

Consolidated Business Results for the Three Months Ended June 30, 2022
REPORTED BY KOMORI CORPORATION (Japanese GAAP)

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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 First Quarter (April 1, 2022 to June 30, 2022)

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

	Three months ended June 30, 2022	%	Three months ended June 30, 2021	%
Net sales	19,186	3.0	18,630	36.4
Operating income (loss)	250	-	(418)	-
Ordinary income (loss)	1,265	-	(128)	-
Profit (loss) attributable to owners of parent	972	-	(92)	-

(Yen)

Basic earnings (loss) per share	17.84	(1.65)
Diluted earnings per share	-	-

Notes:

1. Comprehensive income (loss):

Three months ended June 30, 2022: 1,598 million yen 670.4 %

Three months ended June 30, 2021: 207 million yen (27.7) %

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)

	June 30, 2022	March 31, 2022
Total assets	161,140	157,081
Total net assets	102,733	103,382
Equity ratio (%)	63.7	65.8

Reference:

Equity as of: June 30, 2022: 102,618 million yen

March 31, 2022: 103,286 million yen

2. Dividends

(Yen)

	Fiscal year ended March 31, 2022	Fiscal year ending March 31, 2023	Fiscal year ending March 31, 2023 (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	41.00	-	15.00
Annual cash dividends	56.00	-	30.00

Notes:

Revision to the latest dividend forecast announced in May 2022: None

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(In millions of yen, rounded down)

	Six months ending September 30, 2022	%	Fiscal year ending March 31, 2023	%
Net sales	47,400	18.1	92,800	5.9
Operating income	1,500	194.2	3,400	49.9
Ordinary income	1,700	88.5	3,700	8.5
Profit attributable to owners of parent	1,400	(61.0)	2,900	(52.9)
		(Yen)		(Yen)
Basic earnings per share	25.68		53.19	

Notes:

1. Revision to the latest forecast of consolidated business results announced in May 2022: No
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: Yes
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:

June 30, 2022:	56,890,740 shares
March 31, 2022:	58,292,340 shares
2. Number of treasury shares as of:

June 30, 2022:	2,368,712 shares
March 31, 2022:	3,768,240 shares
3. Average number of shares during the period

Three months ended June 30, 2022:	54,522,564 shares
Three months ended June 30, 2021:	55,923,991 shares

* This quarterly financial flash report (KESSAN TANSIN) 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 August 3, 2022. 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/>

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1. Qualitative Information Regarding the Quarterly Financial Results

(1) Overview of Consolidated Business Results

Consolidated net sales during the first three months of the fiscal year under review amounted to ¥19,186 million, representing a 3.0% increase from the same period of the previous fiscal year, despite ongoing uncertainty regarding the global economic outlook due to growing geopolitical risks and resulting surges in energy prices as well as repercussions of China's "zero-COVID" policy, and the widespread shortages of semiconductor and other parts supply on the back of the normalization of economic activities in many countries. An overview of consolidated net sales by region is set out below.

Overview of Consolidated Net Sales by Region

(In millions of yen)

		Three Months Ended June 30, 2021	Three Months Ended June 30, 2022	Increase / (Decrease) (%)
Net sales		18,630	19,186	3.0
Breakdown	Japan	4,533	4,696	3.6
	North America	1,273	1,699	33.5
	Europe	5,786	4,620	(20.1)
	Greater China	4,798	4,707	(1.9)
	Other Regions	2,239	3,462	54.6

Domestic Sales

In the domestic market, the volume of orders received for sheet-fed offset presses rose significantly thanks to the positive effect of marketing activities centered on proposals to improve ROI via the use of "advance" models and other solutions. The volume of orders received similarly increased for web offset presses and security printing presses. On the other hand, net sales were negatively affected by parts supply shortages as Komori had to lengthen time frames between the receipt of orders and deliveries due to this phenomenon. However, domestic sales increased 3.6% year on year to ¥4,696 million.

North America

In North America, the volume of orders received stayed robust, above the level seen in the same period of the previous fiscal year thanks to ongoing economic recovery backed by the post-pandemic normalization of economic activities. Consequentially, net sales in

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this region grew 33.5% year on year to ¥1,699 million due in part to the positive effect of foreign exchange fluctuations.

Europe

In Europe, despite a looming impact of geopolitical risks on economies, Komori received a consistently large number of inquiries, including those suggesting possibilities of tangible business negotiations, on the back of the normalization of economic activities following the COVID-19 pandemic. On the other hand, although Komori's consolidated operating results for the first quarter of the previous fiscal year had incorporated six-month operating results of the MBO Group, which manufactures and markets post-press processing equipment, as the Company adopted a new consolidation method calling for the provisional closing of financial results of this subsidiary at the end of each quarterly period, Komori has now consolidated the MBO Group's operating results for a three-month period in the first quarter of the fiscal year under review. As a result, overall net sales in this region decreased 20.1% year on year to ¥4,620 million.

Greater China

In Greater China, despite strong demand seen in the previous fiscal year thanks to the effect of a major exhibition held in June 2021 and other factors, commercial and logistics activities have since been affected by resurgences of the COVID-19 pandemic and the resulting enforcement of China's "zero-COVID" policy. As a result, overall net sales in this region edged down 1.9% year on year to ¥4,707 million.

Other Regions

Other Regions include ASEAN, India and Oceania as well as Central and South America. Following stagnation in the volume of orders received in the first half of the previous fiscal year due to the ongoing impact of the COVID-19 pandemic in India, Komori has benefitted from a significant increase in the volume of orders supported by robust demand that has continued from the second half of the previous fiscal year through the first quarter of the fiscal year under review on the back of economic recovery. Furthermore, although sales of security printing presses in these regions decreased in the first three months of the previous fiscal year due to substantial delays in delivery plans under the influence of the COVID-19 pandemic, sales of these presses increased greatly in the first quarter of the fiscal year under review, backed by a recoil attributable to the absence of such delays. As a result, overall net sales in Other Regions expanded 54.6% year on year to ¥3,462 million.

The cost of sales ratio decreased year on year due to such factors as an increase in production volume and changes in foreign exchange rates. In addition, selling, general and administrative (SG&A) expenses decreased from the same period of the previous fiscal year, despite year-on-year growth in shipping and other expenses in step with growth in net sales. This decrease was due mainly to differences in Komori's methods for consolidating the MBO Group's operating results. Specifically, although Komori's consolidated operating results for the first quarter of the previous fiscal year had incorporated S&G expenses incurred by the MBO Group over the six-month period as the Company adopted a consolidation method calling for the provisional closing of financial results of this subsidiary at the end of each quarterly period, Komori has now consolidated the MBO Group's operating results for a three-month period in the first quarter of the fiscal year under review. Taking these factors into account, Komori posted operating income of ¥250 million, compared with operating loss of ¥418 million in the same period of the previous fiscal year.

The Company posted ordinary income of ¥1,265 million, an improvement from an ordinary loss of ¥128 million in the same period of the previous fiscal year, thanks in part to the recording of a growing volume of foreign exchange gains.

For the first three months of the fiscal year under review, the Company recorded income before income taxes of ¥1,256 million, an increase from income before income taxes of ¥224 million in the same period of the previous fiscal year. As a result, Komori posted profit attributable to owners of the parent totaling ¥972 million, compared with net loss attributable to owners of the parent totaling ¥92 million in the same period of the previous fiscal year.

(2) Financial Condition

Total Assets

As of June 30, 2022, total assets stood at ¥161,140 million, up ¥4,058 million (2.6%) from the end of the previous fiscal year. Key factors increasing total assets were a ¥3,835 million increase in inventories, a ¥1,436 million increase in current assets—other, and a ¥603 million net increase in property, plant and equipment. Key factors decreasing total assets included a ¥2,029 million decrease in notes and accounts receivable—trade and contract assets, and a ¥287 million net decrease in securities.

Liabilities and Net Assets

Liabilities as of June 30, 2022 were ¥58,406 million, up ¥4,707 million (8.8%) from the

end of the previous fiscal year. The key contributors to this increase included a ¥4,391 million increase in current liabilities—other and a ¥921 million increase in electronically recorded monetary obligations. Key factors reducing liabilities included a ¥574 million decrease in provisions under current liabilities.

Net assets totaled ¥102,733 million, down ¥649 million (0.6%) from the end of the previous fiscal year. Key negative factors included a ¥2,645 million decrease in retained earnings due primarily to the payment of cash dividends and the cancellation of treasury stock in addition to a ¥417 million decrease in valuation difference on available-for-sale securities. Key positive factors contributing to net assets included a ¥1,371 million decrease in treasury stock and a ¥989 million increase in foreign currency translation adjustment.

Equity Ratio

The equity ratio as of June 30, 2022 stood at 63.7%, down 2.1 percentage points from 65.8% at the end of the previous fiscal year.

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

The Company has not revised its previous forecasts, disclosed as of May 13, 2022, on consolidated operating results for the fiscal year ending March 31, 2023.

2. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	(In millions of yen)	
	Fiscal 2022	Fiscal 2023
	(March 31, 2022)	(June 30, 2022)
(ASSETS)		
Current Assets:		
Cash and deposits	48,296	48,711
Notes and accounts receivable - trade, and contract assets	15,480	13,451
Electronically recorded monetary claims - operating	1,871	1,951
Short-term investment securities	15,622	15,334
Merchandise and finished goods	13,522	15,487
Work in process	10,794	12,229
Raw materials and supplies	8,080	8,515
Other	3,093	4,529
Allowance for doubtful accounts	(490)	(424)
Total current assets	116,269	119,785
Noncurrent Assets:		
Property, plant and equipment		
Land	8,315	8,376
Other, net	8,650	9,192
Total property, plant and equipment	16,966	17,569
Intangible assets		
Goodwill	2,427	2,550
Other	1,509	1,513
Total intangible assets	3,937	4,063
Investments and other assets	19,907	19,721
Total noncurrent assets	40,811	41,354
Total Assets	157,081	161,140

(1) Consolidated Balance Sheets

	(In millions of yen)	
	Fiscal 2022	Fiscal 2023
	(March 31, 2022)	(June 30, 2022)
(LIABILITIES)		
Current Liabilities:		
Notes and accounts payable - trade	6,576	6,978
Electronically recorded obligations - operating	9,227	10,149
Short-term loans payable	850	740
Income taxes payable	847	658
Provisions	2,095	1,520
Other	19,451	23,842
Total current liabilities	39,049	43,891
Noncurrent Liabilities:		
Bonds payable	10,000	10,000
Long-term loans payable	357	338
Net defined benefit liability	1,832	1,736
Provisions	41	42
Other	2,417	2,398
Total noncurrent liabilities	14,649	14,515
Total Liabilities	53,698	58,406
(NET ASSETS)		
Shareholders' Equity:		
Capital stock	37,714	37,714
Capital surplus	37,788	37,788
Retained earnings	27,416	24,771
Treasury stock	(3,619)	(2,248)
Total shareholders' equity	99,300	98,026
Other Comprehensive Income:		
Valuation difference on available-for-sale securities	3,538	3,121
Foreign currency translation adjustment	652	1,642
Remeasurements of defined benefit plans	(204)	(171)
Total other comprehensive income	3,986	4,592
Non-controlling interests	95	115
Total Net Assets	103,382	102,733
Total Liabilities and Net Assets	157,081	161,140

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

For the three months ended June 30, 2022 and 2021

(In millions of yen)

	Fiscal 2022 (April 1, 2021 to June 30, 2021)	Fiscal 2023 (April 1, 2022 to June 30, 2022)
Net Sales	18,630	19,186
Cost of Sales	12,573	12,526
Gross profit	6,057	6,659
Selling, General and Administrative Expenses	6,476	6,408
Operating profit (loss)	(418)	250
Non-Operating Income		
Interest income	10	17
Dividends income	118	156
Foreign exchange gains	92	681
Other	114	183
Total non-operating income	336	1,038
Non-Operating Expenses		
Interest expenses	15	13
Loss on sale of notes receivable - trade	4	7
Other	25	2
Total non-operating expenses	45	23
Ordinary profit (loss)	(128)	1,265
Extraordinary Income		
Gain on sale of non-current assets	511	7
Other	16	-
Total extraordinary income	528	7
Extraordinary Loss		
Loss on sale of non-current assets	0	-
Loss on retirement of noncurrent assets	13	5
Loss on valuation of investment securities	104	-
Loss on disaster	25	10
Other	32	-
Total extraordinary loss	175	15
Profit before income taxes	224	1,256
Income taxes-current	262	432
Income taxes-deferred	57	(161)
Total income taxes	320	271
Profit (loss)	(95)	985
Profit (loss) attributable to non-controlling interests	(3)	12
Profit (loss) attributable to owners of parent	(92)	972

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Consolidated Statements of Comprehensive Income

For the three months ended June 30, 2022 and 2021

(In millions of yen)

	Fiscal 2022 (April 1, 2021 to June 30, 2021)	Fiscal 2023 (April 1, 2022 to June 30, 2022)
Profit (loss)	(95)	985
Other comprehensive income		
Valuation difference on available-for-sale securities	197	(417)
Foreign currency translation adjustment	70	996
Remeasurements of defined benefit plans, net of tax	35	32
Total other comprehensive income	303	612
Comprehensive Income	207	1,598
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	211	1,578
Comprehensive income (loss) attributable to non-controlling interests	(4)	19

**(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)

(Cancellation of treasury stock)

Based on a resolution passed at a Board of Directors meeting held on April 27, 2022, Komori decided to cancel some of its treasury stock in accordance with Article 178 of the Japanese Corporate Code. In accordance with this decision, Komori cancelled 1,401,600 shares of treasury stock on May 20, 2022. This resulted in a ¥1,372 million decrease each in retained earnings and treasury stock in the first quarter of the fiscal year under review.

(Change in accounting policies)

Adoption of New Accounting Policies for Fair Value Measurement, etc.

The Company adopted the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan (ASBJ) Guidance No.31, dated June 17, 2021) at the beginning of the first quarter of the fiscal year under review. In accordance with transitional treatment provided by Paragraph 27-2 of said guidance, the Company adopted new accounting policies in conformity with the aforementioned guidance for the reporting of its current and future financial results. This change has no impact on the Company's quarterly consolidated financial statements.

(Adoption of the FASB Accounting Standards Codification (ASC) No. 842 "Lease" from the U.S. Financial Accounting Standards Board)

Komori's overseas consolidated subsidiary whose financial results are accounted using U.S. GAAP, adopted ASC No. 842 "Lease" at the beginning of the first quarter of the fiscal year under review. In line with this change, all lease transactions undertaken by this subsidiary as a borrower are now recorded as assets or liabilities in principle. In addition, this subsidiary also recognizes the cumulative effect of the adoption of said accounting standard from the first day of adoption, taking advantage of a method provided under transitional treatment stipulated by said accounting standard.

In addition, the impact of this change on the Company's quarterly consolidated financial statements is insignificant.