Creating a Sustainable Society and Exceeding Customer Expectations

Komori always strives to deliver Kando-customer satisfaction beyond expectations. In addition to this commitment, we work to realize sustainable society through future harmony among people, and with the community and the global environment. Embracing these goals, Komori Corporation is stepping out into the world.

Profile and Financial Indicators

(as of March 31, 2015)

Company name: Komori Corporation
Headquarters: 11-1 Azumabashi 3-chome, Sumida-ku, Tokyo 130-8666, Japan
Tel +81-3-5068-7911
Date established October 20, 1923
President and COO Satoshi Mochida
Capitalization ¥73,715 million
Number of employees (on a consolidated basis) 2,106

Profile

Komori Corporation was founded in 1923 as a commercial printer. The company started business as a printer and succeeded in making a major breakthrough in 1958 by developing the world’s first semi variables for offset paper. The company continued to develop key technologies, and in 1962 and 1963, developed the world’s first sheetfed offset press and the world’s first commercial offset sheetfed press respectively. Komori always strives to deliver Kando-customer satisfaction beyond expectations.

In addition to this commitment, we work to realize sustainable society through future harmony among people, and with the community and the global environment. Embracing these goals, Komori Corporation is stepping out into the world.

Creating a Sustainable Society and Exceeding Customer Expectations

We will carry out transformation of our profit structure through structural reform of our businesses and measures for early monetization of new businesses and innovation of new business models, as well as Monozukuri (manufacturing) innovation activities.

In the printing sector, demand from the paper media in the advanced countries was sluggish overall, affected by the spread of Information and Communications Technology (ICT), but printing demand in emerging countries is rising on the back of population growth and expansion of the middle-income class. In such a market environment, the Komori Group worked to stimulate demand in the offset printing press market by launching new products and carrying out marketing campaigns. At the same time, we strengthened the securities printing press business, the Printed Electronics (PE) business, the Digital Printing System (DPS) business and Print Engineering Service Provider (PESP) business, under our drive to transform our business structure and achieve business model innovation in sales activities.

In the offset printing press business, marketing activities focused on our mainstay systems (LITHRONE GL40 and LITHRONE A37), with solution proposals based on the H-UV high-speed UV sheetfed press systems, the world’s first integrated control system for high productionity and quality, and the KOMORITY OnDemand system which incorporates the CMS system for color-matching between offset presses and various printers. We also launched full-scale process of solutions for the LITHRONE GX40 and LITHRONE GX40RP systems, developed for package printing applications, a field which is expected to see steady growth over the long-term.

In new businesses, we aggressively expanded the securities printing press business into overseas markets, winning orders from, among others, UK-based DE LA RUE INTERNATIONAL LIMITED, the world’s largest private securities printing firm. With the launch of full-scale order processing for mass production, we also made significant progress in the PE business toward commercialization of our metal wiring for touch panel systems, having established a platform enabling total support including marketing and services through the acquisition of Tokai Holdings Co., Ltd. (changed its trade name from April 1, 2015: SERIA CORPORATION). In the DPS business, we entered into joint development of next-generation digital printing machinery with KONICA MINOLTA, INC., and sheetfed nanographic printing presses being jointly developed with Landa Corporation Ltd. of Israel, aiming at early commercialization.

In the PESP business, achievement of business model innovation in sales activities will involve creation of long-term partnership relationships with customers in Japan and overseas, based on creation of integrated platforms for product development, marketing and service and account management, in order to propose total solutions which help improve profitability and productivity at our customers. In this way, we will aim for a still firmer earnings base.

In order to strengthen cost competitiveness as we restructure earnings models, we are improving operational efficiency and cutting selling and administration costs by using ICT, while at the same time developing Monozukuri (manufacturing) innovation and creating an optimally efficient production system capable of responding to orders for varying product types and volumes. This will help us reduce production lead times and costs.

By concentrating management resources on these issues, and tackling them on a company-wide basis, we aim to create a business foundation which realizes long-term stable growth, increases our corporate value and become an outstanding enterprise.

September 2015

Message from Top Management

Satoshi Mochida
Representative Director, President and COO

Key Domestic Operations

Komori Corporation offices outside Osaka:
Headquarters, Techno Service Center, West Japan Service, Sagami Service, Satsume Technical Center, Komori Global Parts Center, Osaka Regional Headquarters, Nagoya Branch Office, Shizuoka Representative Office, Kiyotaka Branch Office, Hokkaido Branch Office, Tokushima Branch Office, Nagoya Representative Office, Hirokawa Branch Office, Chuoku Branch Office, Shizuoka Branch Office, Trukubako Plant, Komori Graphic Technology Center

Subsidiaries

Komori Machinery Co., Ltd., Komori Asia Co., Ltd., Komori Engineering Co., Ltd., SERIA CORPORATION, SERIA ENGINEERING, INC.

Key Overseas Operations

North America
Komori America Corporation, Komori Leasing Incorporated
Europe
Asia

Sales by Product Category

Used systems and parts repairs ¥1.7 billion
Other ¥0.6 billion

Sales by Geographical Category

Japan ¥31.3 billion
Europe ¥15.1 billion
Asia ¥15.1 billion
North America ¥11.8 billion
Other regions ¥2.2 billion

Commerical offset presses (offset sheffled presses and offset web presses), currency and securities printing presses, web offset packaging presses, screen printing presses and printing equipment.

Financial Indicators

Billions of yen

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales (Billions of yen)</th>
<th>Operating income (Billions of yen)</th>
<th>Ordinary income (Billions of yen)</th>
<th>Net income (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>¥16.5 billion</td>
<td>¥13.9 billion</td>
<td>¥10.7 billion</td>
<td>¥3.2 billion</td>
</tr>
<tr>
<td>China</td>
<td>¥12.1 billion</td>
<td>¥10.6 billion</td>
<td>¥8.5 billion</td>
<td>¥2.1 billion</td>
</tr>
<tr>
<td>North America</td>
<td>¥11.8 billion</td>
<td>¥9.0 billion</td>
<td>¥6.8 billion</td>
<td>¥2.2 billion</td>
</tr>
<tr>
<td>Europe</td>
<td>¥9.1 billion</td>
<td>¥7.5 billion</td>
<td>¥5.7 billion</td>
<td>¥1.8 billion</td>
</tr>
<tr>
<td>Other regions</td>
<td>¥2.2 billion</td>
<td>¥1.7 billion</td>
<td>¥1.3 billion</td>
<td>¥0.4 billion</td>
</tr>
<tr>
<td>Total</td>
<td>¥54.9 billion</td>
<td>¥43.8 billion</td>
<td>¥33.1 billion</td>
<td>¥8.7 billion</td>
</tr>
</tbody>
</table>
Management Philosophy and Plan

Delivering Kando
Komori’s management philosophy seeks to create customer Kando by attaining three goals.

1. Enhance the Komori brand image
2. Deliver quality control
3. Implement solution business

Komori will inspire customer Kando through bold pursuit of quality in the printing world and the global community.

Komori’s Mission
Ever since its founding in 1923, the Komori Group has sought to contribute to society and culture by manufacturing printing presses. The pace of social change has accelerated in the 21st century, transforming the operating climate of the printing industry. Now is the time to renew our commitment to making progress one step at a time. Our ideal of being a company that inspires customer Kando will illuminate our path.

We are committed to listening to our customers, providing the finest services by viewing print from user perspectives, and we seek to offer the best product and technology solutions. Through diligent effort, we believe that we can achieve true brand value as an enterprise that offers Kando.

We will continue striving to inspire customer Kando through creative activities that originate with our customers.

Fourth Medium-Term Management Plan (fiscal 2014 to 2016)
Komori is realizing three goals in the Fourth Medium-Term Management Plan launched in April 2013: “Business structure transformation,” “Business model innovation,” and “Profit structure transformation.”

Business structure transformation
New businesses
- Securities printing equipment business (Onseia)
- Digital printing system business
- Printed electronics business

Business model innovation
Cultivating the PESP Business
- Delivering solutions

Monozukuri (Manufacturing) innovation activities
Creating attractive products
- Reinforcing cost competitiveness
- Strengthening development capabilities

Profit structure transformation
Enhancing profitability
- Applying ICT
- SG&A initiatives (To cut the ratio of SG&A expenses to net sales to 25%)
- Reforming personnel system

Building an operating platform that ensures sustainable stable growth
Enhancing corporate value and becoming an outstanding enterprise

The KANDO-PROJECT

Customer Satisfaction Beyond Expectations The KANDO-PROJECT
At Komori, we aim to inspire our customers through our printing technologies and services, which support society and culture, and help solve problems afflicting society. That is the KANDO-PROJECT.

“Green PJ” environmental protection activities
- Raise our environmental commitment in the printing industry and for customers
- Proactively promote environmental measures to realize a more livable global environment
- Contribute to the community as a good corporate citizen

Environmental solutions
- DC-Blower
- H-UV
- VOC recovery system

Digital technologies
- Printed Electronics (PE) technologies
  * Creating electronic circuits using printing technologies

Societal issues surrounding the printing business and our customers
- Reducing running costs through environmental measures
- Global warming prevention measures
- Preservation of biodiversity
- Control of harmful chemicals
- Quality enhancement of information culture and lifestyles
- More advanced and high value-added industry
- Bridging the digital divide
- Improving the workplace environment and health and safety
KOMORI Eco Vision 2030 / Basic Environment Policy / Biodiversity Statement / ISO 14001 Certifications

**KOMORI Eco Vision 2030 (Long-term targets)**
The basic tenets of the Komori Group’s Eco Vision 2030 initiative are prevention of global warming, measures for a recycling-based society and biodiversity. These orientations support our aim of contributing to realization of global and communal sustainability and fulfillment of our responsibilities as a global company.

- Prevention of global warming
- Measures for a recycling-based society
- Biodiversity measures (reducing the risk from chemical substances)

**Komori’s Basic Environment Policy**
1. We consistently pursue improvements, such as saving energy and other resources, reusing and recycling, and reducing all waste for corporate activities.
2. We promote environmentally friendly printing presses and equipment. We practice green purchasing.
3. We adhere strictly to environmental and related laws and ordinances while reducing emissions of hazardous chemical substances and striving to prevent pollution.
4. We meet regularly to review environmental goals. We continuously reduce environmental loads.
5. We will document, practice, and maintain this policy. We will educate employees about the policy to enhance their awareness of the need to safeguard the environment.
6. We are committed to communicating with local residents, customers and related companies to aid environmental protection, and will disclose this policy to the general public.

**Biodiversity Statement**
- Basic philosophy
  The Komori Group will contribute to formation of a sustainable society through the development and dissemination of products and technologies that promote biodiversity, in a gesture of gratitude for the blessings of nature, the source of biodiversity.
- Action guidelines
  1. With due consideration to their impact on biodiversity, we are committed to development of products that, to the maximum possible extent, can reduce use of forestry resources (paper), water and fossil fuels (electricity).

**ISO 14001 Certifications**

<table>
<thead>
<tr>
<th>Registered Operations</th>
<th>Komori Corporation (Techno Service Center)</th>
<th>Komori/Machinery Co., Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration Number</td>
<td>JQA-EM1949</td>
<td>JQA-EM3223</td>
</tr>
<tr>
<td>Registration Date</td>
<td>December 7, 2001</td>
<td>June 13, 2003</td>
</tr>
<tr>
<td>Certifying Institution</td>
<td>Japan Quality Assurance Organization</td>
<td>Japan Quality Assurance Organization</td>
</tr>
</tbody>
</table>

**Status of Environmental Activities**

**Priority Themes and Major Issues**
The Komori Group’s activities are based on a classification of environmental action planning into priority themes and major issues. There are three priority themes: eco-products, eco-factories and eco-communication, under which major issues are identified.

<table>
<thead>
<tr>
<th>Priority themes</th>
<th>Major issues</th>
<th>Environmental contribution</th>
<th>Products and goods, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco-products</td>
<td>Development of environment-friendly goods</td>
<td>Prevention of global warming</td>
<td>Sheetedpress press HUV KHS-Ai ED Minters VOC measures Rolls ( R ) ( E ) ( A ) ( C ), etc.</td>
</tr>
<tr>
<td>Eco-factories</td>
<td>Energy-saving activities</td>
<td>Prevention of global warming</td>
<td>Plants Business sites General waste materials Industrial waste</td>
</tr>
<tr>
<td>Eco-communication</td>
<td>Reducing environmental impact upon distribution, marketing and services</td>
<td>Prevention of global warming</td>
<td>Printing machinery Plants Industrial waste Oil cleaning, etc.</td>
</tr>
</tbody>
</table>

**Eco-products (development)**
By developing environmental products needed by the customer, we will win new sales opportunities and work to further reduce environmental impact, while meeting relevant legal and regulatory product requirements.

**Eco-factories (procurement and production)**
We will work to further reduce environmental impact and take measures to meet relevant legal and regulatory product requirements, through consolidation of production technologies and techniques.

**Eco-communication (distribution, sales and services)**
We will work to further reduce environmental impact through improvement of distribution efficiency and reduction in use of packaging materials. We will further aim to reduce environmental impact through our services for a broader range of customers, by devising and proposing optimized products that contribute to reduction of environmental impact at the product development and marketing stages.
Environmental Strategy

Message from Komori’s Environmental Officer

Many environmental issues affect the society we live in, including global warming, atmospheric and water pollution, and resource depletion. For most of these, their major causes lie in our own lives and economic activities. Looking back on our own environmental activities in the printing sector, we focused on developing technologies for energy-saving products in response to dramatically increased demand for better performance in terms of lower electricity consumption after the Great East Japan Earthquake in 2011. We also undertook basic technological developments such as systems for recovery of ink mist and volatile organic chemicals, and odor control systems, against a backdrop of mounting pressures on printing plants to improve their operating environment.

In addition to such measures described above in the areas of environmental technologies, we have also launched the “Green-PJ” project in 2013, an in-house cross-organizational environmental initiative, to deepen our environmental commitment to customer and society as a whole. In this way, we have launched new initiatives aiming to transform Komori to a model of environmental awareness.

In addition to creating environment-friendly products, the “Green-PJ” project also aims to make Komori a leader in environmental issues in the printing industry, by committing to energy/resource-saving and biodiversity at production plants as well, and by strengthening dialogue with our business partners through green procurement and management of chemical substances, etc., with integrated management of environment issues on a company-wide basis.

Kazunori Saitoh
Director and Managing Operating Officer, Manager of Tsukuba Plant, and Head of Komori Graphic Technology Center

Green-PJ
Encompassing the entire environment of a printing plant

Green Concept

Komori’s Green Concept

At Komori, “Green” has been designated a keyword that denotes a state of co-existence embracing the environment, people and nature. We believe that ‘green’ must entail a calm, bright future where co-existence and mutual balance is maintained among them. This is the essence of the philosophy behind the Green Concept promoted by Komori.

Environment-friendly design

Unless preventive measures are taken, printing presses are industrial products that cause significant environmental impact, consuming as they do vast amounts of paper, ink and other materials and, during operation, electricity and other energy sources. The greatest environmental concern with regard to printing machinery is reduction of waste which accompany production of printed materials.

At Komori, we go beyond reduction of waste in the printing process. We are also committed to product development and design that aims to ensure printing machinery that is friendly to the global environment and humanity throughout the life-cycle.

Environment-friendly design

Three pillars of the Green Concept

Realization of the three pillars of the Green Concept—Clean (pollution prevention), Saving (resource protection) and Safety—will define the development of the next generation of printing machinery. While always committed to reduction of waste paper and improvement of the working environment, as well as further development of energy-saving and noise-reducing systems, Komori is dedicated to developing environment-friendly printing equipment that aims at coexistence of the environment, people and nature.

Green-PJ

Encompassing the entire environment of a printing plant

Clean

Pollution prevention

Reduction of usage volumes of consumables and wasted products

Plants environment measures

Control of rise in room temperature and spray powder scattering

Safety

Resource conservation

Reduction of power consumption (reduce CO2 emission amounts)

Paper loss measures

Reduction of usage volumes of printing paper and ink

Environment-friendly design

1 Environmental impact assessments

In our production designing process, we identify items that may affect the environment, and create development plans that minimize those environmental impacts.

Green Project Organization

2 Life-Cycle Assessments

Life-cycle assessments for newly developed machinery cover not only products themselves but also the entire product life-cycle, spanning parts procurement, processes, deliveries and use. Such evaluations enable us to ensure development of printing machinery that is energy- and resource-saving, and also friendly to the global environment.

3 Printing machinery operational feedback

Depending on usage status, the energy and resource consumption of printing presses varies greatly.

We carry out follow-up surveys into operational and usage status of printing machinery delivered to and used by our customers, and reflect those results in our designs to ensure that printing machinery can be used over the long term in sound condition by our customers, and is friendly to the global environment.
The Komori Group’s Environmental Impact

The Group strives in every processing stage spanning manufacturing and selling printing presses, distribution and recycling to measures for lower environmental impact. We have identified the following overall impacts from our operations for fiscal 2015. We are committed to accelerating efforts to boost our environmental efficiency in the years ahead.

INPUT

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy input</td>
<td>33,957,088 kWh</td>
</tr>
<tr>
<td>Fuels</td>
<td>2,002 kl</td>
</tr>
<tr>
<td>Water</td>
<td>146,249 m³</td>
</tr>
<tr>
<td>Paper consumption</td>
<td>653 metric tons</td>
</tr>
<tr>
<td>Virgin paper test print runs</td>
<td>14 metric tons</td>
</tr>
<tr>
<td>Recycled copy paper</td>
<td>14 metric tons</td>
</tr>
<tr>
<td>Indirect printing materials</td>
<td>0.1 kl</td>
</tr>
<tr>
<td>Xylene</td>
<td>0.3 kl</td>
</tr>
<tr>
<td>Toluene</td>
<td>6.0 kl</td>
</tr>
<tr>
<td>Solvents</td>
<td>0.1 kl</td>
</tr>
<tr>
<td>Water discharges</td>
<td>1.0 kl</td>
</tr>
<tr>
<td>Volume recycled</td>
<td>8.5 metric tons</td>
</tr>
<tr>
<td>Petrols</td>
<td>4.4 metric tons</td>
</tr>
<tr>
<td>Water</td>
<td>0.9 metric tons</td>
</tr>
<tr>
<td>Metal scrap</td>
<td>1,388.4 metric tons</td>
</tr>
<tr>
<td>Waste testing paper</td>
<td>371.4 metric tons</td>
</tr>
<tr>
<td>Waste oil and liquid</td>
<td>374.1 metric tons</td>
</tr>
<tr>
<td>Metal scrap</td>
<td>374.1 metric tons</td>
</tr>
<tr>
<td>Waste plastic</td>
<td>188.0 metric tons</td>
</tr>
<tr>
<td>Others</td>
<td>2.2 metric tons</td>
</tr>
<tr>
<td>Number of units produced</td>
<td>766 units</td>
</tr>
<tr>
<td>Offset printing presses</td>
<td>530 units</td>
</tr>
<tr>
<td>Screen printers</td>
<td>496 units</td>
</tr>
<tr>
<td>Total</td>
<td>766 units</td>
</tr>
<tr>
<td>Fuel</td>
<td>508 kl</td>
</tr>
<tr>
<td>Service and repair parts</td>
<td>5.0 metric tons</td>
</tr>
<tr>
<td>Operating manuals and parts lists</td>
<td>6.5 metric tons</td>
</tr>
<tr>
<td>Castings and steel materials</td>
<td>16,003 metric tons</td>
</tr>
<tr>
<td>Others</td>
<td>469 metric tons</td>
</tr>
<tr>
<td>Parts and materials</td>
<td>16,003 metric tons</td>
</tr>
<tr>
<td>Castings and steel materials</td>
<td>469 metric tons</td>
</tr>
</tbody>
</table>

OUTPUT

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td></td>
</tr>
<tr>
<td>Greenhouse gases</td>
<td>21,968 t-CO2</td>
</tr>
<tr>
<td>Air pollutants</td>
<td></td>
</tr>
<tr>
<td>Nitrogen oxides</td>
<td>2.8 metric tons</td>
</tr>
<tr>
<td>Other oxides</td>
<td>1.5 metric tons</td>
</tr>
<tr>
<td>Water discharges</td>
<td>98,354 m³</td>
</tr>
<tr>
<td>Emissions and transfers of chemical substances on Pollutant Release and Transfer Register</td>
<td>8.5 metric tons</td>
</tr>
<tr>
<td>Volume recycled</td>
<td></td>
</tr>
<tr>
<td>Waste testing paper</td>
<td>1,143.9 metric tons</td>
</tr>
<tr>
<td>Waste oil and liquid</td>
<td>374.1 metric tons</td>
</tr>
<tr>
<td>Metal scrap</td>
<td>374.1 metric tons</td>
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<tr>
<td>Waste plastic</td>
<td>188.0 metric tons</td>
</tr>
<tr>
<td>Others</td>
<td>2.2 metric tons</td>
</tr>
</tbody>
</table>

Note: The figures represent the environmental impacts of Komori’s internal production processes, products, and logistics. The scope of calculation is different from that of the prior year.

Respect for Human Rights, Diversity, Occupational Health and Safety, and Compliance

The Komori Group aims to share Kando with society.

Respect for Human Rights

We formulated the Komori Group Code of Corporate Conduct and the Komori Group Employee Conduct Standards in 2006. These standards aim to ensure that we comply with domestic and international laws and regulations and respect universal human rights, respecting the personalities and individuality of all people and not discriminating against them. We have translated the Komori Group Code of Corporate Conduct into seven languages, and are endeavoring to increase awareness of human rights at Group companies in Japan and abroad.

Diversity

The Komori Group Code of Corporate Conduct expresses our commitment to providing comfortable and interesting work environments in which our diverse people can safely and healthily demonstrate their talents. In Japan, we maintain a childcare support program that more than 90% of employees who have young children and offer shorter working hours for people needing to devote more time to looking after their young ones.

Occupational Health and Safety

Komori is committed to a policy of maintaining safe and accident-free workplaces at all Group facilities. Each Group company and business site undertakes initiatives based on its specific health and safety plans. All sites conduct health and safety patrols and enhance the activities of their health and safety committees. They also undertake initiatives to reduce “near-miss” events and other potential workplace risks, through training and activities to prevent fires and vehicle accidents and on the way to work, as well as to boost health and safety standards.

Compliance

We endeavor to deepen awareness and knowledge about compliance requirements and adherence to them at domestic and overseas Group companies.

Educating about Compliance

Ethical corporate practices and compliance are fundamental to engaging in business and materializing our corporate philosophy goals. We accordingly educate all of our domestic Group companies’ managers and employees to enhance their understanding of compliance requirements.

Efforts to Prevent Bribery of Public Officials in Japan and Abroad

Recognizing that global compliance will become vital in the years ahead, Komori’s Board of Directors has conveyed its stance of resolutely opposing bribery.

Internal Reporting System

We deployed an Internal Reporting System that the manager of CSR Promotion Office oversees to help prevent or swiftly identify illegal or improper conduct.

In Japan, we maintain a childcare support program that more than 90% of employees with young children use, and offer shorter working hours for long-term workplace adaptation after employment, and offer individual support regarding work and company life.

We accordingly educate all of our domestic and international employees about compliance requirements.
Komori is reinventing itself as a value-added company. The two lines represent our traditional printing technologies and state-of-the-art digital technologies. Through the design, we are expressing our aim of delivering new value to society by their fusion.