

Revised 6th Medium-Term Management Plan



2021/05/24
KOMORI Corporation

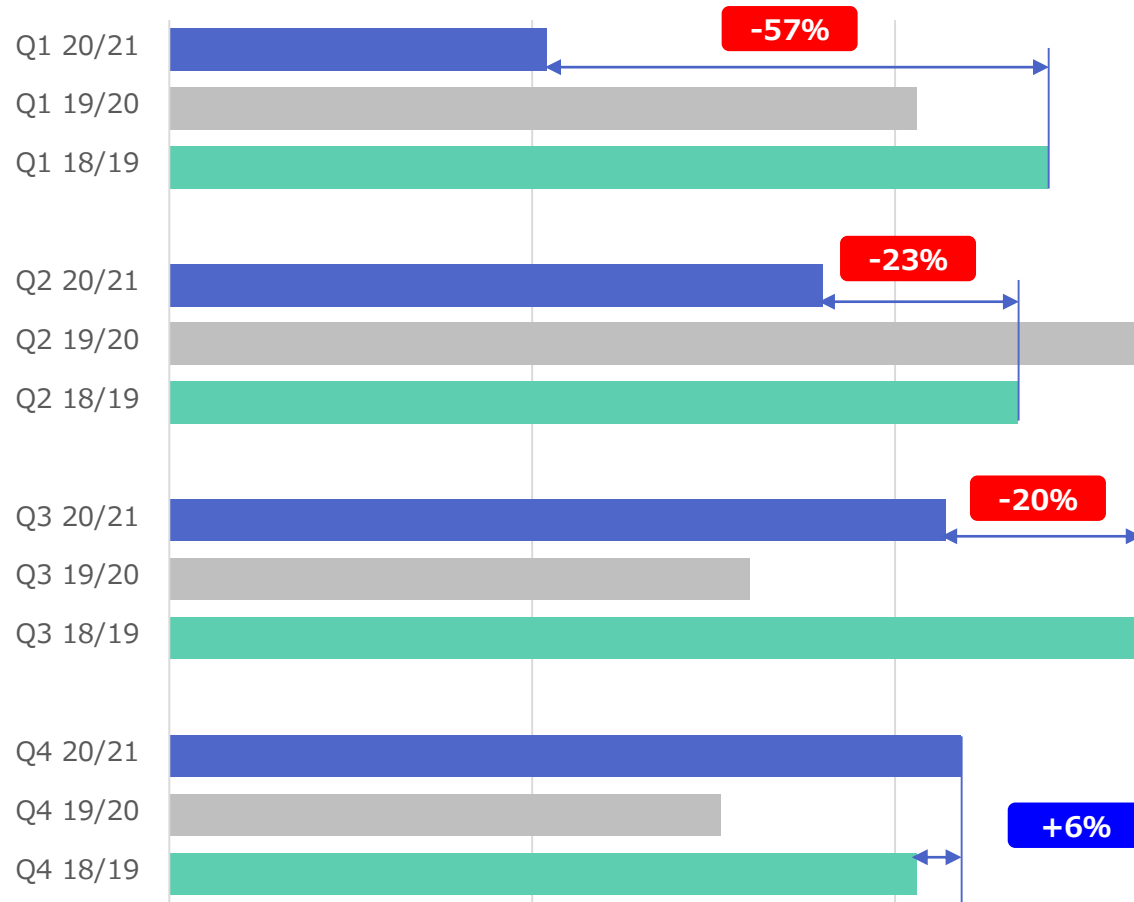
- 1) Impact of COVID-19 to KOMORI's Offset press business
- 2) Revised 6th Medium-Term Management Plan
 1. Strategic direction of each business
 2. Formation for execution
 3. Target numbers
 4. ESG(SDGs)
 5. Optimization of capital structure

1) Impact of COVID-19 to KOMORI's Offset press business

Status of KOMORI's Offset press business Order Intake

–) Maximum 57% declined in Q1 20/21 compared to Q1 18/19 due to Covid-19 impact

+) Recovered and exceeded in Q4 20/21



- **Offset press business**

-) Order recovery time varies depending on the region (China Recovered / North America Gradually recover)
-) The declining in the commercial printing market is accelerating
- +) Package market continues to expand

- **Security printing press business**

-) Orders for securities printing business are delayed due to Covid-19 damage
-) Delivery delay occurs due to the influence of Covid-19
- +) National projects are planned without change, albeit with delay

- **DPS business**

-) Delivery delay occurs due to the influence of Covid-19
-) Slow down of business activities due to movement restrictions, etc. when introducing the new model "Impremia NS40" to the market

- **Print industry**

-) Decrease in the number of printing presses due to active movements such as reorganization and consolidation of printing factories, mainly in developed countries
- +) Increased productivity / profitability improvement, human resource shortage response, environmental response needs, etc. are accelerating efforts to digitize the printing production process.

2) Revised 6th Medium-Term Management Plan

"Improving profitability and building a foundation for growth business"

Outline of plan

1) Clarify business goals and take concrete measures

- **Core business:** Business that secures stable profits ⇒ "**Offset press business / Security printing press business**"
- **Priority business:** Business that invests intensively with the aim of monetization ⇒ "**DPS business**"
- **(Sales) business format transformation:** Providing solutions that contribute to productivity ⇒ "**PESP / recurring business**"
- **New (cultivation) business:** Business to strengthen the foundation as a growth business ⇒ "**PE business / MBO business**"

2) Management system of Medium-Term Management Plan

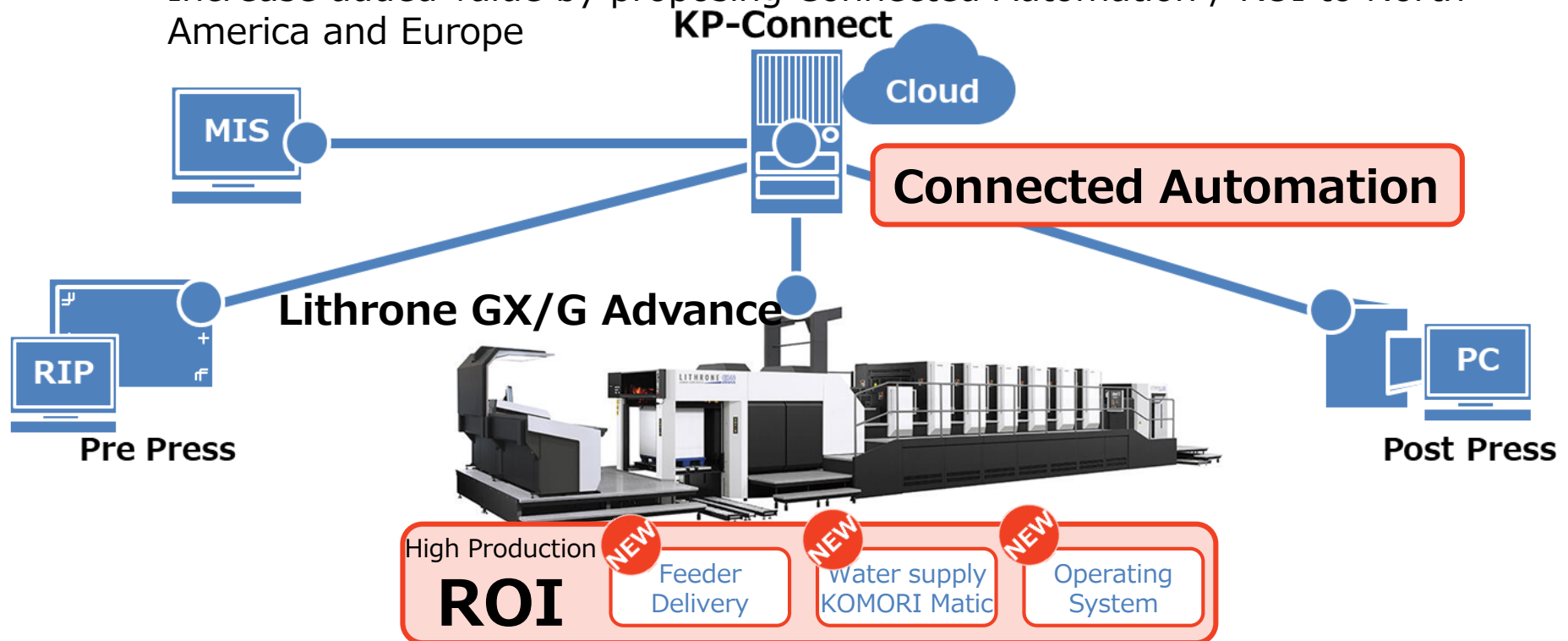
- Clarification of organizational management system

3) Building an optimal capital structure

- Ensuring financial soundness, promoting a financial strategy that balances capital efficiency and shareholder returns

• Offset press business

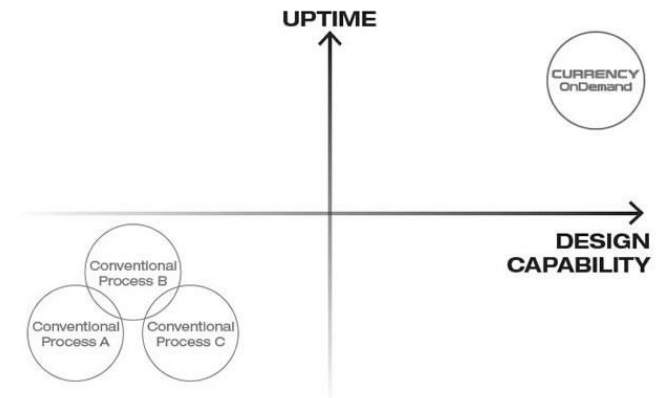
- Announcing the advanced series that provides the world's highest class ROI
- Strengthening efforts in the package printing market, such as developing package spec machine and ROI proposals
- Introducing a unique model specification machine that meets market needs
- Strengthen sales formation in China, Asia and India
- Increase added value by proposing Connected Automation / ROI to North America and Europe



• Security printing press business

- Differentiation proposals pursuing maximization of occupancy rate and expandability of banknote design
- Providing “KOMORI” brand value through differentiation proposals
- Pursuit of business expansion opportunities through service contracts, etc.

CURRENCY OnDemand



MAXIMIZE UPTIME

Fast Speed

KHS-AI

PDC-SX

PQA Series

STRENGTHEN DESIGN CAPABILITY

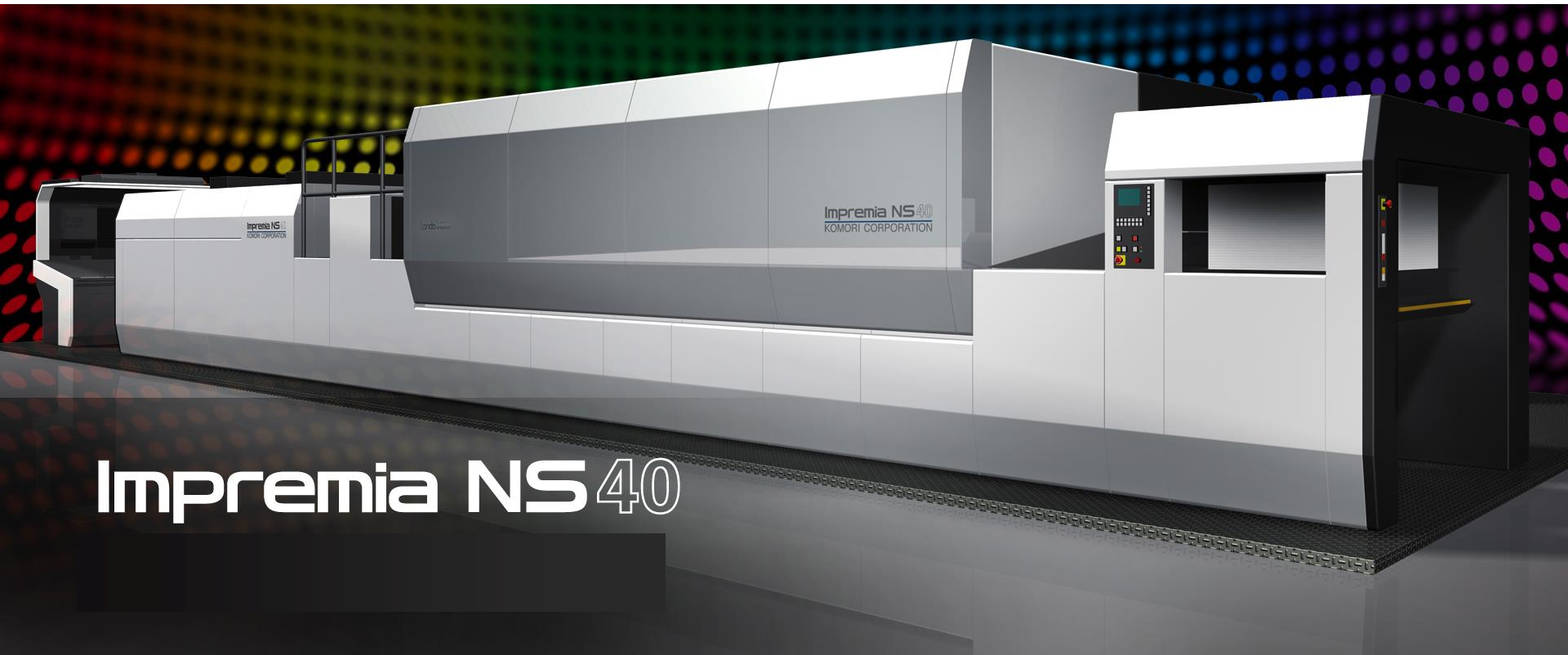
Multicolour

Multiprocess

Finelines

• DPS business

- Responding to trends in printing supply chain reforms and smaller job lots through digitalization
- Accelerate the development of "Impremia NS40" and start mass production from this year



Strategic direction of each business ("Sales" business format transformation)

KOMORI


• PESP/Recurring business

- Proposal for smart factory based on "Connected Automation" concept
- Strengthening of DX solution "KP-Connect" cloud service and expansion of service region
- Securing stable business profits by strengthening service business

**KOMORI
KP-Connect**

CONNECTED AUTOMATION

Realize a smart factory by
"Connected Automation"



KP-Connect

生産性を高めるために必要なのが生産の見える化。
その理由をご説明します。

(+) Coated/Gloss	JOB100000074
(+) Coated/Gloss	JOB100000125
(+) Coated/Gloss	JOB100000129
(+) Coated/Gloss	JOB100000160
(+) Coated/Gloss	TOP COAT

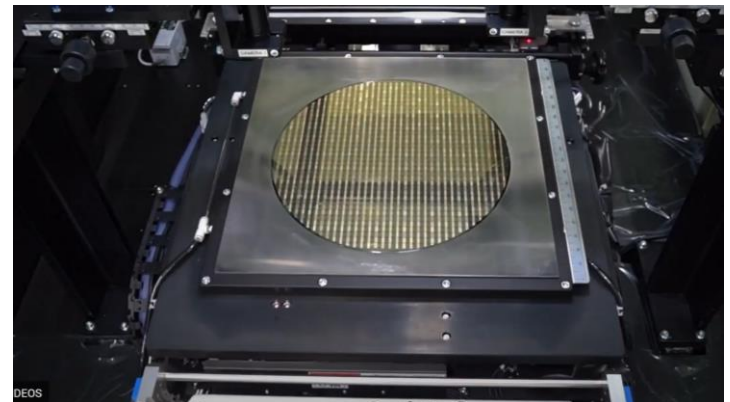
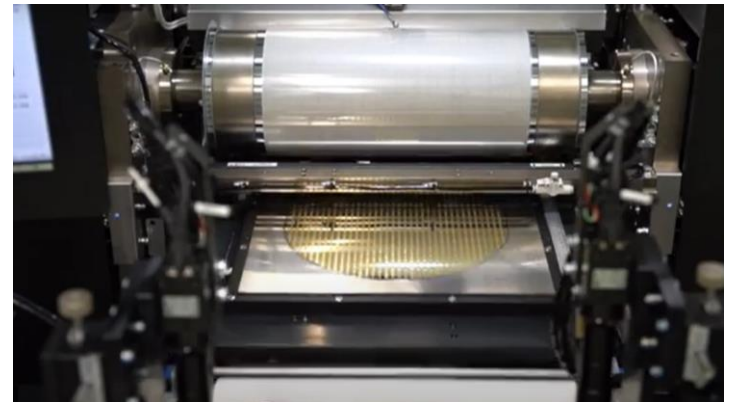
Cloud
Printing Company
Support
KOMORI

KOMORI-Kare

予防保全、機械のアップグレード、最適な資材。
KOMORI が培ってきたノウハウやナレッジによりあなたの課題を解決します。

• PE business

- Succeeded in developing 30 μ m ball mounting technology as cutting-edge semiconductor chip bonding technology※
- Moved to mass production trial and business model development phase
- Expansion of overseas business (Asia, China, Europe and America)



※ : Announced at International Conference on Electronics Packaging (ICEP2021) (2021.5.12)

Strategic direction of each business

(New “cultivation” business)

• MBO business

- Joined the KOMORI Group through M&A and strengthened KOMORI's post-press solution
- Development of Collaborative Robot “CoBo-Stack”
- Deployment of factory automation solutions in various production plants using material handling equipment



- **Establishment of management system to ensure execution of Medium-Term Management Plan**
- 1) Improving profits through organizational management that clarifies profit responsibility and execution of "Ameba Management"
- 2) Implementation of work style reforms that contribute to improving productivity

• Target numbers for the fiscal year 2024

"Sales ¥110.0 billion" "Operating income margin 7.0%" "ROE 5.3%"

By securing stable business profits while increasing the profitability of each business, we will stabilize profit fluctuations and achieve ROE targets.

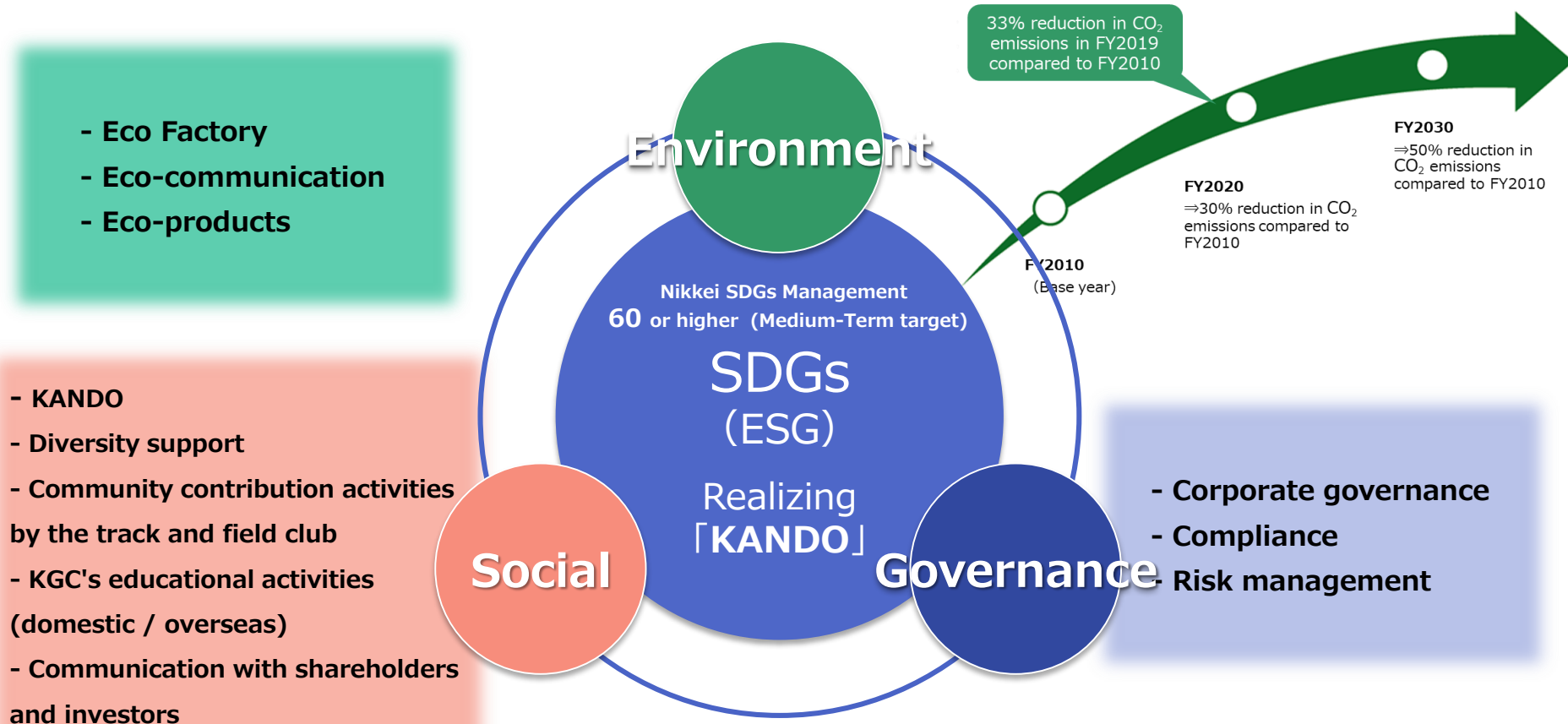
(¥ billion)

		Original	Revised
		FY2024	FY2024
Amount of sales		116.0	110.0
Operating income		10.0	7.7
Operating profit margin		8.6%	7.0%
ROE		6.5%	5.3%
Exchange rate	US\$	105.00	105.00
	EUR	115.00	120.00

PESP/Recurring Amount of sales	37.5	35.9
Sales ratio	32.3%	32.6%

• ESG initiatives

- Established SDGs subcommittee and worked on a company-wide cross-organization
- Clarification of efforts to solve social issues and improve corporate value by issuing an integrated report
- Activity evaluation and improvement through activity evaluation by a third-party organization "Nikkei SDGs Management"



- **Promote a well-balanced financial strategy to ensure financial status, capital efficiency, and shareholder returns.**

1) Maintaining financial soundness

- Securing funding capacity (maintaining a rating of A)
- Aim to recover capital adequacy ratio
- In the situation where the Covid-19 continues, we will try to recover to 70% in the medium to long term, and prioritize strategic investment opportunities, if any. However, even in the case, we maintain about 65-70%.
- Securing cash on hand, including preparation for risk

2) Management with an awareness of capital efficiency

- Increase the efficiency of accounts receivable and inventory turnover
- Arrangement and utilization of fixed assets
- Recovery of profitability to improve ROE \Rightarrow 5.3%

3) Shareholder return

- Total return ratio of 80% or more while emphasizing stable dividends (however, extraordinary profits and losses are considered separately)
- Strive to enhance shareholder returns.

• Maintaining financial soundness and compressing balance sheets

- 1) Although the achievement time will be delayed due to Covid-19, we will continue to aim to improve capital efficiency (ROE) by increasing profitability and asset efficiency.
- 2) Even after making strategic investments such as M & A, we will maintain a sound financial base so that we can withstand the same level of crisis as the Subprime mortgage crisis of 2008 and Covid-19 disasters.

◆ Financial strategy

◆ B/S forecast

	year ended March 2019 result	year ending March 2024 original	year ending March 2024 revised
Operating income	¥2.7billion	¥10.0billion	¥7.7billion
Operating income ratio	3.0%	8.6%	7.0%
ROE	1.1%	6.5%	5.3%
Capital adequacy ratio	78%	more than 70%	65~70%
Total return ratio	more than 40%	more than 80%	more than 80%

March 2019 actual
Total assets ¥167.4 billion

Current assets ¥109.5 billion	Liability ¥37.2 billion
Fixed assets ¥57.9 billion	Equity capital ¥130.2 billion (Capital adequacy ratio: 78%)

March 2024 forecast
Reduction of total assets

Current assets	Liability
Fixed assets	Equity capital



Caution Regarding Forward-Looking Statements

The forecasts in this material are based on management's assumptions and beliefs held in light of information currently available to it and accordingly involves 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