Results of Operations for the Fiscal Year Ended March 31, 2020
REPORTED BY KOMORI CORPORATION (Japanese GAAP)

May 26, 2020

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Annual General Meeting of Shareholders: June 26, 2020
Payment date of year-end dividend: June 29, 2020
Preparation of supplementary materials for financial results: Yes
Holding of presentation meeting for financial results: Yes (for financial analysts/investors)

1. Consolidated Business Results for Fiscal 2020 (April 1, 2019 to March 31, 2020)

(1) Results of operations (In millions of yen, rounded down)

	Fiscal year ended March 31, 2020	%	Fiscal year ended March 31, 2019	%
Net sales	77,646	(14.0)	90,242	(4.2)
Operating income (loss)	(3,404)	-	2,706	(27.5)
Ordinary income (loss)	(3,480)	-	2,502	(43.4)
Profit (Loss) attributable to owners of parent	(25,473)	-	1,427	(53.6)

(Yen)

Basic earnings (loss) per share	(450.11)	24.52
Diluted earnings per share	-	-

(%)

ROE	(22.3)	1.1
ROA	(2.3)	1.4
Operating income to net sales ratio	(4.4)	3.0

Notes:
1. Comprehensive income:
Fiscal year ended March 31, 2020: (27,245) million yen - %
Fiscal year ended March 31, 2019: 6 million yen (99.8) %
2. Share of profit of entities accounted for using equity method:
Fiscal year ended March 31, 2020: -
Fiscal year ended March 31, 2019: -
3. Percentage figures given for the first four items in the above table represent the percentage increase/decrease on a year-on-year basis.

(2) Financial position (In millions of yen, rounded down)

	March 31, 2020	March 31, 2019
Total assets	135,697	167,370
Total net assets	97,979	130,184
Equity ratio (%)	72.2	77.7
Net assets per share (Yen)	1,750.80	2,234.61

Note:
Equity as of: March 31, 2020: 97,912 million yen
March 31, 2019: 130,110 million yen

(3) Summary of statements of cash flows (In millions of yen, rounded down)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
Net cash provided by (used in) operating activities	1,807	112
Net cash provided by (used in) investing activities	(3,569)	(449)
Net cash provided by (used in) financing activities	(5,057)	(12,789)
Cash and cash equivalents at end of the period	38,587	45,673

2. Dividends

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021 (Forecast)
Annual cash dividends per share (Yen)	40.00	30.00	-
First quarter period-end dividends	-	-	-
Second quarter period-end dividends	20.00	20.00	-
Third quarter period-end dividends	-	-	-
Year-end dividends	20.00	10.00	-
Total cash dividends for the year (Millions of yen)	2,329	1,682	-
Dividend payout ratio (Consolidated) (%)	163.1	-	-
Ratio of dividends to net assets (Consolidated) (%)	1.8	1.5	-

Note:
Komori has yet to determine its dividend forecast for the fiscal year ending March 31, 2021. When this becomes possible, the Company will disclose its forecast to stakeholders.

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

As current circumstances make it difficult to reasonably estimate the impact of the novel coronavirus pandemic, Komori has yet to determine its consolidated operating results forecasts for the fiscal year ending March 31, 2021. Looking ahead, the Company will promptly disclose its forecasts when conditions become clear enough to make reasonable estimates.

*Notes
(1) Changes in significant subsidiaries during the fiscal year under review (Changes in the scope of consolidation accompanying changes in specified subsidiaries): None

(2) Changes in accounting policies; changes in accounting estimates; restatements
1. Changes accompanying revisions to accounting standards: Yes
2. Changes other than those in item 1. above: None
3. Changes in accounting estimates: None
4. Restatements: None

(3) Number of shares outstanding (common stock)
1. Number of shares outstanding (including treasury stock) as of:
   March 31, 2020: 58,292,340 shares
   March 31, 2019: 62,292,340 shares
2. Number of treasury stock as of:
   March 31, 2020: 2,368,005 shares
   March 31, 2019: 4,067,383 shares
3. Average number of shares during the period:
   Fiscal year ended March 31, 2020: 56,594,610 shares
   Fiscal year ended March 31, 2019: 58,225,376 shares

Reference: Overview of Non-Consolidated Performance

1. Non-Consolidated Performance for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Non-Consolidated Operating Results (In millions of yen, rounded down)

	Fiscal year ended March 31, 2020	%	Fiscal year ended March 31, 2019	%
Net sales	60,363	(13.5)	69,775	(4.7)
Operating income (loss)	(2,808)	-	996	(56.0)
Ordinary income (loss)	(2,175)	-	1,321	(62.6)
Profit (Loss) attributable to owners of parent	(23,521)	-	929	(69.2)

(Yen)

Basic earnings (loss) per share	(415.61)	15.96
Diluted earnings per share	-	-

(2) Non-Consolidated Financial Condition (In millions of yen, rounded down)

	March 31, 2020	March 31, 2019
Total assets	114,443	147,428
Total net assets	90,188	119,797
Equity ratio (%)	78.8	81.3
Net assets per share (Yen)	1,612.69	2,057.49

Note:

Equity as of: March 31, 2020: 90,188 million yen
March 31, 2019: 119,797 million yen

* Implementation status of audit procedures
This financial flash report (Kessan Tanshin) is not subject to auditing by a certified public accountant or auditing firm.

* Disclaimer regarding the appropriate use of performance forecasts and other remarks
Komori has yet to determine its consolidated operating results forecasts for the fiscal year ending March 31, 2021, as current circumstances make it difficult to reasonably estimate the impact of the novel coronavirus pandemic. Looking ahead, the Company will promptly disclose its forecasts when conditions become clear enough to make reasonable estimates.

Materials for the summary result presentation in Japanese will be disclosed through the Tokyo Stock Exchange’s Timely Disclosure Network, known as TDnet, on May 28, 2020. The same materials will be posted on Komori’s website. Also, English translation of these materials will be posted on the Company’s website at:
http://www.komori.com/contents_com/ir/index.htm

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1. REVIEW OF OPERATIONS AND FINANCIAL CONDITION

(1) Fiscal 2020 Operating Results

(1) Overview

During the fiscal year ended March 31, 2020, the global economy was affected by the prolongation of U.S.-China trade tension, which, in turn, cast shadows on economies in each region. Moreover, the novel coronavirus that emerged from China spread globally, resulting in the unprecedented economic decline in countries around the world during the last three months of the fiscal year. The Japanese economy, which had already been negatively affected by consumption tax hikes, as well as large typhoons and other natural disasters, fell into stagnation in the fourth quarter, reflecting such factors as a sharp decline in consumption as inbound tourism fell due to international travel restrictions enforced to counter the pandemic.

In the printing machinery market, despite the completion of the Brexit deal, demand for offset printing presses remained sluggish in Europe due to a lingering sense of caution regarding the unclear outlook for the future. Demand was also weak in Eastern Europe, Southern Europe and other markets in which Komori's distributors operate. In the United States, printing companies continued their prudent stance to capital expenditure in offset printing presses while pushing ahead with investment in digital printing systems capable of meeting printing requests involving multiple printing items and small print runs. In China, demand arising from capital expenditure was less than robust due to the postponement of investment projects reflecting local currency depreciation and the impact of U.S.-China trade tension, despite ongoing interest in automated, labor-saving offset printing processes among such customers as major printing firms seeking highly productive solutions. In Asia and other regions, however, demand for offset printing presses grew, while demand for security printing presses remain firm. In the domestic market, printing companies remained cautious toward making capital expenditure due to economic deterioration despite ongoing inquiries about highly functional offset printing presses designed to promote labor saving and improve operational efficiency amid the lingering lack of human resources.

(2) Consolidated Performance

Amid this market environment, Komori launched the Sixth Medium-Term Management Plan. The new plan's five-year timeframe, spanning the period from April 2019 to March 2024, was determined with an eye to the upcoming celebration of the centennial of Komori's founding in 2023. Under this medium-term management plan, the Company classified its operations into three categories: "core" (the offset printing press and security printing press businesses), "priority" (the digital printing system (DPS) business), and "new" (the printed electronics (PE) business). Komori has thus promoted initiatives to develop its core businesses to secure stable profitability while executing investment aimed at making the priority business profitable. The Company also endeavored to nurture new business over the medium to long term.

In the offset printing press business, Komori participated in PRINT CHINA 2019 International Printing Technology Exhibition held in April 2019 in China, the world's largest printing machinery market, and provided attendees with demonstrations themed on "Innovate to Create." For example, the Company demonstrated various package printing solutions utilizing the LITHRONE G40, a model designed to accommodate ever diversifying package printing needs, while also demonstrating its LITHRONE G37, an offset printing press capable of efficiently performing multiple printing jobs. In these ways, Komori strove to help audiences understand the capabilities of its solutions to address issues printing companies are now confronting via the incorporation of automated printing processes that no longer require intensive labor or complex human skills. In addition, Komori also exhibited its Impremia IS29, a 29-inch size sheet-fed digital printing system to demonstrate its precise color reproduction in variable printing as well as its robust capabilities to print on special paper, with the aim of communicating its potential to help realize a variety of business models. In addition, the Impremia IS29 has been recognized with “Three Star” certification, the highest certification to be granted to eco-friendly printing equipment under the GREEN PRINTING JFPI certification program sponsored by the Japan Federation of Printing Industries, and has clearly earned a high reputation in terms of its environmental performance.

In the security printing press business, in November 2019 Komori participated in HIGH SECURITY PRINTING ASIA, the largest conference attended by representatives from Asia’s banknote printing industry. For the first time in its history, the conference was held in Japan and attendees included a number of central bank representatives and other government officials from more than 30 countries. Seizing this opportunity, Komori invited these guests to an open house event held at its Tsukuba Plant, demonstrating its currency printing presses in their presence to help them understand its technological capabilities in the field.

In the DPS business, Komori initiated field tests in November 2019 for the Impremia NS40, a large sheet-fed printing system that employs the Nanographic Printing® process and is capable of accepting 40-inch paper and, in February 2020, hosted another open house event aimed at providing customers from Japan and abroad with a demonstration of this model.

Based on a resolution passed at its Board of Directors meeting held on April 27, 2020, Komori recently decided to temporarily shift its priority from the implementation of initiatives under the Sixth Medium-Term Management Plan to the execution of emergency measures aimed at addressing the major impact attributable to the global pandemic brought about by the novel coronavirus. These measures are centered on reinforcing the Company’s business revenue structure and include further cost reduction and the review of current production systems.

Taking the above factors into account, orders received in the fiscal year under review fell 5.2% from the previous fiscal year to ¥88,558 million, while consolidated net sales dropped 14.0% year on year to ¥77,646 million. Turning to expenses, the cost of sales ratio rose year on year due mainly to fluctuations in exchange rates, a decline in production volume and changes in methods for assessing the year-end value of inventories of machinery parts offered via maintenance services. The ratio of selling, general and administrative (SG&A) expenses to net sales also grew year on year due to the amortization of goodwill, an increase in research and development expenses and the decrease in net sales. As a result, operating loss amounted to ¥3,404 million, a reversal from operating income of ¥2,706 million in the previous fiscal year. Ordinary loss was ¥3,480 million, in contrast with ordinary income of ¥2,502 million in the previous fiscal year. This was primarily attributable to the recording of foreign exchange losses just as the recording of these losses negatively affected ordinary income in the previous fiscal year. As a result of these and other factors, loss before income taxes amounted to ¥21,176 million, a year-on-year reversal from income before income taxes of ¥2,458 million, due mainly to the recording of impairment losses totaling ¥17,757 million in the fiscal year under review in connection with the Company's business assets. Loss attributable to owners of the parent totaled ¥25,473 million, in contrast with profit attributable to owners of the parent of ¥1,427 million in the previous fiscal year, due primarily to the posting of income tax adjustments reflecting the reversal of deferred tax assets.

Overseas sales totaled ¥49,371 million, down 8.2% from the previous fiscal year, with the ratio of overseas sales to net sales at 63.6%.

The recording of the aforementioned impairment loss was determined via the careful examination of the future recoverability of Komori's business assets, including manufacturing facilities. In the course of this examination, the Company concluded that the profitability of printing machinery manufactured at the Tsukuba Plant, the Komori Group's core facility, will decline as it anticipates that demand for such machinery would not grow as initially expected due to the widespread digitalization of previously printed materials in publishing and other commercial printing markets in developed countries and the fallout, currently expected to be long-standing, from the novel coronavirus pandemic.

(3) Overview of Consolidated Net Sales by Region

Consolidated net sales during the fiscal year under review amounted to ¥77,646 million, representing a 14.0% decrease from the previous fiscal year. An overview of consolidated net sales by region is set out below.

Overview of Consolidated Net Sales by Region

(In millions of yen)

		Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020	Increase / (Decrease) (%)
Net sales		90,242	77,646	(14.0%)
Breakdown	Japan	37,444	29,049	(22.4%)
	North America	8,077	5,890	(27.1%)
	Europe	15,188	12,303	(19.0%)
	Greater China	18,226	15,976	(12.3%)
	Other Regions	11,305	14,425	27.6%

Domestic Sales

On the back of labor shortages, Komori received ongoing inquiries about offset printing presses designed to realize a labor-saving printing process with higher efficiency. However, after consumption tax hikes, there was a growing trend toward the postponement or suspension of investment projects among printing companies due to a decline in print demand. Furthermore, Komori's PE business has been affected by a decrease in demand as the majority of customers have already completed their immediate plans for capital expenditure. Reflecting these factors, domestic sales decreased 22.4% year on year to ¥29,049 million.

North America

In North America, the economy continued to grow solidly thanks to ongoing improvement in employment and robust corporate earnings. However, printing companies remained cautious about investing in offset printing presses due to growing uncertainty over government trade policies reflecting U.S.-China trade tension. Consequently, net sales in this region fell 27.1% year on year to ¥5,890 million.

Europe

In Europe, a sense of stagnation affected many economies due to sluggish performance in the manufacturing sector. In the United Kingdom, despite the completion of the Brexit deal, demand associated with capital expenditure in printing machinery remained stagnant due a lingering sense of caution regarding the unclear outlook for the future. Demand was also weak in Eastern Europe, Southern Europe and other markets in which Komori’s distributors operate. As a result, net sales in this region decreased 19.0% year on year to ¥12,303 million.

Greater China

In Greater China, the pace of economic growth decelerated due to U.S.-China trade tension. Although the economy nevertheless remained virtually flat thanks to domestic demand supported by government-led economic policies, net sales in this region fell 12.3% year on year to ¥15,976 million, reflecting the postponement of investment projects due to the depreciation of the Chinese yuan and the impact of the novel coronavirus pandemic.

Other Regions

In Other Regions, economic growth in India and ASEAN nations decelerated due to such factors as U.S-China trade tension. However, sales of Komori’s offset printing presses increased in India, the home for its new sales subsidiary that has embarked on its second year of operations since inauguration. Moreover, orders received for security printing presses in the previous fiscal year contributed to growth in sales in the fiscal year under review. As a result, net sales in Other Regions rose 27.6% year on year to ¥14,425 million.

(4) Business Performance by Reportable Segment

In the first quarter of the fiscal year under review, the Company revised the definition of its reportable segments. Accordingly, year-on-year comparisons and other analyses related to operating results for the fiscal year under review, are based on the revised segmentation.

1. Japan

The “Japan” reportable segment includes the Company’s sales in Japan and direct sales to distributors in certain overseas regions as well as sales of security printing presses to overseas customers. These overseas regions consist of Asia—including part of mainland China and the ASEAN region but excluding Hong Kong and Taiwan—and Central and

South America, as well as other regions. Reflecting the Company's performance in the above regions, net sales in the reportable segment "Japan" totaled ¥65,511 million, a year-on-year decrease of ¥10,594 million. Operating loss totaled ¥2,921 million, a turnaround from operating income of ¥1,806 million in the previous fiscal year.

2. North America

The "North America" reportable segment comprises sales posted by the Company's sales subsidiaries in the United States. The Company's performance in this reportable segment was affected by the operating conditions described in the section Overview of Consolidated Net Sales by Region, above. As a result, net sales in this reportable segment totaled ¥5,945 million, a year-on-year decrease of ¥2,155 million. Operating loss totaled ¥547 million, in contrast with operating income of ¥712 million in the previous fiscal year.

3. Europe

The "Europe" reportable segment consists of sales recorded by the Company's sales subsidiaries in Europe and by a subsidiary that manufactures and markets package printing presses, also in Europe. As a result of the factors explained in the above section, net sales in this reportable segment totaled ¥12,628 million, a year-on-year decrease of ¥3,305 million. Operating income totaled ¥143 million, down from ¥429 million in the previous fiscal year.

4. Greater China

The "Greater China" reportable segment consists of sales recorded by the Company's sales subsidiaries in Hong Kong, Shenzhen (China) and Taiwan as well as those recorded by its printing machinery production and sales subsidiary in Nantong, China. As a result of the factors explained in the above section, net sales in this reportable segment totaled ¥11,666 million, a year-on-year increase of ¥4,060 million. Operating loss totaled ¥91 million, a turnaround from operating income of ¥207 million in the previous fiscal year.

5. Other

The "Other" reportable segment includes sales recorded by the Company's sales subsidiaries in Singapore, Malaysia and India. Subject to the aforementioned operating conditions in Other Regions, net sales in this reportable segment totaled ¥2,563 million, a year-on-year increase of ¥512 million. Operating income amounted to ¥2 million, a turnaround from operating loss of ¥61 million in the previous fiscal year.

(5) Highlights

In the fiscal year ended March 31, 2020, Group highlights were as follows:

Komori commercialized the LITHRONE GX40P sheet-fed offset press, a new model incorporating a sheet-reversing unit. Capable of accommodating 37-inch paper, the LITHRONE GX40P is also designed to perform one-pass double-sided printing as well as straight-line printing with multiple colors to help users achieve high productivity and profitability. Specifically, with its sheet-reversing unit boasting a simple and solid structure, this model can stably print at a high speed of 18,000 impressions per hour even when performing double-sided printing. Furthermore, the LITHRONE GX40P is equipped with superior capabilities to print on thick paper in both single-sided and double-sided printing. As the model is available with a variety of options, including those supporting "parallel makeready" (systematic job changeover) as well as non-stop "autopilot" printing, which encompasses processes ranging from trial printing to final run, users will be better positioned to improve the quality and productivity of their printing operations. In addition, the LITHRONE GX40P is an energy-saving model with compact design that aims to address the growing call to minimize the environmental impact of printing machinery operations and resolve issues associated with the working environment for operators.

In February 2020, Komori signed a basic agreement with the MBO Group, a global company based in Germany that specializes in the manufacture and sale of post-press equipment, regarding the acquisition of a 100% equity stake in the latter with the aim of making it a subsidiary. The MBO Group was founded in 1965 to manufacture paper folding machines, a type of machinery that performs an important post-press process. The MBO Group has operated in this field for more than a half century, successfully commanding considerable market share in Europe, the United States and elsewhere. Products manufactured by the MBO Group are known for highly precise performance and superior productivity. The group is also distinguished by its technological capabilities in multiple fields, including paper folding for general commercial printing and inline processing employing a combination of paper folding machines and digital printing systems (DPS). In addition, the MBO Group's operations do not overlap with those undertaken by Komori. Komori therefore expects to be able to introduce post-press solutions for commercial printing, a new field for the Company, through the inclusion of the MBO Group into the scope of consolidation, with its lineup of Print Engineering Service Provider (PESP) business offerings being greatly enhanced by the latter's unique products. As Komori and the MBO Group are well-positioned to supplement each other, the Company will strive to bring together technologies and networks possessed by both companies in the field of post-press equipment marketing. In these ways, Komori will effectively push ahead with its initiatives aimed at transforming its business structure.

As of April 30, 2020, Komori completed the acquisition of a 100% equity stake in the MBO Group. For more details, please see "(5) Notes to Consolidated Financial Statements (Important Subsequent Events)" in "3. CONSOLIDATED FINANCIAL STATEMENTS."

(2) Financial Condition

Assets, Liabilities and Net Assets Total assets as of March 31, 2020

Total assets as of March 31, 2020 stood at ¥135,697 million, a decrease of ¥31,673 million compared with the previous fiscal year-end. Liabilities were ¥37,717 million, an increase of ¥531 million compared with March 31, 2019, while net assets totaled ¥97,979 million, a decrease of ¥32,204 million.

Key negative factors leading to the decrease in total assets included a ¥17,757 million decrease in property, plant and equipment and intangible assets in connection with the posting of impairment losses associated with business assets, a ¥7,924 million decrease in notes and accounts receivable—trade, a ¥6,584 million decrease in cash and deposits, a ¥3,375 decrease in deferred tax assets, and a ¥2,506 million decrease in investment securities. Key positive factors affecting total assets included a ¥4,135 million increase in inventories and a ¥970 million increase in current assets—other.

The primary factors leading to the increase in liabilities were a ¥3,560 million increase in advances received, a ¥2,658 million increase in electronically recorded monetary obligations, and a ¥953 million increase in deferred tax liabilities. The primary factors that decreased liabilities were a ¥6,749 million decrease in notes and accounts payable—trade and a ¥269 million decrease in provision for product warranties.

Key negative factors affecting net assets included a ¥25,473 million decrease in retained earnings due to the recording of loss attributable to owners of the parent, a ¥2,674 million decrease in retained earnings due to the purchase of treasury stock, a ¥2,287 million decrease in retained earnings due to the payment of cash dividends, a ¥1,115 million decrease in valuation difference on available-for-sale securities, and a ¥478 million decrease in foreign currency translation adjustment.

(3) Fiscal 2020 Consolidated Cash Flows

(In millions of yen)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended March 31, 2020	1,807	(3,569)	(5,057)	38,587
Fiscal year ended March 31, 2019	112	(449)	(12,789)	45,673
Increase / (Decrease)	1,694	(3,119)	7,731	(7,085)

Net cash provided by operating activities in the fiscal year ended March 31, 2020 amounted to ¥1,807 million, an increase of ¥1,694 million from net cash provided by operating activities of ¥112 million in the previous fiscal year. Major cash inflows were an adjustment for ¥17,757 million recorded as impairment loss, ¥11,537 million attributable to a decrease in notes and accounts receivable—trade, and a ¥2,304 million adjustment for depreciation. Principal cash outflows included ¥21,176 million in loss before income taxes, a ¥4,404 million increase in inventories and a ¥3,958 million decrease in notes and accounts payable—trade.

Net cash used in investing activities was ¥3,569 million, an increase of ¥3,119 million from ¥449 million used in investing activities in the previous fiscal year. Principal cash outflows included ¥4,562 million in purchase of shares of subsidiaries that resulted in change in scope of consolidation and a ¥1,062 million net increase in property, plant and equipment and intangible assets. Main cash inflows included a ¥1,799 million net decrease in securities.

Net cash used in financing activities totaled ¥5,057 million, down ¥7,731 million from ¥12,789 million used in financing activities in the previous fiscal year. The principal components of cash outflows included ¥2,674 million in the purchase of treasury stock and the payment of cash dividends amounting to ¥2,287 million.

(4) Basic Policy on the Appropriation of Profits and Cash Dividends for the Fiscal Year under Review and the Fiscal Year Ending March 31, 2021

While considering the level of retained earnings required to prudently secure a robust operating platform and ensure future business growth from a long-term perspective, Komori positions maintaining the robust and stable return of profits to its shareholders as a key management priority. Guided by this underlying policy, Komori aims to ensure a total shareholder return ratio of 80% or greater. This target ratio is consistent with the Company's policy for shareholder returns set forth in the Sixth Medium-Term Management Plan, which was announced in November 2019, and was determined by giving due consideration to ensuring the stable payment of dividends. As such, Komori is committed to enhancing shareholder returns in a comprehensive manner.

With regard to year-end cash dividend for the fiscal year under review, Komori has passed a resolution at its Board of Directors meeting to propose the payment of ¥10 per common share, a reduction of ¥10 per common share from the previous dividend forecast. This resolution takes into account the recording of significant losses and the unclear outlook about the magnitude of the pandemic's impact on Komori's operations. Komori intends to submit this proposal to the 74th Annual General Meeting of Shareholders.

In addition, although Komori has yet to determine the amount of cash dividends for the fiscal year ending March 31, 2021 due to the aforementioned circumstances, the Company will promptly disclose its dividend forecast when conditions become clear enough to make a reasonable forecast.

(5) Outlook

Since 2019, U.S.-China trade tension has been affecting economies around the globe, with no end in sight regarding the resolution of the prolonged dispute between the two nations. The printing machinery market is also subject to the negative impact of this impasse. For example, in the Chinese market, previously booming interest in investment that had been in place by the spring of 2019 faded away, supplanted by an ongoing decrease in capital expenditure by local printing companies. Demand for printing paper also declined in Europe. On the other hand, the Asian market has seen growth in domestic demand due to the expansion of the middle class. Accordingly, Komori expects that the primary market for the printing industry will shift to the Asian market, anticipating stable market expansion in this region due to an increase in demand for package printing and other printing services in step with growth in sales of goods.

Against this backdrop, Komori announced its Sixth Medium-Term Management Plan in November 2019. Under this plan, the Company is determined to promote mass-customization (a type of service that aims to meet the needs of individual customers while employing machinery with high productivity virtually on par with mass-production). The Company is simultaneously poised to step up sales of industrial-use digital printing systems capable of accommodating requests for extremely small print runs and variable data printing, as it aims to seize opportunities arising from the advance of hybrid marketing methodologies employing a combination of digital and printed media. Komori will also strengthen its operations related to expendables, such as special inks, to support the digital printing systems. In these ways, Komori will strive to improve profitability.

With regard to the outlook for the fiscal year ending March 31, 2021, the Company anticipates a falloff in demand associated with capital expenditure in markets worldwide as well as the postponement of bidding for printing facility supply projects, due to the enforcement of travel bans, “Stay Home” protocols and other government-led measures aimed at countering the rapid spread of the novel coronavirus. While Komori is prepared to face these risks, there is a lingering sense of uncertainty about the future due to ongoing difficulties in forecasting the timing of the pandemic’s containment.

Taking the aforementioned circumstances into account, the Company decided to execute emergency measures to reinforce its business revenue structure. These measures, including further cost reductions and the review of production systems, will take priority over the implementation of the medium-term management plan. As for consolidated operating results for the fiscal year ending March 31, 2021, Komori has yet to formulate its forecasts due to current difficulties in reasonably estimating its future operating results. Looking ahead, however, Komori will promptly disclose its performance forecasts when conditions become clear enough to make reasonable estimates.

2. FUNDAMENTAL APPROACH TO THE SELECTION OF ACCOUNTING STANDARDS

To ensure preparedness for the future adoption of IFRS reporting, discussions are now under way to develop in-house manuals and guidelines and determine the appropriate timing for its introduction.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

(In millions of yen)

	March 31, 2019	March 31, 2020
(ASSETS)		
Current Assets:		
Cash and deposits	33,988	27,403
Notes and accounts receivable-trade	23,748	15,823
Electronically recorded monetary claims	2,402	2,416
Short-term investment securities	15,194	12,821
Merchandise and finished goods	13,309	17,923
Work in process	10,091	10,481
Raw materials and supplies	8,827	7,959
Current portion of insurance funds	68	311
Other	2,149	3,120
Allowance for doubtful accounts	(328)	(334)
Total current assets	109,451	97,926
Noncurrent Assets:		
Property, plant and equipment		
Buildings and structures	31,749	27,609
Accumulated depreciation	(22,149)	(22,935)
Buildings and structures, net	9,599	4,673
Machinery, equipment and vehicles	18,445	16,929
Accumulated depreciation	(15,209)	(15,280)
Machinery, equipment and vehicles, net	3,236	1,648
Land	18,020	8,091
Construction in progress	104	218
Other	7,335	7,629
Accumulated depreciation	(6,395)	(6,612)
Other, net	939	1,017
Total property, plant and equipment	31,900	15,650
Intangible assets	2,243	4,983
Goodwill	685	3,259
Other	1,557	1,724
Investments and other assets		
Investment securities	9,640	7,134
Deferred tax assets	4,957	1,582
Insurance funds	6,373	6,167
Net defined benefit asset	1,203	1,542
Other	1,684	794
Allowance for doubtful accounts	(84)	(83)
Total investments and other assets	23,775	17,136
Total noncurrent assets	57,919	37,771
Total Assets	167,370	135,697

(1) Consolidated Balance Sheets

(In millions of yen)

	March 31, 2019	March 31, 2020
(LIABILITIES)		
Current Liabilities:		
Notes and accounts payable-trade	12,575	5,826
Electronically recorded obligations-operating	7,819	10,478
Short-term loans payable	39	34
Income taxes payable	169	329
Advances received	5,176	8,737
Provision for bonuses	1,068	930
Provision for product warranties	998	729
Provision for loss on guarantees	132	112
Provision for directors' bonuses	42	-
Provision for onerous contracts	-	39
Deferred installment income	39	38
Other	5,747	5,535
Total current liabilities	33,809	32,792
Noncurrent Liabilities:		
Deferred tax liabilities	105	1,058
Provision for directors' retirement benefits	20	25
Provision for loss on litigation	110	110
Provision for onerous contracts	-	56
Net defined benefit liability	2,559	2,780
Other	581	894
Total noncurrent liabilities	3,376	4,925
Total Liabilities	37,185	37,717
(NET ASSETS)		
Shareholders' Equity:		
Capital stock	37,714	37,714
Capital surplus	37,788	37,788
Retained earnings	58,797	26,040
Treasury stock	(5,058)	(2,736)
Total shareholders' equity	129,242	98,807
Other Comprehensive Income:		
Valuation difference on available-for-sale securities	2,871	1,756
Foreign currency translation adjustment	(834)	(1,313)
Remeasurements of defined benefit plans	(1,169)	(1,337)
Total other comprehensive income	867	(895)
Non-controlling interests	74	67
Total Net Assets	130,184	97,979
Total Liabilities and Net Assets	167,370	135,697

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(In millions of yen)

	Fiscal 2019 (April 1, 2018 to March 31, 2019)	Fiscal 2020 (April 1, 2019 to March 31, 2020)
Net Sales	90,242	77,646
Cost of Sales	61,966	55,396
Reversal of unrealized income on installment sales	3	0
Gross profit	28,279	22,249
Selling, General and Administrative Expenses	25,573	25,654
Operating income (loss)	2,706	(3,404)
Non-Operating Income		
Interest income	92	80
Dividends income	258	256
Rent income	97	88
Other	257	274
Total non-operating income	704	700
Non-Operating Expenses		
Interest expenses	52	7
Compensation for damage	499	171
Foreign exchange losses	214	473
Other	141	123
Total non-operating expenses	907	776
Ordinary income (loss)	2,502	(3,480)
Extraordinary Income		
Gain on sales of noncurrent assets	3	0
Gain on sales of investment securities	-	259
Insurance income	-	55
Total extraordinary income	3	315
Extraordinary Loss		
Loss on sales of noncurrent assets	24	4
Loss on retirement of noncurrent assets	11	19
Loss on step acquisitions	11	-
Impairment loss	-	17,757
Business structure improvement expenses	-	150
Loss on valuation of investment securities	-	28
Loss on disaster	-	53
Total extraordinary loss	47	18,012
Income (loss) before income taxes	2,458	(21,176)
Income taxes-current	430	177
Income taxes-deferred	613	4,122
Total income taxes	1,044	4,299
Income (loss) before minority interests	1,414	(25,476)
Profit (loss) attributable to non-controlling interests	(13)	(2)
Profit (loss) attributable to owners of parent	1,427	(25,473)

Consolidated Statements of Comprehensive Income

(In millions of yen)

	Fiscal 2019 (April 1, 2018 to March 31, 2019)	Fiscal 2020 (April 1, 2019 to March 31, 2020)
Profit (Loss)	1,414	(25,476)
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(1,752)	(1,115)
Foreign currency translation adjustment	124	(484)
Remeasurements of defined benefit plans, net of tax	220	(168)
Total other comprehensive income	(1,407)	(1,768)
Comprehensive Income (loss)	6	(27,245)
Comprehensive income attributable to:		
Comprehensive income (loss) attributable to owners of the parent	11	(27,236)
Comprehensive income (loss) attributable to non-controlling interests	(4)	(8)

(3) Consolidated Statements of Changes in Net Assets

(In millions of yen)

	Fiscal 2019 (April 1, 2018 to March 31, 2019)	Fiscal 2020 (April 1, 2019 to March 31, 2020)
Shareholders' Equity		
Capital stock		
Balance at the beginning of current period	37,714	37,714
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	37,714	37,714
Capital surplus		
Balance at the beginning of current period	37,788	37,788
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	37,788	37,788
Retained earnings		
Balance at the beginning of current period	59,730	58,797
Changes of items during the period		
Dividends from surplus	(2,329)	(2,287)
Profit (Loss) attributable to owners of parent	1,427	(25,473)
Disposal of treasury shares	-	(0)
Retirement of treasury shares	-	(4,995)
Change of scope of consolidation	(32)	-
Total changes of items during the period	(933)	(32,756)
Balance at the end of current period	58,797	26,040
Treasury stock		
Balance at the beginning of current period	(5,057)	(5,058)
Changes of items during the period		
Purchase of treasury stocks	(0)	(2,674)
Disposal of treasury stocks	0	0
Retirement of treasury shares	-	4,995
Total changes of items during the period	(0)	2,321
Balance at the end of current period	(5,058)	(2,736)
Total shareholders' equity		
Balance at the beginning of current period	130,177	129,242
Changes of items during the period		
Dividends from surplus	(2,329)	(2,287)
Profit (Loss) attributable to owners of parent	1,427	(25,473)
Purchase of treasury stocks	(0)	(2,674)
Disposal of treasury stocks	0	0
Retirement of treasury shares	-	-
Change of scope of consolidation	(32)	-
Net changes of items other than shareholders' equity	-	-
Total changes of items during the period	(934)	(30,434)
Balance at the end of current period	129,242	98,807

(3) Consolidated Statements of Changes in Net Assets

(In millions of yen)

	Fiscal 2019 (April 1, 2018 to March 31, 2019)	Fiscal 2020 (April 1, 2019 to March 31, 2020)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of the period	4,623	2,871
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,752)	(1,115)
Total changes of items during the period	(1,752)	(1,115)
Balance at the end of the period	2,871	1,756
Foreign currency translation adjustment		
Balance at the beginning of the period	(959)	(834)
Changes of items during the period		
Net changes of items other than shareholders' equity	124	(478)
Total changes of items during the period	124	(478)
Balance at the end of the period	(834)	(1,313)
Remeasurements of defined benefit plans		
Balance at the beginning of the period	(1,389)	(1,169)
Changes of items during the period		
Net changes of items other than shareholders' equity	220	(168)
Total changes of items during the period	220	(168)
Balance at the end of the period	(1,169)	(1,337)
Total accumulated other comprehensive income		
Balance at the beginning of the period	2,274	867
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,407)	(1,762)
Total changes of items during the period	(1,407)	(1,762)
Balance at the end of the period	867	(895)
Non-controlling interests		
Balance at the beginning of the period	-	74
Net changes of items other than shareholders' equity	74	(7)
Total changes of items during the period	74	(7)
Balance at the end of the period	74	67
Total Net Assets		
Balance at the beginning of the period	132,451	130,184
Changes of items during the period		
Dividends from surplus	(2,329)	(2,287)
Profit (Loss) attributable to owners of parent	1,427	(25,473)
Purchase of treasury stocks	(0)	(2,674)
Disposal of treasury stocks	0	0
Retirement of treasury shares	-	-
Change of scope of consolidation	(32)	-
Net changes of items other than shareholders' equity	(1,332)	(1,770)
Total changes of items during the period	(2,266)	(32,204)
Balance at the end of the period	130,184	97,979

(4) Consolidated Statements of Cash Flows

(In millions of yen)

	Fiscal 2019 (April 1, 2018 to March 31, 2019)	Fiscal 2020 (April 1, 2019 to March 31, 2020)
Net Cash Provided by (Used in) Operating Activities:		
Income before income taxes	2,458	(21,176)
Depreciation and amortization	1,964	2,304
Impairment loss	-	17,757
Amortization of goodwill	199	595
Increase (decrease) in allowance for doubtful accounts	(57)	12
Increase (decrease) in provision for bonuses	(18)	(138)
Increase (decrease) in net defined benefit liability	(444)	(311)
Interest and dividends income	(350)	(336)
Interest expenses	52	7
Foreign exchange losses (gains)	6	151
Decrease (increase) in notes and accounts receivable-trade	(828)	11,537
Decrease (increase) in inventories	(3,987)	(4,404)
Increase (decrease) in notes and accounts payable-trade	720	(3,958)
Decrease (increase) in prepaid expenses	150	(154)
Increase (decrease) in deposits received	83	(828)
Increase (decrease) in accrued consumption taxes	(304)	(512)
Other, net	722	927
Subtotal	368	1,471
Interest and dividends income received	350	337
Interest expenses paid	(52)	(7)
Income taxes paid	(554)	6
Net cash provided by (used in) operating activities	112	1,807
Net Cash Provided by (Used in) Investing Activities:		
Net decrease (increase) in short-term investment securities	1,099	1,799
Payments into time deposits	(39)	(111)
Proceeds from withdrawal of time deposits	-	72
Purchase of property, plant and equipment and intangible assets	(1,121)	(1,062)
Proceeds from sales of property, plant and equipment and intangible assets	124	4
Purchase of insurance funds	(272)	(104)
Proceeds from maturity of insurance funds	402	68
Purchase of investment securities	(99)	(122)
Proceeds from sales of investment securities	-	409
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(544)	(4,562)
Purchase of long-term prepaid expenses	(1)	(28)
Other payments	(4)	(3)
Other proceeds	7	72
Net cash provided by (used in) investing activities	(449)	(3,569)
Net Cash Provided by (Used in) Financing Activities:		
Net increase (decrease) in short-term loans payable	(154)	(0)
Repayments of lease obligations	(304)	(96)
Redemption of bonds	(10,000)	-
Purchase of treasury stocks	(0)	(2,674)
Cash dividends paid	(2,329)	(2,287)
Proceeds from sales of treasury stock	0	0
Net cash provided by (used in) financing activities	(12,789)	(5,057)
Effect of exchange rate change on cash and cash equivalents	(26)	(266)
Net increase (decrease) in cash and cash equivalents	(13,152)	(7,085)
Cash and cash equivalents at beginning of the period	58,826	45,673
Cash and cash equivalents at end of the period	45,673	38,587

(5) Notes to Consolidated Financial Statements

(Notes on Premise as a Going Concern)

Not applicable.

(Changes in Accounting Policies)

In the fiscal year ended March 31, 2020, Komori adopted International Financial Reporting Standards (IFRS) No. 16 “Leases” (hereinafter “IFRS 16”) for its foreign subsidiaries to which IFRS is applicable. Upon the adoption of this standard, all of these subsidiaries are mandated to present their lease borrowings on consolidated balance sheets as assets or liabilities.

As of March 31, 2020, the aforementioned change resulted in a ¥273 million increase in property, plant and equipment, a ¥109 million increase in current liabilities—other, and a ¥166 million increase in noncurrent liabilities—other. However, the overall impact on consolidated profit and loss for the fiscal year under review is insignificant.

(Matters Related to Consolidated Statements of Income)

Impairment Loss

In the fiscal year ended March 31, 2020, the Company recorded impairment losses in connection with the following assets.

1. List of assets with impairment losses

Region	Usage	Category	Impairment loss
Tsukuba, Ibaraki	Business assets (Printing machinery manufacturing facilities)	Land and buildings, etc.	¥16,756 million
	Business assets (Right-of-use assets)	Long-term prepaid expenses, etc.	¥1,001 million

2. Factors leading to the recognition of impairment losses

Komori has been producing large-size sheet-fed offset printing presses, web offset presses and security printing presses at its Tsukuba Plant, the Company’s mainstay manufacturing facility. Based primarily on these operations, Komori’s consolidated net sales reached a record high in the fiscal year ended March 31, 2008. However, following the worldwide recession triggered by the September 2008 bankruptcy of Lehman Brothers, Komori’s net sales decreased significantly. Since then, the Company has achieved an overall upturn in net sales thanks to a turnaround and modest upward trend in demand in such emerging markets as China, ASEAN nations and India. On the other hand, demand for publishing and other commercial printing in developed countries, including those of Europe, the United States and Japan, has not increased as expected due to the widespread digitization of previously printed materials in these countries. Furthermore, the fallout from the novel coronavirus pandemic currently affecting regions around the globe is expected to be long-lasting. Komori has thus judged that the Company’s profitability will decline due to these factors and carefully examined the future recoverability of its business assets. Based on conclusions reached via these examinations, Komori decided to post the aforementioned impairment losses.

In addition, the negative impact of the novel coronavirus pandemic on profit is generally expected to materialize in Komori's consolidated operating results during the first three months of the fiscal year ending March 31, 2021. However, the Company expects gradual recovery in its profit from the second quarter onward. The aforementioned examination of the recoverability of business assets has been carried out based on these assumptions.

In addition, readers are advised that these assumptions are provisional and for accounting treatment purpose only. As for operating results for the fiscal year ending March 31, 2021, the Company has yet to determine its forecasts. For more details, please also see "(5) Outlook" in "1. REVIEW OF OPERATIONS AND FINANCIAL CONDITION" on page 6.

3. Breakdown of impairment losses by asset category

Land	¥9,904 million
Buildings and structures	¥4,769 million
Machinery, equipment and vehicles	¥1,282 million
Long-term prepaid expenses	¥800 million
Other	¥999 million

4. Method for grouping assets

Assets are grouped by each cash generating unit that can be deemed independent.

5. Method for calculating recoverable value

The recoverable value of the business assets is calculated using the value in use, with the present value of future cash flows estimated using a discount rate of 13.08%. For assets with a negative value in use based on their future cash flows, the Company assumes their recoverable value to be zero.

(Business Combination, etc.)

Business combination via share acquisition

1. Outline of business combination

(1) Name and business of the acquired company

Name of the acquired company	Shenzhen Infotech Technology Co., Ltd.
Main business	Sales of and services associated with printing equipment and its peripheral equipment and expendables

(2) Reasons for undertaking business combination

This firm has been a credible Komori partner, acting as a distributor for about 20 years, with clear understanding of Komori's company policy and products. Having sold more than 1,600 Komori printing presses, Infotech has built up a solid customer base and sales organization. Komori made it a subsidiary in order to expand its operations in the world's largest printing machinery market in China and, to this end, enhance its ability to deliver cutting-edge printing presses in a proactive and timely manner, accurately satisfying local customer requirements for ever more sophisticated solutions.

(3) Date of business combination
April 29, 2019

(4) Legal form of business combination
Purchase of shares in exchange for cash

(5) Name of the acquired company after business combination
Komori (Shenzhen) Print Engineering Co., Ltd.

(6) The ratio of voting rights acquired
100%

(7) Basis for determining the acquiring company
Komori's subsidiary acquired 100% of shares in exchange for cash.

2. Period of the acquired company's operating results included in consolidated financial statements
From May 1, 2019 to March 31, 2020

3. Content and amount of key expenses associated with transaction
Advisory fees, etc. ¥67 million

4. Acquisition cost of the acquired company and breakdown of acquisition cost by category

Cash payments	¥4,740 million
Total acquisition cost	¥4,740 million

5. Amount of goodwill recorded, reasons for recording goodwill and amortization method and period
(1) Amount of goodwill recorded
¥3,253 million

(2) Reasons for recording goodwill
Goodwill is recognized based on the expected profitability from future business activities in excess of fair value.

(3) Amortization method and period
Straight-line method: eight years

6. Value of assets and liabilities assumed at the date of the business combination and their main components

Current assets	¥460 million
Noncurrent assets	¥1,670 million
Total assets	¥2,130 million

Current liabilities	¥326 million
Noncurrent liabilities	¥307 million
Total liabilities	¥633 million

7. Approximate estimate of the impact on consolidated statements of income for the fiscal year under review based on the assumption that the business combination was completed at the beginning of said fiscal year

Omitted because such an estimate has no significant monetary implications.

(Consolidated Segment Information)

[Segment Information]

1. Overview of Reportable Segments

(1) Method for defining reportable segments

Komori's reportable segments are constituent units of the Company whose separate financial information is obtainable. The Company's Board of Directors periodically examines these segments for the purpose of deciding the allocation of management resources and assessing operating results.

The Komori Group is primarily engaged in a single business activity, namely, the manufacture, sale and repair of printing presses. Komori has established a structure to manufacture all of its products, except certain products, in Japan. Meanwhile, the Company has developed a global sales and marketing structure underpinned by subsidiaries based in important overseas markets. These overseas subsidiaries are independently promoting business activities through the formulation and implementation of their own comprehensive, region-specific sales and marketing strategies.

Accordingly, the Komori Group has the four reportable segments of "Japan," "North America," "Europe" and "Greater China" which are defined in line with the locations of its various Group companies constituting its global sales and marketing structure.

(2) Regional scope of marketing covered by each reportable segment

The composition of individual reportable segments is as follows. The reportable segment "Japan" includes sales recorded in Japan, Central and South America and Asia (excluding a portion of Greater China) as well as sales of security printing presses to overseas customers. Komori Corporation and SERIA CORPORATION are in charge of sales and marketing in this segment.

The reportable segment "North America" mainly includes sales recorded in the United States. Komori America Corporation is in charge of sales and marketing in this segment.

The reportable segment "Europe" mainly includes sales recorded in Western Europe, Eastern Europe and the Middle East. Komori International (Europe) B.V. is in charge of sales and marketing in this segment. Komori-Chambon S.A.S., which undertakes the manufacture and sale of package printing presses, is also included in this segment.

The reportable segment "Greater China" includes sales recorded in Greater

China, except for a portion recorded in this region. The Komori Hong Kong (KHK) Group and Komori Taiwan Limited are in charge of sales and marketing in this segment. The China-based Komori Machinery (Nantong) Co., Ltd., a subsidiary charged with the manufacture and sales of printing machinery and equipment as well as parts for these products, is also included in this segment.

(3) Matters related to changes in reportable segments
In the fiscal year ended March 31, 2020, the Company revised the definition of its reportable segments and positioned “Greater China,” which had been previously included in “Other,” as a separate reportable segment due to its increased importance in terms of transactional quantity.

In addition, segment information for the previous fiscal year is prepared based on the revised definition of reportable segments. This information is stated in “3. Information Concerning Net Sales, Operating Income (Loss), Assets, Liabilities and Other Items by Reportable Segment” in a table describing segment results for said fiscal year.

2. Accounting Method Concerning Net Sales, Operating Income (Loss), Assets, Liabilities and Other Items by Reportable Segment

The accounting methods for the reportable segments are basically the same as the accounting methods used in the preparation of consolidated financial statements.

Intersegment sales and transfers are based on wholesale prices calculated by taking into account current market values and other factors.

3. Information Concerning Net Sales, Operating Income (Loss), Assets, Liabilities and Other Items by Reportable Segment

Fiscal 2019 (April 1, 2018 to March 31, 2019)

(In millions of yen)

	Reportable Segment					Others (Note)	Total
	Japan	North America	Europe	Greater China	Subtotal		
Net sales							
Sales to outside customers	58,930	8,077	15,188	6,084	88,281	1,961	90,242
Intersegment sales	17,175	23	745	1,522	19,467	88	19,556
Total	76,105	8,101	15,934	7,606	107,748	2,050	109,799

Operating income (loss)	1,806	712	429	207	3,156	(61)	3,094
Assets	162,401	7,376	10,545	3,962	184,284	1,174	185,461
Other items							
Depreciation	1,681	31	151	58	1,922	42	1,965
Impairment loss	—	—	—	—	—	—	—
Amortization of goodwill	199	—	—	—	199	—	199
Increase of property, plant and equipment and intangible assets	1,265	24	162	27	1,481	45	1,526

Note: Others includes the Company's business activities conducted outside the reportable segments, namely, those undertaken by sales subsidiaries in India, Singapore and Malaysia.

Fiscal 2020 (April 1, 2019 to March 31, 2020)

(In millions of yen)

	Reportable Segment					Others (Note)	Total
	Japan	North America	Europe	Greater China	Subtotal		
Net sales							
Sales to outside customers	46,431	5,890	12,303	10,515	75,141	2,504	77,646
Intersegment sales	19,080	54	324	1,151	20,611	58	20,669
Total	65,511	5,945	12,628	11,666	95,752	2,563	98,315
Operating income (loss)	(2,921)	(547)	143	(91)	(3,418)	2	(3,416)
Assets	131,468	5,546	10,880	8,571	156,467	1,396	157,863
Other items							
Depreciation	1,749	36	174	298	2,259	44	2,304
Impairment loss	17,757	—	—	—	17,757	—	17,757
Amortization of goodwill	197	—	—	398	595	—	595

Increase of property, plant and equipment and intangible assets	1,312	20	562	720	2,615	8	2,624

Note: Others includes the Company's business activities conducted outside the reportable segments, namely, those undertaken by sales subsidiaries in India, Singapore and Malaysia.

4. Adjustments for Differences between Total Amounts in Reportable Segments and Corresponding Amounts as Presented in Consolidated Financial Statements

(In millions of yen)

Net Sales	Fiscal 2019	Fiscal 2020
Total net sales in reportable segments	107,748	95,752
Net sales in others	2,050	2,563
Eliminations	(19,556)	(20,669)
Net sales as presented in Consolidated Financial Statements	90,242	77,646

(In millions of yen)

Operating Income (Loss)	Fiscal 2019	Fiscal 2020
Total operating income in reportable segments	3,156	(3,418)
Operating income (loss) in others	(61)	2
Adjustments for inventories	(312)	(109)
Eliminations	124	123
Other adjustments	(200)	(2)
Operating income as presented in Consolidated Financial Statements	2,706	(3,404)

5. Information Concerning Impairment of Noncurrent Assets by Reportable Segment

Omitted because similar information is presented in *Segment Information*.

6. Information Concerning Amortization and Unamortized Balance of Goodwill by Reportable Segment

Fiscal 2019 (April 1, 2018 to March 31, 2019)

(In millions of yen)

	Reportable Segment					Others	Total
	Japan	North America	Europe	Greater China	Subtotal		
Balance as of the end of fiscal 2019	685	–	–	–	685	–	685

Note: The amortization amount of goodwill is omitted because similar information is presented in *Segment Information*.

Fiscal 2020 (April 1, 2019 to March 31, 2020)

(In millions of yen)

	Reportable Segment					Others	Total
	Japan	North America	Europe	Greater China	Subtotal		
Balance as of the end of fiscal 2020	456	–	–	2,802	3,259	–	3,259

Note: The amortization amount of goodwill is omitted because similar information is presented in *Segment Information*.

(Per Share Information)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net assets per share	2,234.61	1,750.80
Basic earnings per share	24.52	(450.11)

Diluted earnings per share are not presented in the table above as there were no potentially dilutive shares for the fiscal years ended March 31, 2019 and 2020.

Basis for Calculation

1. Basis for the calculation of basic earnings per share is as follows.

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	1,427	(25,473)
Amount not available to common stockholders (millions of yen)	—	—
Profit attributable to owners of parent pertaining to common stock (millions of yen)	1,427	(25,473)
Average number of shares of common stock outstanding during the year (thousands of shares)	58,225	56,594

2. Basis for the calculation of net assets per share is as follows.

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net assets (millions of yen)	130,184	97,979
Net assets pertaining to common stock (millions of yen)	130,110	97,912
Number of shares of common stock outstanding (thousands of shares)	58,224	55,924

(Important Subsequent Events)

Business combination via share acquisition

On April 30, 2020, the Company acquired 100% of the shares in Maschinenbau Oppenweiler Binder GmbH & Co. KG, and indirectly became the parent of the acquired company's subsidiaries, through Komori Germany GmbH., which is a newly established subsidiary. The acquired company was merged into Komori Germany GmbH on the same date.

1. Outline of business combination

(1) Name and business of the acquired company

Name of the acquired company	Maschinenbau Oppenweiler Binder GmbH & Co. KG
Main business	Manufacture and sales of post-press equipment and expendables as well as the provision of relevant services

(2) Reasons for undertaking business combination

Maschinenbau Oppenweiler Binder is the main company of the Germany-based MBO Group. The MBO Group engages in the manufacture and sale of paper folding machines, a type of machinery that performs an important post-press process. In the course of operations in this field for more than a half century, the MBO Group successfully commands a considerable market share in Europe and elsewhere. Moreover, the MBO Group maintains collaboration with a variety of sales partners in regions worldwide and is currently engaged in the global marketing of paper folding machines and the provision of after-sales services in more than 60 countries.

Products manufactured by the MBO Group are known for highly precise performance and superior productivity. The group is also distinguished by its technological capabilities in multiple fields, including paper folding for general commercial printing, inline processing employing a combination of paper folding machines and digital printing systems (DPS) and a complex folding process that handles thin paper and requires specialized technology. In recent years, the MBO Group also launched collaboration with robot makers, resulting in the creation of labor-saving systems as part of the MBO Group product lineup.

Through the acquisition of the equity stake in the MBO Group, Komori expects to be able to market unique products that will support the PESP business approach the Company is currently promoting. Specifically, the inclusion of the aforementioned operations into Komori's business portfolio will help it introduce post-press solutions for commercial printing, a new field for the Company. When coupled with KP-Connect and other IoT-based cloud solutions Komori is marketing on a global basis, the MBO Group's products will also help provide customers with even more robust, seamless printing production systems that include post-press processing. Komori is also looking to develop new solutions through the combination of the MBO Group's technologies and Komori's

DPS, offset printing presses and other key products.

(3) Date of business combination
April 30, 2020

(4) Legal form of business combination
Purchase of shares in exchange for cash

(5) Name of the acquired company after business combination
MBO Postpress Solutions GmbH

(6) The ratio of voting rights acquired
100%

(7) Basis for determining the acquiring company
Komori's subsidiary acquired 100% of shares in exchange for cash.

2. Acquisition cost of the acquired company and breakdown of acquisition cost by category

Not disclosed due to the agreement between related parties.

3. Content and amount of key expenses associated with transaction

Currently, these items have yet to be determined.

4. Amount of goodwill recorded, reasons for recording goodwill and amortization method and period

Currently, these items have yet to be determined.

5. Value of assets and liabilities assumed at the date of the business combination and their main components

Currently, these items have yet to be determined.