

April 27, 2022

To whom it may concern,

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Stock Exchange Listing: Tokyo (Prime Market)  
Local Securities Code Number: 4902  
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**Notice regarding revision of the forecasts for the consolidated financial results for the fiscal year ended March 31, 2022, recording of impairment losses, and operating loss due to reassessment of recoverable amount of accounts receivable**

Konica Minolta, Inc. (the “Company”) announces revisions of the forecasts for its consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022), announced on February 1, 2022, in consideration of impairment losses expected to be recorded during the three-month period ended March 31, 2022 (hereafter, the “current period,”) as well as the reassessment of the recoverable amount of accounts receivable and the progress in the business.

1. Revision of the forecast for the consolidated financial results for the fiscal year ended March 31, 2022
  - (1) Revision of the forecast for the consolidated financial results for the fiscal year ended March 31, 2022  
(From April 1, 2021 to March 31, 2022)

	Revenue	Operating profit	Profit attributable to owners of the Company	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Yen
Forecasts previously announced (A)	900,000	12,000	1,500	3.04
Revised forecasts (B)	910,000	(23,000)	(27,500)	(55.72)
Increase/decrease (B-A)	10,000	(35,000)	(29,000)	—
Change (%)	1.1	—	—	—
(Reference) Results for the fiscal year ended March 31, 2021	863,381	(16,266)	(15,211)	(30.75)

(2) Reason for the revision

Looking toward the fiscal year ending March 31, 2023, the final fiscal year of the medium-term business plan "DX2022," the Company has conservatively and carefully reviewed its future business plans without postponing the recognition of potential risks associated with future growth. As a result, impairment losses of goodwill arising from the past acquisitions of 10.9 billion yen are expected to be recognized and recorded in the current period. In addition, the revision takes into account the impact of approximately 14.8 billion yen on operating profit due to the deterioration of the external environment and the impact of approximately 9.2 billion yen on revenue and operating profit resulted from the reassessment of the recoverable amount of accounts receivable in the precision medicine unit in the Healthcare Business. Please see below for further details. The year-end dividend remains unchanged from the previous forecast (15 yen per share).

2. Recognition of impairment losses

Impairment losses on goodwill of 10.9 billion yen are expected to be recognized and recorded in the current period, as a result of the impairment tests in accordance with International Financial Reporting Standards (IFRS), followed by a conservative and careful review of the future business plan without postponing the recognition of potential risks associated with future growth of the Company looking toward the fiscal year ending March 31, 2023, the final fiscal year of the medium-term business plan "DX2022" as mentioned above. The details are as follows:

(1) Goodwill on Konica Minolta Marketing Services EMEA Limited (United Kingdom)

The Company acquired Konica Minolta Marketing Services EMEA Limited, which is part of the marketing services unit in the Professional Print Business and provides the print management services, support on sales promotional activities, and consulting services in Europe. Concerning the goodwill arising from the acquisition, the profitability declined because of the decline in demand for the print procurement support services resulting from the accelerated shift of the consumer behavior towards online purchasing and cancellation or reduction in scale of in-store campaigns and in-person events run by client companies due to the prolonged COVID-19 pandemic. As a result of these factors, the Company expects to record an impairment loss on goodwill of approximately 1.5 billion yen in the current period, as the recovery of the invested amount is deemed difficult.

As we advance, the Company aims to improve the profitability by shifting to the high-value-added areas, such as data-driven digital marketing, and by accelerating the efficiency of the print procurement support.

(2) Goodwill arising from the acquisition of MOBOTIX AG (Germany, "MOBOTIX")

Goodwill arising from the acquisition of MOBOTIX, which belongs to the imaging-IoT solutions unit in the Industry Business, was allocated to MOBOTIX on a stand-alone basis, as well as other groups of cash-generating units that would benefit from the synergetic effects of the acquisition, including the imaging-IoT solutions unit and others, as these synergetic effects are expected for other businesses.

i. Goodwill allocated to MOBOTIX on a stand-alone basis

The longer than expected lead time in development of the imaging-IoT solutions by combining the video management systems, which are the strengths of MOBOTIX, and our devices, the decline in the surveillance camera market under the COVID-19 pandemic, and delay in monetization due to ongoing supply constraints in semiconductors and other materials resulted in the Company having difficulty in recovering the invested amount in the initially expected period. Thereby, the Company expects to record an impairment loss on goodwill of approximately 5.8 billion yen in the current period.

ii. Goodwill allocated to the imaging-IoT solutions unit

In addition to slower-than-expected market cultivation, the COVID-19 pandemic in the United States, where we are focusing our efforts on, and the geopolitical impact in Eastern Europe have decreased our profitability and made it difficult to recover the investment. Accordingly, we expect to record an impairment loss on goodwill of approximately 3.5 billion yen during the current period.

In the surveillance camera market, which is expected to recover from the COVID-19 pandemic, we will strengthen our ability to propose value through image analysis solutions in high-security areas, such as manufacturing and logistics, education, and disaster prevention by linking MOBOTIX's high-performance AI cameras with our "FORXAI" technology. We also aim to improve the profitability by expanding sales in each region across the world.

3. Operating loss due to the reassessment of recoverable amount of accounts receivable

In the precision medicine unit in the Healthcare Business, in the midst of preparation for listing REALM IDx, Inc. (REALM IDx), a subsidiary of the Company, on the stock market in the United States, the recoverable amount of accounts receivable for Ambry Genetics Corporation, a subsidiary of REALM IDx, has been revised carefully based on the recent actual recoverable rate, and as a result, the amounts of accounts receivable and revenue are expected to decrease by approximately 9.2 billion yen at the end of the current period.

#### 4. Overview of business

More than 85% of the sales is accounted from overseas in the Digital Workplace Business and the Professional Print Business, and products supplies, such as MFPs, have been affected by the worldwide prolonged logistics lead times and suspension of the plant operations in Malaysia due to the spread of mutated strains of COVID-19. As a result, the delay in recording sales of products and related IT solutions, such as applications sold in conjunction with the products in the current period, caused the amount of backlog in these businesses to increase. In addition, affected by semiconductor supply shortage, delay in external procurement of IT equipment, such as PC and servers, resulted in delay in business negotiations for the IT services. Based on the above, the operating profit of the Digital Workplace Business and the Professional Print Business is expected to be approximately 11.5 billion yen and 1.0 billion yen, respectively, less than the previous forecast.

The operating profit for the Healthcare Business is expected to be approximately 11.5 billion yen less than the previous forecast due to the factors, such as sluggish demand in genetic testing at diagnosis in the hospital and health checkups because of the rebound of mutated strains of COVID-19 in the United States, and continuous delays in the resumption of clinical trials to be conducted by pharmaceutical companies, in addition to the decrease in accounts receivable and revenue of approximately 9.2 billion yen in Ambry Genetics Corporation in the precision medicine unit in the Healthcare Business.

The industrial print unit in the Professional Print Business, the healthcare unit in the Healthcare Business, and the sensing field and the materials and components field in the Industry Business, which are all categorized in the field of “measurement, inspection, and diagnosis,” are expected to reach the operating profit forecasted at the beginning of the current fiscal year based on the medium-term business plan “DX2022.”

#### 5. Response to the financial covenants

Due to the revision of the forecast for the consolidated financial results, it is expected that the Company will breach one of the clauses of financial covenants stipulated in syndicated loan agreements and other agreements executed between the Company and multiple financial institutions. However, the Company has obtained the consent from all relevant financial institutions not to request the Company to forfeit the benefit of time due to this breach.

#### Note regarding the forecasts

The forecasts for the consolidated financial results are based on the assumptions that the Company believes that such assumptions are reasonable at the time of this announcement. It should be noted that actual results may differ from the forecasts due to various factors.