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To whom it may concern,

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Notice regarding revisions of the forecasts for the consolidated financial results and dividends for the fiscal year ended March 31, 2020

Konica Minolta, Inc. (the "Company") announces revisions of the forecasts for its consolidated financial results for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020), announced on November 1, 2019, as well as dividends for the same fiscal year as follows:

1. Revision of the forecast for the consolidated financial results for the fiscal year ended March 31, 2020

(1) Revision of the consolidated forecasts for the fiscal year ended March 31, 2020
(From April 1, 2019 to March 31, 2020)

	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)	1,045,000	20,000	7,500	15.16
Revised forecasts (B)	995,000	8,000	(3,500)	(6.29)
Increase/decrease (B−A)	(50,000)	(12,000)	(11,000)	−
Change (%)	-4.8	-60.0	−	−
(Reference) Results for the fiscal year ended March 31, 2019	1,059,120	62,444	41,705	84.33

(2) Reason for the revision

Sales from the Company's main businesses through the end of February performed relatively well as forecasted, excluding China. In March, as the COVID-19 pandemic spread across geographies, the Company saw a dive in sales of main products and services, which impacted both revenue and operating profit.

Revenue is revised downward by 50.0 billion yen, of which 23.0 billion yen is likely attributed to the impact of COVID-19. Also included in the consideration is the fact that it is taking time for the Company to bring in sales orders from its potential customers in the pipeline, which are recently increasing mainly in the field of new businesses.

Operating profit is revised downward by 12.0 billion yen, of which 11.0 billion yen is likely attributed to the impact of COVID-19, and approximately 2.5 billion yen of impairment-related losses, including goodwill impairment related to a subsidiary acquired under the Professional Print Business. That said, when excluding these factors, the overall profitability in the Company's business remained stronger than expected.

Profit attributable to owners of the Company is revised down to a loss of 3.5 billion yen, as operating profit is revised downward. Further, the nearly budgeted amount of 7.4 billion yen is recorded in the fiscal year ended

March 31, 2020 (hereafter, "the current fiscal year") as for the cost of structure reform, which was implemented for the purpose of improving profitability for the coming fiscal year ending March 31, 2021.

The impact of COVID-19 outbreak on the Company's financial results, which is certainly the largest factor taken into the Company's revision of forecasts, is based on the following circumstances:

The Company runs its business globally with revenue in regions other than Japan constituting more than 80% of the total revenue. Amid the business environment, as the outbreak of COVID-19 since late January 2020 continues to spread across the world, the Company is seeing disruptions or deterioration in activities of its supply chains and value chains, which are expected to negatively impact the Company's business. Accordingly, we have reflected those effects into the forecasts for the fiscal year ended March 31, 2020.

As for preventive measures against the spread of COVID-19 infections, governments have mandated or requested that factories and offices should shut down or scale down operations in China from late January, and also in Asia, Europe and the United States from mid-March.

That said, from the perspective of the Company's supply side, the Company experienced a tentative issue on component procurement and finished goods production in China and Malaysia. As for the demand side, installment of equipment and marketing activities were impacted as customers held down or delayed their capital spending or the Company was having a hard time physically visiting customers.

(3) Effect of COVID-19 on each business segment during the period from January 2020 to March 2020

Major impact on each business segment is as follows:

Office Business

As for production, minimal effect is expected on the Company's supply in the current fiscal year, despite the fact that two factories in China (in Jiangsu Wuxi and Guangdong Dongguan) shut down their operations from January 19, 2020 to February 10, 2020 and one in Malaysia (Malacca) from March 18, 2020 to April 15, 2020. Further, a factory in France, which mainly produces toner filling, was closed from March 18, 2020 to April 8, 2020; however, no effect from the closure is expected on the Company's supply, given that the decrease of the factory's production during the closure was successfully covered by production in Japanese factories. As for sales, China gradually resumed marketing activities from the latter half of February, although not yet in a full-scale restart in March. Furthermore, sales activities were restricted in countries other than China due to measures of lockdowns and declarations of a state of emergency taken through the month of March, which mainly hit direct sales and mid- to small-sized dealers significantly for their new sales orders and installment of equipment. As a state of emergency was declared in April in Japan, accounting for approximately 15% of the total Office Business, minimal effect due to COVID-19 was seen in March.

In the IT service solution business unit, solution services including security services grew amid the strong need of telecommuting; however, the business unit was also slightly affected in March due to activity restrictions.

Professional Print Business

As is the case with the Office Business, minimal effect on the supply side is expected for the production print business unit. As for sales, the unit experienced a significant volume decline in sales of digital printing equipment against a backdrop of delays in equipment installment and a pullback in marketing activities due to restrictions in visiting customer sites in many regions. Further, a slight decrease will be seen in non-hard areas. Sales of "AccurioPress C14000/12000," the Company's first HPP (Heavy Production Print) equipment, was launched in February as initially planned and the number of final orders surpassed the projection. However, slightly more than half of them were installed in the current fiscal year. The Company believes that installments and revenue recognition will pick up once restrictions are lifted on visiting customer sites.

Healthcare Business

A robust supply system is maintained, including the production of medical films in Xiamen Fuijan China, given that healthcare business is considered to be one of the Essential Businesses. As for sales, the Company expects the overall sales volume of digital radiography (DR) to be around the same level as in the previous year on the back of increased demand for digital mobile X-ray system and DR in the United States. That said, total revenue is expected to decline in the current fiscal year due to the following: many hospitals have not been able to offer services and the number of outpatient examinations have significantly dropped since February in China and March in other areas; and door-to-door marketing is still restricted in many of such areas. In January, the Company obtained an approval from Food and Drug Administration (FDA) regarding a dynamic X-ray system that enables the visualization of lung functions utilizing the Company's original technology, which is expected to contribute to the Company's earnings from the next fiscal year.

Industrial Business

(Field of materials and components)

In the performance materials business unit, the Company's supply side was not affected as production facilities were all located in Japan. As for sales, although many panel manufacturers locating their production facilities in China saw a decline in operation ratio, the Company increased sales to areas other than China and also responded to the need of customers that started to stock components to prepare for the recovery of operation ratio in China. The Company also obtained certification for a new resin film successfully and started sales of the product, from which robust sales are expected going forward. The inkjet component business unit was also hit hard as many of its customers were located in China and trade shows scheduled in China were postponed; however, the unit started to see signs of recovery from the end of March.

(Field of optical systems for industrial use)

In the measuring instruments business unit, the Company's supply side was not affected as production facilities were located in Japan, Germany and the United States, allowing the Company to continue its production throughout March. Sales did not reach the target as customers were mainly located in China for the installment of measuring instruments and were holding the investment level, and also many of the installments were delayed. Accordingly, a slight decrease in revenue is expected for the current fiscal year.

New Business

(Workplace Hub)

The Company released a firmware, reflecting the previously obtained needs of customers and service supports. Although profitability improved thanks to the increasing number of customers and the Company's cost-cutting effort, business negotiations in Europe and the United States were sluggish in March due to the effect of shelter-in-place mandate.

(Bio-healthcare)

The number of genetic testing grew as planned up until February. Although the number of testing has declined since the U.S. lockdown in March, it is expected to increase on a year-on-year basis.

Starting from April 2020, the Company is preparing to receive orders for polymerase chain reaction (PCR) tests for employers in response to requests from the U.S. government. In addition, the Company's drug discovery support business is striving to support research on COVID-19 drugs.

(4) Initiatives taken for the fiscal year ending March 31, 2021

The Company anticipates that the spread of COVID-19 infections will continue to adversely affect the financial results of the Company and its subsidiaries (the "Group") in the fiscal year ending March 31, 2021. Especially, it is likely that the financial results in the first quarter ending June 30, 2020 will deteriorate compared to the fourth quarter ended March 31, 2020. Further, second quarter results shall remain unpredictable.

To prepare for the worse, not only has the Group secured approximately 90 billion yen in cash and cash equivalents as of March 31, 2020, but is also increasing the volume of liquidity on hand at each Group company level. Further, in April, the Group has raised 85.0 billion yen of finance from financial institutions and has also kept its commitment line agreements with several financial institutions with an outstanding balance of 100.0 billion yen, whose entire amount remains unused. On top of that, the Group will enter into another commitment line agreement in the near future with several financial institutions to secure its loan limit. The Group certainly has a sufficient level of liquidity.

The Group is committed to streamline its business operations through the following: tight inventory control; strict cash flow management by sorting and reducing the level of capital spending as well as investment and lending transactions; and fundamental reassessment of every aspect of the business, including administrative and back-office operations.

During the process of reopening economies while facing challenges raised by the COVID-19 pandemic, further concrete support should be given to health care providers. At the same time, people's set of values as well as working style will likely change over the period. That being said, the Company is dedicated to solve these social issues by providing support in the following areas, which represent part of new businesses that have been developed by the Company: AI diagnosis for chest X-ray; remote diagnosis; and work-style reform connecting multiple locations through the use of Workplace Hub. The Company's know-how on remote work obtained through its own experience should also be able to significantly contribute to the challenging issues as mentioned above. The Company will continue to make imperative and necessary investments in new business areas to pursue mid- to long-term growth, while beefing up the strategy of selection and concentration based on the Company philosophy of "Value Genre-Top."

2. Revision of dividend forecast

(1) Content of revision

	Annual dividend (Yen)		
	Interim	Year-end	Total
Previous forecast	−	15.00	30.00
Revised forecast	−	10.00	25.00
Payment for the current year (Fiscal year ended March 31, 2020)	15.00	−	−
Payment for the previous year (Fiscal year ended March 31, 2019)	15.00	15.00	30.00

(2) Reason for the revision of dividend forecast

As COVID-19 continues to spread and significantly impact the Company's business, affecting its consolidated forecasts and business environment, it is regrettable to announce that the Company will revise the year-end dividend forecast for the fiscal year ended March 31, 2020, to 10 yen per share, down 5 yen from the previously announced forecast.

As stipulated in the Company's Articles of Incorporation, year-end dividends will be determined upon resolution of the Board of Directors.

3. Reduction and voluntary return of executive remuneration

In response to the revision of forecasts for the consolidated financial results and dividends, the amount of performance-linked remuneration for executive officers has been significantly reduced. Furthermore, the President and CEO and other executive officers, as well as the Chairman of the Board will voluntarily return part of their remuneration depending on their position and duties.

4. The Group initiatives for the COVID-19

As COVID-19 continues to spread globally, the Group has and always will put the health, safety and security of all stakeholders first, including the Group employees and their families, customers, and vendors, by complying with laws and regulations as well as mandates of national and local governments of each country. The Company is ready to help prevent the further spread and continues to make all-out efforts to continuously provide products and services to customers and communities without being disrupted.

In Japan, employees will basically work remotely, adhering to the Company rules to prevent the spread of infection, including the strict avoidance of "Three Cs" (closed space, crowded conditions, conversation in short distance), social distancing, and regular handwashing and mask-wearing. As mentioned above, global offices are also taking appropriate measures in accordance with laws and regulations as well as mandates of national and local governments of each country.

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.