

Consolidated Business Results for the Nine Months Ended December 31, 2023
REPORTED BY KOMORI CORPORATION (Japanese GAAP)

January 31, 2024

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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 Third Quarter (April 1, 2023 to December 31, 2023)

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

	Nine months ended December 31, 2023	%	Nine months ended December 31, 2022	%
Net sales	69,266	4.2	66,498	4.6
Operating income	725	(72.7)	2,662	119.2
Ordinary income	2,201	(38.9)	3,604	85.6
Profit attributable to owners of parent	1,284	(54.8)	2,839	(34.9)

	(Yen)	
	2023	2022
Basic earnings per share	23.95	52.08
Diluted earnings per share	-	-

Notes:

1. Comprehensive income :

Nine months ended December 31, 2023: 4,924 million 55.0 %
Nine months ended December 31, 2022: 3,177 million (41.0) %

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)

	December 31, 2023	March 31, 2023
Total assets	161,406	165,523
Total net assets	107,412	107,133
Equity ratio (%)	66.5	64.6

Reference:

Equity as of: December 31, 2023: 107,412 million yen
March 31, 2023: 106,965 million yen

2. Dividends

	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 October 2023: No

Breakdown of the Forecast for Year-End Dividend for the Fiscal Year Ending March 31, 2024:

Ordinary dividend: ¥15 per share; commemorative dividend: ¥30 per share

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:

- Revision to the latest forecast of consolidated business results announced in October 2023: No
- 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

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

(4) Number of shares outstanding (common stock)

- Number of shares outstanding (including treasury stock) as of:

December 31, 2023:	55,428,840 shares
March 31, 2023:	56,890,740 shares
- Number of treasury shares as of:

December 31, 2023:	2,369,311 shares
March 31, 2023:	2,368,980 shares
- Average number of shares during the period

Nine months ended December 31, 2023:	53,610,992 shares
Nine months ended December 31, 2022:	54,522,203 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 February 7, 2024. 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. 7
(3) Consolidated Operating Results Forecasts and Other Information on the Future Outlook	P. 8
2. Consolidated Financial Statements	P. 9
(1) Consolidated Balance Sheets	P. 9
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	P. 11
Consolidated Statements of Income For the nine months ended December 31, 2023 and 2022	P. 11
Consolidated Statements of Comprehensive Income For the nine months ended December 31, 2023 and 2022	P. 12
(3) Notes Regarding Quarterly Consolidated Financial Statements	P. 13
(Notes on Premise as a Going Concern)	P. 13
(Notes in the Case of a Significant Change in Shareholders' Equity)	P. 13

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 nine months of the fiscal year under review, the outlook for the global economy grew ever murkier due to the prolongation of the Ukraine situation, along with the recent emergence of geopolitical risks in the Middle East. On the other hand, signs of recovery were observed as a slowdown in the pace of worldwide inflation prompted financial authorities in major countries to begin considering the discontinuance of supplemental monetary tightening measures or the implementation of monetary easing. Against this backdrop, consolidated net sales amounted to ¥69,266 million, representing a 4.2% 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)

		Nine Months Ended December 31, 2022	Nine Months Ended December 31, 2023	Increase / (Decrease) (%)
Net sales		66,498	69,266	4.2
Breakdown	Japan	21,555	22,438	4.1
	North America	5,171	6,836	32.2
	Europe	16,821	16,131	(4.1)
	Greater China	11,190	12,929	15.5
	Other Regions	11,759	10,930	(7.1)

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

Domestic Sales

In the domestic market, inbound tourism demand recovered to the pre-COVID-19 pandemic level, while personal consumption expanded in step with improvement in wages. These factors, in turn, resulted in 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, the volume of orders received in the domestic market was robust and up year on year, with domestic sales increasing 4.1% from the same period of the previous fiscal year to ¥22,438 million.

North America

In North America, despite ongoing improvement in employment, robust personal consumption and the slowing of inflation, some printing companies have taken a cautious stance toward implementing capital expenditures amidst high interest rates. However, net sales in this region amounted to ¥6,836 million, an increase of 32.2% year on year. This increase was attributable to sales recorded in the third quarter of the fiscal year ending March 31, 2024 that, upon the completion of post-delivery inspections, included a number of products for which orders had been received in the previous fiscal year.

Europe

In Europe, printing companies have taken a cautious stance toward investments, such as postponing their facility upgrade plans, amid the prolongation of the Ukraine situation and ongoing fallout from inflation, along with hikes in interest rates. As a result, net sales in this region fell 4.1% year on year to ¥16,131 million, due in part to delays in the recording of sales from large printing presses that should have otherwise been recorded in the third quarter of the fiscal year ending March 31, 2024.

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 due to such factors as supply chain reorganization undertaken by overseas corporations, foreign exchange fluctuations that resulted in the depreciation of the Chinese yuan, and stagnation in the real estate market. These circumstances led to the ongoing trend toward the postponement

of capital expenditures. On the other hand, some major printing companies went on to continue with capital expenditures aimed at executing facility upgrades to counter the growing seriousness of labor shortages and ongoing surges in personnel expenses via the promotion of labor saving and facility automation. Consequentially, net sales in this region rose 15.5% year on year to ¥12,929 million, reflecting a rebound from sluggish sales recorded in the same period of the previous fiscal year amid fallout from the “zero-COVID” policy.

Other Regions

Other Regions include ASEAN, India and Oceania as well as Central and South America. While sales of offset printing presses grew in such markets as ASEAN countries, India, and Central and South America, sales of security printing presses decreased due to the postponement of bidding scheduled for the previous fiscal year for these presses on the back of resurgences of the COVID-19 pandemic. As a result, net sales in Other Regions declined 7.1% year on year to ¥10,930 million.

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 R&D expenses. Taking these factors into account, Komori posted operating income of ¥725 million, compared with operating income of ¥2,662 million in the same period of the previous fiscal year.

The Company posted ordinary income of ¥2,201 million, a decrease from ordinary income of ¥3,604 million in the same period of the previous fiscal year due primarily to lower operating income.

For the nine months of the fiscal year under review, the Company recorded income before income taxes of ¥2,142 million, a decrease from income before income taxes of ¥3,615 million in the same period of the previous fiscal year. As a result, Komori posted profit attributable to owners of the parent totaling ¥1,284 million, compared with profit attributable to owners of the parent totaling ¥2,839 million in the same period of the previous fiscal year.

Highlights

In the third quarter of the fiscal year ending March 31, 2024, Group highlights were as follows:

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

In the field of security printing presses, the Company opened the Komori Global Center-Security (KGC-S) in October 2023. Based on concepts of “Power to the Print” and “Trust in Print,” the KGC-S offers cutting-edge facilities backed by security printing technologies cultivated by the Komori Group for more than 65 years. Komori aims to utilize these facilities to invite government officials and printing company representatives—who are its customers in the banknote and high-end security printing field—as well as relevant suppliers, to observe printing demonstration, take part in training and join collaborative R&D activities. In this way, Komori will work together with customers and suppliers to help enhance the reliability of banknotes.

In the printed electronics (PE) field, the Company established the Printed Electronics Elemental Technology Development Center (PEDEC) in October 2023 to promote the development of elemental technologies. The Komori Group has positioned the PE business as a growth business. Accordingly, PEDEC is aimed at enabling Komori to establish its technological competitiveness through the upgrading of its platform for the development of elemental technologies so that the Company remains on-trend with rapid advancements taking place in the electronics industry. PEDEC boasts a variety of analysis equipment and, therefore, is capable of conducting development aimed at applying cutting-edge printing technologies to electronics manufacturing. In addition to advancing elemental technologies of its own, Komori will fully take advantage of PEDEC to promote joint development with partner companies and open innovation involving industry-academia collaboration, with the aim of pursuing the possibilities of PE technologies.

(2) Financial Condition

Total Assets

As of December 31, 2023, total assets stood at ¥161,406 million, down ¥4,116 million (2.5%) from the end of the previous fiscal year. Key factors decreasing total assets included a ¥13,219 million decrease in cash and deposits, a ¥2,808 million decrease in securities and a ¥1,453 million decrease in notes and accounts receivable—trade, and contract assets. Key factors increasing total assets were a ¥8,862 million increase in inventories and a ¥4,238 million increase in investments and other assets.

Liabilities and Net Assets

Liabilities as of December 31, 2023 were ¥53,993 million, down ¥4,395 million (7.5%) from the end of the previous fiscal year. Key factors reducing liabilities included a ¥2,187

million decrease in electronically recorded obligations—operating, a ¥1,473 million decrease in notes and accounts payable—trade, and a ¥1,043 million decrease in current liabilities—other. Key factors increasing liabilities included ¥1,172 million increase in noncurrent liabilities—other and a ¥567 million increase in short-term loans payable.

Net assets totaled ¥107,412 million, up ¥279 million (0.3%) from the end of the previous fiscal year. Key positive factors contributing to net assets included a ¥2,687 million increase in valuation difference on available-for-sale securities and a ¥856 million increase in foreign currency translation adjustment. Key negative factors included a ¥2,618 million decrease in retained earnings due primarily to the payment of cash dividends, and a ¥502 million decrease in capital surplus.

Equity Ratio

The equity ratio as of December 31, 2023 stood at 66.5%, up 1.9 percentage points 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 not revised its previous forecasts, disclosed as of October 30, 2023, on the consolidated operating results for the fiscal year ending March 31, 2024.

2. CONSOLIDATED FINANCIAL STATEMENTS**(1) Consolidated Balance Sheets**

	(In millions of yen)	
	Fiscal 2023	Fiscal 2024
	(March 31, 2023)	(December 31, 2023)
(ASSETS)		
Current Assets:		
Cash and deposits	47,642	34,422
Notes and accounts receivable - trade, and contract assets	17,614	16,160
Electronically recorded monetary claims - operating	2,003	2,059
Short-term investment securities	15,719	12,911
Merchandise and finished goods	16,429	22,239
Work in process	12,349	14,931
Raw materials and supplies	8,638	9,109
Other	3,528	4,195
Allowance for doubtful accounts	(279)	(237)
Total current assets	123,646	115,791
Noncurrent Assets:		
Property, plant and equipment		
Land	8,384	8,339
Other, net	9,564	9,668
Total property, plant and equipment	18,038	18,008
Intangible assets		
Goodwill	2,085	1,796
Other	1,186	1,005
Total intangible assets	3,271	2,801
Investments and other assets	20,565	24,804
Total noncurrent assets	41,876	45,614
Total Assets	165,523	161,406

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

(1) Consolidated Balance Sheets

(In millions of yen)

	Fiscal 2023 (March 31, 2023)	Fiscal 2024 (December 31, 2023)
(LIABILITIES)		
Current Liabilities:		
Notes and accounts payable - trade	8,298	6,824
Electronically recorded obligations - operating	12,534	10,347
Short-term loans payable	377	944
Income taxes payable	1,054	319
Provisions	2,212	1,641
Other	19,885	18,841
Total current liabilities	44,362	38,919
Noncurrent Liabilities:		
Bonds payable	10,000	10,000
Long-term loans payable	238	190
Net defined benefit liability	1,738	1,667
Provisions	15	9
Other	2,034	3,206
Total noncurrent liabilities	14,026	15,074
Total Liabilities	58,389	53,993
(NET ASSETS)		
Shareholders' Equity:		
Capital stock	37,714	37,714
Capital surplus	37,788	37,286
Retained earnings	28,693	26,075
Treasury stock	(2,248)	(2,289)
Total shareholders' equity	101,948	98,787
Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	4,206	6,893
Foreign currency translation adjustment	1,676	2,533
Remeasurements of defined benefit plans	(866)	(801)
Total other comprehensive income	5,016	8,625
Non-controlling interests	168	-
Total Net Assets	107,133	107,412
Total Liabilities and Net Assets	165,523	161,406

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

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

For the nine months ended December 31, 2023 and 2022

(In millions of yen)

	Fiscal 2023 (April 1, 2022 to December 31, 2022)	Fiscal 2024 (April 1, 2023 to December 31, 2023)
Net Sales	66,498	69,266
Cost of Sales	43,620	46,823
Gross profit	22,878	22,443
Selling, General and Administrative Expenses	20,216	21,717
Operating income	2,662	725
Non-Operating Income		
Interest income	53	92
Dividends income	277	539
Foreign exchange gains	405	751
Other	356	245
Total non-operating income	1,092	1,629
Non-Operating Expenses		
Interest expenses	44	69
Compensation for damage	46	61
Other	59	22
Total non-operating expenses	150	153
Ordinary income	3,604	2,201
Extraordinary Income		
Gain on sales of noncurrent assets	10	23
Gain on sale of investment securities	-	7
Insurance claim income	24	-
Total extraordinary income	34	30
Extraordinary Loss		
Loss on sales of noncurrent assets	0	0
Loss on retirement of non-current assets	10	5
Loss on disaster	13	-
Provision for loss on guarantees	-	84
Total extraordinary loss	23	90
Profit before income taxes	3,615	2,142
Income taxes-current	1,011	983
Income taxes-deferred	(281)	(141)
Total income taxes	730	842
Profit	2,884	1,299
Profit attributable to non-controlling interests	45	15
Profit attributable to owners of parent	2,839	1,284

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

Consolidated Statements of Comprehensive Income

For the nine months ended December 31, 2023 and 2022

(In millions of yen)

	Fiscal 2023 (April 1, 2022 to December 31, 2022)	Fiscal 2024 (April 1, 2023 to December 31, 2023)
Profit	2,884	1,299
Other comprehensive income		
Valuation difference on available-for-sale securities	(326)	2,687
Foreign currency translation adjustment	566	872
Remeasurements of defined benefit plans, net of tax	51	64
Total other comprehensive income	292	3,624
Comprehensive Income	3,177	4,924
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	3,135	4,893
Comprehensive income attributable to non-controlling interests	41	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