Background to system reforms

- As business operations transform, there is demand for decision making that is faster than the speeds we have seen to date
- Reforms oriented toward new, post-COVID-19 work-styles are necessary
- Maintenance support for current ERP will end in 2025

Aims of system reforms

- Faster management decision making based on data
- Building systems for work-styles based on remote work
- Promoting system integration inside and outside the Company
- Integration of accounting data and logistics data

Reform and Integration of Core Digital Platform Systems

Konica Minolta is striving to transition from a product-centric business to a service-centric business leveraging imaging and data. Quickly pursuing this business operation transition requires swift, data-based management decision making. To meet that objective, Konica Minolta is pursuing a project to reform core digital platform systems.

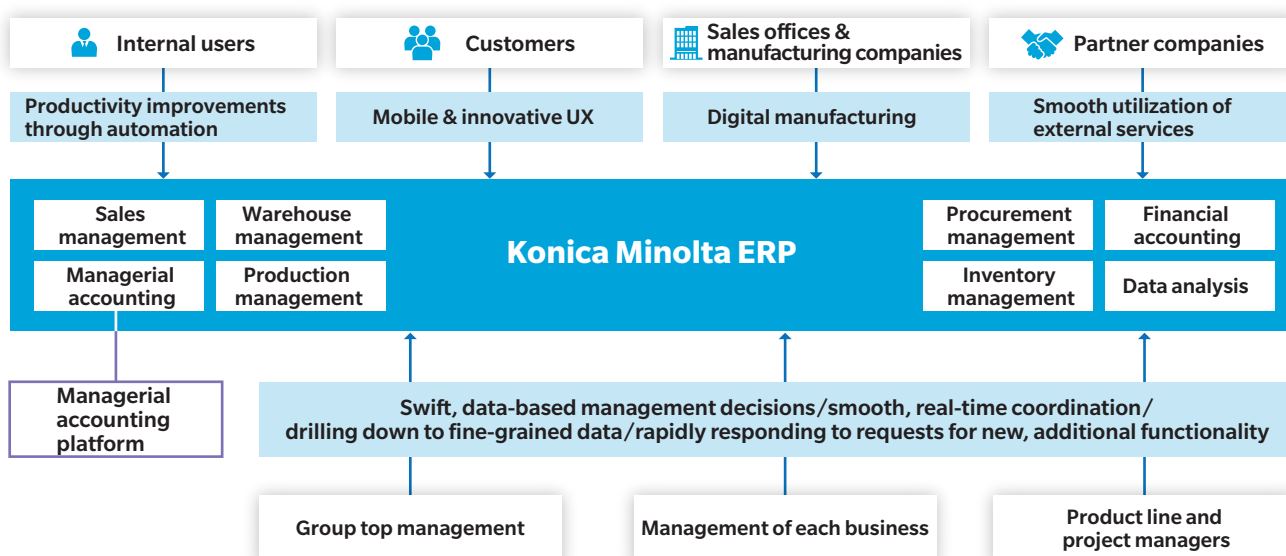
Our current reforms include integrating what had been separately operated accounting and logistics systems and, by centralizing that data, enabling quicker management decisions.

Additionally, we are enabling multi-device compliance as well as shifting from conventional on-site to cloud-based systems, which will allow system access

at anytime from anywhere. As new work-styles assuming the availability of remote work become a matter of course during the time of COVID-19, this shift will contribute to greater efficiency and productivity for management tasks. In addition, it will facilitate coordination between Group companies and with external partners.

At present, the project is moving forward globally and the transition has been completed at our Chinese, European, and Asian sales offices, while the U.S. sales office transition is targeted for completion during FY2021. Preparations are moving forward for the systems to be online at Konica Minolta, Inc. in FY2022. Thereafter, plans are in place to introduce new core systems at the Japan sales offices and overseas production companies.

Illustration of New Digital Core Platform



ERP: Enterprise Resources Planning

Greater sophistication of management by expanding the targets of data integration and by utilizing BI*1 and AI*2

*1 BI: business intelligence *2 AI: artificial intelligence

Background to expanding the targets of data integration and utilizing BI and AI

- Necessity for more active data utilization
- Necessity for more promotion of data-driven decision making
- Necessity for connecting decision making to fast execution

Aims of expanding the targets of data integration and utilizing BI and AI

- Creating a mindset of responsibility through examples of employees utilizing available data
- Encouraging decision making with a meaningful dashboard
- Strengthening the ability to connect AI results to action on the frontlines

Perpetual evolution of our data aggregation and analysis platform

Konica Minolta is evolving the centralized and visualized management data platform that was built originally for management accounting.

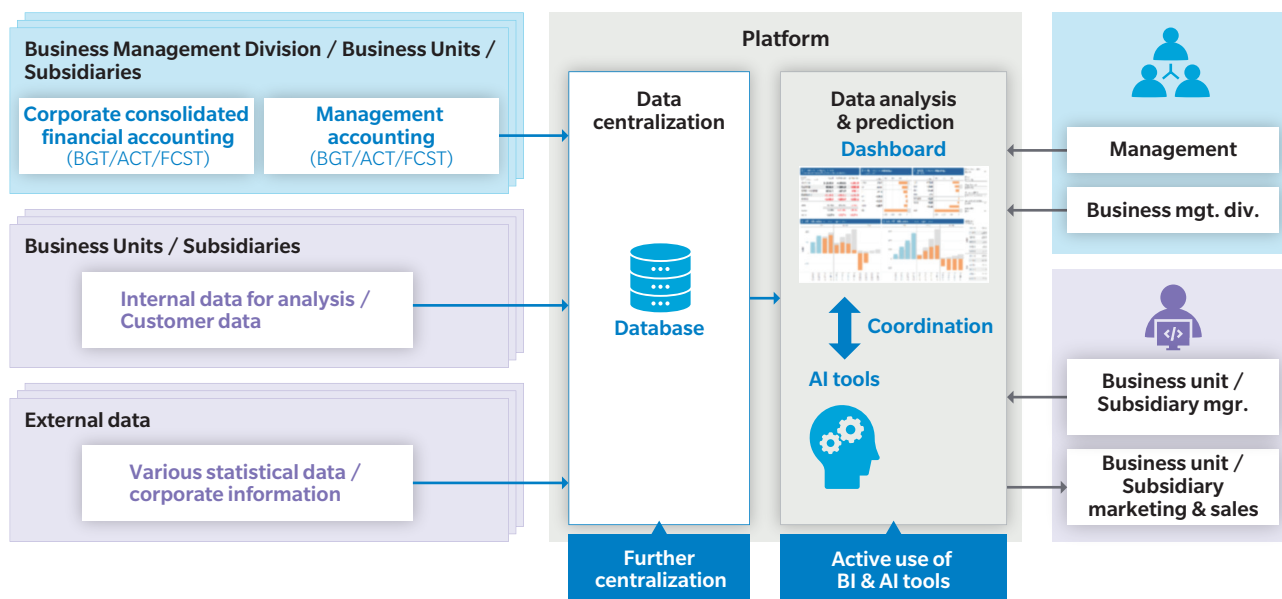
By leveraging a cloud platform and BI, we have improved the efficiency of data collection and analysis.

By broadening the range of aggregation Group-wide and supporting major open-data integration, we are increasing opportunities for employees to have contact with the integrated platform and encouraging awareness of data utilization among more employees. Furthermore, by

creating an analytic dashboard integrating open data and Konica Minolta data, we are able to compare, in real time, our position against social as well as market trends, as we encourage more accurate and sophisticated decision making.

Also, by adopting AI tools and quickly and repeatedly carrying out data analysis and forecasting in close proximity to business divisions, we are tying data utilization to frontline action. Currently, we are promoting Group-wide utilization of these AI tools to cross-selling services to existing customers, with plans to expand the scope of utilization in FY2021.

Perpetually evolving data aggregation and analysis platform



Constructing a shared, Group-wide platform for the services business

Background to building the platform

- Necessity for considering a new business model utilizing Konica Minolta's proprietary imaging IoT technology
- Ballooning development and operational burden caused by each business division using different business platforms

Aims of platform construction

- Implement functions for user/ID management, contract management, product/service management, and invoicing/payment management to contribute to quickly launching new businesses
- Accommodate various business models, such as pay-as-you-go and subscriptions
- Reduce total development and operation costs

Supporting the Launch of New Businesses by Building a Shared Platform

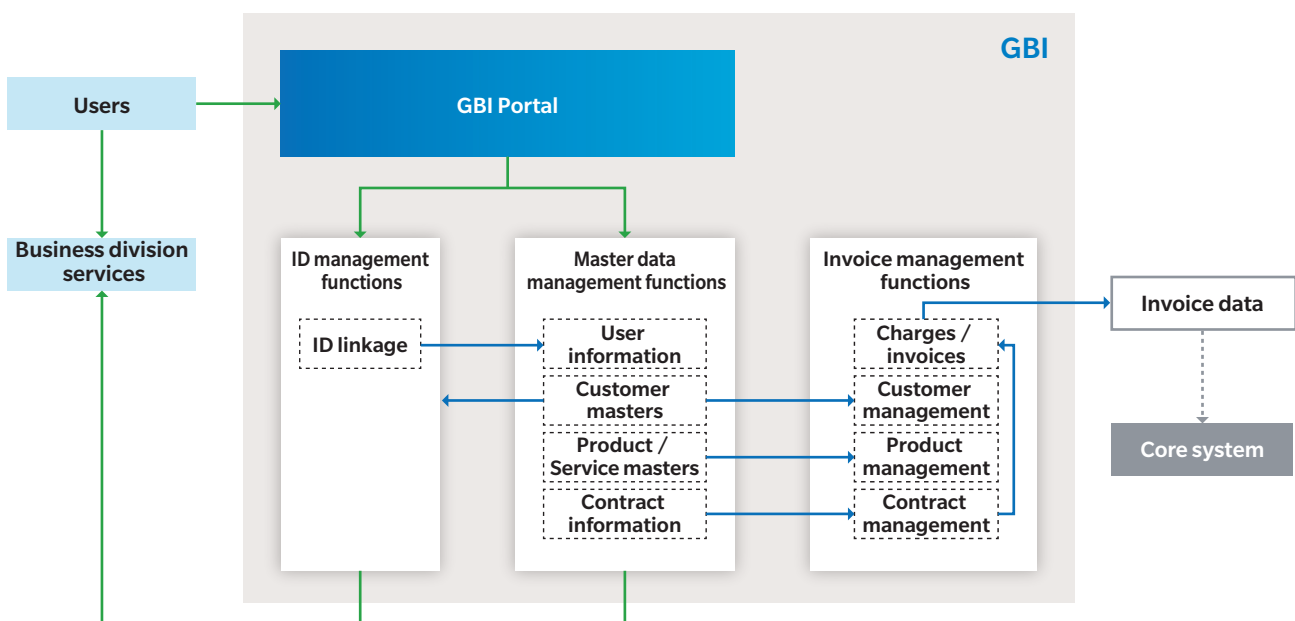
Konica Minolta is proceeding to launch new businesses using proprietary imaging IoT technology as we examine new business models. In the process, we have built Global Business Infrastructure (GBI), a Group-wide shared business platform that accommodates various business models, such as pay-as-you-go and subscriptions.

GBI includes functions for back-end processes such as user/ID management, contract management, product management, and invoicing/payments. Each business division launching a new service can

significantly shorten the time of service commencement and help lower initial development costs by using GBI. GBI strives to be a platform highly suited toward general and immediate usability and already incorporates functions to support multiple business models enabling the future development of Konica Minolta.

GBI is already in use at some new businesses and, going forward, we will enhance functions, build service operation frameworks, and link GBI with new core systems as we gradually introduce GBI at each business unit.

GBI Overview



Greater Utilization of RPA as a Digital Workforce

Background to promoting RPA utilization

- As we promote work process reforms, greater efficiency for routine work tasks is indispensable
- It is necessary to shift personnel toward more creative jobs by enhancing work efficiency and productivity

Aims of promoting RPA utilization

- Enhancing Group-wide productivity by utilizing RPA in all divisions worldwide
- Use knowledge and expertise from in-house implementation of RPA and provide it as a solutions service to customers

Leveraging Three Years of Results to Strive for Even Broader Utilization

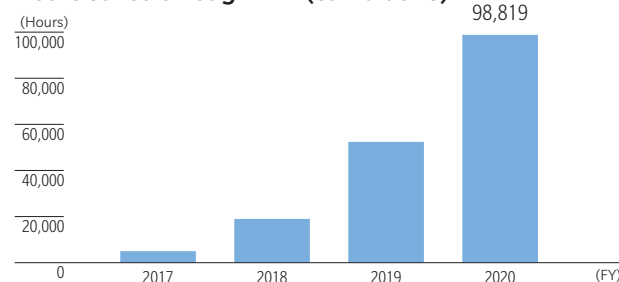
Konica Minolta considers RPA to be a digital workforce and, since launching the RPA Office in 2017, we have been promoting RPA utilization as a part of work process reforms and productivity enhancement initiatives.

In the three years up to FY2019, RPA utilization mainly started in divisions with a strong willingness and high expectations for the technology. Since business process re-engineering (BPR) is important for RPA to yield sufficient results, each business division — which has the most hands-on knowledge of its own processes — has promoted RPA utilization, including self-development. The RPA Office consisting of the members from IT Planning Division and Business Process Transformation Division has worked closely with business divisions and has supported their self-development. As a result, in three years, we have utilized RPA to automate a total of 383 work tasks globally, which translates to a cumulative figure of approximately 50,000 hours saved. Leveraging

successful cases in Japan, we have expanded the scope of initiatives globally.

Starting in FY2020, we have made steps toward further expansion of utilization, which has included a bottom-up approach to utilization in each division, and a top-down approach through encouragement by the RPA Office targeting departments where efficiency enhancements are expected through RPA. By having the leaders of each division participate and strive for an organizational effort, we believe that we can avoid being limited to only partial work tasks and instead achieve a fundamental transformation of entire processes, which should generate great results.

Hours Saved through RPA (cumulative)



Example of RPA Service Provision

Leveraging RPA expertise accumulated in-house and providing services to customers tackling COVID-19 challenges

Konica Minolta Japan has created an asset from global RPA initiatives launched in 2017 and is providing this expertise as a service to customers.

Through webinars that cover in-house use cases and the most up-to-date market trends, we have attracted over 100 attendees to each session. As we provide our knowledge as a service, we sense on a daily basis that the step-by-step effort that Konica Minolta has expended to date can be of use to other businesses.

Furthermore, the environment surrounding RPA has drastically changed in the time of COVID-19. Rather than being targeted at productivity and efficiency improvements, automation in this age of a 'new normal' is becoming indispensable as a means for increasing resilience. Inclinations have shifted from many customer companies

wondering "whether" to adopt automation to what has become more presumptive, in the sense of "how" to adopt automation. Customers are delighted that we are able to use the RPA knowledge that we have built up through in-house implementation and deliver it as various services that enable their success.

Going forward, rather than selling RPA simply as an IT solution, Konica Minolta will continue contributing to customers' work-style transformation and skillfully helping them "Design Your Time!" through RPA.

Konica Minolta's RPA for achieving DX
<https://www.konicaminolta.jp/business/solution/rpa/index.html>

Strengthening our IT Security



Policies Grounded in the Medium-Term Plan

- Raising security measures to a more advanced level
- Strengthening our framework for practical responses to incidents
- Strengthening customer information management



Priority measures

- Making internal IT security measures more advanced, including production plants
- Achieving a comprehensive Group-wide security supervision framework that includes products and services
- Improving the effectiveness of customer information management

IT Security Management System

We have established a comprehensive Group-wide security management framework and are continually raising the IT security level of each Group company. Since 2009, all Group companies inside Japan have received and maintained the global-standard ISO/IEC 27001 certification. Overseas Group companies are also working individually to build internal management frameworks.

Furthermore, with KM-CSIRT,* we are conducting annual training for all Group companies inside and outside Japan, while also verifying and upgrading the effectiveness of our incident reporting framework.

*KM-CSIRT: KONICA MINOLTA Computer Security Incident Response Team

Preparations for Establishing an IT Security Management Office (SMO)

The SMO is a Group-wide organization that uses supervision, instructions, monitoring, and evaluations to implement security risk management across Konica Minolta, including services and products. With activities commencing in April 2021, the Office is proceeding to roll out global security risk management efforts. The Office will ensure security throughout our

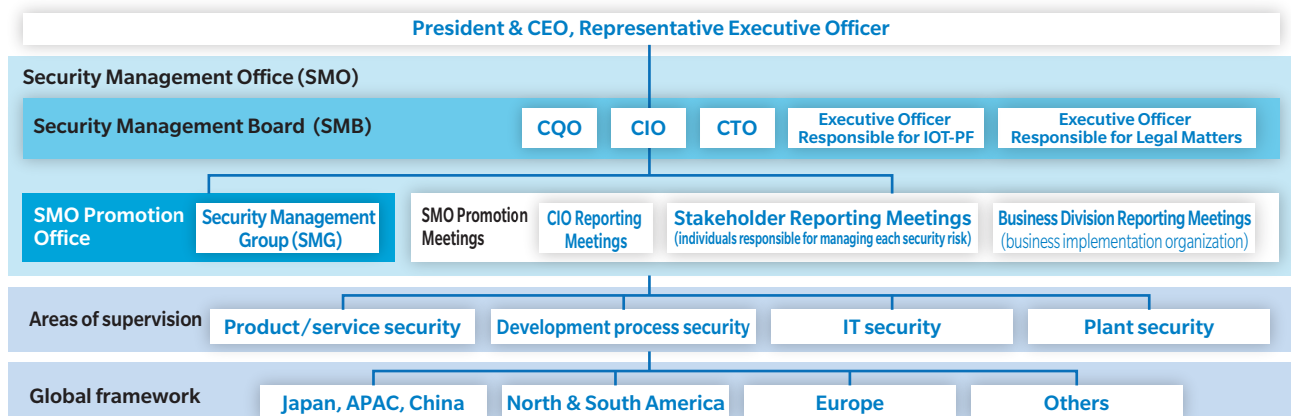
entire supply chain through consistent policies and, with regard to data in particular, will make the flow of all data visually trackable and ensure comprehensive security. The Office will also respond to legal requests and regulations in each country.

Establishing a Secure IT Environment

We have installed a next-generation firewall as a measure to prevent information leaks, in addition to measures to protect our networks from various threats. We have established an environment for safe and secure internet usage, including real-time protection against known threats, detection of unknown threats, visualization of users and applications in use on the network, as well as monitoring and control in line with security policies. Moreover, we conduct penetration tests and have elucidated our protection level and weaknesses.

Also, starting before the spread of COVID-19, we have been providing a Virtual Private Network (VPN) service that includes a quarantine function, for employees to access in-house systems from home or a remote location. This helps create an environment that improves employee convenience and takes security into account.

Security Management Framework



Strengthening our IT Talent



Policies Grounded in the Medium-Term Plan

- Securing and developing digital IT talent that raises the level of digital technology utilization in all our businesses
- Treating all employees as IT talent and raising IT skill levels Group-wide
- Linking with Group-wide structural reforms and cultivating personnel who can strengthen DX business



Priority measures

- Shifting personnel to growth areas in order to strengthen DX business and promote important IT themes
- Defining the ideal IT professionals required for strengthening DX business, then preparing and executing programs to foster those skills
- Rolling out training programs aimed at helping all employees acquire the fundamental IT knowledge needed for DX promotion

Human Resources Training in DX2022

In our new Medium-Term Business Plan DX2022, we outlined our goals of achieving “DX as a Service,” leveraging DX to transition into highly profitable businesses, and “becoming a Company clearly committed to solving social issues.” As a human resources reinforcement strategy for realizing these goals, we have a three-pronged approach for drawing out the latent talents of personnel—who are our wellspring for generating new value—as we strive to become an organization in which individuals shine. The first pillar of our approach is to strengthen personnel who will make “DX as a Service” a reality. We are moving forward with establishing a training and evaluation system for strengthening core-technology personnel and personnel with advance specializations, in addition to training leaders to promote DX. The second pillar is to leverage personnel who can achieve our business portfolio. We will train sophisticated, professional employees through re-skilling and up-skilling programs, as well as establishing systems to support self-directed growth. The third pillar is to improve personnel engagement. We will provide jobs and an environment in which employees can use their own initiative to take on challenges, apply work-styles that fit each person, reap results, and thereby gain a sense of personal growth.

Reinforcing our IT talent as We Strengthen DX Business

Based on the human resources reinforcement strategies above, we are pursuing three measures to strengthen DX business promotion as we strive to secure personnel who can tackle each type of IT strategy, planning, and project.

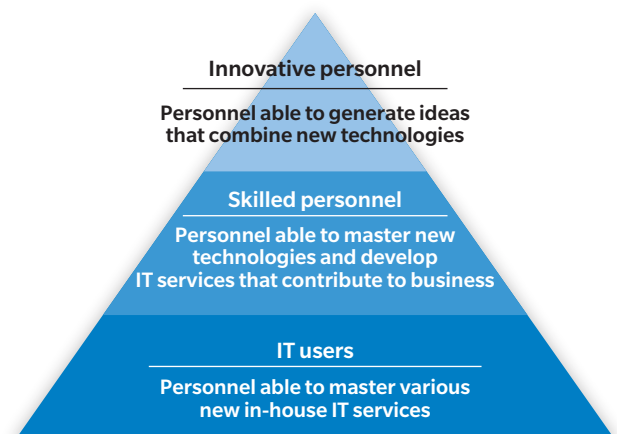
The first measure is shifting our IT talent. We will tie this in with Group-wide business structure reforms,

while also reallocating personnel and cultivating the necessary personnel for growing our DX business and promoting our IT themes. In particular, we are moving forward with data utilization (including data management) and security management as priority areas to be strengthened.

Through our second measure—strengthening skilled personnel (IT professionals)—the HR Division, Technology Division, and IT Planning Division will cooperate and clarify the ideal personnel (in terms of roles, tasks, and skills) needed for strengthening DX promotion as we execute Group-wide measures to fortify skills accompanying the personnel shift.

As our third measure, we will strive to strengthen talent (that is, all employees) able to utilize IT. In order for all Konica Minolta employees to hone the skills and knowledge to drive DX evolution, we have positioned basic IT skills as necessary for both re-skilling and up-skilling and will roll out education programs for all employees to acquire these core IT skills.

Konica Minolta’s IT talent model



IT Management

Policies Grounded in the Medium-Term Plan

- Optimizing global IT organizational management
- Promoting global IT governance

Priority measures

- Optimizing global IT organizational operations from regional, functional (sales, services, development, production, etc.), and business perspectives, in order to contribute to dynamic (speedy and agile) business, improve investment and cost efficiency, and mitigate risk
- Promoting IT governance, management, and thorough implementation

Global IT Department Structure

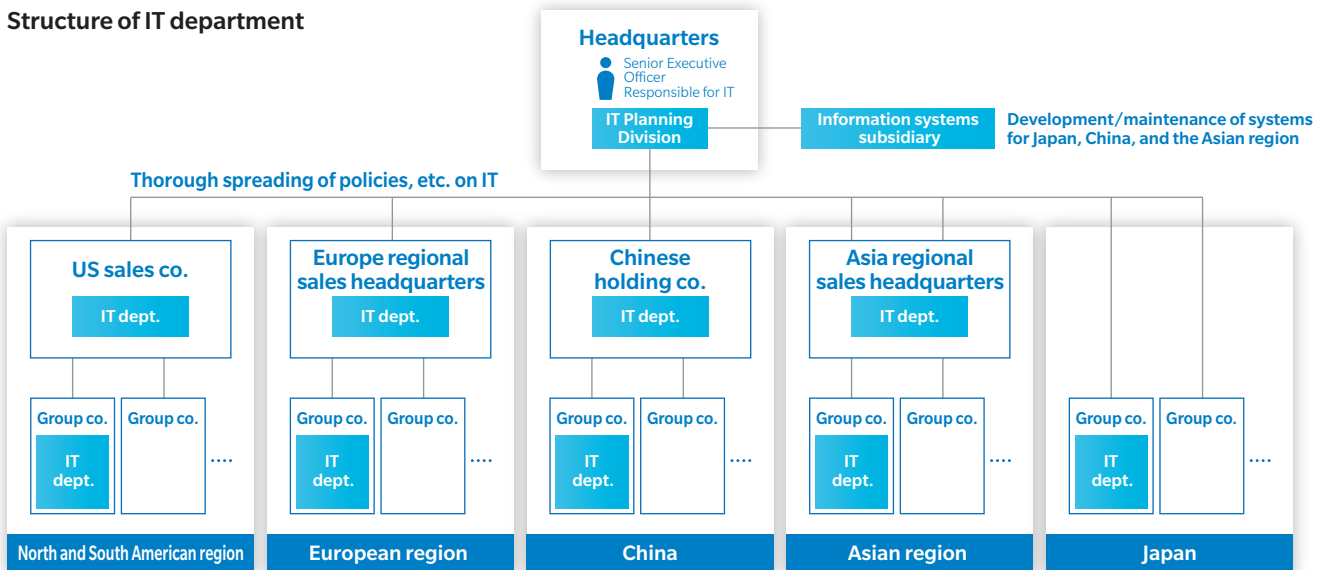
The Konica Minolta Group is made up of approximately 170 companies that include companies for R&D, manufacturing, equipment and service sales and after-sales service as well as companies that handle shared service functions for internal purposes. The IT departments in the Konica Minolta Group collectively make up a structure of approximately 800 members worldwide, including approximately 300 members in Japan and 500 members outside Japan.

The IT Departments of sales companies in each region supervise Group companies in order to ensure that IT policies formulated by the head office are thoroughly spread across the globe. The development, maintenance and operation of many of the information systems in the Japanese, Chinese and Asian regions are handled by Konica Minolta Information Systems Co., Ltd., an information systems subsidiary of Konica Minolta.

Global IT Operation

Global IT Meetings at which supervisors from the head office's IT Planning Division and regional IT departments gather together have been held regularly since FY2013. Since FY2018, these meetings have become the Global IT Management Board, gathering biannually with the objective of promoting global IT governance and IT management. The meetings were held virtually in FY2020 as COVID-19 infections spread worldwide. At the meetings, participants receive reports on the status of IT management in each region, share information on IT measures and examples of successful practices that contribute to the elevation of customer value, and share information on the status of security and personal information protection in each country. In addition, the meetings play key roles in global IT operations, including holding discussions on policies for the next wave of ERP, security, and data utilization at each Group company.

Structure of IT department



IT Management

Konica Minolta's Global IT Governance Guidelines

In FY2016, IT departments in the Konica Minolta Group commenced the establishment of Konica Minolta's Global IT Governance Guidelines, which include the Company's IT Management Policy. Starting in FY2017, we conducted the test implementation of those Guidelines and moved forward with adopting them as internal provisions, and commenced their full-fledged administration in FY2018.

These Guidelines comprehensively set forth required items in IT-based contributions to our business and response to risk. By sharing them with the IT department in each region and administering IT management rules that are shared around the world, we will proceed to enhance our IT governance and support our global business.

Additionally, as an operating model for boosting the effectiveness of those Guidelines, our IT departments will also establish an IT operation model for Konica Minolta and will promote IT governance based on the dual axes of that model and IT management rules.

Selected as a "DX-Certified Business Operator" and Recognized in the "COVID-19 Response" Section ("Customer Care" Category) in the DX Survey 2021

Konica Minolta, Inc. was designated as a DX-Certified Business Operator under the DX Certification System established by Japan's Ministry of Economy, Trade and Industry. This designation signifies official recognition of Konica Minolta's across-the-board initiatives towards DX, which include: leveraging DX to shift to highly profitable businesses; incorporating a clear commitment to solving social issues in our corporate management policy; developing specific plans for use of our digital technologies, such as a plan to create new value through our proprietary imaging IoT platform and data utilization; and establishing a post for an Executive Officer Responsible for DX.



Additionally, we were selected as an excellent company in the "Customer Care" category in the "COVID-19 Response" section in the Digital Transformation Survey (DX Survey) 2021, conducted to recognize companies that excel at making strategic use of IT. We were selected in recognition of our efforts to improve convenience for customers through various approaches to address issues that surfaced due to the COVID-19 pandemic and affected those working on the frontlines of business. For example, we utilized the know-how gained from our own implementation of remote work and created a work-task DX diagnostic service for customers, while also developing and commercializing services that use our imaging, sensing, and other technologies to address the needs of non-contact, decentralized, and individualized work flows.

IT governance/management process



History of previous awards received

- 2016 Competitive IT Strategy Company Stock
- 2017 Noteworthy IT Strategy Company
- 2019 Noteworthy IT Strategy Company
- 2020 DX Stock



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