New Medium-Term Business Plan

Awareness of Issues in Formulating the New Medium-Term Business Plan

Breaking away from the past, reviewing the positioning of strategic new businesses, and working on selection and concentration of businesses

Improving the balance sheet and cash generating capability as urgent tasks

New Medium-term Business Plan (FY2023–2025)

Basic Policies

Challenging and achievable management

We will no longer devise plans that can only be achieved under optimal conditions, and will steadily implement plans that can realistically be achieved to restore confidence and trust.

Return to a highly profitable company

- FY2022 (Previous Medium-term Business Plan):
  Recorded impairment losses to eliminate balance sheet risk
  Achieved initial forecast for operating profit without impairment losses
- FY2023–2024: Implementing business selection and concentration
- FY2025: Establishing foundation for growth

Strengthening business profitability P19-20

- Business selection and concentration
- Reallocation of resources in strengthening businesses
- Maintaining profitability in the office business

Structural reforms implemented to reinforce profit foundation P22-24

- Reduction in operating costs
- Reinforcement of financial foundation and emphasis on cash generation

Reinforcement of business management system P24

- Clarification of business performance
- Accelerate selection and concentration

Selection and Concentration of Business—Rethinking the Role of Each Business

In the previous Medium-term Business Plan, we classified our businesses according to their growth potential and profitability and tried to expand each business. In the current Medium-term Business Plan, to determine which businesses to select and concentrate on, we have reorganized our businesses into four categories—strengthening businesses, maintaining profit businesses, non-focused businesses, and direction-changing businesses—and have further clarified their roles and our expectations for these businesses. Also, strengthening the business management system will increase the transparency of each business's performance, and we will be implementing business selection and concentration in fiscal 2023-2024. This will extract value from our business assets, thus increasing our corporate value.

- Businesses designated as "strengthening businesses" will be driving the Company's growth through their further expansion fed by their successes during the previous Medium-term Business Plan.
- Office business designated as "maintaining profit businesses" will be responsible for generating stable cash flows.
- For "non-focused businesses," although we recognize the growth prospects of their markets and the social value of business activities, we have determined that in terms of ownership, it may be best for these businesses to be capitalized by a third party.
- With regard to "direction-changing businesses," although we had previously invested in these businesses because we had considered them to be strategic new businesses, due to their continued low profitability, we will be monitoring each business's quarterly performance in fiscal 2023 so that we can redesignate their future direction.

	Industry Business ▶p.49	Healthcare Business ▶p.53	Professional Print Business ▶p.55	Digital Workplace Business ▶p.57
Strengthening business Drive our growth through business expansion	Sensing Performance materials IJ (inkjet) components Optical components (for industrial use)	Healthcare (medical imaging)	Production print Industrial print	
Maintaining profit business Stable generation of cash				Office
Non-focused business Use of third party capital, etc.	Optical components (for non-industrial use)	Precision medicine	Marketing services	
Direction-changing business Redesignation of strategic direction for growth	Imaging-IoT solutions			DW-DX

Our Goals for Fiscal 2025

Main Financial Indicators

Achieve ROE of 5% as soon as possible, then aim for ROE of at least 8% during the next Medium-term Business Plan

For strengthening businesses, where we will be concentrating our efforts through fiscal 2025, we have set goals of 500 billion yen in revenues and a business contribution profit ratio* of 11%-13%. Increasing the business contribution profit ratio of the Company's highly profitable strengthening businesses will enable us to raise the business contribution profit ratio for the entire Company to 5% or more, so that we will achieve ROE of 5% or more by fiscal 2025 and then reach ROE of 8% or more during the next Medium-term Business Plan that starts in fiscal 2026.

* Business contribution profit is a Konica Minolta-original index, defined as profit determined by subtracting sales cost and SG&A from revenue.

Business Contribution Profit

Expand company-wide business contribution profit by developing strengthening businesses, improving the profitability of low-profit businesses, and reducing head office expenses

In fiscal 2022, business contribution profit was 29.7 billion yen (profitability ratio of 2.6%). As our goal is to increase the business contribution profit ratio to 5% or more by fiscal 2025, our growth will be driven by strengthening businesses. We anticipate that the business contribution profit ratio of strengthening businesses will grow at an annual average rate (during fiscal 2022–2025) of about 10%, and we will expand the strengthening businesses within our Industry Business. Protecting the earnings of the office business will underpin the earnings of the entire Company.

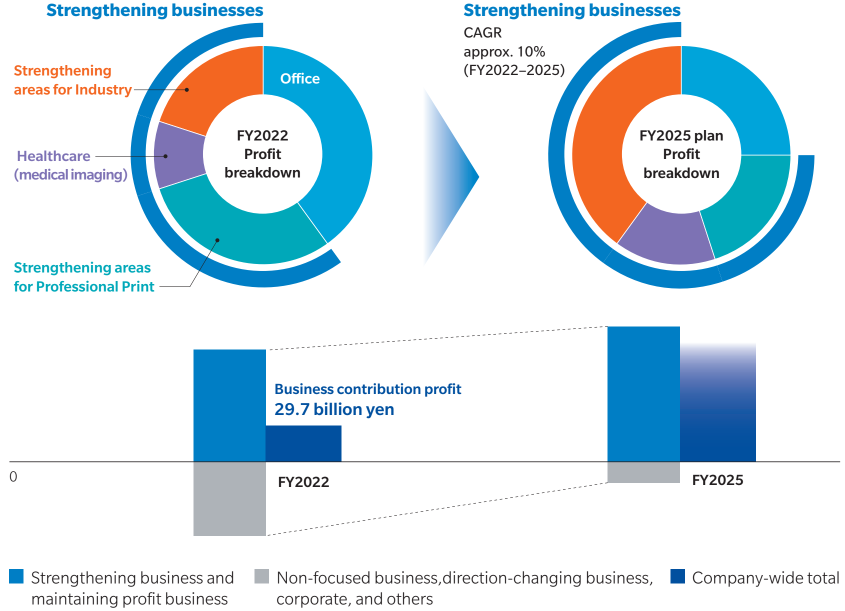
We will also work to increase Company-wide profitability by minimizing the negative factors in our business contribution profit through reducing head office expenses and improving the profitability of our non-focused businesses and direction-changing businesses.

Main Financial Indicators to Be Achieved by FY2025

		FY2022 results	FY2025 plan
Revenue	Strengthening business*2	418.4 billion yen	**500 billion yen**
	Company-wide	1,130.4 billion yen	**1,200 billion yen level**
Business contribution profit ratio*1	Strengthening business*2	11.5%	**11%–13%**
	Company-wide	2.6%	**5% or higher**
ROE		-19.9%	**5% or higher**
FOREX (Yen)	US	135.5	135.0
	EURO	141.0	140.0

*1 Business contribution profit is stated at the figure after adjustment for head office expenses.
*2 Strengthening Business: Industry (sensing, performance materials, IJ components, and optical components), medical imaging, and Professional Print (production print and industrial print)

Image of Breakdown of Business Contribution Profit in Fiscal 2025

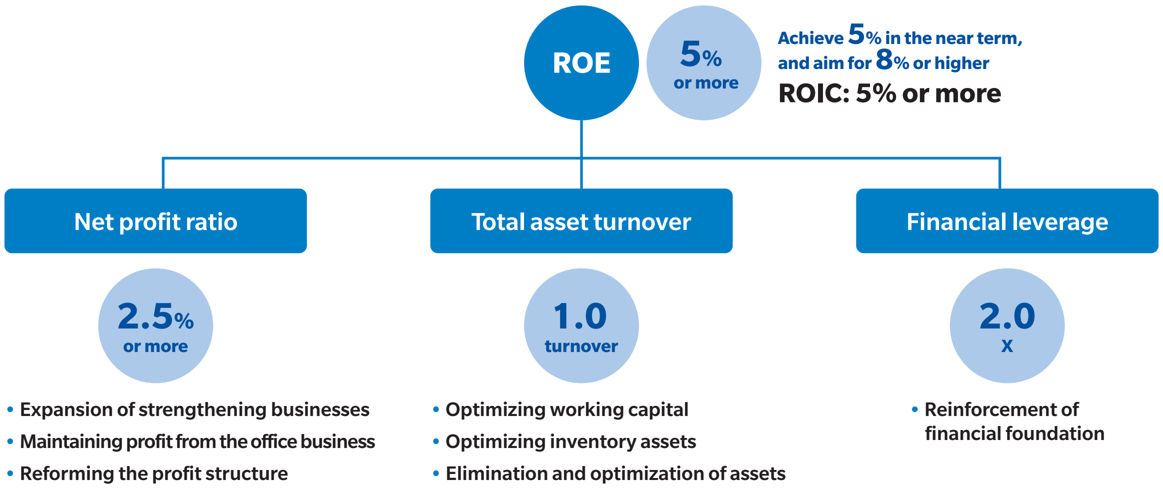


Our Vision for Fiscal 2025— Toward Maximized Corporate Values

Target ROE

The highest-priority goal in our vision for fiscal 2025 is to improve our ROE. The driver for this will be better profitability, and through business selection and concentration, we aim to raise our net profit ratio to 2.5% or more. Another goal is to improve our asset turnover rate to 1.0x by optimizing our working capital and inventory assets and our financial leverage to 2.0x by building a well-balanced financial foundation, as we work toward achieving an ROE of at least 5% as soon as possible and of at least 8% in the future.

We are working to achieve an ROIC of 5% or more by improving these indicators.



Key Non-Financial Indicators

Better employee engagement: To enhance our business execution, we need to ascertain any workplace issues in the execution of our strategy and address them promptly. We are trying to improve engagement by being attentive to each and every one of our employees and taking immediate action to resolve any issues (see page 41 for details).

Reducing CO_2 emissions: Our efforts toward solving the problem of global climate change can only accomplish so much. We will grow our businesses by aiming for Net Zero emissions for those CO_2 emissions that are within the purview of our responsibility and to achieve Carbon Minus status by aggressively reducing global CO_2 through collaboration with our business partners, customers, and other stakeholders (see page 25 for details).

		FY2022 results	FY2025 plan	
Employee engagement score		6.6	**7.7**	
CO_2 emissions produced in Konica Minolta product lifecycle	Reductions compared to 2005	58%	**61%**	
	Emissions	860,000 tons	**800,000 tons**	**Achieving the Carbon Minus status**
Contribution to CO_2 reduction by customers and partners		600,000 tons	**800,000 tons or more**	