

Industry Business



Market Environment Awareness

Opportunities

- Changes in development and manufacturing processes due to the evolution of next-generation displays, and the expansion of applications to a variety of devices.
- Requirements for process and labor saving at manufacturing sites, improvement of stability and productivity in quality and ingredient inspection, and reduction of environmental impact.
- Surge of demand for semiconductors and supply chain changes affected by fluctuations in the international situation.
- The renewal of manufacturing facilities due to the acceleration of technological innovation known as CASE in the automotive industry and changes in the ecosystem due to the entry of new players.
- Increasing demand for AI-powered detection, analysis, prediction, and forecasting, and the provision of data services that use these technologies in manufacturing sites and critical security management facilities, etc.

Risks

- Risks of declining private consumption and limitation of capital investment due to geopolitical factors and economic recession.
- Substitution risk due to new technological development.

Market growth rate

Sensing	Light source color / object color	+4%
	Automotive visual inspection	+15%
	Hyperspectral imaging (HSI)	+10 to 15%
Performance materials	Large TVs (LCD+OLED)	+4%
IJ components	Growth areas (industrial + print-on-demand applications)	+48%
Imaging-IoT solutions	Network cameras	+11%

* Konica Minolta estimates. Performance materials are based on area, other businesses are based on monetary amount

Review of the previous Medium-term Business Plan

The sensing business has steadily captured the demand for measurement for displays, increased sales of visual inspection and hyperspectral imaging (HSI) industrial applications, and comfortably achieved the goal of expanding profits. The performance materials business was affected by the inventory adjustment in the market, but phase difference films for large-sized TVs remained strong in both medium and large sizes. However, we did not reach our target ratio for large-size applications. The IJ components unit showed solid growth for industrial applications, but it was slightly short of its target due to the impact of COVID-19. Due to supply constraints for semiconductors and other components, and the economic downturn in Europe, which is a major market, the imaging-IoT solutions business did not grow as expected, and the target of increasing gross profit through sales expansion was not reached.

KPIs set in the previous Medium-term Business Plan and results

	FY2022 Targets	FY2022 Results
Sensing	Visual inspection/HSI industrial applications sales ratio: 17%	12% *1
Performance materials	Large-sized TVs ratio of our phase difference films: 30% or more	21% *2
	Functionalization ratio for mobile devices: 50% or more	51% *2
IJ components	Sales growth ratio for industrial print and print-on-demand applications: 20-30% total	15%
Imaging-IoT solutions	Number of imaging-IoT platform partners: 125 companies	122

*1 Sales increased YoY, but did not achieve target of 17% due to significant expansion of core business.

*2 Konica Minolta sales ratio

Strategy in the new Medium-term Business Plan

Basic Strategy

In the Industry Business, we have achieved an operating margin of more than 20% by selecting medium-sized stable markets and maintaining a high share. With core technology as our strength, development, manufacturing, and customer support have come

together to create value by building strong relationships with customers. We will set the fields we will focus on in the future as “display”, “mobility”, and “semiconductor manufacturing”, strategically invest mainly in the strengthening businesses of

sensing, performance materials, IJ components, and optical components (industrial applications), and promote business development that is more closely linked to the customer’s manufacturing value chain.

Sensing

Based on the light source color / object color measurement field, in which we have secured a share of more than 50% in display measurement, we have expanded the target areas of measurement through strategic acquisitions and alliances, and have gained an industry-leading share.

In light source color and object color measurement instruments, we aim to capture the evolving demand for next-generation displays and continue to hold a leading position by supporting customers comprehensively in order to expand profits.

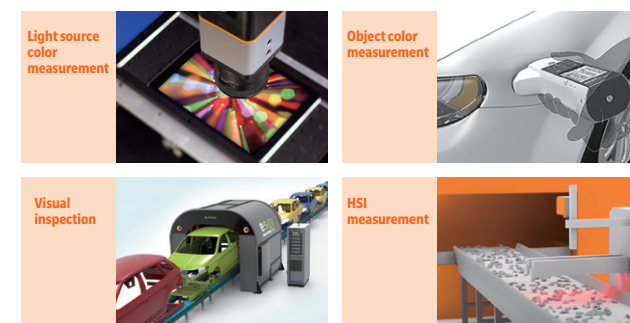
Visual inspection is an area in which we can differentiate, such as in automobiles, to meet the needs of industries and customers (see page 37 for details).

In measurement instruments that apply HSI technology, which measures not only visible light but also non-visible light, we

aim to expand the use of inspection and sorting applications in fields such as recycling, food, and pharmaceuticals, where market growth is expected.

Going forward, we will continue to capture inflection points in each industry and support manufacturing quality improvement, loss reduction, and circulation of resource as an essential partner of our customers.

Business areas



Strategic KPI (vs. FY2022)

	FY2025 Target
Sales growth rate of visual inspection and HSI industrial applications	22%

Performance Materials

In performance materials, we will set phase difference films for large panels and thin films for small and medium-sizes as the main products, and support a wide range of applications for various displays such as large TVs, small and medium-sized mobile displays, and automotive displays, which are growing markets.

Konica Minolta’s film manufacturing technology uses solvent belt-casting method, which has the advantage of a high level of freedom in terms of materials and the ability to add additives that add functionality to the material. We will use this technology to build “genre top” fields.

We have gained a share of more than 40% in phase difference films, including the new resin “SANUQI Film”, which has excellent water resistance (see page 38 for details). In addition, we are developing products that capture changes in the market, such as being one of the first companies to develop thin

films that are even thinner than before, and gaining a “genre top” position in mobile applications.

The display market has matured, but with the evolution of large screens in TV, the demand for wider films has increased compared to the past. At Konica Minolta, we will continue to aim for business growth by capturing changes in the market, such as strengthening our production facilities to support 2.3 to 2.5m wide films.

Long and ultra-wide display film



Strategic KPI

	FY2025 Targets
Sales composition ratio in new resin for large TV panel areas	55% or more
Sales composition ratio in new resin for small and medium-sized TV panel area and new business area	10% or more

IJ Components

Konica Minolta's IJ (inkjet) heads are used in a variety of fields, including sign graphics applications such as outdoor advertising, commercial printing applications such as the Konica Minolta product "Accurio Jet KM-1", industrial applications such as use in pattern formation in manufacturing processes such as printed circuit boards and displays, and print-on-demand applications such as flexible packaging printing.

Existing sign graphics applications and commercial printing applications, etc. are expected to continue to have a certain demand in the future as a core area that supports profits, and we expect a stable growth rate. We position areas where we will seek to replace conventional methods with IJ heads, such as industrial applications and print-on-demand applications as growth areas, and we expect growth of more than 10% annually and sales growth for Konica Minolta in these areas (see page 32 for details).

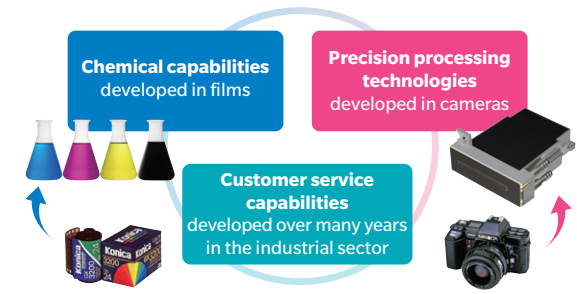
Konica Minolta's strengths are its chemical technology, precision processing technology, and customer service

capabilities. In particular, we have developed IJ heads that are highly compatible with various inks and chemicals, utilizing our capabilities in chemicals that we have developed through film technologies. We lead the market in industrial applications where there are many special inks and a high level of durability is required. In addition, in industrial applications that require advanced performance and where many customers request customization, we utilize our customer support capabilities to help with workflow reform through proposals including systems. Based on these strengths, we will promote the shift to the IJ process and aim to expand profits.

Strategic KPI

	FY2022 Result	FY2025 Target
Sales composition ratio in growth areas (industrial + print-on-demand)	41%	60% or more

Strengths of Konica Minolta



Optical Components (Industrial Applications)

Within the optical component unit, we have set industrial applications such as mobility and semiconductor manufacturing equipment as areas of enhancement. Through our differentiated technologies that combine our core technology of materials, nano-fabrication, optical design, and precision assembly, we are expanding our business by "making the invisible visible" and increasing added value.

In particular, the market size of semiconductor manufacturing equipment is expanding year by year, and we will strengthen our proposals upstream of this market and shift to high-growth areas. In addition, utilizing the customer alliances that we have built so far, we will not only provide components, but also propose solutions that include optical design and simulation.

Strategic KPI

	FY2025 Target
Sales composition ratio in industrial applications area	50% or more

Imaging-IoT Solutions

The imaging-IoT solutions unit provides high-value-added image analysis services to a wide range of customers, mainly in the manufacturing industry.

The network surveillance cameras made by MOBOTIX AG of Germany have strengths in high durability, thermal technology, and edge AI processing. By connecting these cameras to Konica Minolta's unique imaging-IoT platform "FORXAI" that combines diverse sensor devices and imaging AI technology, it becomes possible to quickly detect and analyze abnormalities and signs that may lead to serious accidents or disasters in frontline

operations of various industries and contribute their prevention. In addition, VAXTOR Ltd. of Spain, which was acquired by MOBOTIX AG, has taken advantage of its strengths in automatic license plate recognition technology to successfully win projects mainly in the transportation infrastructure field. Going forward, we will continue to rapidly develop AI-powered solutions and strengthen cooperation with Konica Minolta's global sales system to promote high profitability in our businesses and contribute to the safety and security of society.

Strategic KPI (vs. FY2022)

	FY2025 Target
Sales growth rate of MOBOTIX camera solution package for outdoor/thermal applications	16%

Medium- to long-term growth strategy in strengthening areas for Industry, centered on the industrial value chain

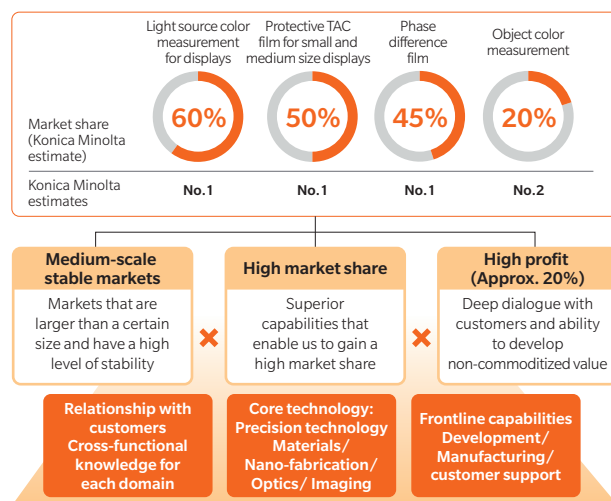
Common “success requirements” for the high market share areas for Industry Business

The Industry Business is built on three common success requirements, based on "precision technology," which is our strength, and "frontline capabilities," which integrates development, manufacturing, and customer support. The first requirement is that market is larger than a certain size and stable, the second is that we can demonstrate superior capabilities and gain a high market share, and the third is that we can have a deep dialogue with customers in the manufacturing industry and maintain profitability by developing non-commoditized value.

The display market is large and growing steadily, and phase difference films and light source color measurement instruments are differentiated based on our core technology and frontline capabilities. In addition, we have deep and long-term cooperation with multiple customers and partners in the midstream of the industrial value chain (VC), which is a barrier against new entry to the market and an environment in which a decline in value is unlikely to occur. As a result, in the existing areas, we have maintained an operating profit ratio of about 20%.

In the sensing unit, in addition to organic growth that meets the above-mentioned success requirements, we have also used acquisitions to deepen our connections and increase our presence in VCs, which has led to a more than fourfold increase

Success requirements of strengthening areas for Industry Business

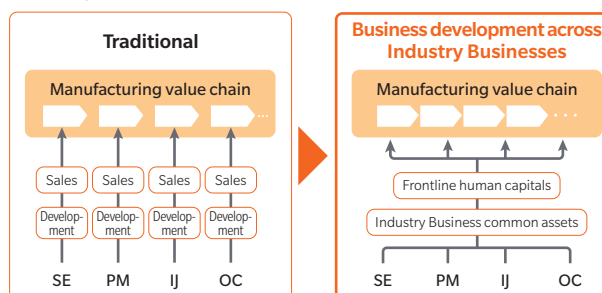


in revenue in the past 10 years while maintaining profit ratio. In the area of optical inspections for display, we have acquired two companies in the industry in Europe and the United States, and we currently hold a market share of more than 50%. In particular, the visual inspection and image processing technology for electronic devices of the company we acquired, Radiant (USA), has accelerated our inspection business for automobiles, leading to the acquisition of Eines (Spain), which has greatly increased our market share. Similarly, the acquisition of Specim (Finland), which possesses HSI technology that can realize non-visible light area imaging, has enabled us to provide higher analytical capabilities for safety, security, and hygiene areas such as recycling, food, and pharmaceuticals.

Strengthening business development across Industry Businesses

In order to capture the rapid market changes surrounding the Industry Business and meet the needs of customers, it is necessary to identify the industries to be focused on, apply the core technology that are our strengths that we inherit from the founding businesses and further innovate them in order to connect them to value. For this reason, we have established a business development system that can respond quickly to market challenges by placing front-line human capitals in each market of each focus area in order to be closely connected to the market. We aim to enhance trust and become a preferred supplier by having our front-line human capitals, who move across traditional business units and can overlook the entire industry's VCs and related technologies, continuously work to solve customer challenges by utilizing the customer relationships and technical assets we have accumulated throughout the Industry Business.

Promoting business development system across Industry Businesses



SE: Sensing PM: Performance materials IJ: IJ components OC: Optical components

Areas of focus in the medium-to long-term

In the medium-to long-term, we will focus on three industries: display, mobility, and semiconductor manufacturing.

These markets have “fluctuations” due to unique changes and developments, and they are under the environments in which it is easy to create new business opportunities that meet the “success requirements.”

In response to these “fluctuations,” we are already progressing value co-creation with customers cultivated in existing areas, and we aim to demonstrate our superiority by combining and applying technologies, and become an indispensable presence in VCs.

Display

Accelerated development of new display technologies as devices evolve

- Development and sales expansion of next-generation functional films that can withstand harsh use environments such as foldable types using materials with low-environmental load
- Development of manufacturing processes that combine IJ technology and material technology to achieve both high precision and process simplification that cannot be achieved by conventional methods

Mobility

Acceleration of technological innovation through CASE

- Sales expansion of automated solutions for visual inspection processes for automobiles coating
- Expansion of optical technology to support ADAS (Advanced Driver Assistance Systems)
- Development of low environmental load coatings that extend digital coating technologies to apply only the amount of materials necessary to the location necessary, a feature of IJ technology

Semiconductor manufacturing

Supply chain upheaval due to external factors

- Expansion through gradual strategic investment in the business of ultra-precision optical components for semiconductor manufacturing equipment, a area where we have been closely connected to customers for more than 10 years
- Entering the business of new process materials by utilizing our customer base, material technologies, and manufacturing knowledge