Consolidated Business Results for the Six Months Ended September 30, 2023
REPORTED BY KOMORI CORPORATION (Japanese GAAP)

October 30, 2023

Company name: KOMORI CORPORATION
Representative: Mr. Satoshi Mochida
Representative Director, President and CEO
Securities code: 6349 (Tokyo Stock Exchange)
Contact: Mr. Iwao Hashimoto
Director, Senior Operating Officer
Phone: (81)-3-5608-7826
URL (https://www.komori.com)

Preparation of supplementary materials for quarterly financial results: Yes
Holding of presentation meeting for quarterly financial results: Yes (for financial analysts/investors)

1. Consolidated Business Results for the Second Quarter (April 1, 2023 to September 30, 2023)

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

	Six months ended September 30, 2023	%	Six months ended September 30, 2022	%
Net sales	47,127	2.2	46,097	14.8
Operating income	443	(83.7)	2,726	434.8
Ordinary income	1,983	(51.6)	4,097	354.5
Profit attributable to owners of parent	1,141	(65.1)	3,268	(8.9)

(Yen)

Basic earnings per share	21.19	59.95
Diluted earnings per share	-	-

Notes:
1. Comprehensive income:
Six months ended September 30, 2023: 3,767 million yen (4.6) %
Six months ended September 30, 2022: 3,948 million yen (2.4) %
2. Percentage figures accompanying consolidated net sales indicate the percentage increase/decrease from the corresponding period of the previous fiscal year.

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

	September 30, 2023	March 31, 2023
Total assets	164,362	165,523
Total net assets	107,056	107,133
Equity ratio (%)	65.1	64.6

Reference:
Equity as of: September 30, 2023: 107,056 million yen
March 31, 2023 : 106,965 million yen

2. Dividends

(Yen)

	Fiscal year ended March 31, 2023	Fiscal year ending March 31, 2024	Fiscal year ending March 31, 2024 (Forecast)
Cash dividends per share			
First quarter period-end dividends	-	-	-
Second quarter period-end dividends	15.00	15.00	-
Third quarter period-end dividends	-	-	-
Year-end dividends	30.00	-	45.00
Annual cash dividends	45.00	-	60.00

Note: Revision to the latest dividend forecast announced in May 2023: Yes

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(In millions of yen, rounded down)

	Fiscal year ending March 31, 2024	%
Net sales	105,700	8.0
Operating income	3,300	(42.3)
Ordinary income	4,500	(31.9)
Profit attributable to owners of parent	3,100	(45.8)

(Yen)

Basic earnings per share	57.57

Notes:
1. Revision to the latest forecast of consolidated business results announced in May 2023: Yes
2. Percentage figures in the above table indicate the percentage increase/decrease from the corresponding period of the previous fiscal year.

*Notes

(1) Changes in significant subsidiaries during the period under review: No

Note: Indicates changes in the scope of consolidation accompanying changes in specified subsidiaries during the period under review

(2) Adoption of the simplified accounting and special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies; changes in accounting estimates; restatements

1. Changes in accounting policies accompanying revisions to accounting standards: No
2. Changes other than those in item 1. above: No
3. Changes in accounting estimates: No
4. Restatements: No

(4) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock) as of:
   - September 30, 2023: 56,890,740 shares
   - March 31, 2023: 56,890,740 shares
2. Number of treasury shares as of:
   - September 30, 2023: 3,830,936 shares
   - March 31, 2023: 2,368,980 shares
3. Average number of shares during the period
   - Six months ended September 30, 2023: 53,847,280 shares
   - Six months ended September 30, 2022: 54,522,332 shares

* This quarterly financial flash report (KESSAN TANSHIN) is not subject to quarterly review by certified public accountants or auditing firms as specified under the Financial Instruments and Exchange Law of Japan.

* 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.

Materials for the summary result presentation in Japanese will be disclosed through the Tokyo Stock Exchange’s Timely Disclosure Network, known as TDnet, on November 10, 2023. The same materials will be posted on Komori’s website. Also, English translations of these materials will be posted on the Company’s website at https://www.komori.com/ir/en/

Index

1. Qualitative Information Regarding the Quarterly Financial Results P. 4
   (1) Overview of Consolidated Business Results P. 4
   (2) Financial Condition P. 6
   (3) Consolidated Operating Results Forecasts and Other Information on the Future Outlook P. 7
2. Consolidated Financial Statements P. 8
   (1) Consolidated Balance Sheets P. 8
   (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income P. 10
   Consolidated Statements of Income P. 10
   For the six months ended September 30, 2023 and 2022
   Consolidated Statements of Comprehensive Income P. 11
   For the six months ended September 30, 2023 and 2022
   (3) Notes Regarding Quarterly Consolidated Financial Statements P. 12
   (Notes on Premise as a Going Concern) P. 12
   (Notes in the Case of a Significant Change in Shareholders' Equity) P. 12
   (Important Subsequent Events) P. 12

1. Qualitative Information Regarding the Quarterly Financial Results

(1) Overview of Consolidated Business Results

In October 2023, Komori Corporation celebrated the centennial of its founding. In commemoration of this landmark celebration, Komori has defined its Purpose (reason for being) as "Delivering *Kando*—customer satisfaction beyond expectations—with the power of print technology to support society." Print technology is capable of expanding the potential of both print media and digital media, enhancing the economic efficiency and trustworthiness of social activities, and contributing to the reduction of environmental burden. The Komori Group will continue advancing this technology in order to better contribute to society and grow into a corporate group that transcends the expectations of all its stakeholders. Based on the above Purpose, the Company has also formulated "KOMORI2030," a long-term vision to be achieved by 2030. Komori will promote business management aimed at realizing this long-term vision over the course of the Sixth Medium-Term Management Plan, which is currently under way, as well as the subsequent Seventh and Eighth Medium-Term Management Plans.

During the first six months of the fiscal year under review, the outlook for the global economy remained uncertain due to the prolongation of the Ukraine situation, along with worldwide inflation and the resulting tightening of monetary policies in major countries. Against this backdrop, consolidated net sales amounted to ¥47,127 million, representing a 2.2% increase from the same period of 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)

		Six Months Ended September 30, 2022	Six Months Ended September 30, 2023	Increase / (Decrease) (%)
Net sales		46,097	47,127	2.2
Breakdown	Japan	14,430	13,760	(4.6)
	North America	3,388	4,953	46.2
	Europe	11,131	11,334	1.8
	Greater China	9,696	8,937	(7.8)
	Other Regions	7,449	8,141	9.3

Domestic Sales

In the domestic market, the lifting of movement restrictions aimed at countering the

spread of COVID-19 infections resulted in recovery in personal consumption and inbound tourism demand, leading to modest yet constant economic recovery. Amidst these circumstances, there has been an ongoing trend toward executing investment aimed at improving productivity, enhancing efficiency and otherwise streamlining printing operations in light of growing labor costs, worker shortages, surging energy prices and rising prices of printing supplies. To accommodate this trend, Komori engaged in marketing activities focused on delivering proposals designed to enhance ROI via the use of flagship “advance” models. As a result, although the volume of orders received was robust and up year on year, domestic sales decreased 4.6% from the same period of the previous fiscal year to ¥13,760 million, because the schedule for the delivery of many products is set for the third quarter or later.

North America

In North America, the pace of economic recovery was dragged down by steep inflation and high interest rates. However, there has been ongoing improvement in employment, while demand associated with capital expenditure remains strong. Net sales in this region amounted to ¥4,953 million, an increase of 46.2% year on year. This was attributable to progress in the delivery of products ordered in the previous fiscal year, in which Komori received a robust volume of orders.

Europe

In Europe, printing companies have taken a cautious stance toward investments, such as postponing previously planned capital expenditures, on the back of the prolongation of the Ukraine situation and ongoing fallout from inflation, along with hikes in interest rates. However, net sales in this region rose 1.8% year on year to ¥11,334 million.

Greater China

In Greater China, the economy began to recover rapidly in January 2023 due to the lifting of the “zero-COVID” policy. However, this recovery did not last and was negatively affected by the growing trend toward the postponement of capital expenditures on the back of supply chain reorganization undertaken by overseas corporations and foreign exchange fluctuations and the resulting depreciation of the Chinese yuan. On the other hand, some major printing companies went on to continue with capital expenditures aimed at countering the growing seriousness of labor shortages and ongoing surges in personnel expenses via the promotion of labor saving and facility automation. Consequentially, however, net sales in this region fell 7.8% year on year to ¥8,937 million.

Other Regions

Other Regions include ASEAN, India and Oceania as well as Central and South America. The volume of orders received in these regions for sheet-fed offset presses declined, exhibiting recoil from the higher volume of orders received in the same period of the previous fiscal year. However, with the inclusion of orders received for security printing presses, the overall volume of orders received increased. Moreover, sales growth, mainly in ASEAN members and Central and South America, brought net sales in Other Regions to ¥8,141 million, an increase of 9.3% from the same period of the previous fiscal year.

The cost of sales ratio deteriorated year on year due to such factors as surging raw material prices. In addition, selling, general and administrative (SG&A) expenses increased year on year, reflecting such factors as growing payments of wages at European subsidiaries due to the depreciation of the yen, as well as growth in travel expenses in step with the relaxation of movement restrictions previously in place to counter the COVID-19 pandemic. Taking these factors into account, Komori posted an operating income of ¥443 million, compared with operating income of ¥2,726 million in the same period of the previous fiscal year.

The Company posted ordinary income of ¥1,983 million, a decrease from ordinary income of ¥4,097 million in the same period of the previous fiscal year due primarily to lower operating income.

For the first six months of the fiscal year under review, the Company recorded income before income taxes of ¥1,919 million, a decrease from income before income taxes of ¥4,088 million in the same period of the previous fiscal year. As a result, Komori posted profit attributable to owners of the parent totaling ¥1,141 million, compared with profit attributable to owners of the parent totaling ¥3,268 million in the same period of the previous fiscal year.

(2) Financial Condition

Total Assets

As of September 30, 2023, total assets stood at ¥164,362 million, down ¥1,160 million (0.7%) from the end of the previous fiscal year. Key factors decreasing total assets included a ¥10,375 million decrease in cash and deposits. Key factors increasing total assets were a ¥6,352 million increase in inventories, a ¥2,191 million increase in investments and other assets, and a ¥943 million increase in notes and accounts receivable

—trade, and contract assets.

Liabilities and Net Assets

Liabilities as of September 30, 2023 were ¥57,306 million, down ¥1,083 million (1.9%) from the end of the previous fiscal year. Key factors reducing liabilities included a ¥1,444 million decrease in current liabilities—other, a ¥444 million decrease in notes and accounts payable—trade, and a ¥321 million decrease in income taxes payable. Key factors increasing liabilities included ¥736 million increase in noncurrent liabilities—other and a ¥318 million increase in electronically recorded obligations—operating.

Net assets totaled ¥107,056 million, down ¥76 million (0.1%) from the end of the previous fiscal year. Key negative factors included a ¥1,500 million increase in treasury stock, a ¥502 million decrease in capital surplus and a ¥501 million decrease in retained earnings due primarily to the payment of cash dividends. Key positive factors contributing to net assets included a ¥1,345 million increase in valuation difference on available-for-sale securities and a ¥1,221 million increase in foreign currency translation adjustment.

Equity Ratio

The equity ratio as of September 30, 2023 stood at 65.1%, up 0.5 of a percentage point from 64.6% at the end of the previous fiscal year.

(3) Consolidated Operating Results Forecasts and Other Information on the Future Outlook

The Company has revised its previous forecasts, disclosed as of May 15, 2023, on consolidated operating results for the fiscal year ending March 31, 2024.

For more detail, please refer to the press release titled “The Differences between Consolidated Operating Results Forecast and Actual Results for the Second Quarter of the Fiscal Year Ending March 31, 2024, and the Revision for Consolidated Operating Results Forecast for the Full Year” that was disclosed today (October 30, 2023).

2. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

(In millions of yen)

	Fiscal 2023 (March 31, 2023)	Fiscal 2024 (September 30, 2023)
(ASSETS)		
Current Assets:		
Cash and deposits	47,642	37,267
Notes and accounts receivable - trade, and contract assets	17,614	18,558
Electronically recorded monetary claims - operating	2,003	1,925
Short-term investment securities	15,719	15,140
Merchandise and finished goods	16,429	20,528
Work in process	12,349	13,873
Raw materials and supplies	8,638	9,368
Other	3,528	3,980
Allowance for doubtful accounts	(279)	(251)
Total current assets	123,646	120,391
Noncurrent Assets:		
Property, plant and equipment		
Land	8,384	8,355
Other, net	9,654	9,737
Total property, plant and equipment	18,038	18,092
Intangible assets		
Goodwill	2,085	2,040
Other	1,186	1,080
Total intangible assets	3,271	3,121
Investments and other assets	20,565	22,757
Total noncurrent assets	41,876	43,971
Total Assets	165,523	164,362

(1) Consolidated Balance Sheets

(In millions of yen)

	Fiscal 2023 (March 31, 2023)	Fiscal 2024 (September 30, 2023)
(LIABILITIES)		
Current Liabilities:		
Notes and accounts payable - trade	8,298	7,854
Electronically recorded obligations - operating	12,534	12,853
Short-term loans payable	377	310
Income taxes payable	1,054	732
Provisions	2,212	2,431
Other	19,885	18,440
Total current liabilities	44,362	42,623
Noncurrent Liabilities:		
Bonds payable	10,000	10,000
Long-term loans payable	238	207
Net defined benefit liability	1,738	1,693
Provisions	15	10
Other	2,034	2,771
Total noncurrent liabilities	14,026	14,683
Total Liabilities	58,389	57,306
(NET ASSETS)		
Shareholders' Equity:		
Capital stock	37,714	37,714
Capital surplus	37,788	37,286
Retained earnings	28,693	28,191
Treasury stock	(2,248)	(3,748)
Total shareholders' equity	101,948	99,444
Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	4,206	5,552
Foreign currency translation adjustment	1,676	2,897
Remeasurements of defined benefit plans	(866)	(838)
Total other comprehensive income	5,016	7,612
Non-controlling interests	168	-
Total Net Assets	107,133	107,056
Total Liabilities and Net Assets	165,523	164,362

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

Consolidated Statements of Income

For the six months ended September 30, 2023 and 2022

(In millions of yen)

	Fiscal 2023 (April 1, 2022 to September 30, 2022)	Fiscal 2024 (April 1, 2023 to September 30, 2023)
Net Sales	46,097	47,127
Cost of Sales	30,090	32,186
Gross profit	16,006	14,941
Selling, General and Administrative Expenses	13,279	14,497
Operating income	2,726	443
Non-Operating Income		
Interest income	35	57
Dividends income	181	409
Foreign exchange gains	980	1,002
Other	275	127
Total non-operating income	1,473	1,596
Non-Operating Expenses		
Interest expenses	28	43
Compensation for damage	46	-
Other	27	13
Total non-operating expenses	101	56
Ordinary income	4,097	1,983
Extraordinary Income		
Gain on sales of noncurrent assets	9	17
Gain on sale of investment securities	-	7
Total extraordinary income	9	24
Extraordinary Loss		
Loss on sales of noncurrent assets	-	0
Loss on retirement of noncurrent assets	8	4
Loss on disaster	10	-
Provision for loss on guarantees	-	83
Total extraordinary loss	18	88
Profit before income taxes	4,088	1,919
Income taxes-current	891	713
Income taxes-deferred	(110)	49
Total income taxes	781	762
Profit	3,307	1,157
Profit attributable to non-controlling interests	39	15
Profit attributable to owners of parent	3,268	1,141

Consolidated Statements of Comprehensive Income

For the six months ended September 30, 2023 and 2022

(In millions of yen)

	Fiscal 2023 (April 1, 2022 to September 30, 2022)	Fiscal 2024 (April 1, 2023 to September 30, 2023)
Profit	3,307	1,157
Other comprehensive income		
Valuation difference on available-for-sale securities	(535)	1,345
Foreign currency translation adjustment	1,132	1,236
Remeasurements of defined benefit plans, net of tax	43	28
Total other comprehensive income	641	2,610
Comprehensive Income	3,948	3,767
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	3,898	3,736
Comprehensive income attributable to non-controlling interests	50	31

(3) Notes Regarding Quarterly Consolidated Financial Statements

(Notes on Premise as a Going Concern)

None

(Notes in the Case of a Significant Change in Shareholders' Equity)

None

(Important Subsequent Events)

(Cancellation of treasury stock)

Based on a resolution passed at a Board of Directors meeting held on September 28, 2023, Komori decided to cancel some of its treasury stock in accordance with Article 178 of the Japanese Corporate Code. The cancelation of treasury stock was executed accordingly on October 20, 2023. Details are as follows.

1. Type of shares to be cancelled:	Common shares in Komori stock
2. Total number of shares to be cancelled:	1,461,900 shares (2.57% of the total number of shares outstanding before cancellation)
3. Date of cancellation:	October 20, 2023