

Consolidated Business Results for the Nine Months Ended December 31, 2022 **REPORTED BY KOMORI CORPORATION (Japanese GAAP)**

January 31, 2023

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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, 2022 to December 31, 2022)

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

	Nine months ended December 31, 2022	%	Nine months ended December 31, 2021	%
Net sales	66,498	4.6	63,546	23.8
Operating income	2,662	119.2	1,214	-
Ordinary income	3,604	85.6	1,941	-
Profit attributable to owners of parent	2,839	(34.9)	4,364	-

(Yen)

Basic earnings per share	52.08	78.10
Diluted earnings per share	-	-

Notes:

1. Comprehensive income :

Nine months ended December 31, 2022: 3,177 million (41.0) %

Nine months ended December 31, 2021: 5,386 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)

	December 31, 2022	March 31, 2022
Total assets	158,535	157,081
Total net assets	103,490	103,382
Equity ratio (%)	65.2	65.8

Reference:

Equity as of: December 31, 2022: 103,353 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	-	25.00
Annual cash dividends	56.00	-	40.00

Note: Revision to the latest dividend forecast announced in May 2022: Yes

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

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:

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

December 31, 2022:	2,368,960 shares
March 31, 2022:	3,768,240 shares
3. Average number of shares during the period

Nine months ended December 31, 2022:	54,522,203 shares
Nine months ended December 31, 2021:	55,891,115 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 3, 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/>

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1. Qualitative Information Regarding the Quarterly Financial Results

(1) Overview of Consolidated Business Results

Consolidated net sales during the first nine months of the fiscal year under review amounted to ¥66,498 million, representing a 4.6% 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)

		Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022	Increase / (Decrease) (%)
Net sales		63,546	66,498	4.6%
Breakdown	Japan	15,976	21,555	34.9%
	North America	5,817	5,171	(11.1%)
	Europe	15,005	16,821	12.1%
	Greater China	16,324	11,190	(31.4%)
	Other Regions	10,422	11,759	12.8%

Domestic Sales

In the domestic market, the relaxation of movement restrictions previously in place to prevent the spread of COVID-19, along with rapid recovery in inbound tourism demand, resulted in a growing sense of labor shortages. Against this backdrop, printing companies remained 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 received a robust volume of orders for sheet-fed offset presses thanks primarily 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 34.9% year on year to ¥21,555 million.

North America

In North America, economies remained on a recovery track thanks to the post-pandemic

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normalization of economic activities. While printing companies were still slow to make investment decisions in light of steep inflation and interest rate hikes, demand associated with capital expenditures has nevertheless proven robust, causing the volume of orders received by Komori to recover. However, the Company's regional sales for the first nine months of the fiscal year under review decreased 11.1% year on year to ¥5,171 million, with a majority of orders received in the latter part of this period.

Europe

Komori benefitted from post-pandemic recovery in business sentiment in favor of undertaking capital expenditure, which resulted in significant growth in sales in France, Italy and elsewhere, despite the impact of steep inflation, including surging energy prices, on the back of growing geopolitical risks. Taking these and other factors into account, overall net sales in this region increased 12.1% year on year to ¥16,821 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. Moreover, the repeated cycle of imposing and lifting lockdowns was still in place in the third quarter of the fiscal year under review, negatively affecting the Komori Group's sales activities and logistics operations. Consequentially, overall net sales in this region declined 31.4% year on year to ¥11,190 million.

Other Regions

Other Regions include ASEAN, India and Oceania as well as Central and South America. In these regions, the volume of orders received for sheet-fed offset presses continued to increase thanks to recovery in demand from previous stagnation under the influence of the COVID-19 pandemic. As a result, overall net sales in Other Regions amounted to ¥11,759 million, up 12.8% year on year.

Highlights in the first nine months of the fiscal year under review include Komori's participation in the IGAS 2022 International Graphic Arts Show held at Tokyo Big Sight. This event is held once every four years, with the most recent round spanning five days from November 24 to 28, 2022. Under the banner of "Connected Automation—Opening the Door for Production Innovation," the Company earned highly favorable reviews from attendees through the demonstration of solutions designed to update frontline printing operations via digital transformation (DX) to address issues customers are now confronting. In light of the recent lifting of pandemic-related movement restrictions, the IGAS 2022 was a roaring success as it has provided a much-awaited physical venue for large-scale exhibitions, which, in turn, attracted a great number of attendees, including people from India, ASEAN regions and other countries overseas, as well as those from all across Japan.

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, along with corporate spending on advertising in connection with the Company's participation in an international trade show in November 2022. Taking these factors into account, Komori posted operating income of ¥2,662 million, compared with operating income of ¥1,214 million in the same period of the previous fiscal year.

The Company posted ordinary income of ¥3,604 million, an improvement from ordinary income of ¥1,941 million in the same period of the previous fiscal year, thanks in part to an increase in foreign exchange gains.

For the first nine months of the fiscal year under review, the Company recorded profit before income tax of ¥3,615 million, compared with income before income taxes of ¥5,364 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 ¥2,839 million, compared with ¥4,364 million in the same period of the previous fiscal year.

(2) Financial Condition

Total Assets

As of December 31, 2022, total assets stood at ¥158,535 million, up ¥1,453 million (0.9%) from the end of the previous fiscal year. Key factors increasing total assets were a ¥7,941 million increase in inventories and a ¥1,042 million increase in electronically recorded monetary claims—operating. Key factors decreasing total assets included a ¥8,594 million decrease in cash and deposits.

Liabilities and Net Assets

Liabilities as of December 31, 2022 were ¥55,044 million, up ¥1,345 million (2.5%) from the end of the previous fiscal year. The key contributors to this increase included a ¥3,000 million increase in electronically recorded obligations—operating and a ¥904 million increase in notes and accounts payable—trade. Key factors reducing liabilities included a ¥799 million decrease in provisions for current liabilities, a ¥776 million decrease in current liabilities—other, and a ¥484 million decrease in short-term loans payable.

Net assets totaled ¥103,490 million, up ¥107 million (0.1%) from the end of the previous fiscal year. Key positive factors included a ¥1,370 million decrease in treasury stock and a ¥570 million increase in foreign currency translation adjustment. Key negative factors included a ¥1,600 million decrease in retained earnings due primarily to the payment of cash dividends and the cancellation of treasury stock, as well as a ¥326 million decrease in valuation difference on available-for-sale securities.

Equity Ratio

The equity ratio as of December 31, 2022 stood at 65.2%, down 0.6 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

The Company has not revised its previous forecasts, disclosed October 27, 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)	(December 31, 2022)
(ASSETS)		
Current Assets:		
Cash and deposits	48,296	39,702
Notes and accounts receivable - trade, and contract assets	15,480	16,350
Electronically recorded monetary claims - operating	1,871	2,913
Short-term investment securities	15,622	15,250
Merchandise and finished goods	13,522	18,489
Work in process	10,794	13,010
Raw materials and supplies	8,080	8,837
Other	3,093	3,693
Allowance for doubtful accounts	(490)	(379)
Total current assets	116,269	117,868
Noncurrent Assets:		
Property, plant and equipment		
Land	8,315	8,350
Other, net	8,650	9,045
Total property, plant and equipment	16,966	17,396
Intangible assets		
Goodwill	2,427	2,216
Other	1,509	1,298
Total intangible assets	3,937	3,515
Investments and other assets	19,907	19,754
Total noncurrent assets	40,811	40,666
Total Assets	157,081	158,535

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(1) Consolidated Balance Sheets

(In millions of yen)

	Fiscal 2022 (March 31, 2022)	Fiscal 2023 (December 31, 2022)
(LIABILITIES)		
Current Liabilities:		
Notes and accounts payable - trade	6,576	7,481
Electronically recorded obligations - operating	9,227	12,228
Short-term loans payable	850	366
Income taxes payable	847	753
Provisions	2,095	1,296
Other	19,451	18,674
Total current liabilities	39,049	40,800
Noncurrent Liabilities:		
Bonds payable	10,000	10,000
Long-term loans payable	357	266
Net defined benefit liability	1,832	1,682
Provisions	41	32
Other	2,417	2,262
Total noncurrent liabilities	14,649	14,243
Total Liabilities	53,698	55,044
(NET ASSETS)		
Shareholders' Equity:		
Capital stock	37,714	37,714
Capital surplus	37,788	37,788
Retained earnings	27,416	25,816
Treasury stock	(3,619)	(2,248)
Total shareholders' equity	99,300	99,070
Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	3,538	3,212
Foreign currency translation adjustment	652	1,222
Remeasurements of defined benefit plans	(204)	(152)
Total other comprehensive income	3,986	4,282
Non-controlling interests	95	137
Total Net Assets	103,382	103,490
Total Liabilities and Net Assets	157,081	158,535

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

For the nine months ended December 31, 2022 and 2021

(In millions of yen)

	Fiscal 2022	Fiscal 2023
	(April 1, 2021 to December 31, 2021)	(April 1, 2022 to December 31, 2022)
Net Sales	63,546	66,498
Cost of Sales	42,963	43,620
Gross profit	20,583	22,878
Selling, General and Administrative Expenses	19,368	20,216
Operating income	1,214	2,662
Non-Operating Income		
Interest income	35	53
Dividends income	230	277
Foreign exchange gains	258	405
Other	329	356
Total non-operating income	853	1,092
Non-Operating Expenses		
Interest expenses	43	44
Compensation for damage	8	46
Other	74	59
Total non-operating expenses	126	150
Ordinary income	1,941	3,604
Extraordinary Income		
Gain on sales of noncurrent assets	3,687	10
Insurance claim income	-	24
Other	20	-
Total extraordinary income	3,707	34
Extraordinary Loss		
Loss on sales of noncurrent assets	1	0
Loss on retirement of non-current assets	14	10
Loss on valuation of investment securities	104	-
Business restructuring expenses	148	-
Loss on disaster	15	13
Total extraordinary loss	284	23
Profit before income taxes	5,364	3,615
Income taxes-current	1,082	1,011
Income taxes-deferred	(91)	(281)
Total income taxes	991	730
Profit	4,373	2,884
Profit attributable to non-controlling interests	8	45
Profit attributable to owners of parent	4,364	2,839

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Consolidated Statements of Comprehensive Income

For the nine months ended December 31, 2022 and 2021

(In millions of yen)

	Fiscal 2022	Fiscal 2023
	(April 1, 2021 to December 31, 2021)	(April 1, 2022 to December 31, 2022)
Profit	4,373	2,884
Other comprehensive income		
Valuation difference on available-for-sale securities	528	(326)
Foreign currency translation adjustment	361	566
Remeasurements of defined benefit plans, net of tax	123	51
Total other comprehensive income	1,012	292
Comprehensive Income	5,386	3,177
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	5,376	3,135
Comprehensive income attributable to non-controlling interests	9	41

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(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 nine months 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.