

**Results of Operations for the Fiscal Year Ended March 31, 2019**  
**REPORTED BY KOMORI CORPORATION (Japanese GAAP)**

May 13, 2019

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Annual General Meeting of Shareholders: June 19, 2019  
Payment date of year-end dividend: June 20, 2019  
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 2019 (April 1, 2018 to March 31, 2019)**

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

	Fiscal year ended March 31, 2019	%	Fiscal year ended March 31, 2018	%
Net sales	90,242	(4.2)	94,168	8.7
Operating income	2,706	(27.5)	3,732	118.0
Ordinary income	2,502	(43.4)	4,420	209.1
Profit attributable to owners of parent	1,427	(53.6)	3,074	367.6

(Yen)

Basic earnings per share	24.52	52.81
Diluted earnings per share	-	-

(%)

ROE	1.1	2.3
ROA	1.4	2.4
Operating income to net sales ratio	3.0	4.0

Notes:

1. Comprehensive income:

Fiscal year ended March 31, 2019: 6 million yen (99.8) %

Fiscal year ended March 31, 2018: 3,396 million yen 14.7 %

2. Share of profit of entities accounted for using equity method:

Fiscal year ended March 31, 2019: -

Fiscal year ended March 31, 2018: -

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, 2019	March 31, 2018
Total assets	167,370	181,199
Total net assets	130,184	132,451
Equity ratio (%)	77.7	73.1
Net assets per share (Yen)	2,234.61	2,274.80

Note:

Equity as of: March 31, 2019: 130,110 million yen

March 31, 2018: 132,451 million yen

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

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018
Net cash provided by (used in) operating activities	112	6,091
Net cash provided by (used in) investing activities	(449)	295
Net cash provided by (used in) financing activities	(12,789)	(2,340)
Cash and cash equivalents at end of the period	45,673	58,826

**2. Dividends**

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ending March 31, 2020 (Forecast)
Annual cash dividends per share (Yen)	40.00	40.00	40.00
First quarter period-end dividends	-	-	-
Second quarter period-end dividends	20.00	20.00	20.00
Third quarter period-end dividends	-	-	-
Year-end dividends	20.00	20.00	20.00
Total cash dividends for the year (Millions of yen)	2,329	2,329	-
Dividend payout ratio (Consolidated) (%)	75.7	163.1	166.4
Ratio of dividends to net assets (Consolidated) (%)	1.8	1.8	-

**3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2020**  
**(April 1, 2019 to March 31, 2020)**

(In millions of yen, rounded down)

	Sixth months ending September 30, 2019	%	Fiscal year ending March 31, 2020	%
Net sales	41,500	3.2	93,200	3.3
Operating income (loss)	(400)	-	2,300	(15.0)
Ordinary income (loss)	(400)	-	2,400	(4.1)
Profit (loss) attributable to owners of parent	(700)	-	1,400	(2.0)
Basic earnings (loss) per share (Yen)	(12.02)	-	24.05	-

Note:

Percentage figures given for the first four items in the above table represent the percentage increase/decrease on a year-on-year basis.

**\*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: None
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, 2019: 62,292,340 shares

March 31, 2018: 62,292,340 shares

2. Number of treasury stock as of:

March 31, 2019: 4,067,383 shares

March 31, 2018: 4,066,721 shares

3. Average number of shares during the period:

Fiscal year ended March 31, 2019: 58,225,376 shares

Fiscal year ended March 31, 2018: 58,226,146 shares

\* 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

The aforementioned forecasts are based on management's assumptions and beliefs held in light of information currently available to it and, accordingly, involve risks and uncertainties that may cause actual results to differ materially from forecasts. These uncertainties include, but are not limited to, changes in economic conditions, market trends, changes in foreign currency exchange rates and other factors.

For further information on the forecast of consolidated business results, please refer to "1. REVIEW OF OPERATIONS AND FINANCIAL CONDITION," "(5) Outlook" on pages 13.

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 21, 2019. 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](http://www.komori.com/contents_com/ir/index.htm)

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## 1. REVIEW OF OPERATIONS AND FINANCIAL CONDITION

### (1) Fiscal 2019 Operating Results

#### *(1) Overview*

During the fiscal year ended March 31, 2019, although European and the U.S. economies benefitted from the overall stability of employment, the pace of growth in these regions has gradually decelerated. Growth in the Chinese economy has also slowed due to U.S.-China trade tensions, while elsewhere in Asia, economic conditions varied largely by country. In Japan, modest economic growth continued thanks to robust domestic demand, despite stagnant exports.

Amidst these circumstances, the printing industry faced prolonged stagnation in demand for publishing and commercial printing due to the advances in information and communications technology and diversification of media in developed countries. However, demand for package printing, which is essential to the distribution of consumer goods, has been growing firmly. Meanwhile, markets in newly emerging nations were supported by population growth and the expansion of the middle class, both of which, in turn, led to an upturn in print demand despite the impact of economic fluctuations.

In the printing machinery market, demand in the United Kingdom remained sluggish due to a sense of uncertainty regarding the future outlook of Brexit-related issues. In France, demand was affected as subsequent growth waned due to the end of preferential tax policies executed to spur capital expenditure. In the United States, printing companies took a 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 from major printing firms grew as they sought to achieve higher productivity by introducing printing machinery with sophisticated printing automation and labor-saving functions. Demand was also buoyed by a trend toward investment in package printing presses and other high-value-added models as well as growing needs for printing machinery used for web-based printing services. Although the deceleration of growth in the Chinese economy spilled over to some other countries in Asia, overall demand was stable in the region. In Japan, demand for facility upgrades associated with offset printing presses remained stable, thanks to needs for such solutions as those aimed at reducing printing cost and enhancing operational efficiency.

#### *(2) Consolidated Performance*

Amid this market environment, the Komori Group promoted its Fifth Medium-Term Management Plan (spanning April 2016 to March 2019). During the final year of said plan, Komori stayed committed to pushing forward with its two-pronged reformative initiatives.

First, the Group endeavored to transform the business structure to build a more diversified business portfolio and, to this end, promoted the security printing press business targeting overseas customers as well as the digital printing press (DPS) business and the printed electronics (PE) business. In the security printing press

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business, Komori participated in Banknote 2018, the industry-leading international conference held in the United States in May 2018. At the event, Komori was chosen to receive the 2018 Excellence in Currency Technical Award for the Best New Currency Feature or Product by the International Association of Currency Affairs (IACA) thanks to the development of the CURRENCY NV32 Combination Multiprocess Numbering and Varnishing Press. At the same time, the Company strove to secure orders from central banks and private securities printing firms in countries around the globe and succeeded in taking orders for a number of large printing lines worth ¥11.0 billion in total. In the DPS business, Komori marketed the Impremia IS29, a 29-inch size sheet-fed digital printing system while also developing the Impremia NS40, a large sheet-fed printing system that employs the Nanographic Printing® process and is capable of accepting 40-inch paper, with an eye to performing field tests in the near future. In the PE business, the Company participated in the 2018 International Printed Circuit & APEX South China Fair (HKPCA 2018) held in Shenzhen in December, aiming to expand its sales channels in China and other Asian countries.

Second, Komori strove to achieve business model innovation in sales activities. More specifically, the Company expanded the range of marketing to secure a greater presence as a Print Engineering Service Provider (PESP) capable of delivering a variety of solutions for business challenges confronting customers. As part of these efforts, Komori has been proposing the introduction of KP-Connect, an IoT-based cloud solution that connects the entire printing process and helps develop a more efficient and labor-saving production system. KP-Connect is currently utilized to connect a total of more than 300 printing machines, contributing to the enhancement of operational efficiency at the frontlines of production. In addition, the Company participated in the IGAS 2018 International Graphic Arts Show held in July 2018 and, under the theme “Innovate to Create,” provided demonstrations aimed at encouraging audiences to shift their focus from “how to print” to “what to print” via the introduction of automated printing systems that no longer require intensive labor or complex human skills and help resolve specific issues confronting printing companies.

Consequently, orders received in the fiscal year under review rose 5.7% from the previous fiscal year to ¥93,451 million, while consolidated net sales fell 4.2% year on year to ¥90,242 million. Turning to expenses, the cost of sales ratio dropped slightly year on year thanks to such factors as changes in sales by product category. However, the ratio of selling, general and administrative (SG&A) expenses to net sales was up year on year due mainly to growth in personnel expenses and corporate spending on advertising as well as a decrease in consolidated net sales. As a result, operating income

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decreased 27.5% compared with the previous fiscal year to ¥2,706 million. Ordinary income fell 43.4% year on year to ¥2,502 million due in part to a turnaround from foreign exchange gains totaling ¥284 million recorded in the previous fiscal year to foreign exchange losses totaling ¥214 million recorded in the fiscal year under review. As a result of these and other factors, income before income taxes amounted to ¥2,458 million, down 40.8% year on year. Profit attributable to owners of the parent totaled ¥1,427 million, down 53.6% year on year.

Overseas sales totaled ¥53,764 million, down 3.3% from the previous fiscal year, with the ratio of overseas sales to net sales at 59.6%.

### *(3) Overview of Consolidated Net Sales by Region*

Consolidated net sales during the fiscal year under review amounted to ¥90,242 million, representing a 4.2% 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, 2018	Fiscal Year Ended March 31, 2019	Increase / (Decrease) (%)
Net sales		94,168	90,242	(4.2%)
Breakdown	Japan	38,594	37,444	(3.0%)
	North America	8,858	8,077	(8.8%)
	Europe	16,019	15,188	(5.2%)
	Greater China	12,929	18,226	41.0%
	Other Regions	17,767	11,305	(36.4%)

#### *Domestic Sales*

Despite the deceleration of growth in exports, the Japanese economy enjoyed continued recovery backed by improvement in employment. However, although demand for offset printing presses was firm, domestic net sales edged down 3.0% year on year to ¥37,444 million due to a decrease in demand for security printing presses. On the other hand, orders received were in excess of orders received during the previous fiscal year due in part to the positive effect of Komori's participation in the IGAS 2018 International Graphic Arts Show held in July 2018.

#### *North America*

In North America, ongoing improvement in employment and continuously robust corporate earnings caused steady economic growth to continue. Moreover, growth in

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sales of Komori's consumable supplies and maintenance services was in excess of growth in sales of those offerings in the previous fiscal year. However, the ongoing trend toward investment in digital technologies prompted printing companies to take a cautious approach to investment in offset printing presses. As a result, net sales in this region were down 8.8% year on year to ¥8,077 million.

### *Europe*

European economies remained robust, backed by strong domestic demand. However, demand for printing machinery was stagnant. This was due in part to recoil from significant sales growth in the second quarter of the previous fiscal year resulting from tax benefit policies executed in France to facilitate capital expenditure. Moreover, a sense of uncertainty over the Brexit negotiations negatively affected demand for printing machinery. Consequently, net sales in this region decreased 5.2% compared with the previous fiscal year to ¥15,188 million.

### *Greater China*

Economies in Greater China have been supported by growth in consumption thanks to tax cuts executed by the Chinese government. However, the negative impact of U.S.-China trade tension dampened the pace of economic growth. Nevertheless, Komori benefited from steadily firm demand for facility upgrades associated with offset printing presses, with some printing companies planning factory relocations aimed at securing responsiveness to environmental regulations and others seeking solutions that realize high-value-added printing services and labor-saving operations due to their need to curb growth in personnel expenses. Consequently, net sales in this region increased 41.0% year on year to ¥18,226 million.

### *Other Regions*

In Other Regions, the Indian economy saw signs of recovery after having returned to normal following the disorder caused by the July 2017 introduction of a new tax law. Meanwhile, some of ASEAN countries were affected by U.S.-China trade tensions. Also, there was a low number of currency printing press supply projects for bid in the previous fiscal year. Consequently, net sales in Other Regions were down 36.4% year on year to ¥11,305 million.

## *(4) Business Performance by Reportable Segment*

### *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 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 ¥76,105 million, a

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year-on-year decrease of ¥2,767 million. Operating income totaled ¥1,806 million, down from ¥2,962 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 ¥8,101 million, a year-on-year decrease of ¥778 million. Operating income totaled ¥712 million, a turnaround from operating loss of ¥212 million in the previous fiscal year due to such factors as the lower cost of sales ratio reflecting transfer pricing adjustment.

## *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 ¥15,934 million, a year-on-year decrease of ¥648 million. Operating income totaled ¥429 million, down from ¥520 million in the previous fiscal year.

## *4. Other*

The “Other” reportable segment includes sales recorded by the Company’s sales subsidiaries in Hong Kong, Taiwan, Singapore, Malaysia and India as well as a printing machinery production and sales subsidiary in Nantong, China. Subject to the aforementioned operating conditions in Greater China and Other Regions, net sales in this reportable segment totaled ¥9,657 million, a year-on-year increase of ¥3,391 million. Operating income amounted to ¥145 million, down from ¥182 million in the previous fiscal year.

## *(5) Highlights*

In the fiscal year ended March 31, 2019, Group highlights were as follows:

In 2018, Komori participated in IGAS 2018 International Graphic Arts Show held for the first time in three years on July 26 to 31 at Tokyo Big Sight. The event was a roaring success, attracting a total of approximately 56,000 people from Japan and overseas. Komori has been striving to help the printing industry address the urgent challenges of enhancing productivity, adapting to the recent labor shortage and breaking away from excessive working hours via work style reforms. To this end, the Company demonstrated various solutions employing cutting-edge printing presses that promote automation and no longer require intensive labor or complex human skills. Specifically, Komori utilized the entirety of its allotted space at the site to create a smart factory in which 10 machines, including offset printing presses and digital printing systems as well as post-press paper cutters, were connected with the KP-Connect. Through this

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demonstration, Komori provided a multitude of attendees with an easy-to-understand overview of how IoT-driven cloud-based Komori solutions manage the entire printing factory, thereby attracting their interest.

The Company also released an eight-color model of LITHRONE G37P, an A1-size sheet-fed offset press. LITHRONE G37P is capable of performing single-pass, double-sided printing while accommodating needs among users facing space limitation thanks to its compact size. In addition to these strengths, this new model boasts significantly improved durability and is quite easy to maintain due to the incorporation of a newly developed sheet-reversing unit. Furthermore, the new model is available with a variety of options, including the PQA-S print quality assessment system and PDC-SX spectral print density control with automatic registration function, all of which will greatly assist users in their efforts to promote labor saving and enhance productivity.

Over the course of 10 years after the release of the H-UV system, the number of orders Komori received for printing presses equipped with this curing system exceeded 1,000. Drawing on Komori's proprietary expertise, the H-UV system was developed to provide a revolutionary curing process via UV lamp and high-sensitivity UV ink. Since then, this system has amassed a solid reputation across the printing industry by satisfying needs for more efficient printing process, reducing user burden in terms of maintenance, and helping customers better adapt to the growing trend toward printing requests that involve multiple printing jobs and small print runs with shorter delivery times.

In April 2018, the Company made Insight Communication and Print Solution India, which has been serving as its local distributor, a subsidiary through share transfer. This firm was then renamed Komori India Private Limited, making a new start as a member of the Komori Group. In India, print demand is expected to grow due to robust personal consumption backed by a large population of 1.3 billion, with the proportion of those age 24 or younger amounting to 50%. Because of this, Komori has positioned the country as one of key strategic markets. Although a number of Komori printing presses have been used in this country, the Company expects demand for offset printing presses, to expand in the near future. This will lead to ever-stronger needs for Komori's sophisticated technologies in this field. Having made Insight a subsidiary, Komori is striving to enhance its local sales and service structure, with the aim of expanding its operations in the Indian market.

In March 2019, Komori reached an agreement with shareholders of Shenzhen Infotech Technology Co., Ltd. to take over all the shares in this firm through subsidiary Komori Hong Kong Limited. This firm has been serving as Komori's distributor in China for about 20 years and sold more than 1,600 Komori printing presses by employing its solid customer base and sales organization. This move is expected to enhance Komori's ability to deliver cutting-edge solutions in a proactive and timely manner, accurately satisfying customer requirements for even more sophisticated solutions. In these ways, the Company is endeavoring to expand its operations in the world's largest printing machinery market.

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As part of initiatives to develop new businesses, Komori has been promoting the global expansion of its security printing press business. In the fiscal year under review, the Company has succeeded in securing orders from customers in France, Indonesia, China and India for banknote printing lines worth ¥11.0 billion in total. Thanks to the 2012 signing of a comprehensive technological cooperation agreement with the UK-based De La Rue International Limited, Komori has gained stronger presence in a broad range of regions for its technological capabilities. After a successful business with De La Rue, the world's largest private securities printing firm, Komori is steadily accumulating a track record as a banknote printing facility provider by, for example, delivering printing lines for the Bank of England and those for a U.S.-based private security printing firm.

## **(2) Financial Condition**

### *Assets, Liabilities and Net Assets*

Total assets as of March 31, 2019 stood at ¥167,370 million, a decrease of ¥13,829 million compared with the previous fiscal year-end. Liabilities were ¥37,185 million, a decrease of ¥11,562 million compared with March 31, 2018, while net assets totaled ¥130,184 million, a decrease of ¥2,266 million.

Key negative factors leading to the decrease in total assets included a ¥9,152 million decrease in cash and deposits due mainly to the redemption of bonds, a ¥5,503 million decrease in short-term investment securities, a ¥3,052 million decrease in investment securities, a ¥870 million decrease in property, plant and equipment and a ¥533 million decrease in notes and accounts receivable—trade. Key positive factors affecting total assets included a ¥4,426 million increase in inventories and a ¥171 million increase in intangible assets.

The primary factors leading to the decrease in liabilities were a ¥10,000 million decrease in current portion of bonds, a ¥1,425 million decrease in current liabilities—other and a ¥815 million decrease in income taxes payable. The primary factors that increased liabilities were a ¥1,215 million increase in electronically recorded monetary obligations and a ¥323 million increase in notes and accounts payable—trade.

Key negative factors affecting net assets included a ¥2,329 million decrease in retained earnings due to the payment of cash dividends, and a ¥1,752 million decrease in valuation difference on available-for-sale securities. Key positive factors included a ¥1,427 million increase in retained earnings due to the posting of profit attributable to owners of the parent, a ¥220 million increase in remeasurements of defined benefit plans, and a ¥124 million increase in foreign currency translation adjustment.

**(3) Fiscal 2019 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, 2019	112	(449)	(12,789)	45,673
Fiscal year ended March 31, 2018	6,091	295	(2,340)	58,826
Increase / (Decrease)	(5,979)	(745)	(10,448)	(13,152)

Net cash provided by operating activities in the fiscal year ended March 31, 2019 amounted to ¥112 million, a decrease of ¥5,979 million from net cash provided by operating activities of ¥6,091 million in the previous fiscal year. Major cash inflows were ¥2,458 million in income before income taxes and ¥1,964 million in depreciation and amortization. Principal cash outflows included a ¥3,987 million increase in inventories and an ¥828 million increase in notes and accounts receivable—trade.

Net cash used in investing activities was ¥449 million, a turnaround of ¥745 million from ¥295 million provided by investing activities in the previous fiscal year. Principal cash outflows included a ¥997 million net increase in property, plant and equipment and intangible assets as well as ¥544 million in purchase of shares of subsidiaries that resulted in change in scope of consolidation. Main cash inflows included a ¥1,099 million net decrease in securities.

Net cash used in financing activities totaled ¥12,789 million, up ¥10,448 million from ¥2,340 million used in financing activities in the previous fiscal year. The principal components of cash outflows included ¥10,000 million in the redemption of bonds and the payment of cash dividends amounting to ¥2,329 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, 2020**

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 40% or greater. This target ratio is consistent with the Company's policy for shareholder returns set forth in the Fifth Medium-Term Management Plan, which Komori launched in April 2016, and was determined by

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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 ¥20 per common share, as stated in the dividend forecast, at its 73rd Annual General Meeting of Shareholders.

For the fiscal year ending March 31, 2020, Komori plans to pay annual dividends of ¥40 per common share, the same amount paid in the previous fiscal year. This will comprise an interim cash dividend of ¥20 per common share and a fiscal year-end cash dividend of ¥20 per common share.

## **(5) Outlook**

The future outlook for the global economy remains uncertain due to U.S-China trade tensions, fallout from Brexit-related issues, the effect of government-led monetary policies and the impact of foreign exchange fluctuations. However, Komori expects modest economic recovery to continue in such countries as the United States.

In the printing industry in Japan, Europe and the United States, the sense of uncertainty about the economic outlook is causing printing companies to remain cautious toward capital expenditure. On the other hand, demand for printing-related facilities specifically designed to resolve issues they confront is firm. More specifically, demand for facility upgrades aimed at introducing offset printing presses capable of producing high-value-added printing materials, which better attract audience attention, remains robust, as does demand for those used for high-end package printing. Also, there is a growing call for industrial digital printing systems that can print on B2-size paper and accommodate requests for extremely small print runs and variable data printing due to the ongoing trend toward marketing based on 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) and the combination of digital media and printed materials. In addition, a number of printing companies are willing to undertake investment aimed at promoting labor saving and better adapting to the worker shortage brought about by the aging of experienced operators and a decreasing number of younger candidates. This results in strong needs for automated printing equipment as well as facilities and systems designed to overcome bottlenecks in printing processes and help enhance quality control.

Against this backdrop, Komori will market the LITHRONE GX40R offset printing press capable of performing high-speed, single-pass double-sided printing as well as the Impremia IS29 inkjet digital printing system that accommodates B2-size paper and can be used to assemble an efficient printing line via combination with offset printing presses. At the same time, the Company will strive to expand the lineup of post-press equipment and printing supplies, ranging from ink to die-cutters and paper cutters, all of which are best tailored for use with Komori printing presses, by acting in collaboration with alliance partners. Komori will also promote KP-Connect, a cloud-based printing process administration system that helps enhance printing quality

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and efficiency. Through these and other initiatives, the Company will raise its ability to provide comprehensive solutions.

To seize opportunities arising from constant demand growth in newly emerging markets, especially Asian countries, Komori has established local subsidiaries in India and China. Looking ahead, the Company will endeavor to provide products and services that better satisfy local customer needs, with the aim of securing greater market share. In addition, Komori participated in PRINT CHINA 2019 International Printing Technology Exhibition held in April 2019 in Dongguan, Guangdong Province, to demonstrate its cutting-edge printing systems. This event was a roaring success, and Komori was able to receive a number of promising inquiries from attendees. Going forward, the Company will strive to secure orders by employing these opportunities.

For the fiscal year ending March 31, 2020, Komori expects consolidated net sales to be buoyed by security printing press supply projects ordered in the fiscal year under review. The Company also anticipates year-on-year sales growth in operations targeting India, ASEAN nations and other Asian markets as well as the PESP business and the DPS business. On the earnings front, however, Komori forecasts a slight decrease in profit due to such factors as changes in sales by product category and the expected appreciation of the yen.

To better adapt to these circumstances, the Komori Group will, in addition to steadily implementing measures to develop the aforementioned businesses, strive to improve profitability by, for example, utilizing ICT to enhance operational efficiency and curb SG&A expenses. Simultaneously, the Group will promote *Monozukuri (Manufacturing) Innovation* activities to build a more efficient production structure capable of accommodating multi-product and variable-lot production requirements with shorter production lead times and smaller manufacturing costs.

#### *Forecasts of Consolidated Results for the Fiscal Year Ending March 31, 2020*

(In millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ending March 31, 2020	Increase / (Decrease) (%)
Net sales	90,242	93,200	3.3%
Operating income	2,706	2,300	(15.0%)
Ordinary income	2,502	2,400	(4.1%)
Profit attributable to owners of parent	1,427	1,400	(2.0%)

Forecasts for the fiscal year ending March 31, 2020 are based on the following exchange rate assumptions:

USD 1.00 = ¥105, Euro 1.00 = ¥120

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Embarking on the fiscal year ending March 31, 2020, the first year of the Sixth Medium-Term Management Plan, Komori is ever more focused on winning customer trust. Having positioned this trust as the source of its corporate value, the Company has been pursuing a customer-centric business process, thereby accumulating expertise and know-how in development, manufacturing and printing technology, all of which lend it distinctive strengths. Taking full advantage of these strengths, Komori has been striving to adapt to structural changes in the printing industry while engaging in efforts to secure more robust foundations for core businesses as well as enter new business fields and expand its customer base. In the course of the three-year period of the previous medium-term management plan (April 2016 to March 2019), Komori pushed ahead with *Monozukuri (Manufacturing) Innovation* activities aimed at enhancing its development capabilities in and the cost efficiency of existing businesses. Simultaneously, the Company endeavored to promote new businesses and build a more diversified business portfolio by, for example, developing the DPS business and the PE business in addition to pursuing the global expansion of the security printing press business. Moreover, Komori strove to achieve business model innovation in sales activities and, to this end, expanded the range of marketing via the PESP business. The Company has thus made progress in its initiatives aimed at transforming business and profit structures.

Under the Sixth Medium-Term Management Plan, Komori is determined to further strengthen business foundations it established in the course of the previous management plan. In line with the theme of “Improving profitability and steadily taking steps to secure future growth,” Komori has defined key initiatives to be executed under the current plan as presented below.

- i. Enhancing the profitability of the offset and security printing press businesses
- ii. Making the DPS business profitable
- iii. Promoting the recurring income business
- iv. Proactively investing in growth drivers
- v. Strengthening the corporate governance structure while actively pursuing environmental load reduction
- vi. Pushing ahead with financial strategies in line with maintaining financial soundness with an eye to enhancing balance sheet efficiency

In these ways, Komori will secure profit from new businesses, which are steadily growing, while improving the profitability of existing businesses, thereby achieving growth in corporate value.

In 2023, Komori will celebrate the centennial of its founding during the course

(English translation of “KESSAN TANSIN” originally issued in Japanese.)

of the implementation of the Sixth Medium-Term Management Plan, which spans a five-year period. With this in mind, Komori is striving to maximize the effectiveness of initiatives under the plan by rallying the resources of all business units across the board. With the announcement of the details of the management plan scheduled for the second half of the fiscal year ending March 31, 2020, efforts are now under way to clarify milestones for each business in a way that draws on lessons learned in the previous plan. The Company is also developing a forward-looking project administration system capable of swiftly adapting to such factors as market fluctuations. With regard to the details of the plan, Komori is ensuring that related management's discussions are quickly shared throughout the Company and incorporate feedback from frontline staff. By doing so, Komori is ensuring that all employees are clearly aware of and better positioned to pursue their roles and missions proactively.

## **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, 2018	March 31, 2019
<b>(ASSETS)</b>		
<b>Current Assets:</b>		
Cash and deposits	43,140	33,988
Notes and accounts receivable-trade	24,281	23,748
Electronically recorded monetary claims	2,317	2,402
Short-term investment securities	20,698	15,194
Merchandise and finished goods	11,822	13,309
Work in process	7,518	10,091
Raw materials and supplies	8,460	8,827
Current portion of insurance funds	207	68
Other	2,085	2,149
Allowance for doubtful accounts	(377)	(328)
Total current assets	120,155	109,451
<b>Noncurrent Assets:</b>		
Property, plant and equipment		
Buildings and structures	32,023	31,749
Accumulated depreciation	(21,677)	(22,149)
Buildings and structures, net	10,346	9,599
Machinery, equipment and vehicles	18,428	18,445
Accumulated depreciation	(14,984)	(15,209)
Machinery, equipment and vehicles, net	3,443	3,236
Land	18,063	18,020
Construction in progress	53	104
Other	7,046	7,335
Accumulated depreciation	(6,182)	(6,395)
Other, net	864	939
Total property, plant and equipment	32,771	31,900
Intangible assets	2,071	2,243
Investments and other assets		
Investment securities	12,692	9,640
Deferred tax assets	4,700	4,957
Insurance funds	6,363	6,373
Net defined benefit asset	1,151	1,203
Other	1,389	1,684
Allowance for doubtful accounts	(96)	(84)
Total investments and other assets	26,201	23,775
Total noncurrent assets	61,044	57,919
<b>Total Assets</b>	<b>181,199</b>	<b>167,370</b>

(English translation of "KESSAN TANSIN" originally issued in Japanese.)

**(1) Consolidated Balance Sheets**

(In millions of yen)

	March 31, 2018	March 31, 2019
<b>(LIABILITIES)</b>		
<b>Current Liabilities:</b>		
Notes and accounts payable-trade	12,251	12,575
Electronically recorded obligations-operating	6,604	7,819
Short-term loans payable	198	39
Current portion of bonds	10,000	-
Income taxes payable	984	169
Provision for bonuses	1,086	1,068
Provision for product warranties	996	998
Provision for loss on guarantees	242	132
Provision for directors' bonuses	40	42
Deferred installment income	42	39
Other	12,350	10,924
Total current liabilities	44,796	33,809
<b>Noncurrent Liabilities:</b>		
Deferred tax liabilities	80	105
Provision for directors' retirement benefits	29	20
Provision for loss on litigation	110	110
Net defined benefit liability	3,145	2,559
Other	585	581
Total noncurrent liabilities	3,951	3,376
<b>Total Liabilities</b>	<b>48,748</b>	<b>37,185</b>
<b>(NET ASSETS)</b>		
<b>Shareholders' Equity:</b>		
Capital stock	37,714	37,714
Capital surplus	37,788	37,788
Retained earnings	59,730	58,797
Treasury stock	(5,057)	(5,058)
Total shareholders' equity	130,177	129,242
<b>Other Comprehensive Income:</b>		
Valuation difference on available-for-sale securities	4,623	2,871
Foreign currency translation adjustment	(959)	(834)
Remeasurements of defined benefit plans	(1,389)	(1,169)
Total other comprehensive income	2,274	867
<b>Non-controlling interests</b>	<b>-</b>	<b>74</b>
<b>Total Net Assets</b>	<b>132,451</b>	<b>130,184</b>
<b>Total Liabilities and Net Assets</b>	<b>181,199</b>	<b>167,370</b>

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

(In millions of yen)

	Fiscal 2018	Fiscal 2019
	(April 1, 2017 to March 31, 2018)	(April 1, 2018 to March 31, 2019)
<b>Net Sales</b>	94,168	90,242
<b>Cost of Sales</b>	64,882	61,966
Reversal of unrealized income on installment sales	3	3
Gross profit	29,289	28,279
<b>Selling, General and Administrative Expenses</b>	25,556	25,573
Operating income	3,732	2,706
<b>Non-Operating Income</b>		
Interest income	71	92
Dividends income	264	258
Foreign exchange gains	284	-
Rent income	98	97
Other	337	257
Total non-operating income	1,056	704
<b>Non-Operating Expenses</b>		
Interest expenses	67	52
Compensation for damage	139	499
Foreign exchange losses	-	214
Other	161	141
Total non-operating expenses	368	907
Ordinary income	4,420	2,502
<b>Extraordinary Income</b>		
Gain on sales of noncurrent assets	31	3
Gain on sales of investment securities	29	-
Total extraordinary income	60	3
<b>Extraordinary Loss</b>		
Loss on sales of noncurrent assets	7	24
Loss on retirement of noncurrent assets	21	11
Loss on step acquisitions	-	11
Impairment loss	129	-
Retirement benefit expenses	170	-
Total extraordinary loss	328	47
Income before income taxes	4,152	2,458
Income taxes-current	940	430
Income taxes-deferred	137	613
Total income taxes	1,078	1,044
Income before minority interests	3,074	1,414
Profit attributable to non-controlling interests	-	(13)
<b>Profit attributable to owners of parent</b>	3,074	1,427

**Consolidated Statements of Comprehensive Income**

	(In millions of yen)	
	Fiscal 2018	Fiscal 2019
	(April 1, 2017 to March 31, 2018)	(April 1, 2018 to March 31, 2019)
<b>Profit</b>	3,074	1,414
Other comprehensive income		
Valuation difference on available-for-sale securities	154	(1,752)
Foreign currency translation adjustment	(98)	124
Remeasurements of defined benefit plans, net of tax	265	220
Total other comprehensive income	321	(1,407)
<b>Comprehensive Income</b>	3,396	6
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	3,396	11
Comprehensive income attributable to non-controlling interests	-	(4)

**(3) Consolidated Statements of Changes in Net Assets**

(In millions of yen)

	Fiscal 2018 (April 1, 2017 to March 31, 2018)	Fiscal 2019 (April 1, 2018 to March 31, 2019)
<b>Shareholders' Equity</b>		
<b>Capital stock</b>		
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
<b>Capital surplus</b>		
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
<b>Retained earnings</b>		
Balance at the beginning of current period	58,985	59,730
Changes of items during the period		
Dividends from surplus	(2,329)	(2,329)
Profit attributable to owners of parent	3,074	1,427
Change of scope of consolidation	-	(32)
Total changes of items during the period	745	(933)
Balance at the end of current period	59,730	58,797
<b>Treasury stock</b>		
Balance at the beginning of current period	(5,055)	(5,057)
Changes of items during the period		
Purchase of treasury stocks	(1)	(0)
Disposal of treasury stocks	0	0
Total changes of items during the period	(1)	(0)
Balance at the end of current period	(5,057)	(5,058)
<b>Total shareholders' equity</b>		
Balance at the beginning of current period	129,432	130,177
Changes of items during the period		
Dividends from surplus	(2,329)	(2,329)
Profit attributable to owners of parent	3,074	1,427
Purchase of treasury stocks	(1)	(0)
Disposal of treasury stocks	0	0
Change of scope of consolidation	-	(32)
Net changes of items other than shareholders' equity	-	-
Total changes of items during the period	744	(934)
Balance at the end of current period	130,177	129,242

**(3) Consolidated Statements of Changes in Net Assets**

(In millions of yen)

	Fiscal 2018 (April 1, 2017 to March 31, 2018)	Fiscal 2019 (April 1, 2018 to March 31, 2019)
<b>Accumulated other comprehensive income</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the beginning of the period	4,469	4,623
Changes of items during the period		
Net changes of items other than shareholders' equity	154	(1,752)
Total changes of items during the period	154	(1,752)
Balance at the end of the period	4,623	2,871
<b>Foreign currency translation adjustment</b>		
Balance at the beginning of the period	(860)	(959)
Changes of items during the period		
Net changes of items other than shareholders' equity	(98)	124
Total changes of items during the period	(98)	124
Balance at the end of the period	(959)	(834)
<b>Remeasurements of defined benefit plans</b>		
Balance at the beginning of the period	(1,655)	(1,389)
Changes of items during the period		
Net changes of items other than shareholders' equity	265	220
Total changes of items during the period	265	220
Balance at the end of the period	(1,389)	(1,169)
<b>Total accumulated other comprehensive income</b>		
Balance at the beginning of the period	1,953	2,274
Changes of items during the period		
Net changes of items other than shareholders' equity	321	(1,407)
Total changes of items during the period	321	(1,407)
Balance at the end of the period	2,274	867
<b>Non-controlling interests</b>		
Balance at the beginning of the period	-	-
Net changes of items other than shareholders' equity	-	74
Total changes of items during the period	-	74
Balance at the end of the period	-	74
<b>Total Net Assets</b>		
Balance at the beginning of the period	131,386	132,451
Changes of items during the period		
Dividends from surplus	(2,329)	(2,329)
Profit attributable to owners of parent	3,074	1,427
Purchase of treasury stocks	(1)	(0)
Disposal of treasury stocks	0	0
Change of scope of consolidation	-	(32)
Net changes of items other than shareholders' equity	321	(1,332)
Total changes of items during the period	1,065	(2,266)
Balance at the end of the period	132,451	130,184

**(4) Consolidated Statements of Cash Flows**

(In millions of yen)

	Fiscal 2018 (April 1, 2017 to March 31, 2018)	Fiscal 2019 (April 1, 2018 to March 31, 2019)
<b>Net Cash Provided by (Used in) Operating Activities:</b>		
Income before income taxes	4,152	2,458
Depreciation and amortization	1,888	1,964
Impairment loss	129	-
Amortization of goodwill	152	199
Increase (decrease) in allowance for doubtful accounts	(22)	(57)
Increase (decrease) in provision for bonuses	52	(18)
Increase (decrease) in net defined benefit liability	(46)	(444)
Interest and dividends income	(336)	(350)
Interest expenses	67	52
Foreign exchange losses (gains)	(195)	6
Decrease (increase) in notes and accounts receivable-trade	(6,173)	(828)
Decrease (increase) in inventories	4,158	(3,987)
Increase (decrease) in notes and accounts payable-trade	1,341	720
Decrease (increase) in prepaid expenses	(331)	150
Increase (decrease) in deposits received	502	83
Increase (decrease) in accrued consumption taxes	125	(304)
Other, net	261	722
Subtotal	5,727	368
Interest and dividends income received	337	350
Interest expenses paid	(67)	(52)
Income taxes paid	94	(554)
Net cash provided by (used in) operating activities	6,091	112
<b>Net Cash Provided by (Used in) Investing Activities:</b>		
Net decrease (increase) in short-term investment securities	1,835	1,099
Payments into time deposits	(2,932)	(39)
Proceeds from withdrawal of time deposits	2,913	-
Purchase of property, plant and equipment and intangible assets	(1,117)	(1,121)
Proceeds from sales of property, plant and equipment and intangible assets	168	124
Purchase of insurance funds	(187)	(272)
Proceeds from maturity of insurance funds	188	402
Purchase of investment securities	(612)	(99)
Proceeds from sales of investment securities	115	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(544)
Purchase of long-term prepaid expenses	(1)	(1)
Other payments	(3)	(4)
Other proceeds	(70)	7
Net cash provided by (used in) investing activities	295	(449)
<b>Net Cash Provided by (Used in) Financing Activities:</b>		
Net increase (decrease) in short-term loans payable	143	(154)
Repayments of lease obligations	(154)	(304)
Redemption of bonds	-	(10,000)
Purchase of treasury stocks	(1)	(0)
Cash dividends paid	(2,329)	(2,329)
Proceeds from sales of treasury stock	0	0
Net cash provided by (used in) financing activities	(2,340)	(12,789)
<b>Effect of exchange rate change on cash and cash equivalents</b>	126	(26)
<b>Net increase (decrease) in cash and cash equivalents</b>	4,173	(13,152)
<b>Cash and cash equivalents at beginning of the period</b>	54,652	58,826
<b>Cash and cash equivalents at end of the period</b>	58,826	45,673

**(5) Notes to Consolidated Financial Statements**

(Notes on Premise as a Going Concern)

Not applicable.

(Changes in Disclosure Methods)

Changes Associated with the Adoption of Partial Amendments to Accounting Standard for Tax Effect Accounting

At the beginning of the fiscal year under review, Komori adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.” (ASBJ Statement No. 28, dated February 16, 2018). In line with this standard, Komori revised relevant disclosure methods, with deferred tax assets being classified under total investments and advances, and deferred tax liabilities being classified under noncurrent liabilities.

As a result, deferred tax assets of ¥4,636 million classified under current assets and deferred tax liabilities of ¥1,277 million classified under noncurrent liabilities, have been included in deferred tax assets of ¥4,700 million under total investments and advances. In addition, deferred tax liabilities under noncurrent liabilities amounted to ¥80 million.

Moreover, Komori has offset its deferred tax assets and liabilities as a single taxable entity. This resulted in a ¥1,277 million decrease in total assets as of March 31, 2018.



**(Consolidated Segment Information)****[Segment Information]****1. Overview of 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 three reportable segments of "Japan," "North America" and "Europe," which are defined in line with the locations of its various Group companies constituting its global sales and marketing structure.

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.

**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 2018 (April 1, 2017 to March 31, 2018)

(In millions of yen)

	Reportable Segment				Others (Note)	Total
	Japan	North America	Europe	Subtotal		
Net sales						
Sales to outside customers	64,438	8,858	16,019	89,316	4,852	94,168
Intersegment sales	14,435	20	563	15,020	1,413	16,433
Total	78,873	8,879	16,583	104,336	6,265	110,601
Operating income (loss)	2,962	(212)	520	3,271	182	3,454
Assets	160,285	6,665	12,312	179,263	3,275	182,538
Other items						
Depreciation	1,655	22	148	1,827	61	1,888
Impairment loss	129	—	—	129	—	129
Amortization of goodwill	152	—	—	152	—	152
Increase of property, plant and equipment and intangible assets	1,098	57	125	1,281	16	1,297

Note: Others includes the Company's business activities conducted outside the defined reportable segments, namely, those undertaken by sales subsidiaries in Hong Kong, Taiwan, Singapore and Malaysia as well as a printing machinery manufacturing subsidiary in Nantong, China.

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

(In millions of yen)

	Reportable Segment				Others (Note)	Total
	Japan	North America	Europe	Subtotal		
Net sales						
Sales to outside customers	58,930	8,077	15,188	82,196	8,046	90,242
Intersegment sales	17,175	23	745	17,944	1,611	19,556
Total	76,105	8,101	15,934	100,141	9,657	109,799
Operating income	1,806	712	429	2,948	145	3,094
Assets	111,881	7,376	10,545	129,803	5,136	134,940
Other items						
Depreciation	1,681	31	151	1,864	100	1,965
Impairment loss	—	—	—	—	—	—
Amortization of goodwill	199	—	—	199	—	199
Increase of property, plant and equipment and intangible assets	1,265	24	162	1,453	73	1,526

Note: Others includes the Company's business activities conducted outside the defined reportable segments, namely, those undertaken by sales subsidiaries in Hong Kong, Taiwan, Singapore and Malaysia as well as a printing machinery manufacturing subsidiary in Nantong, China.

#### 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 2018	Fiscal 2019
Total net sales in reportable segments	104,336	100,141
Net sales in others	6,265	9,657
Eliminations	(16,433)	(19,556)
Net sales as presented in Consolidated Financial Statements	94,168	90,242

(In millions of yen)

Operating Income	Fiscal 2018	Fiscal 2019
Total operating income in reportable segments	3,271	2,948
Operating income in others	182	145
Adjustments for inventories	178	(312)
Eliminations	100	124
Other adjustments	(0)	(200)
Operating income as presented in Consolidated Financial Statements	3,732	2,706

(English translation of "KESSAN TANSIN" originally issued in Japanese.)

## 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 2018 (April 1, 2017 to March 31, 2018)

(In millions of yen)

	Reportable Segment				Others	Total
	Japan	North America	Europe	Subtotal		
Balance as of the end of fiscal 2018	506	—	—	506	—	506

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

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

(In millions of yen)

	Reportable Segment				Others	Total
	Japan	North America	Europe	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*.

**(Per Share Information)**

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net assets per share	2,274.80	2,234.61
Basic earnings per share	52.81	24.52

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, 2018 and 2019.

**Basis for Calculation**

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

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	3,074	1,427
Amount not available to common stockholders (millions of yen)	—	—
Profit attributable to owners of parent pertaining to common stock (millions of yen)	3,074	1,427
Average number of shares of common stock outstanding during the year (thousands of shares)	58,226	58,225

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

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net assets (millions of yen)	132,451	130,184
Net assets pertaining to common stock (millions of yen)	132,451	130,110
Number of shares of common stock outstanding (thousands of shares)	58,225	58,224

**(Important Subsequent Events)**

Fiscal 2018 (April 1, 2017 to March 31, 2018)

Not applicable.

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

Decision to purchase and cancel treasury stock

Based on a resolution passed at a Board of Directors meeting held on March 25, 2019, Komori has decided to purchase treasury stock in accordance with Article 459-1 of the Japanese Corporate Code and the Company's Articles of Incorporation. Based on the same resolution, Komori will also cancel its treasury stock in accordance with Article 178 of said code. Details follow.

1. Reasons for purchasing and cancelling treasury stock

In addition to enhancing the content of shareholder returns, Komori aims to improve its capital efficiency while executing flexible capital policies.

2. Details of purchase

(1) Class of shares to be purchased	Common stock of Komori Corporation
(2) Total number of shares to be purchased	Up to 2,300,000 shares (4% of the total number of shares outstanding excluding treasury stock)
(3) Total amount of purchase cost	Up to ¥3.0 billion
(4) Purchase period	April 1 to November 30, 2019
(5) Purchase method	Purchase in the open market through discretionary trading on the Tokyo Stock Exchange

3. Details of cancellation

(1) Class of shares to be cancelled	Common stock of Komori Corporation
(2) Total number of shares to be cancelled	4,000,000 shares (6.42% of the total number of shares outstanding prior to cancellation)
(3) Date of cancellation	April 26, 2019

### **Business combination via share acquisition**

Based on a resolution passed at a Board of Directors meeting held on March 25, 2019, Komori decided to acquire all shares in Shenzhen Infotech Technology Co., Ltd. through subsidiary Komori Hong Kong Limited. In line with this decision, the Company made the firm a wholly owned subsidiary on April 29, 2019. Details follow.

#### 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 Printing Machine (Shenzhen) 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. 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

Advisory fees, etc.: ¥55 million

#### 4. Amount of goodwill to be recorded, reasons for recording goodwill and amortization method

Currently, these matters have not been determined.

#### 5. Amount of assets and liabilities transferred to the acquiring company and their breakdown by key item

(English translation of "KESSAN TANSIN" originally issued in Japanese.)



Currently, these matters have not been determined.

#### **4. OTHER**

##### **(1) Changes in Directors and Corporate Auditors**

###### **1. Changes in Representative Directors**

The following changes are scheduled to take effect on June 19, 2019.

(Current Representative Directors)

Yoshiharu Komori:	Representative Director, Chairman & CEO
Satoshi Mochida:	Representative Director, President & COO

(Effective on June 19, 2019)

Yoshiharu Komori:	Chairman
Satoshi Mochida:	Representative Director, President & CEO

###### **2. Changes in Other Directors and Corporate Auditors**

The following changes are scheduled to take effect on June 19, 2019.

###### **(1) Changes in Directors**

(Candidate for new appointment)

Masataka Sugimoto

(Concurrent position: Professor, Graduate School of Organic Materials Science, Yamagata University)

Note: Mr. Sugimoto is a candidate for outside director as stipulated under Article 2-15 of the Japanese Corporate Code.

(Planned retirement)

Masamitsu Yoshikawa

(Currently an outside director of Komori Corporation)

###### **(2) Changes in Corporate Auditors**

Not applicable.

(English translation of "KESSAN TANSIN" originally issued in Japanese.)