

# **Consolidated Business Results for the Six Months Ended September 30, 2022** **REPORTED BY KOMORI CORPORATION (Japanese GAAP)**

October 28, 2022

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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 Second Quarter (April 1, 2022 to September 30, 2022)**

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

	Six months ended September 30, 2022	%	Six months ended September 30, 2021	%
Net sales	46,097	14.8	40,143	18.4
Operating income	2,726	434.8	509	-
Ordinary income	4,097	354.5	901	-
Profit attributable to owners of parent	3,268	(8.9)	3,588	-

(Yen)

Basic earnings per share	59.95	64.17
Diluted earnings per share	-	-

Notes:

### 1. Comprehensive income:

Six months ended September 30, 2022: 3,948 million yen (2.4) %

Six months ended September 30, 2021: 4,045 million yen - %

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, 2022	March 31, 2022
Total assets	159,288	157,081
Total net assets	105,084	103,382
Equity ratio (%)	65.9	65.8

Reference:

Equity as of: September 30, 2022: 104,938 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

Note: 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)

	Fiscal year ending March 31, 2023	%
Net sales	98,000	11.8
Operating income	4,400	94.0
Ordinary income	5,400	58.4
Profit attributable to owners of parent	4,200	(31.8)
(Yen)		
Basic earnings per share	77.03	

Notes:

1. Revision to the latest forecast of consolidated business results announced in October 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:
 

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

September 30, 2022:	2,368,741 shares
March 31, 2022:	3,768,240 shares
3. Average number of shares during the period
 

Six months ended September 30, 2022:	54,522,332 shares
Six months ended September 30, 2021:	55,923,987 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 November 7, 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/>

**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. 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, 2022 and 2021	
Consolidated Statements of Comprehensive Income	P. 11
For the six months ended September 30, 2022 and 2021	
(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
(Changes in Accounting Policies)	P. 12

## 1. Qualitative Information Regarding the Quarterly Financial Results

### (1) Overview of Consolidated Business Results

Consolidated net sales during the first six months of the fiscal year under review amounted to ¥46,097 million, representing a 14.8% increase from the same period of the previous fiscal year. This was despite ongoing uncertainty regarding the global economic outlook due to steep inflation triggered by growing geopolitical risks as well as repercussions of China's "zero-COVID" policy, and the widespread shortages of semiconductor and other parts supply resulting from the concentration of demand 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)

		Six Months Ended September 30, 2021	Six Months Ended September 30, 2022	Increase / (Decrease) (%)
Net sales		40,143	46,097	14.8%
Breakdown	Japan	10,476	14,430	37.7%
	North America	3,787	3,388	(10.5%)
	Europe	9,815	11,131	13.4%
	Greater China	11,203	9,696	(13.5%)
	Other Regions	4,860	7,449	53.3%

### *Domestic Sales*

In the domestic market, economic activities have been normalized in step with the gradual relaxation of movement restrictions aimed at preventing the spread of COVID-19. Against this backdrop, printing companies have become active in executing investment for the purpose of improving productivity, increasing efficiency and otherwise rationalizing their operations in order to counter current surges in energy costs and rises in prices of printing supplies. Komori saw a major increase in the volume of orders received for sheet-fed offset presses thanks to the positive effect of its marketing activities focused on delivering proposals designed to enhance ROI via the use of "advance" models. Moreover, the Company secured a growing volume of orders for web offset and security printing presses. In addition, Komori recorded higher sales from maintenance, facility improvement and other services as its solutions proposals attracted immense customer interest. Consequentially, domestic sales increased 37.7% year on year to ¥14,430 million.

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

***North America***

In North America, economies remained on a recovery track thanks to the post-pandemic normalization of economic activities. On the other hand, businesses began to take a prudent stance toward undertaking capital expenditure in the second quarter of the fiscal year under review, due to steep inflation and interest rate hikes, the latter of which have been ongoing from the beginning of 2022. These factors, in turn, prompted some customers to postpone the placement of orders, with Komori's first-half net sales in this region declining 10.5% year on year to ¥3,388 million.

***Europe***

Komori saw a downturn in net sales in Europe during the first quarter of the fiscal year under review due to the impact of adjustments of the fiscal period that took place in the previous fiscal year for the MBO Group, which manufactures and markets post-press processing equipment. However, in terms of first-half operating results, Komori benefitted from post-pandemic recovery in business sentiment in favor of undertaking capital expenditure, which resulted in significant growth in sales in France and Italy as well as robust sales of security printing presses in the European market as a whole, despite the negative effect of geopolitical risks and inflation. Taking these and other factors into account, overall net sales in this region increased 13.4% year on year to ¥11,131 million.

***Greater China***

In Greater China, economies stagnated due to the repercussions of China's "zero-COVID" policy aimed at countering resurgences of the pandemic, while some printing companies postponed capital expenditures due in part to fluctuations in exchange rates. With the Komori Group's sales activities and logistics operations being affected by lockdowns, overall net sales in this region declined 13.5% year on year to ¥9,696 million. This decline also reflects a recoil from first-half operating results in the previous fiscal year, which included the sales effect arising from Komori's participation in a major exhibition held in June 2021.

***Other Regions***

Other Regions include ASEAN, India and Oceania as well as Central and South America. Komori has seen a considerable and ongoing increase in the volume of orders received in these regions thanks to recovery in demand from previous stagnation under the influence of the COVID-19 pandemic. Furthermore, although sales of security printing presses in

these regions had been on a downward trend in the same period of the previous fiscal year due to major delays in delivery plans under the influence of the pandemic, sales of these presses are now buoyed by a recoil from this trend and have grown significantly higher in the fiscal year under review. As a result, overall net sales in Other Regions amounted to ¥7,449 million, up 53.3% year on year.

Highlights in the first half of the fiscal year under review includes the relocation of the Global Parts Center, which had previously operated in Noda City, Chiba Prefecture. This facility has been offering a key function of supplying repair parts to customers around the world to bolster Komori's Print Engineering Service Provider (PESP) business and is now situated on the premises of the Tsukuba Plant in Tsukuba City, Ibaraki Prefecture. With the completion and launch of the new Global Parts Center as a fresh logistics base, the Company intends to promote the optimization of its logistics and ordering operations as well as the sharing of resources associated with these operations. Thus, the Global Parts Center is expected to help enhance the quality of Komori's PESP-related services and improve their profitability.

Turning to expenses, the cost of sales ratio improved year on year due to such factors as changes in foreign exchange rates. On the other hand, selling, general and administrative (SG&A) expenses grew from the same period of the previous fiscal year. This was due mainly to growth in shipping and other expenses in step with growth in net sales. Taking these factors into account, Komori posted operating income of ¥2,726 million, compared with operating income of ¥509 million in the same period of the previous fiscal year.

The Company posted ordinary income of ¥4,097 million, an improvement from ordinary income of ¥901 million in the same period of the previous fiscal year, thanks in part to an increase in foreign exchange gains.

For the first six months of the fiscal year under review, the Company recorded profit before income tax of ¥4,088 million, compared with income before income taxes of ¥4,427 million in the same period of the previous fiscal year, the latter of which included proceeds from sales of noncurrent assets. As a result, Komori posted profit attributable to owners of the parent totaling ¥3,268 million, compared with profit attributable to owners of the parent totaling ¥3,588 million in the same period of the previous fiscal year.

## **(2) Financial Condition**

### **Total Assets**

As of September 30, 2022, total assets stood at ¥159,288 million, up ¥2,207 million (1.4%) from the end of the previous fiscal year. Key factors increasing total assets were a ¥3,901 million increase in inventories and a ¥582 million increase in current assets—other. Key factors decreasing total assets included a ¥2,957 million decrease in cash and deposits.

### **Liabilities and Net Assets**

Liabilities as of September 30, 2022 were ¥54,204 million, up ¥505 million (0.9%) from the end of the previous fiscal year. The key contributors to this increase included a ¥1,488 million increase in electronically recorded obligations—operating and a ¥649 million increase in notes and accounts payable—trade. Key factors reducing liabilities included a ¥1,526 million decrease in current liabilities—other.

Net assets totaled ¥105,084 million, up ¥1,701 million (1.6%) from the end of the previous fiscal year. Key positive factors included a ¥1,371 million decrease in treasury stock and a ¥1,121 million increase in foreign currency translation adjustment. Key negative factors included a ¥535 million decrease in valuation difference on available-for-sale securities as well as a ¥349 million decrease in retained earnings due primarily to the payment of cash dividends and the cancellation of treasury stock.

### **Equity Ratio**

The equity ratio as of September 30, 2022 stood at 65.9%, up 0.1 of a percentage point from 65.8% at the end of the previous fiscal year.

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

On October 27, 2022, the Company revised its full-year operating results forecasts announced on May 13, 2022.

For more details, please refer to the press release titled “Komori Corporation Announces the Revised Forecasts for Operating Results for the Fiscal Year Ending March 31, 2023” dated October 27, 2022.

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

	(In millions of yen)	
	Fiscal 2022	Fiscal 2023
	(March 31, 2022)	(September 30, 2022)
<b>(ASSETS)</b>		
<b>Current Assets:</b>		
Cash and deposits	48,296	45,339
Notes and accounts receivable - trade, and contract assets	15,480	15,731
Electronically recorded monetary claims - operating	1,871	1,929
Short-term investment securities	15,622	15,691
Merchandise and finished goods	13,522	15,313
Work in process	10,794	12,333
Raw materials and supplies	8,080	8,651
Other	3,093	3,675
Allowance for doubtful accounts	(490)	(401)
Total current assets	116,269	118,264
<b>Noncurrent Assets:</b>		
Property, plant and equipment		
Land	8,315	8,376
Other, net	8,650	9,046
Total property, plant and equipment	16,966	17,422
Intangible assets		
Goodwill	2,427	2,551
Other	1,509	1,449
Total intangible assets	3,937	4,001
Investments and other assets	19,907	19,600
Total noncurrent assets	40,811	41,024
<b>Total Assets</b>	<b>157,081</b>	<b>159,288</b>

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



**(1) Consolidated Balance Sheets**

(In millions of yen)

	Fiscal 2022 (March 31, 2022)	Fiscal 2023 (September 30, 2022)
<b>(LIABILITIES)</b>		
<b>Current Liabilities:</b>		
Notes and accounts payable - trade	6,576	7,225
Electronically recorded obligations - operating	9,227	10,716
Short-term loans payable	850	750
Income taxes payable	847	1,116
Provisions	2,095	2,066
Other	19,451	17,924
Total current liabilities	39,049	39,799
<b>Noncurrent Liabilities:</b>		
Bonds payable	10,000	10,000
Long-term loans payable	357	301
Net defined benefit liability	1,832	1,717
Provisions	41	34
Other	2,417	2,350
Total noncurrent liabilities	14,649	14,404
<b>Total Liabilities</b>	<b>53,698</b>	<b>54,204</b>
<b>(NET ASSETS)</b>		
<b>Shareholders' Equity:</b>		
Capital stock	37,714	37,714
Capital surplus	37,788	37,788
Retained earnings	27,416	27,067
Treasury stock	(3,619)	(2,248)
Total shareholders' equity	99,300	100,321
<b>Accumulated Other Comprehensive Income:</b>		
Valuation difference on available-for-sale securities	3,538	3,003
Foreign currency translation adjustment	652	1,773
Remeasurements of defined benefit plans	(204)	(161)
Total other comprehensive income	3,986	4,616
<b>Non-controlling interests</b>	<b>95</b>	<b>145</b>
<b>Total Net Assets</b>	<b>103,382</b>	<b>105,084</b>
<b>Total Liabilities and Net Assets</b>	<b>157,081</b>	<b>159,288</b>

(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 six months ended September 30, 2022 and 2021

(In millions of yen)

	Fiscal 2022	Fiscal 2023
	(April 1, 2021 to September 30, 2021)	(April 1, 2022 to September 30, 2022)
<b>Net Sales</b>	40,143	46,097
<b>Cost of Sales</b>	27,100	30,090
Gross profit	13,043	16,006
<b>Selling, General and Administrative Expenses</b>	12,533	13,279
Operating income	509	2,726
<b>Non-Operating Income</b>		
Interest income	23	35
Dividends income	142	181
Foreign exchange gains	75	980
Other	236	275
Total non-operating income	477	1,473
<b>Non-Operating Expenses</b>		
Interest expenses	28	28
Compensation for damage	3	46
Other	53	27
Total non-operating expenses	85	101
Ordinary income	901	4,097
<b>Extraordinary Income</b>		
Gain on sales of noncurrent assets	3,685	9
Other	15	-
Total extraordinary income	3,700	9
<b>Extraordinary Loss</b>		
Loss on sales of noncurrent assets	0	-
Loss on retirement of noncurrent assets	12	8
Loss on valuation of investment securities	104	-
Loss on disaster	25	10
Other	32	-
Total extraordinary loss	174	18
Profit before income taxes	4,427	4,088
Income taxes-current	908	891
Income taxes-deferred	(76)	(110)
Total income taxes	832	781
<b>Profit</b>	3,595	3,307
<b>Profit attributable to non-controlling interests</b>	6	39
<b>Profit attributable to owners of parent</b>	3,588	3,268

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

**Consolidated Statements of Comprehensive Income**

For the six months ended September 30, 2022 and 2021

(In millions of yen)

	Fiscal 2022	Fiscal 2023
	(April 1, 2021 to September 30, 2021)	(April 1, 2022 to September 30, 2022)
<b>Profit</b>	3,595	3,307
Other comprehensive income		
Valuation difference on available-for-sale securities	324	(535)
Foreign currency translation adjustment	54	1,132
Remeasurements of defined benefit plans, net of tax	71	43
Total other comprehensive income	449	641
<b>Comprehensive Income</b>	4,045	3,948
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	4,038	3,898
Comprehensive income attributable to non-controlling interests	6	50

**(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 half of the fiscal year under review.

**(Changes in Accounting Policies)**

(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.