May 10, 2023

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, revision of the dividend forecasts, and recording of impairment losses for the consolidated financial results for the fiscal year ended March 31, 2023

Konica Minolta, Inc. (the "Company") expects to record impairment losses during the three months ended March 31, 2023 (hereinafter, the "fourth quarter") of the fiscal year ended March 31, 2023 (hereinafter, the "current fiscal year"). As a consequence, the Company announces revisions of the full-year forecasts and dividend forecasts for its consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023), announced on February 2, 2023, as follows:

1. Revision of the forecasts for the consolidated financial results for the fiscal year ended March 31, 2023

(1) Revision of the forecasts for the consolidated financial results for the fiscal year ended March 31, 2023
(From April 1, 2022 to March 31, 2023)

	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)	1,120,000	15,000	5,500	11.14
Revised forecasts (B)	1,130,000	(95,000)	(105,000)	(212.63)
Increase/decrease (B−A)	10,000	(110,000)	(110,500)	—
Change (%)	0.9	—	—	—
(Reference) Results for the fiscal year ended March 31, 2022	911,426	(22,297)	(26,123)	(52.93)

(2) Reason for the revision
In the current fiscal year, the Company has put up a policy to steadily implement feasible

plans and aimed to achieve the performance forecasts. During the closing process at the end of the current fiscal year, the Company examined its investments, particularly past acquisitions, and performed impairment testing in accordance with International Financial Reporting Standards (IFRS). As a result, the Company expects to recognize 116.6 billion yen of impairment losses in the fourth quarter. The details of the impairment losses are described in “3. Recognition of impairment losses.” Operating profit, excluding the impairment losses, is expected to be 21.0 billion yen while the forecast was 15.0 billion yen.

2. Revision of dividend forecasts

(1) Content of revision

	Annual dividend (Yen)		
	Interim	Year-end	Total
Previous forecast	—	10.00	20.00
Revised forecast	—	0.00	10.00
Payment for the current year (Fiscal year ended March 31, 2023)	10.00	—	—
Payment for the previous year (Fiscal year ended March 31, 2022)	15.00	15.00	30.00

(2) Reason for the revision of dividend forecasts

As a result of the comprehensive consideration of the above forecasts and business environment, the Company regrets to announce that as for the year-end dividend forecast, no dividend will be paid for the fiscal year ended March 31, 2023, and that the annual dividend forecast is 10 yen per share (10 yen per share for interim, none for year-end).

3. Recognition of impairment losses

Impairment losses of 116.6 billion yen are expected to be recorded in the fourth quarter of the current fiscal year, as a result of the impairment testing in accordance with IFRS as described above. The major details are as follows:

(1) Impairment losses related to the precision medicine field

Goodwill in the precision medicine field within the Healthcare Business includes goodwill on the acquisitions of Ambry Genetics Corporation ("Ambry") and Invicro, LLC ("Invicro"), and the Company allocates goodwill to the precision medicine field as one group of cash-generating units since the synergies expected to arise from the acquisitions will spread widely among all group companies in the relevant business. The Company has reviewed its business plans in light of the following factors: changes in the competitive environment, the significantly-lower-than-expected demand growth for genetic tests in diagnostics and health screenings at hospitals due to a sharp decline in visits for preventive genetic testing during the COVID-19 pandemic in the United States and subsequent shortages of medical staff members, excessive delays in clinical studies conducted by pharmaceutical companies, and current market changes, including delays in proceeding with corporate strategies, such as alliances with other companies ever since the acquisition in 2017. In addition, an increase in the discount rate following the recent rise in interest rates resulted in a significant decrease in the recoverable amount. As a result, the Company expects to record 103.5 billion yen of an impairment loss on goodwill and other assets in the fourth quarter of the current fiscal year.

At the beginning of the current fiscal year, the Company shifted its business policy for the business to focus on profitability, and put efforts into headcount and expense reduction, mainly in the first quarter of the current fiscal year, leading to the recognition of a quarterly surplus in Ambry and Invicro on a stand-alone basis in the fourth quarter.

(2) Impairment losses related to MOBOTIX AG (Germany, "MOBOTIX")

Goodwill arising from the acquisition of MOBOTIX, which belongs to the imaging-IoT solutions field in the Industry Business, was allocated to the MOBOTIX Group (a group of cash generating units composed of MOBOTIX and its subsidiaries), 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 the QOL solutions, as these synergetic effects are expected for other businesses.

i. Impairment losses related to the MOBOTIX Group

In the current fiscal year, amid continued supply constraints on semiconductors and other materials since the previous fiscal year, the value in use declined significantly due to the impact of the economic downturn in Europe, the main market of the MOBOTIX Group, and the revision of the discount rate used in the impairment testing following the recent rise in interest rates. In addition, the significant decline in MOBOTIX's stock price listed on the Frankfurt Stock Exchange led to a drop in the fair value. Based on the above, the Company expects to record an impairment loss on goodwill of 3.7 billion yen in the fourth quarter due to the decrease in the recoverable amount.

Despite the above effects in the current fiscal year, the Company achieved to reduce a quarterly loss in the fourth quarter because of the improvement of the supply constraints of semiconductors and other materials.

ii. Impairment losses related to the imaging-IoT solutions unit

During the current fiscal year, the Company secured multiple large-scale orders through the packaging of monitoring cameras, applications, and services; however, the Company expects to record 3.1 billion yen of an impairment loss on goodwill and other assets because the Company fell short of its plan due mainly to the time required to get results from the sales structure in North America, which was strengthened during the three months ended December 2022, and the ongoing geopolitical impact in Eastern Europe.

iii. Impairment losses related to the QOL solutions business

Although we expected to benefit from the synergetic effects of the acquisition of MOBOTIX, we expect to record an impairment loss of 1.2 billion yen on the goodwill and other assets allocated to the business after reviewing our business plans as we have been continuously recording operating loss since the commencement of the business.

(3) Other impairment losses

In businesses other than the above, the Company expects to record impairment losses of 4.9 billion yen in total, which comprise of impairment losses on goodwill and other assets of 2.9 billion yen arising from the acquisition of an IT services company in the Digital Workplace Business, goodwill and other assets of 0.8 billion yen arising from the acquisition in the marketing services unit of the Professional Print Business, and Property, plant and equipment of 1.2 billion yen in the Industry Business.

4. Response to the financial covenants

Due to the revision of the forecasts 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 consent from all relevant financial institutions not to request the Company to forfeit the benefit of time due to this breach.

<u>Note regarding the forecasts</u>

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.