

April 27, 2020

Name of Listed Company:	KOMORI CORPORATION
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Securities Code:	6349 (First Section, Tokyo Stock Exchange)
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Komori Corporation Announces the Posting of Extraordinary Loss, the Reversal of Deferred Tax Assets and Revisions to Its Forecasts of Operating Results and Dividends as well as the Reduction of Director Compensation

Komori Corporation (“Komori” or “the Company”) hereby announces the posting of an extraordinary loss (impairment loss) and the reversal of deferred tax assets as part of its operating results for the fiscal year ended March 31, 2020, as well as revisions to the performance forecasts it disclosed on January 28, 2020. In addition, although Komori has previously omitted the disclosure of a non-consolidated performance forecast, the Company hereby announces such a forecast due to its projection that the year-on-year differences between operating results for the fiscal year ended March 31, 2019, and those for the fiscal year ended March 31, 2020, are likely to reach certain numerical criteria stipulated by Tokyo Stock Exchange’s timely disclosure rules.

In addition, based on a resolution passed at the Board of Directors meeting held today, Komori revised its forecasts announced on May 13, 2019, with regard to year-end dividends to be paid for the fiscal year ended March 31, 2020, as described below.

1. Posting of Extraordinary Loss and the Reversal of Deferred Tax Assets

(1) Posting of Extraordinary Loss (Impairment Loss)

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 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 an impairment loss of ¥17.7 billion.

(2) Reversal of Deferred Tax Assets

In line with the "Implementation Guidance on Recoverability of Deferred Tax Assets," Komori estimated its future taxable income based on currently prevailing conditions and carefully examined the recoverability of deferred tax assets. As a result, the Company now expects to reverse approximately ¥4.1 billion in deferred tax assets and post this amount as part of income tax adjustments.

2. Revised Forecasts of Consolidated Business Results for the Fiscal Year Ended March 31, 2020

(1) Revised Forecasts for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)					
	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Profit (Loss) Attributable to Owners of Parent	Basic Earnings (Loss) per Share (Yen)
Previous Forecasts (A)	81,500	(1,600)	(1,200)	(1,800)	(32.18)
Revised Forecasts (B)	77,600	(3,300)	(3,400)	(25,400)	(454.18)
Difference (B – A)	(3,900)	(1,700)	(2,200)	(23,600)	
Difference (%)	(4.8)	—	—	—	
(Reference) Results for the Fiscal Year Ended March 31, 2019	90,242	2,706	2,502	1,427	24.52

(2) Reasons for Revising Forecasts

In the second half of the fiscal year ended March 31, 2020, demand in Europe and the United States remained sluggish, while, in the domestic market, a number of capital expenditure projects were postponed or cancelled due to declining print demand triggered by a consumption tax hike. These factors caused Komori's consolidated net sales to decline. Moreover, the volume of orders taken in China, the world's largest printing machinery market, remained weak due to the impact of U.S.-China trade tension. In addition, although Komori had previously expected demand arising from capital

expenditure projects to support its fourth-quarter sales, as projects of this kind are typically executed most in the fourth quarter, the Company's net sales were less than forecast due to the impact of the novel coronavirus pandemic, which caused delays in the delivery and installation of printing machinery in China, Europe and the United States.

On the earnings front, the operating loss is expected to grow and make a greater-than-expected turnaround from the operating income recorded in the previous fiscal year due to the decrease in net sales. Moreover, Komori will record a loss attributable to owners of the parent that will likewise make a significant turnaround from the previous fiscal year and exceed the previous forecast, reflecting the posting of the aforementioned extraordinary loss, the reversal of deferred tax assets and the resulting recording of income tax adjustments.

3. Disclosure of Non-Consolidated Business Results Forecasts for the Fiscal Year Ended March 31, 2020

(1) Non-Consolidated Business Results Forecasts for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Profit (Loss) for the Year	Basic Earnings (Loss) per Share (Yen)
Results for the Fiscal Year Ended March 31, 2019 (A)	69,775	996	1,321	929	15.59
Forecasts for the Fiscal Year Ended March 31, 2020 (B)	60,300	(2,700)	(2,100)	(23,500)	(420.21)
Difference (B – A)	(9,475)	(3,696)	(3,421)	(24,429)	
Difference (%)	(13.6)	—	—	—	

(2) Reasons for Disclosing Non-Consolidated Business Results Forecasts

Due to the factors described in the reasons for revising forecasts for the consolidated business results, net sales, operating income, ordinary income and profit for the year are expected to significantly decline from the previous fiscal year, with the last three indices turning negative. This is attributable to a drop in operating income due to the decrease in net sales in addition to such factors as the posting of an extraordinary loss (impairment loss), the reversal of deferred tax assets and the resulting recording of income tax adjustments.

4. Dividend Forecasts

(1) Revised Dividend Forecasts

(Yen)

	Annual Per-Share Dividends				
	First Quarter	Second Quarter	Third Quarter	Fiscal Year-End	Total
Previous Forecasts (Announced on May 13, 2019)	—	20.00	—	20.00	40.00
Revised Forecasts	—	20.00	—	10.00	30.00
Results for the Previous Fiscal Year (Ended March 31, 2019)	—	20.00	—	20.00	40.00

(2) Reasons for Revising Forecasts

Komori positions the robust and stable return of profits to its shareholders as a key management priority. Accordingly, the Company has maintained a basic policy of delivering a steady stream of dividends. However, Komori expects to post significant losses as described above. Furthermore, the overall impact of the novel coronavirus pandemic on its business activities is expected to remain largely unclear for some time. Accordingly, Komori revised its forecast for the year-end dividend for the fiscal year ended March 31, 2020, to ¥10 per share, down ¥10 per share from its previous forecast. Due to this revision, the full-year dividend for said fiscal year is expected to amount to ¥30 per share.

5. Reduction of Director Compensation, etc.

Taking the current harsh circumstances very seriously, Komori has decided to reduce the compensation paid to its representative directors, directors, and operating officers in order to clarify management's responsibility for operating results. This reduction is expected to remain in place until March 31, 2021. Compensation to be paid to these individuals will be cut by 10% to 30%, based on their positions and duties.

6. Outlook

As stated in the press release titled "Notice concerning the Implementation of Komori's New Medium-Term Management Plan," the impact of the global pandemic caused by the novel coronavirus has made it difficult to formulate a future outlook for the Company's business activities. However, Komori is determined to improve profitability and, to this

end, has shifted its priority from the implementation of its medium-term management plan to the execution of emergency measures aimed at reinforcing the business revenue structure. Accordingly, Komori intends to make further announcements with regard to its future outlook upon the normalization of economic activity.

Disclaimer: The aforementioned forecasts are based on management's assumptions and beliefs held in light of information currently available to it as of the date of this document's announcement and, accordingly, involve risks and uncertainties that may cause actual results to differ materially from forecasts.