



KONICA MINOLTA

KONICA MINOLTA, INC.

Integrated Report 2019



Giving Shape to Ideas

On the Release of Integrated Report 2019

Since fiscal 2015, Konica Minolta has released annual reports (the name of these reports was changed to the integrated report in 2017) that provide a comprehensive look at the Company's activities and philosophies. The fifth report is now available. We made this integrated report to be a communication tool to better familiarize stakeholders, including shareholders and investors, with Konica Minolta by systematically organizing both financial and non-financial information.

The 2018 integrated report was externally well-received, winning recognition and awards that included the Special Award in the Nikkei Annual Report Awards conducted by Nikkei Inc., and the Excellence in Integrated Reporting Prize at the 6th WICI Japan Awards for Excellence in Integrated Reporting.

Integrated Report 2019 clarifies the Konica Minolta Group's strengths and value creation processes while explaining the Group's medium- to long-term business strategy and pathway to value creation with a focus on SHINKA 2019, the new Medium Term Business Plan formulated in 2017. It also reports on initiatives related to the environment (E), society (S), and governance (G) as the foundations that underpin the enhancement of corporate value.

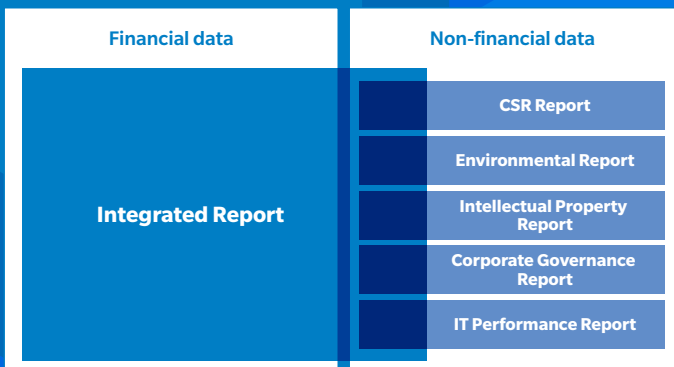
The report was a cross-organizational collaboration accomplished by taking cues from sources such as the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation formulated by the Ministry of Economy, Trade and Industry.

I can attest to the soundness and accuracy of the report creation process and its content. Konica Minolta will continue using the integrated report as a tool for engaging with all of its stakeholders, including its shareholders and investors, as it works to sustainably improve the corporate value it provides.



Shoei Yamana
President and CEO

Role of Integrated Report 2019



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. 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.

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Our Philosophy

The Creation of New Value



6 Values

Our 6 Values are the essence of our innermost beliefs, our inherited DNA, and define how we go about our business and act towards all our partners. They articulate what we stand for and direct our decision making.

Open and honest

We are convinced that only by acting with integrity and communicating with all our partners in an open and honest way can we create long-lasting partnerships of mutual trust and true significance.

Customer-centric

We exist solely for our customers; always thinking on their behalf, undertaking challenges together with them, and working tirelessly to bring them success and provide excitement that exceeds expectations both now and in the future.

Innovative

Innovation is what drives us. We constantly strive to develop ground-breaking ideas that will form the basis of everything we do going forward, every step of the way.

Passionate

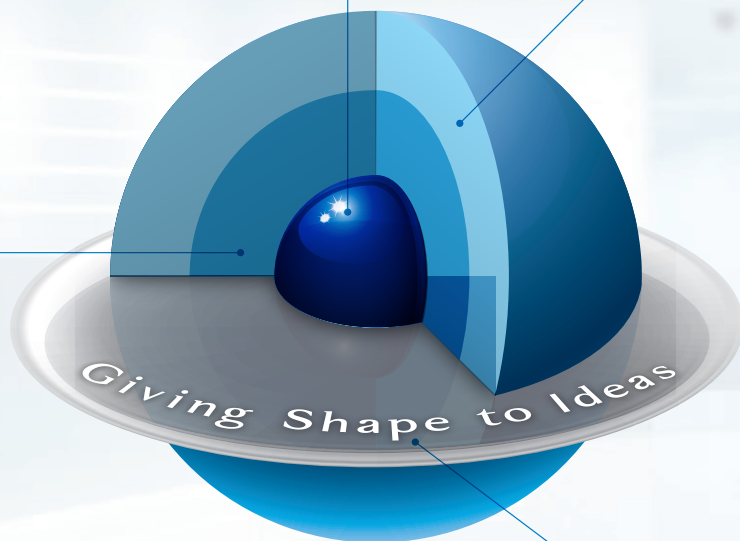
Being passionate, strong-willed and determined is essential to making a meaningful contribution to our customers' businesses and society as a whole.

Inclusive and collaborative

We believe that the power of inclusiveness and collaboration with customers, partners and each other is the best way to come up with game-changing ideas that provide ultimate benefits.

Accountable

Not only must we be individually and collectively responsible and accountable for what we do, all our actions should contribute to the creation of a sustainable society and Konica Minolta.



Our Vision

A global company that is vital to society

Possessing a mindset that drives us to best serve and improve the quality of society in all our activities, we are determined to become a company that is vital to global society by providing excitement that exceeds the expectations of all.

An innovative company that is robust and constantly evolving

We are committed to becoming an innovative company that stands tall in difficult times with a solid and quality business base, ensuring we remain courageous to provide new value in the face of any challenge.

Brand Proposition

Giving Shape to Ideas

It is our pledge to bring the ideas of customers and society to life through innovation and contribute to the creation of a high quality society.

Konica Minolta is working for the Creation of New Value around the world.

The advance of digital technologies is fueling great change in the world, and we are making a number of efforts to achieve innovations that will put us at the forefront of this change.

Transform Award

We conduct an awards program to recognize actions and attitudes toward solving our customers' problems and creating value for them. This creates a corporate culture of recognition and fosters a willingness to take up challenges among Konica Minolta employees around the world.



Product Development in the Czech Republic

We are developing the Workplace Hub in Brno, sometimes called the Silicon Valley of the Czech Republic. A number of functions are coming about through the lively discussions being had among our engineers.

Developing Imaging IoT* and AI Talent

Through our certification and registration program and talent development programs, we are working to expand and improve the imaging IoT and AI talent essential for realizing our edge IoT platform strategy.

* Imaging IoT: Technologies that analyze image data and information from various sensors using AI, such as deep learning, to assist decision-making and judgements in a variety of workplaces





Green Marketing

We are leveraging the environmental technologies and expertise internally accumulated over the years to help solve our customers' environmental problems. Through these efforts, we are working to reduce their environmental impact while generating new business opportunities.

Strategy Meetings among Emerging Nations

Some of our best people from Asia, South America, and the Middle East — areas of phenomenal growth in the production print field — gather to hold lively discussions about sales and marketing activities. They also share success cases and then use that information to further evolve local marketing activities.



Hachioji SKT

Konica Minolta Tokyo Site Hachioji SKT, a core facility for new business development, is driving R&D that transcends the boundaries of business units and open innovation.



Business Innovation Centers (BICs)

Through cooperation with research institutes, startups, and other organizations, BICs in the five major regions around the world are consistently running roughly 100 projects as they work to create new businesses with a flexible mindset.



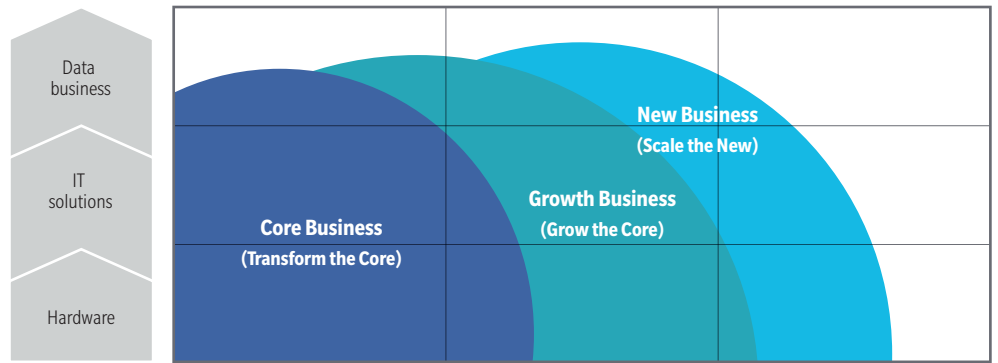
Value Creation Process

- Trend towards shorter business life cycles
- Growing number of elderly, declining birthrate, and declining labor pool in Japan
- Increasing healthcare cost
- Shortage of doctors
- Shortage of nursing care staff
- Aging social infrastructure
- Future Social Issues**
- Climate change
- Mounting information security risk
- Threat of terrorism and disasters
- Resource depletion
- ⋮

Konica Minolta's Business Activities

Portfolio

Increase added-value using digitalization



Increase customer satisfaction through productivity and cost

Provide customer experiences that exceed expectations

Deliver essential solutions to issues

Reinforce customer relationships

Intangible Assets Underpinning Our Strategy

Technical expertise

Number of patents^{*1}: **20,235**
 R&D expenses: **78.3 billion**
 Ratio of R&D expenses to revenue: **7.4%**

Customer base

Number of customers: **approximately 2 million companies**

Human capital

Employees: **44,360**

Customer engineers: **approximately 10,000**

Sustainability Management (P.75)

Corporate Governance (P.62)

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

KPI

Fiscal 2021 management targets (figures announced in September 2018)

Operating profit
At least

¥ **100.0** billion

Core Business

At least

¥ **95.0** billion

Growth Business

¥ **18.0** billion

New Business

¥ **27.0** billion

Operating profit ratio

10%

Core Business:

Office/IT service solutions/Production print/
Healthcare/Measuring instruments/ Performance materials/
Optical component/IJ (inkjet) component

Growth Business:

Industrial printing/Marketing services/Ultrasound/Medical IT/
Visual inspection/Imaging solution/New film/Materials/OLED

New Business:

Workplace Hub/Bio-healthcare/Status monitoring/QOL/
Digital manufacturing

Global customer contact capabilities

Sales/service structure: **approx. 150 countries**

Percentage of direct sales: **approx. 65%**

System engineers: **approximately 2,000**

Imaging IoT*2 and AI talent: **approximately 400**

Environment/Social Innovation/Customer Satisfaction and Product Safety/
Responsible Supply Chain/Human Capital/Diversity

- Improving client company competitiveness
- Improving work-life balance
- Improving corporate productivity and creativity
- Improving ROI of marketing activities
- Improving diagnostic and medical care quality
- Improving nursing care service quality

Solving Social Issues through the Creation of New Value

- Improving quality of life
- Improving manufacturing quality and productivity
- Shortening production lead times
- Improving public security
- Preventing social infrastructure accidents
- Reducing environmental impact
- Eliminating loss in the production process

*2 Imaging IoT: technologies that analyze image data and information from various sensors using AI, such as deep learning, to assist decision-making and judgements in a variety of workplaces

Profit attributable to owners of the company

At least
¥70.0 billion

ROE

11%

Fiscal 2019 Environmental targets

Life cycle CO₂ emissions

50% reduction

Revenue of sustainable green products

¥770.0 billion

Konica Minolta's Strengths 1 Customer base

We provide high value-added products and services for our roughly two million clients' workplaces in some 150 countries.



* Composition of operating profit excludes figures in new businesses and corporate and other divisions

Customer values

Optimizing workflows, improving business productivity, and reinforcing information security

Main customers

- Large enterprises and government offices
- Small and medium-sized enterprises

Improving printing site workflows and marketing ROI

Main customers

- Printing companies
- Printing departments within enterprises

Improving primary care efficiency and diagnosis quality, reducing healthcare costs, and improving patients' QoL

Main customers

- Large hospitals
- Clinics

Improving industrial product quality and manufacturing site productivity

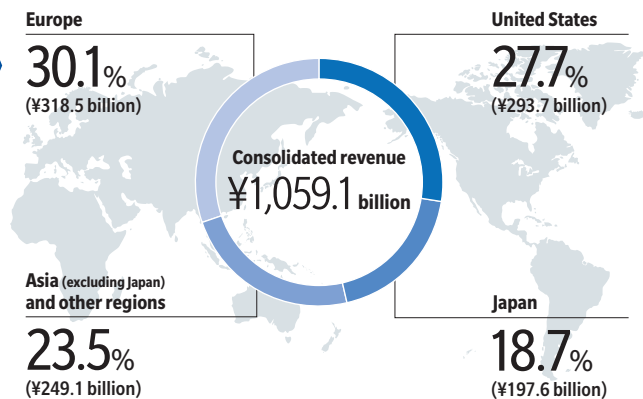
Main customers

- Display manufacturers
- Automobile-related companies
- ICT enterprises

Providing the World with High Value-Added Products and Services



Revenue by region (fiscal year ended March 31, 2019)



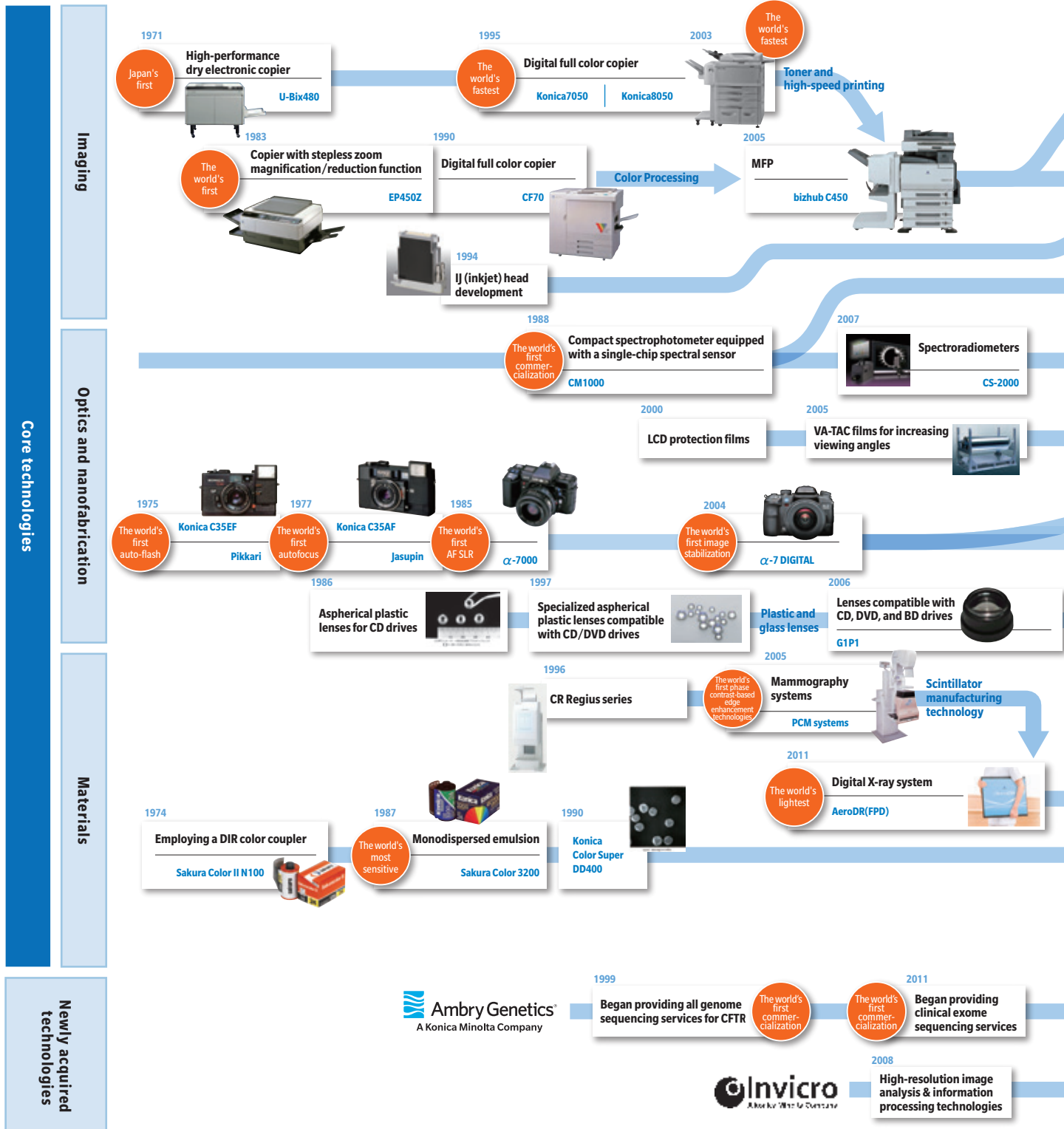
* Data is compiled on a consolidated basis (as of March 31, 2019)

Konica Minolta's Strengths 2 Technical expertise

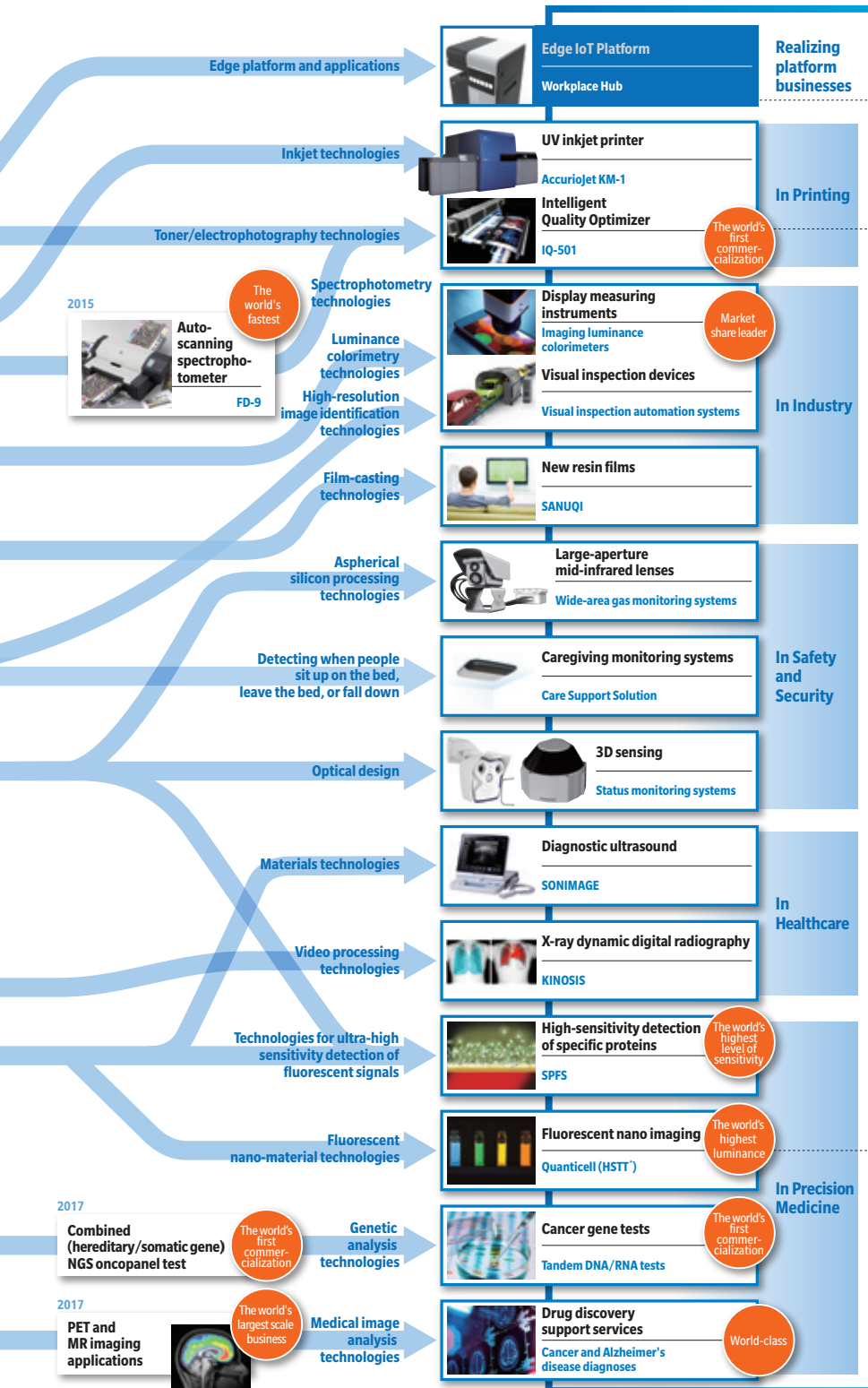
We are working to create new value by evolving technologies we developed in our photographic film and camera businesses.

1873 - 2002

2003 - 2018



2019 -



* HSTT: High Sensitive Tissue Testing

Close Up

Supporting Small and Medium-Sized Enterprises IT Activities with the Workplace Hub

We developed the Workplace Hub, an edge IoT platform, by combining IoT and AI technologies with the image processing technologies that are a Konica Minolta strength. We provide an all-in-one package of IT infrastructure, IT services, and maintenance and operation services for SMEs struggling with shortages in IT personnel and expertise.

> More information on page 31

Saving Labor, Improving Productivity, and Contributing to Stabilizing Quality at Printing Sites with the IQ-501

We developed the IQ-501 Intelligent Quality Optimizer, which utilizes Konica Minolta's proprietary color measurement technologies in digital printers and automates such things as density and color calibration. The IQ-501 improves productivity and quality by automating operations formerly done manually by onsite operators.

> More information on page 39

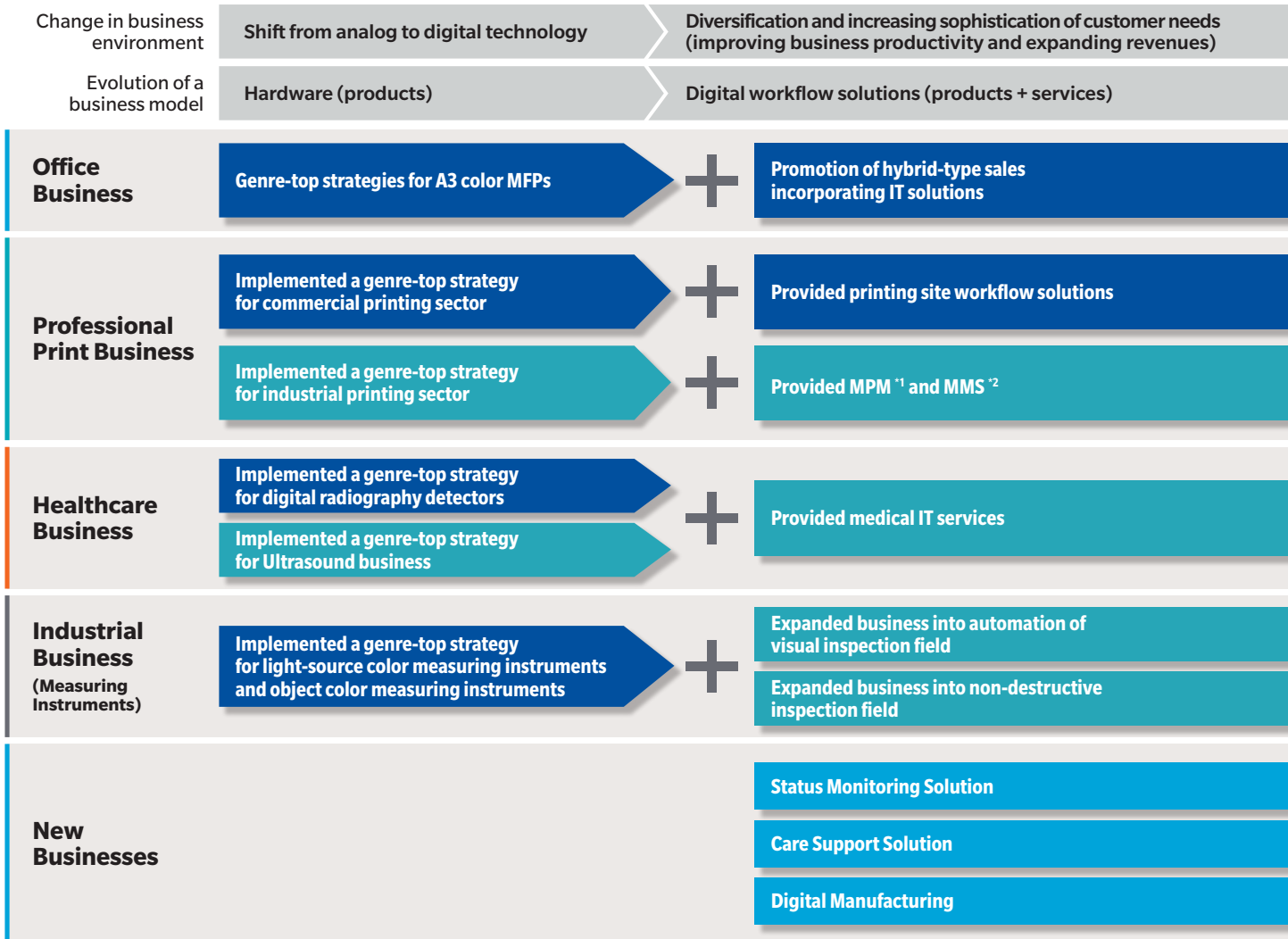
Visualizing Proteins with Fluorescent Nano Imaging

This technology quantifies proteins with precision using fluorescent nanoparticles developed based on proprietary technologies we nurtured through our photographic films. With this technology, we contribute to optimal treatment and medication for each individual and to the efficient development of new pharmaceuticals.

> More information on page 35

Konica Minolta's Strengths 3 Business Model

We strengthen our technologies, expertise, and human capital through mergers and acquisitions, and are thereby transforming ourselves into a solutions business.



*1 MPM: Marketing Production Management *2 MMS: Marketing Management Services

Stepped up M&A to develop growth and new businesses

2011- G PLAN 2013

Approx. **¥35** billion in investments

Office Business

- 2011 Acquired All Covered (U.S.)
- 2012 Acquired Serians (France)
- 2012 Acquired Raber+Märcker (Germany)

Professional Print Business

- 2012 Acquired Charterhouse (UK)

Healthcare Business

- 2013 Acquired diagnostic ultrasound business from Panasonic Healthcare

Industrial Business

- 2012 Acquired Instrument Systems (Germany)

2014- TRANSFORM 2016

Approx. **¥120** billion in investments

Office Business

- 2016 Acquired ProcessFlows Holdings (UK)

Professional Print Business

- 2014 Provided capital to MGI (France)
- 2014 Acquired Ergo (Australia)
- 2015 Acquired Indicia (UK)

Healthcare Business

- 2015 Acquired Viztek (U.S.)

Industrial Business

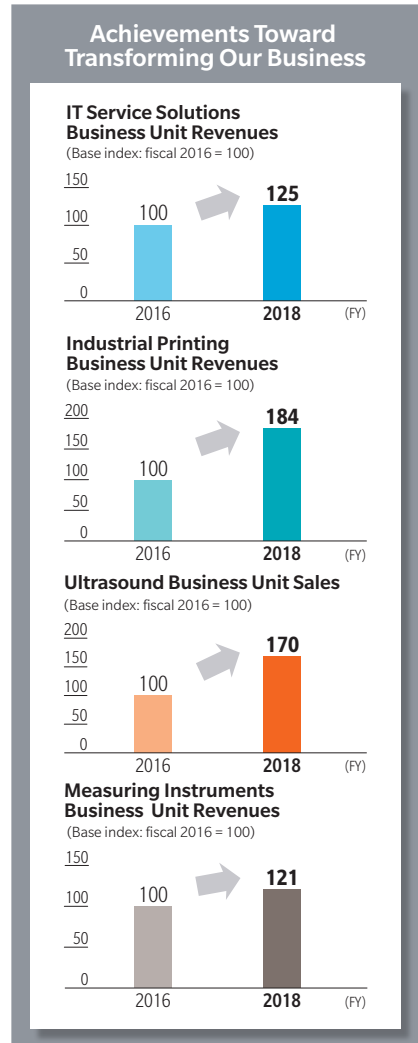
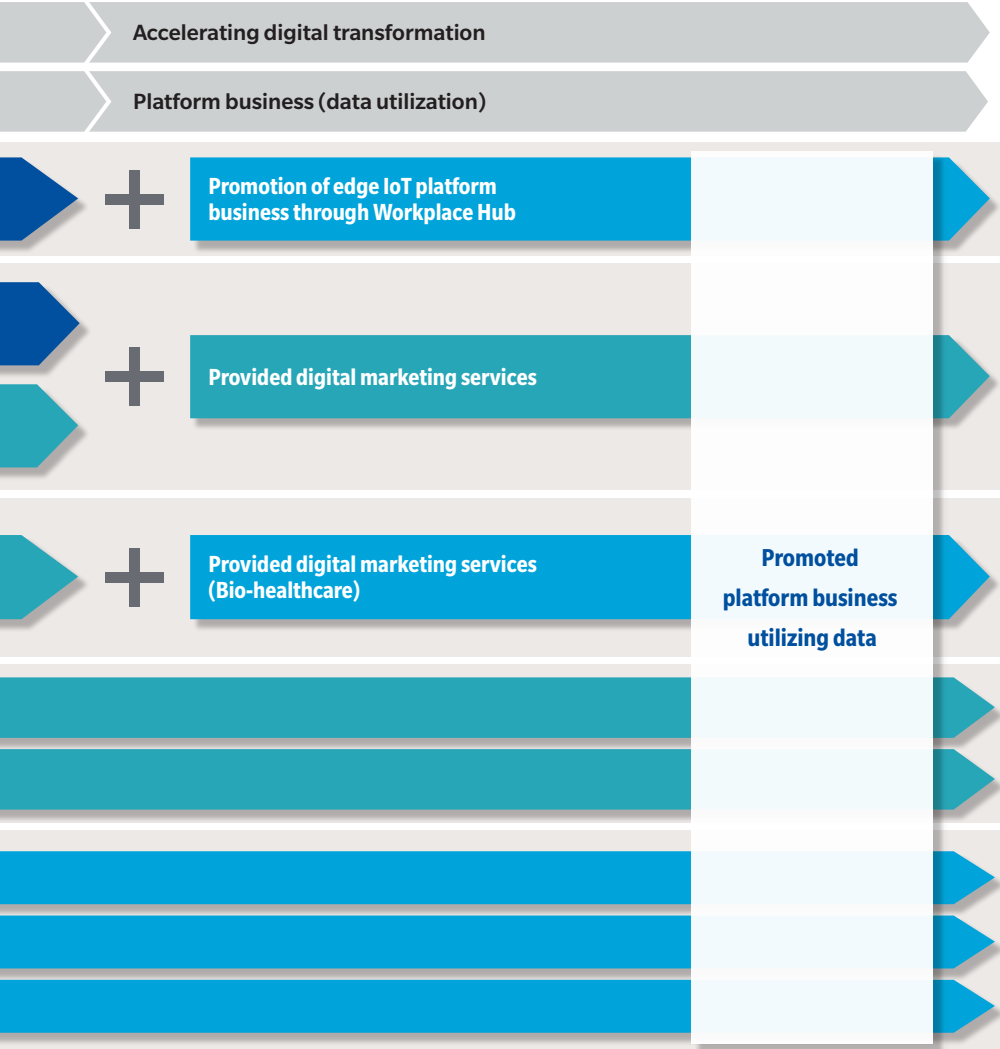
- 2015 Acquired Radiant (U.S.)

New Businesses (Status Monitoring Solution)

- 2016 Acquired shares of MOBOTIX (Germany)



See page 16 for detailed information about core, growth, and new businesses



2017- SHINKA 2019

Approx. **¥135 billion** in investments

New Businesses (Bio-healthcare)

- 2017 Acquired Ambray Genetics (U.S.)
- 2017 Acquired Invicro LLC (U.S.)

Healthcare Business

- 2017 Acquired Panasonic Medical Solutions Co., Ltd.
- 2017 Took over the Japanese transvaginal ultrasound business from Siemens Healthcare K.K.

Industrial Business

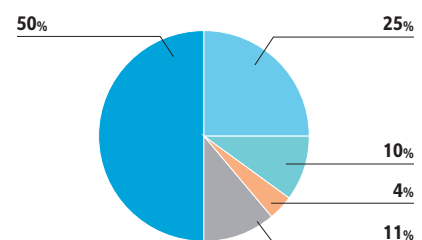
- 2019 Acquired Eines Systems S.L. (Spain)

Conducting M&A to Strengthen Intangible Assets Needed for Business Transformation

System engineers Imaging IoT and AI talent Bio-healthcare researchers
 Approx. **2,000** Approx. **400** Approx. **1,100**

M&A investment by business (FY2011-2018)

- Office Business
- Professional Print Business
- Healthcare Business
- Industrial Business
- New Businesses



Medium Term Business Plan

Vision for Fiscal 2021

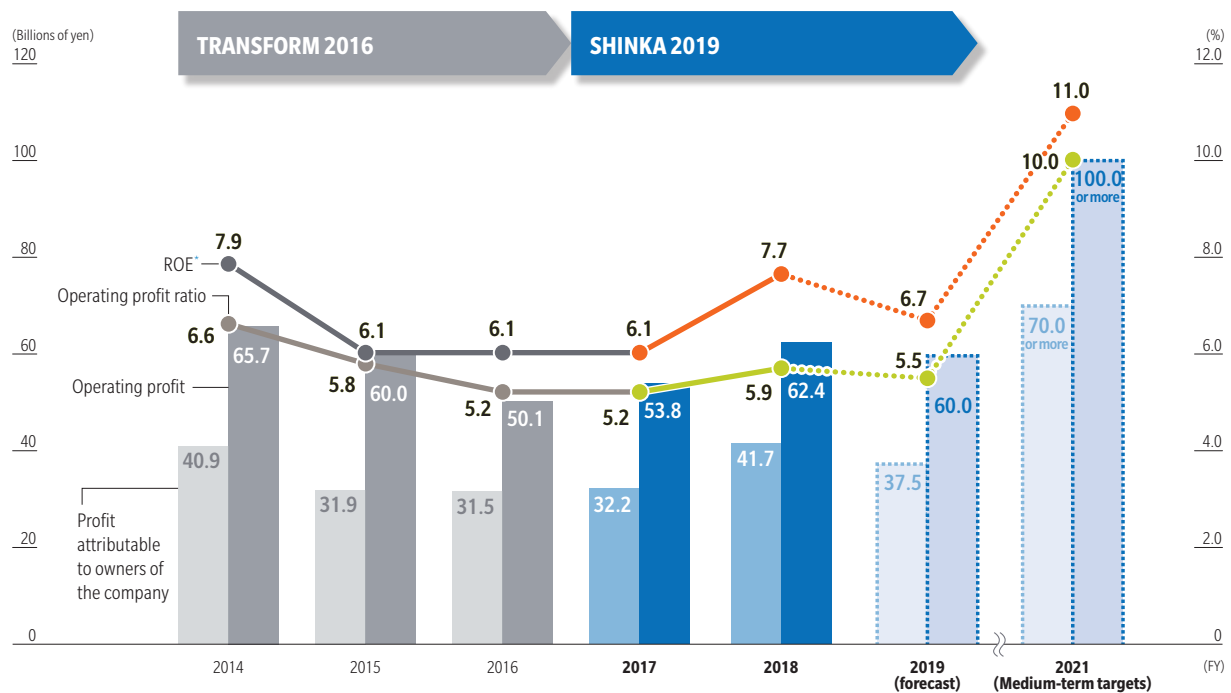
Establish an IoT business model with digital imaging (images and data) at the core and transforming Konica Minolta into a high-profit enterprise

Medium Term Business Plan



SHINKA 2019 Evolution

Business targets



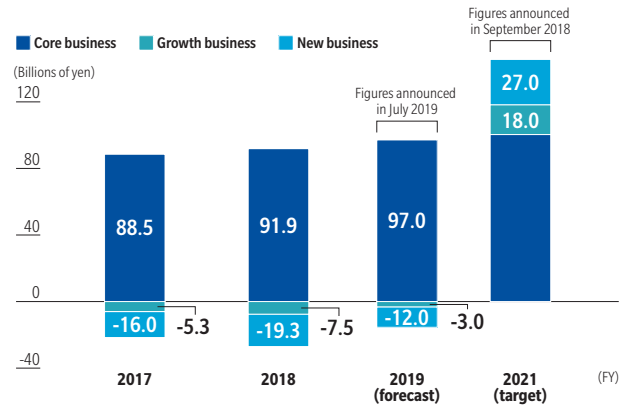
* ROE = Profit attributable to owners of the company / equity attributable to owners of the company (average of beginning and ending balances) × 100 (%)

Transformation to a business portfolio aimed at achieving higher profitability

Under the Medium Term Business Plan, SHINKA 2019, we have identified three business areas: Core, Growth, and New. By increasing profitability in Core businesses and investing the cash earned into the Growth and New businesses, we will bring about a transformation in the portfolio of businesses and earnings aimed at realizing a high-profit enterprise by fiscal 2021.

- Core business** Businesses that strengthen profitability by cost structure reform and that support profit during the Medium Term Business Plan
- Growth business** Businesses that aim for higher profit around the Core by using resources that we made upfront investments in under the previous Medium Term Business Plan
- New business** Businesses that aim to achieve higher profit by establishing New business models for the IoT era

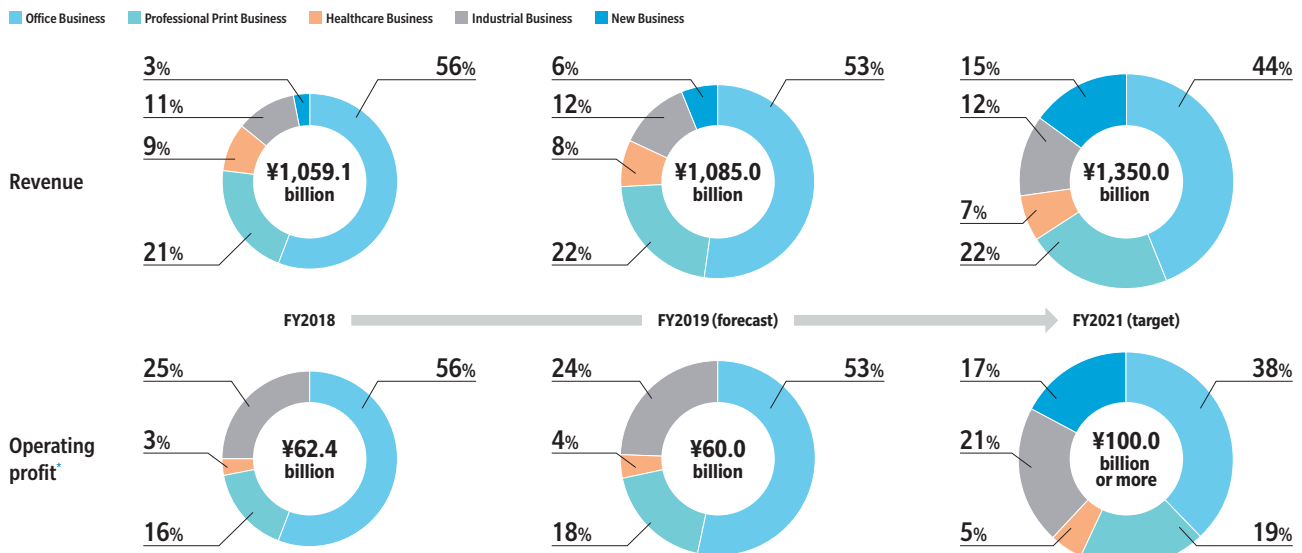
Operating profit across Core, Growth, and New businesses



Correlation of business units with Core, Growth and New businesses

Business headquarters	Core business	Growth business	New business
Office Business	Office IT service solutions		Workplace Hub
Professional Print Business	Production print	Industrial printing Textile Marketing services	
Healthcare Business	Healthcare Ultrasound	Medical IT	Bio-healthcare
Optical Systems for Industrial Use	Measuring instruments Visual inspection	Imaging solution	QOL Status monitoring Digital manufacturing
Materials and Components	Performance materials IJ (inkjet) component Optical component	New films Materials OLED	

Vision of the business portfolio



* Operating profit: w/o New Business and Corporate, etc.

We aim to be a highly profitable company with insight to social issues 10 years in the future and with a high value-added business model creating unique value for sustained growth.



Shoji Yamana

President and CEO

■ Review of fiscal 2018 business results and progress of the SHINKA 2019 medium-term business plan

High value-added sales boosted profitability in the core business

The Konica Minolta Group continued improving its revenue performance in fiscal 2018 with consolidated revenue growing 2.7% year on year to ¥1,059.1 billion. Factoring out the impact from foreign currency conversion, revenue in real terms grew by 4%. Profits were impacted by slower than expected progress bringing new businesses to profitability, but increased revenues in our core businesses and a higher gross margin from high value-added sales helped lift operating profit by 16.0% year on year to ¥62.4 billion and profit attributable to owners of the company by 29.3% year on year to ¥41.7 billion, our highest profit results since the 2008 financial crisis.

In fiscal 2017, the middle year in the three-year SHINKA 2019 medium-term business plan, management focused on two main areas: radically boosting the profitability of the core businesses and steadily growing business in new fields.

In the core Office and Professional Print Business, we raised our gross margin by working closely with our clients and proposing value-added solutions to qualitative issues in the workflows at their office sites. Particularly noteworthy in our business performance is the improvement in the operating profit ratio of the production print business unit to over 10% (see page 39).

We enhanced the earning power of the core businesses by quickly identifying business potential in the growth markets of China, India, and ASEAN countries and by persevering with investments in strategic regions. Our approach is to put great effort to understand regional cultures and analyze local market characteristics, and then to apply our insights to marketing and sales channel strategies. These efforts have helped us establish solid market positions and capture dominant market share surpassing 50% in some countries. We also augmented the earning power of our core businesses on the production side by overhauling our systems and incorporating digital manufacturing to boost quality and lower costs. I believe we achieved significant results.

As we transform our business portfolio, I believe it will be important to use our core businesses as cash cows and reinvest the profits to develop the new and growth businesses into new

high-profit operations. We have had success with this approach in the Professional Print Business where we allocated profits earned in the Office Business to upfront investment in the production print business unit and built it into a high-profit operation. The current medium-term business plan designates the industrial printing business unit as a growth business, and we are presently aggressively investing in product development to fortify its product lineup and build our team of expert sales staff. The unit's sales are steadily expanding, although it will need more time to begin contributing significant profits. The IJ (inkjet) component unit of the Industrial Business is also steadily developing into a high-profit operation and is supporting the increasing competitiveness of the industrial printing business unit.



As anticipated, the customer value offered by our new businesses is being eagerly received

The new businesses are taking longer than expected to reach profitability and there results fell short of our targets. Nevertheless we have made measurable progress in the past two years toward fulfilling the mandate of the medium-to-long-term view to develop new businesses into high-profit operations.

During the year, we launched sales of Workplace Hub, which is the centerpiece of our Edge IoT Platform, in Europe and the United States and achieved our first objective by garnering strongly positive responses for the platform's customer value (see page 31 for details). Although the launch was a year later than planned, our fully formed sales and service structure will enable us to expand the business as planned in various countries and cities. Workplace Hub has generated a superlative response not just from existing dealers in the sales channels but also from telecom firms, which creates potential for us to connect with strategic partners and also provides a sightline to becoming a Connected Office platform provider. Although we were slow to get started in fiscal 2018, we were able to lay the groundwork for the future. In fiscal 2019 we aim to reach 4,000 customers for the business, which is the one-year breakeven point, and steadily progress to our near-term target of a total of 10,000 customers in fiscal 2020.

Workplace Hub generates revenue per customer eight times higher than spending per MFP unit. It also brings longer contract periods and higher contract retention rates than for individual IT services. In addition, combining Workplace Hub with our MFPs can maximize customer lifetime value, enable us to transform the Office Business for future needs, and accelerate the growth in business scale.

In the growth field of precision medicine, we put in place the structure to advance synergy strategies by establishing a global headquarters for the bio-healthcare business in the United States in fiscal 2018 and unifying the operations with the two U.S. firms acquired in fiscal 2017 (see page 35 for details). The U.S. headquarters has established a Scientific Advisory Board chaired by a former head of the American Association for Cancer Research and with members who are key opinion leaders in the healthcare field. The advisory board will help the new operation formulate and advance highly effective business strategies.

In Japan, we established Konica Minolta Precision Medicine Japan and in the second half of fiscal 2018 began developing business providing drug development support, including for the Quanticellor High Sensitive Tissue Testing (HSTT). In June 2019, we announced an agreement with the University of Tokyo and the National Cancer Center Japan to jointly research and develop a next-generation oncogene panel test. The company is actively participating in the project to formulate a cancer genome medical care system for Japan.

The results for our new businesses in the past year have verified that the value these businesses are providing to customers is finding the eager markets that we anticipated. We will continue to monetize these businesses by formulating high-profit business models including subscription services and performance-based fee models. We will continue raising the high value-added in our products and services in all of our business areas, including operations like our core businesses where we have already established sound and profitable business models.

We will improve our profitability and transform the profit structure in fiscal 2019 by enhancing the earning power of the core businesses and expanding sales in the new and growth businesses

As stated above, in fiscal 2018 we made steady progress advancing the initiatives of the SHINKA 2019 medium-term business plan to enhance the earning power of the core businesses and expand sales in the new and growth businesses.

Looking ahead to fiscal 2019, the final year of SHINKA 2019, we anticipate a volatile external business environment that could change even daily as our customers restrain capital

investment amid the trade friction between the United States and China, slowing economic growth in China, and lingering uncertainty about the European economy.

This outlook led us to lower our guidance for fiscal 2019, which we had announced in May 2019, at the close of the first quarter in June. We reset our forecasts for consolidated revenue to ¥1,085.0 billion (+2% year on year), operating profit to ¥60.0 billion (-4%), and profit attributable to owners of the

FY2019 Earnings Forecast

	Medium-term management targets (Billions of yen)	Fiscal 2019 forecast (Billions of yen)	Fiscal 2018 results (Billions of yen)	YoY
Revenue	1,185.0	1,085.0	1,059.1	+2%
Operating Profit	75.0	60.0	62.4	-4%
Profit attributable to owners of the Company	50.0	37.5	41.7	-10%
ROE	9.5%	6.7%	7.7%	-1.0pt

FOREX [Yen]

USD		105.0	110.9	
EUR		123.0	128.4	

Company to ¥37.5 billion (-10%).

Management takes very seriously the decision to lower fiscal year guidance from its initial estimates and the medium-term management targets. At the same time, the corporate real estate (CRE) strategy generated significant “other income” in fiscal 2018, and we estimate that, even after the guidance revision, real operating profit when factoring out such special circumstances will grow by roughly ¥10 billion. This indicates that the business’s earning power is growing, and in fiscal 2019 we will continue pursuing the SHINKA 2019 strategies and

pushing to transform our profit structure.

We will further advance strategies to enhance the earning power of the core businesses including developing, preparing to manufacture, and releasing a steady flow of new products that are user friendly and offer compelling quality for customers. In the new and growth businesses, management decided it is prudent to continue investing management resources aimed at generating growth in the medium- and long-term and diligently cultivate new high-profit businesses in each business field.

■ For medium- and long-term growth

An “autonomous and distributed solutions” model for quick on-site issue resolution

The Company has been steadily evolving through the M&A and other measures undertaken since the launch of the previous medium-term business plan Transform 2016 to overhaul our business portfolio for the medium- and long-term and become “a digital company with insight into implicit challenges.” From this point, we will start looking beyond the present plan to identify the emerging global trends.

While IT giants like GAFA (Google, Apple, Facebook, and Amazon) in the United States and BAT (Baidu, Alibaba and Tencent) in China battle for global supremacy in the data industry, society continues to evolve at an incredibly fast pace.

Moreover, developments in AI, IoT, robotics, and other digital technologies are only accelerating the pace of change.

It is worth remembering that today’s data-driven businesses were not originally created with the intention of collecting massive amounts of data outside country borders. They have evolved quite differently than expected, and their current functions of gathering of large amounts of data in a centralized location and using the cloud to analyze that data are changing our world. Yet, isn’t the original objective of gathering data to use it to reform on-site working styles and business processes in various industries and types of

businesses, and to amplify the human ability and creativity of the people who work there?

Sending the massive volume of data from worksites to the cloud puts an extreme burden on telecommunications. Sending it offsite also opens up a time lag for on-site use of the data. Many people are starting to find that there are many circumstances when it is more efficient to keep data in-house and resolve issues immediately at the site. I think this realization marks a turning of the tide, and I believe it presents major opportunities for the company.

Our imaging and sensing technologies grew out of our original camera and photograph businesses, and we are now using those cultivated technologies for leading-edge applications such as accurately collecting and analyzing on-site data to support instant decision-making. Company worksites are constantly trying to address issues ranging from improving quality and eliminating loss to increase productivity to finding ways to pass on the technical skills and expertise of experienced staff. Our technologies can enable “autonomous and distributed solutions” (edge computing) right at the worksite, and I believe

that presents a major opportunity for the company to establish a unique position in the emerging industry.

Using “autonomous and distributed solutions” to identify meaningful data at the worksite will also lighten the workload at a company’s central data management site. Centralized operations are limited in their ability to conserve resources and protect the environment. The massive amount of data involved means that even if the current battle for supremacy among the major digital platform companies expands worldwide, there will never be data centers big enough for plentiful enough to handle all of the data. Moreover, efforts to improve their energy efficiency would also never be enough, leaving the potential to inflict immeasurable damage to the earth’s environment. As the interest in sustainable development goals (SDGs) shows, the desire to create a sustainable society is growing worldwide. I believe that linking “autonomous and distributed solutions” with the centralized solutions that digital platform companies specialize in can enable more efficient analysis while also contributing to reducing the environmental impact from the operations.

Helping solve social issues using our technological strength to “make the invisible visible”

As I said above, our strength is our technology to “make the invisible visible” using the optical, imaging, and sensor technologies we developed out of original camera and photography business combined with the live moving image analysis technology developed by Mobotix, which we acquired in 2016.

Our technology has powerful potential as it can be used to

see gas leaks, analyze behavior of people and objects, and to enable doctors to literally see protein expression in cells, such as is needed for high sensitive tissue testing. We are providing autonomous and distributed solutions for office and manufacturing sites in all sorts of industries and businesses, and our solutions are now essential on the front lines of the medical and nursing industry.

Strengthening our corporate brand by pursuing “genre-top in value”

One more key element to our drive to establish medium- and long-term growth is our corporate brand strength. As a digital company, we need to have strong brand power worldwide if we are going to fulfill our potential. Building a corporate brand is not done by spending billions of yen on

advertising. Brand power comes from more than just raising name recognition. We need to expand our business worldwide and contribute to resolving social issues wherever we are. As we do that, customers everywhere will view our brand as vital to society, as deeply trusted, and as where they turn to for

solutions. More specifically, our services must impress the professionals that use them, change how they work, and add new meaning to their work and their lives. Through that process, they will naturally come to feel that Konica Minolta is a company that they need and trust. I believe that is the essence of brand building.

We have been advancing a “genre-top strategy” since Konica and Minolta joined forces in 2003. Our original objective was to capture market share that would put us in the top-class worldwide in each of our product genres. As a manufacturer, of course it is important to continue honing our technical capabilities and product strength. However, what customers are really looking for is not just technology, products, or systems, but the value that arises when they use those elements to increase productivity and stimulate creativity. When we recognized this, we changed our objective from being the genre-top in products to being the genre-top in value.

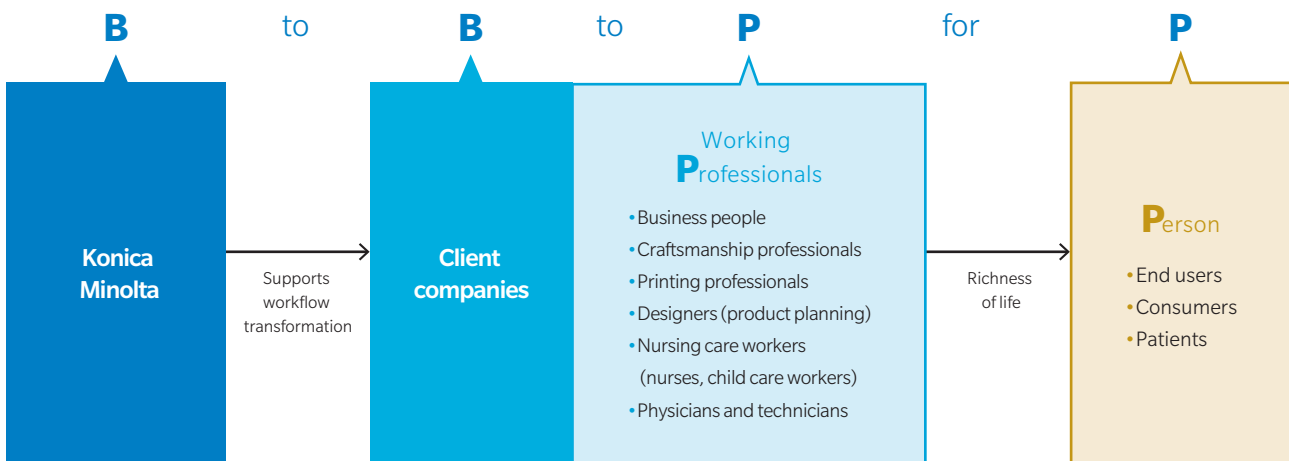
This is the value that we call “customer value.” Since our business is mainly focused on BtoB rather than on BtoC, our customers are mostly companies. The image we have of for the final user of our products is the professional at the worksite and the person that is their customer. In this sense, our business is “BtoB-to-PforP.” We work intimately with professionals on their jobs at all sorts of worksites, including manufacturers, printers, office workers, and doctors and caregivers to provide new value



through our products. That is where we want to supply the value, and we want to be the best at it — the “genre-top in value.”

We do not solely sell products, and we also do not sell pure IT services without products. We are a company that provides purpose to the work and lives of professionals and people through our products and services. I want to build a strong brand by contributing to that sense of purpose and earning respect and trust for Konica Minolta.

Genre-top in Value Driven by BtoB-to-PforP



■ ESG activities and risk countermeasures

Strengthening our imaging IoT/AI personnel to execute our strategies, acting with dynamism, and creating a corporate culture that pursues challenges

The terms ESG (environment, social, and governance) and CSV (creating shared value) have become common in recent years, and it is widely considered essential for sustainable corporate management that companies to combine their business activities with addressing social issues. We have been combining the two since the merger of Konica and Minolta in 2003.

Early on we understand that reducing our carbon footprint would also reduce our costs. We also realized that sharing our environmental technology and expertise with our business partners and customers would multiply the benefits to such a degree that we committed to cutting CO₂ emission below neutral to become carbon minus by 2050. When we seek to create new business, our fundamental policy to plan to grow in fields that contribute to solving social issues. Our new businesses address issues in many ways, such as by enhancing nursing care productivity in a graying society, improving health and the quality of life, and supporting a safe and secure society.

Nevertheless, well-intentioned business creation will be fruitless if the business execution cannot keep pace with the changes in the social and business environments. At the same time, digitalization is only going to accelerate those changes. AI and IoT will become increasingly ubiquitous, and robotics and 5G will undoubtedly impact a diverse range of industries. The biggest challenge for top management is to keep up with the changing business environment.

I believe it is critical to secure the right human resources to carry out our strategies. Our aggressive M&A around the world in the past few years and bringing in numerous personnel with top-level knowledge and expertise in the IT field have made our staff one of our Group's biggest strengths. Part of our M&A strategy has been to bolster our personnel in areas

where we have insufficient staff, such as in healthcare and moving image analysis management. We are methodically expanding our staff of data analysts and scientists skilled in using deep learning for behavior analysis and people who will play key roles, such as product owners, to advance the edge IoT platform strategies that will drive our business. At the same time, we are methodically bolstering our in-house education, hiring new employees, and bringing in new staff through M&A.

I also tell employees that one of the best ways to avoid business risk is to understand the company's importance to society, think for yourselves, and take swift action. We put great faith in our 6 Values and believe that using them as a guide when proactively making decisions will enable us to take quick action when the environment changes. With each employee having a sense of ownership and generating dynamic ideas, we will create customer value that surpasses customer expectations. In such a rapidly changing environment, a corporate culture with this type of entrepreneurial spirit is a prerequisite to creating customer value and growing our business. Because of this belief, I think the increase in multidivisional bottom-up-type projects in the past two years where younger employees have been openly sharing their ideas has been wonderful for the company.

I also think it that creativity that is sparked by a clashing of perspectives is also extremely important. Discussions with colleagues that have different ways of thinking also bring out the best in each person. Promoting diversity has long been part of our corporate culture and, recognizing that it is one of our strengths, we decided to amplify it further. To symbolize this view, in April 2019 we changed the name of the Corporate Diversity Office to the Corporate Diversity & Inclusion Office. We feel that this change is in line with our efforts to promote

inclusion and our belief that the diversity of our employees is one of our greatest strengths. We will continue to support the empowerment of the “individuality” of our staff members.

We also need one more element to accelerate the quickness of our response to changes in the business environment: we must break out of the closed innovation paradigm. The Japanese manufacturing industry struggling to overcome this and it has been an issue for us as well. However, there have been many times in the past several years during

our numerous alliances and M&A that we have forged a single strategy for collaboration with companies that have different perspectives. As our five Business Innovation Centers around the world shows, we are constructing environments where different perspectives can come together, and I believe we are making steady progress toward more open innovation.

We will continue bringing together diverse perspectives and ways of thinking and fusing technologies to accelerate the creation of new value that contributes to solving social issues.

■ To our shareholders and investors

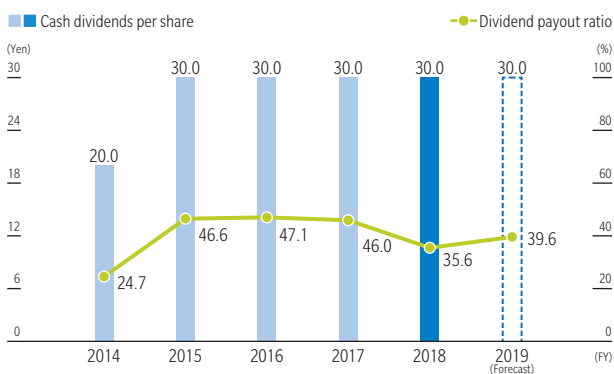
Committed to our dividend policy and proactively returning profit to shareholders

Our ideal is for investors to own our stock because they support our efforts to grow the company from a medium- and long-term perspective.

We also seek to fulfill investor expectations to maintain a consistent dividend policy and to continually increase our dividend payment amounts despite temporary fluctuations in our business performance. We provide additional shareholder return by flexibly considering share buyback programs.

We maintained our annual cash dividend payment at ¥30 per share for fiscal 2018, and plan to again provide an annual dividend of ¥30 per share in fiscal 2019. Konica Minolta will continue to seek out sustainable growth while living up to the trust of its shareholders and many stakeholders. I kindly ask for your continued support for the Group and understanding as we move forward.

Cash dividends/dividend payout ratio



Shoei Yamana
President and CEO
Konica Minolta, Inc.



We are maximizing corporate value by controlling risk impact and generating returns greater than capital costs.

Seiji Hatano

Senior Executive Officer

Management focused on cost of capital

Q1. What is the Company's policy and strategy for increasing capital efficiency?

Konica Minolta is transforming into a digital company with insight into implicit challenges through aggressive upfront investment in new and growth business areas for the medium and long term and by reformulating its business portfolio to boost capital efficiency. In fiscal 2018, the Company raised ROE by 1.6 points to 7.7%.

Management has two top priorities for raising the profit margin and ROE. The first is to create new value for the Company and increase customer value by guiding our M&A, R&D spending, capital investment, and other upfront investments to fruition and accelerating the growth of our Workplace Hub, Bio-Healthcare, Industrial Printing, and other new and growth businesses. The second is to bolster our core businesses by introducing new products to expand our market share and continuing with cost reform to steadily improve our earning power.

In the new and growth businesses, our focus is on generating sales as well as strengthening our management of key performance indicators (KPI) in categories like the number of customers and sales per customer that directly link to sales growth. We have been steadily improving the performance of our core businesses, but we believe we can increase the profit margin by further improving productivity and working capital.

Q2. Specifically, how will you improve capital efficiency?

There are three basic ways to raise ROE, specifically increasing the profit margin, using assets efficiently (total assets turnover ratio), and leveraging debt. We are focusing mainly on the profit margin and how we use our assets because these enable measures that will directly impact our business. We are improving both of these by strengthening the management of our business portfolio to maximize return on invested capital (ROIC) and return from invested capital* with the aim of enhancing our corporate value.

We are diligently managing the ROIC and return from invested capital of each business, particularly our core businesses, to generate returns exceeding cost of capital (the weighted average cost of capital (WACC)), while also revising and reformulating our business portfolio to improve capital efficiency strengthening. We are also improving capital efficiency by optimizing the cash conversion cycle, such as by reducing inventory volumes, regularly reviewing capital expenditure and investment and loans, and stepping up business selection and concentration for each business.

We will apply this approach to return from invested capital not only to our business administration but also to evaluate business results and the soundness of the management at our subsidiary firms with the aim of providing additional motivation to for our businesses and subsidiaries to improve their performance results.

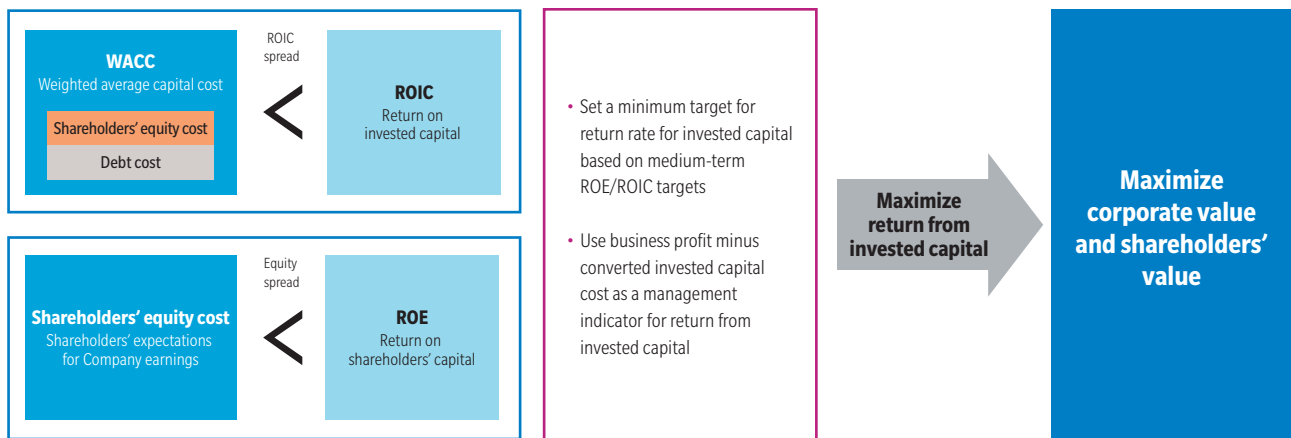
In taking this management approach, my main emphasis is on strengthening our on-site capabilities. I believe the best way for us to increase our return from invested capital is not to take the typical approach described in finance textbooks but to link it to the daily actions of all employees at our work sites because this is directly connected to the qualitative strengthening of our corporate capabilities. In fiscal 2019, I will work to deepen the connections between our business divisions and corporate departments and accelerate our

companywide effort to increase return from invested capital by setting targets, creating mechanisms, increasing employee understanding and motivation.

Through these measures, we will increase the ROIC-WACC spread and the equity spread (ROE to shareholders' equity cost) to maximize our corporate value and shareholder value.

* Return from invested capital is business profit minus invested capital multiplied by the capital cost ratio. This indicates the amount that value exceeds the cost of capital.

Increasing return from invested capital to maximize corporate and shareholder value



Allocation of Profit to Investment and Shareholder Return

Q3. How will you allocate profit to growth investment and shareholder return?

Our basic capital policy is to maintain a solid financial base while aggressively investing for business growth to transform our business model. As we do this, we will continue providing ample shareholder return, maintain our management focus on cost of capital, and strengthen our business portfolio management to continue improving our capital efficiency and increase our corporate value in the medium and long term.

We will focus particularly on generating operating cash flow by revising our business composition, enhancing the earning power of our core businesses, and improving the efficiency of working capital. We will also use effective capital

expenditure, investment, and investment and loans to maximize free cash flow, which we will allocate to enhancing shareholder return and fortifying the financial base.

In fiscal 2019, we plan to increase operating cash flow by over ¥25.0 billion year on year to ¥85.0 billion by building up profits and improving working capital. We anticipate investment cash flow of ¥60.0 billion (excluding investment and loans) and free cash flow of ¥25.0 billion. We plan to return roughly half of the free cash flow we generate to shareholders. We will continue to base our investment decisions on the state of world affairs, market conditions, our business growth potential, and returns after capital costs as we seek to improve capital efficiency, maximize free cash flow, and return profits to shareholders.

Q4. What is the progress and plan for capital expenditure and investment and loans?

Capital expenditure amounted to ¥52.5 billion in fiscal 2018. Investments mainly focused on developing new products and expanding production capacity in the core Office Business, Professional Print Business, and Industrial Business. Investment and loans amounted to ¥14.0 billion with a large part used to acquire distributors in France to expand and strengthen direct sales channels and the customer base for multifunction peripherals (MFP), and to prepare for development of the Workplace Hub operation. The Company used its own capital for all of these investments.

In fiscal 2019, we are planning ¥60.0 billion in capital expenditure to be focused again on the core Office Business, Professional Print Business, and Industrial Business. We plan to augment production facilities and advance new product development, optimize our development and production operations for the global market as we accelerate our digital transformation, concentrate and consolidate our dispersed development and production functions within Japan, and further enhance the high value-added in our businesses. We are additionally planning strategic investments to construct a new R&D center in the Kansai area to boost our imaging IoT

development capabilities and to make our domestic operating sites more effective and efficient.

We are allocating ¥20.0 billion for investment and loans to advance growth strategies, particularly related to the bio-healthcare business and the visual inspection field in the measuring instruments business.

Q5. What is the Company's dividend policy?

Konica Minolta's dividend payout policy is to proactively return profits to shareholders while taking into consideration the overall status of consolidated earnings and strategic investment in growth fields. Management enhance shareholder return by increasing the dividend payout amount and flexibly conducting share buyback programs.

In fiscal 2018, the Company distributed cash dividends of ¥30 per share, for a payout ratio of 35.6%. Management plans to maintain the dividend payment at ¥30 in fiscal 2019, for an expected payout ratio of 39.6%. The Company has maintained the dividend payout ratio within 30-40% for the past several years and will continue seeking to supplement shareholder return through additional measures, including share buybacks at levels matched to cash flow and dividend.

Risk Awareness and Prevention

Q6. Please describe your risk management structure and processes.

We view risk as uncertainties that have the potential to impact the profits and losses of our organization. We apply risk management not only on the negative side where it could cause losses, but also on the positive side for the sources of our earnings. Our risk management encompasses controlling the negative impact while also maximizing return.

The Risk Management Committee works to structure and help strengthen the risk management of all Group companies. The members of the Risk Management Committee, on which I serve as the chair, are selected Executive Officers and individuals in higher positions. The committee members are appointed by the chair and are responsible for the risk management for their departments.

The committee meets twice yearly to carefully review management risk items in each of the 17 categories, including

items classified as small and medium risks. The committee conducts monthly and quarterly monitoring, reviews the status of countermeasures, and applies the PDCA process to improve the risk measures.

The Risk Management Committee also annually identifies specific material risks to the Group that it deems especially critical to management and takes direct management responsibility for risks considered important to monitor from a companywide perspective. The committee chair appoints committee members (Executive Officers) to lead the risk management of these items and to monitor the monthly progress of the Group's countermeasures.

All risks are plotted based on quantitative assessments of their potential degree of impact and occurrence frequency into a comprehensive Group Risk Map. These maps are updated and pertinent countermeasures discussed twice a year with the committee chair convening the committee as deemed necessary.

Q7. What are the major risks to the Group in fiscal 2019, and what are your countermeasures?

The major risks the Risk Management Committee has identified for fiscal 2018 and 2019 are uncertainty concerning the US government in terms of foreign relations, foreign trade, and financial policy; rising protectionism and trade issues; and uncertainty concerning the situation of the European Union, specifically Brexit.

We are monitoring the risks and taking necessary actions related to the trade friction and trade sanctions between the United States and China, the direction of trade relations between the countries, and regulations and sanctions arising from U.S. National Defense Authorization Act. We are also closely monitoring and preparing responses for the potential impact of Brexit on the EU, which is a core market for the Company. We have already begun fortifying our business structure for any eventuality and potential impact on our business there.

In addition, cognizant of risks being faced by other Japanese companies, we have set critical risk management categories including fraud risk at overseas subsidiaries, quality

issues, client data leaks, labor issues, and cyber security.

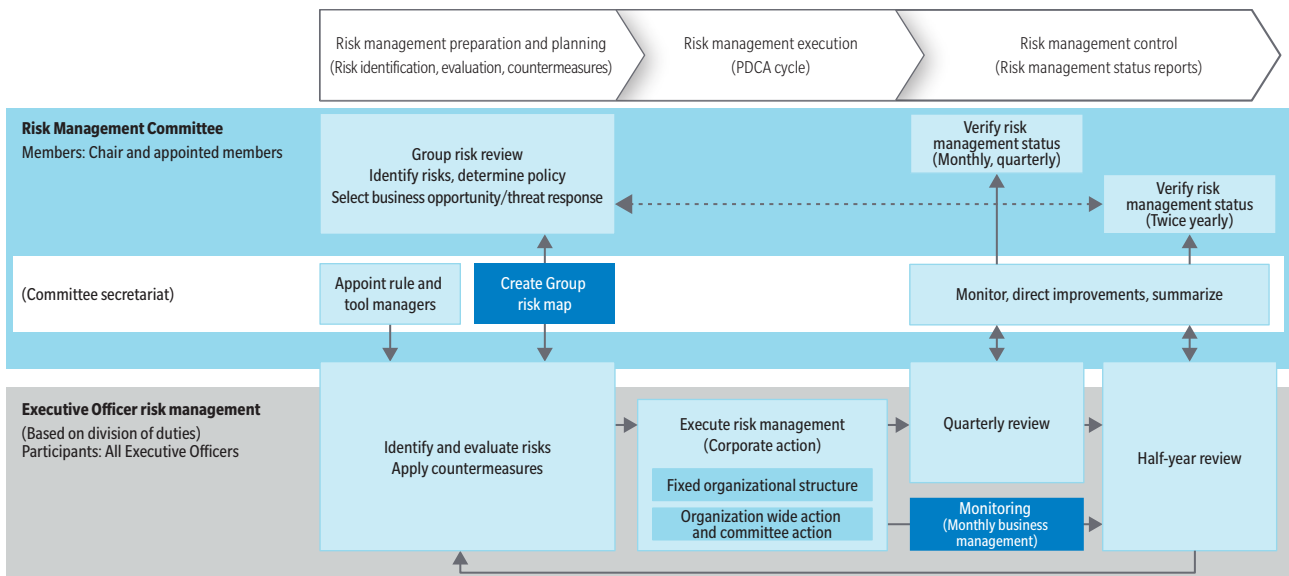
The Risk Management Committee also annually reviews its assessments of major risks for Group management in terms of ESG and the Company's medium- and long-term vision, and updating a Group Risk Map of the sources of each risk.

The Company also approaches risk from another angle. We also conduct risk management activities to lead to positive actions in response to new developments in society. For example, while considering the potential future risk that 5G technology may pose to our businesses, we also examine companywide potential for early action to lead to new value-added activities and business opportunities.

Our crisis management includes strict reporting rules for when a crisis occurs to inform Executive Officers, Officers of subsidiaries, and others and to ensure a prompt and appropriate response. The rules stipulate that an Executive Officer for crisis management be appointed for centralized management for collecting and responding to information about disasters and other crisis events worldwide.

Our risk management structure is designed to facilitate efficient and effective management of various risks to earnings from the short-, medium-, and long-term perspectives to ensure our ability to continuously enhance corporate value.

Risk Management Processes



Special Topic 1

Launch of the Workplace Hub, a Next-Generation Platform

Special Topics

Building High Value-Added Businesses

Konica Minolta is improving its medium- to long-term value by transforming into a high value-added solutions business that contributes to solving issues faced by our customers and society.



SOCIAL ISSUES

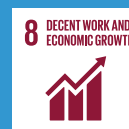
- Demand for improved productivity using IT
- Shortage of IT personnel and expertise
- Burden of upfront investment and management tasks in IT deployment



SOLUTIONS

- Provide all-in-one IT services to SMEs
- Improve productivity and creativity through work style reform

Relevant SDGs



Special Topic 2

Accelerating the Bio-Healthcare Business in Japan and the U.S.



Special Topic 3

A Massive Increase in Revenue in the Production Print Business Unit



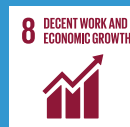
- Side effects of cancer treatment
- Growing cost and time of drug development
- Growing healthcare costs

- Reduce side effects in patients
- Support better efficiency in developing new drugs
- Paving the way to primary care and optimal treatment



- Waste arising from mass production
- Quality variances due to a shortage of experienced technicians

- Reduce wasteful printing through small-lot, high-mix printing
- Use automation to achieve better work efficiency and quality consistency





Special Topic 1

Launch of the Workplace Hub, a Next-Generation Platform

The Workplace Hub is the platform at the center of Konica Minolta's solutions business. Leveraging the customer base we have built up through our MFP, IT service, and other core businesses, we began rolling out Workplace Hub services worldwide in the autumn of 2018.

Providing All-in-One IT Services to Solve Issues Faced by SMEs

Maintaining close communication with customers in a variety of industries and businesses gives us a better understanding of the business they do. Using this knowledge, we conduct hybrid sales, offering solutions that provide a combination of MFPs and IT services. This allows us to provide solutions that solve customers' business issues and build long-term relationships with customers. Further enhancing this added value unique to Konica Minolta is the next-generation platform we call the Workplace Hub.

In recent years, more and more businesses are looking to use IT to improve productivity in response to a dwindling workforce. However, there are a considerable number of SMEs not fully leveraging IT for reasons that include a shortage of IT personnel and expertise, or the burden of upfront investment

and management tasks involved. The Workplace Hub provides these SME customers with all-in-one support encompassing IT infrastructure, IT services, and maintenance and operation services, while at the same time providing a range of cutting-edge applications through our cloud-based MarketPlace. And, as an on-premises server linked to the cloud, the Workplace Hub answers the needs of customers looking to retain and manage highly confidential data in-house.

The Workplace Hub is also positioned to be a promising platform that IT vendors such as Microsoft, Hewlett Packard Enterprise, or Sophos can utilize to approach SMEs. Going forward, Konica Minolta will add more partner vendors while leveraging its customer base of about two million businesses to expand sales of the Workplace Hub.

Top six issues faced by SMEs and their needs

Hardware doesn't work 27%	Issues with IT management 24%	Outdated software 24%
Security risks 23%	Unstable Internet connections 20%	Server crashes 20%

91% of SMEs replied that the most appropriate solution for them would be an all-in-one IT that seamlessly provides a one-stop solution for the hardware, software, and services from multiple vendors.

Joint survey with Opnium

Solving Issues via an all-in-one IT service using the Workplace Hub



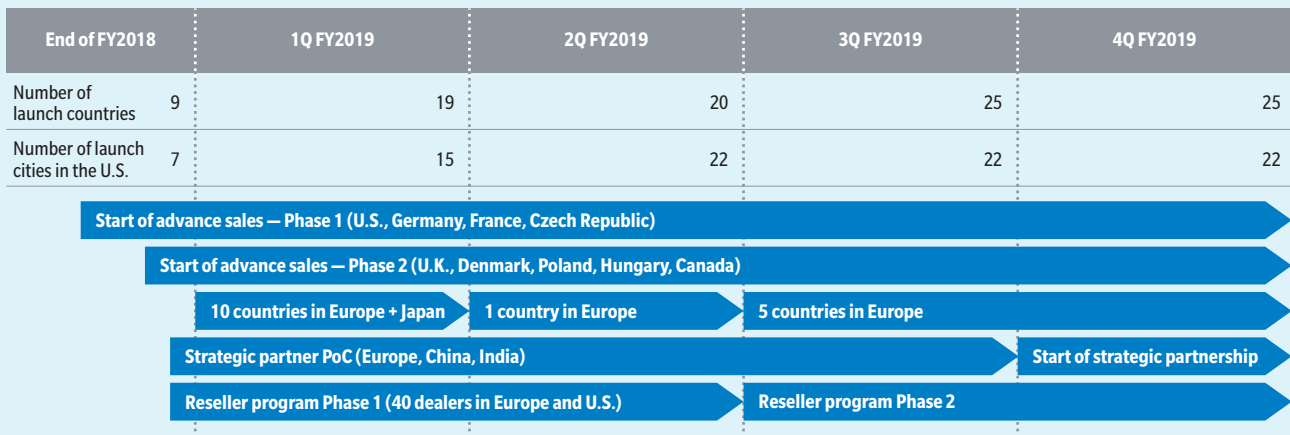
Launched Worldwide in Fiscal 2018 by Fully Leveraging One Konica Minolta Capabilities

The Workplace Hub was built through the One Konica Minolta system. Under this system, the Business Innovation Center (BIC) in Europe led planning and the European team developed the product, while business development and marketing was conducted in the U.S., and general business planning and administration was carried out in Japan. We employ an agile development methodology for upgrading the Workplace Hub based on customer response and requests, and we have already made several upgrades. Going forward, we will be

continually enhancing quality while providing the latest IT environments with reliable security measures.

Beginning with the release of the Workplace Hub in the U.S., Germany, France, and the Czech Republic in the autumn of 2018, we have been launching the Workplace Hub into additional markets. In fiscal 2019, the Workplace Hub was also launched in Japan. By the end of fiscal 2019, it will have been launched in 25 countries.

Workplace Hub release schedule



Comment from a customer

Cutting-edge IT services improved business efficiency

Mr. Howie Flagler

Vice President, Spector Textile Products



Like many other SMEs, we were struggling to keep up with rapid changes in IT. Maintaining aging hardware, gathering up-to-date information, updating licenses, deploying upgrades — all of these were difficult issues for us to solve. Maintaining these functions had become such a burden that doing so impacted our core business.

Deploying Konica Minolta's Workplace Hub Edge with IT management services has enabled more efficient IT management and allowed us to focus on our core business.

Spector Textile Products

Line of business: Spinning and weaving
 Location: Massachusetts, U.S.
 Employees: 30-40

Comment from a customer

Establishing a state-of-the-art IT environment in a limited space

Mr. Petr Mohyla

Owner, Mohyla CZ s.r.o.



Because we are a small business, we have limited space available for setting up IT equipment. However, providing high-level accounting services requires us to have a robust IT infrastructure.

Deploying a Workplace Hub in the place of our MFP has allowed us to establish a comprehensive IT management environment. The Workplace Hub seamlessly synchronizes with our existing virtual servers and enables us to reliably protect and retain all our data.

Mohyla CZ s.r.o.

Line of business: Accounting and tax accounting office
 Location: Czech Republic
 Employees: More than 20

Special Topic 1 Launch of the Workplace Hub, a Next-Generation Platform



Comment from the Executive Officer

Customer and dealer response since the fiscal 2018 Workplace Hub launch portends good things.

Ikuo Nakagawa
Senior Executive Officer
Responsible for Digital Workplace Business, DX Branding and IT

Establishing a business model for achieving recurring revenues and continued earnings growth

We have been able to develop and provide the Workplace Hub precisely because we have a customer base of about two million companies and a direct sales network allowing us to deepen our understanding of our customers in wide-ranging industries and lines of business. We first launched the Workplace Hub in the U.S. and Europe in fiscal 2018. Since then, its value has been fully affirmed with respect to things such as IT management workload reduction and security. We have received an especially large number of business inquiries from manufacturing companies as well as service industry businesses such as law offices and accounting firms.

In addition to a fixed billing system for basic services, the Workplace Hub employs a pay-as-you-go billing system that bills the actual amount of processing of value-added services used, including additional services and industry-specific solutions, as well as the number of devices used, and this is the key to business growth. The Workplace Hub differs

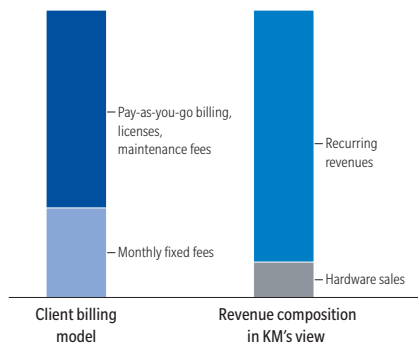
significantly from MFPs in terms of hardware and recurring^{*1} revenue composition. Compared to the recurring revenue ratio of roughly 60% for MFPs, the Workplace Hub has a ratio of over 80%, making it a business model that can achieve continued earnings growth. And whereas the contract term for IT services are normally one year, this is five years for the Workplace Hub.

*1 Recurring: Collecting fees on an ongoing basis according to service usage during the contract period.

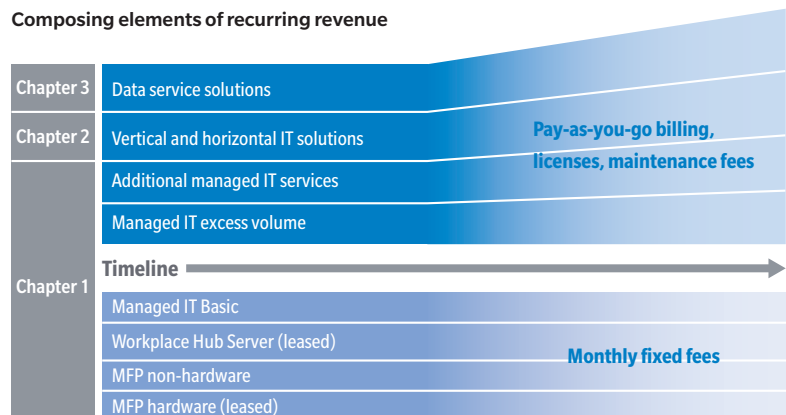
Achieving 10,000 customers by fiscal 2020 by expanding the customer base and sales channels

Our first goal is to achieve 10,000 customers by fiscal 2020. This is a KPI derived from our break-even point. Achieving 10,000 customers will allow for recovering all Workplace Hub investment to date and expanding profits thereafter. To achieve this goal, we are first seeking out customers from a core target of 280,000 direct sales MFP customers out of our customer base of about two million.

Workplace Hub revenue composition



Composing elements of recurring revenue



We are mainly targeting SMEs with between 20 and 200 employees but are also hearing unexpected interest being expressed by big enterprises with multiple business branches. Among those that have already started using our services is a German office of a global firm employing 6,000 people. The Workplace Hub is also driving demand for MFPs. For example, one company that had been using a competitor's MFPs deployed a Workplace Hub while also replacing eight of their MFPs with Konica Minolta models.

We will also begin selling the Workplace Hub through dealers beginning in fiscal 2019. I am happy to say that the Workplace Hub has been very well received by dealers all over as a highly-differentiated product. In Europe, there has also been talk of a large telecommunications firm becoming a Workplace Hub sales partner. We will be working with partners such as these to drive further sales.

Aiming to advance into the data business and achieve ¥100 billion in revenues by fiscal 2022

Our goal after reaching 10,000 customers by fiscal 2020 is to achieve ¥100 billion in revenues by fiscal 2022. To that end, we will need to go deeper into our customers' workplaces and then point out and solve issues that have gone unnoticed.

We have therefore established three chapters for carrying out Workplace Hub business. Chapter 1 involves managed IT, where we manage every aspect of customers' IT infrastructure. Chapter 2 entails industry-specific solutions for improving productivity and creativity. We are currently expanding our customer base through these two chapters. In the future, for Chapter 3, we will put concerted energy into data service solutions that leverage data accumulated across our Workplace Hubs. This will involve, for example, analyzing data from scanned and printed content. If an analysis for a

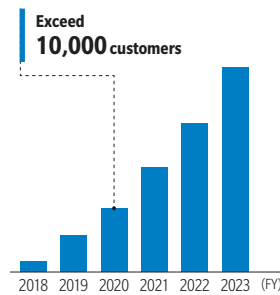
customer points to high volume in contractual documents, we can propose workflow improvements concerning the creation and management of such documents for the customer. As such, we will use data to make invisible issues visible and provide solutions. From fiscal 2020 on, we will be making this data business a pillar of Konica Minolta's portfolio.

We currently have about 2,000 system engineers engaged for this business, and are working quickly to develop Evangelists*2 who will work exclusively on Workplace Hub business. In the future, we plan to turn the Workplace Hub into a One Konica Minolta platform. By connecting it with all IT services and IoT devices, we will open up further possibilities for the Workplace Hub and provide greater value to our customers.

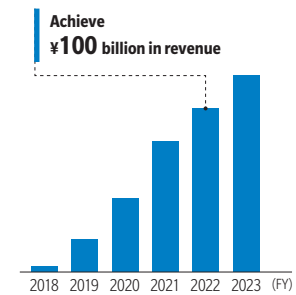
Our customers and dealers have expressed high hopes for the Workplace Hub, as have vendor companies providing apps to the MarketPlace. We will expand the Workplace Hub business by creating value with diverse stakeholders.

*2 Evangelists: Experts in widely promoting the appeal of new products and services in simple terms. Evangelists are drawing attention in the IT industry, a place of increasing sophistication and complexity.

Total customers



Workplace Hub revenue



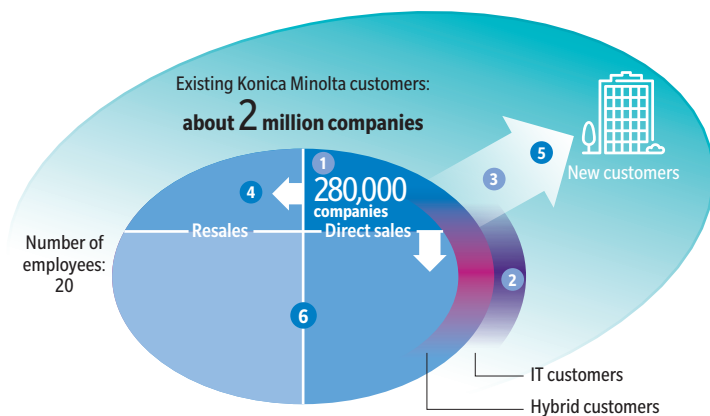
Concept for expanding Workplace Hub target and scope

Initial targets

- 1 Existing customers with only MFP
- 2 Existing customers with only IT solutions
- 3 Competitors' customers

Expanded scope

- 4 Reseller customers (resale program)
- 5 Strategic channel partners
- 6 Cloud-centered light solutions





Special Topic 2

Accelerating the Bio-Healthcare Business in Japan and the U.S.

Konica Minolta's bio-healthcare business is making efforts in areas such as cancer and Alzheimer's disease. By leveraging the full abilities of the Group to achieve the best medications and treatments for individual patients and help make drug development more efficient, we play a role in reducing social security costs.

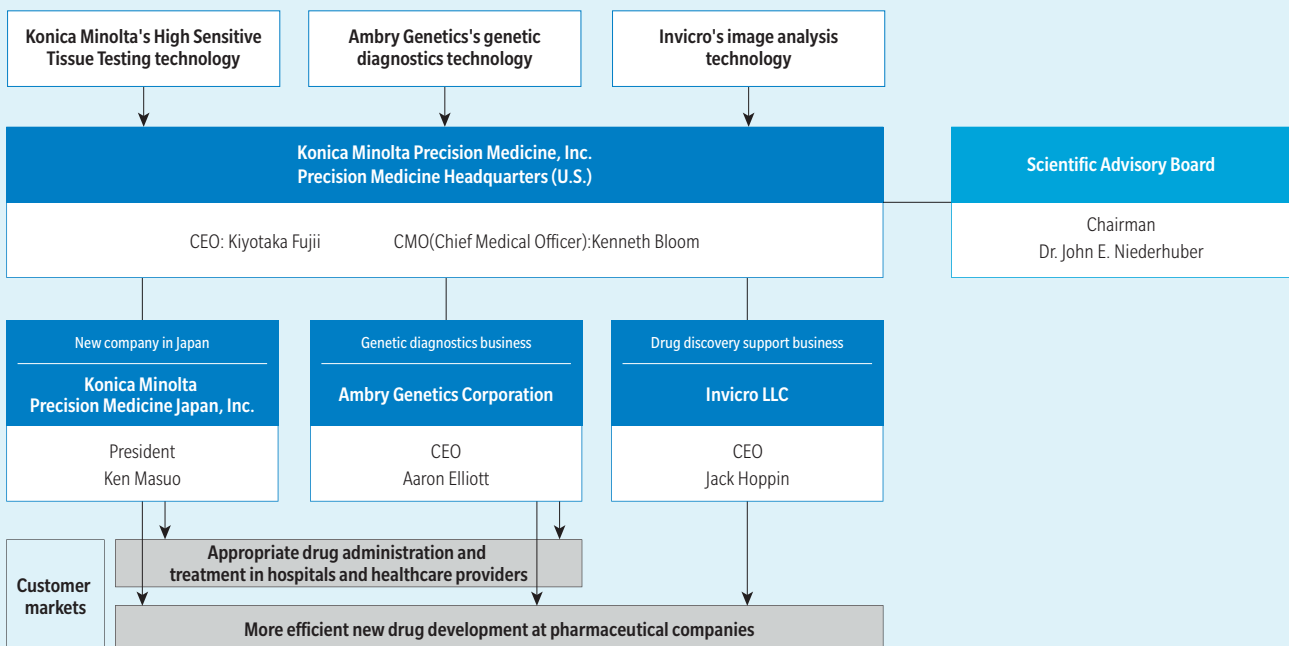
Becoming a Global Leader in Precision Medicine through a Business Promotion System Led by Our U.S. Headquarters

In recent years, serious side effects, ballooning healthcare costs, and the time and costs involved in drug development have become major issues in the field of cancer therapy. In response, Konica Minolta is focusing on the field of precision medicine, which involves developing the optimal drugs and conducting the most appropriate drug administration and

treatment for individual patients according to their genetic mutations or other causes of disease.

Utilizing the High Sensitive Tissue Testing (HSTT), genetic diagnostics, and image analysis technologies of the three Group companies Konica Minolta, U.S.-based Ambry Genetics (AG), and Invicro, enables us to diagnose disease at the

Bio-healthcare business structure



molecular level in the human body and analyze illnesses and the effectiveness of medications. With these capabilities, we support appropriate drug administration and therapy for patients and improve response rates. For pharmaceutical companies, we provide services that help improve drug development success rates by improving the efficiency of biomarker identification and clinical trials.

In 2018 we established Konica Minolta Precision Medicine, Inc. (KMPM) in the U.S., an advanced nation in the field of precision medicine. This new company oversees Konica Minolta Precision Medicine Japan, AG, and Invicro. The company has brought in Dr. Kenneth Bloom, who has held important positions at multiple healthcare companies, as the CMO, and is building a system for carrying out business with our U.S. headquarters leading the charge.

We also established a Scientific Advisory Board. Many Key Opinion Leaders (KOLs) have been brought on board, most notably Dr. John E. Niederhuber, former Director of the National Cancer Institute. KOLs have significant influence when new drugs are being developed or new medical services are being launched, so they are seen as being extremely important in the U.S.'s healthcare industry.

The Advisory Board's first meeting was held in the U.S. in February 2019. In attendance were Advisory Board Members and

people from KMPM, AG, and Invicro, as well as two guests from Japan who are prestigious members of the genome science community. Meeting attendees had a lively exchange of views

about strategies going forward, including how to consolidate the Group's technologies and diagnostic imaging data into a business.

Advisory Board Members expressed high hopes for the market superiority of having the combination of the Group's genetic diagnostics and image analysis technologies. Furthermore, they also have high expectations for the originality of our HSTT technologies, which allow for accurately analyzing the number and location of specific proteins that manifest in cancer cells.

In 2018 we established Konica Minolta Precision Medicine Japan, Inc. to reinforce our business structure in Japan. This move is part of our mission to expand services for the hospital market and pharmaceutical market under a powerful business structure in Japan and the U.S. and to ultimately become a global leader in precision medicine.



Meeting with the Advisory Board in February

CMO

Kenneth Bloom, M.D.

Chief Medical Officer
Konica Minolta Precision Medicine, Inc.



The emergence of precision medicine is dramatically changing how we think about and classify disease. As we gain an understanding of the complexity of diseases like cancer, we can now customize therapies that provide the most benefit for patients while significantly reducing unwanted side effects. However, to make this a reality for all patients requires a new approach to diagnostics, one that integrates data from imaging down to the genetics of an individual. This is why I am so excited about Konica Minolta Precision Medicine. We will revolutionize the diagnostic industry as we integrate what used to be single diagnostic tests into a comprehensive analysis for physicians enabling the vision of precision medicine.

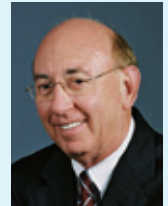
Profile

He has served as Chief Medical Officer at GE Healthcare and helmed cancer-related business at Human Longevity. He has over 30 years of industry experience, which includes establishing a pathology laboratory.

Advisory Board Chairman

John E. Niederhuber, M.D.

Adjunct Professor Oncology and Surgery
The Johns Hopkins University School of Medicine Baltimore, MD



When I was first introduced to Mr. Fujii and the Konica Minolta Precision Medicine Initiative leadership team, I was very impressed with the vision and the talent that Konica Minolta had assembled. Konica Minolta's acquisition of two companies Ambry Genetics and Invicro was a very strong sign of the corporate commitment to the new Precision Medicine Division headed by Mr. Fujii. Ambry Genetics is a known and highly respected leader in high quality complex genetic testing especially in the hereditary disease space with a very large data-base and Invicro is an impressive rather unique company in the very innovative imaging space with exciting analytic platforms and talented scientific leadership. Listening to the enthusiastic characterization of their respective companies by CEOs Aaron Elliott and Jack Hoppin and the visions they have for integrating their talented scientists to address the opportunities of genomics, large scale analytics and imaging was certainly exciting to hear. In the end of course, my decision to accept the honor of helping to form a talented Scientific Advisory Board and to Chair the board was the alignment with my own visions of the future of genomics and medicine. There was clearly an excitement of being involved from the beginning with this new effort by Konica Minolta and its newly acquired subsidiaries. This new precision medicine initiative will certainly become tremendously beneficial to the future of patient care.

Profile

He currently serves as CEO of Inova Translational Medicine Institute and is a top authority in American cancer scholarly circles. He was selected by former U.S. President George Bush to serve as the Chair of the National Cancer Advisory Board.

Topic 2 Accelerating the Bio-Healthcare Business in Japan and the U.S.

Collaboration between AG and Konica Minolta to Expand Genetic Diagnostic Services into New Markets

The genetic diagnostics market is expected to grow at a rate of 15% worldwide, with the U.S. as the main market. To capture this demand, we will be stepping up two strategies centered on AG's technologies and services.

The first is improving the accuracy of genetic diagnostics. AG has been providing DNA testing services for those with suspected or confirmed cases of cancer, and is seen as a top-class company in the industry for the accuracy of its testing. In 2019 the company began RNA* testing, too, and will now dramatically improve diagnostic accuracy by doing both DNA and RNA testing.

The second strategy will be to broaden the scope of genetic diagnostics to include those who do not have cancer. As part of the strategy, we launched the CARE Program, a genetic diagnostic service for those receiving regular health checkups. The service will focus on breast cancer. Because genetics are a major risk factor for breast cancer, by providing genetic diagnostics during regular health checkups we will greatly contribute to early detection and prevention of breast cancer.

Genetic diagnostics for those who do not have cancer is a new market untapped by our competitors, and the CARE Program is targeting roughly ten times the number of individuals who have cancer. For many years Konica Minolta has provided X-ray and mammography equipment used in regular health checkups to numerous imaging centers. By leveraging these sales channels, we aim to spread the use of genetic diagnostics along with breast cancer checkups.

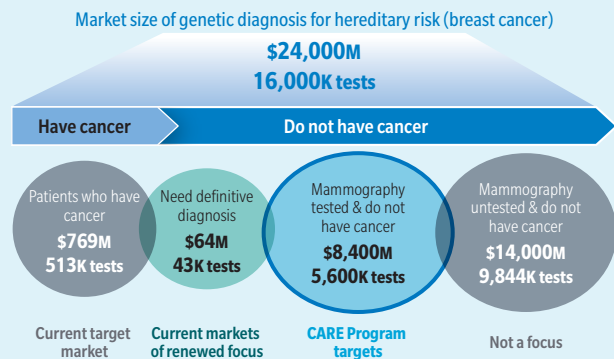
In addition to the accuracy of testing, the quality of feedback about testing results is an important part of genetic diagnostics. AG has more than 100 genetic counselors and is an undisputed heavyweight in the U.S. for its counseling capabilities. Leveraging this strength, we will provide accurate information to imaging centers that have no genetic counselors. This includes promoting awareness about genetic information. We will also provide thorough counseling services for individuals with confirmed cancer risk.

In Japan, we have begun providing genetic diagnostic

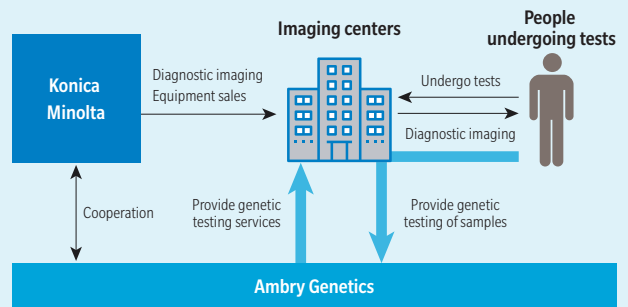
services in cooperation with LSI Medience Corporation and are moving ahead with the application process for these services to be covered by national health insurance. We are also strengthening cooperation with industry and academia, and one such example is an agreement with the University of Tokyo and the National Cancer Center Research Institute to begin joint R&D into a next-generation comprehensive gene panel test (next-generation Today OncoPanel).

* RNA: Ribonucleic acid. Involved in the protein formation process and temporarily processes genetic information.

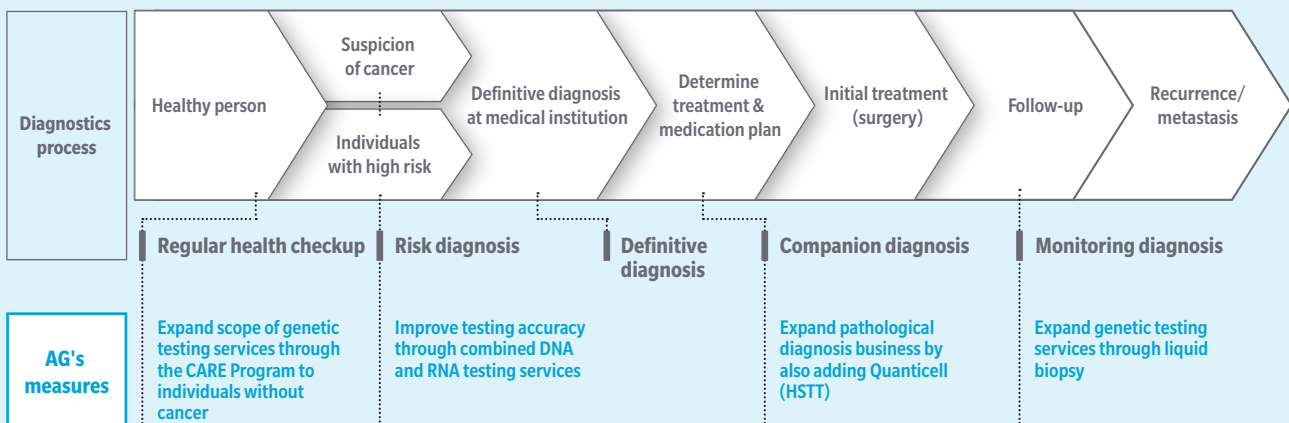
CARE Program market size



CARE Program sales strategy



Genetic testing business expansion measures



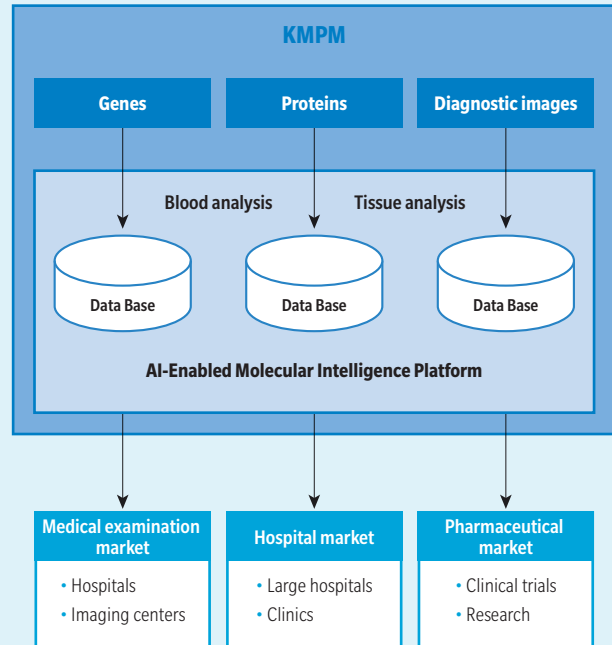
Coordinate with Invicro to roll out services that utilize HSTT technology for the pharmaceutical market

For the pharmaceutical market, we will strengthen our drug discovery support services which utilize Konica Minolta's HSTT technology (Quanticell). This service involves taking cancer cell specimens from pharmaceutical companies, analyzing them in a laboratory, and giving the companies the results. In order to expand this service from Japan to the U.S., we built a dedicated laboratory at Invicro in April 2018. We will promote the value of Quanticell (HSTT) using Invicro's sales channels, which provide drug discovery support services to 140 pharmaceutical and other companies in the U.S.

We are also setting our sights on a data business for pharmaceutical companies. By creating a molecule information database from the results of genetic diagnostics and other efforts, it will provide clues to identifying the causes of gene mutation and help improve the efficiency of drug development. Moreover, by linking hospitals' electronic health record information to the database, we will be able to further improve the quality of precision medicine and, by extension, further improve patients' quality of life.

By accurately identifying the needs of the hospital and pharmaceutical markets with the Group's technologies and expertise, we will develop the bio-healthcare business into a future earnings driver for Konica Minolta.

Development of the data business in the bio-healthcare business



Comment from the President of the new company in Japan

We will concentrate on strengthening our business targeting pharmaceutical companies while making precision medicine more widespread.

Ken Masuo

Konica Minolta Precision Medicine Japan, Inc. (KMPMJ)
President

Compared to the U.S., precision medicine — including genetic diagnostics — is not very widespread in Japan. I came to work for KMPMJ from the pharmaceutical industry because I felt Konica Minolta had the potential to achieve great things. I'm speaking of technologies such as HSTT, but what also drew me to the Group was its assets — that they have business facilities in the U.S., a developed nation for precision medicine, and that Group company Ambry Genetics has conducted more than one million genetic diagnoses.

KMPMJ now works with Group companies to proactively approach pharmaceutical and research/healthcare institutions in Japan, and our technologies have garnered the attention of numerous researchers.

Business for pharmaceutical companies is our present area of focus. Going forward, by turning our proprietary technologies into biomarkers, we will play a role in solving the problems of drug development by reducing the

immense costs and time entailed and by improving the success rates. We will also be working to build an environment for making precision medicine more common by, for example, getting genetic diagnostics covered by insurance and fostering genetic counselors who can provide patients with appropriate information.

Early intervention is the best medicine for improving patient's prognosis and reducing healthcare costs. We will be using our technologies to aid with primary care and treatment as we lead the way for precision medicine in Japan.

Profile

He worked in R&D at Daiichi Pharmaceutical before leading GlaxoSmithKline's Commercial Department in Japan and becoming AstraZeneca's Japanese representative for its oncology business. He assumed his current position in 2018.



Special Topic 3

A Massive Increase in Revenue in the Production Print Business Unit

Fiscal 2018 operating profit increased 49% year-on-year in the Professional Print Business. Driving this increase was our production print business unit, a reliable revenue base. We are making revenue grow through our original strategies.

A Considerable Increase in Unit Sales through the Regional Strategy and the High Value-Added Strategy

The global production print (PP) market sees 47,000-48,000 printers sold per year, and this is not expected to increase significantly. Amid this situation, though, Konica Minolta is expanding sales globally in both hardware and non-hardware* for digital printers, with an operating profit ratio of over 10%. Two strategies are driving this growth.

The first is our regional strategy. Konica Minolta was one of the first to do business in emerging countries such as China, India, and the ASEAN region, and has captured demand for the transition from analog to digital and from monochrome to color models. In particular, we have market shares of over 50% in China and India as a result of doing business tailored to the market needs of each country.

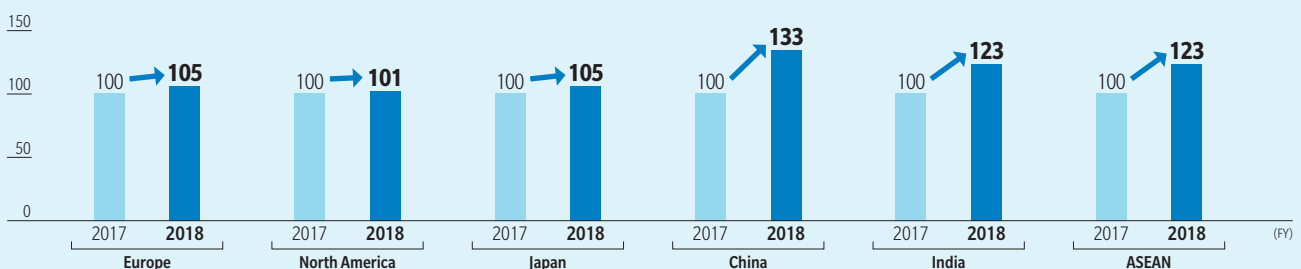
In India, for example, we focused on the custom of handing out fancy photo books at weddings. We are approaching photo studios and proposing digital printers

equipped with high saturation toners that accurately reproduce brightly colored clothes and the smoothness of human skin. For China we are expanding sales by focusing on compact, affordable printers for small- and medium-sized print shops and promoting the advantages of digital printing for curbing paper waste in urban areas, which are subject to strict environmental regulations. In emerging countries, where the penetration of color models is still low, we are actively capturing increasing demand for color units.

The second is our high value-added strategy. Amid intensifying price competition for digital printers, Konica Minolta is enhancing customer value and improving its profit ratio with the IQ-501, the Intelligent Quality Optimizer for digital printers.

A lack of skilled personnel and an aging workforce is seeing printing companies struggle to improve productivity

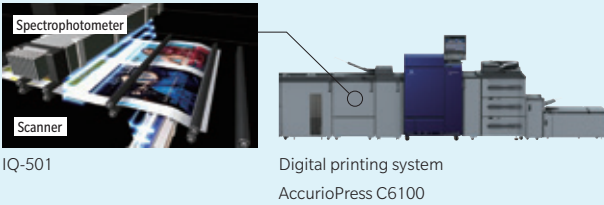
Non-hardware revenue growth rates for production printer (Base index: fiscal 2017 = 100)



and achieve stable quality. The IQ-501 automates tasks that used to require human work — tasks such as density adjustment, color management, front-to-back registration, and inspection. This dramatically reduces the need to perform manual tasks before, during, and after printing, and reduces the resulting downtime, while eliminating uneven

printing quality that arises from differences in operator skill levels. In addition to helping to improve customer productivity, our IQ-501 solutions increase print volume (PV) and expand revenue.

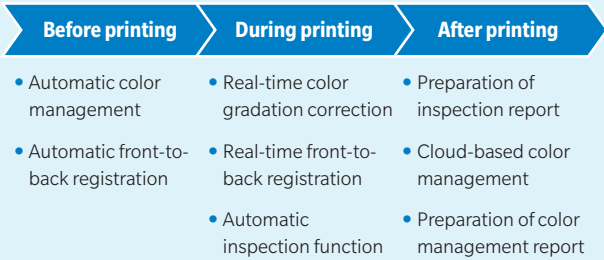
* Non-hardware: Revenue streams outside of hardware sales, e.g. consumable parts such as toners and services such as maintenance



IQ-501

Digital printing system
AccurioPress C6100

Value provided by the IQ-501



Comment from an IQ-501 customer

Print quality improved and order volume surged

Our company prints mostly books. Since we deployed the IQ-501, it has become easy for anyone to perform tasks such as color management and front-to-back registration. This has greatly shortened adjustment time and increased our daily print volume. Additionally, greater reliability in color tone and print positioning has made possible RGB* printing, which reproduces colors just as they appear on computer screens. As a result, our customers have also put in more color printing orders.



Bungo Yamauchi
Executive Officer
Meiko Co., Ltd

* RGB: The three primary colors of light (R = red, G = green, B = blue). Whereas printers usually use the CMYK mode, computer monitors usually use RGB mode.



Comment from the Executive Officer

Adding higher value to printing companies by helping improve their productivity

Koji Sugie
Executive Officer
Division President of Professional Print Business Headquarters

Achieving continued revenue in the PP business will require pursuing greater PV than ever before.

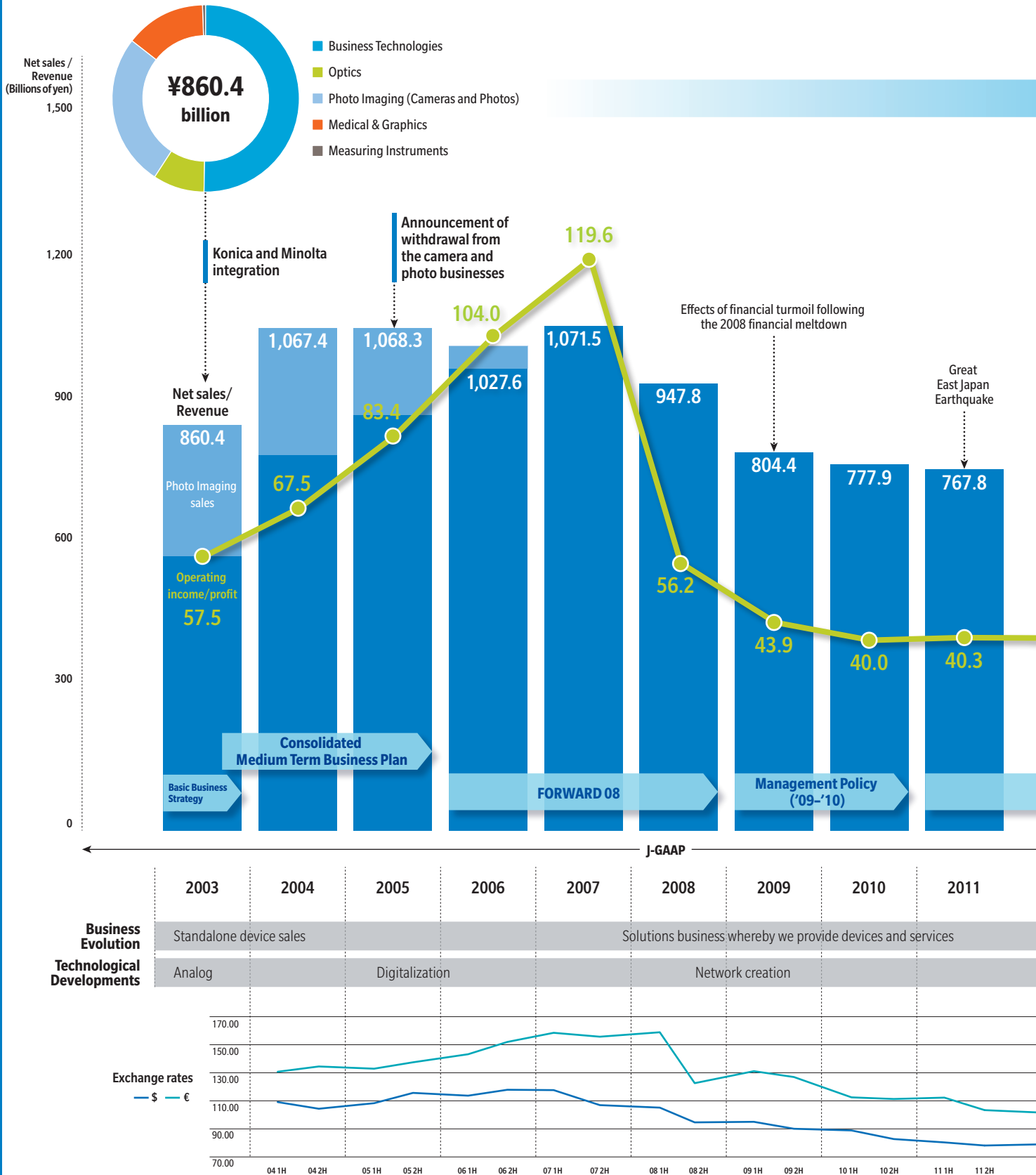
To that end, from fiscal 2019 we will be making an active foray into the color high-speed PP market, which will allow for greater PV, in addition to our mainstay market of color medium-speed PPs. With rising demand for digital printing in the form of direct mail and web-to-print business, for which orders are received over the Internet, we expect demand to continue to grow for high-speed PP printers.

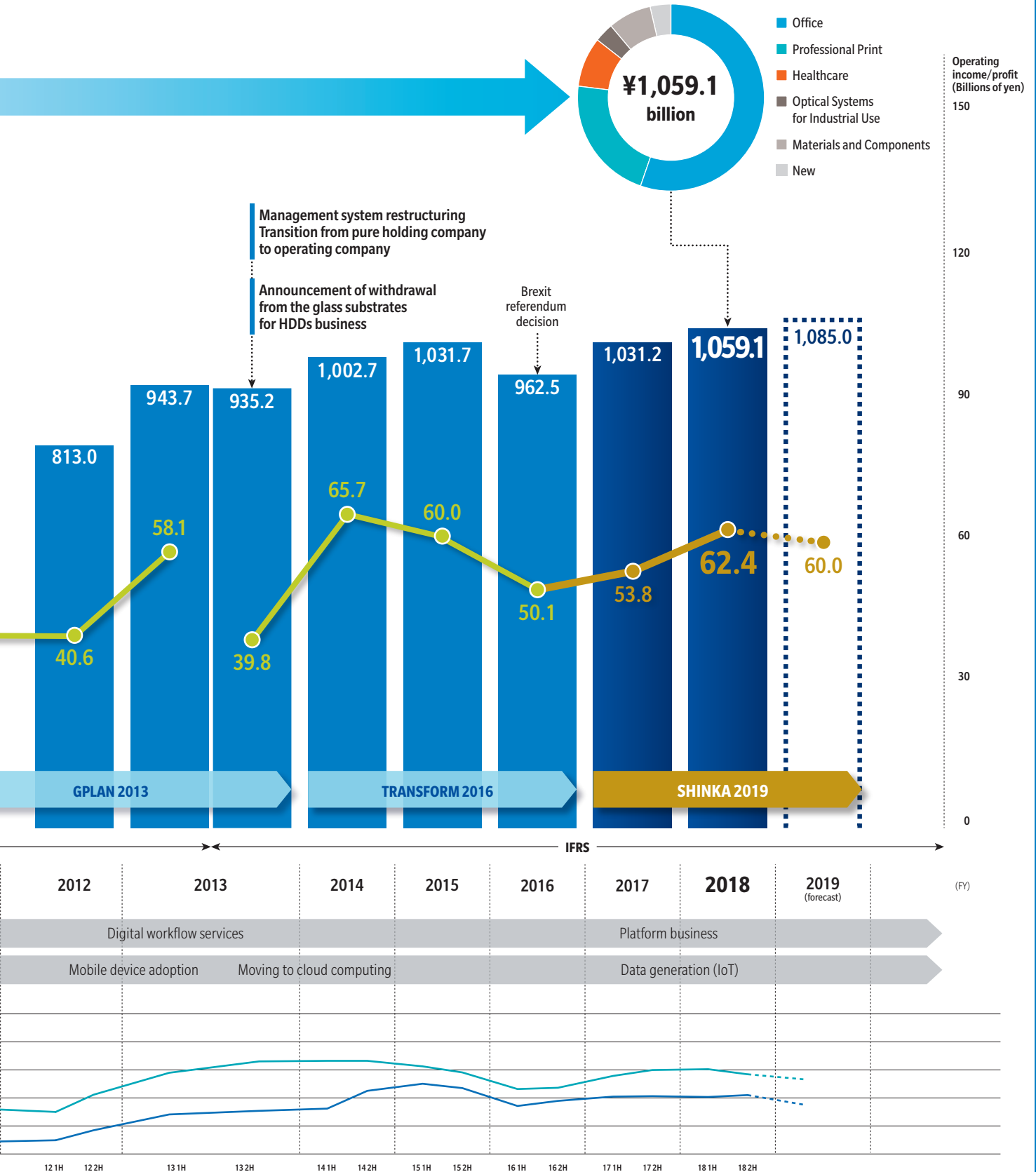
Although we got a late start in this color high-speed PP market, the IQ-501 gives us a significant advantage. The IQ-501, jointly developed with our measuring instruments business unit and its colorimeter technologies for printed materials, is something only we can provide. The product has been exceptionally well received by our customers and

is used in over 80% of the new color medium-speed PP units currently being sold. Per-unit productivity rises with the use of the IQ-501. For example, print volume that previously required three printers can now be handled with only two, further boosting customer value.

In February 2019, as an option for the IQ-501 we launched the automatic product inspection system, which features the industry's first automatic recovery printing function. We plan to release more functions going forward. In the future, we will begin looking at the management of multiple printers and the consolidated management of workflows through cooperation with other sites as we continue to provide solutions that solve our customers' problems.

Konica Minolta Milestones





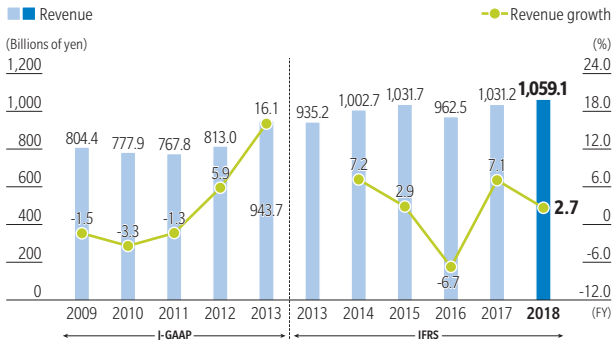
Financial and Non-Financial Highlights

Pgs. 95-96 also show major financial data for the last 10 years.

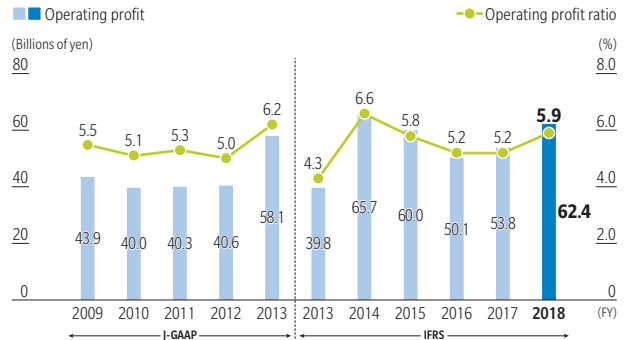
Profitability

In fiscal 2018, with the management environment affected by the global economy, such as trade friction between the U.S. and China, the continuation of uncertainty regarding the European economy, and the slowing of the Chinese economy, the shift to higher value-added products and value-added sales in core businesses showed results, with revenue increasing for the second year in a row, being up 2.7% year-on-year to ¥1,059.1 billion. Increased revenue in core businesses together with an increase in the gross margin led to rising gross profit, and a reduction in SG&A expenses ratio to sales contributed to operating profit, increasing 16% year-on-year to ¥62.4 billion, while sustaining investment in growth and new businesses. The strategy focused on profit bore fruit. Along with this, net profit attributable to owners of the company grew 29.3% to ¥41.7 billion.

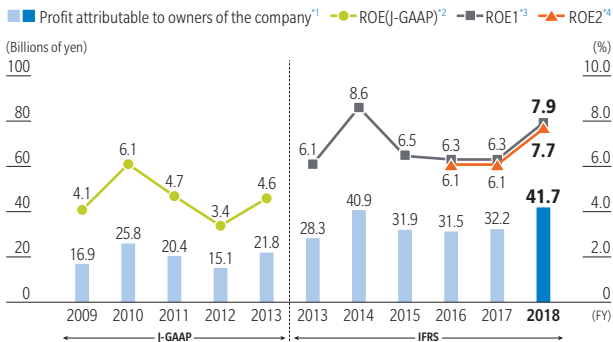
Revenue, Revenue growth



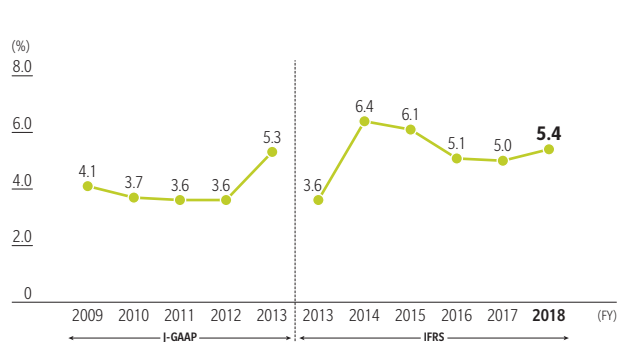
Operating profit, Operating profit ratio



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



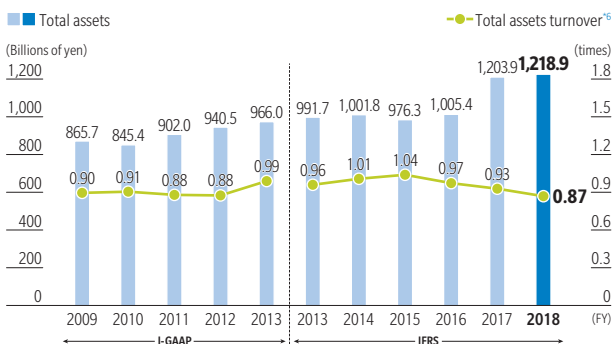
ROIC^{*5}



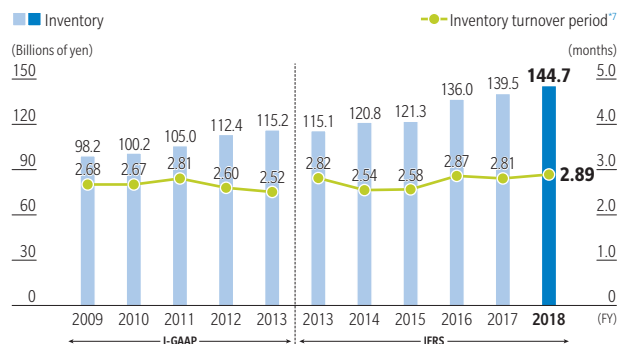
Efficiency

Total assets as of the end of fiscal 2018 increased ¥15.0 billion (+1.3% year-on-year) to ¥1,218.9 billion. This was owing to an increase of about ¥40.0 billion from increases in property, plant and equipment and in goodwill and intangible assets with the purchase of distributors for the expansion of the customer base for Workplace Hub and IT services; an increase in trade and other receivables; and the deduction of about ¥25.0 billion in cash and cash equivalents primarily for payment of bonds. As for inventories, while there was a decrease of performance materials due to production line switchover, there was an overall increase with safety stock considering the U.S.-China trade friction, healthcare's reduced sales in the U.S., and the effect of the transfer of the Panasonic business in IJ (inkjet) component. The inventory turnover period increased slightly to 2.89 months.

Total assets, Total assets turnover^{*6}



Inventory, Inventory turnover period^{*7}



*1 Fiscal 2009–2013 (J-GAAP) = Profit for the year

Fiscal 2013–2018 (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 at start of fiscal year and end of fiscal year)) 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%

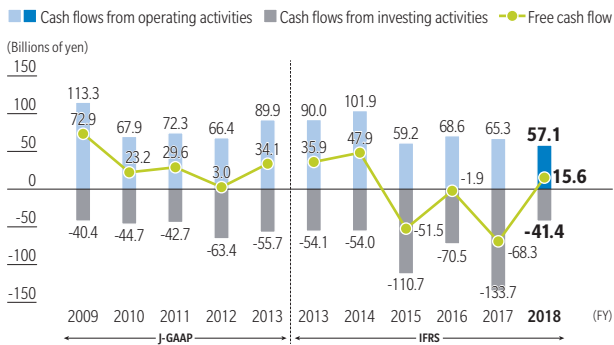
*5 ROIC = Operating profit after tax / (Share capital + Share premium + Retained earnings + Treasury shares + Interest-bearing debt (yearly average)) x 100%

*6 Total assets turnover = Revenue / Average total assets

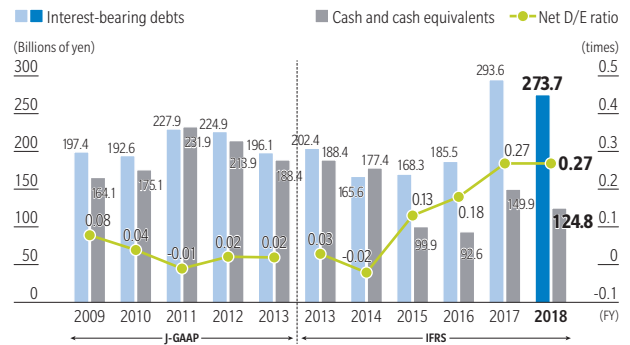
Stability

In fiscal 2018 cash flows, net cash provided by operating activities was ¥57.1 billion, while net cash used in investing activities consisting of income from the liquidation of real estate, capital investments such as for new product dies, and expenses related to investment and loans, such as buying distributors, totaled ¥41.4 billion. As a result, free cash flow (the sum of cash flows from operating and investing activities) was a positive ¥15.6 billion. Interest-bearing debt declined by about ¥20.0 billion from fiscal 2017 to ¥273.7 billion due to redemption of bonds and repaying long-term loans, and there was also the effect of exchange rate volatility on cash reserves of ¥124.8 billion so the net D/E ratio improved somewhat to 0.27.

Cash flows



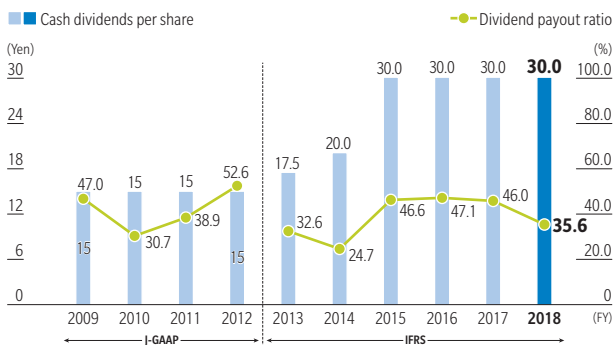
Interest-bearing debts, Cash and cash equivalents, Net D/E ratio



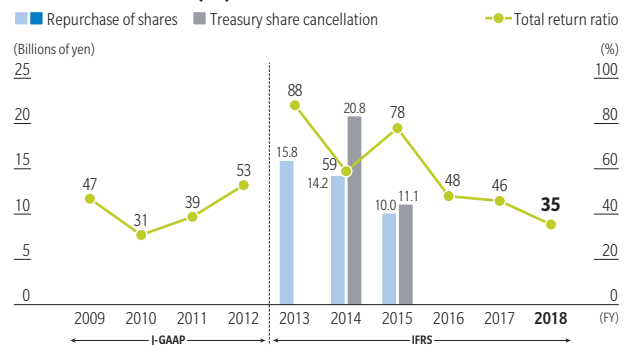
Shareholder Return/Investment Indicators

The Company's basic policy is to proactively distribute earnings to shareholders after comprehensive consideration of factors including consolidated business results and strategic investment in growth areas. In fiscal 2018, the company paid an annual dividend per share of ¥30. No treasury stock was acquired or disposed of.

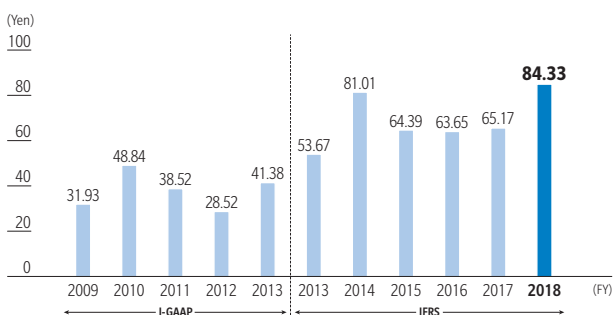
Cash dividends, Dividend payout ratio (%)



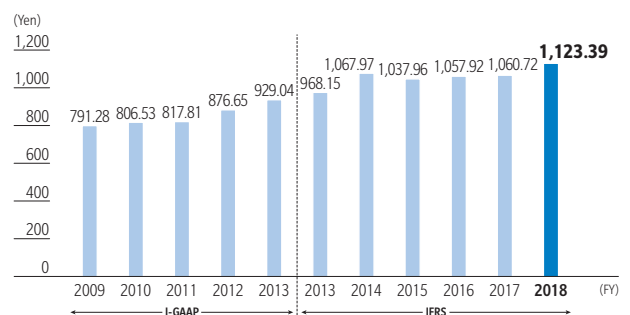
Repurchase of shares and Treasury share cancellation, Total return ratio (%)



EPS^{*8}



BPS^{*9}



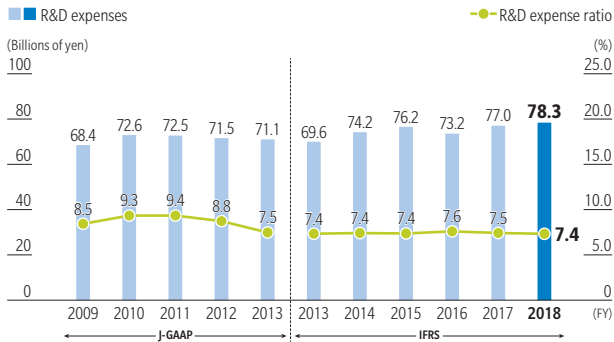
*7 Inventory turnover period = Inventory balance at fiscal year end / Average cost of sales for most recent three months

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

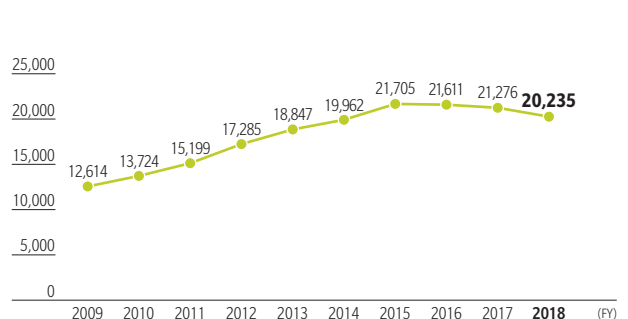
*9 BPS = Profit attributable to owners of the company / shares at fiscal year end

Non-Financial Data

R&D expenses, R&D expense ratio

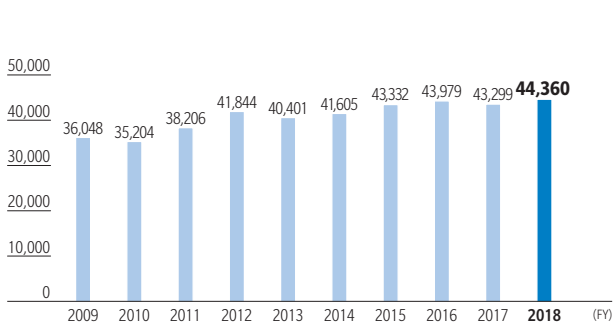


Number of patent rights held*



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

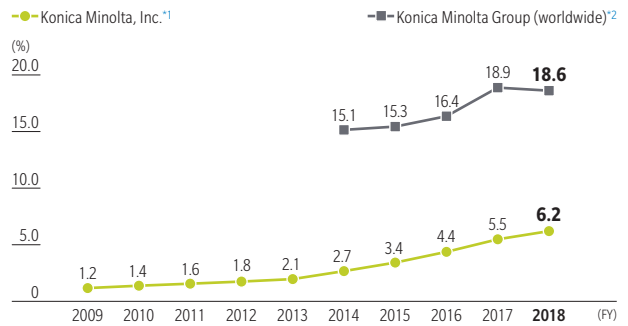
Group employees (consolidated)



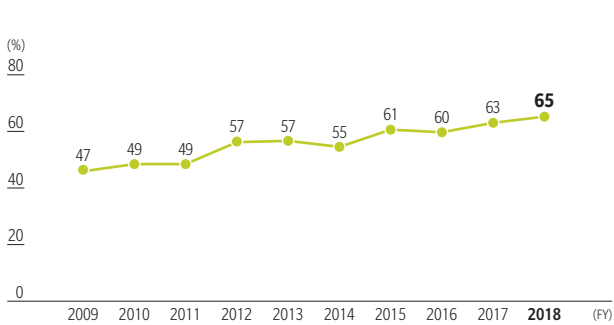
*1 Includes employees seconded to Group companies. Figures are as of April 1, the day after the end of each fiscal year.

*2 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. Figures are as of March 31 of each fiscal year.

Percentage of management positions held by women



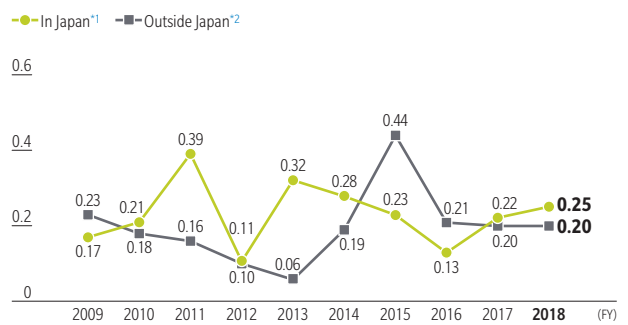
Local/foreign president ratio at foreign subsidiaries



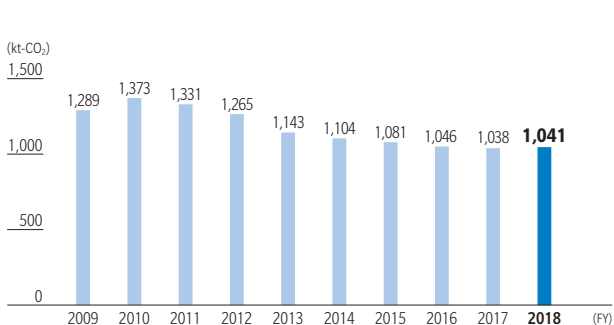
*1 Figures are employees of Konica Minolta Group Japan, including those dispatched from an agency

*2 Figures are for employees of major manufacturing companies in China and 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.

Frequency rate of accidents causing absence from work

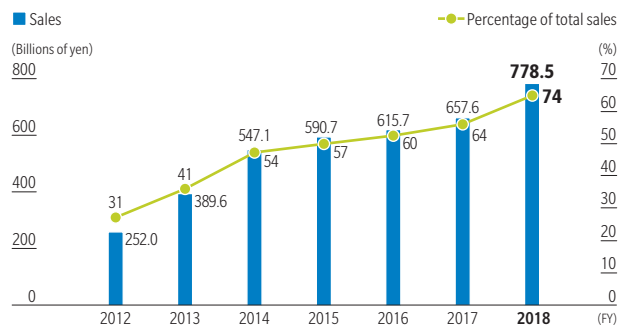


CO₂ emissions throughout product life cycle*



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

Green product sales



Regional Overview

Consolidated Subsidiaries*

174

Global Sites* (countries)

50

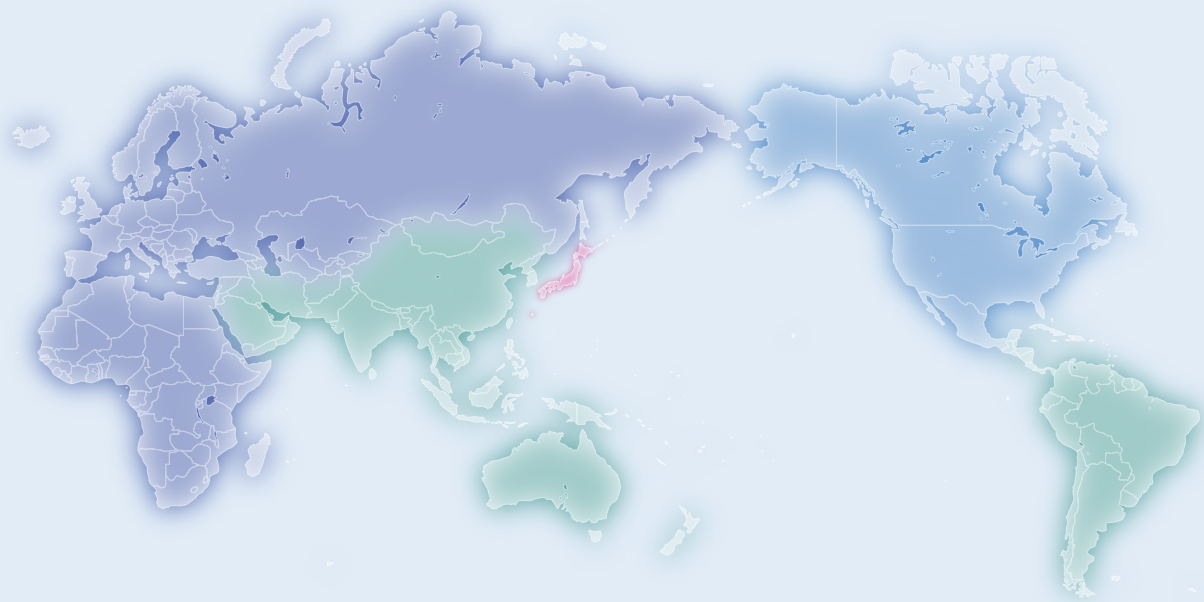
In Sales and Service (countries)

approximately 150

Employees*

44,360

* Data is compiled on a consolidated basis (as of March 31, 2019)



		Revenue (Billions of yen)	Employees	Consolidated subsidiaries	CO ₂ emissions (kt-CO ₂)	Total energy inputs (TJ)	Water consumption (km ³)
Europe	2016	299.9	10,568	70	29	577	112
	2017	324.7	10,706	72	29	562	115
	2018	318.5	11,275	81	29	582	122
North America	2016	249.6	8,519	17	35	570	90
	2017	271.5	9,266	26	39	636	98
	2018	293.7	9,270	29	39	643	98
Japan	2016	192.2	11,872	17	245	5,273	3,054
	2017	196.3	11,291	17	229	4,871	2,905
	2018	197.6	11,278	18	229	4,859	3,046
Others	2016	220.6	13,020	49	80	1,085	583
	2017	238.4	12,036	48	80	1,107	555
	2018	249.1	12,537	46	69	977	566

At a Glance

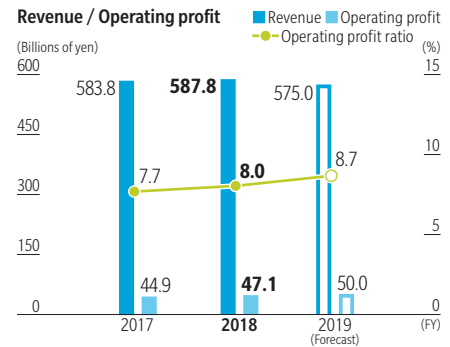
The biggest drivers of earnings growth are our Core businesses, especially the Office and Professional Print Businesses. We are accelerating efforts aimed at achieving profitability in Growth and New businesses, too.



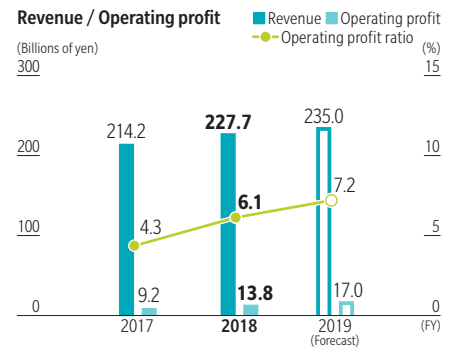
* Composition of operating profit excludes figures in new businesses and corporate and other divisions.

Business Overview

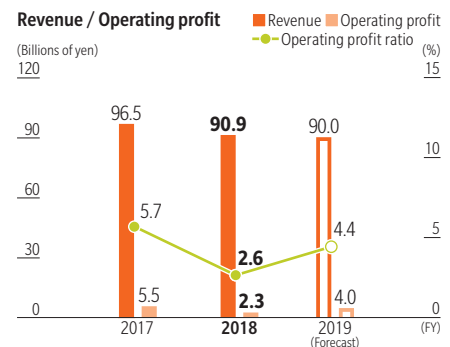
Revenue in this business rose 0.7% year-on-year to ¥587.8 billion and operating profit grew 5.1% to ¥47.1 billion. In the office products business unit, overall sales volume of A3 MFPs grew year-on-year due to a large increase in color units, although there was a drop in monochrome units. For color units, sales of high-speed models, which we launched in the previous year, grew in developed nations such as the U.S., Europe, and Japan. In emerging nations, and China in particular, sales growth was significant for all units, from low-speed to high-speed models. These results show the success of the regional strategy that was executed as a key operational measure during the year under review. In the IT service solutions business unit, year-on-year revenue growth was driven by the effects of new consolidation through acquisitions made in the U.S. and Europe, as well as by strengthened sales of, and capacity for providing, managed IT services, as part of our efforts to build a sales structure for the Workplace Hub, an edge IoT platform.



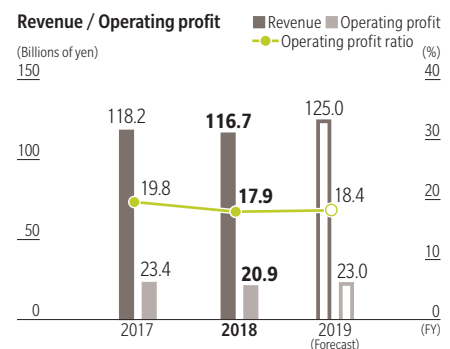
Revenue in this business rose 6.3% year-on-year to ¥227.7 billion and operating profit grew 49.2% to ¥13.8 billion. In the production print business unit, Europe drove sales growth in color units, with sales volume rising significantly in such emerging nations as China, India, and ASEAN nations, too. Monochrome unit sales grew in the U.S. and emerging nations. In the industrial printing business unit, sales volume increased substantially from the previous year for the Accuriojet KM-1 inkjet digital printer. Sales of label printers and MGI-made digital decoration printing equipment put us in the top position in the target market. Our sales regions also expanded from the U.S. and Europe to include emerging nations, and we added more specialists to strengthen our sales structure. In the marketing services business unit, along with revenue increases attributable to recovered demand from major accounts, we improved profitability by accelerating the shift to high value-added services.



Revenue in this business decreased 5.8% year-on-year to ¥90.9 billion and operating profit dropped 57.0% to ¥2.3 billion. In the healthcare business unit, DR unit sales volume grew in Japan but was down overall year-on-year due to a cooling of demand among hospitals in the U.S. Despite these results, a Dynamic Digital Radiography we launched in November and with which we aim to make X-ray diagnoses more sophisticated, has been well received by healthcare providers. Diagnostic ultrasound system sales volume increased mainly in Japan and the U.S., as a result of maintaining the top position in the orthopedics field and showing strong performance in the business targeting obstetricians and gynecologists that we took over in the previous year. In the medical IT business unit, service business sales grew, mainly for the informity medical IT service platform. Overall business unit revenues and profit dropped due to such factors as terminating the sale of low-profitability purchased products and temporary revenue attributable to asset liquidation recorded in the previous year.



Revenue in this business decreased 1.3% year-on-year to ¥116.7 billion and operating profit dropped 10.7% to ¥20.9 billion. In the optical systems for industrial use field, although we are continuing to pursue further business opportunities in response to a wave of demand in the measuring instruments business unit, revenue declined due to a gap with OLED display-related investment in markets that drove revenue increases in the previous year. In the materials and components field, revenue increased year-on-year in the performance materials business unit due to robust sales growth for high value-added products such as retardation films, particularly in growth markets. For the optical component business unit, while interchangeable lenses for cameras and optical components for projectors saw strong sales, overall revenue dropped due to a decline in sales of other optical parts. The IJ (inkjet) component business unit posted revenue increases due to solid orders received in Europe and Asia.



Office Business



Strengths

Strengths

- A customer base of about two million companies that consists primarily of small and medium-sized enterprises and that was developed through a global system of sales and services
- The human capital and expertise that, acquired through M&A and new employee recruitment, is needed to provide our IT services
- Hybrid sales that successfully merge products and services, organizations, and sales approaches for MFPs and IT services

Weaknesses

Weaknesses

- Impact from exchange rate volatility due to a high percentage of revenue in Europe (we have a natural hedge in the U.S. dollar)
- Volume-derived cost competitiveness compared to large competitors
- Distributed and redundant operations at each business facility internationally
- Delay in establishing a brand image as a provider of office solutions, including IT services

Opportunities

Opportunities

- Increasing color MFP shipment volume due to further penetration and expansion of color printing output in emerging nations
- Continued rising need for IT services to solve management issues at small and medium-sized enterprises, which tend to suffer from shortages of IT experts
- Continued growth of interest in, and the needs for, security and digital workflow solutions tailored to the working styles of individuals and organizations

Threats

Threats

- Requests for price reductions from customers in response to the maturation and commoditization of the color MFP market in developed nations
- Impact on regional sales and rising costs, such as tariffs, due to the continued rise of protectionism and global economic uncertainty
- Declining print volume per MFP unit as more workplaces do away with printing

Main Achievements in Fiscal 2018

Fiscal 2018 revenue in this business grew **0.7% year-on-year to ¥587.8 billion**

Office Unit

Core business

- Unit sales for A3 color MFPs, a core product category, increased 10% year-on-year, greatly surpassing the market growth rate for color units. The high speed bizhub C759 series showed particularly significant growth, with profitability also increasing.
- Although overall color unit sales volume growth was stagnant in developed nations such as Japan, the U.S., and countries in Europe, the product mix of color unit sales improved due to the growth of high-speed MFP sales. Overall color unit sales volume grew significantly in China, ASEAN, and other emerging nations, which demonstrates the progress expected in our regional strategy and set a new annual sales volume record.
- Production cost reductions and service efficiency improvement also proceeded according to plan, with an increase in the gross profit margin.

IT Service Solutions Unit

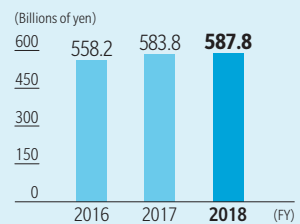
Core business

- Improved sales and delivery capability for managed IT services, as a part of building the Workplace Hub sales structure, drove increased revenue.

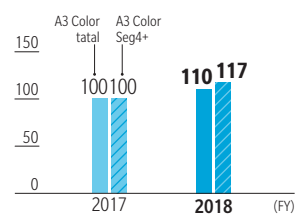
Fiscal 2019 Earnings Forecast

- We will continue to strengthen our regional strategy and introduce newly designed products equipped with, among other things, the industry's first security functions. With these products we plan to have unit sales that exceed overall market growth again, continuing from fiscal 2018, while maintaining prices.
- We will strengthen earning power by expanding our scientific sales approach to improve sales efficiency and profitability, and boosting our service efficiency through the expansion of predictive maintenance and remote maintenance.
- Our fiscal 2019 revenue forecast for this business is ¥575.0 billion, somewhat decreased, but we aim to increase profits with new products, business innovations through the use of IT, and optimizing SG&A.

Revenue for this business

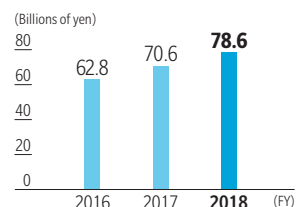


A3 color MFP sales volume*



* Base index: fiscal 2017 = 100

IT service solutions revenue



Professional Print Business



Strengths

Strengths

- Along with great device specifications, the ability to develop and provide value-added solutions for fundamental issues in the printing industry (e.g. IQ-501)
- Color mid production printers (MPP) occupy the top position in the segment. Efforts are also focused on the emerging nations, namely China and India
- The AccurioJet KM-1 has number two market share, and digital decoration printing equipment and digital label printers have top market share in their respective segments.

Weaknesses

Weaknesses

- Product lineup for color heavy production printers (HPP)
- Room for improvement in the optimal structure and processes for the industrial printing business unit

Opportunities

Opportunities

- Further digitalization and market growth are expected to occur in the commercial and industrial printing markets, which have low rates of digitalization
- As companies' marketing methods become more individualized, segmented, and marked by shorter cycles, demand for digital printing is likely to increase
- Packaging and labeling demand will increase as the global population rises, more low-capacity packaging is used, and private and local branding increases

Threats

Threats

- The slow pace of print digitalization due to improvements to offset printers
- Geopolitical risks causing fluctuations in willingness to invest at printing companies, our main customers

Main Achievements in Fiscal 2018

Fiscal 2018 revenue in this business grew 6.3% year-on-year to ¥227.7 billion

Production Print Business Unit

Core business

- Unit sales increased as a result of contributions from the AccurioPress C6100, a new series of digital color print systems, and AccurioPress C3080 series in Europe, and from the new AccurioPress 6136 series of digital monochrome print systems in North America. Unit sales of both color and monochrome printers saw major increases in China and India.
- The effects of the IQ-501 contributed to significant non-hardware earnings growth and to increased profitability.

Industrial Printing Business Unit

Growth business

- Sales increased substantially primarily in the U.S. and Europe for the AccurioJet KM-1 inkjet digital printer, digital decorative printers, and digital label printers. Sales increased also in China and in the ASEAN countries.

Marketing Services Unit

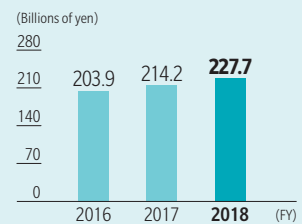
Growth business

- Orders from major accounts made a recovery and the shift toward high value-added services accelerated in addition to business expanding in the U.S. and Japan. All these factors contributed to increased profitability.

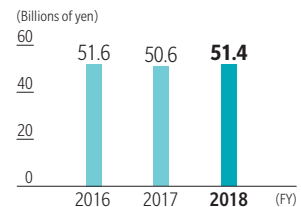
Fiscal 2019 Earnings Forecast

- Sales will continue to expand for the AccurioPress C6100 series and IQ-501, with expectations for unit sales exceeding market growth in the color mid production market. Non-hardware earnings will also continue to rise.
- We will introduce new products into the color heavy production printer (HPP) market, a new market for Konica Minolta, while also introducing new light production printer (LPP) models. We will boost our product competitiveness in industrial printing, which will keep us in the leading market position.
- The fiscal 2019 forecast for this business puts revenue at ¥235.0 billion, up 3% year-on-year.

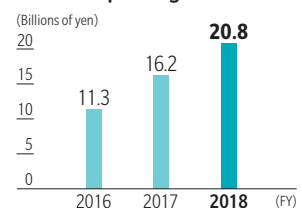
Revenue for this business



Marketing service revenue



Industrial printing revenue



Healthcare Business



Strengths

Strengths

- Advanced technological expertise and knowledge in the medical imaging domain, which develops products that provide top-level image quality
- High customer satisfaction due to high quality products and services
- Customer base in Japan centered on hospitals and medical clinics

Weaknesses

Weaknesses

- Ability to respond to the diversity of customer needs in different clinical departments
- Systems and functions by regional sites to strengthen customer contact

Opportunities

Opportunities

- IT and digital technologies are being increasingly applied in medical diagnostics
- Customer needs are increasing for solutions to improve efficiency in diagnostic support and operations
- The trend towards regional healthcare coordination and home-based care is accelerating
- Increasing medical needs owing to the development of the emerging nations mainly in Asia

Threats

Threats

- The rise of startups and large global IT enterprises that utilize new technologies
- Declining investment by customers due to economic downturns
- Regulations surrounding medical equipment in some countries

Main Achievements in Fiscal 2018

Fiscal 2018 revenues in this business fell 5.8% year-on-year to ¥90.9 billion^{*1}

Healthcare Unit (diagnostic imaging: X-ray imaging systems)

Core business

- Overall sales volume of cassette-type digital X-ray systems dropped due to a slowdown in demand from hospitals in the U.S., although sales volume grew in Japan. We launched a Dynamic Digital Radiography system with which we aim to make X-ray diagnoses more sophisticated.

Healthcare Unit (diagnostic imaging: diagnostic ultrasound systems)

Growth business

- The SONIMAGE HS1 held onto the genre-top position in the domestic orthopedics market, while the SONIMAGE MX1, a compact unit with high image quality, saw significantly increased sales. Another contributor was a business targeting obstetricians and gynecologists that was transferred to Konica Minolta in the previous year. Sales from this business grew mainly in Japan and the U.S.

Medical IT Unit

Growth business

- Although picture archiving and communication system (PACS) sales volume was down, service business revenue grew, mainly for the informity medical IT service platform.

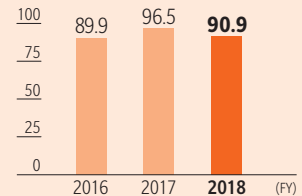
Fiscal 2019 Earnings Forecast

- Our X-ray business is expected to see continued growth mainly in emerging nations but increasing market maturation in developed nations. Our ultrasound business will continue to follow the global growth trend. For the medical IT business, medical information sharing and coordination mainly in developed nations is expected to move ahead and the market to grow.
- We will step up efforts to sell and propose our mainstay products and services that have a strong market competitive edge in terms of both functions and price.
- The fiscal 2019 forecast for this business puts revenue at ¥90.0 billion, level with the previous year.

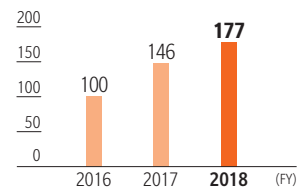
^{*1} Includes the impact of roughly ¥5.0 billion from discontinuing trade of purchased goods

Revenue for this business

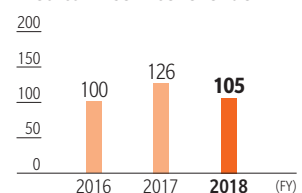
(Billions of yen)



SONIMAGE HS1/MX1 unit sales^{*2}



Medical IT service revenue^{*2}



^{*2} Base index: fiscal 2016 = 100

Industrial Business

(Optical Systems for Industrial
Use)



Strengths

Strengths

- Wide-ranging product lineup of precision measuring instruments
- Reliable technical expertise developed over many years and a track record of diverse products chosen by customers
- Global sales and service network

Weaknesses

Weaknesses

- Strong correlation between capital investment and infrastructure investment, and a business category in which economic condition fluctuations often have a significant impact
- The impact of exchange rate fluctuation due to our global business expansion

Opportunities

Opportunities

- Needs are growing for light-source color measuring devices as displays for mobile devices, TVs, and other products become higher definition and those markets grow
- Production volume is moderately increasing in the automobile industry, a major customer in the object color measuring devices market
- More and more investment is going into production line automation, and the FA measuring market is growing

Threats

Threats

- The rise of start-ups
- Risks posed by uncertainties related to growing regulation in some regions, geopolitical developments, etc.

Main Achievements in Fiscal 2018

Fiscal 2018 revenue in this field fell 18.5% year-on-year to ¥35.1 billion.

Measuring Instruments Unit (Sensing)

Core business

- While revenue was down year-on-year due to a slowdown in large OLED-related investment among our customers, we recorded sustained growth owing to the spread of our business into customer bases in China and South Korea and to the expansion of OLED applications.

Measuring Instruments Unit (Visual Inspection)

Growth business

- Headway was made in developing technologies for the visual inspection business, which undertakes the detection and quantification of scratches and defects in the exteriors of products such as resins and metals in the production process. Efforts were continued to test concepts through a customer-centric approach.

Imaging Solution Unit

Growth business

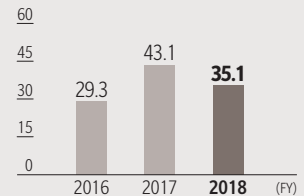
- Konica Minolta's directly managed flagship planetarium facility PLANETARIA TOKYO opened in Yurakucho, Tokyo.

Fiscal 2019 Earnings Forecast

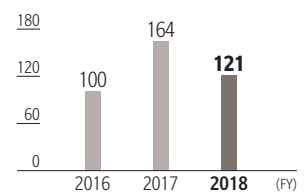
- In anticipation of greater popularization of TVs made with micro LEDs beginning in fiscal 2020, we will introduce new products and solutions for light-source color inspections of micro LEDs and achieve genre-top status in this business area as well.
- We will promote our automotive visual inspection business growth by leveraging our acquisition of Spain-based Eines Systems.
- The fiscal 2019 forecast for this field puts revenue at ¥35.0 billion, level with the previous year.

Revenue for this field

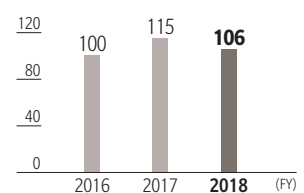
(Billions of yen)



Light-source color measuring instrument revenue^{*1}



Object color measuring device revenue^{*1}



*1 Base index: fiscal 2016 = 100

Industrial Business

(Materials and Components)



Strengths

Strengths

- We have built a relationship of trust with customers and amassed assets that consist of technologies, production equipment, and supply chains through developing, producing, and selling TAC film
- Ability to provide value by developing industrial inkjet head technology and offering products
- Groundbreaking and advanced core technologies in product design, processing, and evaluation to support optical products such as pickup lenses for optical discs

Weaknesses

Weaknesses

- Prices continue to fall as a result of product commoditization
- Improvements could be made to our ability to expand business through the reciprocal leveraging of technologies and customer needs by different business units

Opportunities

Opportunities

- The displays market will continue to see greater breadth as a result of the trend towards larger, higher definition TVs
- Full-scale IoT advancement will see range of applications grow for device technologies that include vehicle-mounted cameras, surveillance cameras, and optical communication solutions
- As display market diversity grows and growing companies enter the market, consumers will seek out more advanced functions, and more business opportunities will arise for film products

Threats

Threats

- The business environment is susceptible to dramatic change caused by market environment shakeups, examples of which are the rise of alternative technologies and start-ups
- The growing pervasiveness of IT in production and design could compromise the competitive edge we achieve through inter-departmental collaboration towards satisfying customer needs, a strength of Konica Minolta
- Difficulty predicting supply chain changes due to multilateral trade disputes and revaluations of policies

Main Achievements in Fiscal 2018

Fiscal 2018 revenue in this field grew 8.5% year-on-year to ¥81.5 billion.

Performance Materials Unit

Core business

- For protective film for polarizers, successful anticipation of larger TV screen sizes and customer diversification allowed us to focus on our high value-added products, which include VA-TAC films with greater waterproofing performance and ZeroTAC films for IPS panels. This led to growth in our share of the market. Greater unit sales led to increased revenues and contributed to greater earnings for the business,

Optical Component Unit

Core business

- Although a slowdown in market demand had an effect, we recorded revenue roughly on par with fiscal 2017 due to strong sales of projector and interchangeable lens-related products in the first half of the year.

IJ (inkjet) Component Unit

Core business

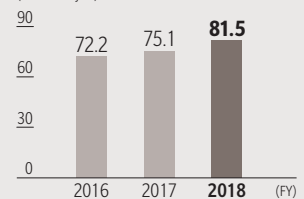
- Revenue increased on account of continued strong sales in Europe and Asia.

Fiscal 2019 Earnings Forecast

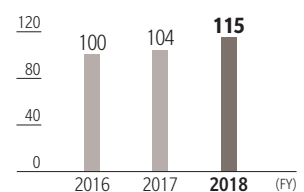
- The performance materials unit will seek to flexibly accommodate customers' wide-ranging needs and thereby build trust and expand business. To this end, we will provide new resin products, developed by leveraging Konica Minolta's unique inventiveness, in addition to our traditional TAC products.
- Continued strong growth for the IJ (Inkjet) component unit. The optical component unit will provide products for growing markets using its extensive technical expertise.
- The fiscal 2019 forecast for this field puts revenue at ¥90.0 billion, up 10% year-on-year.

Revenue for this field

(Billions of yen)



Performance materials unit revenue*



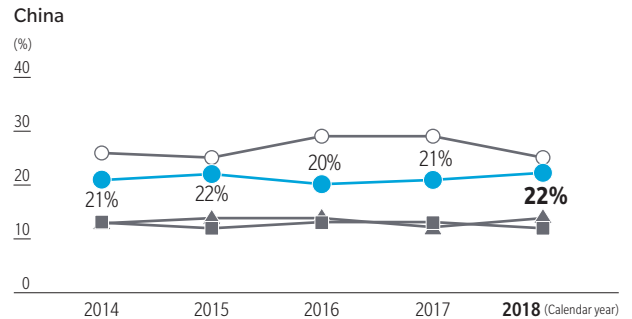
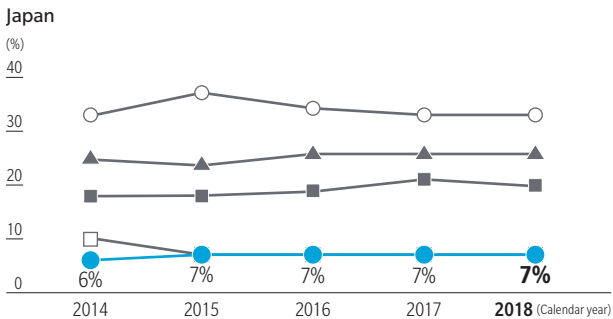
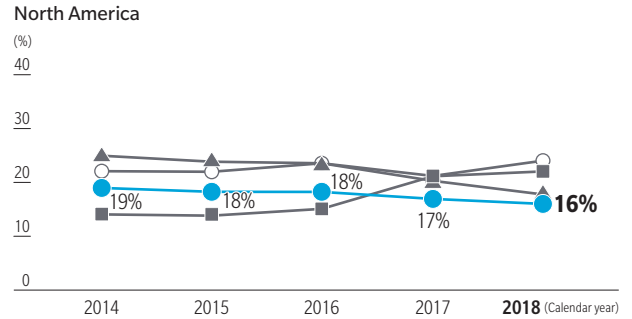
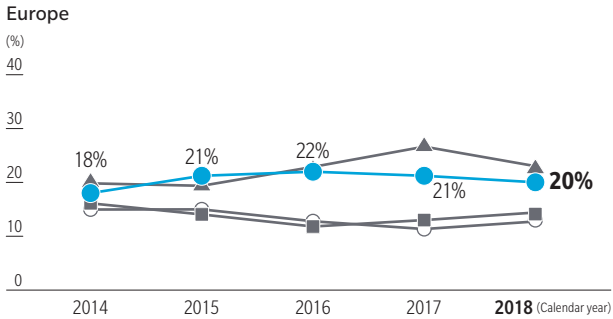
* Base index: fiscal 2016 = 100

Market Data by Segment

Office Business

Konica Minolta share of A3 color MFPs (based on sales value)*

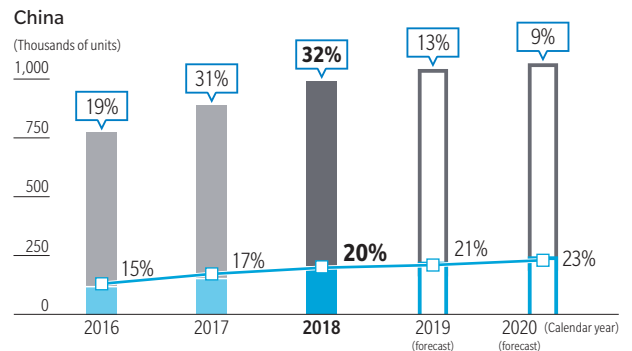
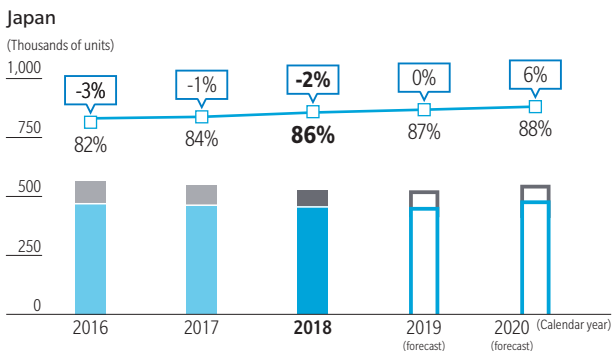
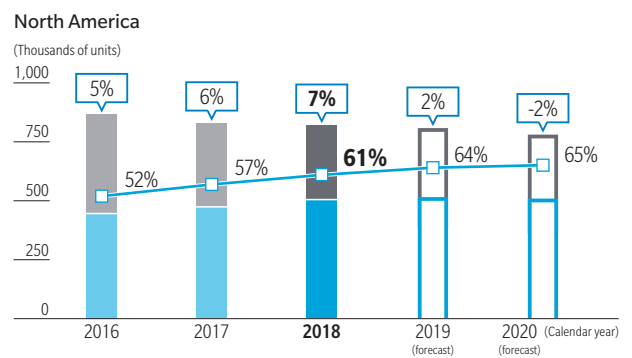
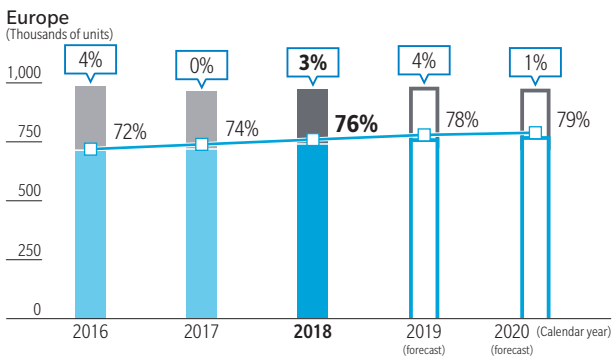
● KM ■ Company A ▲ Company B ○ Company C □ Company D



* Konica Minolta estimate

Unit shipment trends and forecasts* in the A3 color MFP market

■ Color ■ B/W □ Color ratio □ A3 color MFP growth rate

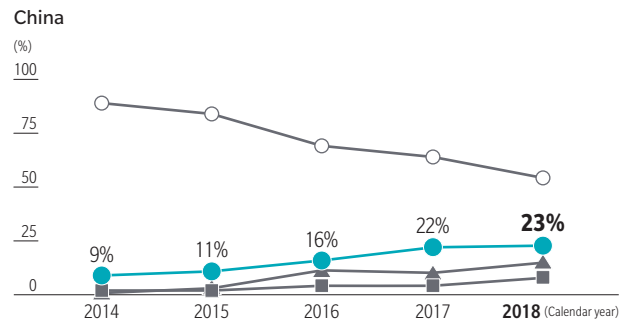
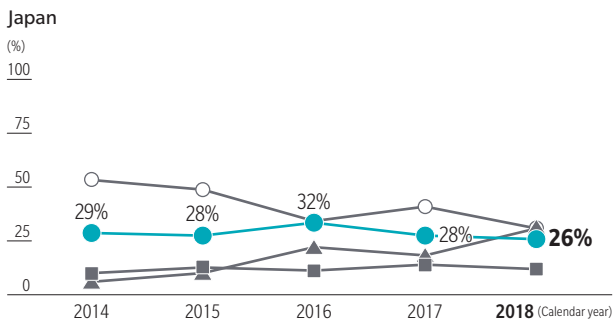
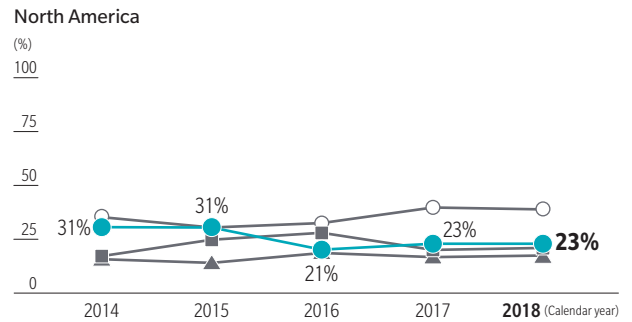
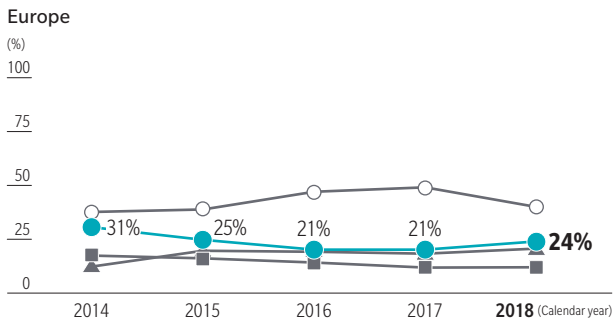


* Konica Minolta estimate

Professional Print Business

Color production printer market share (based on sales value)*

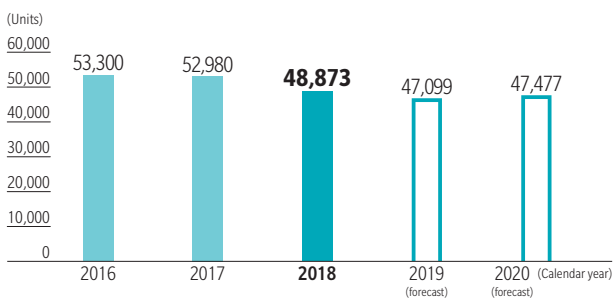
● KM ■ Company A ▲ Company B ○ Company C



* Konica Minolta estimate (LPP+MPP)

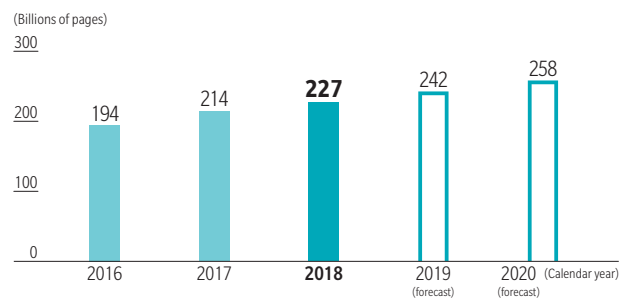
* LPP: Light Production Printer MPP: Mid Production Printer

Color production printer units shipped and forecast (worldwide)*



* Konica Minolta estimate

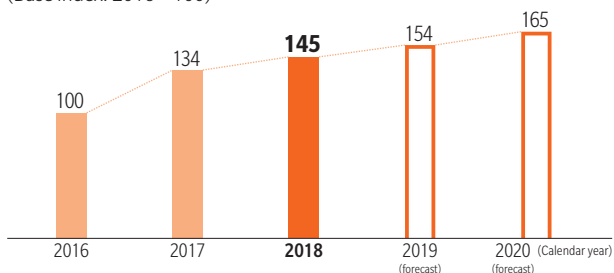
Color PV (print volume) and forecast (worldwide)*



Healthcare Business

DR units shipped and forecast (worldwide)*1

(Base index: 2016 = 100)

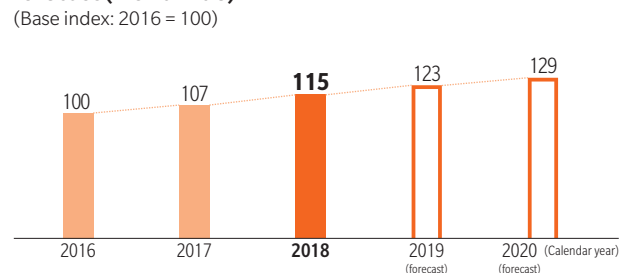


*1 Based on data from "x-ray-intelligence-service-summary-general-radiography-and-fluoroscopy-x-ray-equipment" from IHS TECHNOLOGY, with some estimates from Konica Minolta

*2 Based on data from "Ultrasound-Intelligence-Database-Equipment-December-2018" from IHS TECHNOLOGY

Diagnostic ultrasound systems units shipped and forecast (worldwide)*2

(Base index: 2016 = 100)



The Foundation Supporting Enhanced Corporate Value

G

- Deepen debates on strategy at Board of Directors meetings
- Taking a proactive approach to governance
- Executive compensation system linked to the Company's medium-term performance

+



Contribution to Achieving SDGs



Discussion on Corporate Governance The Chairman of the Board and an Outside Director 57

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Discussion on Corporate Governance

Pursuing sustainability in management based on a 10-year vision

Working to enhance the effectiveness of Konica Minolta's corporate governance

— Mr. Noumi, as Outside Director how do you assess Konica Minolta's governance?

Noumi: I have attended the board meetings of a number of companies. After attending Konica Minolta's, I felt like the Board of Directors has a very high level of effectiveness, based on the thorough discussions and the serious stance of executive management taking part in the meetings. I have also been impressed with Mr. Matsuzaki's efforts as a Chairman to deepen discussions, including calling on Directors to share views based on their own experience and specialization, and asking Executive Officers to provide additional explanations.

Matsuzaki: Konica Minolta's board meetings are not just a venue for reaching a conclusion, they represent a place for finalizing decisions based on prudent and detailed discussions among attendees including Outside Directors. Meetings tend

to last a long time, so we look for people willing to fully commit their time when selecting candidates for Outside Director.

Noumi: Every year, I evaluate the effectiveness of the Board of Directors. In the case of Konica Minolta, the content of the questionnaire is very serious, and I need to take extra time answering each question. As I review each question for example, "Over the past year, did you provide advice to and carry out supervision of Executive Officers properly?," I'm keenly aware that Konica Minolta is serious about the effectiveness of its corporate governance and that it demands Outside Directors fulfill a critical role in management supervision.

Matsuzaki: Our annual evaluations of board effectiveness require the precious time of our Directors. Yet, the thorough answers have helped us to identify issues and implement the plan-do-check-action (PDCA) cycle smoothly.

Noumi: As a company with three committees, Konica Minolta has established a Nominating Committee, Audit Committee and Compensation Committee. These three committees carry out their own in-depth and intense discussions just like the Board of Directors. On occasion, they also spend the money to engage outside institutions to investigate matters when necessary. Generally, I feel Konica Minolta has extremely strong

Masatoshi Matsuzaki Chairman of the Board

After serving as a Director at Konica Minolta Business Technologies, Inc., as President of Konica Minolta Technology Center, Inc., and in various other roles, became a Director, and then the President and CEO of Konica Minolta, Inc. Assumed the position of Chairman of the Board in April 2014.

expectations, or a high level commitment, for Outside Directors to fulfill their role.

— **Why is it that there is just one principle of Japan's Corporate Governance Code that Konica Minolta does not comply with?**

Matsuzaki: Following revisions to Japan's Corporate Governance Code in June 2018, we held an informal gathering of Directors in August where we discussed our response. Among these talks, a majority of Directors, including myself, felt we did not need to overreach to comply with Principle 2.6 "Roles of Corporate Pension Funds as Asset Owners." But, Executive Officers indicated their strong desire to take this as an opportunity to raise the bar of departments in charge of corporate pension management, so we decided to comply.

Noumi: Complying in form alone does not carry any meaning. It is worth making the full effort as long as the result will enhance our operational capabilities and strengthen governance.

Matsuzaki: Konica Minolta explained about the revision dealing with diversity in Principle 4.11 "Preconditions for Board and *Kansayaku* Board Effectiveness." It has stated that the board should be well balanced in terms of diversity and appropriate size, which I agree with 100%. This particular revision adds the terms gender and international experience to diversity.

Noumi: Gender and international experience are important conditions for diversity. As for the appropriate size of the board, however, it is extremely difficult to find candidates with the

balance of gender and international experience at the same time as securing people with the qualities we require.

Matsuzaki: Konica Minolta's basic stance is to elect Directors purely based on their qualities, such as experience and specialization; rather than their attributes, such as gender, nationality or country of origin. I decided that I should stand up and clearly explain the reasons for this, instead of bending this basic stance to comply with the principle in form alone.

— **In June 2019, Sakie T. Fukushima became Konica Minolta's first female Outside Director. Why was she selected over other candidates?**

Matsuzaki: The selection of a new Outside Director candidate first involves discussions by the Nominating Committee about the qualities we are looking for. The term of office of an Outside Director is four years, so we select the right person with the right specialization or experience, given the company's management needs over this time frame. The key point this time around was global talent management. We are in the process of transforming our business portfolio, including digitalization. To achieve this transformation, we need to find talent with advanced expertise and excellent skills not only in Japan, but internationally, who can play an active role.

Noumi: Ms. Fukushima has many years of professional experience in the global human resources consulting field. This made her the ideal candidate for supervising and advising our efforts to promote globally-minded talent management.



Kimikazu Noumi
Outside Director

After serving as Senior Managing Executive Trustee at The Norinchukin Bank, as Representative Director and President at Norinchukin Zenkyoren Asset Management Co., Ltd., as Representative Director, Chairman and CEO at Aozora Bank, Ltd., and as Representative Director, President and CEO at Innovation Network Corporation of Japan, among other positions, became an Outside Director at Konica Minolta, Inc. in June 2016.

Matsuzaki: Furthermore, looking ahead, we must pursue work-style reforms and reduce working hours through productivity improvements, and we also need to provide an attractive workplace for our employees by building a work system in tune with the times. I also expect Ms. Fukushima to provide advice regarding these new work-styles. In this manner, as a result of selecting the right person with the right qualities we needed, Ms. Fukushima was chosen as Outside Director. This does not mean that in the future the right person will also be a woman or a foreign national. Consequently, Konica Minolta will continue to explain our stance regarding Principle 4.11.

Noumi: Nominating Committee documents about the history of board constitution reveal the skills and experience, along with the management challenges, sought after by the company whenever someone was selected as a candidate. This clarifies that selections are not made simply to fulfill a number requirement, but rather to find the right person to serve as a supervisor for Konica Minolta's governance who will contribute to enhancing corporate value.

— **What qualities need to be added during the selection of Outside Directors in order to further increase the effectiveness of governance?**

Matsuzaki: Konica Minolta is promoting a digital shift and making strategic investments in bio-healthcare as part of its current transformation. Mr. Noumi is providing advice in terms of investment decisions and post-merger integration (PMI), and in the future, once we fully move into the business expansion stage, we will need the support of someone with management experience in the bio-healthcare field.

Noumi: However, there still are not that many people with management experience in cutting edge fields such as bio-healthcare.

Matsuzaki: Therefore, we need to expand our target from Japanese to foreign nationals to find the right person for the role. Toward this end, I plan to begin building a pipeline.

Noumi: By focusing on qualities in the selection process similar



to the case of Ms. Fukushima, there is a possibility the Board of Directors will gain members with international experience as a result.

Matsuzaki: That's right. Also, even when shifting our business portfolio toward digital and bio-healthcare fields, the base is the same—we are still a manufacturing company. Directors serving concurrently as Executive Officer have shared the view during assessments of board effectiveness that we need to add a Director who can thoroughly supervise manufacturing, and I agree with them.

Executive Compensation System

— **There is growing interest in the executive compensation system as an element related to the effectiveness of governance. What are the features of Konica Minolta's compensation system?**

Noumi: Konica Minolta's current executive compensation system took shape in fiscal 2017 after a series of reforms centered on two points; namely, "increase motivation to improve business performance continuously over the medium to long term" and "keep the level that can secure and retain talent capable of guiding the company's development." The key point is the addition of the "stock bonus linking with medium-term performance" within executive compensation linked to the achievement rate of performance targets set out in the Medium Term Business Plan. In addition, we lowered the percentage of base salary compared to before and increased the amount of performance-based cash bonus for the fiscal year and medium term. At the same time, we eliminated the short-term performance component of compensation for non-executive Directors in favor of base salary and medium-term stock bonus linked to increasing shareholder value over the medium term. Outside Directors only receive base salary.

Matsuzaki: Thanks to lengthy discussions by the Compensation Committee, I feel like this is now a very positive system that incorporates medium-term incentives. In addition, the component of annual performance-based cash bonus for Executive Officers involving individual evaluations reflects the progress of each Executive Officer's key measures. The fact that these key measures involve initiatives with non-financial indicators such as environment, social, governance (ESG) speaks to the uniqueness of Konica Minolta's executive compensation system.

— **What are the basic thoughts behind performance-linked compensation and incentives for Directors?**

Noumi: The Outside Directors of Konica Minolta are of course Independent Directors. We are responsible for supervising business execution; rather than carrying it out. This is why the Compensation Committee unanimously agreed that it would not be appropriate to base Outside Director compensation on

business performance evaluations.

Matsuzaki: Similar to Outside Directors, non-executive Internal Directors do not receive performance-based cash bonus. From a medium-term perspective, however, we introduced stock bonus not linked to performance. While non-executive in nature, Internal Directors are full-time positions. This is why we decided against base salary alone and adopted stock bonus with the condition of having to retain the stock bonus until one year after retirement, knowing that this will increase interest further in our share price, similar to conventional compensation-type stock options.

Noumi: The Compensation Committee discussed the pros and cons of stock bonus for Outside Directors. Outside Directors, including myself, share their views at board meetings from a shareholder perspective, so we decided that owning the company's shares was not a requirement. I'm aware that many investors have a negative view toward offering performance-based stock bonus to Outside Directors, in particular. Some also believe that Directors should own the company's stock since they are part of the same boat, while others believe that Directors should be independent supervisors without ties to the company's stock. After examining these varying views, we ultimately decided not to adopt stock bonus for Outside Directors. Konica Minolta has an executive's stock ownership plan, which means Outside Directors can own the company's stock through this plan if they so desire.

— **What are some of the areas concerning the executive compensation system that you will be reviewing in the future?**

Noumi: The topic of international experience in terms of board constitution came up earlier. If the number of foreign nationals on our board increases in the future, determining how to seek consistency between local compensation levels and Konica Minolta's executive compensation level will be a major issue. To secure exceptional talent and cope with headhunting, companies need to offer compensation in excess of that locally. In this case, the compensation of these people could greatly exceed that of Konica Minolta's.

Matsuzaki: When modifying the executive compensation system in 2017, the Compensation Committee spent a great deal of time investigating and discussing compensation level. Compared to other countries, the gap between executive pay and employee pay in Japan isn't that pronounced. Among executives as well, the gap between pay of top management and second in command isn't as large as other countries.

Noumi: As Mr. Matsuzaki says, we determined the compensation level holistically based on a detailed investigation of industry practices while considering social norms as well. In terms of the pay of top management and second in command, personally I feel top management's compensation should be higher because they have much larger responsibilities and play a much bigger role.

Matsuzaki: Konica Minolta's Corporate Organization Basic Regulations state that the Chairman is not an Executive Officer. The president serves as the Chief Executive Officer (CEO) with the sole right to represent the company. Therefore, I feel the compensation level of our president needs to be appropriate now and in the future.

Noumi: With globalization, I feel that the practices of Japanese



companies in terms of their executive compensation system are gradually moving closer to their peers in Europe and North America. Considering social and cultural differences, however, it would not be right to simply Westernize Japan's corporate governance or executive compensation system. The Compensation Committee needs to build a convincing executive compensation system for stakeholders while taking into account these developments.

Results and Challenges of the Medium Term Business Plan

— **Konica Minolta is heading into the final year of its Medium Term Business Plan called SHINKA 2019. How do you assess the progress thus far?**

Matsuzaki: Each of our core businesses is performing well, and we are making steady strides toward strengthening profitability, which was an issue. However, we have fallen behind schedule in our new businesses, especially the growth of our bio-healthcare business in the United States, so getting back on track will be a major issue for the future. The plan was to steadily increase results from growth businesses and new businesses during the course of the Medium Term Business Plan and we released business targets expecting these businesses to contribute to the bottom line in the final year of the plan. But, growth has fallen behind, opening up a gap between these figures.

Noumi: When the Board of Directors approved the Medium Term Business Plan, we discussed the probability of the performance targets for each business and whether there was sufficient grounds for these targets. However, compared to core businesses where we already have a great deal of experience, there are many elements of uncertainty in new

businesses. This means that even if there is some substantiation, there tends to be major gaps. It's really difficult to commit in a similar fashion as core businesses to exact figures on when and how much profit new businesses can generate.

Matsuzaki: How to address this issue became a major topic during the board effectiveness evaluation the other day. Based on board members' views, we decided to increase the frequency of monitoring growth businesses and new businesses, compared to core businesses, as part of our board operation plan for fiscal 2019.

— **Mr. Noumi, what perspectives do you use to supervise and advise regarding strategic investments in these new businesses?**

Noumi: In my case, I am actively advising our Executive Officer team in the areas of investment decisions from the standpoints of macroeconomics and markets and management such as PMI, based on my experience at financial institutions and funds; rather than get deeply involved in the operational aspects of these businesses. In the bio-healthcare business, our acquisitions of Ambry Genetics and Invicro in fiscal 2017 were some of the largest M&A deals Konica Minolta has ever undertaken, with a combined value of around 100 billion yen. The Board of Directors discussed in detail about whether to undertake these investments or not.

Matsuzaki: Genetic diagnosis is a very new business domain with a great deal of uncertainty. For this reason, there were many opinions citing questions about the business or concerns about the gravity of investment risks.

Noumi: Because of the size of the investment and the newness of the segment. It felt like we could lose the entire 100 billion yen if these investments failed. However, both companies have a positive cash flow and other companies were looking to acquire them, so we can just sell them if we are unable to successfully generate synergies. I explained this to the board and provided the advice that the company is not necessarily risking the entire 100 billion yen amount. Ultimately, however, the strong commitment of top management is critical for any investment decision, so I was impressed with how the president strongly lobbied Directors to approve the deals.

Matsuzaki: Mr. Noumi has been very helpful because his perspective and acumen in corporate investment simply cannot be obtained through experience in corporate management alone.

Noumi: As Mr. Matsuzaki says, we are behind schedule in our new businesses in the United States. However, as evidenced by

the in-depth discussions by the Board of Directors, our strategy to expand into the bio-healthcare field is sound and the core value of these acquisitions can be fully justified by the investment amount. This is why we will patiently and carefully monitor the cash flow timeline.

— **What perspectives are being used in discussions on the company's next Medium Term Business Plan?**

Noumi: Through the two Medium Term Business Plans TRANSFORM 2016 and SHINKA 2019, Konica Minolta has worked on boldly restructuring and transforming its business portfolio to cope with changes in society and technological innovations. The next Medium Term Business Plan that begins in fiscal 2020 needs to present specific outcomes achieved from our initiatives to date, such as revenue, profits and track record of the genre-top strategy. For example, in terms of new businesses, we should establish a profit model with the full-fledged rollout of Workplace Hub. Although it may take some time to fully expand the bio-healthcare business in Japan, we should present outcomes to stakeholders in an easy-to-understand manner, such as sharing with society the unique value of our own visualization technologies combined with the cutting edge technology and know-how gained from M&A.

Matsuzaki: I agree. The name and detailed measures of the plan changed, but since I was on the Executive Officer team, Konica Minolta has focused efforts on implementing business strategy and strengthening governance aimed at the consistent goals of sustainable growth and improving medium-to long-term corporate value. We may need to more actively show stakeholders the extent to which Konica Minolta was able to grow based on these initiatives.

Noumi: Moreover, I feel that in the future sustainability in management will become even more important. In order for a company to endure, it must not only increase revenue and profits, but also boost its return-on-invested-capital. It is also essential to always develop and groom the next generation of executive management with an eye on five and ten years down the line.

Matsuzaki: As part of the next Medium Term Business Plan, Executive Officer team is now formulating a long-term 10-year vision for the company in 2030. While monitoring the situation, the Board of Directors will discuss any shortcomings the company may have in realizing this 10-year vision and provide advice regarding strategies and measures to implement during the three-year period of the next Medium Term Business Plan.

Corporate Governance

Basic Concept for Corporate Governance

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.

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.

Specifically, the Board of Directors and the three committees are composed as follows.

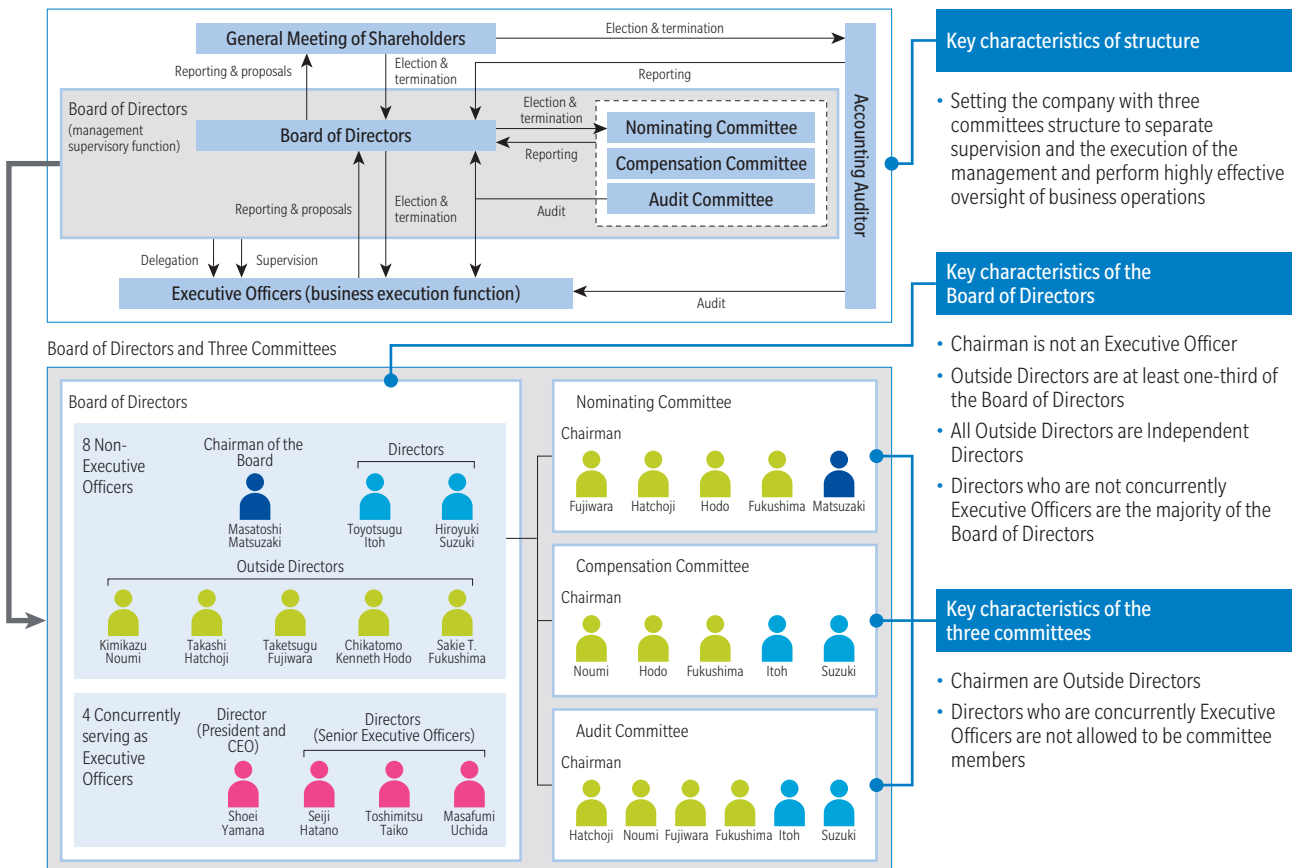
1) Board of Directors

- One-third or more of Directors are Independent Outside Directors, and Directors who do not concurrently serve as Executive Officers constitute the majority of the total number of Directors.
- The Chairman of the Board is selected from among Directors not concurrently serving as Executive Officers.

2) Nominating, Audit and Compensation committees

- Each committee is composed of around five members, and a majority of its members is Independent Outside Directors.
- The Chairman of each committee is selected from among the Outside Directors.
- The President & CEO is not selected as a member of the Nominating, Audit or Compensation committee.

Structure of Corporate Governance Systems (As of June 18, 2019)



We have published the Basic Policy on Corporate Governance on our website.

<https://www.konicaminolta.com/us-en/investors/management/governance/index.html>

Compliance with the Corporate Governance Code

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.

We have indicated in the corporate governance report that the Company is in compliance with all 11 general

Principle 4-11 Preconditions for Board of Directors and Kansayaku Board Effectiveness

<Regarding diversity, including gender and international aspects, and appropriate size>

The Company has paid due heed to "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. However, while consideration of diversity naturally took into account gender and nationality, it was not realistic to commit to forming a Board of Directors that definitely realized the gender and nationality aspects while still achieving an appropriate size. In order to secure the effectiveness of the Board of Directors, the Company considers the credentials of a Director to be more important than their demographic characteristics.

principles, principles, and supplementary principles for which the Tokyo Stock Exchange requires disclosure.

The corporate governance report is available on our website.

https://www.konicaminolta.com/us-en/investors/ir_library/governance/

Governance Structure and Director Selection and Election

Board of Directors and Directors of the Board

1. Director Candidate Selection Policy and Procedures

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.

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

	FY2000-	FY2010-
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	2006 • Chairman of the Board of Directors 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 and CEO
Audit	2006 • Changed Accounting Auditors	
Compensation	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
Other	2006 • Ended the senior adviser position	

- 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 Chairman asks for a broad range of recommendations for candidates, based on information from Nominating Committee members, other Outside Directors and the President & CEO. To provide reference information, the Board of Directors Office distributes to Nominating Committee members etc. a candidate database, centered on "chairmen" of excellent companies, that includes information about independence, age, concurrent positions and other characteristics of candidates.
- 5) The Nominating Committee takes into consideration the items listed below in order to narrow down the number of candidates, from the recommended individuals obtained through the preceding process in order to determine an order of priority.
- Selection standards for Directors
 - Standard for independence of Outside Directors
 - Balance of career and skill required for Outside Directors and diversity
- 6) Using the order of priority for candidates, the Nominating Committee Chairman and Chairman of the Board of Directors visit and approach the candidates to serve as an Outside Director.

Inside Directors

- 7) Draft proposals for Inside Director candidates are determined by discussions between the Chairman of the Board of Directors and the President and CEO, while placing emphasis on the following points.
- Election standards for Directors
 - Roles of Directors who do and do not concurrently serve as Executive Officers
 - Required skills, experience and other characteristics of Directors who do and do not concurrently serve as Executive Officers
- 8) The Nominating Committee uses the draft proposals to examine the candidates.

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

2. Roles Outside Directors are expected to play and the reasons for their election

1) Expected roles

- To participate in important decisions made by the Board of Directors and supervise the decision-making process
- To submit advice about the establishment of management policies and plans and about reports concerning business operations by using their experience and knowledge
- To oversee conflicts of interest among the Company, its shareholders, senior executives and others
- To supervise management to protect ordinary shareholders and to reflect the interests of shareholders from the standpoint of ordinary shareholders, which is independent from senior executives and special stakeholders
- To supervise management as members of the Nominating, Audit and Compensation Committees

* The Company, under the rules of the Nominating Committee, in principle, limits the period in office of Outside Directors to four years (reappointment limit). This rule is based on the concern that the objectivity of these Directors may decline as the length of time in office increases.

2) Reasons for election

Name	Reasons of Election
Kimikazu Noumi*	Mr. Kimikazu Noumi was a financial services business manager at The Norin Chukin Bank and Aozora Bank Ltd., he has helped new businesses to grow through investments made by the Innovation Network Corporation of Japan, and he has been involved with assisting companies in enacting reforms from within. He has extensive experience and a broad range of knowledge as a corporate executive. The Company believes that Mr. Noumi can contribute to the maintenance and upgrading of corporate governance.
Takashi Hatchoji*	At Hitachi, Ltd., Mr. Takashi Hatchoji was involved for many years in the management of the electronics manufacturing business, including promotion of global management and business transformation. He has extensive experience and a broad range of knowledge as a corporate executive. The Company believes that Mr. Hatchoji can contribute to the maintenance and upgrading of corporate governance.
Taketsugu Fujiwara	Mr. Taketsugu Fujiwara has been in charge of management of a comprehensive chemicals maker for years at Asahi Kasei Corporation, which diversified from chemicals and textiles to electronic materials, pharmaceuticals, and housing. His duties at Asahi Kasei included fostering businesses through mergers and acquisitions. He has extensive experience and a broad range of knowledge as a corporate executive. Therefore, the Company believes that Mr. Fujiwara can contribute to the maintenance and upgrading of corporate governance through his activities at the Board of Directors and the committees.
Chikatomo Kenneth Hodo*	Mr. Chikatomo Kenneth Hodo has been in management of a company providing business consulting and IT services for years at Accenture Japan Ltd. He has extensive experience and a broad range of knowledge as a corporate executive. Therefore, the Company believes that Mr. Hodo can contribute to the maintenance and upgrading of corporate governance through his activities at the Board of Directors and the committees.
Sakie Tachibana Fukushima	Ms. Sakie Tachibana Fukushima served as Member of the Board of Korn/Ferry International (Global Headquarters) and head of its Japanese subsidiary for many years. She also served as outside director of many Japanese companies. In addition to extensive experience as a corporate executive and a broad range of experience and knowledge about the management of human resources, she has an extensive range of knowledge about corporate governance. Therefore, the Company believes that Ms. Fukushima can contribute to the maintenance and upgrading of corporate governance through her activities at the Board of Directors and the committees.

* Every Outside Director has been designated an "independent director" as each of them meets the independence standards established by the Company's Nominating Committee, is not a business executive or other significant person at a major supplier or customer or a major shareholder of Konica Minolta, and will not represent conflicts of interest with ordinary shareholders concerning his role as an outside director.

3. Operations of Board of Directors

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, in an effort to encourage communication among board members and enliven the proceedings.

1) FY2018 Board of Directors and the Three Committees

Meetings held in fiscal 2018 by the Board of Directors and the three committees, as well as attendance rates for each, are given below. As of the end of fiscal 2018, 99% of Board of Directors meetings and meetings of the three committees were attended by five Outside Directors: Hiroshi Tomono, Kimikazu Noumi, Takashi Hatchoji, Taketsugu Fujiwara, and Chikatomo Kenneth Hodo.

* Directors are asked to maintain an attendance rate of at least 80%.

	Board of Directors	Nominating Committee	Audit Committee	Compensation Committee	Total
Times held	12	7	13	6	38
Participation by all Directors (%)	100	100	99	100	99
Participation by Outside Directors (%)	100	100	98	100	99

2) Major Agenda Items Discussed by the Board of Directors in FY2018

- Situation report concerning efforts by business divisions and the corporate departments towards the current medium-term business plan (FY2017-2019)*
- Situation report on PMI for M&A projects in the bio-healthcare business
- Review report on the concept for and review of cross-shareholdings
- Review report on internal control systems
- Situation report on business portfolio management
- Response guideline approval for general principles in the revised Corporate Governance Code (June 2018 edition)
- Partial revision approval for the Basic Policy on Corporate Governance
- Fiscal 2019 management plan outline approval and baseline budget report
- Operating policy report for the fiscal 2019 ordinary general meeting of shareholders

* The status of activities involving sustainability, quality, talent management, IR, etc.

3) Training for Directors

Konica Minolta conducts training for and provides information to Directors in accordance with the following policies.

Director Training Policies

In accordance with the Director Election Standards, the Nominating Committee selects candidates for election as Director who have the qualities needed to be a Director. The Company confirms whether new Directors require training judging from each individual's knowledge, experience and other characteristics. If training is needed, the Company provides suitable opportunities to receive this training.

- For new Independent Outside Directors, the Company provides information about the group's structure, business activities and finances as well as information about the medium-term business plan and its progress and other subjects. These new Directors also receive basic information about the Company's businesses and corporate-level functions.
- For Independent Outside Directors, the Company arranges visits to the development, manufacturing, sales, service and other operations of every business unit. The Executive Officer of each business unit provides the Directors with the latest information about that business.
- New Inside Directors provided opportunities to attend governance training held by external institutions.

Board of Directors activities in fiscal 2018:

- Field trips in Japan (factories and sales offices, including at subsidiaries)
Three trips with the cumulative participation of 10 Outside Directors
- Field trips outside Japan (factories and sales offices, including at subsidiaries)
Four trips with the participation of Five Outside Director
- Research activity announcement event
Three Outside Directors participated in research result presentations for two business domains
- Outside trade show
Two Outside Directors participated in an outside trade show.

4) Supporting System for Outside Directors

The Board of Directors Office functions as a secretariat for the Board of Directors, Nominating Committee and Compensation Committee and has a similar function to that of the Audit Committee Office that is the secretariat for the Audit Committee. The members of the Board of Directors Office provide assistance for the Outside Directors to help enable the board and its three committees to function properly. Members of this office also distribute the document in advance concerning agenda items to Outside Directors, and create proposals and plans for visits to Company facilities and accompany Outside Directors as needed as part of activities to provide information to these Directors. The objectives are to enable Outside Directors to thoroughly discuss subjects at the Board of Directors meetings and to enable these meetings to take place with no difficulties.

Executive Officer System and Executive Officers

1. Election of Executive Officers

- 1) The Board of Directors uses a fair, timely and appropriate method to select people who have the capabilities to serve as Executive Officers. These individuals must be able to create new value for the Group and earn the support of internal and external stakeholders. Standards for making these judgments about capabilities are defined in "Standards for the Selection of Executive Officers". These standards include qualification standards. Individuals must have the ability and experience for the internal and external management of the Group's business operations. Qualification standards also take into consideration knowledge about specialized fields and technologies, an individual's age when the time for renewing the appointment comes, and other items. In addition, the Board of Directors selects individuals with a strong commitment to ethics, the ability to put customers first, the ability to drive innovation, strong motivation to achieve goals, and other characteristics.
- 2) To select new Executive Officers, candidates who have completed senior executive candidate training must do the first stage of the selection process, which involves submitting documents and completing an interview. Next, an assessment is performed in order to reach a highly objective and appropriate decision. This process includes input from both an external perspective and from the perspective of people at the Group who frequently interact with these candidates as part of their jobs. An evaluation conference, which consists of the President & CEO and the Executive Officer responsible for personnel, is held to examine the results of this process. This results in the selection of candidates to become Executive Officers.
- 3) To determine the new team of Executive Officers, the President & CEO selects from the list of Executive Officer candidates the individuals who are believed to be well suited to serve as Executive Officers. Next, a proposal for the selection of Executive Officers for the new fiscal year is prepared and submitted to the Board of Directors with a list of the duties for each Executive Officer.
- 4) Prior to the submission of this proposal to the Board of Directors, the Nominating Committee performs oversight of the whole process, including a confirmation that a suitable process was used.
- 5) The Nominating Committee considers observing the character of Executive Officer candidates is an important matter and utilizes opportunities such as attending meetings of the Board of Directors and reporting to informal gatherings of Directors. After receiving the proposal for the selection of Executive Officers mentioned above from the President & CEO, the Nominating Committee discusses the content of the proposal, creates a summary of its conclusions regarding matters such as the appropriateness of candidates and training issues, and provides these as feedback to the President & CEO.
- 6) The Board of Directors takes the "Standards for the Selection of Executive Officers" into full consideration when deciding whether or not to dismiss an Executive Officer.

2. Executive Officers

- (1) The Executive Officers perform decision-making and business execution, as entrusted by the Board of Directors. The content of this business execution is subject to the oversight of the Board of Directors and to audits by the Audit Committee, which enhances effectiveness, validity, legality and soundness of the management. The Board of Directors appoints the Company's Executive Officers and selects the Representative Executive Officer and the President, as well as other Executive Officers in positions of responsibility, from among these Officers. The division of executive duties is also determined by the Board. The Representative Executive Officer and President and other Executive Officers perform decision-making on and execute the business entrusted by the Board.

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 have been performed every year since then in order to make improvements.

The Company now has a PDCA cycle that covers assessments and the analysis of results, the establishment of policies for the operation of the Board of Directors in the next fiscal year, and the creation and implementation of a plan for the board's operations. PDCA is used as a tool for continuous improvements in the effectiveness of the Board of Directors.

The fiscal 2017 evaluation of effectiveness once again questioned whether the fundamentals of the Company's governance system were appropriate for achieving the Company's corporate governance goals of sustained growth and the medium and long-term growth of corporate value.

In fiscal 2018 an evaluation is being performed using questions that have been set in order to discover what is needed to raise effectiveness in line with the Company's corporate governance goals.

In fiscal 2016, the Company outsourced interviews and questionnaires to an external organization to enhance objectivity by adding standpoints of third parties, and to clarify issues not noticed in the existing "self-assessments."

Survey schedule

The fiscal 2018 evaluation of effectiveness was performed as follows.

April 2019:	Distribution of self-evaluation questionnaires
May 2019:	Return of questionnaires and processing of results
June 2019:	Explanation of Board of Directors Operations Policy (Fiscal 2019) by the Chairman (at the Board of Directors meeting immediately after the Ordinary General Meeting of Shareholders)

Results of Effectiveness Assessment of the Board of Directors

a) Composition and roles of the Board of Directors and other items

It was confirmed that the composition of the Board of Directors regarding the number of Outside Directors and their characteristics (specialization and fields of expertise) was appropriate for enabling effective operations. Opinions given included "The selection of Outside Director candidates up to now, particularly in terms of diversity in career paths and skills, has resulted in a composition that is appropriate for holding indepth board meetings," "The number of Outside Directors is appropriate. An increase in this number in pursuit of an ideal would not necessarily smoothly translate into executive action and may result in a reduction in effectiveness," and "The inclusion of the person responsible for the largest business department to the four Directors who concurrently serve as Executive Officers has led to appropriate discussion that is rooted in situations at actual workplaces." Opinions were also received regarding specializations to consider when selecting future Outside Director candidates.

It was also confirmed that Executive Officers and Directors who concurrently serve as Executive Officers were receiving beneficial advice from Outside Directors and the Chairman of the Board of Directors and that the Board of Directors is providing an environment that enables Executive Officers and Directors who concurrently serve as Executive Officers to take appropriate risks. However, an opinion was also given calling for improvements from the executive side in regard to following up on actionable opinions provided.

b) Effectiveness and operation of the Board of Directors

Multiple opinions called for further improvement in explanations and information provided by the executive side in order to enable the Board of Directors to provide advice and make decisions appropriately and further raise its performance. There were also opinions calling for further improvements in the timing in which materials are issued and for opportunities in which informal exchanges of opinions can be held with business departments. The results showed that support provided by the secretariats of committees and the Board of Directors was generally appropriate.

It was confirmed that communication between Directors has been established and constructive relationships are being built. However, there was an opinion calling for action to be taken to provide opportunities for networking and for communication between Directors and Executive Officers.

Regarding the operation of the Board of Directors, it was confirmed that topics for discussion are being set based on social circumstances and the management environment, that time for discussions was being secured, that discussions are constructive and held in an open and unrestricted manner, that matters to be resolved and matters to be reported are being set appropriately, and that the Chairman of the Board of Directors is handling agenda items appropriately. However, opinions such as the following were also given – (1) there is room for improvement in monitoring the progress being made by the executive side in executing matters discussed by the Board of Directors, (2) it may be worth increasing the frequency of

reports on businesses that are growth drivers, and (3) Directors who concurrently serve as Executive Officers should participate in discussions to a greater degree.

There was also a comment that the Board of Directors should take more interest in the provision and disclosure of information to investors, which affects shareholder value, as well as the feedback from dialogue with investors.

c) Operation of the three committees

It was confirmed that the Nominating Committee's process for selecting Director candidates, oversight regarding the selection and dismissal of Executive Officers, and oversight of the CEO's succession plan are all appropriate. However, the opinion was given that the Nominating Committee needs to contribute a little more to the oversight of plans for cultivating management personnel.

It was confirmed that the Audit Committee is properly auditing the performance of the Directors and Executive Officers and the establishment and operation of internal control systems, and that it is cooperating appropriately with Internal Audit Departments and the Accounting Auditor. However, there was an opinion calling for further action to be taken regarding oversight of the execution of duties overseas.

It was confirmed that the review of compensation systems for Directors and Executive Officers and the checking of compensation levels performed by the Compensation Committee were appropriate and that it is properly overseeing Executive Officer performance evaluations. However, there was an opinion calling for the Compensation Committee to increase its knowledge of management compensation levels in countries to which foreign Executive Officers belong.

d) Governance in general

It was confirmed that the Company's governance systems were functioning effectively when viewed as a whole, that transparent and fair decision-making is being ensured, that there are no impediments to executive management exercising its autonomy and making swift and resolute decisions, and that the Chairman of the Board of Directors is fulfilling his responsibility to ensure that governance systems are functioning effectively. However, there were opinions given that regular checks are needed to ensure that Executive Officers and Directors who concurrently serve as Executive Officers are conforming to governance systems and that the Company should consciously evolve from "making sure there are no impediments to swift and resolute decision-making" to "encouraging swift and resolute decision-making."

The following points to keep in mind were raised regarding protective governance – (1) engagement in cyber security based on the latest trends, (2) response to shifts in what society demands in regard to corporate governance, and (3) internal controls at overseas subsidiaries (are directives reaching all the way to the rank and file of overseas subsidiaries?).

The following points to keep in mind were raised regarding assertive governance – (1) raising the level of management's ability to handle investment projects, and (2) use of the process for formulating the next medium-term business plan to deepen strategy discussion (business portfolio, resource allocation, capital productivity, etc.).

e) Tackling of matters stipulated in the fiscal 2018 Board of Directors policies

It was confirmed that matters stipulated in the policies had been implemented other than part of agenda items for the Board of Directors that were going to be set would be confirmed in the process for formulating the next medium-term business plan.

Regarding operations in fiscal 2019, the following opinions were given – (1) strategic discussions should maybe contain with more outside-of-the-box creativity, and (2) bolder personnel measures should maybe be discussed based on an objective assessment of the personnel situation.

Outline of Board of Directors Management Policies for Fiscal 2019

Based on the assessment of the Board of Directors' effectiveness, the Chairman of the Board established a management policy for the board's activities in fiscal 2019 and provided the following explanations immediately after the Ordinary General Meeting of Shareholders.

- Sharing of the progress of follow-up concerning the execution of requirements and resolutions made by the Board of Directors
- Raising of the level of execution and oversight in regard to investment
- Increase in the frequency of monitoring regarding new and growth businesses
- Using the process for formulating the next medium-term business plan to deepen strategy discussion
- Increasing opportunities to share evaluations from investors and raise the interest of the Board of Directors in the provision and disclosure of information to investors in order to enhance shareholder value

In addition to the policies above, requirements and requests of the Executive Officers, committee secretariats, and each committee were given based on the effectiveness assessment.

Compensation for Directors and Executive Officers

Compensation Policy and Directors' Compensation System

The Company, which has adopted the company-with-three-committees system, has established a Compensation Committee. Outside Directors account for the majority of members of the committee and the committee is chaired by an Outside Director to ensure transparency and to determine compensation in a fair and appropriate manner.

The Company's Directors' compensation system is intended to strengthen the motivation of Directors and Executive Officers to strive for the continuous medium-to-long-term improvement of the Group performance in line with management policies to meet shareholder expectations, and to contribute to the optimization of the Group value. The Company aims for a level of compensation that enables it to

attract and retain talented people to take responsibility for the Company's development.

The Company revised the existing Compensation Policy in fiscal 2017 and decided to introduce a stock bonus system linking with the Company's medium-term performance, in line with the launch of the new medium-term

business plan. Major revisions to the compensation policy and reasons:

- 1) The Company started stock bonus linking with medium-term performance. The intent is to increase motivation to achieve the performance targets of the medium-term business plan.
- 2) Stock bonus linking with medium-term performance is Company stock rather than cash. Owning Company stock during their time at the Company is intended to make individuals view the importance of medium- to long-term growth of corporate value from the same standpoint as shareholders.
- 3) The structure of compensation was reexamined. This resulted in a reduction in the percentage of base salary and the replacement of stock compensation-type stock options with stock bonus linking with medium-term performance. In addition, performance-linked compensation increased as a percentage of total compensation. Taking these actions made individuals even more aware of the importance of improving the Company's performance.
- 4) Compensation includes a claw-back provision. By performing the required procedure, the Company can limit compensation or demand the return of compensation. However, this is possible only when performance indicators that are the basis for calculating performance-linked compensation differ significantly from actual performance due to a major error or fraud.

* These revisions were discussed and examined by the Compensation Committee starting in fiscal 2015. The Company believes these revisions are consistent with Supplementary Rule 4-2-1 of the Corporate Governance Code (There should be a suitable division between compensation linked to medium to long-term performance and cash compensation and company stock compensation so that compensation functions as a sound incentive for senior executives to achieve sustained growth.).

Guidelines on Officer Ownership of Konica Minolta Shares

To encourage an even greater focus on boosting earnings results and the Company's share price from the perspective of shareholders, Konica Minolta has established guidelines on ownership of Konica Minolta shares for Inside Directors and Executive Officers.

Konica Minolta Executive compensation structure

Directors	Inside	Base Salary		Medium-term stock bonus
	Outside	Base Salary		
Executive Officers	President	Base Salary 50%	Annual performance-based cash bonus 25%	Stock bonus linking with medium-term performance 25%
	Senior Managing Executive Officer, Senior Executive Officers, Executive Officers	Base Salary 51-55%	Annual performance-based cash bonus 29-25%	Stock bonus linking with medium-term performance 20%

New Compensation Policy

1) Compensation system

- Compensation packages for Directors (excluding Directors who concurrently hold Executive Officer posts) exclude a short-term performance-based cash bonus because Directors have a supervisory role, and consist of a “base salary” component in the form of a base salary and “medium-term stock bonus” that links with improvement of the shareholder value for the medium term. Outside Directors receive base salary only.
- Compensation packages for Executive Officers consist of “base salary,” “annual performance-based cash bonus,” which reflects the performance of the Group and the performance of the business of which they are in charge in each year, and “stock bonus linking with medium-term performance,” which reflects the degree of attainment of the medium term business plan and improvement of the shareholder value for the medium term.

2) The total amount of individual compensation entitlement and “base salary” are set at an appropriate level with each position and its value taken into account, based upon objective data, evaluation data and other data collected at regular intervals, etc.

3) The amount of the “annual performance-based cash bonus” is determined based on the level of performance result for the fiscal year (consolidated operating income) and the degree of attainment of annual performance targets and according to progress of each Executive Officer’s key operational measures. The amount based on the degree of attainment of annual performance targets is determined in the 0 % to 150 % range of the standard amount of compensation. The targets are major consolidated performance indicators (operating income, operating income margin, ROA and others) associated with results of operations. Executive Officers’ key operational measures include those related to non-financial indicators, such as ESG (environmental, social and governance).

4) Details of the stock bonus plan are as follows.

- In the “medium-term stock bonus” plan to Directors, the Company’s shares are distributed to Directors after the end of the medium-term business plan, according to their roles and years they are in office. The plan is aimed to enhance their motivation toward contribution to improvement of the shareholder value and promote holdings of the Company’s own shares.
- In the “medium-term stock bonus” plan to Executive Officers, the Company’s shares are distributed to Executive Officers after the end of the medium-term business plan in the 0 % to 150 % range. The plan is aimed to enhance their incentives toward attainment of the targets in the medium-term business plan and promote holdings of the Company’s shares. The medium-term targets are major consolidated performance indicators (operating income, ROE and others) associated with the medium-term management policy.
- The standard number of shares is set by the position of each Director or Executive Officer in the first year of the medium-term business plan.
- Certain portions of shares are distributed in cash.
- Shares of the Company obtained as stock bonus shall be held in principle for one (1) year after the date of retirement from the post of each Director or Executive Officer.

5) The standard for compensation to the President & CEO is a 50:25:25 mix of “base salary,” “annual performance-based cash bonus” and “medium term performance-based stock bonus.” For the Executive Officers other than the President & CEO, the “base salary” ratio is set higher than that for the President & CEO.

6) Compensation for non-Japan residents may be handled in different ways from the treatment said above according to legal and other circumstances.

7) When the Board of Directors resolved a correction to financial statements after the announcement due to a material accounting error or fraud, the Compensation Committee considers corrections to performance-based bonuses and limit payment or request return of the bonuses when necessary.

8) The Company reviews levels, composition and others of compensation in a timely and proper manner in accordance with changes in the management environment.

Indicators for performance-based bonuses, reasons for the selection of these indicators, and method for determining the amount of performance-based bonuses

Annual performance-based cash bonus

(1) Overview of composition (items, evaluation indicators, etc.)

Item	Portion according to performance level	Portion according to attainment of performance targets			Portion according to personal appraisal
Assessment index and others	Operating profit	Operating profit 50%	Operating profit ratio 25%	ROA 25%	Reflects progress of each Executive Officer's key measures
	Linked with Group consolidated performance result level	Linked with Annual performance target achievement rate			

(2) Indicators and the reasons for the selection of these indicators

- 1) The indicator for the level of performance results portion is the amount of Group consolidated operating profit. It was judged that operating profit is the most appropriate indicator for determining the responsibility for performance that should be taken on by Executive Officers with the aim of realizing sustainable growth and enhanced corporate value by achieving higher levels of operating profit.
- 2) The indicators for the portion according to attainment of performance targets are the amount of operating profit, operating profit margin, and ROA. In accordance with the management policy set out in "SHINKA 2019," the medium-term business plan, the amount of operating profit has been selected in order to strengthen earning power, operating profit margin has been selected to realize a shift to a highly profitable system, and ROA has been selected to enhance asset efficiency. These have been weighted at 50%, 25% and 25% respectively.
- 3) For the portion according to personal appraisal, factors such as progress of each Executive Officer's key operational measures are used as indicators. Matters are evaluated from a different perspective from the level of performance results portion and the portion according to attainment of performance targets.

(3) Methods for determining the amount of compensation

- 1) The amount paid for the level of performance results portion is calculated by multiplying a value determined according to the amount of Group consolidated operating profit by a number of points set for each position. Said value is decided in accordance with a table formulated in advance.
- 2) The amount paid for the portion according to attainment of performance targets is calculated by multiplying an attainment rate of annual performance targets that has been calculated reflecting the weighting of each indicator by a set amount for each position. For Executive Officers responsible for a business department, said business department's consolidated performance is used, while for Executive Officers responsible for head office divisions or divisions spanning the entire Company, the Group's consolidated performance is used. Although the achievement rate can be read as being the unaltered payment rate, a lower limit of 0% and an upper limit of 150% have been set.
- 3) The amount paid for the portion according to personal appraisal is calculated by multiplying the total of the standard amounts determined for the level of performance results portion and portion according to attainment of performance targets by an appraisal value (value in the range of -30% to +30%) for each Executive Officer stipulated in a proposal drafted by the President & CEO.
- 4) The payment amounts in the three items listed above will be discussed and settled by the Compensation Committee.

Stock bonus linking with medium-term performance

(1) Overview of composition (items, evaluation indicators, etc.)

Item	Stock bonus linking with medium-term performance	
Assessment index	Amount of Group consolidated operating profit (3-year total for FY2017-2019) 50%	Group consolidated ROE (3-year average for FY2017-2019) 50%
	Linked with attainment rate of medium-term business plan targets	

(2) Indicators and the reasons for the selection of these indicators

The amount of Group consolidated operating profit and Group consolidated ROE have been set as indicators based on the management policy and targets set out in "SHINKA 2019," the Group medium-term business plan. The amount of operating profit has been selected in order to strengthen the earning power of core businesses and to realize the creation of high-profit businesses through growth businesses and new businesses, and ROE been selected to enhance asset efficiency in the medium- to long-term.

(3) Methods for determining the amount of compensation

- 1) The amount of compensation is calculated by combining the attainment rate of cumulative operating profit targets over the medium-term business plan period multiplied by 50% with the attainment rate of average ROE targets for the same period multiplied by 50%. This total is then multiplied by a number of points set per position accumulated over the same period, with one point equaling one share that will be transferred as compensation. Although the achievement rate can be read as being the unaltered payment rate, a lower limit of 0% and an upper limit of 150% have been set.
- 2) Points set per position is calculated by dividing the amount of resources allocated per position by a reference stock price.
- 3) The reference stock price is the average price paid by the trustee entrusted by the Company, the trustor, when purchasing the number of shares in the Company required to pay the stock bonus on the stock market.
- 4) The number of shares transferred listed above will be discussed and settled by the Compensation Committee

Amount of compensation paid to Directors and Executive Officers for the year ended March 2019

	Total (million yen)	Base salary		Performance-based cash bonus		Stock bonus		
		Persons	Amount (million yen)	Persons	Amount (million yen)	Persons	Amount (million yen)	
Directors	Outside	57	6	57	-	-	-	-
	Internal	159	4	127	-	-	4	31
	Total	216	10	184	-	-	4	31
Executive Officers	1,063	24	561	24	272	24	229	

Notes

- The number above includes one Outside Director and one Inside Director, both of whom resigned at the date of the 114th Ordinary General Meeting of Shareholders held on June 19, 2018. At the end of the period (March 31, 2019), the Company has five (5) Outside Directors, three (3) Inside Directors (not concurrently holding Executive Officer posts) and twenty-five (25) Executive Officers.
- In addition to the four (4) 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. As to one (1) Executive Officer, who resigned at the date of the 114th Ordinary General Meeting of Shareholders and assumed the post of Director, was separately counted as Executive Officer and Director in the table and compensation was also set forth separately as the portion as Executive Officer and that as Director.
- Regarding the performance-based cash bonus, the amounts which should be recorded as expense in fiscal 2018 are stated.
- Regarding the stock bonus, the amounts which were recorded as expense in fiscal 2018 are stated, based on a calculation of future share allocations according to estimated points to be allotted to Directors (excluding Outside Directors) and Executive Officers as part of their compensation.

The following individual received compensation of 100 million yen or more in fiscal 2018.

Millions of yen

Position and name	Company classification	Total	Base salary	Performance-based cash bonus	Stock bonus
Director, President and CEO, Representative Executive Officer Shoei Yamana	Konica Minolta, Inc.	135	65	34	35
Executive Officer Mr. Richard K. Taylor	Consolidated subsidiary Konica Minolta Business Solutions U.S.A., Inc.	181	90	90	-

* Mr. Taylor received this compensation from consolidated subsidiary Konica Minolta Business Solutions U.S.A., Inc.

Group Auditing System

As a company with three committees, the Company has an Audit Committee. Subsidiaries in Japan are companies with Corporate Auditors. The Company also has a Corporate Audit Division, which performs internal audits of the entire Group.

The Company's Audit Committee, Corporate Audit Division, and the Corporate Auditors of subsidiaries in Japan each preserve their independence as auditors, while cooperating with each other to make audits more efficient and effective. The Company has signed an audit contract with KPMG AZSA LLC to make it the Accounting Auditor, and is being audited. The Audit Committee holds periodic meetings with the Accounting Auditor, and works so the Accounting Auditor can perform an appropriate and rigorous accounting audit, while confirming the system so the Accounting Auditor can perform its work appropriately, based on audit policies and audit plans.

Audit Committee System and Roles

The Audit Committee is comprised of six Directors, four of whom are Outside Directors. It has established its own office, the Audit Committee Office. Staffed with full-time employees, this is an independent office that assists with the activities of

the Audit Committee.

The Audit Committee evaluates the legality and validity of management decisions made by Directors and Executive Officers, monitors and validates internal control systems, reviews the methods and results of Accounting Auditor audits, and determines the election or dismissal of Accounting Auditors.

Corporate Audit Division System and Roles

The Corporate Audit Division is responsible for internal audits for the entire Konica Minolta Group. Overseen directly by the Representative Executive Officer, this division oversees the internal auditing function for the entire Group and performs internal audits of the Company and its subsidiaries. Audits use the risk approach for efficiency from the standpoint of the reliability of financial reports, the efficiency and effectiveness of business operations, and compliance with laws and regulations. There are also follow-up audits to confirm that actions have been taken concerning items requiring improvements that were identified during audits.

Major subsidiaries also have their own internal audit departments. These departments strengthen the internal audit function of the entire Group while working with the Konica Minolta Corporate Audit Division.

Dialogue with Shareholders and Investors

Based on its Policy for Constructive Dialogue with Shareholders, Konica Minolta actively engages in IR activities with the purpose of achieving sustainable growth and improving corporate value over the medium-term through constructive dialogue with its shareholders and investors. In addition to disseminating information through various IR tools on the Konica Minolta website and other places, the Company strives to create opportunities for direct dialogue with investors and analysts through a variety of briefings and meetings, where the Company shares information about its management policies and strategies. In light of increasing interest in ESG investment in recent years, in FY2018 Konica Minolta held a briefing for investors themed on ESG.

Main Opportunities for Dialogue with Shareholders and Investors

	FY2018 Opportunities
General Meeting of Shareholders	<ul style="list-style-type: none"> •Attendants: 548 •Percentage of voting rights exercised: 82.12%
Institutional Investor Meetings	<ul style="list-style-type: none"> •Meetings held: 252 •Companies: 119
Analyst Meetings	<ul style="list-style-type: none"> •Meetings held: 71 •Analysts: 18 companies
Briefings for Investors and Analysts	<ul style="list-style-type: none"> •Briefings held: 10 •Visitors: 580
Individual Investor Briefings	<ul style="list-style-type: none"> •Briefings held: 4 •Visitors: 400

Group Compliance Promotion System

Compliance is the highest priority for Konica Minolta, Inc. in all of its corporate activities, and as such a compliance promotion structure has been established to supervise the Group overall.

At Konica Minolta, the Chief Compliance Officer, who is appointed by the Board of Directors, determines important matters for the promotion of the Group's compliance and is responsible for promoting and overseeing compliance activities such as anti-corruption measures and personal information protection. In order to execute these duties, the Chief Compliance Officer reports directly to the President and CEO of Konica Minolta, Inc., who has ultimate responsibility for Group compliance. The Chief Compliance Officer convenes the Group Compliance Committee, which is composed of officers responsible for compliance from corporate departments in charge of Group-wide functions.

The Executive Officer in charge of compliance assigns a regional compliance coordinator in Europe, North America, China, and South East Asia, and each coordinator supports compliance promotion activities in each area, working with the presidents of subsidiaries on these activities according to the circumstances of each region.

Risk Management System

Konica Minolta, Inc. has established a management system in which the President and CEO is responsible for risk management and crisis management.

The Executive Officers are responsible for managing various risks including strategic risks, financial risks, risks pertinent to environmental regulations and hazard risks. They identify and evaluate risks and develop and monitor countermeasures in their respective spheres of management. In addition, the Risk Management Committee, chaired by an Executive Officer appointed by the Board of Directors, is convened periodically (twice a year). The Committee examines the risks identified by each Executive Officer, as well as the countermeasures in place, and checks to ensure that the risk management system is functioning effectively, making revisions where necessary. The Group responds as a whole to risks judged to be particularly important, led by an Executive Officer appointed by the chairperson. The activities of the Risk Management Committee are periodically reported to the Audit Committee.

Konica Minolta has established a system for minimizing the business and social impact of crises that may arise from a range of risks by taking prompt and appropriate action and by releasing information. The Crisis Management Committee, chaired by the Executive Officer for crisis management appointed by the Board of Directors, discusses and formulates crisis countermeasures and procedures for action. Furthermore, the emergency contact system has been established to enable the President and CEO, in addition to the Executive Officer for crisis management, to assess the situation and make decisions quickly. A system has also been established to enable the President and CEO to take leadership in critical areas in a crisis.

Directors



Front row (from left): Hodo, Hatchoji, Yamana, Matsuzaki, Noumi, Fujiwara, and Fukushima

Back row (from left): Taiko, Suzuki, Itoh, Hatano, and Uchida

Chairman of the Board of Directors Masatoshi Matsuzaki

After serving as a Director at Konica Minolta Business Technologies, Inc., as President of Konica Minolta Technology Center, Inc., and in various other roles, became a Director, and then the President and CEO of Konica Minolta, Inc. Assumed the position of Chairman of the Board in April 2014.

Director (President & CEO) Shohei Yamana

After serving as Senior Executive Officer (in charge of business strategy and investor relations) at Konica Minolta, Inc. and subsequently as President of Konica Minolta Business Technologies Inc., among other positions, became President and CEO of Konica Minolta, Inc. in April 2014.

Director (Outside Director) Kimikazu Noumi

After serving as Senior Managing Executive Trustee at The Norinchukin Bank, as Representative Director and President at Norinchukin Zenkyoren Asset Management Co., Ltd., as Representative Director, Chairman and CEO at Aozora Bank, Ltd., and as Representative Director, President and CEO at Innovation Network Corporation of Japan, among other positions, became an Outside Director at Konica Minolta, Inc. in June 2016.

Director (Outside Director) Takashi Hatchoji

After serving as Representative Executive Officer of Hitachi, Ltd., and subsequently as President and Director of Hitachi Research Institute, Ltd., Chairman of Hitachi America, Ltd., and Director at Hitachi, Ltd., among other positions, became an Outside Director at Konica Minolta, Inc. in June 2017.

Director (Outside Director) Taketsugu Fujiwara

After serving as President of Asahi Kasei Chemicals Corporation, President and Representative Director and later Vice Chairman and Director of Asahi Kasei Corporation, among other positions, became an Outside Director at Konica Minolta, Inc. in June 2018.

Director (Outside Director) Chikatomo Kenneth Hodo

Served as Representative Director and President and later Director and Chairman of Accenture Japan Ltd., among other positions. Became an Outside Director at Konica Minolta, Inc. in June 2018.

Director (Outside Director) Sakie Tachibana Fukushima

Served as Member of the Board of Korn/Ferry International's Global Headquarters in the U.S. and was President and Representative Director of Korn/Ferry International-Japan. Currently serves as President and Representative Director of G&S Global Advisors Inc. Became an Outside Director at Konica Minolta, Inc. in June, 2019.

Director Toyotsugu Itoh

Served as General Manager, Manufacturing Technology Center of Konica Minolta Technology Center, Inc. and Executive Officer and General Manager, Corporate Production Operation Division and later Senior Executive Officer at Konica Minolta, Inc. Assumed the position of Director in June 2018.

Director Hiroyuki Suzuki

After engaging in Secretariat duties to support the Audit Committee in the Audit Committee Office of the Company, was in charge of internal auditing as General Manager of the Company's Corporate Audit Division for 10 years from 2009. Has served as Executive Officer since 2012 and assumed the current position in June, 2019.

Director (Senior Executive Officer) Seiji Hatano

Came to Konica Minolta, Inc. from the Bank of Tokyo-Mitsubishi UFJ, Ltd. In July 2011, and became Executive Officer and General Manager of the Business Strategy Division in April 2013, Senior Executive Officer in April 2014, and Director and Senior Executive Officer in June 2014.

Director (Senior Executive Officer) Toshimitsu Taiko

Served as Director at Konica Minolta Business Technologies, Inc., Chairman and CEO at Konica Minolta Business Solutions U.S.A., Inc., and Executive Officer at Konica Minolta, Inc. among other positions. Assumed the position of Director in June 2018.

Director (Senior Executive Officer) Masafumi Uchida

After serving as Deputy General Manager of the Manufacturing Headquarters, General Manager of Corporate Social Responsibility Division, Executive Officer and General Manager of the Corporate Environmental and Quality Management Division, and promoted management focusing on SDGs. He became Senior Executive Officer in 2018 and in this capacity, has been responsible for technology since 2019. Assumed the current position in June 2019.

Executive Officers (Listed in Japanese alphabetical order by name at the time of appointment or promotion)

Title	Name	Current Position and Responsibilities at the Company
President & CEO, Representative Executive Officer	Shoei Yamana*	Responsible for Diversity Enhancement
Senior Vice President and Executive Officer	Kiyotaka Fujii	Division President of Healthcare Business Headquarters and Precision Medicine Business Unit and Chairman & CEO, Konica Minolta Precision Medicine, Inc.
Senior Executive Officer	Tsukasa Wakashima	Responsible for Human Resources and General Affairs
Senior Executive Officer	Seiji Hatano*	Responsible for Business Management, Accounting, Finance and Risk Management
Senior Executive Officer	Noriyasu Kuzuhara	Division President of Material & Component Business Headquarters and General Manager, Corporate R&D Headquarters
Senior Executive Officer	Yuji Ichimura	Division President of Industrial Optical System Business Headquarters and Responsible for BIC (Business Innovation Center) and External Affairs
Senior Executive Officer	Masafumi Uchida*	Responsible for Technologies and General Manager, Quality Management Headquarters
Senior Executive Officer	Toshimitsu Taiko*	Lead officer responsible for Business Technologies and Division President of Office Business Headquarters
Senior Executive Officer	Ikuo Nakagawa	Responsible for Digital Workplace Business, DX Branding and IT
Senior Executive Officer	Kazuyoshi Hata	General Manager, Corporate Planning Division and Kansai Regional Director and Responsible for Investor Relations, Corporate Communications, One KM Business Promotion
Executive Officer	Ken Osuga	Executive Vice President, Konica Minolta Japan, Inc.
Executive Officer	Atsuo Takemoto	General Manager, Manufacturing Headquarters
Executive Officer	Hajime Takei	General Manager, R&D Headquarters, Business Technologies
Executive Officer	Richard K. Taylor	CEO, Konica Minolta Business Solutions U.S.A., Inc.
Executive Officer	Takaji Ito	General Manager, Corporate Business Management Division
Executive Officer	Toshiya Eguchi	General Manager, IoT Service Platform Development Operations
Executive Officer	Koji Sugie	Division President of Professional Print Business Headquarters
Executive Officer	Tetsuya Matsueda	General Manager, Legal Division and Responsible for Intellectual Property, Compliance and Crisis Management
Executive Officer	Kazumi Atago	Company Secretary and General Manager, Secretarial Division
Executive Officer	Hitoshi Kamezawa	General Manager, Sensing Business Unit, Industrial Optical System Business Headquarters
Executive Officer	Toru Hasegawa	Division Vice President of Healthcare Business Headquarters and General Manager, Healthcare Business Unit
Executive Officer	Jean-Claude Cornillet	President, Konica Minolta Business Solutions France S.A.S.
Executive Officer	Keiji Okamoto	President, Konica Minolta Business Solutions Europe GmbH
Executive Officer	Yoshihiko Hirota	Deputy General Manager, IoT Service Platform Development Operations and Deputy General Manager, Quality Management Headquarters

* Indicates the officer also holds a position as Director

Sustainability Management

Message from the Sustainability Officer

Leveraging Sustainability Concepts to Create Innovation

Takenori Takahashi

Group Executive and General Manager,
Corporate Sustainability Division
Konica Minolta, Inc.



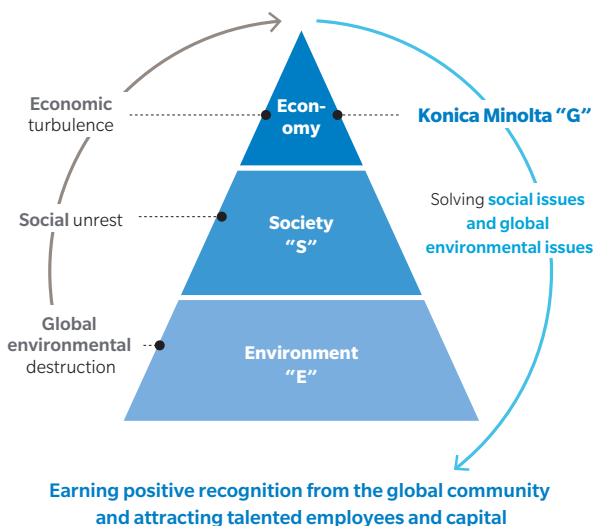
Growing Business While Contributing to the Creation of a Sustainable Society

We aspire to be a digital company that provides solutions with insight into implicit challenges. This means that we will become a company that contributes to the realization of a sustainable society that continues to advance through innovation, together with our customers. We continue to

create new value for the environment and human society and take up the challenge of innovation that drives business growth.

Pursuing a sustainable society also leads to enhanced sustainability for companies. Our sustainability strategy is based on this kind of awareness. If society breaks down due to environmental destruction, it will affect the economy, as well. I am convinced that resolving environmental and social issues will create growth opportunities for Konica Minolta.

Our Sustainability Strategy



Integrating Management Strategy with Environmental and Social Management

The environment and society are closely linked in many ways. An integrated approach, rather than thinking of them as separate entities, is crucial. Based on this approach, in April 2018 we consolidated the departments responsible for our environmental and social performance, forming the Corporate Sustainability Division, which also includes the strategic planning function. This is intended to strengthen integrated management in tandem with business management.

In fiscal 2019, we will devise a sustainability strategy linked to our next management plan. We look ahead to our vision for the environment and society in 2030 and beyond, and then backcast from there to determine what we should do now and where to set the significant milestones.

Evolving as a Digital Company That Provides Solutions with Insight into Implicit Challenges

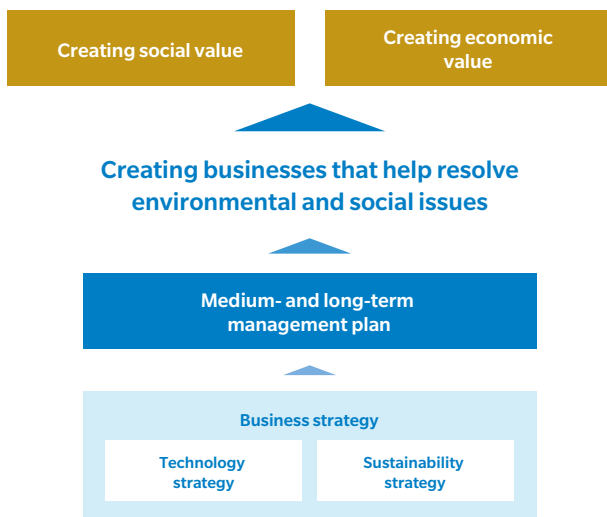
The Corporate Sustainability Division works closely together and collaborates with business divisions to align our sustainability strategy with our business.

We believe that social innovation is one of our material issues, and we have created Care Support Solutions, Workplace Hub and gas monitoring solutions, which utilize Konica Minolta's core technologies and innovation to help resolve social issues. We must resolve environmental and social issues with an eye on the future based on business strategies in order to continue contributing to a sustainable society and grow sustainably as a company. To this end, the related divisions will collaborate with divisions working on technology strategies, management planning and sustainability promotion to discuss issues and policies, and establish medium- and long-term management plans from 2020.

Comprehensively Addressing the World's Environmental Issues and Sharing Joy with Our Stakeholders

The efforts of one company alone are not enough to create a sustainable society. We believe that opening up the core technology and expertise that Konica Minolta has built up and allowing customers, business partners and local communities to use it will be meaningful in our efforts to help resolve environmental, energy and other global social issues.

Creating Value by Integrating Business and Sustainability



Konica Minolta has established its Eco Vision 2050, a long-term environmental vision looking ahead to 2050, and set a “Carbon Minus” target. This is a commitment to achieve a CO₂ reduction effect that exceeds CO₂ emissions produced by our business activities by 2050, in cooperation with stakeholders.

To achieve our “Carbon Minus” target, we have pursued activities—together with stakeholders, including customers, business partners—designed to raise both environmental value and corporate value, based on our Medium-Term Environmental Plan. At present, we are promoting our Environmental Digital Platform, which aims to digitize the environmental expertise we have offered on an individual basis thus far, to make even more substantial contributions to the environment. By having more stakeholders participate in this platform and accumulating more technology and expertise for mutual use, we think we can help achieve significant reductions in society's overall environmental impact.

Konica Minolta has joined the Task Force on Climate-related Financial Disclosures (TCFD) and RE100, international recommendations and initiatives related to climate change and energy. We have to be careful to secure our procurement of energy and raw materials in consideration of impact on climate change, and we believe that it is important to disclose this information to investors and other stakeholders. For example, we think that a society that uses all renewable energy will arrive by 2050, or even as early as 2030. Operating a business that is aligned to this kind of society is a prerequisite for sustainable growth. Moreover, if Konica Minolta can contribute to the resolution of these social issues by utilizing its technologies in fields such as materials, imaging, and edge IoT, it will create business opportunities. The medium- and long-term business plan that we are currently considering clarifies the risks and financial impact of climate change as well as countermeasures, and we will disclose these in an integrated report.

I am confident that incorporating a sustainability perspective in management and business will create a positive cycle for the company overall. Konica Minolta creates innovation as a digital company that provides solutions with insight into implicit challenges and helps to create a sustainable society.

Approach and System

Basic Approach

Konica Minolta aims to establish itself as an innovative company that is constantly evolving. Under its management philosophy, "The Creation of New Value," Konica Minolta works to remain vital to society. This is why the Group strives to contribute to the resolution of global challenges by creating value that improves the quality of society through its business endeavors.

Konica Minolta practices CSR, guided by its management philosophy and vision, which are based on the Konica Minolta Group Charter of Corporate Behavior. The Konica Minolta Group Guidance for the Charter of Corporate Behavior is shared globally and illustrates desirable behavior in each of the categories included in the Charter as a basis for understanding and practicing desired behavior. The Group Guidance articulates Konica Minolta's respect for international social norms such as the United Nations Global Compact, to which Konica Minolta, Inc. is a signatory, and its commitment to acting in compliance with those ideals.



CSR-Related Principles, Charters, and Norms That Konica Minolta Observes

- Universal Declaration of Human Rights
- Sustainable Development Goals (SDGs)
- United Nations Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- ISO 26000
- The Japan Business Federation's Charter of Corporate Behavior

CSR-Related Organizations in Which Konica Minolta Participates or Is a Signatory

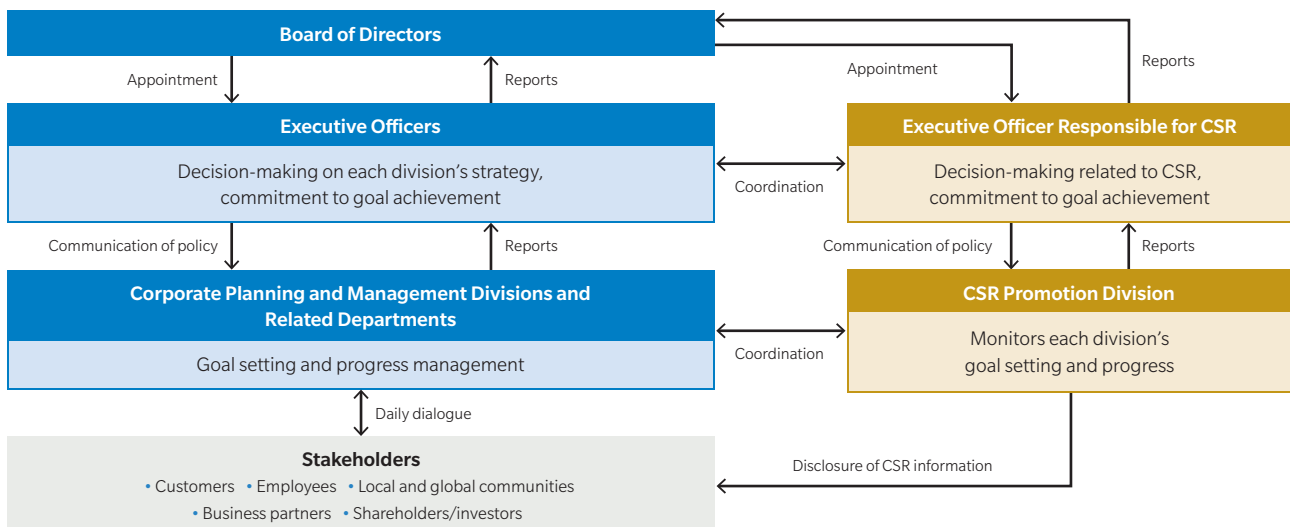
- United Nations Global Compact
- Responsible Business Alliance (RBA)
- Responsible Minerals Initiative (RMI)
- Japan Electronics and Information Technology Industries Association (JEITA), Responsible Minerals Trade Working Group, Conflict-Free Sourcing Working Group

CSR Management System

At Konica Minolta, Inc., the Executive Officer responsible for CSR, who is appointed by the Board of Directors, carries out the duties and authorities concerning the entire Group's CSR activities. Directly reporting to the officer is the Corporate Sustainability Division, which sees to the implementation of CSR management for the entire Group.

On a weekly basis, the division reports initiative progress to the officer, while also reviewing measures and making

proposals. The officer consults with the management executive meeting and the management council meeting, which addresses important matters as appropriate, and also reports to the Board of Directors once a year. Since fiscal 2017, CSR has been positioned as an integral part of business management, and non-financial performance indicators such as criteria related to the environment, society, and governance (ESG) are being used to evaluate Executive Officers.



Material Issues

Process for Identifying Material Issues

The companies of today must address a wide range of social issues, including human rights, labor ethics, and environmental challenges such as climate change and resource depletion. In light of the changing social landscape and business environment, Konica Minolta identifies material issues to address with priority, with the aim of ensuring that its initiatives function with a balance between social issues and business objectives.

To identify material issues, first a comprehensive list of issues was created with reference to international guidelines. These issues were given a quantitative rating for two aspects, "stakeholder interest" (materiality to stakeholders) and

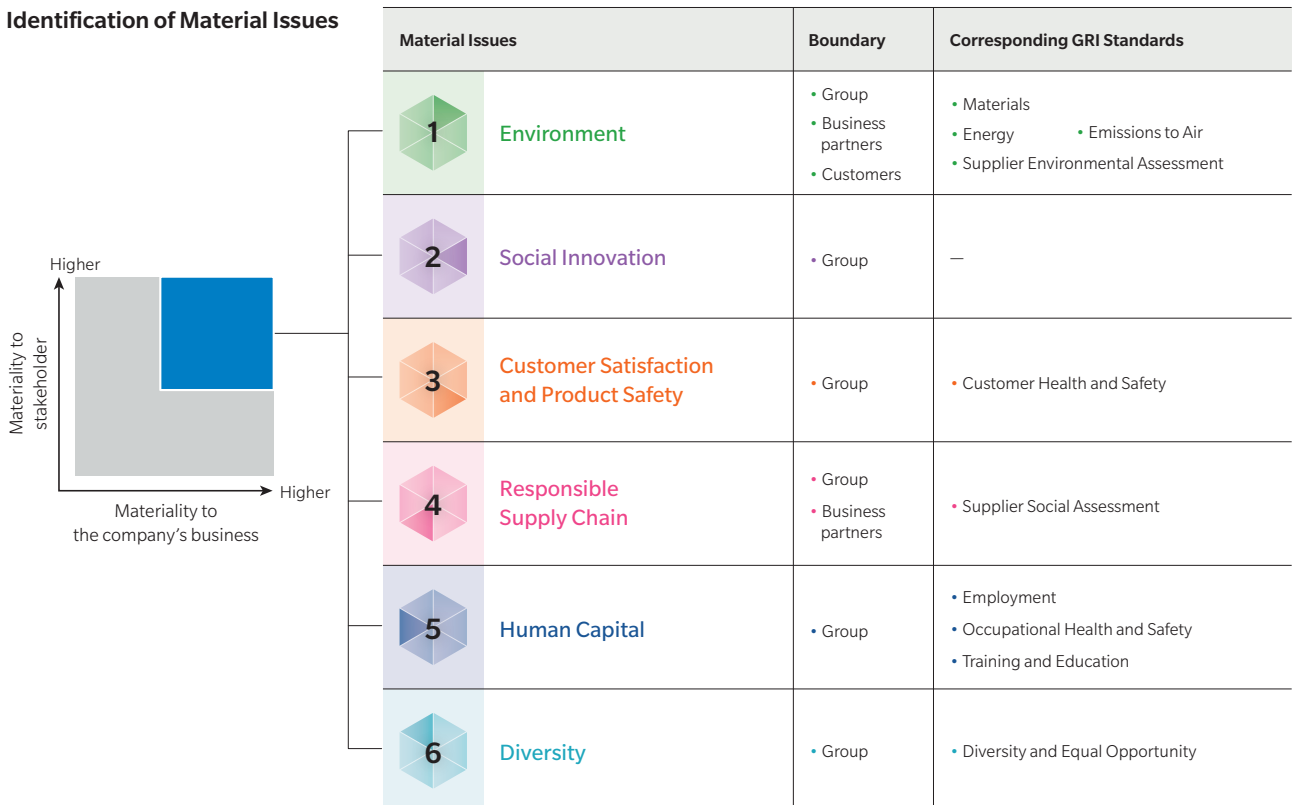
"impact on the Group's business" (materiality to the company's business), to verify their materiality. Outside experts were asked for their opinions in order to incorporate objectivity into the decisions on the materiality of each issue, which were validated by a meeting attended by Executive Officers, thereby completing the process for identifying material issues.

Targets and action plans will be established in accordance with these material issues, and action will be taken. This approach will help to ensure that Konica Minolta contributes to the resolution of social challenges, thereby enhancing its competitiveness as a company.






Process for Identifying Material Issues






Identification of Material Issues



Sustainable Value Chain

Value Chain		R&D	Procurement	Production
Materiality	Customer Satisfaction and Product Safety 	<ul style="list-style-type: none"> Carry out risk assessments at the productization phase, and based on that, check the safety design, and safety Establish a Konica Minolta-PSIRT (Product Security Incident Response Team) to respond to information security threats, which are significant with IoT devices, and start activity. Create customer value and improve verification accuracy through customer visits and "design thinking" 	<ul style="list-style-type: none"> Work with business partners to conduct quality improvement activities called DOAZ[*] * Defect On Arrival Zero 	<ul style="list-style-type: none"> Conduct production capability assessments to gauge frontline capabilities and productivity improvement capabilities at production sites, including with respect to environments, quality, safety, and security Pursue global quality assurance through coordination with Konica Minolta production sites and production contractors inside and outside of Japan
	Environment 	<ul style="list-style-type: none"> Speed up the creation of products and services that will contribute to solving environmental and social problems by implementing the Sustainable Green Products Certification System Develop the environmental technologies for creating sustainable green products 	<ul style="list-style-type: none"> Carry out Green Supplier activities to reduce environmental impact and costs by providing our suppliers with the environmental technologies and expertise we developed through our Green Factory activities 	<ul style="list-style-type: none"> Expand and accelerate Green Factory activities to reduce environmental impact and costs inside and outside the Company by implementing the Excellent Green Factory Certification System Roll out upgrade recycling (using upgraded recycled materials) to solve regional environmental issues
	Human Capital/Diversity 	<ul style="list-style-type: none"> Conduct the KM-Way Employee Selection Program Provide intellectual property education in China, where patent acquisition is heating up 	<ul style="list-style-type: none"> Provide specialized education in compliance and procurement 	<ul style="list-style-type: none"> Build a detailed personnel development system that allows for managing skills with a skill map for production site personnel, and conduct a technical certification program, provide skill specialist education, and create visually-effective study materials in line with that management.
			<ul style="list-style-type: none"> Top executive development program (Global e-Juku) Young employee overseas training program Business producer development program 	
	Responsible Supply Chain 	<ul style="list-style-type: none"> Work with business partners to control costs, beginning at the development stage Conduct conflict minerals audits on suppliers in accordance with the OECD's five-step framework 		
	Social Innovation 	<ul style="list-style-type: none"> Develop new businesses through Business Innovation Centers (BICs) Provide support for drug development and improve QoL through the Bio-Healthcare Business 		
IT Initiatives	<ul style="list-style-type: none"> Acquire IoT, AI, and other cutting-edge technologies, and utilize the Group's shared deep learning environment platform 	<ul style="list-style-type: none"> Improve efficiency across the entire supply chain through standardization of supplier ICT platforms 	<ul style="list-style-type: none"> Enhance quality and productivity through data science and the collection, visualization, analysis, and utilization of production data using ICT 	

* KM-Way: Konica Minolta's proprietary digital innovation creation process

<p>Distribution</p> 	<p>Marketing & Sales</p> 	<p>After-Sales Support</p> 
<ul style="list-style-type: none"> Improve and maintain logistics quality (improve lead times and reduce damage and losses) through KPI management in cooperation with logistics (shipping and inventory) partners (contractors) Conduct logistics network design and respond flexibly to reduce logistics risks (freight congestion caused by natural disasters, government policies, conflicts, etc.) Improve logistics through voluntary action declarations for the White Logistics Movement campaign 	<ul style="list-style-type: none"> Improve value to the customer through hybrid-type sales which provide a combination of documents and IT services Improve the quality of proposals for and delivery to customers through sales and project management handled by customer engagement teams Digitalize tests and evaluations in our customers' manufacturing processes, provide Konica Minolta expertise, and otherwise contribute to improving customer product quality while boosting production efficiency. 	<ul style="list-style-type: none"> Homogenize support operations with the Global Support Center Implement SLA (Service Level Agreement) to provide customers with high quality services and peace of mind Take a scientific approach to customer satisfaction surveys, including Net Promoter Scores (NPS)
<ul style="list-style-type: none"> Reduce logistics CO₂ emissions through means such as streamlining distribution center selection and routes to shorten shipping distances and improving vehicle load efficiency to reduce container count Review product packing design and develop new buffer materials to reduce the use of packaging and packing material 	<ul style="list-style-type: none"> Help reduce our customers' environmental impact by promoting bizhub ECO and expanding digital on-demand printing business in the commercial/ industrial printing domains Conduct and strengthen our Green Marketing activities, through which we provide customers with our extensive environmental technologies and expertise, as we work to contribute to solving environmental problems and gain new sales opportunities 	<ul style="list-style-type: none"> Provide programs to collect and recycle used MFPs and printers Carry out the Clean Planet Program for collecting toner cartridges Provide the Carbon Neutrality Program
<ul style="list-style-type: none"> Imaging IoT and AI talent development through the ICT personnel skill certification program Promote diversity and inclusion through the Corporate Diversity Office to the Corporate Diversity & Inclusion Office and various programs etc. 	<ul style="list-style-type: none"> Acquire and develop personnel highly specialized in IT services (system engineers, etc.) and industrial printing 	<ul style="list-style-type: none"> Invest human resources in service businesses Strengthen ability to help customers at the call center
<ul style="list-style-type: none"> Conduct CSR assessments and audits of suppliers in line with RBA standards and help make improvements Conduct CSR assessments and audits of Group production sites and make improvements 		
<ul style="list-style-type: none"> Mitigate environmental impact through digital on-demand printing Solve caregiving issues through Care Support Solutions etc. Reform work-styles using the Workplace Hub 		
<ul style="list-style-type: none"> Use the S&OP system to both supply products according to demand and optimize inventory 	<ul style="list-style-type: none"> Improve sales productivity by executing and expanding on a scientific sales approach using customer data 	<ul style="list-style-type: none"> Practice data-based predictive maintenance and promptly resolve problems by utilizing remote support maintenance

External Evaluations of Konica Minolta's Sustainable Management

- Named one of the 2019 Global 100 Most Sustainable Corporations in the World by Corporate Knights
- Named an Industry Group Leader in the Dow Jones Sustainability World Index

- Placed first in the general ranking for the 10th JUSE Quality Management Level Research by the Union of Japanese Scientists and Engineers

- Named a constituent of the S&P/JPX Carbon Efficient Index
- Certified as a Supplier Engagement Leader by the CDP
- Placed first in the general manufacturers ranking in The Nikkei's Environmental Management Survey

- Named Health and Productivity Stock Selection, a joint initiative by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange
- Named a constituent in the MSCI Japan Empowering Women Index
- Granted the Eruboshi certification by the Ministry of Health, Labour and Welfare
- Received the Grand Prize at the Good Career Company Awards 2018

- Earned gold level recognition, the highest level of recognition, in EcoVadis Sustainability Ratings

- Named a 2019 Noteworthy IT Strategy Company by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange

See pg. 93 for more information about independent valuations

Strengthening Environmental Management

Long-Term Environmental Target Eco Vision 2050

Given the urgency of global environmental issues, global businesses have a great responsibility to help build a more sustainable society by reducing environmental impact.

With Eco Vision 2050, Konica Minolta exemplifies its determination to fulfill its long-term environmental responsibilities. The company is taking a series of actions to achieve "Carbon Minus" status.

With Eco Vision 2050, Konica Minolta aims to reduce the CO₂ emissions from its products throughout their entire lifecycle by 80% compared to fiscal 2005 levels by 2050. The addition of "Carbon Minus" is Konica Minolta's commitment to achieve a CO₂ emissions reduction effect that exceeds the CO₂ emissions produced by Konica Minolta's business activities in cooperation with stakeholders such as business partners, customers and local communities.

If the company can reduce its CO₂ emissions by 80% by 2050, the remaining 20% will be approximately 400,000 tons. By helping stakeholders utilize Konica Minolta's technologies and expertise to reduce their own CO₂ emissions by 400,000 tons or more, the net outcome will be that society's overall CO₂ emissions resulting from Konica Minolta's activities will be negative.

Medium-Term Environmental Plan 2019

Under its management vision, Konica Minolta aims to be a global company that is vital to society. To realize this vision, it is

necessary to identify social challenges as business opportunities and generate innovative solutions, which in turn will drive Konica Minolta's own sustainable growth.

The Medium-Term Environmental Plan 2019, launched in fiscal 2017, is an integrated environmental and business plan. The aim is to grow the business, including sales and profits, by helping to solve environmental challenges.

Creation of Shared Value with Stakeholders

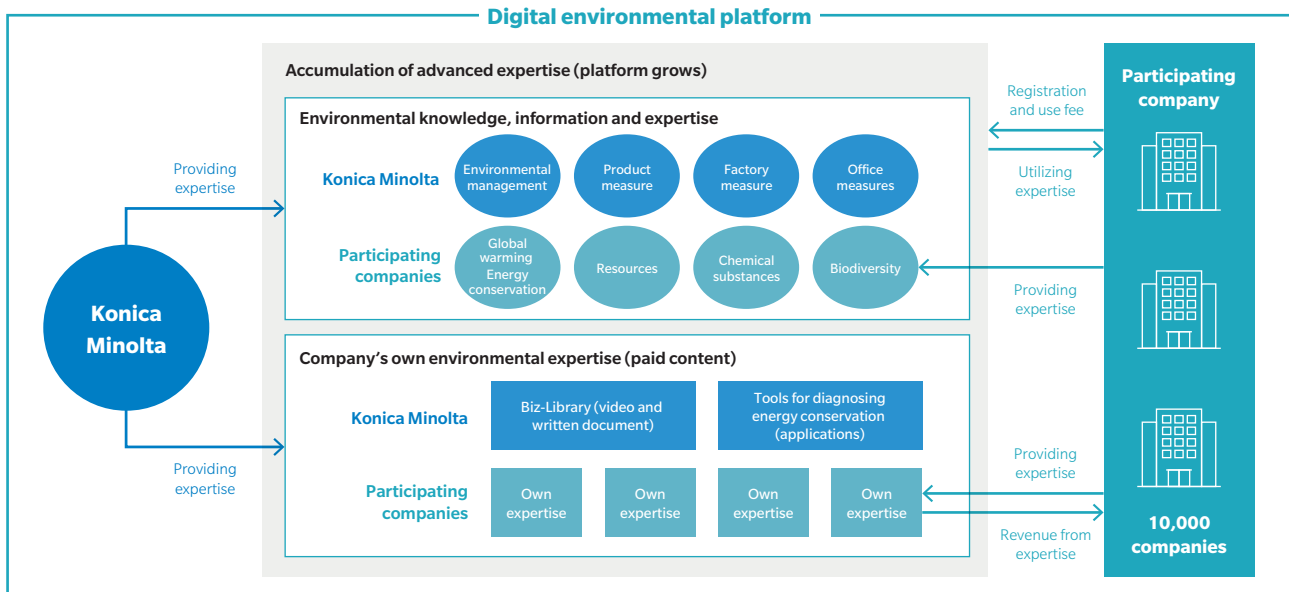
When working to overcome environmental challenges on a global scale, there is a limit to what can be achieved by just one company. This is why it is essential to expand the impact of environmental efforts by working with stakeholders such as suppliers, customers, and local communities.

Under its Medium-Term Environmental Plan 2019, the company is working toward the Carbon Minus goal indicated in Eco Vision 2050. The aim is to reduce the environmental impact of society as a whole by collaborating with stakeholders, including business partners and customers.

Furthermore, the company has been developing an environmental digital platform since fiscal 2018 as a measure to collaborate with more companies.

For example, by creating a database of energy-saving methods used internally and sharing it with business partners, Konica Minolta can help suppliers to devise and implement their own energy-saving measures. By sharing these activities with customers and expanding the circle of cooperation globally, Konica Minolta believes that it can make a dramatic contribution to solving global environmental problems.

Digital Environmental Platform



Responding to the Task Force on Climate-related Financial Disclosures (TCFD)

The Task Force on Climate-related Financial Disclosures (TCFD), established by the G20 Financial Stability Board (FSB), released its final report, entitled "Recommendations of the Task Force on Climate-related Financial Disclosures," in June 2017.

Konica Minolta believes that accurately assessing the risks

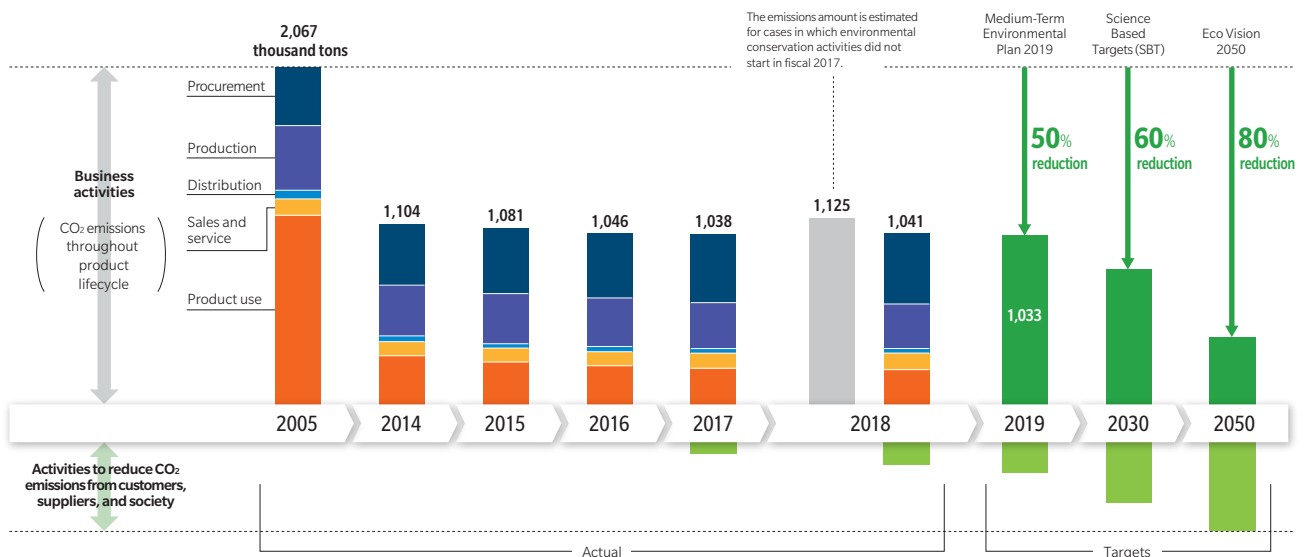
and opportunities related to climate in its business operations and actively disclosing information to investors and a wide range of other stakeholders is essential for a company capable of sustainable growth. Being one of the supporters of the TCFD, Konica Minolta agreed to support the final report. As its first action based on the recommendations, Konica Minolta will begin using the TCFD's framework when disclosing its climate change initiatives.

* More information is provided on CSR Report 2019. <https://www.konicaminolta.com/about/csr/csr/download/2019/index.html>

Items	Description of activities	Point of reference in CSR report 2019
Corporate Governance	<p>Konica Minolta recognizes that global warming is a serious risk for companies and, as a result, in 2008 the Board of Directors approved Eco Vision 2050, the company's long-term environmental vision. This plan sets the ambitious target of reducing CO₂ emissions throughout the product lifecycle by 80% by 2050, compared to fiscal 2005 levels. Konica Minolta views climate change as an opportunity, and with this approach, in 2017 the company made a new commitment to becoming "Carbon Minus," in other words helping to reduce society's overall CO₂ emissions through its business activities. Konica Minolta is pursuing programs across its supply chain to achieve this goal.</p> <p>The President and CEO, who has the ultimate responsibility for as well as authority over climate change issues, appoints the Director of Environmental Management from among the Executive Officers. The Director of Environmental Management prepares the Medium-Term Environmental Plan, which is approved by the Board of Directors as the company's overall management plan. The Director of Environmental Management reports to the President every month on the progress made in pursuing environmental management. The President and CEO reports to the Board of Directors on operations every month.</p>	<ul style="list-style-type: none"> ▶ Eco Vision 2050 (P. 25) ▶ Medium-Term Environmental Plan 2019 (PP. 26–27) ▶ Corporate Governance (P. 54) ▶ Environmental management (Environmental Report)
Strategy	<p>As climate change becomes more apparent, it will create social problems and economic impacts, resulting in both risks and opportunities for Konica Minolta's business.</p> <p>In the manufacturing industry in particular, it will be essential over the long term to find alternatives for fossil resources, pursue the optimal energy efficiency for production and products, and take mitigation and adaptation initiatives to fight climate change. In the short and medium terms, Konica Minolta anticipates rising prices for fossil resources, demand for energy savings, interruptions in the supply chain due to weather abnormalities, and a shift to a paperless system in industry. If steps are not taken to address these challenges, it will lead to substantial capital investments and higher costs, and a loss of business opportunities.</p> <p>This is why Konica Minolta is transforming itself into a digital company that provides solutions with insight into implicit challenges, creating solutions that help to solve social issues by actively incorporating cutting-edge technology into products and integrating them with digital input and output technology, which is Konica Minolta's strength. The company is also working to address environmental issues such as climate change, the depletion of resources, and waste, all as integral parts of its medium- and long-term business strategy. Companies in the manufacturing industry can reduce their environmental impact by decreasing production volumes, transport, inventory and waste. Konica Minolta is helping to resolve these issues, for example, by providing on-demand equipment for industrial printing for packages, labels and textiles. To reduce the consumption of paper in offices, Konica Minolta provides digital workplace solutions that foster the shift to a paperless system while improving the efficiency of operational flows. Addressing the problem of the massive amount of energy data centers use to analyze big data, Konica Minolta's edge-computing technology helps minimize energy consumption by enabling as much data analysis as possible to be done on-site.</p> <p>In all these ways and more, Konica Minolta is integrating business growth with its efforts to redress environmental issues and views environmental management as a key business strategy (refer to page 15 for details on risks and opportunities).</p>	<ul style="list-style-type: none"> ▶ Participation in International Initiatives (P. 16) ▶ CSR Targets and Results (PP. 21–22) ▶ Eco Vision 2050 (P. 25) ▶ Medium-Term Environmental Plan 2019 (PP. 26–27)

Items	Description of activities	Point of reference in CSR report 2019
Risk Management	<p>Konica Minolta views environmental risk, including climate change, as one of its management risks. These risks are addressed by the Risk Management Committee, chaired by an Executive Officer appointed by the Board of Directors.</p> <p>This Committee conducts risk assessment on corporate activities, and confirms the risks thus identified as well as countermeasures, while also checking that the risk management system is functioning effectively and making changes as necessary. The Risk Management Committee regularly reports to the Audit Committee, which consists of Directors who are not also Executive Officers.</p>	<ul style="list-style-type: none"> ▶ CSR Targets and Results (PP. 21–22) ▶ Eco Vision 2050 (P. 25) ▶ Medium-Term Environmental Plan 2019 (PP. 26–27) ▶ Corporate Governance (P. 54)
Metrics and Targets	<p>Konica Minolta has established its Eco Vision 2050, which aims to reduce CO₂ emissions over the product lifecycle and bring carbon emissions to negative levels, as its metric for managing the risks and opportunities posed by climate change. Results are reported every year.</p> <p>The target of for reducing CO₂ emissions across the product lifecycle includes all of Scopes 1 and 2 (CO₂ emissions generated during the production stage and the sales and service stage) and the main components of Scope 3 (CO₂ emissions generated during the procurement stage, transportation and distribution stage, and product use stage). In the long term, Konica Minolta aims to reduce CO₂ emissions by 60% by 2030 and by 80% by 2050, and in the short term, the company aims to cut emissions by 50% by 2019, all compared to fiscal 2005 levels. In fiscal 2018, emissions were down 49.6% (refer to the graph below for the targets and results). Also, based on having joined RE100, Konica Minolta established the target of procuring 100% of the electricity used in company activities from renewable energy by 2050.</p> <p>The Medium-Term Environmental Plan, which designates 2019 as the target year, sets the target for the company's Green Factory activities of reducing CO₂ emissions in the production stage by 19,000 tons and also sets cost-cutting targets. In fiscal 2018, Konica Minolta succeeded in reducing CO₂ by 26,500 tons and also achieved its cost-cutting targets. In its Green Products initiative, Konica Minolta has set targets of reducing CO₂ emissions in the product use stage by 17,200 tons in fiscal 2019 and generating 770 billion yen in sales of Certified Sustainable Green Products. In fiscal 2018, Konica Minolta reduced CO₂ by 15,000 tons and recorded sales of Sustainable Green Products amounting to 778.5 billion yen.</p> <p>"Carbon Minus" refers to Konica Minolta's commitment that its business will have a net minus impact on the overall CO₂ emissions of society. If the company can reduce its CO₂ emissions throughout the product lifecycle by 80% by 2050, the remaining 20% will be approximately 400,000 tons. Accordingly, the company's Carbon Minus target is to reduce the CO₂ emissions of society by at least 400,000 tons by 2050. There are limits to what a single company can do on its own to achieve Carbon Minus status, so Konica Minolta is expanding its activities to include business partners and customers, with the aim of more broadly reducing CO₂ emissions. Konica Minolta expects this effort not only to boost its contributions to the environment across the entire supply chain, but also to reduce costs and increase sales.</p>	<ul style="list-style-type: none"> ▶ CSR Targets and Results (PP. 21–22) ▶ Eco Vision 2050 (P. 25) ▶ Medium-Term Environmental Plan 2019 (PP. 26–27) ▶ Green Products (PP. 28–29) ▶ Green Factory Activities (PP. 30–32) ▶ Environmental Data Summary (PP. 58–59)

CO₂ Emissions Reduction and Carbon Minus Targets



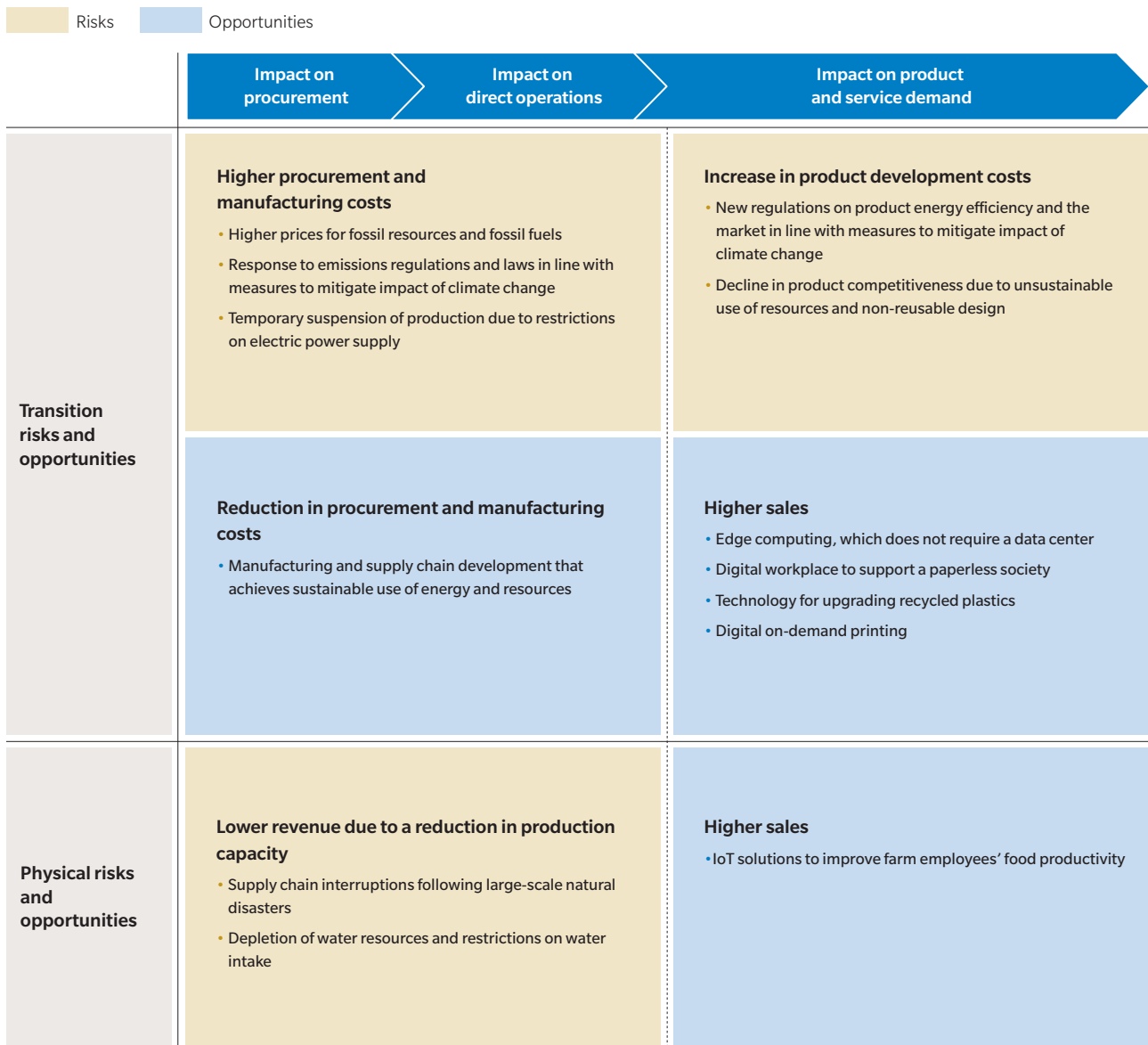
Konica Minolta's Climate-Related Risks and Opportunities

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 Konica Minolta does not take measures to address climate change, it faces a risk of higher costs and loss of business opportunities. Konica Minolta recognizes that it can

create opportunities by taking action sooner. For example, Konica Minolta's proprietary IoT technology, such as edge computing, which does not require large-capacity servers, goes far in reducing energy load and reducing greenhouse gas emissions. Environmental issues could be an opportunity for higher demand for this kind of technology and stronger sales. As part of its ongoing energy conservation activities, Konica Minolta not only reduces costs at its own factories, but also strives to create new business initiatives by collaborating with suppliers and business partners.

Climate-related Risks and Opportunities along the Supply Chain



Targets and Results Regarding Environmental Impact

Medium-Term Environmental Plan 2019, fiscal 2018 targets and results

Material Issue	Key Action	Priority Issue	Medium-Term Environmental Plan 2019	
			Business Value	Environmental Value
Environment	Green Products (planning and development)	(1) Creation of Sustainable Green Products (SGPs) sought by customers and society	Sales <ul style="list-style-type: none"> Sustainable Green Products sales: 770 billion yen (sales ratio: 70%) Cost reductions <ul style="list-style-type: none"> Resource-saving cost reduction 	<ul style="list-style-type: none"> CO₂ emissions reduction during product use: 17.2 thousand tons CO₂ emissions reduction in the procurement stage: 45.9 thousand tons Effective resource utilization: 11.3 thousand tons Control emissions + Social issue solutions based on SDGs
		(2) Complying with government procurement standards and environmental label requirements	Sales <ul style="list-style-type: none"> Eliminate lost sales opportunities 	<ul style="list-style-type: none"> Reduce environmental impact through compliance with standards
		(3) Dependably complying with product-related laws and regulations	Risk avoidance <ul style="list-style-type: none"> Eliminate effect on sales 	<ul style="list-style-type: none"> Reduce hazardous chemical substance risk by conforming to laws and regulations
	Green Factory (procurement and production)	(1) Excellent Green Factory activities	Cost reductions <ul style="list-style-type: none"> Energy and resource cost reduction 	<ul style="list-style-type: none"> CO₂ emissions reduction in production activities: 19 thousand tons Effective resource utilization: 2.8 thousand tons Water consumption reduction: 220 thousand m³
			Cost reductions <ul style="list-style-type: none"> Supplier cost reductions Sales <ul style="list-style-type: none"> Measures and expertise database creation, and knowledge commercialization 	<ul style="list-style-type: none"> CO₂ emissions reduction at suppliers: 5 thousand tons Effective resource utilization at suppliers: 0.25 thousand tons + Social issue solutions based on SDGs
		(3) Expanded adoption of renewable energy	Sales <ul style="list-style-type: none"> Eliminate lost sales opportunities 	<ul style="list-style-type: none"> Renewable energy ratio: 1% + Social issue solutions based on SDGs
			(4) Supply chain risk response	Risk avoidance <ul style="list-style-type: none"> Eliminate environmental impact from procurement, production, and sales
	Green Marketing (distribution, sales and service, and collection and recycling)	(1) Strengthening relationships with customers globally	Sales <ul style="list-style-type: none"> Acquire sales opportunities 	<ul style="list-style-type: none"> Reduce customers' environmental impact + Social issue solutions based on SDGs
			Cost reductions <ul style="list-style-type: none"> Reduce cost of distribution and packaging 	<ul style="list-style-type: none"> CO₂ emissions reduction in distribution: 0.3 thousand tons Effective resource utilization: 0.04 thousand tons
		(3) Complying with laws on collection and recycling of used products	Risk avoidance <ul style="list-style-type: none"> Eliminate effect on sales 	<ul style="list-style-type: none"> Resource recycling through collection and recycling of used products

Note: Fiscal 2018 CO₂ emissions throughout the product lifecycle totaled about 1.04 million tons, representing a 49.6% reduction, compared to fiscal 2005 levels. Under Eco Vision 2050, Konica Minolta's long-term goal is to achieve an 80% reduction by 2050.

Self-assessment of performance 100% or above: ○ 80% or above, less than 100%: △ Less than 80%: ×

- Preventing global warming
- Supporting a recycling-oriented society
- Reducing chemical substance risks
- Environment overall
- Restoring and preserving biodiversity

		Fiscal 2018 Targets		Fiscal 2018 Results			
		Business Value	Environmental Value	Business Value		Environmental Value	
	Green Products (1)	Sales <ul style="list-style-type: none"> • Sustainable Green Products sales: 700 billion yen (sales ratio: 65%) Cost reductions <ul style="list-style-type: none"> • Resource-saving cost reduction 	<ul style="list-style-type: none"> • CO₂ emissions reduction during product use: 13.2 thousand tons • CO₂ emissions reduction in the procurement stage: 39.8 thousand tons • Effective resource utilization: 10.4 thousand tons 	Sales <ul style="list-style-type: none"> • Sustainable Green Products sales: 778.5 billion yen (sales ratio: 74%) Cost reductions <ul style="list-style-type: none"> • Resource-saving cost reduction 	○	<ul style="list-style-type: none"> • CO₂ emissions reduction during product use: 15.0 thousand tons • CO₂ emissions reduction in the procurement stage: 41.8 thousand tons • Effective resource utilization: 12.6 thousand tons 	○
	(2)	Sales <ul style="list-style-type: none"> • Eliminate lost sales opportunities 	<ul style="list-style-type: none"> • Reduce environmental impact through compliance with standards 	Sales <ul style="list-style-type: none"> • Eliminated lost sales opportunities 	○	<ul style="list-style-type: none"> • Reduced environmental impact through compliance with standards 	○
	(3)	Risk avoidance <ul style="list-style-type: none"> • Eliminate effect on sales 	<ul style="list-style-type: none"> • Reduce hazardous chemical substance risk by conforming to laws and regulations 	Risk avoidance <ul style="list-style-type: none"> • Eliminated effect on sales 	○	<ul style="list-style-type: none"> • Reduced hazardous chemical substance risk by conforming to laws and regulations 	○
	Green Factory (1)	Cost reductions <ul style="list-style-type: none"> • Energy and resource cost reduction 	<ul style="list-style-type: none"> • CO₂ emissions reduction in production activities: 23.4 thousand tons • Effective resource utilization: 4.8 thousand tons • Water consumption reduction: 213 thousand m³ 	Cost reductions <ul style="list-style-type: none"> • Energy and resource cost reduction 	○	<ul style="list-style-type: none"> • CO₂ emissions reduction in production activities: 26.5 thousand tons • Effective resource utilization: 7.1 thousand tons • Water consumption reduction: 274 thousand m³ 	○
	(2)	Cost reductions <ul style="list-style-type: none"> • Supplier cost reductions 	<ul style="list-style-type: none"> • CO₂ emissions reduction at suppliers: 5.4 thousand tons • Effective resource utilization at suppliers: 0.35 thousand tons 	Cost reductions <ul style="list-style-type: none"> • Supplier cost reductions 	○	<ul style="list-style-type: none"> • CO₂ emissions reduction at suppliers: 9.1 thousand tons • Effective resource utilization at suppliers: 0.63 thousand tons 	○
	(3)	Sales <ul style="list-style-type: none"> • Eliminate lost sales opportunities 	<ul style="list-style-type: none"> • Renewable energy ratio: 0.6% 	Sales <ul style="list-style-type: none"> • Eliminated lost sales opportunities 	○	<ul style="list-style-type: none"> • Renewable energy ratio: 1.5% 	○
	(4)	Risk avoidance <ul style="list-style-type: none"> • Eliminate environmental impact from procurement, production, and sales 	<ul style="list-style-type: none"> • Environmental impact reduction through standards compliance 	Risk avoidance <ul style="list-style-type: none"> • Eliminated environmental impact from procurement, production, and sales 	○	<ul style="list-style-type: none"> • Environmental impact reduction through standards compliance 	○
	Green Marketing (1)	Sales <ul style="list-style-type: none"> • Acquire sales opportunities 	<ul style="list-style-type: none"> • Reduce customers' environmental impact 	Sales <ul style="list-style-type: none"> • Acquired sales opportunities 	○	<ul style="list-style-type: none"> • Reduced customers' environmental impact 	○
	(2)	Cost reductions <ul style="list-style-type: none"> • Reduce cost of distribution and packaging 	<ul style="list-style-type: none"> • CO₂ emissions reduction in distribution: 0.4 thousand tons • Effective resource utilization: 0.02 thousand tons 	Cost reductions <ul style="list-style-type: none"> • Reduced cost of distribution and packaging 	○	<ul style="list-style-type: none"> • CO₂ emissions reduction in distribution: 0.6 thousand tons • Effective resource utilization: 0.03 thousand tons 	○
	(3)	Risk avoidance <ul style="list-style-type: none"> • Eliminate effect on sales 	<ul style="list-style-type: none"> • Resource recycling through collection and recycling of used products 	Risk avoidance <ul style="list-style-type: none"> • Eliminated effect on sales 	○	<ul style="list-style-type: none"> • Resource recycling through collection and recycling of used products 	○

Strengthening Human Capital

Konica Minolta's Human Capital Strategy According to the Executive Officer responsible for HR

Allowing the Individual to Shine Human Capital Development for Victory in Global Competition

Tsukasa Wakashima

Senior Executive Officer

General Manager, Corporate Human Resources Division



For Konica Minolta to continue growing sustainably by solving the issues that customers and society face, human capital is everything. By turning diversity into a strength and maximizing the Group's people power, we will build a corporate culture that aims high and an organization that will always win against global competition.

View of the Environment

In a business environment changing at a breakneck pace and driven by a shift to digitalization, the key to winning the global fight for business and achieving sustainable growth lies in human capital. This is because only human capital can undertake the important task of accurately assessing and responding to customers' problems, and thereby contribute to solving society's issues.

What we look for in our people is not emulating change but the ability to stand at the forefront of change and demonstrate strong leadership. What we need are fully-autonomous people — people with a clear vision of the ideal situation and people who can make decisions and take action on their own according to Konica Minolta's 6 Values.

Konica Minolta's HR organization puts in place the systems, mechanisms, and environment to allow individuals to shine in our business environment. At the same time, we support individuals' self-directed growth, and recognize the important role of maximizing the potential of one of Konica Minolta's strengths: its highly diverse Group-wide workforce.

Managing Talent to Win

To be victorious worldwide, the top priority must be building up the number of officer candidates that could lead the company in the future as CEO and speed up their development. To this end, we are using medium-term (three to five years) and long-term (five to ten years) views to identify candidates, and are conducting a selective-type training program that involves them being strategically assigned and utilized.

For this selective-type training program, since fiscal 2016 we have brought together officer candidates to participate in a

six-month training program we call Global e-juku. With the goal of having executives train executives, this program is a consolidation of officer training programs that had, before fiscal 2016, been done separately for Japanese and people of other nationalities. The program develops true business leaders who will succeed in our globally competitive world, by giving them the input they need to bring about digital transformation in their business, while having them conduct serious discussions with and proposals to top executives about real management issues. Through the program, top executives also assess personnel, including those of foreign nationalities, for possible Executive Officer candidate development, providing additional assignment and opportunities or offering permanent assignments.

Another important component to achieving sustainable growth is developing the young people who will lead the next generation. That is why we give our employees responsibility and authority while they are young, making focused investment in young employees out of the belief that we must start early in building true leaders who can compete on the world stage. Our goal with this effort is to have young employees establish themselves early through experience working in fast-changing workplaces overseas. With the goal of sending 180 people over a span of three years, since fiscal 2017 we have been sending young employees to our frontlines of business, as well as to overseas academic institutions, providing opportunities for friendly competition with highly talented people outside the company.

Acquiring and Training the People Needed to Execute Growth Strategies

To enhance our IT services, Konica Minolta has expanded its roster of system engineers to roughly 2,000 people through M&A and other activities. Alongside these activities, we have made it a priority theme to enhance our imaging IoT and AI talent, which will be key to edge IoT platform strategy success. The imaging IoT and AI talent, as we refer to them, consists of Product Owners, who will lead our agile development efforts; Data Scientists, who analyze data, identify problems, and lead efforts to solve them; System Architects, personnel capable of designing entire IT systems, and those generally called AI

expert engineers. We currently have roughly 400 such individuals with high-level expertise, and we plan to double this over the next few years.

One of our initiatives in expanding our pool of talent is making more new and mid-career hires. We are aiming to leverage overseas development facilities, and acquire talent through stronger cooperation with local universities.

Another is shifting skills and training internal personnel who show potential. After identifying the skill sets they need, we are creating the appropriate internal training programs. We have also implemented an internal program for certifying and registering Product Owners and Data Scientists as "entry-level," "standard," or "expert" according to their skill level. To date, 254 Data Scientists and 168 Product Owners have had their skills certified through this internal training program. Going forward, we will be training about 30 of each kind of class a year for standard-level certification.

In 2020 we will build a new product development building at a research and development facility in Kansai (the Takatsuki Site). Here we will assemble a core team of personnel to develop a full-fledged imaging IoT development center.



Imaging IoT and AI talent development program

Systems and Mechanisms for Producing Innovation

To become a digital company with insight into implicit challenges that creates new value while anticipating and solving issues that trouble customers and society, the Konica Minolta Group needs innovative organizations and individuals who can come up with game-changing concepts and ideas.

And diversity is a particularly rich source of innovation. Revolutionary new concepts and ideas do not arise from homogenized groups of people. By promoting diversity in our human capital, the mingling of people with different qualities, and healthy conflict, we believe individuals will grow through mutual self-improvement and new concepts and revolutionary ideas will be born. We understand that Japan lags far behind the U.S. and Europe on this count. Therefore, we have been actively promoting women's participation and advancement and employing people of other nationalities, while also bringing in more talent with "outside" knowledge by doing away with second job restrictions and rehiring former employees.

We are putting an environment in place that enables our diverse talent to demonstrate their creativity beyond

organizational boundaries by setting up remote work programs and satellite offices for all employees, implementing internal social media systems, and otherwise enabling a diversity of working styles. At the same time, we are promoting networking by providing active support (allowing the use of company facilities and partially subsidizing event costs) company-wide for voluntary get-togethers among employees looking to break down organizational barriers. Furthermore, along with the Konica Minolta Tokyo Site Hachioji SKT research and development building that is an important center for technology development, the above-mentioned new building at the Takatsuki Site and a satellite office we opened in Umeda, Osaka, in the summer of 2019 will be "places for creating new value" with a view to encouraging communication with people both inside and outside the company and achieving innovation.

Also essential for achieving innovation is "fostering a challenge-seeking culture." For Konica Minolta to weather discontinuous change for which past successes provide no useful reference and to thrive amid global competition, we must — as an organization and as individuals — continue to boldly seek out challenges. We have made a number of efforts to bring out challenge-seeking by providing pathways for achieving innovation, such as the KM-Way and design thinking, while providing places for employees to express their ideas. As a result, we are seeing an increasing number of employees stepping forward to take on these challenges — mostly young employees who bring forth unprecedented concepts and who want to change the company themselves. To propagate this challenge-seeking culture throughout the company, we have cut away from our traditional performance review system and put the spotlight on challenge-seeking actions, with corporate officers conducting reviews directly. Through these reviews, we will provide rewards (remuneration to the employee), praise (from officers), spread the idea (actively promoted internally as a recommendation) for challenges boldly sought by individual employees. Taking ownership of this cycle, officers will foster a challenge-seeking culture.

In Closing — Allowing the Individual to Shine

Operating on the idea that "good health is the foundation that allows individuals to shine and maximally demonstrate their potential," Konica Minolta comes together as one and actively promotes health and productivity management. In recognition of our efforts in this area, we have been selected as an exceptional company under the Health & Productivity Stock Selection Program hosted by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for two years running. We have received this honor a total of four times in the past five years.

I see our employees as having ample potential. As head of HR, my duty is to fully support employees' autonomous action and growth through mechanisms and systems for maximally demonstrating their potential based on health and productivity management and without clinging to traditional practices.

Targets and Results Regarding Social Impact

Material Issue	Key Action	Fiscal 2018 Targets and Plans
Social Innovation	Business development that contributes solutions to social issues	<ul style="list-style-type: none"> Promote new business development through core technologies and open innovation Promote business development at the company's five Business Innovation Centers (BICs) Continue to survey nursing care staff about satisfaction with Care Support Solutions and implement improvements for any issues identified
Customer Satisfaction and Product Safety	Achieving top-tier quality and reliability	<ul style="list-style-type: none"> Number of serious product-related accidents^{*1}: 0 Number of serious security incidents^{*2} in the service business area: 0
	Creating new quality value	<ul style="list-style-type: none"> Continue conducting satisfaction surveys and implement improvements based on the results Construct verification processes for customer value creation using design thinking
Responsible Supply Chain	Promoting CSR in the supply chain	CSR procurement (FY2017 to FY2019) <ul style="list-style-type: none"> Request that suppliers carry out CSR activities: 100% implementation CSR assessment: Complete assessments of all Group production sites and approximately 120 important suppliers CSR audit: Complete audits of two important Group production sites and two important suppliers
		Response to conflict mineral issues (FY2017 to FY2019) <ul style="list-style-type: none"> Supplier response rate to conflict mineral surveys: Maintaining 95% or higher Respond to customers' requests for surveys: 100%
Human Capital	Work-style reform	<ul style="list-style-type: none"> Prepare operational and workplace environments Reform operational processes Make the most of diverse talent Expand systems Clarify roles and authorities Enhance efficiency using RPA^{*3}: Save approximately 19,000 hours
	Developing human capital	<ul style="list-style-type: none"> Accelerate the development of high-potential human resources, and foster global human resources development for executives Promote an overseas training program for young employees in Japan Develop entrepreneurs who can create new businesses based on customer needs Develop human resources who can establish IoT business models
	Occupational safety and health	<ul style="list-style-type: none"> Serious accidents^{*4}: 0 Frequency rate of accidents causing absence from work^{*5} (FY2017 to FY2019): 0.1 or less Improve health and safety management capability using Konica Minolta's original indicator Unsafe Marks^{*6} Advance comprehensive risk management that broadly minimizes equipment, materials, operation and work environment risks Enhance the safety culture: Top management involvement in safety promotion, workplace safety management, and individual safety awareness improvement
	Improving employee health	<ul style="list-style-type: none"> Curb the number of absences due to illness Reduce the number of employees with health risks <ol style="list-style-type: none"> People with high physical health risk: Reduced by 4.5% from fiscal 2017 Persons needing specified health guidance (persons needing active support): Reduced by 3% from fiscal 2017
Diversity	Supporting women's career advancement	<ul style="list-style-type: none"> Foster awareness and a culture supportive of diversity, with a focus on promoting participation by women Consider ways of supporting life events affecting both men and women, such as childbirth, child-rearing and caretaking, and consider work styles tailored to these life events Appoint female managers (target for fiscal 2019: Women hold 7% of all management positions) Raise the percentage of women among new graduate hires (30% or more)
	Utilizing employee experiences gained outside the company and abroad	<ul style="list-style-type: none"> Active recruitment of mid-career human resources and personnel from outside of Japan Provide opportunities to gain experience and knowledge outside of the company Promote exchanges among employees globally and provide venues for innovation creation where diverse employees can inspire and learn from each other

^{*1} **Serious product-related accidents** refer to those accidents that cause serious harm to the product user's life and/or body and accidents that cause serious damage to assets other than the product.

^{*2} **Serious security incidents** refer to those product-security incidents that cause serious and significant harm to the product user's business.

^{*3} **RPA (Robotic Process Automation)**: Automating routine business processes on a personal computer

	Fiscal 2018 Results	Fiscal 2019 Targets and Plans
	<ul style="list-style-type: none"> Began marketing of WoundAide, an automatic wound measurement system for medical institutions in Singapore (BIC Asia Pacific) Conducted surveys of nursing care staff about their satisfaction with Care Support Solutions and addressed issues 	<ul style="list-style-type: none"> Promote new business development through core technologies and open innovation Promote business development at the company's five Business Innovation Centers (BICs) Increase customer satisfaction with Care Support Solutions by using data to address issues
	<ul style="list-style-type: none"> Number of serious product-related accidents^{*1}: 0 Number of serious security incidents^{*2} in the service business area: 0 	<ul style="list-style-type: none"> Number of serious product-related accidents^{*1}: 0 Number of serious security incidents^{*2} in the service business area: 0
	<ul style="list-style-type: none"> Customer satisfaction surveys conducted according to the characteristics of each business area and improvements made on issues Built the framework of verification processes for customer value creation 	<ul style="list-style-type: none"> Continue conducting satisfaction surveys and implement improvements based on the results Construct verification processes for customer value creation using design thinking
	<p>CSR procurement</p> <ul style="list-style-type: none"> Requested that suppliers carry out CSR activities: 100% implementation CSR assessment: Completed assessment of 18 Group production sites and 15 important suppliers CSR audit: Confirmed improvements in areas indicated in CSR audits at two Group production sites 	<p>CSR procurement</p> <ul style="list-style-type: none"> Request that suppliers carry out CSR activities: 100% implementation CSR assessment: Complete assessments of 60 important suppliers CSR audit: Complete audits of an important supplier
	<p>Response to conflict mineral issues</p> <ul style="list-style-type: none"> Supplier response rate to conflict mineral surveys: 98% Responded to customers' requests for surveys: 100% 	<p>Response to conflict mineral issues</p> <ul style="list-style-type: none"> Supplier response rate to conflict mineral surveys: Maintaining 95% or higher Respond to customers' requests for surveys: 100%
	<ul style="list-style-type: none"> Used system allowing second job or concurrent working: About 30 people Liberalized office dress code Introduced a new hourly leave system Enhanced efficiency using RPA^{*3}: Saved approximately 19,000 hours 	<ul style="list-style-type: none"> Prepare operational and workplace environments Make the most of diverse human resources Enhance efficiency using RPA^{*3}: Save approximately 33,000 hours
	<ul style="list-style-type: none"> Implemented Global e-Juku (16 participants) Offered overseas training program for young employees in Japan: 31 participants Implemented 9th business producers development program (Challenge Gijutsusha Forum (CGF)): 20 participants Enhanced internal training program in line with educational system needed to develop data scientists (DS) and KM product owners (KMPO): 254 DSs certified and 168 KMPOs registered 	<ul style="list-style-type: none"> Expand pool of executive candidates to globally lead transformation into a digital company with insight into implicit challenges and accelerate their development (Global e-Juku, overseas training program for young employees) Establish a culture and system for creating organizations full of business athletes who can win out globally (KIZUKI Workshops)
	<ul style="list-style-type: none"> Serious accidents^{*4}: 1 Frequency rate of accidents causing absence from work^{*5}: Japan, 0.25; Overseas, 0.20 According to Konica Minolta's original safety management indicator Unsafety Marks^{*6}, a 20% reduction was maintained for the yearly average for fiscal 2014–2016 Provided e-Learning to increase safety awareness to 12,000 people a month (all employees of Konica Minolta, Inc. and employees of Group companies in Japan), with about 90% taking the training 	<ul style="list-style-type: none"> Serious accidents^{*4}: 0 Frequency rate of accidents causing absence from work^{*5} (FY2017 to FY2019): 0.1 or less Improve health and safety management capability using Konica Minolta's original indicator Unsafety Marks^{*6} Advance comprehensive risk management that broadly minimizes equipment, materials, operation and work environment risks Enhance the safety culture: Top management involvement in safety promotion, workplace safety management, and individual safety awareness improvement
	<ul style="list-style-type: none"> Curbed the number of absences due to illness (Konica Minolta, Inc.) Number of absences due to illnesses: 28 (as of April 1, 2019) Reduced the number of employees with health risks (Konica Minolta, Inc.) (1) Employees with physical health risks: Down 22.3% from FY2017 (2) Employees needing specified health guidance (persons needing active support): Down 3.7% from FY2017 	<ul style="list-style-type: none"> Curb the number of absences due to illness (Konica Minolta, Inc.) Number of absences due to illnesses: 25 or less (as of April 1, 2020) Reduce the number of employees with health risks (Konica Minolta, Inc.) (1) Employees with physical health risks: Reduced by 5% from FY2018 (2) Employees needing specified health guidance (persons needing active support): Reduced by 3% from FY2018
	<ul style="list-style-type: none"> Launched Diversity Advocates Held workshops for key personnel groups (top management, general managers, managers, and all women employees) Held lectures to prepare for and alleviate worries about caregiving Women held 6.2% of all management positions (as of April 2019) Percentage of women among new graduate hires: 31% (as of April 2019) 	<ul style="list-style-type: none"> Foster awareness and a culture supportive of diversity, with a focus on promoting participation by women Consider ways of supporting life events affecting both men and women, such as childbirth, child-rearing and caretaking, and consider work styles tailored to these life events Target for appointing female managers: Women hold 7% of all management positions Raise the percentage of women among new graduate hires (30% or more)
	<ul style="list-style-type: none"> Percentage of non-Japanese nationals among new employees hired by Konica Minolta, Inc.: 19% (April 2019) Percentage of mid-career hires among total recruitment: 53% (Konica Minolta, Inc.) 	<ul style="list-style-type: none"> Active recruitment of mid-career human resources and personnel from outside of Japan Provide opportunities to gain experience and knowledge outside of the company Promote exchanges among employees globally and provide venues for innovation creation where diverse employees can inspire and learn from each other

^{*4} **Serious accidents:** (1) Death, disease requiring a long recovery period (or the possibility thereof), an injury resulting in a disability (or the possibility thereof), or a specific contagious disease; (2) an accident resulting in the death or injury of three or more workers during work at one point or the contraction of a disease (including accidents not accompanied by lost worktime)

^{*5} **Frequency rate of accidents causing absence from work:** The number of persons absent from work per one million total actual working hours for current employees

^{*6} **Unsafety Marks:** Numerical values obtained by assigning points based on the number, type and severity of accidents that occur in a workplace

TOPICS

Leveraging RPA as a Digital Workforce Necessary for Digital Transformation

Establishing a New Sourcing Model Using the Digital Workforce

Konica Minolta sees Robotic Process Automation (RPA) not as an efficiency improvement tool but as a digital workforce. In our business process re-engineering (BPR) efforts, we use RPA solely for operations for which RPA is deemed to be optimally suited.

We are also unique in that we are using RPA not only in administrative departments but also in operations departments throughout the entire value chain, such as procurement, development, production, and sales. In addition, we are building an RPA deployment system in collaboration with offices in Asia, Europe, and North America, and are ensuring good governance globally while each region conducts its own initiatives with independence and speed.

Our digital workforce is an asset essential to achieving Konica Minolta's digital transformation. To

improve this function, in addition to our RPA we are also deploying technologies such as chatbots, OCR (optical character recognition), and voice recognition.

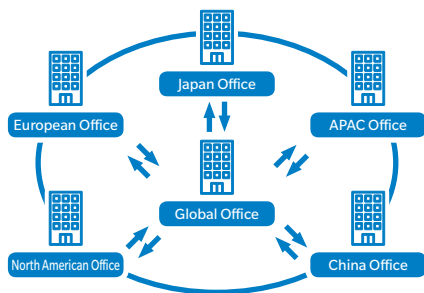
Knowledge Gained Through Internal Use Brought to Customers

Konica Minolta offers its services by leveraging the expertise it has acquired through its use of RPA.

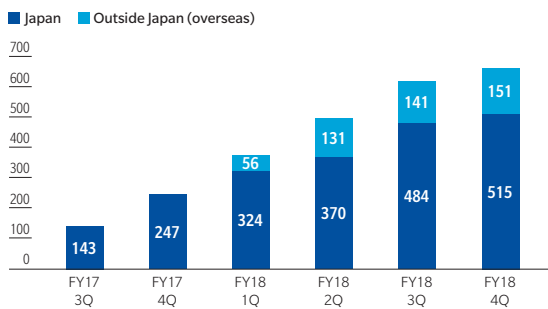
At Konica Minolta Japan, Inc., for example, we provide a working style reform solution we call "Design Your Time!," a part of which involves proposing that customers use RPA.

We take knowledge and wisdom gained from deploying RPA at our customers' facilities, apply it internally, and improve it, aiming to build an eco-cycle that allows us to give back to the customer.

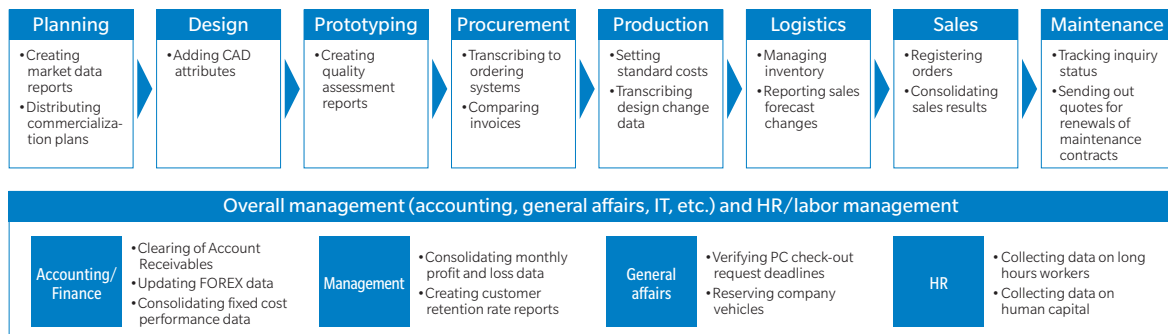
Global RPA Deployment System



Internal Training Course Participants



Deploying RPA in Various Operations throughout the Value Chain



RPA Activities in the Finance Division

A key challenge for the Corporate Finance Division is to reduce time spent on routine work and focus more on work that adds greater value such as data analysis and cash forecasting. We launched RPA in fiscal 2017 after evaluating all processes and determining which operations to automate. RPA currently covers 20 tasks, thereby reducing two FTE. We received enthusiastic responses when sharing these initiatives at our global conference, which triggered the expansion of RPA to our overseas group companies. I was in my first year out of college at the time of RPA implementation and have been fortunate since to acquire BPR and RPA development skills at an early stage in my career, thanks to the support from my colleagues and superiors.



Reiko Masuda
Capital Management Gr.
Corporate Finance Div.

TOPICS

Intellectual Property Activities Supporting the Creation of New Value

Intellectual Property Scale and Quality

Along with possessing multiple intellectual properties worldwide, we are one of the top companies in Japan for the number of patent rights held.

According to Patent Result Co., Ltd.'s 2018 Ranking of Companies' Capability to Prevent Other Companies from Obtaining Patent Rights, Konica Minolta placed fourth in the precision equipment sector. We have placed in the top five companies every year since 2013. The Ranking of Companies' Capability to Prevent Other Companies from Obtaining Patent Rights tabulates patents cited in patent rejection reasons by the Japan Patent Office and can be considered one objective indicator of "patent quality." In addition, in the 2018 Patent Asset Ranking for all business categories, Konica Minolta was ranked 10th.

Intellectual Property Rights Held (Konica Minolta data, 2018)

	Japan	U.S.	China
Patent rights	12,235	6,807	1,712
Trademark rights	383	61	173
Design rights	111	94	35

Ranking of Patents Acquired (Konica Minolta data, 2017, Japanese companies)

Japan	U.S.	China
12th	24th	20th

Intellectual Property Strategy

Konica Minolta views intellectual property as an important corporate resource and its intellectual property strategy as an essential component of corporate strategy. In the Intellectual Property Strategy 2017-2022 formulated in fiscal 2018, we established intellectual property strategies for Core, Growth, and New Business areas according to their respective business environments.

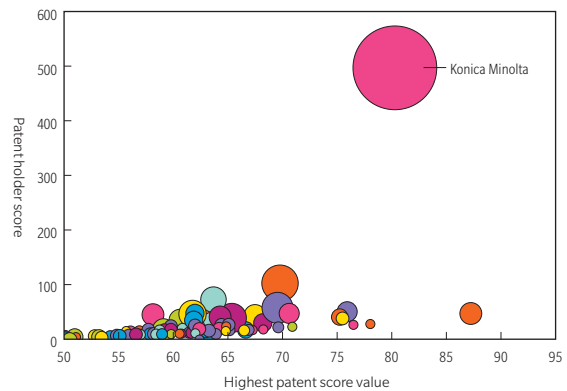
In our Growth and New Business areas, we will build barriers to entry with a patent portfolio comprising basic patents that protect each business's customer value proposition (CVP), and peripheral patents. Also, to establish our platform business, with respect to the data accumulated through our unique devices and services, in addition to rights via patents, we will not be constrained by the conventional boundaries of intellectual rights and use various laws and contracts for protection and use.

For our Core Businesses, we are optimizing our patent assets by reviewing our patent portfolio from a global perspective. At the same time, we are working to maintain and strengthen our competitive superiority and profitability by focusing on applying for and acquiring patents for differentiating technologies that create genre-top product value.

In recognition of these efforts to formulate and execute intellectual property strategies for each of our business areas, Konica Minolta received the Commissioner of the Japan Patent Office Award in the FY 2018 Intellectual Property Achievement Awards, held jointly by the Ministry of Economy, Trade and Industry and the Japan Patent Office. The award recognizes Konica Minolta's intellectual property strategies for contributing to the creation of new products and businesses, and in particular for Konica Minolta's acquisition of intellectual property that protects its proprietary HSTT technology for entry into, and conducting operations in, the Bio-healthcare business.

Position of HSTT-Related Patents in the Industry

Circle size indicates the number of patents held by each company, with the X axis showing values for the highest ranked patents and the Y axis showing values for all patents.



Score map for Japanese patents (published and registered) involving "immunofluorescence staining." Prepared by Konica Minolta based on data from Patent Result Co., Ltd.'s Biz Cruncher

Strengthening and Transforming Intellectual Property Activities

In addition to Intellectual Property Strategy 2017-2022, Konica Minolta has formulated two plans, one being Strategies and Policies to Improve Intellectual Property Quality, and the other being Strategies and Policies to Foster Intellectual Property Experts, as part of efforts to improve its intellectual property and foster its related human capital. We analyze the business environment based on intellectual property and other information, and were one of the first to focus on the importance of the IP landscape in proposing strategies for management and business. This has led us to analyze other companies' patent trends and explore their development themes using patent analysis tools. In April 2019 we established an organization dedicated to intellectual property strategy within the Intellectual Property Division. The organization is now strengthening strategies that contribute to better business management.

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. The Company has been included in the World category (since 2012) and Asia Pacific category (since 2009) of the Dow Jones Sustainability Index issued by U.S.-based S&P Dow Jones Indices and

Swiss-based RobecoSAM. The Company has also been included in the FTSE4 Good Index Series (since 2003).

In fiscal 2018, Konica Minolta was also named an Industry Leader in the Computers & Peripherals and Office Electronics sector of the Dow Jones Sustainability World Index for the second 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

August 2019	7th consecutive year of inclusion in the JPX-Nikkei Index 400
July 2019	Maintained inclusion in the FTSE4Good Index Series for 16 consecutive years
July 2019	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
July 2019	10th consecutive year* of inclusion in the MSCI ESG Leaders Indexes (formerly the MSCI Global SRI)
September 2018	Included in the Dow Jones Sustainability World Index for the 7th year running, and selected as an Industry Group Leader for the second consecutive year

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



FTSE4Good



FTSE Blossom
Japan

* No information available for the years prior to 2010

Evaluations by International ESG Rating Agencies

February 2019	Ranked Gold Class for two years running by RobecoSAM, a world-leading research and rating company in the ESG investment field
February 2019	Recognized for two years running as a Supplier Engagement Leader by the CDP, an international nongovernmental organization that conducts activities for a sustainable economy
December 2018	Achieved a Gold rating for three years running in EcoVadis' sustainability survey
July 2018	Received Prime certification, a top-tier rating, in a CSR ranking by CSR ratings company ISS-oekom

SAM
Sustainability Award
Gold Class 2019

CDP
SUPPLIER
ENGAGEMENT
LEADER
2019

Various management surveys in Japan

May 2019	Placed first in the third general manufacturers ranking in the 22nd Nikkei Environmental Management Survey
February 2019	For the fourth time and two years in a row, named in the Health and Productivity Stock Selection
November 2018	For the second time, placed first in the general ranking in the 10th Quality Management Level Research

2019
健康経営銘柄
Health and Productivity

Financial Section

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10-Year Financial Summary

Konica Minolta, Inc. and subsidiaries
Fiscal year ended March 31

	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Consolidated Financial Highlights				
Net sales, Revenue (millions of yen)	804,465	777,953	767,879	813,073
Operating income, Operating profit (millions of yen)	43,988	40,022	40,346	40,659
Operating income ratio, Operating profit ratio (%) ^{*1}	5.5	5.1	5.3	5.0
Ordinary income, Ordinary profit (millions of yen)	40,818	33,155	34,758	38,901
Ordinary income ratio, Ordinary profit ratio (%) ^{*2}	5.1	4.3	4.5	4.8
Profit before tax (millions of yen)	-	-	-	-
Profit before tax ratio (%)	-	-	-	-
Net income, Profit for the year (millions of yen)	16,931	25,896	20,424	15,124
Net income ratio, Profit for the year ratio (%) ^{*3}	2.1	3.3	2.7	1.9
Profit attributable to owners of the company (millions of yen)	-	-	-	-
Profit attributable to owners of the company ratio (%)	-	-	-	-
Earnings per share, Basic earnings per share attributable to owners of the company (EPS) (yen) ^{*4}	31.93	48.84	38.52	28.52
Equity per share attributable to owners of the company (yen)	791.28	806.53	817.81	876.65
Cash dividends per share (yen)	15	15	15	15
Dividend payout ratio (%) ^{*5}	47.0	30.7	38.9	52.6
R&D expenses (millions of yen)	68,475	72,617	72,530	71,533
R&D expense ratio (%) ^{*6}	8.5	9.3	9.4	8.8
Net cash flows from operating activities (millions of yen)	113,377	67,957	72,367	66,467
Net cash flows from investing activities (millions of yen)	-40,457	-44,738	-42,757	-63,442
Free cash flows (millions of yen)	72,920	23,219	29,610	3,025
Profitability				
ROE (J-GAAP) (%) ^{*7}	4.1	6.1	4.7	3.4
ROE1 (IFRS) (%) ^{*8}	-	-	-	-
ROE2 (IFRS) (%) ^{*9}	-	-	-	-
ROA (%) ^{*10}	1.9	3.0	2.3	1.6
ROIC (%) ^{*11}	4.1	3.7	3.6	3.6
Efficiency				
Total assets (millions of yen)	865,797	845,453	902,052	940,553
Total assets turnover (times) ^{*12}	0.90	0.91	0.88	0.88
Property, plant and equipment (millions of yen)	205,057	190,701	178,999	179,903
Property, plant and equipment turnover (times) ^{*13}	3.72	3.93	4.15	4.53
Inventories (millions of yen)	98,263	100,243	105,080	112,479
Inventory turnover period (months) ^{*14}	2.68	2.67	2.81	2.60
Trade receivables (millions of yen)	177,720	163,363	174,193	194,038
Trade receivables turnover (months) ^{*15}	2.47	2.42	2.52	2.47
Stability				
Equity, Equity attributable to owners of the company (millions of yen)	419,535	427,647	433,669	464,904
Equity ratio, Equity ratio attributable to owners of the company (%)	48.5	50.6	48.1	49.4
Current assets (millions of yen)	489,253	501,876	565,923	579,593
Current ratio (%) ^{*16}	183.03	206.98	247.17	205.04
D/E ratio (times) ^{*17}	0.47	0.45	0.53	0.48
Net D/E ratio (times) ^{*18}	0.08	0.04	-0.01	0.02
Investment Indicators				
Price-to-earnings ratio (PER) (times) ^{*19}	34.17	14.27	18.77	24.12
Price-book value ratio (PBR) (times) ^{*20}	0.73	1.16	1.13	1.27

*1. Operating income ratio = Operating income / Net sales × 100 (%)

Operating profit ratio = Operating profit / Revenue × 100 (%)

*2. Ordinary income ratio = Ordinary income / Net sales × 100 (%)

Ordinary profit ratio = Ordinary profit / Revenue × 100 (%)

*3. Net income ratio = Net income / Net sales × 100 (%)

Profit for the year ratio = Profit for the year / Revenue × 100 (%)

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

*5. Dividend payout ratio = Total dividends / Net income × 100 (%)

Dividend payout ratio = Total dividends / Profit for the year × 100 (%)

*6. R&D expense ratio = R&D expenses / Net sales × 100 (%)

R&D expense ratio = R&D expenses / Revenue × 100 (%)

*7. ROE (J-GAAP) = Net income / Average shareholders' equity × 100 (%)

*8. ROE1 (IFRS) = Profit attributable to owners of the company / (Share capital + Share premium + Retained earnings + Treasury shares (average at start of fiscal year and end of fiscal year)) × 100 (%)

*9. ROE2 (IFRS) = Profit attributable to owners of the company / equity attributable to owners of the company (average of beginning and ending balances) × 100 (%)

*10. ROA = Net income / Average total assets

ROA = Profit attributable to owners of the company / Average total assets × 100 (%)

Fiscal 2013	Fiscal 2013 (IFRS)	Fiscal 2014 (IFRS)	Fiscal 2015 (IFRS)	Fiscal 2016 (IFRS)	Fiscal 2017 (IFRS)	Fiscal 2018 (IFRS)
943,759	935,214	1,002,758	1,031,740	962,555	1,031,256	1,059,120
58,144	39,859	65,762	60,069	50,135	53,844	62,444
6.2	4.3	6.6	5.8	5.2	5.2	5.9
54,621	-	-	-	-	-	-
5.8	-	-	-	-	-	-
-	37,736	65,491	58,029	49,341	49,124	60,138
-	4.0	6.5	5.6	5.1	4.8	5.7
21,861	28,431	40,969	32,000	31,485	32,207	41,729
2.3	3.0	4.1	3.1	3.3	3.1	3.9
-	28,354	40,934	31,973	31,542	32,248	41,705
-	3.0	4.1	3.1	3.3	3.1	3.9
41.38	53.67	81.01	64.39	63.65	65.17	84.33
929.04	968.15	1,067.97	1,037.96	1,057.92	1,060.72	1,123.39
17.5	17.5	20.0	30.0	30.0	30.0	30.0
42.3	32.6	24.7	46.6	47.1	46.0	35.6
71,184	69,599	74,295	76,292	73,275	77,021	78,395
7.5	7.4	7.4	7.4	7.6	7.5	7.4
89,945	90,058	101,989	59,244	68,659	65,367	57,166
-55,776	-54,143	-54,014	-110,788	-70,594	-133,737	-41,480
34,169	35,914	47,975	-51,544	-1,935	-68,370	15,686
4.6	-	-	-	-	-	-
-	6.1	8.6	6.5	6.3	6.3	7.9
-	-	-	-	6.1	6.1	7.7
2.3	2.9	4.1	3.2	3.2	2.9	3.4
5.3	3.6	6.4	6.1	5.1	5.0	5.4
966,060	991,700	1,001,800	976,370	1,005,435	1,203,907	1,218,986
0.99	0.96	1.01	1.04	0.97	0.93	0.87
173,362	177,056	181,641	187,322	190,580	192,941	207,138
5.34	5.23	5.59	5.59	5.09	5.38	5.29
115,275	115,175	120,803	121,361	136,020	139,536	144,703
2.52	2.82	2.54	2.58	2.87	2.81	2.89
220,120	240,459	248,827	245,047	236,722	255,972	269,147
2.53	3.09	2.72	2.73	2.70	2.73	2.87
478,404	498,542	535,976	514,285	524,331	524,513	555,689
49.5	50.3	53.5	52.7	52.1	43.6	45.6
589,331	569,552	570,640	496,216	499,446	581,676	578,937
206.62	200.83	202.43	194.40	199.58	214.32	213.34
0.41	0.41	0.31	0.33	0.35	0.56	0.49
0.02	0.03	-0.02	0.13	0.18	0.27	0.27
23.27	17.94	15.07	14.85	15.65	13.99	12.91
0.96	0.99	1.14	0.92	0.94	0.86	0.97

*11. ROIC = Operating profit after tax / (Share capital + Share premium + Retained earnings + Treasury shares + Interest-bearing debt (yearly average)) × 100 (%)

*12. Total assets turnover = Net sales / Average total assets (times)
Total assets turnover = Revenue / Average total assets (times)

*13. Tangible fixed assets turnover = Net sales / Average tangible fixed assets (times)
Tangible fixed assets turnover = Revenue / Average tangible fixed assets (times)

*14. Inventory turnover period = Inventory balance at fiscal year end / Average cost of sales for most recent three months

*15. Receivables turnover = Net sales / Average receivables (times)
Receivables turnover = Revenue / Average receivables (times)

*16. Current ratio = Current assets / Current liabilities (%) × 100 (%)

*17. D/E ratio = Interest-bearing debt / Shareholders' equity (times)

*18. Net D/E ratio = (Interest-bearing debt - Cash on hand) / Shareholders' equity (times)

*19. Price-earnings ratio (PER) = Year-end stock price / EPS

*20. PBR (J-GAAP) = Year-end stock price / Net assets per share

PBR (IFRS) = Year-end stock price / Equity per share attributable to owners of the company

Management's Discussion and Analysis

Operating Environment

Looking back at the economic situation during the fiscal year ended March 31, 2019 (hereafter, "the current fiscal year"), economic growth in Europe slowed down because of lower manufacturing exports to China and other countries and continuing uncertainty over Brexit. In the United States, despite a decline in exports to China during the latter half of the current fiscal year, strong consumer spending continued to drive domestic demand growth, and capital expenditures

demonstrated steady growth. Meanwhile, in China, economic growth has slowed due to a lower level of capital expenditures in the manufacturing industry affected by the China-United States trade friction. The uncertainty in the global economy slowed down export growth and led to sluggish capital expenditures in Japan; however, Japan was able to sustain moderate growth overall.

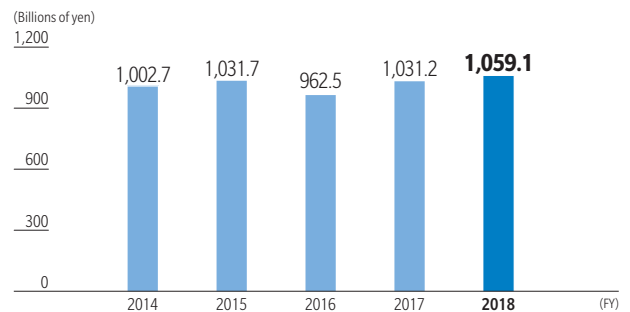
Operating Results

The Group's revenue on a consolidated basis for the current fiscal year was 1,059.1 billion yen, an increase of 2.7% year-on-year. By business segment, revenue in the Office Business grew due to a higher sales volume of color MFPs, primarily sales of high-speed color models, along with a contribution by expansion in revenue from IT services solutions. The Professional Print Business posted growth in revenue, reflecting a higher sales volume of digital printing systems, mainly color and monochrome equipment of high-speed models, and expansion of sales in the industrial printing business unit, which is positioned as a growth business of the Group. In the Healthcare Business, the discontinuation of sales of certain purchased products led to a year-on-year decrease in revenue. Revenue in the Industrial Business remained at the same level as in the previous fiscal year with higher sales in the performance materials business unit and the IJ (inkjet) component business unit offsetting a decline in revenue due to slowing demand for products in the measuring instruments unit.

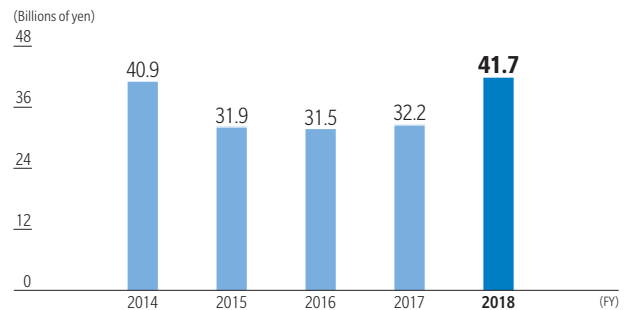
Operating profit was 62.4 billion yen, an increase of 16.0% year-on-year. Various initiatives taken to boost the profitability of the Group's core business under the Medium-Term Business Plan contributed to generate the intended performance, and as a result, there was an increase in operating profit in the Office Business and the Professional Print Business, which led to a year-on-year increase in profit overall.

Profit before tax came in at 60.1 billion yen, an increase of 22.4% year-on-year, while profit attributable to owners of the Company amounted to 41.7 billion yen, an increase of 29.3% year-on-year.

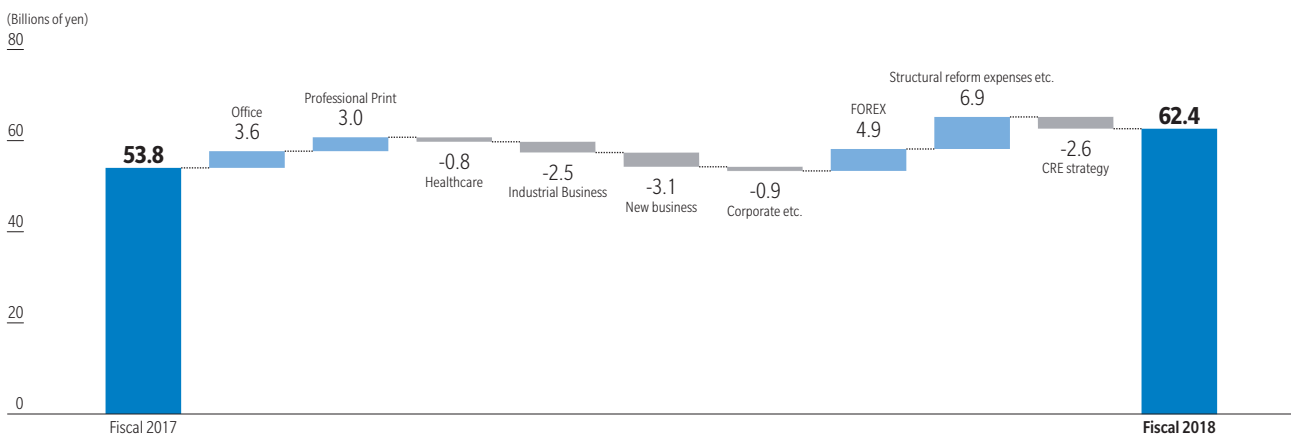
Revenue



Profit attributable to owners of the company



Fiscal 2018 operating profit analysis



FOREX impact to revenue and operating profit

(FOREX: ¥)

	Fiscal 2017	Fiscal 2018	Impact to Fiscal 2017		FX Sensitivity ^{*2}	
			Revenue (¥billions)	OP (¥billions)	Revenue (¥billions)	OP (¥billions)
USD	110.85	110.91	-0.1	+0.4	+3.4	+0.0
EUR	129.70	128.41	-2.5	+0.4	+1.8	+0.6
GBP	147.03	145.68	-0.4	+0.0	+0.3	+0.1
European Currency ^{*1}	-	-	-5.5	+0.3	+2.1	+1.0
CNY	16.75	16.54	-0.7	-0.2	+3.2	+1.2
AUD	85.78	80.92	-2.0	-0.5	+0.4	+0.1
Other	-	-	-1.8	-0.9	-	-
Exchange contract effect	-	-	+0.1	+5.8	-	-
Total impact from FY2017	-	-	-10.1	+4.9	-	-

*1 European currencies: Currencies used in Europe excluding EUR/GBP

*2 FOREX Sensitivity: FOREX impact at ¥1 change (Annual)

Operating Results by Segment

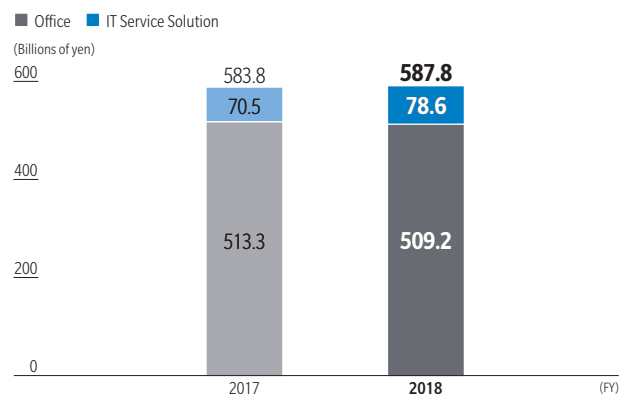
Office Business

In the office products business unit, the sales volume of monochrome A3 MFPs declined, but the sales of color models grew considerably, resulting in an overall increase in the sales volume year-on-year. Among color models, in developed countries, such as Europe, the United States, and Japan, sales of the high-speed products launched in the previous fiscal year expanded. In growth countries, such as China, the ASEAN region, and India, there was a considerable increase in the sales of a wide range of models, from low speed to high speed, producing the results as targeted in strategic initiatives undertaken for the current fiscal year, under the Group's regional strategy.

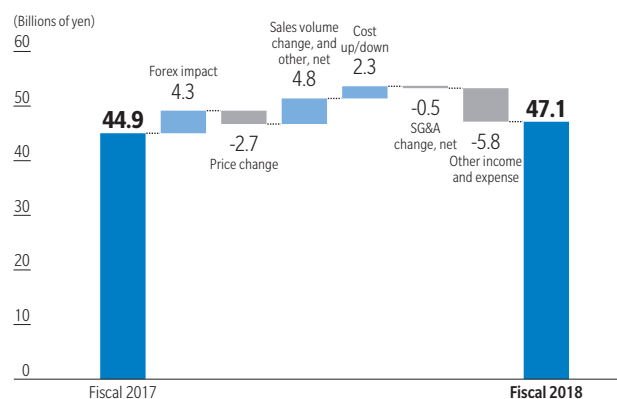
In the IT services solution business unit, in addition to the effects of newly consolidated subsidiaries arising from acquisitions in the United States and Europe, strengthening sales and service delivery capabilities of the managed IT services, as part of efforts to develop a sales structure for the Workplace Hub, an edge IoT platform, achieved the optimum results, driving year-on-year increase in revenue.

As a result, the Office Business segment recorded revenue of 587.8 billion yen, an increase of 0.7% year-on-year, and operating profit of 47.1 billion yen, an increase of 5.1% year-on-year.

Composition of Revenue



Operating profit analysis



Professional Print Business

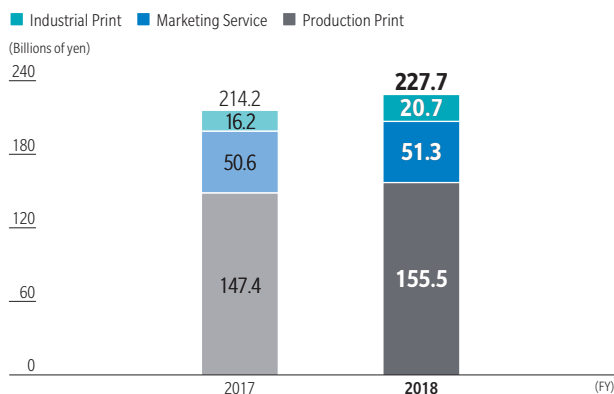
In the production print business unit, the sales volume of both monochrome and color equipment increased considerably year-on-year. Sales of color models were driven by Europe, while there was a considerable increase in sales in growth countries, including China, India, and the ASEAN region. Sales of monochrome models increased in the United States and growth countries.

In the industrial printing business unit, the sales volume of the "Accuriojet KM-1" digital inkjet press significantly increased, while sales of label printers and digital decoration printing equipment made by MGI achieved the highest market share in the targeted markets. As the sales area expanded beyond Europe and the United States over growth countries, such as China, the ASEAN region, and India, the sales structure was strengthened by allocating resources with the right level of expertise.

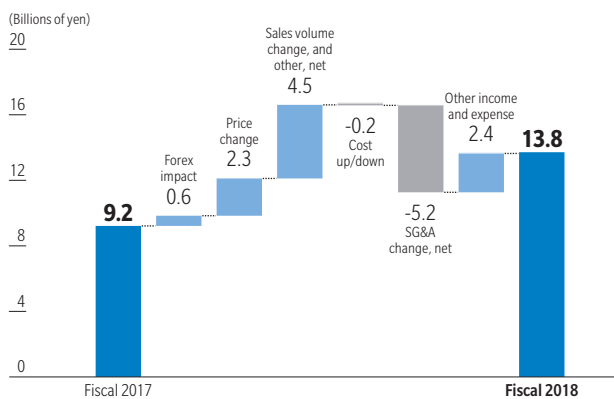
In the marketing services business unit, in addition to an increase in revenue from recovering demand from major corporate customers, accelerated transition to a business that provides high value-added services had the profitability improved.

As a result, the Professional Print Business segment recorded revenue of 227.7 billion yen, an increase of 6.3% year-on-year, and operating profit of 13.8 billion yen, an increase of 49.2% year-on-year.

Composition of Revenue



Operating profit analysis



Healthcare Business

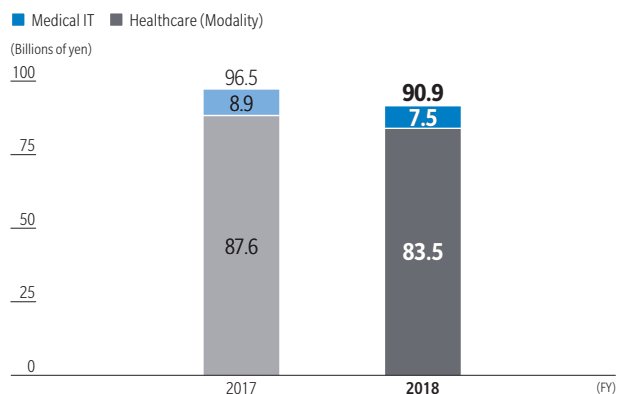
In the healthcare (modality) business unit, despite the increase in the sales volume of the digital radiography (DR) in Japan, sales to hospitals in the United States slightly decreased, leading to a lower volume of sales than that in the previous fiscal year. Dynamic Digital Radiography designed to enhance conventional diagnostic methods using X-ray, released in November 2018, received favorable responses from medical institutions which implemented the system. Diagnostic ultrasound systems continued to hold the top-seller position in the field of orthopedics, and sales from the obstetrics and gynecology business acquired in the previous fiscal year also contributed to an increase in sales of such system. As a result, the sales volume grew steadily mainly in Japan and the United States.

In the medical IT business unit, the sales volume of the Picture Archiving and Communication System decreased, but revenue from service solutions grew mainly due to "Informity," a medical IT service platform.

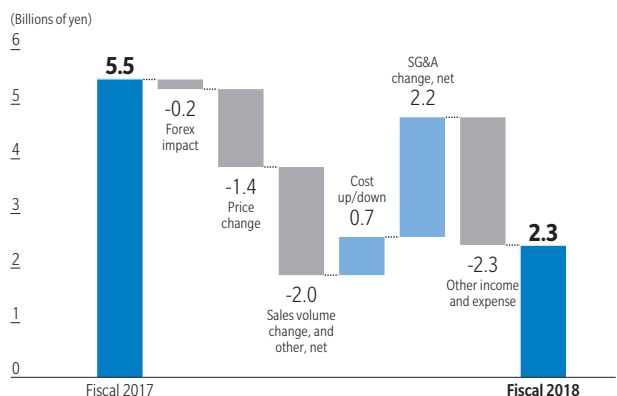
For the business segment as a whole, the discontinuation of sales of low-margin purchased products led to a year-on-year decrease in revenue. In addition, since the temporary income that was generated from the liquidation of assets through sale and leaseback arrangements recorded in the previous fiscal year is not present in the current fiscal year and the sales of DR decreased in the United States, it resulted in lower operating profit compared with the previous fiscal year.

As a result, the Healthcare Business segment recorded revenue of 90.9 billion yen a decrease of 5.8% year-on-year, and operating profit of 2.3 billion yen, a decrease of 57.0% year-on-year.

Composition of Revenue



Operating profit analysis



Industrial Business

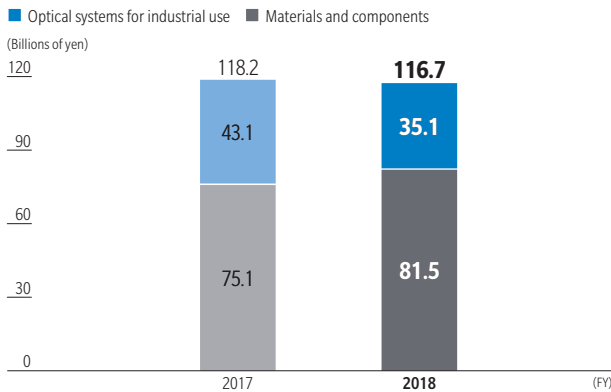
In the field of materials and components, the performance materials business unit grew at a steady pace primarily in the growing market, backed by sales of high value-added products, such as phase difference film. As a result, revenue rose significantly year on year. Development of new resin products that will be a key to the Group's future strategy, has progressed significantly, and their market recognition has also enhanced. In the optical component business unit, steady sales of optical materials for projectors and of interchangeable lenses for camera continued to be seen; however, the sales volume of other optical parts fell, resulted in a decrease in revenue compared with the previous year. In the IJ (inkjet) component business unit, revenue increased year on year due

to an increase in orders received from the existing customers in Asia throughout the current fiscal year.

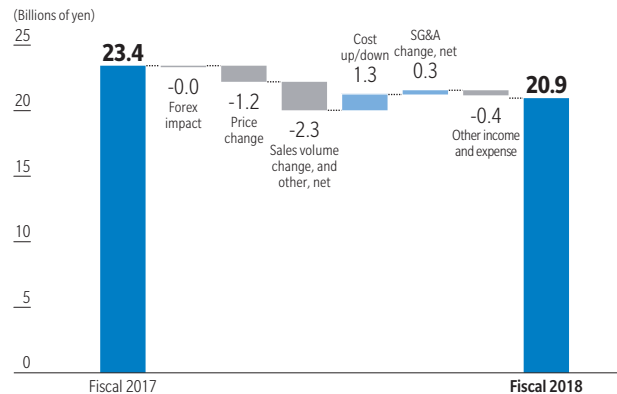
In the field of optical systems for industrial use, while a trend of business-opportunity expansion is still continuing through capturing the surge of demand from customers in the measuring instruments business unit, revenue fell year on year due to the effects of the concentrated display-related investments by customers that drove revenue in the previous fiscal year.

As a result, the Industrial Business segment recorded revenue of 116.7 billion yen, a decrease of 1.3% year-on-year, and operating profit of 20.9 billion yen, a decrease of 10.7% year-on-year, reflecting a decline in revenue in the field of optical systems for industrial use.

Composition of Revenue



Operating profit analysis



Cash Flows

Cash flows from operating activities

Net cash provided by operating activities was 57.1 billion yen. This is attributable to net effects of cash inflows due mainly to profit before tax of 60.1 billion yen, depreciation and amortization expenses of 59.0 billion yen, and an increase in trade and other payables of 3.4 billion yen, and cash outflows attributable due mainly to an adjustment for gain/loss from sales and disposals of property, plant and equipment and intangible assets of 17.3 billion yen, an increase in trade and other receivables of 14.1 billion yen, an increase in inventories of 5.9 billion yen, a decrease in retirement benefit liabilities of 10.3 billion yen, and payment of income taxes of 10.3 billion yen.

Cash flows from investing activities

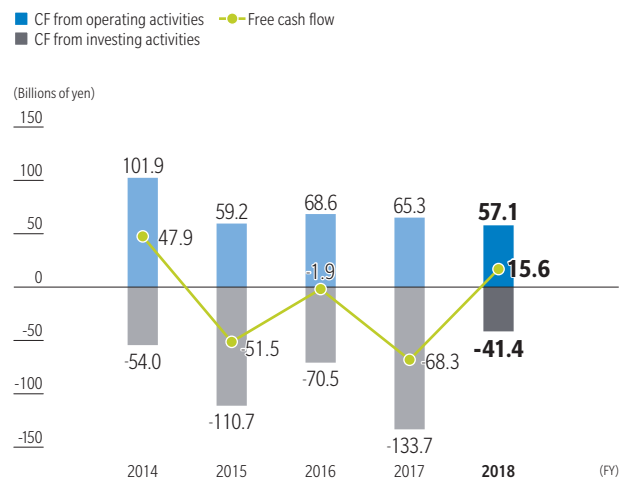
Net cash used in investing activities was 41.4 billion yen, due mainly to purchases of property, plant and equipment of 35.0 billion yen, purchases of intangible assets of 16.2 billion yen, purchases of investments in subsidiaries of 9.9 billion yen, and 21.5 billion yen in proceeds from sales of property, plant and equipment and intangible assets.

As a result, free cash flow (the sum of cash flows from operating and investing activities) was an inflow of 15.6 billion yen, compared to an outflow of 68.3 billion yen in the previous fiscal year.

Cash flows from financing activities

Net cash used in financing activities was 40.2 billion yen, compared to net cash provided in 126.6 billion yen in the previous fiscal year, reflecting redemptions of bonds and repayments of long-term loans payables of 27.0 billion yen, and cash dividends paid of 14.8 billion yen.

Cash flows



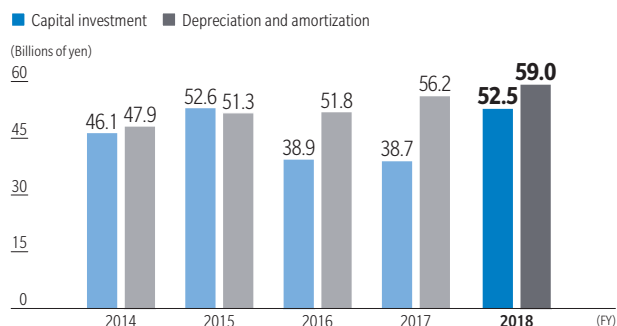
Capital Expenditure, etc.

With respect to the Group's capital investment for the period under review, investment focused primarily on the Office and Professional Print Businesses, two core businesses of the Group, as well as the Industrial Business. Among the goals of these investments were developing new products and strengthening production capacity. As a result, total capital investment for the consolidated fiscal year under review was ¥52.5 billion.

Principal investments were machinery and equipment, dies, and other tools and appliances in the Office and Professional Print Businesses, machinery and equipment in the Industrial Business, and buildings and R&D equipment for company-wide use.

All of these investments were paid for with cash on hand.

Capital investment/Depreciation and amortization



Capital investment

(Billions of yen)

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Business Technologies	Office equipment, production print, industrial printing, IT solutions, etc.	29.5	36.7	24.3	26.7	36.9
Healthcare	DR, ultrasound, X-ray films, etc.	2.6	1.3	1.6	2.1	2.7
Industrial	Performance materials, measuring instruments, optical equipment, inkjet printers, etc.	6.7	8.9	7.7	4.6	9.3
Corporate and Other Businesses		7.1	5.6	5.1	5.1	3.4
Total		46.1	52.6	38.9	38.7	52.5

* For FY 2014, SE (measuring instruments) is not included in Konica Minolta, Inc.

Research and Development Expenses

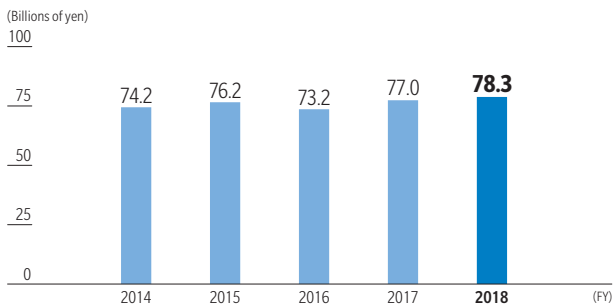
In line with the basic policy for Medium-term Business Strategy based on the SHINKA 2019 Medium-Term Business Plan, the Group has established and executed its basic policy for technology strategies aimed at “achieving ongoing innovation” and “pragmatically strengthening technological competitiveness.”

In the IoT business, we have developed with partner businesses the new service of Workplace Hub, which has a MFP with high-performance servers and IT service built-in, to support the working style reforms of small- to medium-sized businesses, and started rolling out sales globally, starting in Europe. We are planning on selling this in Japan in fiscal 2019. In commercial and industrial printing we launched an automatic product inspection system with the industry's first auto-recovery printing function as an addition to the IQ-501 Intelligent Quality Optimizer, which has been highly praised since going on the market. This system uses our defect detecting technology to not only automatically detect defective products in-line, but also to easily carry out automatic recovery printing of defective products. This reduces the burden of

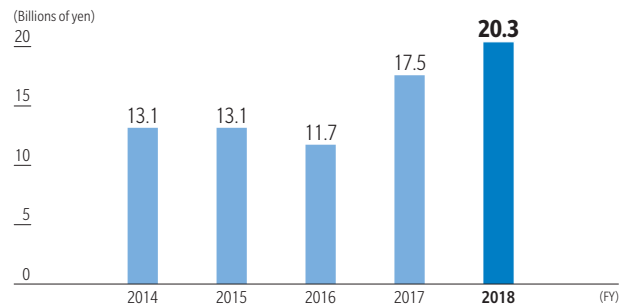
product inspection regardless of the skill level of the operator, and improves the workflow. In bio-healthcare, we established the new company Konica Minolta Precision Medicine Japan, Inc. This company brings together the genetic analysis technology of the American company Ambry Genetics, the drug discovery support services deployed by Invicro, and our own proprietary, High Sensitivity Tissue Testing (HSTT). With this company we will promote full-scale precision medicine in Japan for diseases such as cancer and Alzheimer's. Going forward, we will start providing full-scale services in Japan to pharmaceutical companies, scholarly research institutions, and medical institutions.

Group-wide research and development expenditure for the fiscal year under review was ¥78.3 billion. This comprised ¥40.9 billion in Office and Professional Print Business R&D expenditures, ¥4.6 billion in Healthcare Business R&D expenditures, ¥12.5 billion in Industrial Business R&D expenditures, and ¥20.3 billion in basic research expenditures and expenditures in other businesses, including those in bio-healthcare.

Research and development expenses



Basic research expenditures and expenditures in other businesses



Research and development expenses

(Billions of yen)

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Business Technologies	Office equipment, production print, industrial printing, IT solutions, etc.	43.2	44.2	43.3	41.8	40.9
Healthcare	DR, ultrasound, X-ray films, etc.	5.3	4.8	5.1	5.0	4.6
Industrial	Performance materials, measuring instruments, optical equipment, inkjet printers, etc.	12.5	14.0	13.0	12.5	12.5
Corporate and Other Businesses		13.1	13.1	11.7	17.5	20.3
Total		74.2	76.2	73.2	77.0	78.3

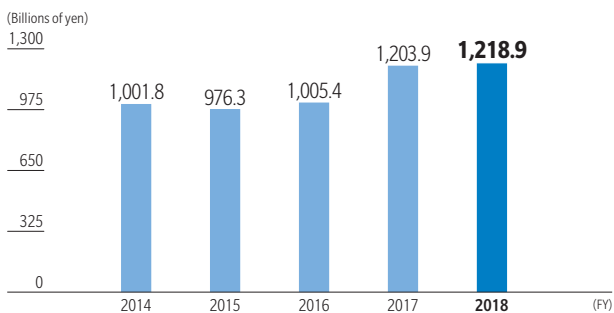
* The professional print area of production printing is included in inkjet printers.

Financial Position

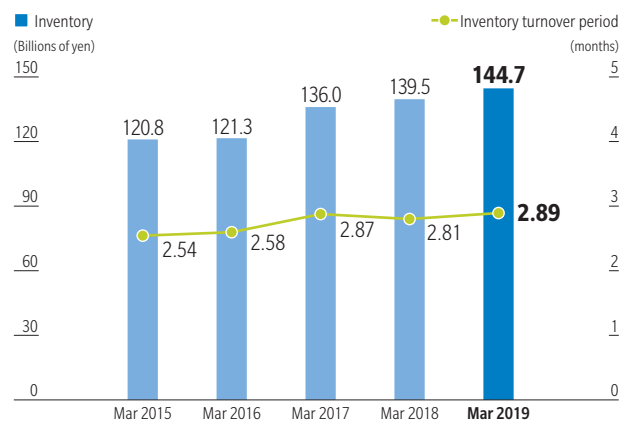
Assets

Total assets as of March 31, 2019, were 1,218.9 billion yen, an increase of 15.0 billion yen (1.3%) from the previous fiscal year-end. This is primarily attributed to an increase of 14.1 billion yen in property, plant and equipment; an increase of 13.4 billion yen in goodwill and intangible assets; an increase of 12.1 billion yen in trade and other receivables; and a decrease of 25.0 billion yen in cash and cash equivalents.

Total assets



Inventory/Inventory turnover period

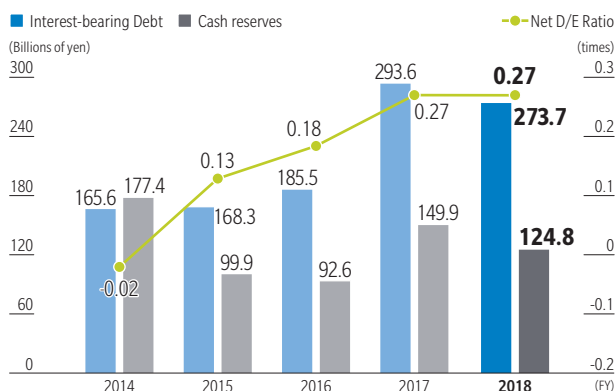


* Inventory turnover period = Inventory balance at fiscal year-end / Average cost of sales for most recent three months

Liabilities

Total liabilities as of March 31, 2019, were 653.0 billion yen, a decrease of 15.3 billion yen (2.3%) from the previous fiscal year-end. This is primarily attributed to a decrease of 19.9 billion yen in bonds and borrowings, a decrease of 13.1 billion yen in retirement benefit liabilities, and an increase of 15.0 billion yen in provisions.

Interest-bearing debt, Cash reserves, Net D/E ratio



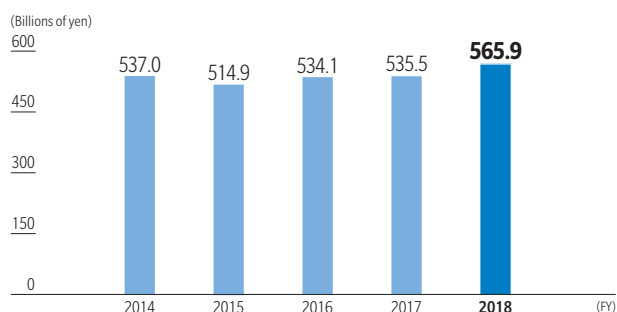
Equity

Total equity as of March 31, 2019, amounted to 565.9 billion yen, an increase of 30.3 billion yen (5.7%) from the previous fiscal year-end.

Equity attributable to owners of the Company totaled 555.6 billion yen, an increase of 31.1 billion yen (5.9%) from the previous fiscal year-end. This is primarily attributed to 41.7 billion yen in profit for the year attributable to owners of the Company, and a decrease of 14.8 billion yen in retained earnings due to cash dividends.

As a result of the above, equity per share attributable to owners of the Company came to 1,123.39 yen, and the equity ratio attributable to owners of the Company increased 2.0 percentage points to 45.6%.

Equity

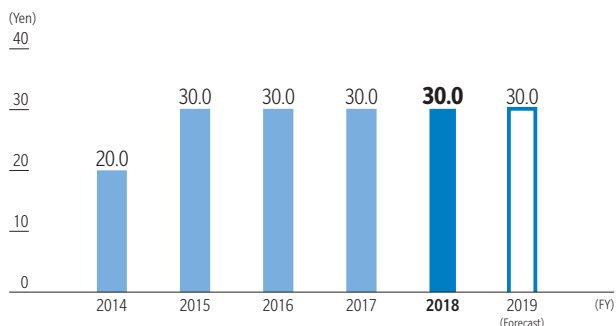


Dividend Policy

Basic dividend policy

The policy regarding the payment of dividends from retained earnings, etc. calls for the basic approach of making a comprehensive evaluation of consolidated performance and funding requirements to promote strategic investments in growth fields while seeking to implement proactive shareholder returns. The Company strives to enhance shareholder returns through higher dividends as well as a flexible acquisition of the Company's own shares.

Dividend per share



Dividends for the fiscal year ended March 31, 2019 and projected dividends for the fiscal year ending March 31, 2020

The Company distributed a year-end dividend of ¥15 from retained earnings for the year ended March 31, 2019. Combined with the dividend of ¥15 per share already paid at the end of the second quarter, the total annual dividend was ¥30 per share.

Regarding ordinary dividends for the fiscal year ending March 31, 2020, the Company plans to distribute a total annual dividend of ¥30 per share, assuming we achieve the results forecasts outlined in P.104.

Outlook for the Fiscal Year Ending March 31, 2020

With regard to the global economic situation in which the Group operates, while uncertainty over economic recovery remains in Europe, economic growth is expected in the United States, supported by favorable employment conditions, and a movement to deter economic slowdown has been seen in China through review of its fiscal policies. The global economic situation has an impact on Japan; however, Japan's economy is expected to remain on a moderate growth path.

The demand outlook for the main markets in which the Group operates, in the Office Business, it is expected that demand for high-speed color models to enhance operational productivity will rise in both growth countries, such as China, and developed countries and that needs for IT services from small- to medium-sized companies will rise as their awareness

of cyber-security risks heightens. In the Professional Print Business, digitization in commercial and industrial printing is expected to make further advancement. In the Healthcare Business, digitization efforts for medical diagnostic equipment will be continued. In the Industrial Business, in line with innovations and diversified manufacturers in display and automobile industries, demand for the Company's products and solutions with a competitive edge is expected to remain solid.

Taking into account these conditions, the exchange rate assumptions that form the basis of results forecasts for the fiscal year ending March 31, 2020, have been set to [¥105 to the U.S. dollar and ¥123 to the euro, respectively], with forecasts as follows:

Forecast for the fiscal year ending March 31, 2020

	Revised Fiscal 2019 forecast (IFRS) Published July 30, 2019	Fiscal 2019 forecast (IFRS) Published May 13, 2019	Fiscal 2018 results (IFRS)
Revenue (Billions of yen)	1,085.0	1,120.0	1,059.1
Operating profit (Billions of yen)	60.0	66.0	62.4
Operating profit ratio	5.5%	5.9%	5.9%
Profit attributable to owners of the company (Billions of yen)	37.5	45.5	41.7
Margin of profit attributable to owners of the company ratio	3.5%	4.1%	3.9%
ROE ^{*1}	6.7%	8.0%	7.7%
Capital investment (Billions of yen)	60.0	60.0	52.5
Depreciation and amortization expenses (Billions of yen)	60.0	60.0	59.0
R&D expenses (Billions of yen)	80.0	80.0	78.3
Free cash flow ^{*2} (Billions of yen)	25.0	30.0	15.6
Investment and loans (Billions of yen)	20.0	20.0	14.0
U.S. dollar (yen)	105	110	110.91
Euro (yen)	123	125	128.41

*1: Profit attributable to the owners of the company divided by the equity attribute to owners of the company (average of beginning and ending balances)

*2: Fiscal 2019 forecasts do not include investment and loans figures

Company Overview/Stock Information

Company Overview (as of March 31, 2019)

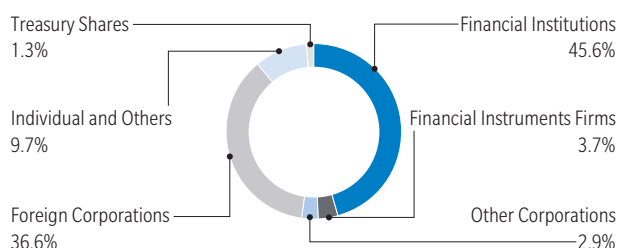
Company name	KONICA MINOLTA, INC.
Stock code	4902 Included in the "JPX-Nikkei Index 400"
Date established	1873
Establishment as joint-stock company	1936
Capital	37,519 million yen
Number of employees	Consolidated: 44,360
Head office	JP TOWER, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7015, Japan

Stock Information (as of March 31, 2019)

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	39,033
Minimum trading units	100 shares

Shareholder Composition

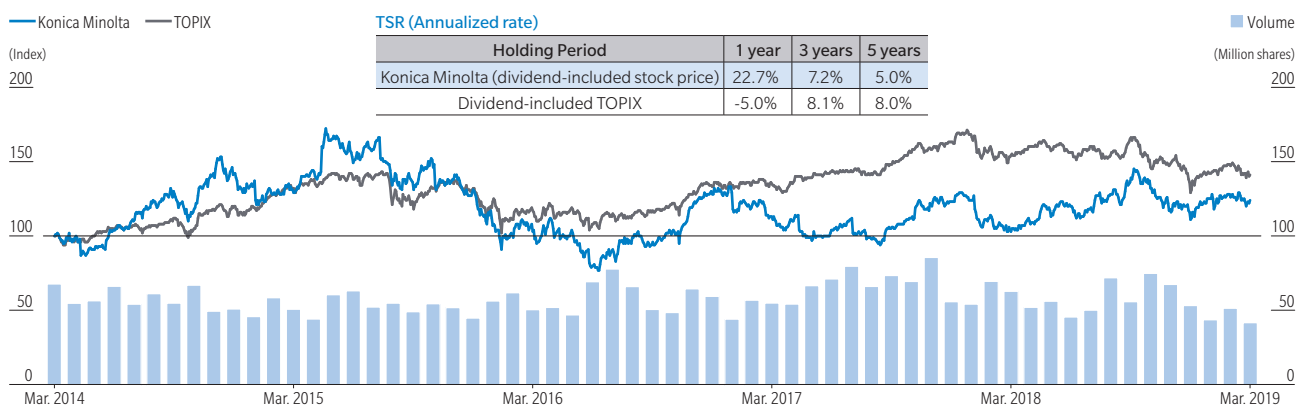


Major Shareholders (the top ten shareholders)

Name of shareholder	Number of shares held (thousand shares)	Ratio of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	45,068	9.09
Japan Trustee Services Bank, Ltd. (Trust account)	31,637	6.38
MUFG Bank, Ltd.	13,945	2.81
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 the MUFG Bank, Ltd.)	10,801	2.18
GOLDMAN SACHS INTERNATIONAL	10,088	2.03
Daido Life Insurance Company	9,040	1.82
Japan Trustee Services Bank, Ltd. (Trust account 9)	8,741	1.76
Japan Trustee Services Bank, Ltd. (Trust account 5)	8,583	1.73

* 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 (1,250,538 shares).

Total Shareholder Return (TSR)



* Return on investment assuming the closing price on March 31, 2014 to be 100 and dividends reinvested. Prepared by Konica Minolta based on Bloomberg data.

Glossary

Office Business

- **MFP (Multi-Functional Peripherals)**
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.

Professional Print Business

- **MPM (Marketing Production Management)**
MPM provides services optimizing the production cost of marketing materials for customers using our own supplier network.
- **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.
- **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.
- **Diagnostic ultrasound systems**
Because diagnostic ultrasound systems have such advantages as enabling real-time diagnostic imaging and putting less physical burden on patients under repeated examinations due to their low-intrusion nature, they are used in a wide range of clinical fields. Further growth is expected in the market in the future.

Industrial Business

- **Light source color measuring instruments**
Instruments for high-accuracy measurement of chromaticity, brightness, and color balance of various displays and light-emitting devices. These instruments can measure illuminance/chromaticity with a high accuracy that does not depend on the emission characteristics of the light source. Our products have been adopted as standard equipment by many companies in fields such as quality control and product color management.
- **TAC (Triacetyl cellulose) film**
Functional film with cellulose acetate as the main material. It is mainly used as a protective film for the polarizers used in LCD displays.
- **OLED (Organic Light Emitting Diode)**
Organic matter comes in an infinite array of molecular structures, each with a different color and durability. We are presently strengthening and growing our lighting business in this area as a future pillar of the business, building on our strengths in materials and coating technologies developed in photosensitive materials.

- **VA-TAC film / Vertical Alignment TAC film**
A type of LCD panel display widely used in TV applications. We are a market share leader in retardation films for VA systems.
- **ZeroTAC film**
TAC film with zero retardation. Is used primarily in IPS displays and provides greater screen visibility.

New Businesses, Corporate Initiatives, and Other Topics

- **Precision medicine (individualized medical care)**
This involves using state-of-the-art techniques to analyze cells at the genetic and protein level, and then provide the most appropriate treatment and dose for each patient.
- **HSTT / High Sensitive Tissue Testing**
Technology that uses fluorescent nanoparticles, developed using our proprietary technology from photographic films, to accurately quantify protein.
- **Quanticell**
A drug discovery support services using HSTT technology.
- **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.
- **Support for pharmaceutical development**
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.
- **SPFS / Surface Plasmon Field-enhanced Fluorescence Spectroscopy**
An immunological testing system. This is a method for detecting fluorescence signals generated by exciting fluorophores that are surface-confined by an antigen-antibody reaction. The fluorophores are excited with extreme efficiency by near-field light induced very close to the gold membrane surface.
- **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.
- **Digital manufacturing**
The new manufacturing that Konica Minolta is aiming for, which will revolutionize workflow. Based on the concept of IoT, digital manufacturing involves comprehensively integrating information gained in the production process and analyzing the data to identify angles from which customer value can be improved.
- **Imaging IoT**
Technologies that analyze image data and information from various sensors using AI, such as deep learning, to assist decision-making and judgements in a variety of workplaces.



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