

Konica Minolta Day

150
YEARS



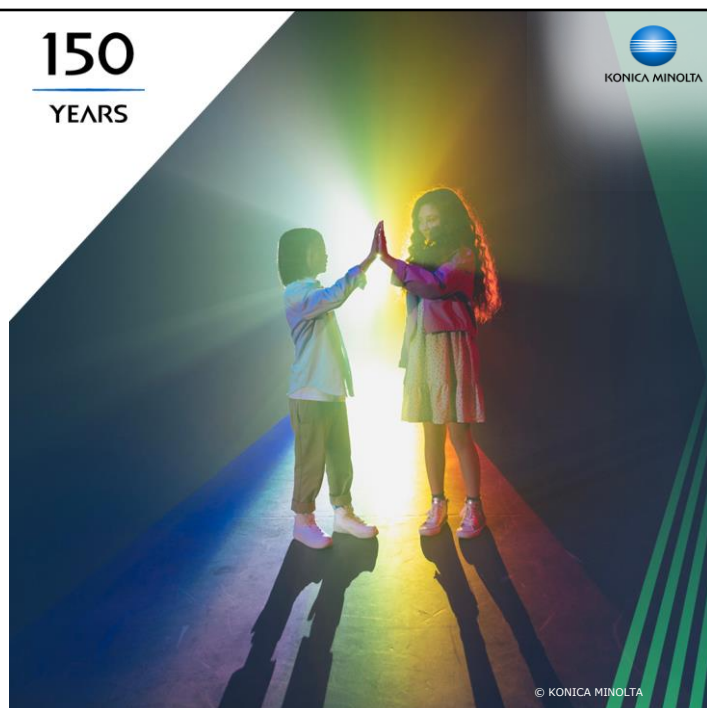
**Sustainability
Management
of Konica Minolta**

December 12, 2023

Toshimitsu Taiko

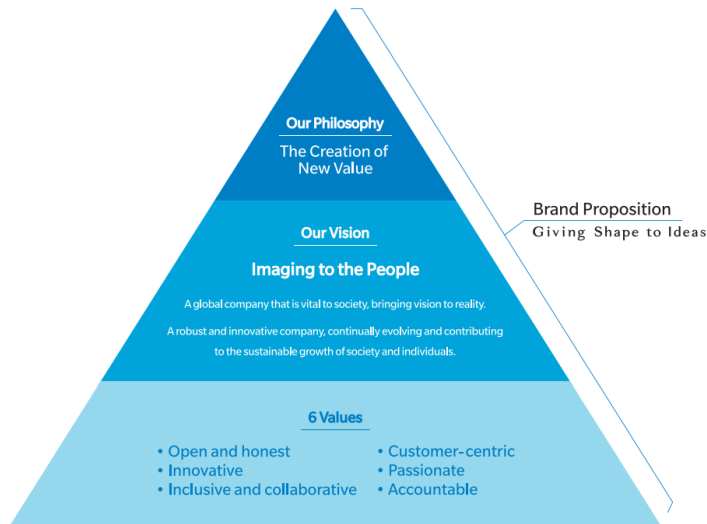
President and CEO

Giving Shape to Ideas



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Thank you for participating in Konica Minolta's briefing today. I would like to explain our sustainability management.



Since the management integration of Konica and Minolta in 2003, Konica Minolta has adopted “The Creation of New Value” as its philosophy. Under this philosophy, our vision “Imaging to the People” establishes as our ideal with a view to 2030, which expresses our desire to become a global company that is vital to society, bringing vision to reality, based on our strength of imaging technological capabilities. The 6 values represent what we should be as employees of Konica Minolta. Based on the 6 values, we aim to increase corporate value.

Basic policy of sustainability management



Creating value in response to needs to "see", which is constantly evolving



Improving fulfillment in work and corporate dynamism



Supporting healthy, high-quality lifestyles



Ensuring social safety and security



Addressing climate change



Using limited resources effectively

Intangible assets that support the pursuit of materiality

Diverse human capital Technology integration Relationship with customers

We view sustainability to be central to our management. With emerging social issues such as demographic changes, climate-change, and resource depletion, we have identified five material issues that look forward to 2030, taking a long-term view to "Contributing to the realization of a sustainable society in which everyone can live with their own purpose will realize a sustainable growth as a company." Based on such material issues, we will contribute to solving social issues through our business activities, increasing our corporate value in the medium to long term. In today's briefing, we explain about intangible assets, including human capital, technology, and intellectual property, which underpin the pursuit of materiality, as well as our environmental approach.

Challenging and achievable management

We implement achievable plans even in uncertain environments to restore confidence and trust.

Return to a highly profitable company

Strengthening business profitability

Business selection and concentration

Reallocation of resources in strengthening businesses

Maintaining profitability in the office business

Structural reforms implemented to reinforce revenue foundation

Reduction in operating costs

Reinforcement of financial foundation and emphasis on cash generation

Reinforcement of business management system

Clarification of business performance

Accelerate selection and concentration

Here are the basic policies of the Medium-term Business Plan announced in May, which will end in fiscal 2025, with the two main pillars of challenging and achievable management and returning to a highly profitable company. The plan also defines our implementation agendas as strengthening business profitability, structural reforms to reinforce the revenue foundation, and reinforcement of business management system. We have advanced our efforts to fulfill our goals in accordance with the policies. Today, I want to focus on the progress of our efforts to reinforce business management system.

1 Establishment of business management system

Strengthening executive structure

- Activated discussions at various meetings (FY23-)
- Shift to a smaller executive structure, delegating authority and clarify responsibilities (FY23-24)
President focuses on future strategy consideration and decisions (FY23-)

Reconsidering investment evaluation method

- Revision of investment evaluation rules (Strict investment decisions and continuation/withdrawal consideration process)

Early identification and response to risks

- Improving risk response capabilities and strengthening risk information disclosure
- Promoting management that is more conscious of balance sheets

2 Accelerate selection and concentration

- Initiatives in non-focused business : Strategic alliance with Luxvisions for optical components business
- Clarifying the direction of direction-changing business

The first is the establishment of a business management system. To reinforce the executive structure, we are promoting a forum where executives can express their opinions more freely than in the past, and where discussions can take place. Going forward, we will consider a structure for the next fiscal year in order to speed up decision-making and execution. In doing so, we will proceed to an executive structure with a smaller number of executives, aiming to delegate authority to them and clarify their responsibilities. This will allow me, as president, to focus on the major strategic matters for the future.

We have had a structure in place for the process of investment evaluation and post-investment review. However, looking back over the past several years, I think that the system had not been functioning to the extent that we expected it to be. With this in mind, we have reviewed our investment evaluation rules this fiscal year. The key is to ensure that investment decisions and serious consideration for the continuation or withdrawal of businesses are thoroughly carried out in line with these rules. I believe that it is essential for the executive team, including myself, to execute these actions. In addition, we have stepped up our efforts to strengthen risk monitoring and information disclosure. We will move forward with management that is more cash- and capital-efficient.

Secondly, there is also a need to accelerate the selection and concentration of businesses in order to strengthen business profitability. This is a particular focus for the current and next fiscal years. As a first step this fiscal year, in the optical components business, we entered into a strategic business alliance with Luxvisions in China regarding the production of non-industrial lenses in line with our Medium-term Business Plan policy of focusing on business for semiconductor manufacturing equipment. In the DW-DX and imaging-IoT areas, which we have positioned as direction-changing businesses, we are in the final stages of clarifying the direction and executing the plan. We will announce the details when appropriate.

Numerical targets of Medium-term Business Plan (FY25)

Financial indicator

ROE
5% or more

Total asset turnover
1.0 turnover

**Business contribution
profit ratio**
5% or more

Non-financial indicator

**Employee
engagement score***
7.7

**CO₂ emissions produced
by our product**
61% reduction
(compared to 2005)

**CO₂ reduction contribution
for customers and partners**
800,000 tons
or more

Formulated Eco Vision 2050 in 2009 and started initiatives early

*Adopted Workday's research infrastructure. Average score for questions on "engagement" in the global employee awareness survey (answers on a scale of 0 to 10)

Here are the financial and non-financial indicators for fiscal 2025 targeted under the Medium-term Business Plan. On the financial side, our highest-priority target is to improve ROE. We are aware that ROE of 5% or more is a low target in terms of the market. However, given that losses have been recorded for several years, we have set out this target with our desire to first ensure that we achieve at least 5% as a minimum line. We have also set targets for non-financial indicators, such as improving the employee engagement score and reducing CO₂ emissions. We also use these non-financial indicators as indices to evaluate executive compensation. Details on employee engagement and CO₂ emissions reduction will be explained in the Human Capital and Environment parts that follow.

Analyze accumulated sales performance using data science to identify potential customers and streamline approaches

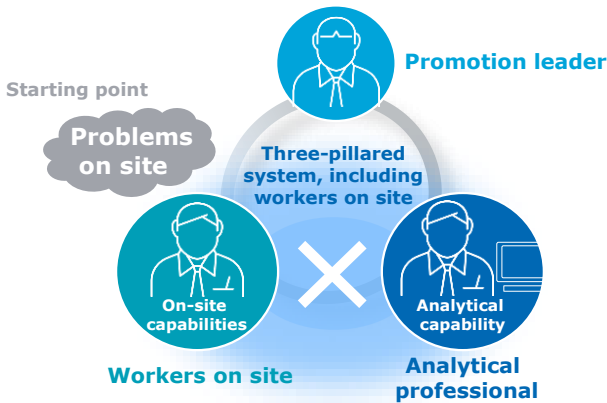


Contribute to strengthening new customer development and proposing additional solutions and contract renewals to existing customers

The next two slides explain our use cases of DX.

The first is an AI-based sales efficiency improvement solution adopted in multi-functional peripheral (MFP) sales activities. This solution uses AI-based data science to analyze accumulated sales activity results, allowing us to visualize high-priority customers with flags in the system. As a result, we can streamline our sales approach. Based on the performance data, the system classifies customers by industry, size, and other factors, and analyzes what kind of proposals would satisfy certain customers and further improve our profit ratio. In this way, we can efficiently target high-potential customers. This project, which was launched at the U.S. sales site, has been expanded to the European and APAC sites. Moving forward, we will aim to the automated generation of proposals tailored to each customer.

Establishing a process to analyze and solve problems starting from problems at the manufacturing site



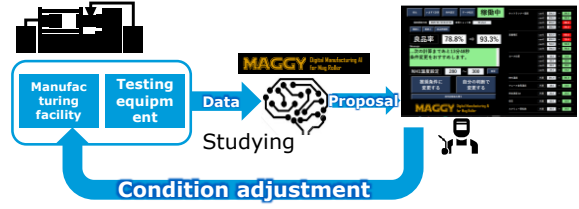
Digging deeper into on-site issues → Translated into a data science problem → Solving problems through data analysis

Develop and standardize a model for DX success

Case Study : High-performance developing roller

Problem The yield rate of high-performance parts is unstable.

Study data in real time and calculate optimization of manufacturing conditions to maximize the rate of non-defective products



Real time optimization of manufacturing conditions greatly improves the yield rate

Next is the progress of manufacturing DX.

We define the combination of on-site capabilities and digital manufacturing as Manufacturing DX and work to improve manufacturing efficiency and quality. Konica Minolta's strengths lie in the three-pillar system of data scientists, workers on site, and promotion leaders with both onsite and data analytics expertise.

As an example, this slide on the right shows the improvement in the manufacturing process of a high-performance developing roller that is incorporated into an MFP. This internally manufactured roller was experiencing a problem whereby the yield rate was not increasing. By combining previously collected data on equipment, part processing, assembly, and inspection, we analyzed how to achieve the highest quality. And as a result, we were able to improve the yield rate.

KINOSIS, Dynamic Digital Radiography — Co-creation with medical sites—

Dynamic radiography analysis, Konica Minolta's proprietary technology realizes **visualization and quantification of lung movement**

Facing issues in the medical sites and **promoting development and improvement while incorporating doctors' opinions**



2023 Good Design Award Winner



Comments from Screening Committee

Dynamic Digital Radiography (DDR) is the first system in the world to visualize in-vivo movement. The system was developed through serious co-creation and research with hospitals and clinics, taking some 15 years. This initiative sets an example for designing a new standard in the medical field. The system is impressive and deserves the Good Design Award. We strongly hope that the system will spread in society.

Next is the achievement of co-creation with customers. KINOSIS, a dynamic digital radiography, which I have explained several times, was developed over a period of about 15 years, taking into account the opinions of doctors and radiographers. KINOSIS was highly recognized for such results as well, winning the Good Design Award 2023. Over the past four years or so, we increased the number of installed units. At present, medical treatment fees are applied to both still images and dynamic analysis at the same fee level, so KINOSIS has been introduced mainly in hospitals with strong financial resources. We believe that the future revision of medical treatment fees will finally realize a time when dynamic digital radiography analysis is available in clinics as well.

Initiatives to strengthen inner communication



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Konica Minolta Business Solutions
U.S.A., Inc. (U.S.)



Konica Minolta Pro-Print
Solutions Korea Ltd. (Korea)

Activate communication and further improve corporate value

Eines (Spain)



Konica Minolta Business
Solutions Europe GmbH
(Germany)



CEO LIVE! (Hachioji, Japan)



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Finally, I would like to explain about initiatives to strengthen inner communication. Since becoming president, I have held a series of town hall meetings. This fiscal year, we have also focused on communication with overseas employees, and I have spoken to more than 5,000 employees in total. Most recently, I went to India. At town hall meetings, Q&A session was held and I answered questions. These activities are intended to rebuild trust and disseminate strategies. I have been working on this for the past year and a half, but I believe it is necessary to continue them for two or three years to produce concrete results. The Medium-term Business Plan defines a focus on strengthening the Industry business, particularly in the areas of displays, mobility, and semiconductor manufacturing, and designates these areas as strengthening areas. This reflects my thoughts during my site visits, where I talked directly with employees, and felt the potential of their businesses. This theme has thus been added to the plan. I believe that dialogue with employees on site, including this experience, is valuable and I intend to continue to value it.

Furthermore, we continue to hold internal briefings called "CEO LIVE!" at each quarterly earnings announcement. The president used to give a one-way briefing, but now questions are accepted via chat and the questions that receive the most "likes" - that is, the questions that many employees want to hear - are answered on the spot, making it a two-way interactive communication. Answers to questions that cannot be addressed on the spot are posted separately on the intranet. By continuing these efforts, we hope to further enhance our sustainability as a company.



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That concludes my presentation. Thank you for your attention.