

KOMORI
CORPORATION
INTEGRATED REPORT
2021



Komori Group Corporate Philosophy

VISION

Realization of Kando - Customer Satisfaction Beyond Expectations -

— B e y o n d E x p e c t a t i o n s —

The Komori Group, as a company pursuing superior quality, strives to provide our customers with Kando through corporate activities.

MISSION

Fulfilment of stakeholders satisfaction

The Komori Group will make every effort to provide excellent products and services that exceed our customer expectations, thereby enhancing corporate value, improving profitability, and contributing to employee and shareholder satisfaction and the local community.

VALUE

Make improvements continuously from the customer's viewpoint

The Komori Group develops a business strategy based on the customer's perspective, makes proposals that contribute to the improvement of our customers' profitability, and continues to review and improve our business activities as we take heed of customer feedback.

About KOMORI CORPORATION INTEGRATED REPORT 2021

[Fiscal term] FY2020 : Apr. 2020 - Mar. 2021

[Editorial Policy] The purpose of the KOMORI CORPORATION INTEGRATED REPORT 2021 is to disclose both financial and non-financial information that shows the Komori Group's efforts to create value over the medium-to-long term to all stakeholders, including shareholders and investors. The "International Integrated Reporting Framework" issued by the International Integrated Reporting Council (IIRC) and the "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation" issued by the Ministry of Economy, Trade and Industry were used as guides in editing this Report.

[Target Readers] All stakeholders involved in the Komori Group

[Period covered by the Report] The Report primarily covers the fiscal year ended March 31, 2021 (April 2020 to March 2021) and includes information before and/or after the said period as well.

[Scope of the Report] The Report covers the Komori Group, which consists of KOMORI CORPORATION and its 25 subsidiaries (all of which are subject to consolidated accounting).

[Notation of Company Name] "Komori", "our company" and "we" refer to KOMORI CORPORATION, and the "Komori Group" and "our group" refer to the Komori Group including the consolidated subsidiaries.

[Date of Publication] October 2021

[Caution Regarding Forward-Looking Statements]

This Report contains information about forward-looking statements. We appreciate your understanding that actual activities and business results could differ from these statements.

Yoshiharu Komori,
Chairman

Satoshi Mochida,
Representative Director,
President & CEO

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Since its founding in 1923, Komori has specialized in the manufacture of printing machinery and thus contributed to the advancement of the printing industry, which plays a key role in social and cultural development. In the course of these endeavors, we have been striving to continuously deliver Kando—customer satisfaction beyond expectations—in line with our management philosophy. With corporate changes every 30 years in our history, we have been contributing to the world's printing culture, while supporting the development of the Japanese economy through the advancement of printing technology. From the Company's founding until World War II, we supported the Japanese economy at its beginning stage through the mechanization of printing. Subsequently, from the end of World War II to the present, the Company has played a key role in the global economy and the global printing market through the automation of printing, colorization, and overseas business expansion. As we move forward toward the next 30 years (2010-2040), we aim to provide customers all over the world with products and services full of inspiring experiences beyond their expectations. To this end, we are determined to make strenuous efforts to realize Kando beyond expectations through customer-driven creative activities.

30-Year Business Shift

Startup Stage

From the Founding after the Great Kanto Earthquake to World War II

We contributed to the development of the Japanese economy after the Great Kanto Earthquake through the first offset printing, mechanized and automated printing.

Growth Stage

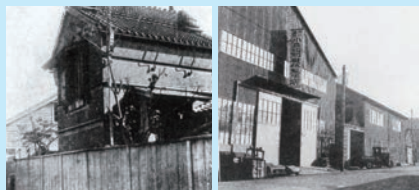
A Fresh Start after World War II

The manufacture of printing and binding machinery resumed after the abolition of wartime laws and regulations in 1946, which advanced the automation and faster performance of offset printing presses, and the advent of color printing at the same time. It was also the time when we underwent a structural transformation which could be called the printing revolution: from letterpress to offset printing. The full-scale expansion phase in the offset printing machinery market allowed printing presses to be enlarged and also enabled us to shift our focus to overseas business expansion. Furthermore, in 1958 we received an order from the Japan Printing Bureau, Ministry of Finance, for a letterpress 2-color sheet-fed printing press for printing banknotes, and thus entered the field of banknote printing presses in earnest.

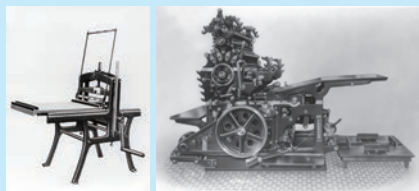
1923 ← 27 → 1950 ← 30 → 1980

TOPICS

On October 20, 1923, 50 days after the Great Kanto Earthquake struck, the brothers Zenshichi and Yoshikazu Komori, the founders of the Company, established Komori Machine Works. The first offset press was developed in 1928. The Company was reorganized as Komori Printing Machinery Manufacturing Co., Ltd. in 1946 with Zenshichi Komori appointed as president.



1923 Part of Komori Ironworks (before the Great Kanto Earthquake) 1936 Second Plant (in Honjo-azumabashi)

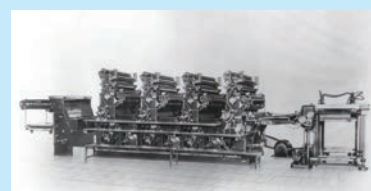


1925 Hand press (Lithograph roll printing press) 1928 Manual Sheet-fed 32-inch Offset Press

We successfully exported our fully automatic high-speed offset press to the U.S. for the first time in 1956, and our first four-color offset press (UM-4C) was released in 1957. Yoshikazu Komori was appointed as president in 1962. The Toride Plant was established in 1967 and the Sekiyado Plant in 1978.



1967 Toride Plant Completed 1978 Sekiyado Plant Completed



1957 Four-color Offset Press (UM-4C)

Historical Background

Domestic: The Great Kanto Earthquake hit in September 1923. The Tokyo Stock Exchange was established in February 1949.
Overseas: World War II ended in August 1945.

Domestic: The 5,000 yen bills were issued in 1957, the 10,000 yen bills in 1958, and the income doubling plan was announced in 1960.
Overseas: The US announced the dollar defense policy (Nixon Shock) in 1971.

Company delivering Kando beyond expectations

Expansion Stage

Komori as the World's Leading Company

Throughout the bubble economy, we contributed to the Japanese economy by addressing the labor shortage in the printing industry and by providing high-speed, high-volume and color printing. Concurrently, we set to work to establish overseas local subsidiaries, strengthening our overseas business expansion. This was the time when we established a position as a leading Japanese manufacturer of offset printing machinery. Our company's shares were listed on the second section of the Tokyo Stock Exchange in 1983, and were moved to the first section in the following year. In 2005, the 2nd phase construction of the Tsukuba Plant was completed and fully integrated with the Toride Plant. In 2009, the 3rd phase construction of the Tsukuba Plant was completed and integrated with the Sekiyado Plant. In addition, the Komori Graphic Technology Center was opened in the extended space.

Reformation Stage

Re-establish the Company in the era of major transformation

A new era is rapidly unfolding, ushering in printing demands for small print runs, short turnarounds, advanced digitization and a cashless society. Under such circumstances, we have entered a period of re-establishment by enhancing our business domain, responding to digitization, boldly implementing manufacturing innovation, and reforming our business model through corporate acquisition (the Germany-based MBO Group) and the market introduction of the state-of-the-art digital printing system, as well as launching new businesses such as PE (Printed Electronics). Moreover, to realize a comprehensive solution, we are promoting the PESP (Print Engineering Service Provider) business, which offers a production management system that links pre- and post-printing processes via a network.

1980 ← (30) → 2010 ← (30) → 2040

The Komori Yamagata Machinery Plant was completed in 1986, resulting in a three-plant organization. In addition, Komori America Corporation, Komori Europe Limited, Komori Europe B.V., Komori-Chambon SA were established in the 1980s to strengthen our overseas business expansion. The company name was changed to Komori Corporation in 1990 and groundbreaking for the Head Office was performed in the following year. Rights to development, production, sales, and service of web offset presses from Toshiba Machine Co., Ltd. were granted in 2001 and the Tsukuba Plant was completed in 2009.



1986 Komori Yamagata Machinery Plant Completed



2009 3rd Phase Construction of Tsukuba Plant Completed



2002 LITHRONE 540 Developed and Wins Machine Design Excellence Award



2004 SYSTEM 35S Wins Machine Design Excellence Award

Gravure offset presses for printed electronics (PE) were announced in 2012 and we completed the acquisition of TOKAI HOLDINGS CO., LTD. (present SERIA CORPORATION and SERIA ENGINEERING, INC.) in 2014 to strengthen the PE business. In 2019, we acquired all shares in Shenzhen Infotech Technology Co., Ltd., a local distributor in China and changed its name to Komori (Shenzhen) Print Engineering Co., Ltd. In 2020, we completed the acquisition of the Germany-based MBO Group which specialized in the manufacture and sale of post-press equipment to enhance the PESP business on a global scale.



2015 IMPREMIA IS29 Released



2018 CURRENCY NV Wins IACA Excellence in Currency Technical Award



2020 LITHRONE GX40RP Wins PRINTING United Alliance InterTech™ Technology Award



K8 - Automatic - CoBo-Stack

E
Environment

S
Society

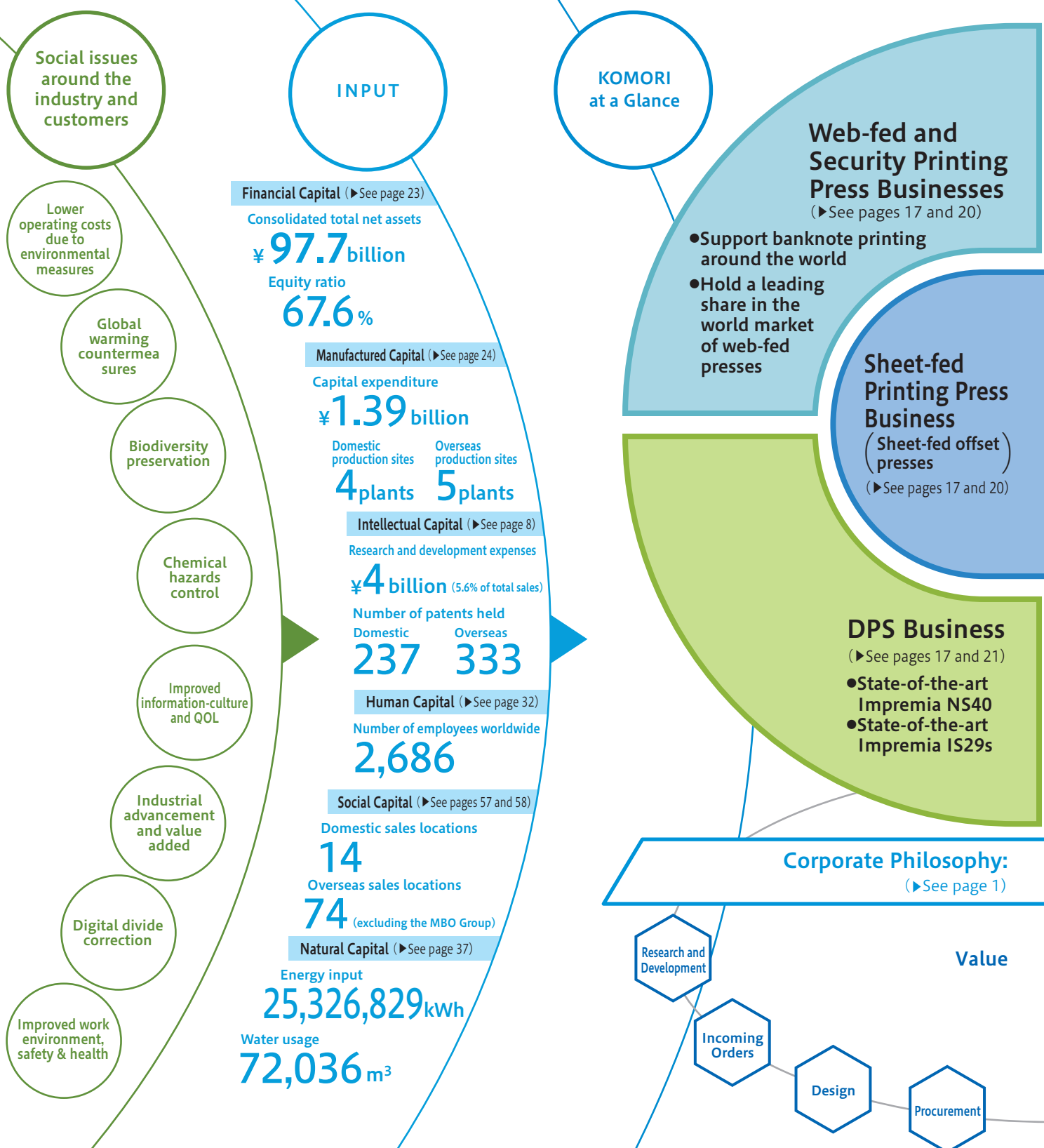
G
Governance

- Domestic:** Japan underwent the bubble economy and its burst. Domestic printing paper demand declined.
- Overseas:** The use of the Internet spread globally and the adoption of multimedia evolved. Printing paper demand increased in China and other countries.

With the emergence of electronic flyers and e-books in and out of Japan, the use of paper media is decreasing and the shift to a cashless society is progressing. On the other hand, China and other Asian countries are the growth engines in the printing machinery market, and the packaging market for various containers and other products is achieving stable growth.

Komori's Value Creation Process

In response to social issues surrounding the printing industry and our customers, Komori is delivering Kando — customer satisfaction beyond expectations—to our customers by introducing printing machinery and security printing presses that boast the world's highest level of return on investment, as well as proposing cutting-edge digital printing systems and smart factory solutions for printing plants under our PESP business strategy. In line with this, we aim to create a new market by strengthening our PE (Printed Electronics) business by applying printing technology, together with the enhanced product lineup through the acquisition of the MBO Group.



Komori Corporation's management philosophy is to create customer Kando by attaining three goals: 1) Enhance "Komori" brand image; 2) Implement thorough perceptual quality control; and 3) Implement solution business. Komori will inspire customer Kando through the bold pursuit of quality - in the print world and the global community. Komori's business models are here to solve social issues surrounding the printing industry and our customers, which helps create a sustainable society while achieving the relevant SDGs.

PESP (Print Engineering Service Provider) Business

(▶See pages 17 and 22)

- Propose the creation of the Smart Factory enabled by KP-Connect solution cloud
 - Expand recurring business by offering various equipment and materials
 - Propose DX solution proactively
 - Strengthen the post-press process and supply robotic products
- Offer printing presses capable of providing world class ROI
- Secure a leading share in the world market

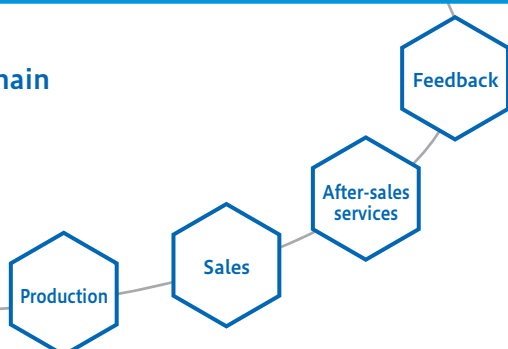
PE and Other Businesses

(▶See pages 17 and 21)

- Enhance Printed Electronics Business

**Be a Company Delivering Kando
Beyond Expectations** (▶See pages 3, 9 and 25)

Chain



OUTPUT

Financial Capital

Free cash flows

¥ **5.95** billion

Manufactured Capital

Net sales by region

Domestic **41.3%** Overseas **58.7%**

Intellectual Capital

- Supply security printing presses and related equipment to customers in 33 countries around the world
- Offer printing presses capable of providing world class ROI

Human Capital (▶See page 8)

Ratio of female employees

12.9% (unconsolidated)

Social Capital

Share in the world market of offset printing presses

Estimated **15%**
*in-house research

Natural Capital

CO₂ emissions reduction rate

31%
(relative to level in fiscal year ended March 31, 2011)

OUTCOME

Economic Values

Shareholder Return Ratio

80% and over
(Extraordinary Income and Loss accounted)

- The Sixth Medium-Term Management Plan (Fiscal year ending March 31, 2024) (▶See page 13)

Net Sales

¥ **110** billion

Operating income

¥ **7.7** billion

ROE

5.3%

Social Values (▶See page 30)

•Contribution to the Environment

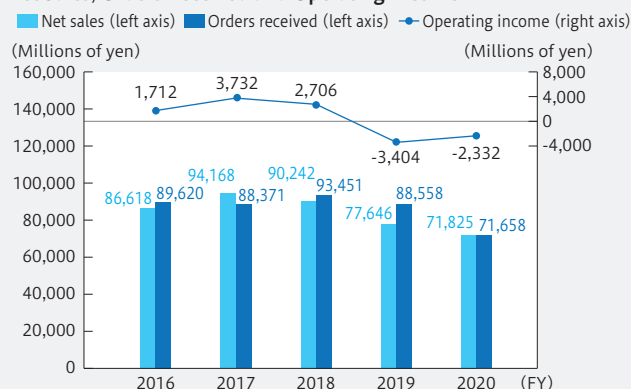


•Response to Labor Shortage



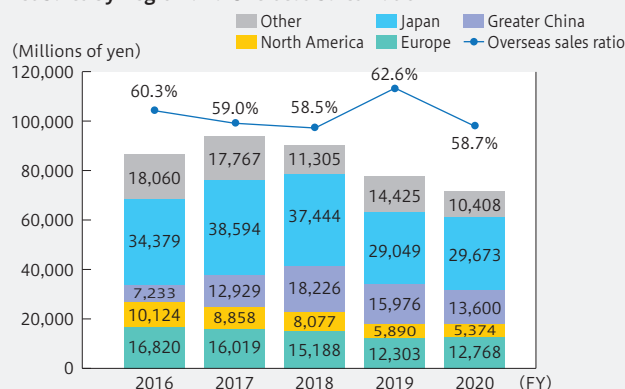
Financial Highlights

●Net Sales, Orders Received and Operating Income



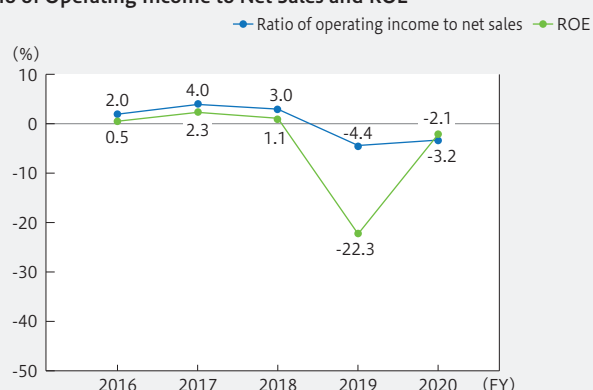
Orders received for the fiscal year ended March 31, 2021, totaled ¥71,658 million, a 19.1% decrease compared with the previous fiscal year. Net sales amounted to ¥71,825 million, down 7.5% from a year earlier. Orders received decreased for the second consecutive fiscal year and net sales decreased for the third consecutive fiscal year, while orders received for the fourth quarter of the fiscal year ended March 31, 2021 turned in a 25% increase over the same period in the last fiscal year. Operating income increased by ¥1,072 million over the previous fiscal year but a loss of 2,332 million yen was posted.

●Net Sales by Region and Overseas Sales Ratio



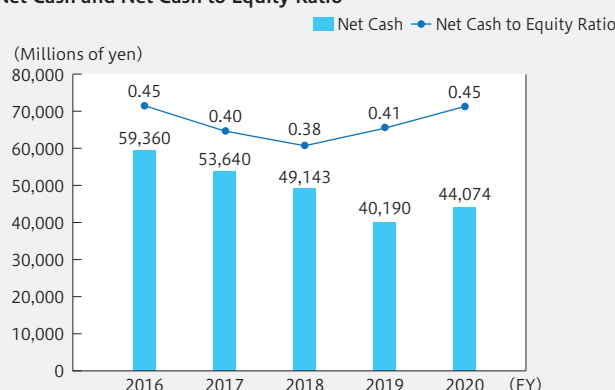
Net sales by region for the fiscal year ended March 31, 2021, show that sales in Japan increased 2.1% to ¥29,673 million, Greater China decreased 14.9% to ¥13,600 million, Europe increased 3.8% to ¥12,768 million, other regions decreased 27.9% to ¥10,408 million, and sales in North America decreased 8.8% to ¥5,374 million yen, all of which are year-on-year figures. Overseas sales for the fiscal year ended March 31, 2021, represent 58.7% of its total sales, 3.9 percentage points down from the previous year.

●Ratio of Operating Income to Net Sales and ROE



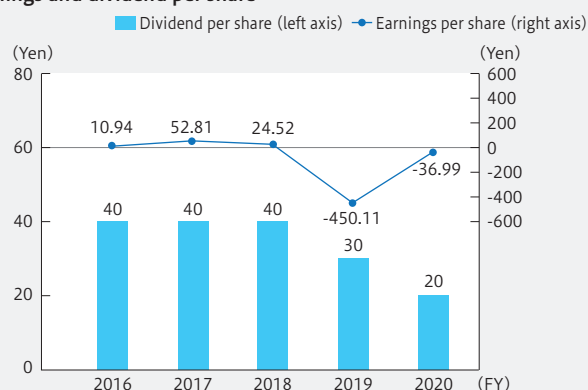
Ratio of operating income to net sales for the fiscal year ended March 31, 2021, was -3.2%, 1.2 percentage points up from -4.4% in the previous year, and 0.4 percentage point higher than the Company's plan. ROE (Return on Equity = Profit Attributable to Owners of Parent / Equity) for the fiscal year under review was -2.1%, 20.1 percentage points up from -22.3% in the previous fiscal year which deteriorated substantially as a result of transitory impairment loss recorded.

●Net Cash and Net Cash to Equity Ratio



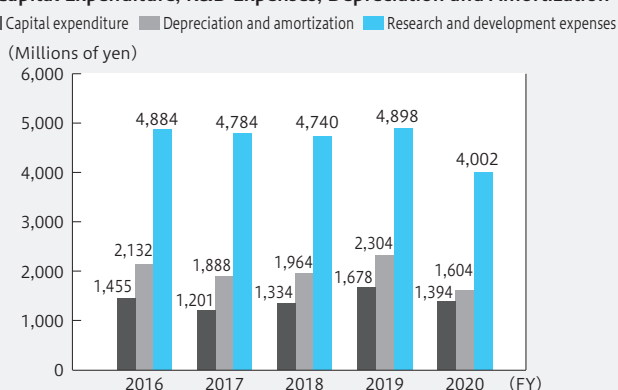
Net cash as of March 31, 2021, amounted to ¥44,074 million (¥46,875 million in Cash and Deposits + ¥8,511 million in Investment Securities - ¥11,312 million in Interest-bearing Debt), an increase of ¥3,884 million from ¥40,190 million over the same period of the previous year. Net Cash to Equity Ratio as of March 31, 2021, turned 0.45x, 0.04 percentage point up from 0.41x as of March 31, 2020.

●Earnings and dividend per share



Basic earnings per share for the fiscal year ended March 31, 2021, amounted to ¥-36.99, a significant improvement from ¥-450.11 in the fiscal year ended March 31, 2020. Dividend per share for the fiscal year under review was ¥20 (including an interim dividend of ¥10 per share), a decrease of ¥10 from ¥30 (including an interim dividend of ¥20 per share) year-on-year.

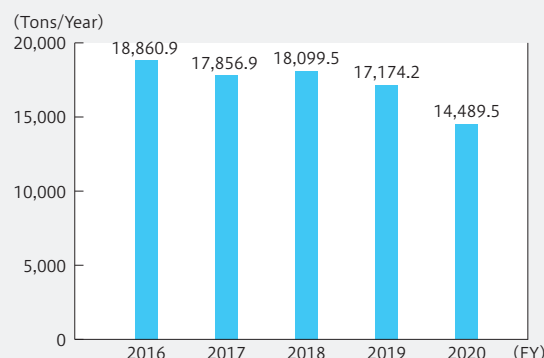
●Capital Expenditure, R&D Expenses, Depreciation and Amortization



Total capital expenditure in the fiscal year ended March 31, 2021, was ¥1,394 million (2.1% of net sales), a decrease of ¥284 million from ¥1,678 million over the previous fiscal year. Depreciation and amortization decreased to ¥1,604 million (¥2,304 million in the previous fiscal year). Total R&D expenses in the fiscal year under review amounted to ¥4,002 million (5.6% of net sales), a decrease of ¥896 million from ¥4,898 million (6.3% of net sales) year on year.

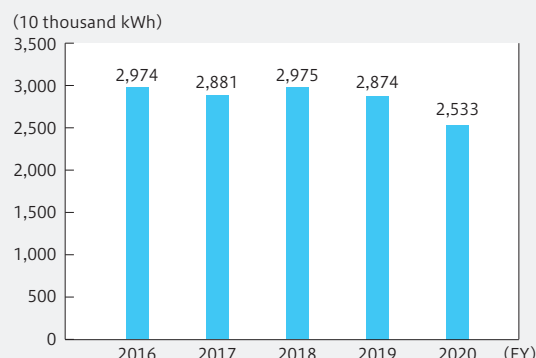
Non-Financial Highlights

●Changes in CO₂ Emissions



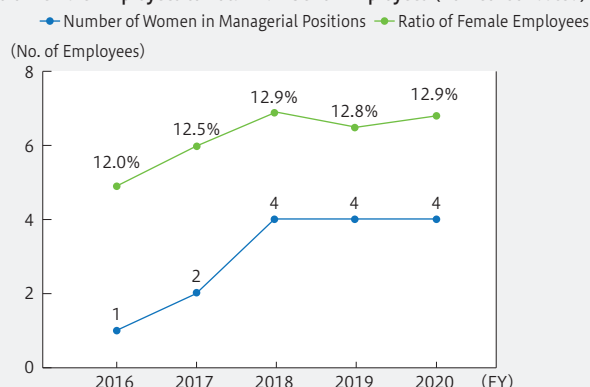
In the fiscal year ended March 31, 2021, CO₂ emissions from Scopes 1 and 2 decreased by 15.6% to 14,489.5 tons per year over the previous fiscal year. We have established Green-PJ with a view to promoting environmental activities, thereby striving to improve the global environment. The reduction in production and shipments due to the COVID-19 pandemic last year may have also contributed to this decline in emissions.

●Electric Power Consumption



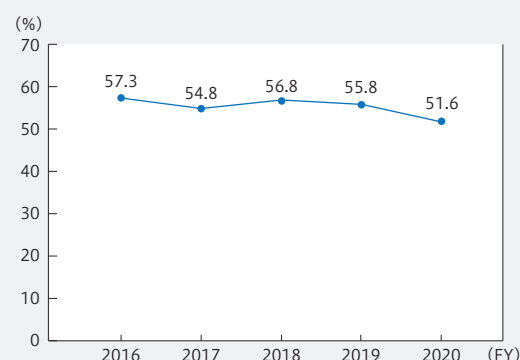
Electric power consumption in the fiscal year under review decreased by 11.9% to 25.33 million kWh year on year. With the newly launched Green Project, we are pushing forward environmentally friendly production and facilities, environmentally friendly corporate activities, and environmentally friendly product development. The COVID-19 pandemic restrained our activities, which accordingly reduced consumption significantly.

●Ratio of Female Employees to Total Number of Employees (non-consolidated)



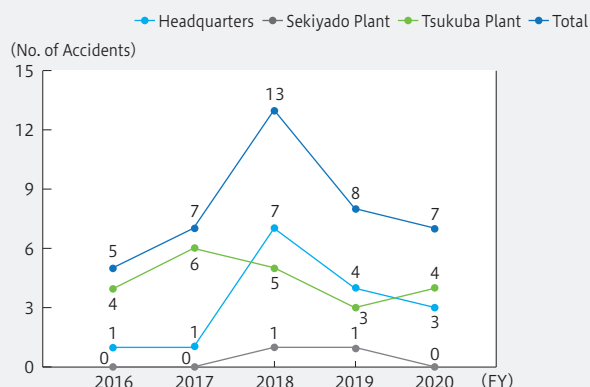
The number of employees on a non-consolidated basis as of March 31, 2021, was 1,137, down 22 from the previous fiscal year. Of this, 146 employees or 12.9% of the total were female, which decreased by one employee from the previous year. Incidentally, the number of employees in managerial positions was 271, a total of 4 of whom were female. The figure remained the same as the previous year, representing 1.5% of the total managerial positions.

●Annual Leave Utilization Rate for the past 5 years (non-consolidated)



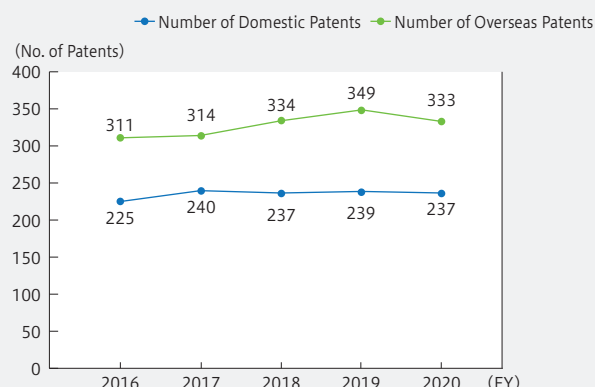
Our non-consolidated annual leave utilization rate for the fiscal year ended March 31, 2021, was 51.6%, a decrease of 4.2% from 55.8% in the previous fiscal year. The said rate shows a decrease from the average of 55.3% for the past five years. This can be driven by flexible working arrangements, including a time unit paid holiday system.

●Number of Industrial Accidents (non-consolidated)



The number of industrial accidents at our company over the past three years has been on a decreasing trend. In the fiscal year ended March 31, 2019, a total of 13 industrial accidents (of which nine were work-related) were reported, mainly at the headquarters and Sekiyado Plant. Since then, the number of accidents has been trending downward. In the fiscal year under review, the total number of accidents decreased to seven (including six work-related cases).

●Time Series Transition of Patents Held at Home and Abroad (non-consolidated)



The number of patents registered in Japan was 237, and 333 overseas in the fiscal year under review. In recent years, the number of domestic patents held has remained flat. Meanwhile, that of overseas patents decreased by 16 from the previous year. The number of patents abroad increased in the fields of the PE business (the current focus of our company), digital printing systems, and security printing presses aimed at securing competitiveness, while decreasing in sheet-fed presses and other products.

Keeping a watchful eye on changes in the business environment in the printing industry, we will allocate our management resources to enhance new businesses in growing markets and thereby accomplish the Sixth Medium-Term Management Plan to meet the expectations of all stakeholders.

Satoshi Mochida,
Representative Director, President and CEO



On behalf of the Komori Group, I would like to extend my deepest condolences to those who have lost loved ones to COVID-19 all over the world. I sincerely hope for the speedy recovery of those who have fallen ill and faced difficult conditions.

I would also like to share my great respect and appreciation for everyone striving to support social functions and economic activities including healthcare professionals.

Changes in the printing-related industries and our responses after the Outbreak of COVID-19

The business environment in the global printing market has undergone changes since the outbreak of COVID-19. Demand in the printing industry is linked to the trends in GDP: commercial printing has been affected negatively; publication printing seems to have bottomed out due to stay-home demand; and package printing continues to be brisk as a result of increased online shopping. To summarize regionally, China, ahead of other countries in overcoming the COVID-19 calamity, was the first to see a rise in demand for offset printing machinery in mid-2020. Meanwhile, in the developed countries (unable to contain COVID-19) recovery of demand is still lacking momentum. ASEAN countries as well as India also remain slow in recovering.

Printing companies today tend to fall into two opposite categories: those expanding business operations and those eliminating unprofitable operations. Hence, printing companies looking to expand their operations need to downsize their facilities and improve their effectiveness by introducing equipment for labor and manpower-savings. In fact, DX promotion and creation of the Smart Factory by leading companies are on the horizon. We have already launched models which deliver higher ROI (Return on Investment) in the LITHRONE Advanced Series and are also expanding KP-Connect to promote DX, which will enable us to further strengthen this line of proposal. With the acquisition of the MBO Group, the business domain covered by the concept of the Smart Factory now targets the processes from prepress through post-press.

Having said that, customers remain cautious about the future of the printing industry and its profit outlook, partly because of the ongoing COVID-19 crisis. Under such circumstances, they would utilize subsidies for capital investment, which could lead to severe price competition for offset printing presses among manufacturers as is happening now. Therefore, we will strive to secure earnings by delivering proposals for differentiation using the PESP business and other strategies.

Global demand for offset printing machinery is expected to be approximately ¥300 billion in 2021. While the

market has decreased in size to less than half of its peak over the past two decades, the value of shipments has remained almost unchanged since 2013. Since the number of units sold has lowered by about 50% compared to the period mentioned, the average unit price has almost doubled. The reasons for this are: (1) a sharp decline in the number of small offset presses as they are replaced by photocopiers and other products; (2) stable demand for large presses that can print large volumes; and (3) growing demand for multicolor presses and other machines that save labor and streamline operations. Our key sales strategy is to expand sales in China and other Asian countries, and to enhance sales of package printing machines, which will not be altered for the foreseeable future. As to China, we are pushing ahead with direct sales to reinforce the sales system. For package printing, shorter printing preparation time and new technologies, including 7-color special printing systems, will stimulate the promotion of sales.

In the midst of the COVID-19 calamity, banknote printing was avoided on the grounds that it could lead to the spread of infection. National governments encouraged cashless payments, which resulted in a significant drop in the demand for banknotes for a while, especially in the Euro zone. Gradually, however, more and more consumers are willing to keep some cash at hand during the lockdown. Thus, banknote printing is on the way to recover, and this trend is also seen in Japan and other Asian countries. Although it is difficult in some respects to bid for banknote machines under the COVID-19 pandemic, I expect that demand for new factory construction will moderately pick up.

In the digital printing systems (DPS), the development of the 40-inch large size Impremia NS40 is in its final stages and we are planning to release this model upon completion. Impremia NS40 is a "Game Changer" in that it allows DPS to cover what offset printing presses are not capable of doing. Nevertheless, the demand for Impremia NS40 will not increase drastically unless we provide greater convenience for our customers and improve production efficiency. We believe offset printing presses are compatible with DPS.

Key Points to Review the Sixth Medium-Term Management Plan and Results for the Fiscal Year Ending March 31, 2022

The Sixth Medium-Term Management Plan (fiscal year ended March 31, 2020 – fiscal year ending March 31, 2024) has been reviewed taking the impact of COVID-19 into account (► See Page 13). Depending on the country and region, the values of the following three parameters differ: (1) the speed of recovery from the COVID-19 crisis; (2) the ratio of commercial printing; and (3) the scale of package printing. Considering these factors, we have made revisions to our initial forecast.

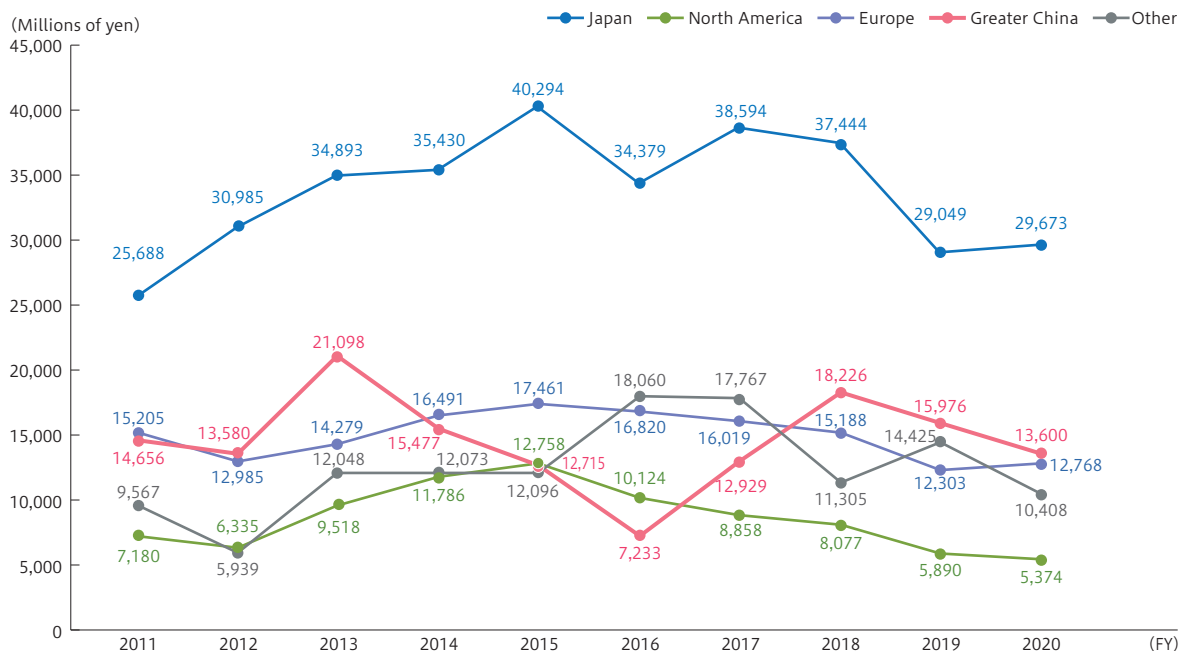
The goals for the final year of the medium-term management plan were formulated on the assumption that challenges posed by the COVID-19 pandemic would be overcome worldwide. Unfortunately, however, goals have been revised down from the initial forecast due to unstable economic reconstruction in India and the rest of Asia and delay in expanding the DPS business. On the other hand, we added the increased sales achieved by the MBO Group.

Despite the revised mid-term plan, China is steadily making progress in the fiscal year ending March 31, 2022. In China, we have seen a remarkable recovery in commercial printing, and sales have been already expanded to package printing companies, Web-To-Print printing companies and the top 100 printing companies in China accordingly. Regarding package printing presses, we launched a 44-inch packaging press, the LITHRONE G44, with improved ROI, and demonstrated our 7-color machine, LITHRONE G40, at the China Print Exhibition in June 2021. Package printing specifications vary depending on each customer job, and we are required to fulfill all those requirements. LITHRONE G44 with high ROI was released for this purpose, and is expected to prove effective from now on.

The increase in unit prices, which was touched upon

earlier in the section on changes in the market environment, also applies to the Chinese market. The percentage of our multicolor machines (5-color and more) was about 25% six or seven years ago, and is over 70% at present. The percentage of sales to the top 100 printing companies in China has recently exceeded 50%, thanks to successful sales expansion to major state-owned printing companies. In line with these results, the unit prices of our machines have increased by 30-50%. Nonetheless, we should pay close attention to the immediate risks faced by China: the recent trade frictions between the U.S. and China; the outbreak of regional conflicts in Greater China; the imposition of trade sanctions triggered by human rights issues; and the strengthening of measures to deal with environmental problems. Furthermore, exchange fluctuations, including Chinese yuan's depreciation and Euro's depreciation (German company's competitors have a high percentage of production in China), require careful monitoring. Digital printing systems (DPS) have been the most affected by the COVID-19 pandemic, due to travel restrictions and other measures. In other words, performance made in the fiscal year ending March 31, 2022, is likely to be lower than that shown in the medium-term management plan. This is also because of the fact that we have almost no delivery records in terms of DPS, and customers are not able to visit us (KGC). Apart from this, company-wide labor productivity improvements such as: online sales and service activities; telework promotion; CRM-based sales management; cost reductions, including selling, general and administrative expenses; and inventory management improvement are moving forward well. Amoeba Management—Management by All—is getting on track.

●10-Year Comparison of Net Sales by Region



ESG & SDGs Management and Corporate Philosophy

Our SDGs initiatives are based on ESG management. Our corporate philosophy, "A company delivering Kando beyond expectations," includes the Kando Project, which incorporates the Green Project for E (Environment). In this E sector, we have achieved our CO₂ emissions reduction plan (30% reduction in the fiscal year ended March 31, 2021, compared to the fiscal year ended March 31, 2011) earlier than scheduled by the fiscal year ended March 31, 2020. Henceforth, we will be developing the initiative with Scope 3 in mind. The Green Project is the plan of action promoted independently through a joint effort between the development and production divisions with the Tsukuba Plant at the center. We will continuously expand machinery which saves energy and labor to reduce CO₂ emissions (▶ See Page 37).

S (Society) is the foundation of the Kando project. The three most important aspects of the S sector are: (1) brand management; (2) thorough perceptual quality control; and (3) solution business initiatives. These are the core of the Kando project, with which we aim at exceeding customer expectations. Thorough perceptual quality control mentioned in (2) refers to "quality evaluated from the customer's perspective," and includes not only machine quality but also company-wide quality in sales, service and back-office, all of which are subject to improvement. Based on these, we are promoting solution business initiatives for our customers.

Two examples of the activities directly related to Kando customer satisfaction, which I would like to touch on, are the Komori Club that brings customers and distributors together to share their information, and natural disaster emergency preparedness. Over the past 30 years of

activities through the Komori Club we have listened to our customers to learn their expectations and dissatisfaction, which has helped us to enhance customer-oriented quality and interact frankly with them. In addition to natural disaster recovery operations, we are developing initiatives for disaster mitigation as well (▶ See page 27).

As we believe that reforming the way we work is an urgent issue for our company, we will accordingly implement the "Komori-ryu Work-Style Reform" to improve the work-life balance of our employees and increase the added value they create. At present, we are reviewing the revision and operation of our personnel system to empower female employees and maximize their abilities. Incidentally, almost 100% of the female employees return to work after marriage and childbirth. Within this context, we successfully received the "Kurumin Certification" in April 2021 (▶ See page 33). With respect to G (Governance), we are working on designing internal controls and implementing company-wide measures to prevent information leaks caused by cyberattacks, partly because seven new overseas subsidiaries have been added to our company profile in the past three years. When it comes to aggressive corporate governance, I believe it can be realized by the selection of directors and activities which contribute to the growth of our business. Based on this idea, we have established strategic categories for the directors and clearly defined their roles to serve. Besides, the outside directors and audit & supervisory board members have been appointed according to their expertise (▶ See page 41).

Message to Stakeholders

Over the past decade, we have been forced to navigate a challenging business climate partly because of changes in the printing market environment. However, we are certain that we are here today because of the warm support from many stakeholders, including our shareholders, dedicated and cooperative employees, excellent partner companies that have played an important part in our production, and customers who

have built our management base.

We are determined to further endeavor to increase our corporate value by putting our business performance on a growth track again, including the completion of the 6th Mid-term Management Plan, while adhering to the starting point of our corporate philosophy of being "a company delivering Kando beyond expectations" to customers.



The priority theme of the Sixth Medium-Term Management Plan is “Improving profitability and building by sifting to ESG & SDGs conscious management

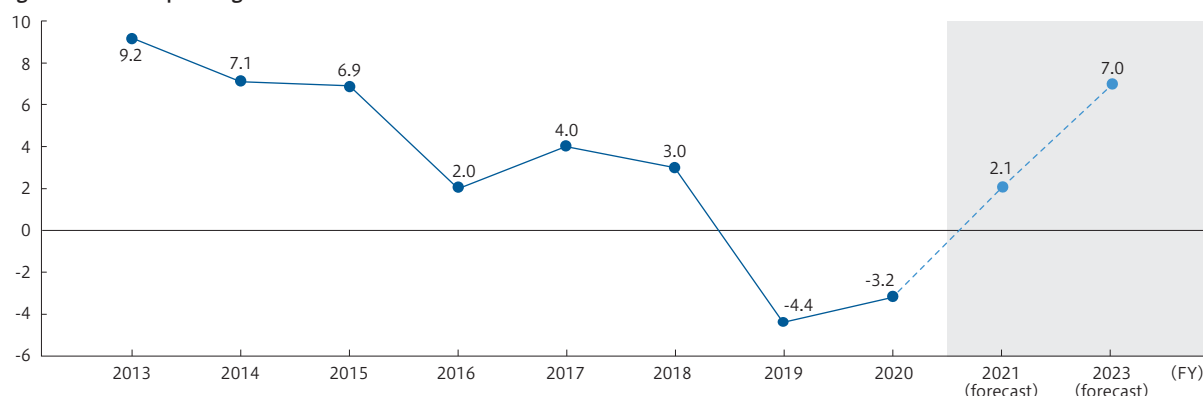
In the wake of the COVID-19 crisis, printing companies, mainly in developed countries, have been actively reorganizing or consolidating their printing plants. At the same time, we see growing needs to improve productivity and profitability, cope with the shortage of manpower, respond to environmental issues with the ESG era in mind, and digitalize printing production processes. Due in part to the COVID-19 pandemic, we revised the numerical targets set out in the Sixth Medium-Term Management Plan (fiscal year ended March 31, 2020 - fiscal year ending March 31, 2024) and thus announced new numerical management targets, taking the impact of COVID-19 into account.

The priority theme of the Sixth Medium-Term Management Plan is "Improving profitability and building foundations for growth businesses." In order to fulfill the needs and respond to the challenges of the printing industry, we have already launched our "LITHRONE GX/G Advance" series offset printing press with the concept of Connected Automation, which offers a world leading level of ROI (Return on Investment). Furthermore, we intend to improve profitability by promoting value-added products and services, including the cloud-based solution "KP-Connect" combined with the LITHRONE Advance series, which enables printing companies to incorporate the Smart Factory concept.

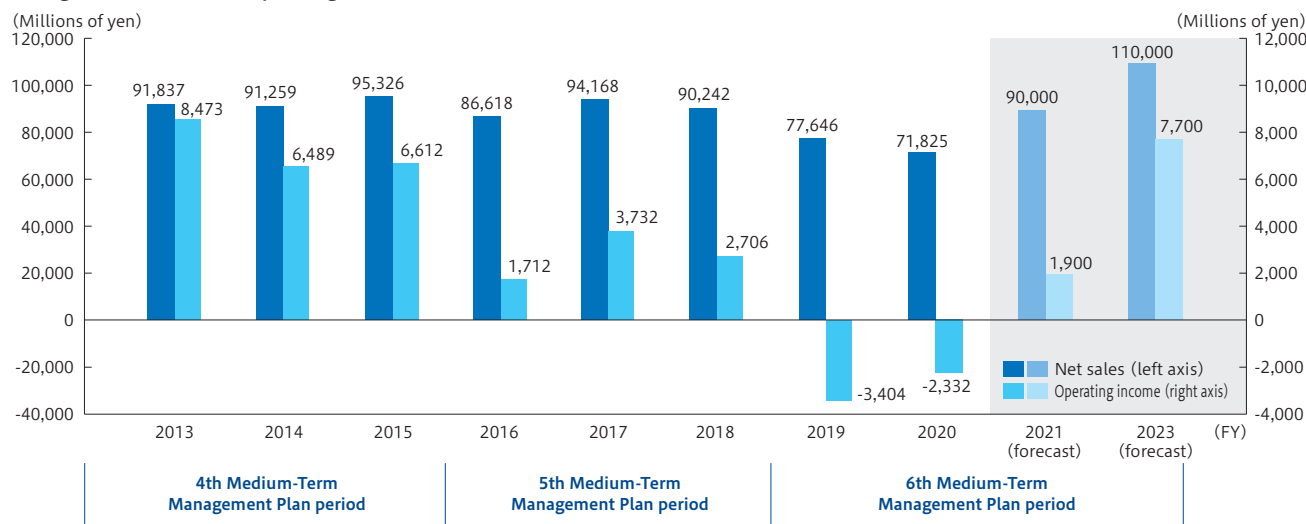
In addition to printing presses, we will strive to build the foundation for growth businesses, including initiatives for electronic component manufacturing equipment, such as the development of semiconductor bonding technology in the PE (Printed Electronics) business, and initiatives for factory automation in diverse production plants, such as the development of collaborative robots in the MBO business.

The new numerical management targets (consolidated) for the fiscal year ending March 31, 2024, include net sales of ¥110 billion (¥116 billion in the initial plan), an operating income of ¥7.7 billion (¥10 billion), and ROE of 5.3% (6.5%), etc. We will also pursue for management aware of ESG and SDGs in line with the needs in the capital market.

● Changes in Ratio of Operating Income to Net Sales



● Changes in Net Sales and Operating Income



Basic Policies for and Concrete Approach to the Sixth Medium-Term Management Plan

The Sixth Medium-Term Management Plan consists of four underlying strategies:

(1) Clarify business goals and implement specific measures; (2) Establish organizational and other measures to be undertaken to promote the medium-term management plan; (3) Optimize capital composition; and (4) Expand information disclosure. While the contents have not changed significantly from the original Sixth Medium-Term Management Plan, (4) has been added this time according to the needs in the capital market.

●Concrete Approach to the Sixth Medium-Term Management Plan

Clarify roles of each business and steadily implement measures aimed at achieving the plan's goals

1. Improve the profitability of core businesses (offset printing presses and security printing presses)

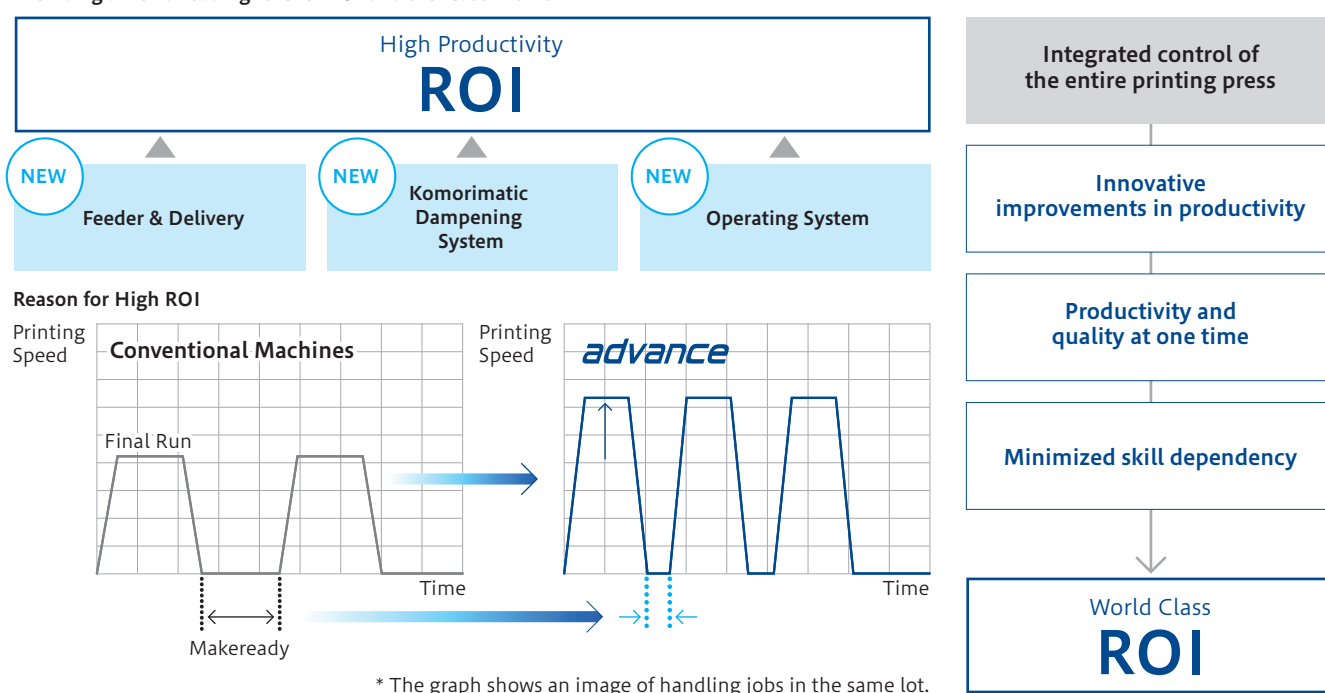
- (a) Invest intensively in the packaging market, Asian markets and the Connected Automation sector
- (b) Promote profit stabilization by strengthening the services business for offset printing presses and security printing presses, and promote differentiation strategy for overseas security printing presses

Point In the security printing press business, we will pursue maximal facility operation rate and expandability of banknote designs to facilitate our proposals for differentiation, based on the concept of CURRENCY On Demand. We will identify opportunities to expand new businesses and to stabilize earnings, not only in the transaction of machines alone but also in services contracts, etc.

- (c) Increase competitiveness by reviewing product positioning with a focus on improving customer ROI

Point In August 2020, we released the latest LITHRONE GX/G Advance series of sheet-fed offset presses which offer a world-leading level of ROI. According to the reviewed product positioning, with this series we will make further efforts to differentiate us from competitors. In conjunction with the cloud-based system KP-Connect, Connected Automation achieves: (1) enhanced and optimized coordination between processes; (2) presetting with information from higher-level systems; and (3) a high degree of automation, helping to improve the productivity of the customer's entire printing process.

Providing a world-leading level of ROI and the reason for it



- (d) Achieve mass customization and establish a sustainable competitive advantage by standardizing product specifications and building a modular design and unit production system

2. Monetize priority businesses (digital printing equipment systems) and implement operational reforms in sales (establishment and expansion of recurring income)

- (a) Strengthen sales capabilities of digital machines by leveraging Komori's unique business model (offset and DPS)

Point In the DPS (Digital Printing System) business, which is our priority business, we will further enhance our sales capabilities by utilizing our unique business models, including offset printing presses which are our strong suit. On top of that, we will undertake supply chain reforms through the digitalization of printing plants to make jobs more diverse in small batches, as well as packaging and displays.

- (b) Release and commercialize "Impremia NS40," a 40-inch sheet-fed nanographic printing system

Point Our mainstay 40-inch sheet-fed Impremia NS 40 was released in April 2021.

- (c) Secure business earnings and expand recurring income in association with the increase in the total number of digital printing systems installed

Point It is expected that the DPS business entails an increase in recurring income according to the growth in the cumulative number of units installed. With this unique feature, stabilized business earnings are anticipated.

3. Strategies for the future of new businesses (Printed Electronics and MBO Businesses)

- (a) Strengthen manufacturing and sales structures in overseas markets
(b) Develop and launch differentiated products in the printed-circuit board/electronic parts market

Point In the new PE (Printed Electronics) business, the Company will strive to strengthen the overseas manufacturing and sales structures and to develop and launch differentiated products in line with the expansion of overseas markets. For the PEPIO F6/12SC gravure offset machines for fine lines, we succeeded in developing a technology to mount 30um diameter balls as the most advanced semiconductor chip bonding technology. With this achievement, we are aiming to advance development towards mass production to contribute to the miniaturization in the manufacture of semiconductors.

- (c) Commercialize high precision mount technology (to fulfill demand for IoT of Flexible Hybrid Electronics)
(d) Roll out factory automation solutions in various production facilities

Point With a view to developing solutions for system construction in printing plants, the Germany-based MBO Group, a post-press solution provider, has joined the Komori Group through acquisition. Our aim is to expand the sales of collaborative robots, developed by the MBO Group, in the logistics field and various production facilities in addition to those which specialize in the printing process.

4. Innovate sales business model (promotion of the PESP business and recurring income)

- (a) Expand stable business domains such as materials and equipment sales, ink/maintenance and other fees for DPS

Point During this term, we will continuously focus on the PESP (Print Engineering Service Provider) business/recurring business, which is an innovative sales business model. This is made possible partly because printing factories have been adopting the Smart Factory that realizes Connected Automation.

- (b) Expand recurring income by realizing "Connected Automation" with KP-Connect at the core

Point The sales areas of KP-Connect, a cloud-based system, is scheduled to be expanded, which will help us secure stable business revenue and improve profitability. Recurring sales are expected to reach ¥35.9 billion in the fiscal year ending March 31, 2024, which would account for 32.6% of consolidated net sales.

Framework for Implementing the Medium-Term Management Plan and ESG/SDGs Initiatives

As for the framework for implementing the Sixth Medium-Term Management Plan, we will ensure the organizational management which clarifies profit responsibility and assures reliable execution. Namely, "Amoeba Management" is propelled, which allows each business unit to be responsible for its individual finances when pursuing their own business. To this end, we will also work on work style reforms which contributes to labor productivity in our organization.

ESG and SDGs initiatives in management will be included upon reviewing the medium-term plan. We have been successful in promoting Green-PJ that focuses on the environment, and now we will extend our efforts to the sectors of S (Society) and G (Governance) as well. In addition, we will establish a SDGs specialized working group to raise company-wide awareness and encourage employee participation.

A Look-Back on Past Medium-Term Management Plans (4th and 5th)

The results of the Fifth Medium-Term Management Plan include: (1) the establishment of local subsidiaries in China and India to improve and strengthen the sales structure in the offset printing business; (2) the preparation of equipment and products in the PESP business, and (3) the release of KP-Connect, all of which is to lead to the Sixth Medium-Term Management Plan.

	The Fourth Medium-Term Management Plan	The Fifth Medium-Term Management Plan
	From Fiscal year ended March 31, 2014, to Fiscal year ended March 31, 2016	From Fiscal year ended March 31, 2017, to Fiscal year ended March 31, 2019
Corporate Slogan	"Planned Change" Net sales of ¥100 billion and operating income of ¥8 billion for the fiscal year ended March 31, 2016	Complete "Planned Change" Transformation Initiatives Net sales of ¥140 billion, operating income of ¥12.5 billion, ROE of 6.0% and a total shareholder return ratio of 40% for the fiscal year ended on March 31, 2019
Underlying Strategies	<ul style="list-style-type: none"> ● Transform the business structure—aiming to realize business structure transformation, especially in the offset printing press business ● Achieve sales business model innovation—aiming to shift our business focus from the marketing of printing machinery to the provision of practical solutions/service activities ● "Monozukuri" (Manufacturing) Innovation—aiming to realize improved profitability in existing businesses and executing investment in new business 	<ul style="list-style-type: none"> ● Maintain and expand existing businesses—Expand the market and market share ● Promote to achieve business model innovation and to transform the profit structure—maximize the PESP business ● Promote to transform the business and profit structures—maximize the DPS business ● Concretize and implement the growth strategy—Expand business scale through M&A, etc.
Results in the final year	Net sales of ¥95.3 billion and operating income of ¥6.6 billion	Net sales of ¥90.2 billion and operating income of ¥2.7 billion, ROE of 1.1% and a total shareholder return ratio of 163%
A look-back	Net sales for the fiscal year ended March 31, 2016: ¥83.2 billion in the offset printing press business, up ¥11.2 billion from the plan; ¥5.9 billion in the PE and precision machine business, up ¥2.9 billion from the plan; ¥5.2 billion in the security printing press business, down ¥8.8 billion from the plan; ¥1.0 billion in the DPS business, down ¥10 billion from the plan; ➡¥20.9 billion in the PESP business, up ¥0.9 billion from the plan	Net sales for the fiscal year ended March 31, 2019: ¥76.2 billion in the offset printing press business, down ¥23.8 billion from the plan; approximately ¥10 billion (annual average) in the security printing press business, as planned; ¥3.7 billion in the DPS business, down ¥16.3 billion from the plan; ¥6.2 billion in the PE business, down ¥3.8 billion from the plan; ➡¥23.1 billion in the PESP business, down ¥11.9 billion from the plan; net sales in the PESP business decreased due to the slump in the DPS business
Achievements and challenges	<p>Achievements: In the core offset printing press business, despite a significant decline in sales in China, the target laid out in the plan was exceeded with an increase in its market share. In the PE and precision machine business, we successfully captured demand by incorporating SERIA. The PESP business with the addition of SERIA exceeded the target.</p> <p>Challenges: the DPS business, which had been expected to grow rapidly, fell far short of the forecast owing to delay in commercialization. The numerical targets set for the security printing press business were not reached due to fluctuations in bidding.</p>	<p>Achievements: In the offset printing press business, we established local subsidiaries in China and India to organize and strengthen the sales structure. In the meantime, we succeeded in developing key customers and strategic models in the security printing press business. In the PESP business, we put equipment, materials, and products in place and released KP-Connect as a cloud-based platform.</p> <p>Challenges: Although the DPS business made it possible to be one of the highest quality in the world, the sales target set was not able to be achieved on the following grounds: delay in the full-scale launch of the product; lower sales in the final year due to the market cycle in the PE business and security printing press business; sales expansion below expectations owing to economic stagnation in Europe, North America, and Asian countries in the existing offset printing press business, etc.</p>

Segment Highlights

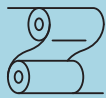
In the fiscal year ended March 31, 2021, the business of our flagship sheet-fed printing presses accounted for 44% of consolidated net sales; used parts and repair businesses 23%; web-fed printing press and security printing press businesses 17%; and DPS, PE and other businesses 16%. Referring to the regional composition ratio of net sales, Japan accounted for 41%, Greater China 19%, Europe 18%, other regions 14% and North America 7%.

Sheet-Fed Printing Press Business (Sheet-fed offset presses)



Offset printing is the most common type of printing technique today using a plate, in which the inked image is transferred from a plate (off) to a blanket and then to the printing surface (set). Sheet-fed printing presses print on individual sheets of paper cut in advance. Presses of this type boast high print resolution, high-quality and high-speed printing capabilities. Thus, these presses are suitable for commercial printing such as catalogs and posters as well as package printing. Komori's printing system boasts the ability to accommodate paper as large as 840mm × 1,150mm. Ink for offset printing comes in various types, including oil-based and UV ink. In addition to the four colors of cyan, magenta, yellow and black, a spot color, gold and silver are available for multicolor printing. Offset printing is said to account for about 70% of the world print output.

Web-Fed and Security Printing Press Businesses



Web offset presses have the same structure as sheet-fed printing presses. However, unlike sheet-fed printing presses which print on individual sheets, web offset presses print on a continuous roll of paper, the pages being cut to size and folded after having been printed. Therefore, these presses boast very high productivity. These presses are suitable mainly for high-quality, large-volume commercial printing such as magazines, ad inserts, etc. Furthermore, as opposed to other printing presses, security printing presses are required for highly sophisticated printing technologies to prevent counterfeiting and to have high reliability. These presses utilize the most advanced technologies that printing machine manufactures can offer.

DPS (Digital Printing System) and PE (Printed Electronics) Businesses



The Digital Printing System enables easy printing by transferring digital-based images directly to a printing press. It boasts high print resolution comparable to offset printing. The system is even capable of printing only one sheet, and therefore preferable for jobs with small print runs, allowing for short turnarounds. Moreover, this system eliminates the conventional stage where the image is transferred onto a presensitized aluminum plate. It is then able to perform variable printing with customized information on each piece of paper, adding high value including personalization and versioning to satisfy the customer's printing needs. A notable feature of the system is simple operability, requiring no special skills to operate.

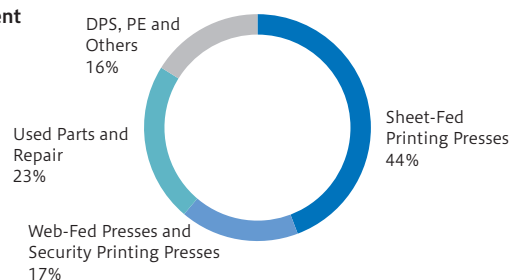
Printed Electronics refer to a process in which printing technology is used to produce electronic circuits and electronic components. Currently, SERIA CORPORATION, a Komori Group subsidiary, is engaged in developing and manufacturing gravure offset printing machines (PEPIO Series) for the printing of fine lines with high quality and high productivity for the manufacture of touchscreens, such as those for smartphones, and screen printing presses for electronic components such as the MLCC.

PESP Business

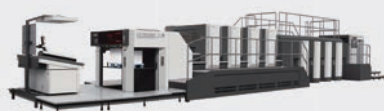
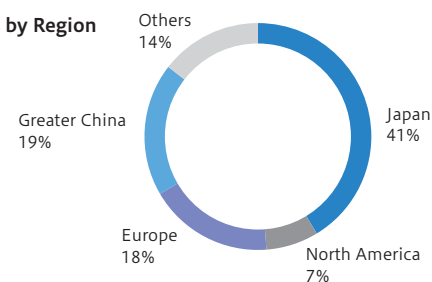


Thus far, Komori has been supplying printing machinery and services mainly to developed countries. Adding emerging countries to our target markets, however, we are aiming at executing the Print Engineering Service Provider (PESP) business to help resolve various issues our customers may face and at the same time strengthen the recurring income business. Its business domains include a broad lineup of digital printing systems, prepress and post-press processes, as well as printing related materials such as ink and various parts.

●Net Sales by Segment

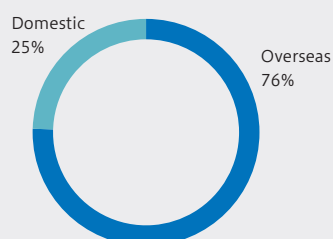


●Net Sales by Region

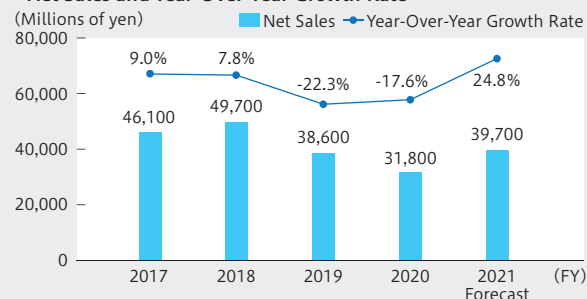


LITHRONE GX40RP advance
40" Front/Reverse Sheet-Fed Offset Press

●Overseas Sales Ratio

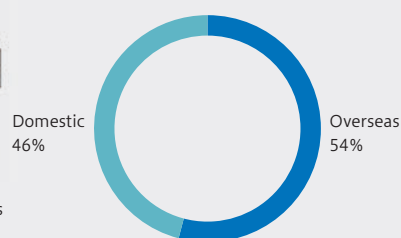


●Net Sales and Year-Over-Year Growth Rate

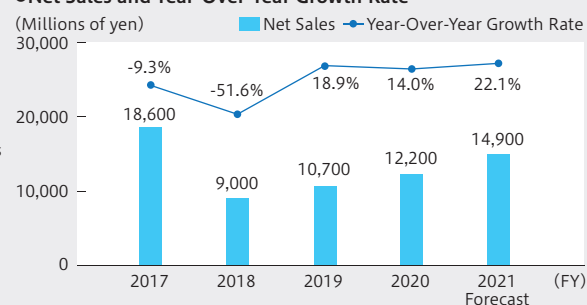


System 355
546mm Cut-Off Sixteen Page Web Offset Press

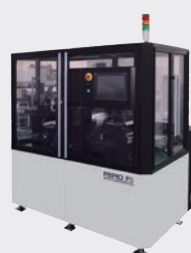
●Overseas Sales Ratio



●Net Sales and Year-Over-Year Growth Rate

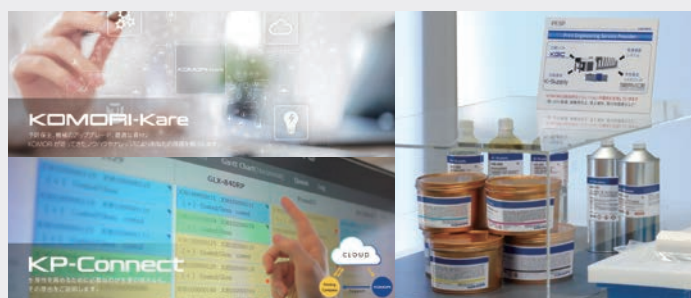
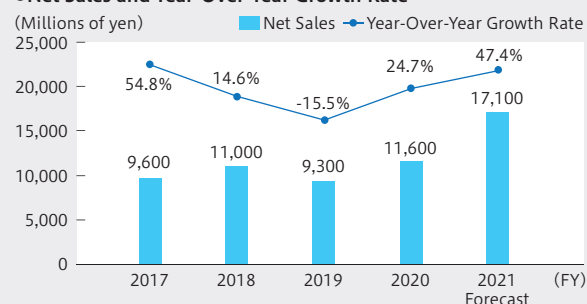


Impremia NS40
40-inch Sheetfed Nanographic Printing System



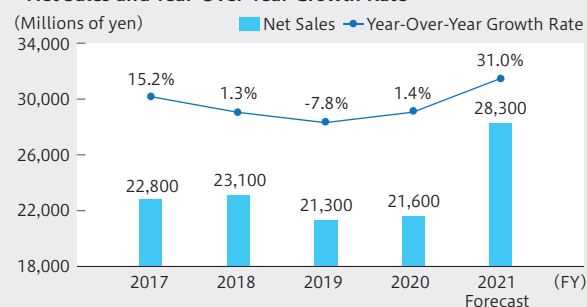
PEPIO F6
Semi-Auto Gravure
Offset Printing Presses

●Net Sales and Year-Over-Year Growth Rate



PESP Business

●Net Sales and Year-Over-Year Growth Rate



* PESP sales consist of sales of PESP and services generated in each segment.

SWOT Analysis and Risk Management

●SWOT Analysis of KOMORI CORPORATION

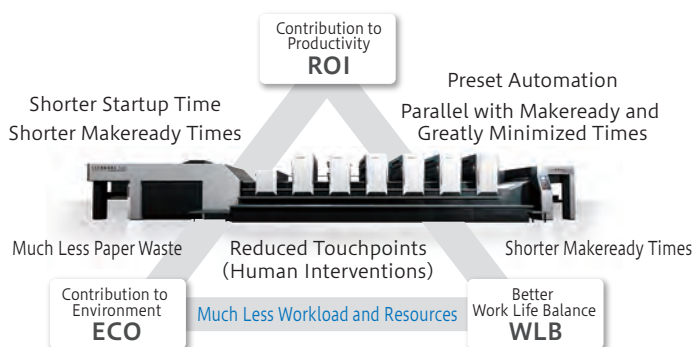


	Risks	Identification & Management
Business Environment	Shift to paperless communication Increased web media	<p>The popularization of the Internet and eBooks has reduced the demand for printed books and commercial print materials. On the other hand, the demand for paper and printing is on the rise in emerging nations, particularly China. In addition, the demand for pharmaceutical, label, and light package printing has been continuously increasing. Aiming to penetrate markets, including China, Komori will strenuously push forward with the Advance Series, which boast world class ROI, and propose solutions, and thereby focus our efforts on not only existing users but also on the package printing market. →Value Creation Story Nos. 1 and 2</p>
	Shortage of printing press operators	<p>The printing industry is facing a severe shortage of offset printing press operators. Such being the case, Komori is moving forward offering solutions, such as visualization of the entire printing process and creation of the Smart Factory to resolve on-site issues, which will all lead to the maximization of Kando, customer satisfaction beyond expectations. The cutting-edge digital printing system, the "Impremia NS40" launched onto the market, is an immediate solution to the operator shortage problem by offering the simultaneous advantages of offset printing and digital printing. →Value Creation Story Nos. 1 and 3</p>
	Introduction of digital currencies by the central bank	<p>Central bank digital currencies are receiving evermore attention, mainly in developed countries, in the context of increased costs of cash handling, storage, transport, etc. and global information innovation technology. Be that as it may, apart from the need to have cash at hand in case of emergency, Asian and African economies are in need of banknotes according to their economic growth, and Komori is in a position to provide banknote printers with reliable banknote printing presses and comprehensive maintenance and services.</p>
	Expanded digital printing system market Increased need for short turnarounds and small print runs	<p>Impremia NS40 which can handle even B1 size is now on the market. Impremia NS40 is a digital printing press and yet able to provide high-quality and high-speed printing, which could be a game changer for the printing industry. Impremia IS29s, developed in a joint effort with Konica Minolta, offers a new business model which helps customers significantly improve their productivity when used in conjunction with an offset printing press. →Value Creation Story No. 2 and TOPIC</p>
Finance	Possible impairment of goodwill Possible deterioration of cash flow due to increase in inventory level	<p>In preparing for an acquisition, the board of directors convene to deliberate on the calculation of corporate value, expected return on investment, validity of the acquisition price and various risks. After a deal is completed, personnel are sent to the acquired company to make sure to eliminate possible risks. As for inventory management, we set target stock level and endeavor to reduce work-in-process and shorten lead time.</p>
Disasters	Natural disaster risks	<p>In case a crisis of a severe magnitude occurs, we have measures in place such as the Business Continuity Plan, crisis management measures for a possible Tokyo Inland Earthquake, and disaster drills.</p>

Value Creation Story No.1

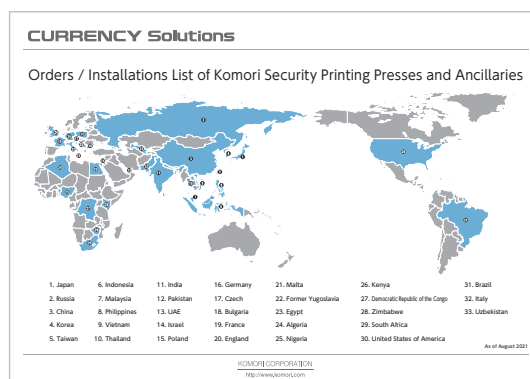
World Class ROI (Return on Investment) Advance Series Debut

The printing industry has undergone changes to the business environment in the context of the economic downturn due to COVID-19, the shift to a paperless society, increased web media, etc. and has been required even more to respond to demands, such as printing various items in small print runs, high value added printing, and shorter turnarounds than ever before. Correspondingly, there is increasing need for optimized productivity of the printing processes. The Advance Series, developed on the concept “Connected Automation,” which Komori advocates, are cutting-edge offset printing presses offering world class ROI under the development themes: “Major improvements in high-speed stability of the feeder and delivery, which provide the basic performance of a press”; “Improved suitability for high-speed, long-run printing”; and amid labor shortages and ongoing work style reforms, “Tasks dependent on skilled operators are minimized by easy operation.” Additionally, Komori features the Advance Series offering strengthened collaboration with our core cloud-based solution, KP-Connect Pro, enabling visualization of the entire printing process, easy process control and automated operations without operator interventions, thereby contributing to improving productivity and profitability. Besides, the Advance Series are expected to further enhance their presence in the package printing industry, demand for which is on the rise worldwide.



With Our World-Leading Printing Technologies, We Will Contribute to the Stable Supply of National Banknotes Around the World.

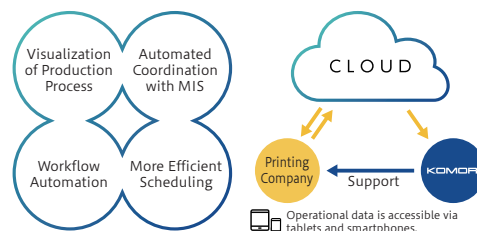
Since 1958, Komori has been manufacturing security printing presses for more than 60 years to ensure a stable supply of banknotes of national currencies all over the world. With a view to providing our customers with better solutions, we have been attentively engaged in the development of our products and services from the customer's perspective, taking heed of their feedback. Banknote issuers and counterfeiters have always been locked in a battle of innovation. Thus, banknote printing presses are required to be equipped with special security features which are not incorporated in ordinary printing machinery in order to make counterfeiting more difficult. At the same time, the presses should have a high level of machine performance: continuous running mechanism, stable high-speed printing, and high-quality printing. For this purpose, the Tsukuba Plant has acquired the ISO9001, or the quality management system standard. There are some in-house checkpoints, called design reviews, which conduct strict quality assessments at various levels to assure product quality. All products must go through these review processes. This is a direct reflection of our relentless commitment to our customers in providing them with reliable, high-quality products. Henceforward we are determined to further contribute to the stable supply of banknotes that are expected to be in high demand, especially in emerging nations, and we will do our utmost to identify the true needs of our customers by always being a step ahead in delivering Kando beyond their expectations.



Komori DX Strategy

“Connected Automation” to make a printing plant a Smart Factory

“Connected Automation,” advocated by Komori, comprehensively controls the prepress, press, post-press and other print relevant processes, utilizing “KP-Connect Pro,” our core cloud-based solution. It connects each printing process seamlessly and offers the integrated control and visualization of data, thus making a printing plant an optimized and automated Smart Factory. The advantages of introducing this concept are as follows: (1) Printing information is available at any time and in any manner as required, regardless of the size of the print run; (2) The visualized printing processes make it easier for on-site operators to check the status of all printing processes and to grasp the preparation status of the various materials required, which leads to optimized printing arrangements; (3) Analysis of diverse data facilitates production control as well as improvement activities; and (4) Labor-saving and improvement of the machine utilization rate can be achieved by automatically optimizing tasks such as work process scheduling, which has often relied on skilled operators. In parallel, KP-Connect Pro is an open system that can be connected to any of the existing machines manufactured by KOMORI CORPORATION, as well as those made by other companies.

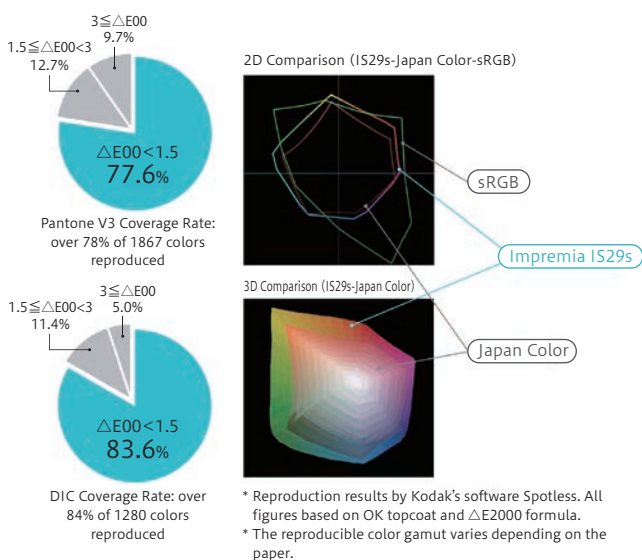


Value Creation Story No.2

Impremia NS40, a Potential Game Changer, and IS29s, a New Business Model Provider, Was Released on the Market

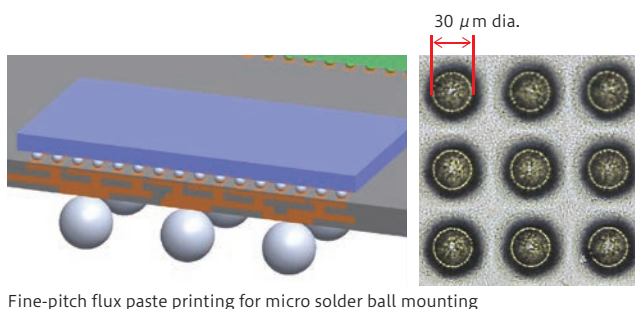
Impremia NS40 is a state-of-the-art digital printing press, utilizing Komori's full range offset technologies and superiority.

This digital press is capable of high-speed (6,500 sph), high-precision printing of B1-size (max. 750 x 1,050mm), larger than conventional digital printing presses. It can take two to three years to train an offset printing press operator, whereas the serious shortage of human resources has been identified across the world. Impremia NS40 has overcome the problems conventional digital printing presses had, and is considered a game changer with the potential to shift the demand from offset to digital printing presses to increase market share. Meanwhile, Impremia IS29s is capable of high-quality printing on the same paper as that used for offset printing, meeting the growing demand for small print runs and short turnarounds. This press eliminates the need for output, inspection, and replacement of plates, as well as blanket cleaning, thereby saving customers time and improving operational efficiency.



Promote the PE (Printed Electronics) Business to Create a New Market Harnessing Printing Technologies

Harnessing the automation technology and intaglio printing we cultivated in developing and manufacturing our offset printing presses, we are now working on gravure offset printing machinery to realize high-definition wiring for the PE (Printing Electronics) business. In 2014, Komori made screen printing press manufacturer, TOKAI Holdings Co., Ltd. (present SERIA CORPORATION) a wholly owned subsidiary. With this acquisition, we have fully leveraged the combined strengths of gravure offset printing technologies and screen printing technologies to develop a foundation for securing significant profit in the PE business, aiming to resolve customer issues in the electronics industry. Furthermore, the world's first "Fine-pitch micro solder ball mounting technology," newly developed by us, is capable of placing micro solder balls with a diameter of 30 μm (with interval of 60 μm) on circuit substrates via semiconductor chip mounting technology, which achieved printing position accuracy with a margin of only 5 μm (3σ) or smaller on the entire 12-inch wafer. In addition to greatly simplifying the mounting process and reducing capital investment, this ultra-fine technology will offer some other advantages, one of which is to eliminate the use of environmentally harmful substances such as plating. Henceforth, we will promote innovative technological developments: not only micro mounting technology for semiconductor chips, but also device bonding technology and in the field of FHE (Flexible Hybrid Electronics) to commercialize these technologies over the medium to long term.



Survey of Digital Printing in the Printing Industry TOPIC

— Current Status of the Digital Printing Market in 2020: Market Segmentation in Progress —

According to the questionnaire survey, conducted by the Japan Federation of Printing Industries in March 2021, of 700 companies belonging to ten organizations in the printing industry, 84.0% of all responding companies (178 companies) own digital printing presses, and the total number of units owned was 674 (an increase of 19 units from the previous year, with an average of about 4 units per company). The ratio of digital printing to the net sales of the companies who own digital printing presses averaged 12.8%, down 1.6 percentage points from 14.4% last year. As for the profitability of digital printing presses, about 40% answered digital printing presses earned more, while the remaining 60% said digital printing press earnings were as good as or worse than those of conventional offset printing presses. In terms of the average

print run per order, a small run of less than 100 accounted for 28.4% of respondents, a run of less than 1,000 accounted for 61.4%, while a large run of more than 3,000 accounted for 29.5%. Conventionally, "digital printing is for small runs," but that image is changing now. In fact, some commented that they would like to target "large runs for variable printing jobs." As for the advantages of digital printing presses from the customers' viewpoints: 1) capable of extremely small runs accounted for 75%; 2) fast turnarounds accounted for 69.0%; 3) customizability on a sheet-by-sheet basis accounted for 53.6%; and 4) print only as required for 44.0%. The top three advantages have remained the same for the past five years. Recently, there has been a growing trend to cite less wasteful disposal as an advantage.

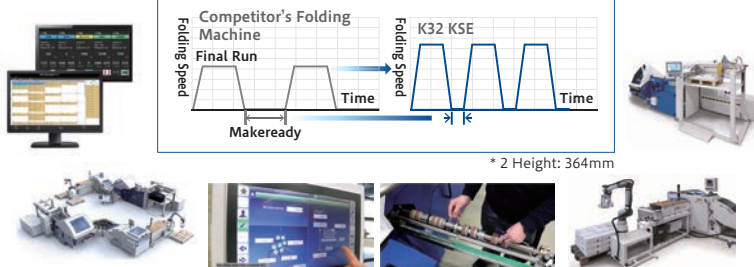
Value Creation Story No.3

MBO Holds the Key to a High Global Market Share as Well as the PESP Business Strategy

The two giants, the MBO Group and Stahl, a subsidiary of Heidelberger Druckmaschinen AG, a major printing press manufacture in Germany, split the paper folding machine market in Europe and North America. The MBO Group has a variety of fold machines, from B2 size to extra-large size of 1,420 mm width, in order to handle various types of paper folds such as books and commercial printed materials which demand high volume jobs. Also, they are providing medium-sized folding machines for the continuous-feed (web-fed) digital printing presses supplied by our overseas competitors. On top of that, the MBO CoBo-Stack, a collaborative robot that requires no protective fences, carries the stacks of paper from the folding machine and loads them on pallets, which reduces the workload of operators. As a result, the MBO Products can provide high accuracy, high speed of operation, shorter preparation time, excellent labor-saving, full utilization of human resources, and high ROI. Through the acquisition, the MBO Group is expected to advance the solution business under our “Connected Automation” concept as a one-stop products and services provider under the PESP strategy we are promoting, and enhance Komori’s global presence utilizing synergistic effects with state-of-the-art digital printing presses.

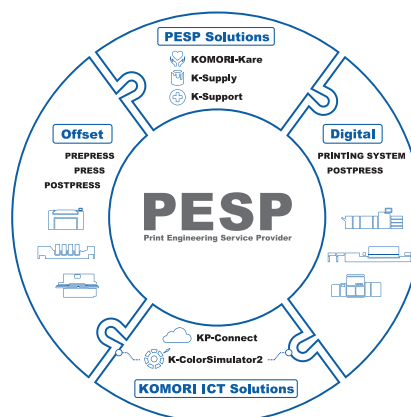
Why can we offer high ROI?

- High Operating Speed
0.1mm thick, a parallel fold, max. 22,000 sheets per hour
0.1mm thick, A4-16P, max 11,000 sheets per hour
- Shorter preparation time
(with preset function and slitter shafts cassette)
- Labor-saving and full utilization of human resources
(high-speed single person operation)



Push Ahead with Initiatives to Strengthen Recurring Business under the PESP (Print Engineering Service Provider) Business Strategy

Thus far, we have been supplying printing machinery and services mainly to developed countries, such as Japan, Europe and North America. However, under the PESP business strategy, we are aiming to add emerging nations to our target markets, and include digital printing presses, prepress and post-press processes, supply of printing equipment and materials, and new business (the PE business) in our business domains. In this way, we are in a position to offer our customers effective solutions to solve their management issues. This is the essence of the PESP business. With the acquisition of the MBO Group, we have added post-press (process after the print run) to our lineup. Furthermore, we will strengthen our digital printing press business with the introduction of our digital printing presses “Impremia NS40” and “Impremia IS29s.” Concurrently, taking advantage of the concept of KP-Connect, we will make it easier to visualize the printing process, and thereby promote the conversion of printing plants to Smart Factories. In addition to contributing to the improvement of the printing machine utilization rate and productivity of the machines owned by our customers, we are aiming to strengthen and expand the recurring income business by supplying various equipment and materials at the right time to generate consistent profits. We intend to increase the PESP related net sales to ¥35.9 billion (32.6% of total sales) in the fiscal year ending March 31, 2024.



Asked in the questionnaire survey when respondents think the net sales of digital printing would exceed the sales of the conventional plate printing (offset, gravure, etc.), 59.6% answered that “in the future digital printing sales would not exceed conventional plate printing.” The trend has not changed from five years ago. Although previously there were persistent opinions that conventional printing would be replaced by digital printing, there is evidence that the market is being segmented at the present. In other words, there are few benefits to be gained by shifting to digital printing presses from traditional machinery. What is required is the digitalization of printing processes, as well as businesses.

●Questionnaire Survey of Printing Industry

CY, %	2020	2019	2018	2017	2016
Digital printing exceeded conventional printing more than 10 years ago.	0.0	0.0	2.0	0.0	0.0
exceeded 5-10 years ago	1.2	1.3	2.0	0.8	2.0
exceeded 3-5 years ago	1.2	1.9	0.7	1.5	0.7
has exceeded in the last 3 years	0.0	0.6	0.7	1.5	2.0
will exceed within the next 3 years	1.2	1.3	0.7	0.8	1.3
will exceed in 3-5 years	3.0	1.9	2.7	3.8	2.0
will exceed in 5-10 years	13.3	13.3	10.0	12.9	6.5
will exceed in 10-15 years	13.9	13.3	8.0	12.1	13.7
will exceed in 15-20 years	2.4	2.5	2.0	2.3	1.3
will exceed in 20 years or more	4.2	2.5	2.7	3.8	7.2
Digital will not exceed conventional printing	59.6	61.4	68.7	60.6	63.4

Digital will not exceed conventional printing

Promote financial strategies that balance financial soundness, capital efficiency and shareholder returns

Financial Strategies Conscious of Capital Composition Optimization

Under the Sixth Medium-Term Management Plan, we will endeavor to optimize Komori's capital composition with the following three aspects in minds: (1) Maintain financial soundness; (2) Execute management conscious of capital efficiency; and (3) Enhance shareholder returns.

We are a manufacturer and seller of industrial machines—printing machinery—and our sales are prone to business cycle swings, which may affect our business performance greatly. On this account, it is crucial for us to secure financial soundness. The COVID-19 pandemic has forced us to realize the importance of financial stability to prepare against risks other than those resulting from economic fluctuations. Maintaining financial soundness is directly linked to securing the ability to raise funds. Therefore, we will maintain an A rating (by Rating and Investment Information, Inc.) to provide for emergencies.

For that reason too, we will restore the equity ratio, which was adversely affected by impairment loss and other factors in the last few years, to 70% over the medium to long term. Our policy is to prioritize strategic investment opportunities as they arise. Even in this case, an equity ratio of about 65-70% will be maintained. In the fiscal year ended March 31, 2021, the equity ratio was 67.6%, and is expected to remain flat or decline slightly owing to an increase in working capital and other factors in the fiscal year ending March 31, 2022. With respect to on-hand liquidity, cash and cash equivalents reached ¥54.3 billion at the end of the fiscal year ended March 31, 2021, partly due to the issuance of bonds totaling ¥10 billion. While net cash is ample, amounting to ¥43 billion, we will continue to deal flexibly with the economic circumstances.

From the start of the Sixth Medium-Term Management Plan, up until the end of the fiscal year ended March 31, 2021, we downsized the balance sheet substantially through an impairment loss in connection with noncurrent assets as extraordinary loss as part of our business restructuring efforts. The management, conscious of capital efficiency, will organize and make effective use of noncurrent assets in addition to improving the notes and accounts receivable-trade, and inventory turnover. To be precise, the Komori Global Parts Center and the Sekiyado Techno Center will integrate into the Tsukuba Plant in order to create more efficiency in the fiscal year ending March 31, 2023. The land currently in use will be sold and we plan to record a gain on sales of noncurrent assets of ¥3.1 billion as extraordinary income.

Based on the above and other factors, we will further squeeze the balance sheet during the period of the Sixth Medium-Term Management Plan. The balance sheet (BS) at the end of the fiscal year ending March 31, 2024, the final year of this medium-term plan, is projected to be as shown in the chart below. In addition to improving capital efficiency to optimize capital composition, we are planning to increase ROE to 5.3% by enhanced profitability in the fiscal year ending March 31, 2024.

● Balance Sheet Projections

Results as of March 31, 2019 (at the start of the Sixth Medium-Term Management Plan)
Total assets: ¥167.4 billion

Current Assets ¥109.5 billion Cash and Deposits 491 Inventories 322	Liabilities ¥37.2 billion Shareholders' equity ¥130.2 billion (Equity ratio 78%)
Noncurrent Assets ¥57.9 billion	



Projections as of March 31, 2024
Total assets downsizing

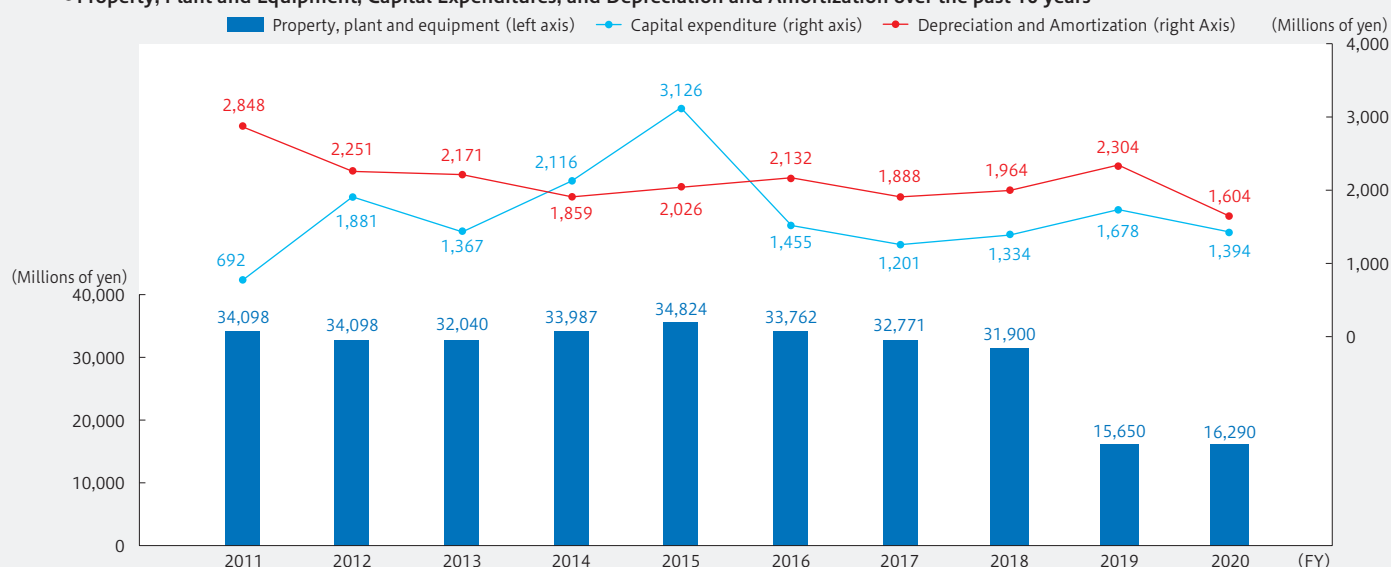
Current Assets	Liabilities
Noncurrent Assets	Shareholders' equity

10-Year Financial Analysis

Looking back at our financial status over the past 10 years, total assets as of March 31, 2021, stood at ¥144.4 billion, roughly equal to ¥149.3 billion as of March 31, 2012. According to balance sheet data, however, the equity ratio stood at 67.6% (total net assets attributable to owners of parent: ¥97.7 billion yen) as of March 31, 2021, due in part to impairment loss recorded over the last couple of years, which declined from 77% (total net assets attributable to owners of parent: ¥115 billion) in the fiscal year ended March 31, 2012. Total property, plant and equipment as of March 31, 2021, amounted to ¥16.3 billion (11.3% of total assets), having decreased from ¥34.1 billion (22.8%) as of March 31, 2012. While capital expenditure continuously remained below depreciation and amortization until the fiscal year ended March 31, 2021, we schedule an investment of ¥1.9 billion in the fiscal year ending March 31, 2022, which is expected to exceed depreciation and amortization of ¥1.53 billion.

With regard to notes and accounts receivable-trade, which should be taken into consideration to improve capital efficiency, ¥15.9 billion was recorded with an accounts receivable turnover period of 81 days as of March 31, 2021, improved from ¥20.1 billion and 101 days as of March 31, 2012. On the other hand, inventories were ¥31.8 billion (turnover of 161 days) as of March 31, 2021, an increase from ¥27.0 billion (turnover of 136 days) as of March 31, 2012. The reason why inventory turnover has become longer is due to increased sales in direct sales areas and sales expansion of securities printing machines. We will strive to shorten the inventory turnover period through standardized specifications and improved inventory management.

● Property, Plant and Equipment, Capital Expenditures, and Depreciation and Amortization over the past 10 years



Komori's Policies on Shareholder Returns and Dialogue with Investors

The policy for shareholder returns under the Sixth Medium-Term Management Plan is to “achieve a total shareholder return ratio of 80% or more while attaching special importance to stable payment of dividends,” based on the idea of refraining from accumulating retained earnings more than necessary.

As for Dialogue with Investors, we hold performance briefings (teleconferences) four times a year, as well as taking individual interviews with investors and analysts, and calling on shareholders. We have been often asked ESG-related questions recently, and we would like to elaborate on our corporate value enhancement strategy accordingly. The opinions and requests we receive from investors and shareholders will be passed on to executive managers, so that we can incorporate them into management when appropriate.

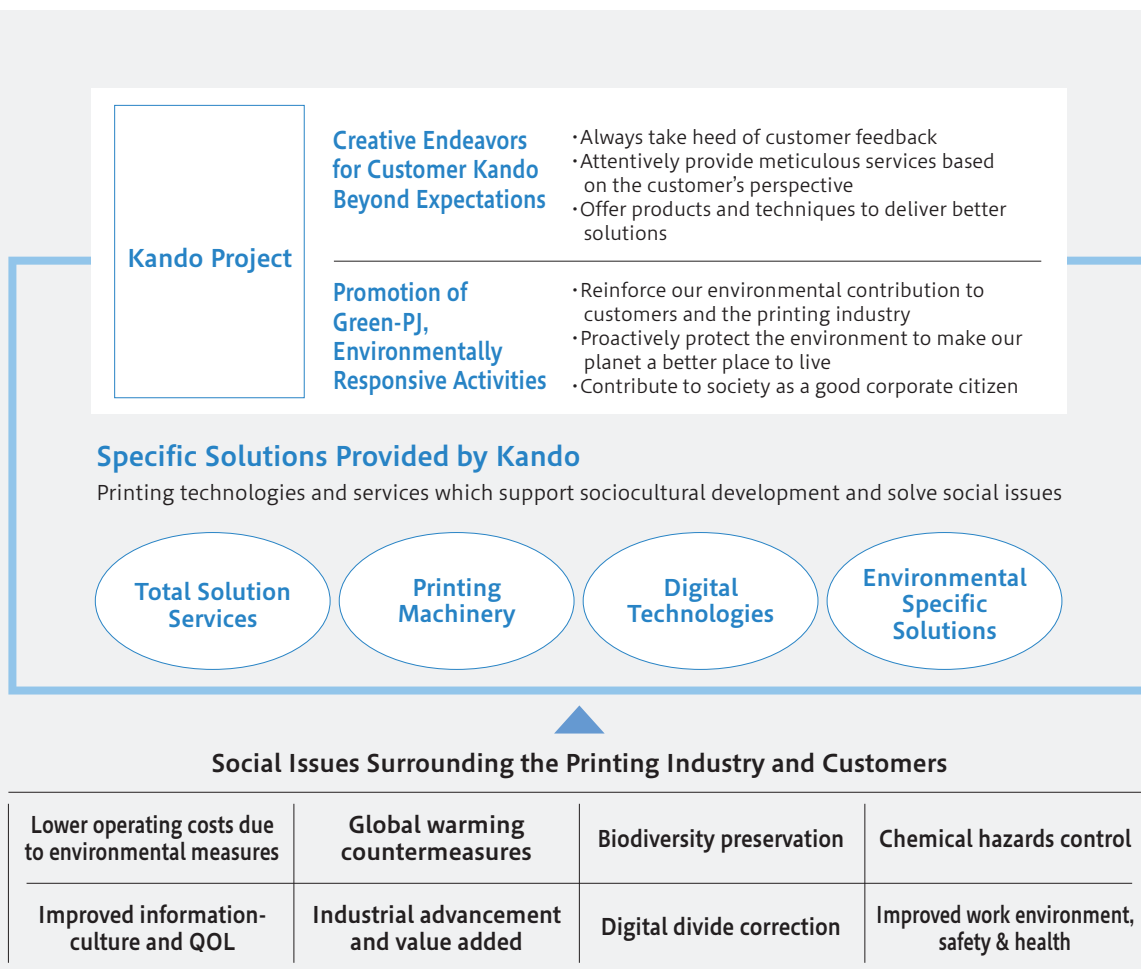
Since its establishment in 1923, the Komori Group has been striving to manufacture printing machinery which supports sociocultural aspects. Having entered the turbulent 21st century, the printing industry, like other industries, is facing major changes to the business environment. Now is the time for us to turn over a new leaf and move forward positively, one step at a time. The philosophy that illuminates the path is nothing other than the realization of Kando—customer satisfaction beyond expectations.

We are committed to always taking heed of customer feedback, highly conscious of our mission to provide meticulous services based on the customer's perspective, and offer various products designed to deliver better solutions to customers. Our pursuit of genuine brand value hinges on realizing a company capable of delivering Kando through the sincere and steadfast efforts to take on these challenges.

Three Pillars for Realizing a Company Delivering Kando Beyond Expectations

1. Customer Kando Creation Project (Kando Project)

We decide on the direction and targets according to the relevant items of the entire project for each fiscal year to promote the Kando Project. Target departments (a subcommittee could be established depending on the contents to be covered) will prepare and implement a specific annual action plan. The administration office performs progress checks on a monthly basis and reports on the progress of the project to the Kando Project Meeting held every other month.



2. Komori Club - Robust Customer Base in Japan

What is Komori Club?

The Club is a group of our domestic users organized on a nationwide scale in Japan. Its purpose is to encourage member companies to maintain good relations between themselves and promote increased prosperity of members through the sharing of opinions and information on management, technology, and printing in general. Founded in 1990, the Club marked its 30th anniversary in 2020. Thirty years is a true sign of trust, revealing that the organization has been recognized and needed in the printing industry. Trust in Komori Club equals a differentiated brand as well as a business asset for being a company selected by participants. This is the starting point of our creative endeavors for customer Kando beyond expectations which should be carried on ceaselessly in the future in order to diffuse the Komori brand in the market.

Purposes

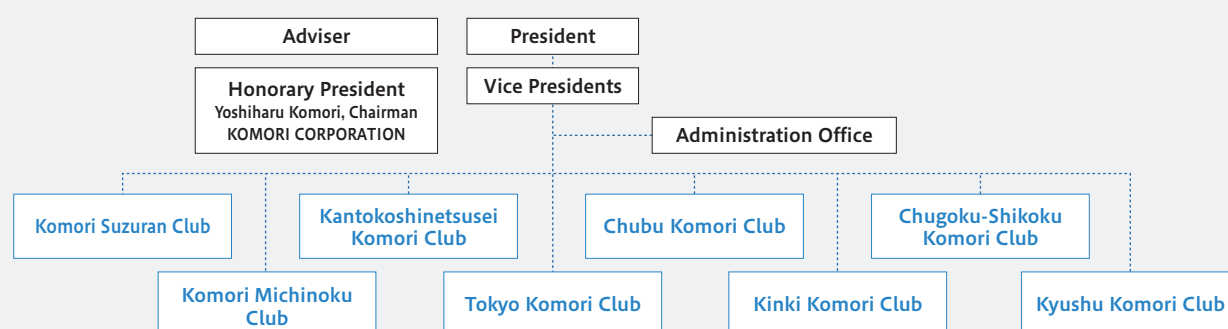
- Contribute to the revitalization of the printing industry
- Assist member companies in their management by disseminating information on management and technologies
- Gain synergistic effects on member companies by stimulating corporate activities among them

Business Operations

The Club is divided into eight blocks across the country, and the business plan for each year is decided at the general meeting led by the Komori Club administrators, while regional block meetings are held taking regional characteristics into account.

- Komori Baseline Report: Report on domestic and overseas industry news, and Komori's status update (initiatives and latest technical information)
- Lecture presentation: Presentations by visiting lecturers and panel discussion in line with the Komori Club's theme, "SHINKA."
- Reception: Interactions, information exchange and sharing among members

● Komori Club Organization Chart



The executives and the board of directors in the Komori Club are appointed from among member companies.

Number of Participants in the Komori Club

34,428 (cumulative total number between 1990 and 2019)

All events in 2020 were cancelled to prevent the spread of the COVID-19 infection.

Virtual Komori Club

All face-to-face events scheduled during the last year were cancelled due to the COVID-19 pandemic. For the same reason, we were not able to commemorate the 30th anniversary of the Komori Club. Upon several discussions with the executives of the Komori Club, However, after several discussions with the executives of the Komori Club, it was decided to hold the first virtual meeting in June 2021 to disseminate information to member companies. A total of 325 members attended this virtual event and the Komori Baseline Report, as well as panel discussion between the President (Yoshihiko Komatsu, Chairman, Komatsu Printing Co., Ltd.) and Vice Presidents (Seiichiro Akutsu, President and Representative Director, Takara Printing, Co., Ltd. and Yuji Matsuoka, President and Representative Director, Asapri Holdings Inc.) were delivered.

The COVID-19 pandemic has had a profound impact on many businesses and corporate management. All the panelists are proactively tackling these challenges and successfully running their businesses while looking ahead to the future. On this occasion, we reaffirmed that there are areas in which we should be actively involved. Therefore, in consultation with the panelists, We will therefore be addressing these issues with the panelists through the Komori Club.

In view of social conditions, we will continue to make sincere efforts to solve the problems the printing industry faces and provide useful information both online and offline.

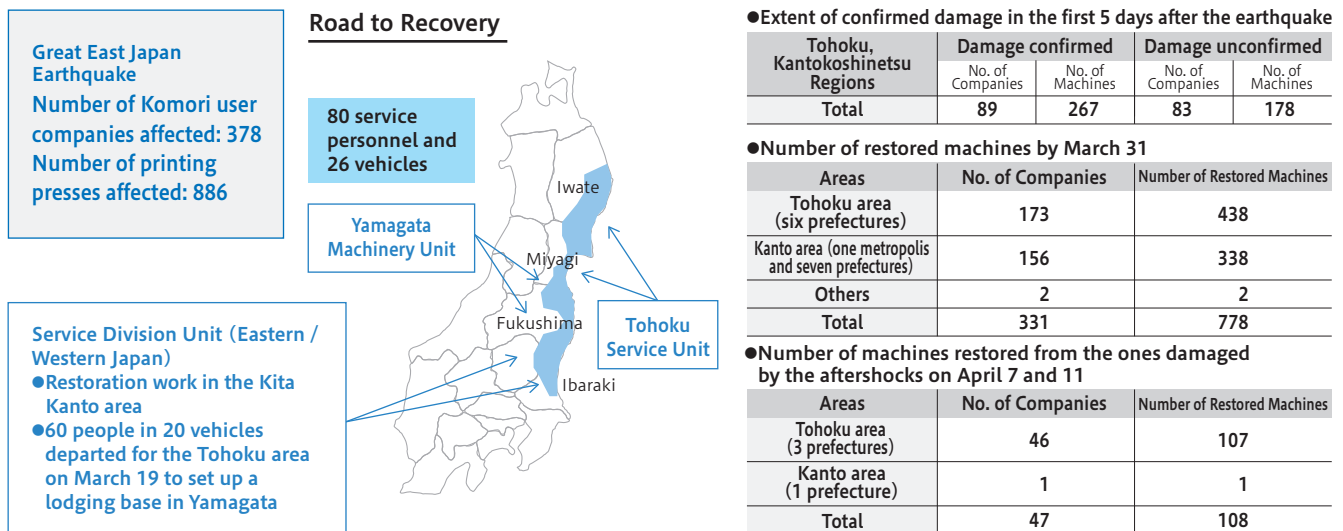
* In April 2021, we launched a members-only website to disseminate information.

3. Komori Disaster Recovery Support and Disaster Mitigation

In the event of flood or wind damage caused by earthquakes or typhoons, we will run to assist our customers in their recovery efforts. The relief activities made it possible for many printing plants across Japan to resume their operations quickly. In addition to proposing the installation of various devices to prepare for unpredictable natural disasters, we are proactively developing approaches in terms of disaster mitigation.

KOMORI nationwide disaster relief network

Whilst Komori has established a network of 260 engineers, in 10 domestic service locations, in major cities throughout Japan, able to respond quickly when disaster occurs. The most serious damage to date was caused by the Great East Japan Earthquake in 2011. It was an unspeakably tragic situation, in which 378 companies were affected and 886 printing presses were damaged. The support unit from the Metropolitan Area Service Division, the Yamagata Machinery unit, and the service unit from the Tohoku Branch Office worked together. As a consequence, 331 companies and 778 presses were restored in the first three weeks after the disaster, and almost all remaining printing presses within one month after the earthquake, despite the fact that the support units faced great difficulties procuring fuel, supplies, expressway closures, and more. We realized that maintaining close relationships with local communities and partner companies on a daily basis could help us offer support in times of disaster, such as the expedited issuance of an "Emergency Pass," which is a certificate for disaster recovery vehicles, and the allocation of parking space by the Yamagata City Office.



Realization of Kando - Customer Satisfaction Beyond Expectations - TOPICS 1

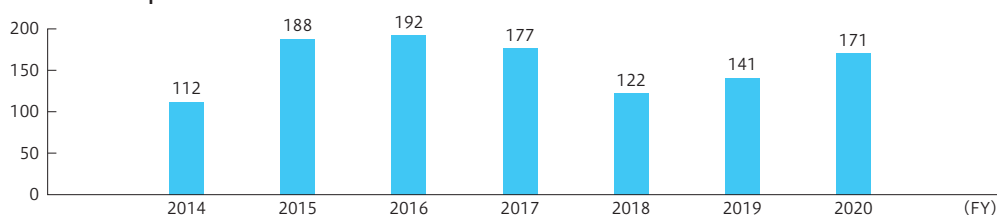
ONE-DAY-CHECK <Importance of Understanding the Normal Condition of Printing Machinery>

Any trouble with the printing machine on customer premises would entail not only material loss but also the risk of losing valuable customer confidence. With preventive maintenance services, the machine will be kept in a stable operating condition and any possible trouble avoided in advance. Preventive maintenance is essential to keep machines in peak condition, maintain high print quality, as well as reduce the environmental footprint.

In order to help our customers with preventive maintenance, Komori is developing the "ONE-DAY-CHECK" service as the first step to recover from the time-dependent deterioration of printing machinery.

The professional inspection and diagnosis of printing machinery will be performed and the results compiled in a report. We work together with customers to draw up a plan with a view towards medium- to long-term development, which makes it possible to prevent sudden machine failures and extend machine life. It can be expected to reduce unexpected maintenance expenses and have a positive effect on the environment.

Number of ONE-DAY-CHECK implemented



Realization of Kando - Customer Satisfaction Beyond Expectations - TOPICS 2

KGC (KOMORI Graphic Technology Center)

We are determined to address the questions and various issues our domestic and overseas customers may encounter, and provide comprehensive support for printing technologies and systems in general through organically combining the three KGCs functions (Demonstration Center, Printing College and Training, and Printing R&D center). In order to provide advanced skills and services to our customers around the world, we have established the KGCs functions in three locations (the United States, Netherlands and China) to strengthen the global expansion of our support system.



KGC Printing College and Training

The KGC Printing College offers a variety of courses in our cutting-edge facility to facilitate acquiring skills in handling printing machinery and printing systems. Taking multiple courses will enable customers to acquire knowledge and skills according to their purposes.

Main training curricula

		Printing	Webinar	Maintenance	On Request
Beginner Level	New employees (sales/prepress/printing)	Basic Printing Seminar	Print Beginner NEW!		
	Less than 3 years of experience (sales/prepress)				Printed Materials Production Workshop Course
	Less than 3 years of experience: Introductory Printing Class	GL40 Feeding Specialized Course NEW!		Web-Fed Offset Press One-Day Basic Course	Toolbox Talks
		Introductory Printing Course NEW!	Operator Training: Basic Maintenance NEW!		Special Instructions on Cutting Machine Safety and Health
Middle Level	Less than 5 years of experience: Intermediate Printing Class	Operator Training Course NEW!		Sheet-Fed Press Maintenance Course	H-UV Basic Course
	(Prepress/Printing)			[Basic] Web-Fed Offset Press Maintenance Course	GL Basic Operation Course
High Level	For leaders in printing: Advanced Printing Class	Applied Printing Course NEW!		[Applied] Web-Fed Offset Press Maintenance Course	CMS Course
Expert Level	Highly Specialized Courses			B4-Size Cutting Blade Set-Up Course	KHS Operation Course
				Folding Cylinder Adjustment Course	

Number of participants over the past five years (No. of courses)

	Regular Courses	Customized Courses	Online Courses
FY 2016	191 (34)	113 (14)	—
FY 2017	168 (35)	203 (17)	—
FY 2018	121 (26)	119 (10)	—
FY 2019	103 (26)	136 (13)	—
FY 2020	81 (22)	26 (5)	4 (2)

* The number of in-person training courses decreased in the fiscal year 2020, due to the COVID-19 pandemic.

* Online courses were newly launched in December 2020 to allow more customers to receive training even under the COVID-19 calamity.

In response to requests from many customers for assistance with employee training, a free webinar training seminar was held in March 2021.

Outline of Free Webinar Training Seminar

- Theme
“No harm in knowing! Quick lessons to make printing fun and easy”
- 1,775 participants from 83 companies
- From March 1 to March 31 (total of 35 classes: one class/day for 11 days and two classes/day for 12 days)
- 30 minutes/class

Realization of Kando - Customer Satisfaction Beyond Expectations - TOPICS 3

Selected as One of the "Global Niche Top Companies Selection 100" for the Year 2020

The Ministry of Economy, Trade and Industry has selected excellent companies, which secured a high share of global niche markets and developed parts or raw materials businesses whose importance is increasing in supply chains, as the “Global Niche Top Companies Selection 100.”

METI selected the winners after having a selection and evaluation committee of external experts evaluate the contenders based on the following evaluation criteria of whether or not such applicants: (1) compatibly achieve both global share and profits; (2) have unique and independent characteristics; and (3) hold an important position in the supply chain.

Of the 100 companies 61 companies are in machinery and processing, 24 in materials and chemistry, 20 in electricity and electronics, and 8 in consumer goods and others. Of the 100 selected companies, 13 have won the award consecutively (the previous selection was in 2013). KOMORI CORPORATION was also successively selected for our commercial offset printing presses, security printing presses and B2 digital printing systems.

We believe that this resulted from the recognition of our proven track record in Japan and overseas markets, and our unique business model in which our company combines an offset printing press and digital printing system boasting a high market share in the global market through the development of world-leading product and printing technologies, particularly in offset printing presses, and as the only security printing press manufacturer in Japan. Encouraged by again being selected in the Top 100, we will endeavor to further contribute to the development of the global printing industry.

Realization of Kando - Customer Satisfaction Beyond Expectations - TOPICS 4

Customers' feedback

TOKYO Lithmatic Corporation

e-Mist Solution to Static Electricity Problems Associated with Printing

TOKYO Lithmatic Corporation is a commercial printing company which provides a wide range of services including commercial printing, display signs and sales promotional tools. The company also has a 24-hour printing service store in Tokyo. As its offset printing bases, the company has the Funado Plant and the Nishidai Plant in Itabashi Ward. The Nishidai Plant, which specializes in single-sided printing on thick paper, multi-color printing on thin paper, spot color printing, and multi-color varnish printing, began testing operations of the offset sheet-fed printing press (paper size: 545x788mm) equipped with e-Mist (microparticle humidification type static suppressor) in January 2020. The machine went into full operation in the following June. Mr. Yohei Iwato, Plant Manager of the Nishidai Plant, shared the verification and operation results after installation of the device.



Mr. Yohei Iwato,
Plant Manager, Nishidai Plant

Struggles with Static Electricity During the Dry Season

The Nishidai Plant of TOKYO Lithmatic Corporation handles value-added printing and paper container processing, including surface treatment, foil-stamping, silk print, etc. Static electricity was targeted as an improvement activity in the plant. "Static electricity interferes with our work, especially during dry periods, such as winter, resulting in paper stops in the middle of the process and unaligned paper corners and edges when exiting the press. It was a lot of trouble because we had to re-pile material, while paying attention to static electricity," said Plant Manager Iwato. In particular, synthetic products such as clear plastic folders, vinyl chloride, polyethylene terephthalate, etc. are sometimes charged with static electricity when brought to the plant, so are usually left indoors for a day to check their condition before proceeding. When the company was searching for a solution to this problem, Komori suggested using e-Mist (microparticle humidification type static suppressor). e-Mist is installed at the feeder and blows ultrafine water particles as a mist directly onto the paper to increase humidity and thereby eliminate static electricity. Plant Manager Iwato explained why he chose e-Mist over other solutions: "This is not only about static elimination but about resolving other problems. Even if the machine is great, if you cannot use it well, you will not get the best results. Our company operates on a rotation of multi-skilled workers, which can create some technical challenges when installing machines or devices. e-Mist is a simple device which works by merely flipping an "ON/OFF" switch, so it was easy for our operators to accept the device."

Test Operation Revealed Good Performance Numerically

e-Mist testing operations and verification started in January 2020. "When measured with a static electricity measuring instrument, the static electricity of synthetic products before printing was between 1,000 to 3,000 volts. When exceeding 2,000 volts, it is not suitable for printing. In January and February we tried e-Mist with materials over 2,000 volts and the number came down to less than 1,000 volts." At the feasibility review meeting with the quality control team, it was even discussed the use of this device in summer when static electricity is not a problem on condition that it is effective. "Upon further verification, we found that e-Mist could reduce the amount of static electricity after printing. When e-Mist was not in operation, there were cases where the amount of static electricity after printing increased from 1,500 volts to nearly 3,000 volts over time. On the other hand, the increase in the amount of static electricity was suppressed when e-Mist was in operation. In a comparison of the amount of static electricity after four hours of printing, static electricity increased by about 1.5 times without e-Mist, while it increased about 0.9 times with e-Mist. Therefore, we came to the conclusion that "e-Mist would improve post-press processing suitability, and as a result decided to introduce the device to our plant."



Nishidai Plant

No Time Constraints Reduced Operator Stress

After introduction of the system, remarkable effects were immediately seen on the printing floor. "Clear plastic folders, which were the biggest problem, needed to be aligned when they came out from the delivery. After e-Mist was installed, the paper is delivered with the corners neatly aligned, which improved work efficiency in the subsequent processes." On top of that, previously, when synthetic products were to be put through the press twice on a single side, they were printed once, left overnight, and placed on the feeder to be printed for a second time the next day when the static electricity was low. "After the installation, we are now able to print once early in the day shift and a second time during the night shift," explained Plant Manager Iwato. "Furthermore, one of the partner companies to which we outsource surface treatment asked us, 'Have you taken measures to prevent static electricity? Paper flows smoothly now and is easy to deal with.' We realize that it has reduced the burden (stress) not only on us, but also on the operators of our partner company." As for operating costs, he added, "They remain unchanged, but I think the device will pay for itself soon because of shorter turnarounds." Thanks to e-Mist, TOKYO Lithmatic Corporation has succeeded in troubleshooting the static electricity problems they had long faced. The plant manager expressed his clear vision, saying "Leveraging the advantages of quality and stability, we will commit ourselves to new material solutions utilizing e-Mist on the premise of far more efficient production, and will share relevant information with the sales team."

The Komori Group has actively worked to improve the environment through the cross-sectional “Green PJ,” in order to live up to growing public expectations for business efforts aimed at realizing an eco-friendly society. Presently, we are making efforts to promote diversity and realize work style reforms to boost employee engagement while putting further emphasis on environmental protection activities. Furthermore, we will focus on ESG management which requires our continuous efforts to fulfill corporate accountability to society and enhance transparency in management as a listed company, and thereby contribute to sustainable social development.

Two Social Issues Addressed by the Komori Group

Since its foundation, the Komori Group has strived to promote sustainability, regarding the environment and society as common capital. With greater emphasis on the sustainability of our business, starting in the fiscal year ended March 31, 2021, we are deliberating on the promotion of SDGs at management meetings. In addition, the cross-sectional specialized committee is working to promote and verify our sustainability efforts.

As a printing press manufacturer, we place high priority on achieving Goals 12 and 13 of the 17 SDGs. In order to achieve our goals, we have formulated “Komori Eco Vision”, a set of long-term environmental targets to be met by the fiscal year ending March 31, 2031. This is because any loss of or damage to natural capital due to climate change will pose significant risks not only to the printing industry but to society in general, and preventing the degradation of natural capital will enable us to execute our mission and promote corporate growth.

Engage with Stakeholders to Be a Company Capable of Delivering Kando Beyond Expectations

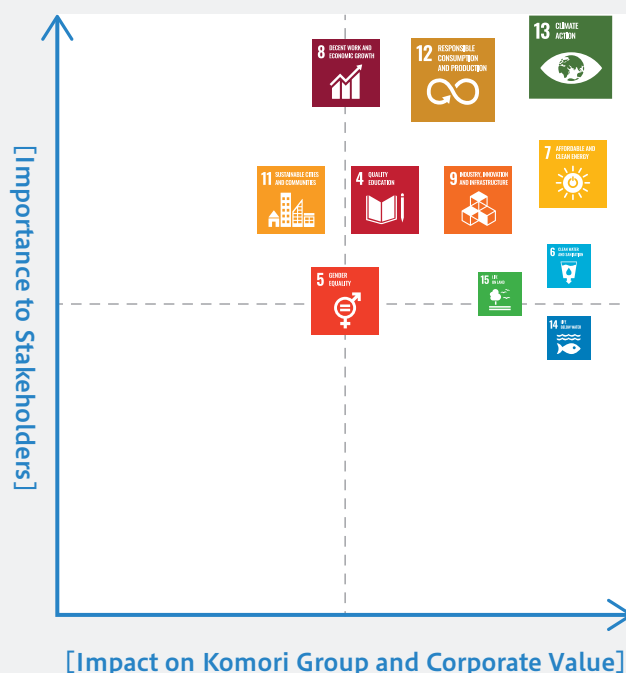
The VISION of the Komori Group is to “deliver Kando or customer satisfaction - Beyond Expectations -.” Aiming at transforming ourselves from a company specialized in the manufacture of printing machinery to a provider of machines and systems employing printing technologies, we will further strive to continuously deliver products and services which realize Kando beyond customer expectations.

In order to realize customer Kando, it is crucial to enhance employee engagement in the Komori Group. We think the more employees are engaged, the more customer Kando is created, which is directly linked to increasing our competitive edge. Partnerships with suppliers (business partners) play a key role in the sustainable growth of the Komori Group. The manufacture of environmentally friendly products is not feasible without collaboration with our suppliers.

The Komori Group maintains active interactions with local communities where its development and production sites are located throughout Japan. Since much of natural and human capital depends on local communities, the understanding and trust gained in local communities is a great asset to the Komori Group.

Material Issues to Achieve Sustainable Growth (Materiality Map)

Materiality Theme	Related SDGs	Achievement
Response to Climate Change (▶ See pages 37-40)	 	CO ₂ Emissions Reduction Development of Energy-Saving Products
Contribution to Recycling-Based Society (▶ See page 31)	 	Recycling of Industrial Waste Zero Waste to Landfill
Supplier Partnerships (▶ See page 36)	 	Briefing Sessions for Partner Companies Promotion of Green Procurement
Coexistence with Local Communities (▶ See Page 36)	 	Athletic Team's Local Contribution
Employee Engagement Enhancement (▶ See Pages 32-35)	 	Promotion of Work Style Reforms Promotion of Childbirth and Childcare System Promotion of Female Employee Participation Promotion of Senior Employee Participation



1



Response to Climate Change

(▶ See pages 37-40 for “Environmental Initiatives.”)



2



Contribution to Recycling-Based Society



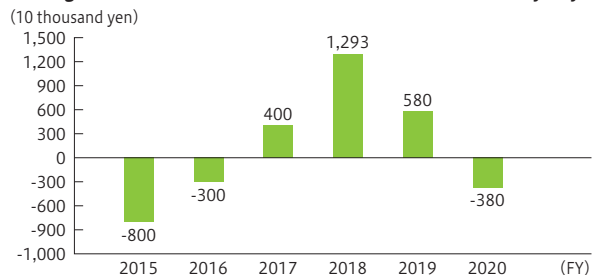
We reviewed the recycling process for all industrial waste and all valuables at the Tsukuba plant, which accounts for about 70% of the Komori Group's total production, in the fiscal year ended March 31, 2018. We have achieved zero waste-to-landfill by recycling scrap metal, waste testing paper, cardboard, waste wood, waste ink and varnish, waste vinyl, waste plastics, waste oil and liquid, and sludge (cutting) as recycled products.

At the same time, we have turned our waste-related losses of ¥8 million in fiscal 2015 into a positive balance by adhering to strict measures, such as creating market price management tools, changing waste oil and liquid disposal methods, collecting wooden pallets free of charge, and recycling plastic pallets.

●Table of Waste and Recycled Products

	Scrap metal	>	Architectural steel frame and steelmaking raw materials	
	Waste testing paper Cardboard	>	Recycled paper, recycled cardboard and toilet paper	
	Waste wood	>	Particle board	
	Waste ink and varnish	>	Base course materials	
	Waste vinyl	>	Combustion promoter	
	Waste plastics	>	RPF, solid fuel and pallets	
	Waste oil and liquid	>	Reclaimed oil and purified water	
	Sludge (cutting)	>	Cement raw materials	

●Changes in waste-related net balance (in units of 10 thousand yen/year)



* In fiscal 2020, losses were recorded because the volume of transactions of valuables decreased due to production adjustments.

* This is what remains after the industrial waste disposal costs have been subtracted from the sales proceeds of valuables for each fiscal year.

●Top 5 materials that contribute to decreasing disposal costs

Ranking	Type	Recycled Materials
1	Waste oil (mainly water-soluble cutting liquid)	Reclaimed oil and purified water
2	Sludge (cutting)	Base course materials
3	Waste plastics	RPF, solid fuel and pallets
4	Waste paper (waste testing paper and confidential documents)	Recycled paper and toilet paper
5	Scrap metal	Architectural steel frame and steelmaking raw materials

From FY2015 to FY2020

Similarly, we will launch the initiatives at other Komori Group production sites in addition to the Tsukuba Plant so as to contribute to a recycling-oriented society, and thus focus on achieving SDG 12.



Employee Engagement Enhancement

All employees are the most valuable asset to the Komori Group. As employees accumulate experience at work and in the workplace, the strategies and direction presented by the Komori Group resonate with them, they feel connected to the organization and work to contribute voluntarily.

The goal Komori pursues is to deliver products and services with Kando beyond expectations. Engaged employees are indispensable for the Company to always heed customer feedback, be highly conscious of our mission to provide meticulous services based on the customer's perspective, and offer various products designed to deliver better solutions to customers. We are continuing our efforts to improve our corporate value through employee engagement enhancement, gaining a solid understanding of the diverse points of view of employees.

Information on Employees

● Number of Employees by Segment of the Komori Group (regular employees)

Segment	Number of Employees	YoY Change (No. of Employees)
Printing machinery manufacture and sale	1,874	+ 270
Repair and fabrication, and used machinery sale	552	+ 12
Administration	260	+ 41
Total	2,686	+ 323

(as of March 31, 2021) on a consolidated basis of the Komori Group

● Employees by Gender (regular employees), Average Age and Years of Service

	Male	Female	Total
Number of Employees	959	147	1,106
Average Age	43.38	40.38	42.96
Average Years of Service	19.16	16.14	18.73

(as of March 31, 2021) on a non-consolidated basis of KOMORI CORPORATION

● Workforce Diversity

	Total Number of Employees	Female		Foreign Nationals		Number of Employees in Managerial Positions	Female		Foreign Nationals	
		Number of Employees	Ratio (%)	Number of Employees	Ratio (%)		Number of Employees	Ratio (%)	Number of Employees	Ratio (%)
as of March 31, 2021	1,137	146	12.84	16	1.41	271	4	1.48	2	0.74
as of March 31, 2020	1,159	147	12.68	17	1.47	287	4	1.39	2	0.70
as of March 31, 2019	1,166	150	12.86	18	1.54	288	4	1.39	1	0.35

All employees including regular (1,106 regular employees), non-regular, temporary, and loaned employees on a non-consolidated basis of KOMORI CORPORATION

● Number of New Hires

New Graduate and Mid-Career Recruitment	New Graduate Recruitment			Mid-Career Recruitment		
	Total	Male	Female	Total	Male	Female
Hired between April 1, 2020 and March 31, 2021	27	20	7	3	3	0
Hired between April 1, 2019 and March 31, 2020	26	20	6	13	11	2
Hired between April 1, 2018 and March 31, 2019	26	18	8	9	8	1

on a non-consolidated basis of KOMORI CORPORATION



Employee Engagement Enhancement

Promotion of Komori Work Style Reforms

We believe that work style reform is an urgent issue for us in order to address societal challenges such as a reduction in available labor, an aging workforce and a change in lifestyle goals." With the aim of achieving a good work-life balance for all employees and improving labor productivity, we are working on the "Komori-Way Work-Style Reform" based on the three pillars of transformation: improvement of long working hours; educational and personnel systems to enhance work ethic and skills; and diversity promotion.

Three Pillars of Transformation for Komori-Way Work-Style Reform

	Three Pillars	Requirements for the Reform
1	Improvement of long working hours	A company that encourages voluntary actions and enables speedy decision-making to improve company-wide issues such as job performance , organizational drive, and work efficiency
2	Educational and personnel systems to enhance work ethic and skills	A personnel system (hiring, company benefits, evaluation, training, etc.) that fosters employees with a high work ethic and the skills required by the company, with the aim of becoming a "challenging but rewarding company to work for"
3	Diversity promotion	A company that promotes diversity and includes diverse human resources, work styles, and time use , etc., regardless of age, position, gender, or nationality

Work-Style Reform Activities & Results

In addition to establishing new ways of working, such as work-from-home, we are also working to provide stratified education, revise our personnel system and review its application so that all employees can realize their full potential and play active roles. With regard to our efforts to promote diversity, we are implementing measures to support all employees in their life events by expanding such initiatives as childcare leave and reduced working hours for childcare, and providing career design education for senior employees. The activities and results are listed below.

• Number of employees using childcare and nursing care leave / reduced working hours system

Number of employees who used childcare leave

	FY 2018	FY 2019	FY 2020
Female	9	11	8
Male	1	1	2

Number of employees who used reduced working hours system for childcare

	FY 2018	FY 2019	FY 2020
Female	29	29	25
Male	1	0	0

* Since September 2019, we have had a system in place for all employees to take annual leave in increments of one hour, up to a maximum of 40 hours (equivalent to five days) per year. This is also available for those who are on the reduced working hours system for childcare or nursing care, allowing them to choose a more flexible working style.

• Number of employees who used the annual leave system on an hourly basis

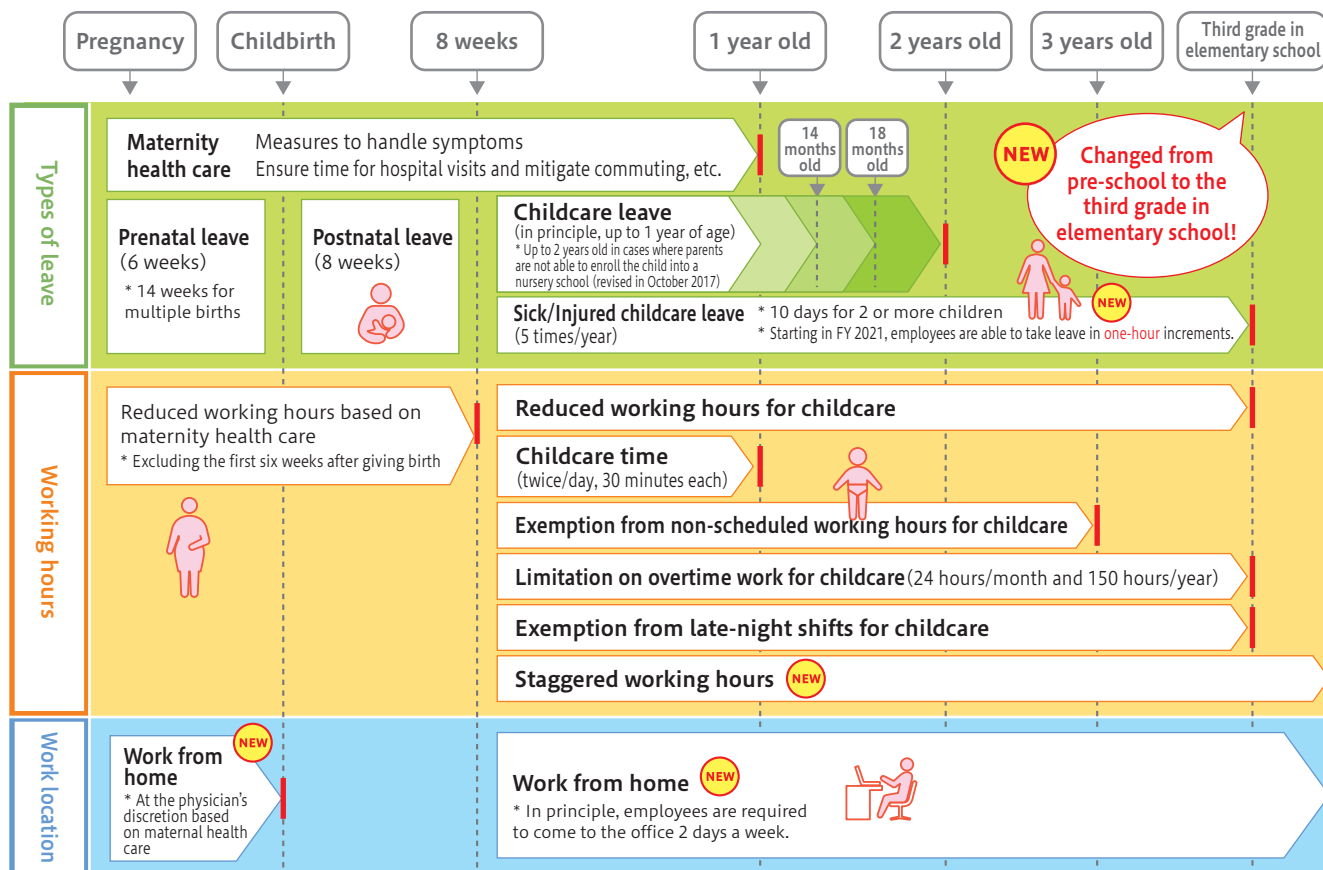
	2020									2021			Cumulative total for FY 2020
	April	May	June	July	August	September	October	November	December	January	February	March	
Total hours taken	243	108	179	226	161	222	244	238	314	263	295	324	2,817
Number of uses	138	58	90	127	98	128	144	129	179	133	165	161	1,550
Number of employees	109	45	70	88	76	100	103	102	135	107	123	126	1,184
Utilization ratio (to total number of employees)	9.4	3.9	6.1	7.7	6.6	8.8	9.1	9.0	12.0	9.5	11.0	11.3	8.7

1. Childbirth and Childcare Support System

To be a company where all employees can fully demonstrate their individuality and abilities in their respective workplaces. Komori is striving to develop systems and workplace environments that support both work and childcare for female employees. Moreover, we are committed to incorporate women's unique perspectives and ideas into many areas, such as business improvement, product planning, and sales development, in order to make them a driving force for business transformation.

Types of leave	Working hours	Work location
6 weeks of prenatal leave (14 weeks for multiple births) 8 weeks of postnatal leave (8 weeks for multiple births) Childcare leave (In principle, up to 1 year of age; max. 2 years of age.) Sick/Injured childcare leave (5 days/year up to the third grade in elementary school, and 10 days for 2 or more children. Can be combined with annual leave by the hour.)	Reduced working hours for childcare (up to the third grade in elementary school) Exemption from non-scheduled working hours for childcare (up to 3 years of age) Limitation on overtime work for childcare (up to the third grade in elementary school) Utilization of staggered working hours system (up to the sixth grade in elementary school)	A work-from-home option is available at the physician's discretion based on maternal health care (up to the sixth grade in elementary school).
* As a result of using these schemes, almost all female employees have returned to work after giving birth.		

• Komori Childcare Support System



* Menstrual leave: Unpaid leave (as required) for women for whom work during menstrual periods would be especially difficult



Employee Engagement Enhancement

2. Promotion of Female Employee Participation

Komori has formulated an action plan* to enable our employees to balance work and child rearing and to fully demonstrate their abilities by creating an environment where employees, regardless of gender, can work comfortably. Simultaneously, we are also revising our personnel system and reviewing its operation so that our female employees can perform at their full potential. Within this context, we received the "Kurumin Certification" as a childcare support organization in April 2021.

* Action Plan (from April 2019 to March 2021)

Goal 1

Raise the rate of annual leave utilization

Introduce a system for all employees to take annual leave in increments of one hour

Goal 2

Make sure to notify employees of various childcare related systems and disseminate information

Enhance the web portal for employees

Goal 3

Strengthen support for balancing work and child rearing

Extend the target period for the reduced working hours system for childcare to the end of the third grade in elementary school


(a) Women's Career Development Project

Under the president's declaration, a cross-sectional project has been launched and a group of core female employees is developing activities to promote the participation of women's advancement in accordance with a unified policy.

* Women's Career Development Project Meetings are held 6 times per year, including the kickoff meeting.

(b) Career development training for female employees

In order to create a rewarding working environment that promotes the career development of female employees, we are providing training aimed at raising work awareness.

Target trainees and number of trainees	We called for applications from all female employees. Approximately 120 employees are eligible.		 <p>Women's Career Development Training</p> <p>Of the 52 female employees who participated in this career training, 17 have changed their path to main career-track positions and are expanding their business activities and opportunities.</p> <p>● Number of female participants in the Stratified Training for Employees in Career-Path Positions</p> <table><tr><th></th><th>Number of Participants</th></tr><tr><td>FY 2018</td><td>4</td></tr><tr><td>FY 2019</td><td>7</td></tr><tr><td>FY 2020</td><td>6</td></tr></table>		Number of Participants	FY 2018	4	FY 2019	7	FY 2020	6
	Number of Participants										
FY 2018	4										
FY 2019	7										
FY 2020	6										
Training Conducted	Total 3 times										
Number of Participants	Total 52 employees										
Curriculum Outline	<ul style="list-style-type: none">● Career development<ul style="list-style-type: none">▷ Work and satisfaction▷ What's a career?● Imagine your ideal self<ul style="list-style-type: none">▷ Create a vision of the future▷ What's behind women's career development?▷ Professional mindset▷ Set career goals● Improvement of communication skills<ul style="list-style-type: none">▷ Effective workplace communication (including role-play exercises)● Summary<ul style="list-style-type: none">▷ Establish an improvement action▷ Make a commitment										

3. Workplace Revitalization Through Senior Employees Participation

For the reemployment of senior employees, we provide career design opportunities at each key age to help them reach retirement age and prepare for reemployment. In addition, we have introduced a "Management by Objectives" and a Senior Specialist System to clarify the roles required by the company and to conduct appropriate evaluations, thereby increasing motivation after the start of reemployment.

Age	45 years old	50 years old	55 years old	57 years old	59 years old	60 years old
Training for middle-aged employees	<p>Send out career design materials</p> <p>[Point]</p> <ul style="list-style-type: none"> ● Internal system (reemployment) ● Money plan and life plan 					
	<p>Career design training</p> <p>[Point]</p> <ul style="list-style-type: none"> ● Reaffirm motivation to work and a sense of purpose for reemployment ● Reemployment system, the public pension system, etc. 					
	<p>Career guidance interview</p> <p>[Point]</p> <ul style="list-style-type: none"> ● Confirm and review career plans after the age of 60 ● Confirm the skills and career 					
	<p>Advance interview</p> <p>[Point]</p> <ul style="list-style-type: none"> ● Explain company benefits after reemployment ● Match employee's skills with job roles 					
	<p>Eligible for reemployment</p> <p>[Point]</p> <ul style="list-style-type: none"> ● Apply the "Management by Objectives" and "Senior Specialist System" to employees in managerial positions 					



Supplier Partnerships

Procurement Policy

Komori's printing presses require an extremely large number of components and high quality construction, particularly given their nature as precision machinery designed on the basis of many custom specifications tailored to customer demands. As such, Komori's business activities first and foremost involve forging relationships of trust with its suppliers (partner companies). With this in mind, we conclude standard purchase agreements with our partner companies, and accordingly engage in procurement in a manner whereby both parties mutually adhere to Komori's corporate philosophy. On a regular basis, we hold concurrent briefings on our partner company policy at our two main plants (Tsukuba Plant and Yamagata Plant <KKM>) to share important information on the procurement of parts and materials and to promote close communication.

Green Procurement

Komori expects that all the products we manufacture and sell are safe, environmentally friendly and responsible with little environmental burden. To this end, we have formulated the "Komori Green Procurement Standard Guidelines" to promote initiatives including low-carbonization, compliance with chemical substance-related laws and regulations, and biodiversity conservation in collaboration with our suppliers.

● Briefings on our partner company policy and the number of participating companies

Past Briefings	Tsukuba	KKM
June 2021	66	20
May 2021	64	21
March 2021	70	24
November 2019	63	29
April 2019	68	30
October 2018	67	29
April 2018	64	28
November 2017	71	24

● Outline of the Komori Green Procurement Guidelines

- Ecology** Purchasing and procurement from an environmental perspective
- Open** Unexclusive purchasing and procurement
- Fair** Fair and equitable partnerships
- Global** Global purchasing and procurement
- Together** Coexistence with nature and local communities



Coexistence with Local Communities

Komori Athletic Team Members Interacted with Elementary and Junior High School Students in Kushiro City, Hokkaido

The KOMORI CORPORATION Athletic Team, founded in 1950, has been holding training camps in Kushiro City, Hokkaido over many years. We were asked by a track and field club in Kushiro City to give lessons including practical training to local elementary and junior high school students in order to help them improve athletic performance. The exchange between the Komori Athletic Team members and elementary and junior high school students aspiring to become track and field athletes started in 2013. Some of the students who participated in the training have gone on to compete in the All-Japan High School Ekiden, the Tokyo-Hakone Round-Trip College Ekiden, and the All-Japan Collegiate Ekiden. The Komori Athletic Team maintains its efforts with the hope of delivering excitement to our employees, the printing industry, and our local communities under the founding philosophy "a running team that creates Kando excitement."



Komori Athletic Team members and students who participated in the Kushiro training

● Number of participants in the Kushiro athletic training

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Cumulative total
Number of Participants	106	89	91	107	80	52	67	50	642



Measures for Climate Change



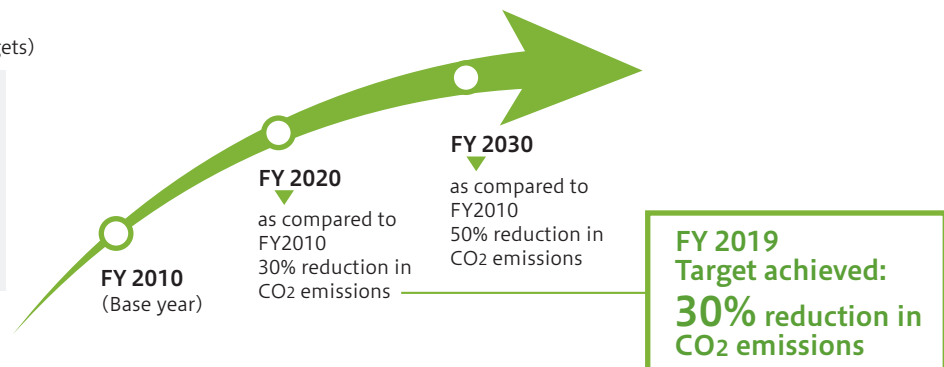
In 2013, Komori launched the cross-sectional Green Project to promote further environmental initiatives under the three guidelines of eco-products, eco-factories, and eco-communication. In line with this project, in 2015 we have formulated Komori Eco Vision 2030, a set of long-term environmental targets. We have successfully achieved our interim goal of the vision which targets to reduce CO₂ emissions in half by 2030 (See the following diagram).

Thus, we are contributing to the realization of a sustainable earth and society, focusing on climate change countermeasures, as well as supporting a recycling-oriented society and restoring biodiversity.

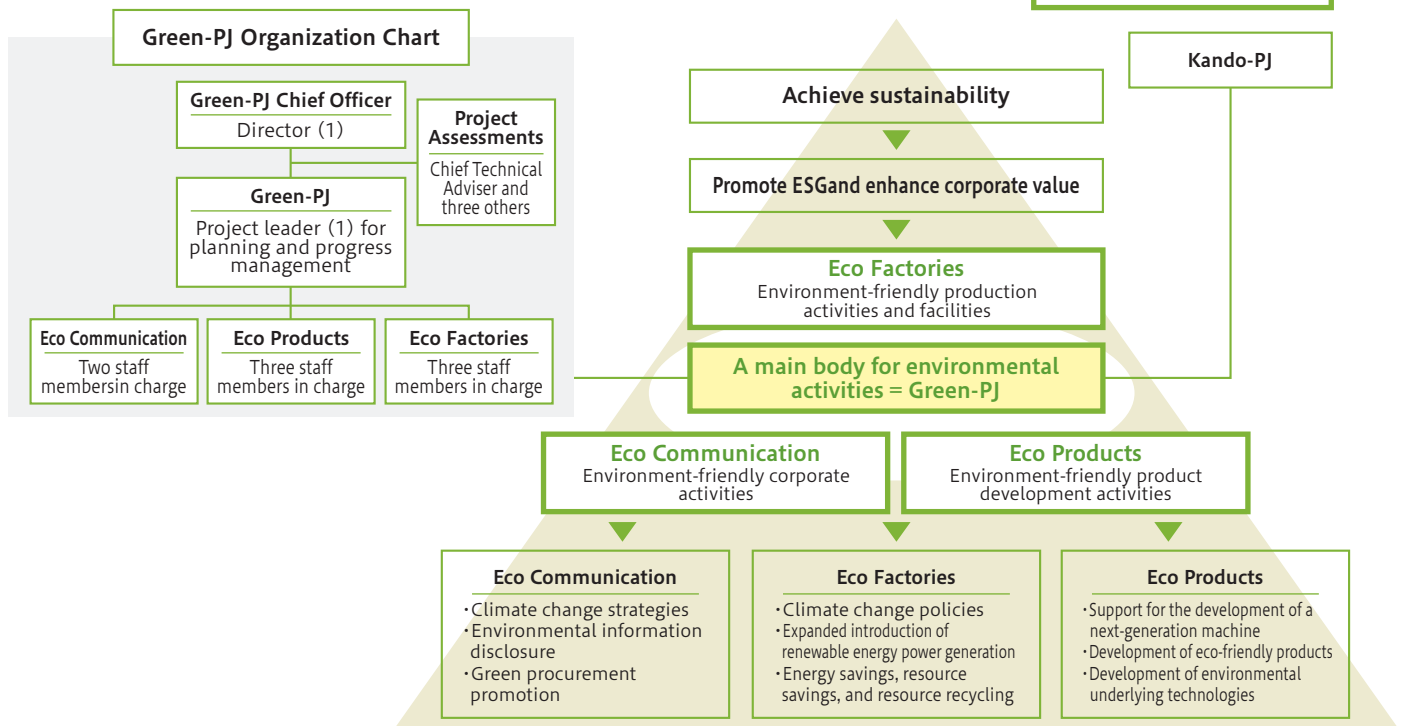
In order to continue fulfilling our responsibilities as a global company, we are currently setting targets to achieve carbon neutrality by 2050.

● Komori Eco Vision 2030 (long-term targets)

- Global warming countermeasures
- Supporting a recycling-oriented society
- Biodiversity (risk management of chemical substances)



● Green Project



Environmental Governance

The core of the Komori Group's environmental management is the Environmental Project (Green-PJ), for which the director in charge of production and development takes overall responsibility. Environmental measures and policies for the entire Group are reported and discussed four times a year at management meetings (meetings of the Board of Directors), which are held on a monthly basis.

Environmental targets for "Eco Vision" are annually set, the contents of which are deliberated in the Corporate Planning Office. Upon deliberation, the environmental targets are disseminated as action guidelines to be implemented by domestic and overseas production sites and departments.

The chief officer of the Kando Project (Kando-PJ) and Green-PJ is involved in all the measures and progress monitoring, assuming responsibility for target management and reporting to management meetings.

Basic Environmental 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 proactively promote the development of environmentally friendly printing presses and peripheral equipment.
Furthermore, we practice green purchasing.
3. We proactively practice green purchasing policies.
4. We set and regularly review environmental goals and targets in order to 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 proactively aid environmental protection. We will disclose this policy to the general public.

Komori Group Environmental Targets

- CO₂ emissions: a 50% reduction in CO₂ emissions in FY2030 over FY2010 levels, and a carbon neutrality target in FY2050 are under planning at the present.
- Water inputs: a 10% reduction by FY2030 compared to FY 2010 levels
- Waste: achieve zero waste emissions by 2030, applicable for the Company and its group companies

Material Issues and Opportunities Regarding the Environment

The Komori Group is moving forward by identifying material issues related to our sustainable development targets connected to the SDGs, as well as material issues related to our Eco-Products, Eco-Factories and Eco-Communication under the Green-PJ. We will contribute to realizing a sustainable society through various initiatives, including improving energy efficiency and reducing CO₂ emissions throughout the full product life cycle, utilizing renewable energy in the manufacturing process, and support activities to reduce the environmental burden on our customers and society.

Theme	Material Issue	Activity	Related SDGs
Eco Products	Development of environment-friendly products	LITHRONE GX/G Advance e-Mist	    
Eco Factories	Reduction of environmental impact at plants and business sites	Adoption of solar power generation equipment Upgrade of heat source equipment for energy-efficient air conditioners Power usage monitoring system Reduction of standby power	  
Eco Communication	Reduction of environmental impact upon distribution, marketing and services	KGC's global contribution activities Water risk management Biodiversity conservation Addressing the problem of plastic waste in the ocean KOMORI Preventive Maintenance (KPM) Longer machine service life Recycling	    

Printing machinery uses a large amount of resources, mainly steel, and the environmental impact of resource procurement is second only to the usage phase in the life cycle (See the table below). To further contribute to the establishment of a sustainable society, the Komori Group launched Scope3 in the fiscal year ended March 31, 2017, aiming to devote more efforts to global warming countermeasures as a responsible finished product manufacturer. In fiscal 2020, CO₂ emissions decreased by 39.3% year on year to 582,000 tons. Of this figure, emissions under Scope 3 fell by 39.7% to 567,000 tons (► See page 8).

●CO₂ emissions in FY2020 per Scope 3 category

	Category	CO ₂ emissions in FY 2020 (tons)	Applicability
1	Purchased goods and services	205,211	
2	Capital goods	977	
3	Fuel and energy related activities	1,316	
4	Transportation and distribution (upstream)	17,301	
5	Waste generated in operations	88	
6	Business travel	444	
7	Employees commuting	3,370	
8	Leased assets (upstream)	0	N/A
9	Transportation and distribution (downstream)	0	N/A
10	Processing of sold products	0	N/A
11	Use of sold products	328,390	
12	End-of-life treatment of sold products	1,260	
13	Leased assets (downstream)	0	N/A
14	Franchise	0	N/A
15	Investments	9,145	
	Total	567,502	

Eco Products

(1) LITHRONE GX Series; 10 units sold in the fiscal year ended March 31, 2021

With the recent rapid changes in the social and economic environment, there is a growing need for management transformation through more efficient and labor-saving printing machinery, consequently ROI (return on investment) is given special emphasis. The LITHRONE GX Series has gone through constant technological evolution. In addition to superior specifications such as high-speed printing and various printing formats, the series has realized productivity improvements including reduced start-up and preparation time, automated presetting, and significantly reduced makeready time, which greatly contributes to ROI. Since its development, the series has reduced CO₂ emissions over its entire lifecycle by 404 tons (16.5%) per unit (CO₂ emissions at the manufacturing and usage phases), contributing to the sustainability of not only customers but also society as a whole through Kando beyond expectations.

(2) e-Mist; 20 units sold in the fiscal year ended March 31, 2021

"e-Mist" is a product that achieves both innovative static electricity suppression and energy savings, by humidifying "when needed, where needed, and in the amount needed," incorporating a development concept based on the SDGs. Compared to conventional static electricity suppression through humidification, this system boasts overwhelming energy savings: reducing water consumption by 82%; electricity consumption by 56%; and humidification time by 99.9%.

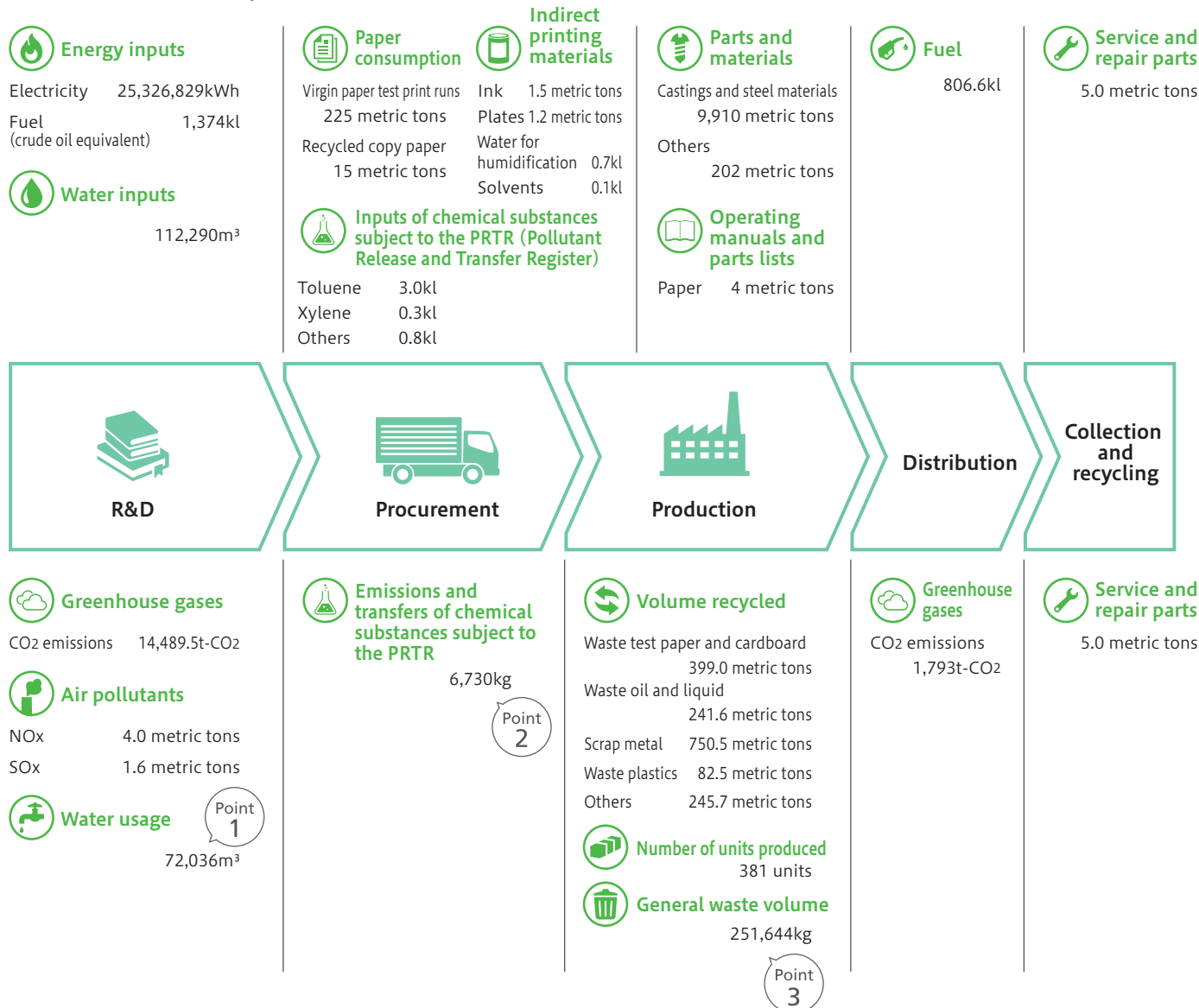
Eco Factories

In order to reduce environmental impacts in our plants and offices, we have installed solar power generation equipment, upgraded the heat source equipment for energy-efficient air conditioners, and installed a power usage monitoring system in the machining area. At the same time, we are promoting to reduce power consumption by improving the operation of machining equipment. In the fiscal year ended March 31, 2021, CO₂ emissions decreased by approximately 259 tons via solar power generation equipment and by approximately 553 tons via upgraded heat source equipment for energy-efficient air conditioners.

Eco Communication

Further to the above, we are also working to reduce environmental impact in all our business domains. The KGC (Komori Graphic Technology Center), the core location of the Komori Group solutions, has started webinars and remote training for customers in response to the COVID-19 pandemic. Through 884 remote training sessions, CO₂ emissions declined by 77.7 tons.

●Material balance in the fiscal year ended March 31, 2021

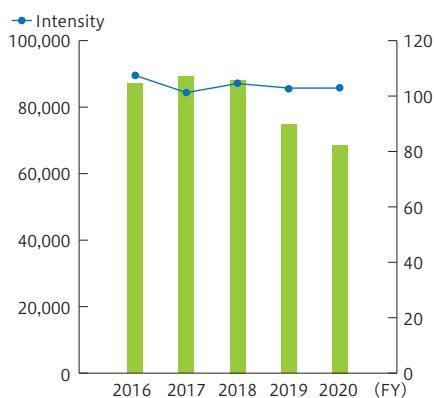


Environmental Accounting

The amount we invested in environmental preservation in the fiscal year ended March 31, 2021, was ¥7.40 million (¥800,000 in fiscal year ended March 31, 2020). Environmental expenditures amounted to ¥110.60 million (101.40 million in fiscal year ended March 31, 2020). As a result of countermeasures both energy used and CO₂ emissions decreased.

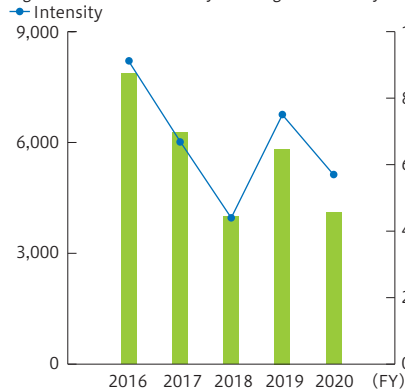
- Changes in water usage

Left axis: Overall water usage (Unit: m³)
Right axis: Water use intensity
(Unit: m³/100 million yen)



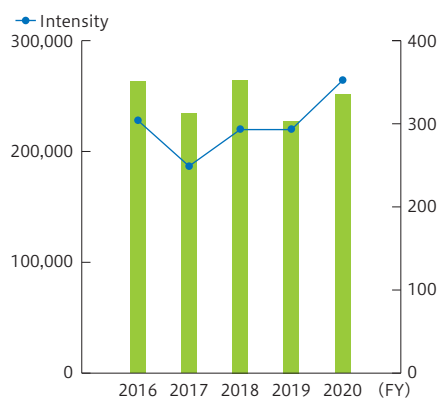
●Emissions and transfers of chemical substances subject to the PRTR

Left axis: Emissions and transfers
of chemical substances subject to the PRTR (Unit:kg)
Right axis: Emission intensity (Unit: kg/100 million yen)



- General waste volume

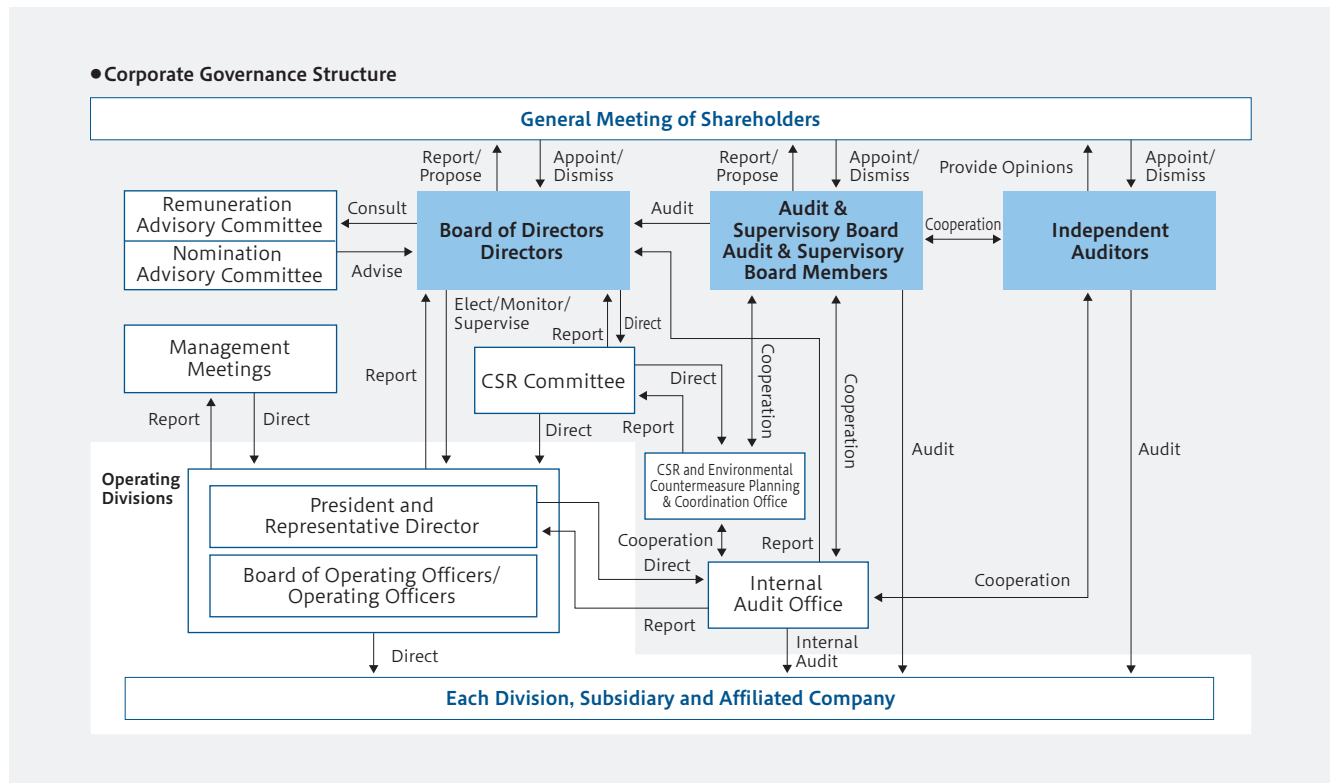
Left axis: General waste volume (Unit: kg)
Right axis: General waste intensity
(Unit: kg/100 million yen)



Fundamental Concepts of Corporate Governance

Komori recognizes that one of the key management priorities is to maximize corporate value by fulfilling the expectations of all stakeholders, including shareholders, customers, suppliers, local communities, employees and their families, and undertaking our responsibilities in corporate activities based on the management philosophy “to be a company delivering Kando beyond expectations” through the bold pursuit of quality and by attaining three goals: 1) enhancing “KOMORI” brand image; 2) implementing thorough perceptual quality control; and 3) implementing solution business. To that end, Komori employs a Company with an Audit & Supervisory Board Members system as a core part of its corporate governance activities.

Komori also acknowledges that securing management transparency, prompt decision making, compliance, and strengthening the audit function are fundamental to corporate governance. Based on these fundamental concepts, the Company pursues efforts to ensure solid corporate governance in all facets of management, including the supervision of management.



Main decision-making bodies and frequency of meetings in the fiscal year ended March 31, 2021

The main decision-making bodies and the frequency of meetings in the fiscal year ended March 31, 2021 are as follows:

Board of Directors	9 directors (including 3 outside directors) and 3 audit & supervisory board members (all outside audit & supervisory members) Chair Yoshiharu Komori (Chairman)	14 meetings
Audit & Supervisory Board	3 audit & supervisory board members (all audit & supervisory board members) Chair Shinji Amako (Full-time outside audit & supervisory board member)	14 meetings
Board of Operating Officers	9 inside directors, 1 full-time audit & supervisory board member, 9 operating officers and 1 general manager of the Information System Division Chair Satoshi Mochida (Representative Director and President)	12 meetings
CSR Committee	9 inside directors, 1 full-time audit & supervisory board member, 9 operating officers and 1 general manager of the Information System Division Chair Shoji Oyama (Operating officer)	4 meetings

●Reasons for appointment and attendance at meetings of outside directors and outside audit & supervisory board members

Outside directors and outside audit & supervisory board members	Reasons for appointment	Attendance summary
<div>Outside Independent</div> <div>Directors</div> <p>Harunobu Kameyama Appointed in June 2013 Born on May 15, 1959</p>	He was elected for the purpose of improving the transparency of the Board of Directors and enhancing supervisory functions, in addition to having him utilize his expertise, experience, etc. gained as an attorney at law in the management of the Company.	He attended all meetings of the Board of Directors held in the fiscal year under review and made necessary statements as appropriate on the agenda from his professional perspective as an attorney.
<div>Outside Independent</div> <div>Directors</div> <p>Kenji Sekine Appointed in June 2018 Born on May 24, 1952</p>	He has been engaged in a wide range of business operations including overseas operation in a general medical equipment manufacturer. He was elected for the purpose of improving the transparency of the Board of Directors and enhancing supervisory functions, in addition to having him utilize his broad experience, insight, etc. in the management of the Company.	He attended all meetings of the Board of Directors held during the fiscal year under review and made necessary statements as appropriate based on his business experience and extensive insight, etc. at a manufacturing company in another industry.
<div>Outside Independent</div> <div>Directors</div> <p>Masataka Sugimoto Appointed in June 2019 Born on March 22, 1970</p>	He was elected for the purpose of improving the transparency of the Board of Directors and enhancing supervisory functions, in addition to having him utilize his extensive academic experience, broad insight, etc. relating to new functional materials and leading-edge molding processing technology in the management of the Company.	He attended all meetings of the Board of Directors held during the fiscal year under review and made necessary statements as appropriate, drawing on his profound academic experience and extensive insight, etc. concerning new functional materials and leading-edge molding processing technology.
<div>Outside Independent</div> <div>Directors</div> <p>Toshiro Maruyama Appointed in June 2021 Born on April 21, 1957</p>	He has deep expertise in printing securities and broad insight based on his experience in plant operations and business management. He was elected for the purpose of improving the transparency of the Board of Directors and enhancing supervisory functions, in addition to having him utilize his expertise, insight, and other skills in the management of the Company.	Appointed on June 22, 2021
<div>Outside Independent</div> <div>Audit & Supervisory Board Member</div> <p>Shinji Amako Appointed in June 2016 Born on April 21, 1956</p>	He was elected, having determined that he would be able to execute audits from an outsider's perspective to a greater degree as an Outside Audit & Supervisory Board Member by utilizing his extensive knowledge and experience that he has gained from business operations, overseas assignments, and management at a manufacturing company in another industry.	He attended all meetings of the Board of Directors and of the Audit & Supervisory Board held during the fiscal year under review and executed audits based on his experience at a manufacturing company in another industry, making necessary statements on proposals and deliberations as appropriate.
<div>Outside Independent</div> <div>Audit & Supervisory Board Member</div> <p>Hiroko Sakamoto Appointed in June 2013 Born on July 30, 1954</p>	She was elected, having determined that she would be able to execute audits from an outsider's perspective to a greater degree as an Outside Audit & Supervisory Board Member by utilizing her professional knowledge as a certified public accountant and a certified tax accountant and her experience in audit corporations.	She attended all meetings of the Board of Directors and of the Audit & Supervisory Board held during the fiscal year under review and executed audits based on her professional knowledge as a certified public accountant and a certified tax accountant and her experience in audit corporations, making necessary statements on proposals and deliberations as appropriate.
<div>Outside Independent</div> <div>Audit & Supervisory Board Member</div> <p>Muneaki Kiyota Appointed in June 2020 Born on April 3, 1957</p>	He was elected, having determined that he would be able to execute audits from an outsider's perspective to a greater degree as an Outside Audit & Supervisory Board Member by utilizing his extensive knowledge and experience that he has gained from business operations and management at a financial institution, a manufacturing company in another industry, etc.	He attended all meetings of the Board of Directors and of the Audit & Supervisory Board held after accepting the appointment on June 26, 2020, and executed audits based on his experience at a financial institution, a manufacturing company in another industry, etc., making necessary statements on proposals and deliberations as appropriate.

● Skills Matrix

		Expertise and Practical Experience									
Name		Outside	Experience in corporate management	Knowledge about the Company's business	Sales and Marketing	Manufacturing and Quality Control	R&D and Innovation	Finance	Personnel and HR Development	Legal Affairs and Compliance	Global
Inside Directors	Yoshiharu Komori		●	●	●		●				●
	Satoshi Mochida		●	●	●	●	●		●		●
	Eiji Kajita		●	●	●			●			●
	Masafumi Yokoyama		●	●					●		●
	Koichi Matsuno			●		●		●		●	
	Isao Funabashi			●		●	●				
Outside Directors	Harunobu Kameyama	●								●	
	Kenji Sekine	●	●		●						●
	Masataka Sugimoto	●					●				●
	Toshiro Maruyama	●	●			●	●				
Audit & Supervisory Board Members	Shinji Amako	●	●			●				●	●
	Hiroko Sakamoto	●						●		●	
	Muneaki Kiyota	●	●					●			●

*The above matrix is not an exhaustive list of Directors' areas of expertise.

Basic Concepts on Compliance, Risk Management and Internal Control

We ensure that all our officers and employees in Japan and overseas conduct their activities in compliance with laws, regulations and social ethics based on the Komori Group Code of Corporate Conduct and the Komori Group Employee Conduct Standards, both of which were formulated as basic guidelines for corporate activities. In addition, we have established the CSR Committee and the section in charge of compliance to promote and raise compliance awareness throughout the Komori Group by providing an internal reporting system for domestic Group companies, as well as compliance education for all employees.

In terms of risk management, we identify, assess, and address risks from the Group-wide perspective. Currently, we are organizing an internal control system in accordance with the Basic Policy for the Establishment of Structure Related to Internal Control System. On an annual basis, we update the implementation status of the internal control system, of which the outcome is reported to the Board of Directors.

Directors' Remuneration

Directors' Remuneration

Directors are paid basic remuneration and performance-linked remuneration, paid as bonuses, to ensure that the remuneration system appropriately reflects accountability and performance, and thereby increases corporate value. The ratio of performance-linked remuneration is determined to be approximately 50% of the total amount of basic remuneration for average performance. The performance is, in principle, determined according to the consolidated operating income, and the total amount to be paid is to be submitted to the general meeting of shareholders for deliberation after the end of the fiscal year. Remuneration for outside directors is a fixed amount on a monthly basis.

The Remuneration Advisory Committee, which the Company voluntarily established in December 2018, has been working to strengthen the objectivity and transparency of directors' remuneration. The Committee is composed of three members, two outside directors and one inside director. Proposals deliberated by the Committee are submitted and resolved at meetings of the Board of Directors. In light of the nature of their duties, audit & supervisory board members receive a basic remuneration on a monthly basis, of which the total amount shall be within the limit approved by the General Meeting of Shareholders. The amount of basic remuneration for each audit & supervisory board member is determined through deliberations among all audit & supervisory board members.

Performance-Linked Stock Remuneration System

Komori has introduced a new performance-linked stock remuneration system for executive directors, the Board Benefit Trust (BBT). The introduction of the system is to make clearer the linkage between the remuneration for executive directors, the Company's business performance and shareholder value, and for executive directors to share with investors not only the benefits of increasing stock prices but also the risks of declining stock prices. Thus, we are aiming to motivate executive directors to contribute to the improvement of the Company's business performance and enhancement of corporate value over the medium to long term. Specifically, the figure will be adjusted at the end of the medium-term management plan, depending on the achievement of each numerical plan set in the medium-term management plan.

Evaluation of the Effectiveness of the Board of Directors

[Evaluation for the 75th term (Fiscal year ended March 31, 2021)]

In order to analyze and evaluate the effectiveness of the Board of Directors, we conducted a questionnaire survey (self-evaluation) of all directors and all audit & supervisory board members on the following matters. Based on the analysis and evaluation of the survey results, we have determined that the effectiveness of the Board of Directors is validated. A summary of the evaluation is given below.

• Composition of the Board of Directors	Consists of 12 directors, including 3 audit & supervisory board members and 3 outside corporate directors, who have a good balance of knowledge and experience in various fields and are deemed appropriate for the Board of Directors.
• Operation of the Board of Directors	Meetings are held every month according to the schedule decided at the beginning of the fiscal year. The attendance rate of 99.4%, including outside directors and outside audit & supervisory board members, ensured the smooth operation of the Board of Directors.
• Matters to be proposed and reported	In accordance with the regulations of the Board of Directors and legal requirements, important matters are appropriately proposed and reported. Additionally, we hold a preliminary briefing on proposals and matters to be reported and distribute relevant materials in advance to facilitate effective and prompt discussions.
• Status of Deliberations	The Chair of the Board of Directors makes efforts to ensure prompt and active deliberations, for example, by encouraging outside directors to be proactively involved in discussion. Also, the start and/or end time of meetings will be changed according to the importance of proposals and matters to be reported to ensure sufficient time for deliberations.

Reduction Status of Cross-Shareholdings

Komori holds shares in other companies, considering the fact that cooperation with various business partners is vital for development, sales, financing, etc., which will increase corporate value and achieve sustainable growth. As to the shareholdings, the Board of Directors verifies the merits of holding stocks of each company every year, with a comprehensive review of the benefits, risks, and other factors associated therewith. Any judged to be unreasonable to hold will be reduced and the stocks of two companies were sold accordingly in the fiscal year ended March 31, 2021. With respect to the exercise of voting rights for cross-shareholdings, we make a comprehensive judgment on each proposal according to the Komori evaluation criteria which verify whether the merits of our shareholding will be impaired or whether the corporate value of the company in question will be improved from a medium- to long-term perspective after taking into full consideration the management policies and strategies of the company which issued the stock. Incidentally, the status of shareholding is stated in the Annual Securities Report.

Dialogue with Stakeholders

Komori is working to find solutions to management issues through conversations with our stakeholders, including customers, business partners, and shareholders. Also, as we consider human capital as an important management resource for business development, we have established a cooperative system through communication between employees and management and various internal systems in order to enhance corporate value. Aiming to be a company trusted in the community, we are making efforts to actively participate in community activities.

Stakeholders	Policy measures
Customers	<ul style="list-style-type: none"> ● Providing printing machinery which complies with domestic and overseas environmental regulations ● Realizing energy and resource savings of printing machinery on the basis of environmental impact assessments ● Supporting customers in reducing their environmental impact through various training programs
Suppliers	<ul style="list-style-type: none"> ● Green procurement implementation ● Discussions with top management at briefings exclusively for partner companies ● Policy explanation by the plant purchasing department at the briefings
Shareholders	<ul style="list-style-type: none"> ● Early notification of general meetings of shareholders ● Holding general meetings avoiding peak periods (once a year) ● Preparing various electronic documents and their English versions ● Allowing the exercise of voting rights via the Internet and smartphones
Market Players	<ul style="list-style-type: none"> ● Scheduling financial results briefings (4 times a year) ● Internet financial reporting ● Individual meetings
Employees	<ul style="list-style-type: none"> ● Good work-life balance support, including a gender-neutral parental leave system, etc. ● Interactive regular training and workplace revitalization via corporate newsletters, etc. ● In-house reward system to recognize outstanding ideas and activities
Local Communities	<ul style="list-style-type: none"> ● Introducing company business at schools (remote mock training due to COVID-19) ● Exchange with elementary school students through sports training by corporate athletic team ● Collaboration with local public institutions in joint disaster drills, etc.

Komori Group Governance from the Perspective of Outside Independent Audit & Supervisory Board Members

We spoke with the three outside independent audit & supervisory board members who audit the Board of Directors overseeing the execution of management, to learn about the following three points regarding the Komori Group's governance.

- 1 Independence and Effectiveness of the Board of Directors
- 2 Development of Internal Control and Auditing Activities
- 3 Corporate Philosophy and Internal Control

About “Komori Group Governance”



Full-Time (Outside) Audit & Supervisory Board Member
Shinji Amako

1 Independence and Effectiveness of the Board of Directors

As I mentioned in the questionnaire for evaluating the effectiveness of the Board of Directors conducted at the end of the previous fiscal year, I feel that the Board of Directors offers a place where outside directors can express their opinions without hesitation. The chair always elicits opinions from outside audit & supervisory board members as well, so I notice that there are more opportunities for outside directors to speak up and participate in discussions. With the addition of one more outside director in this fiscal year, I expect that discussions will become even more active, which will contribute to the sustainable growth of corporate value.

On the other hand, I believe that the Board of Directors should consider setting up a separate opportunity to intensively deliberate agenda items that were not fully discussed or examined due to time constraints of meetings of the Board of Directors. Since the results of the questionnaire survey are reported in each fiscal year, it is necessary to discuss the results so as to continuously work on improving the functionality of the Board of Directors.

At present, many matters are discussed at the board meetings. I believe that another option would be to make the position of the Corporate Strategy Committee clearer so that agenda items can be narrowed down for the board meetings, which will again strengthen the effectiveness of the Board of Directors.

2 Development of Internal Control and Auditing Activities

The appointment in the previous fiscal year of the former head of the Internal Audit Office as the full-time staff member to support the audit & supervisory board members, strengthened the collaboration between the audit & supervisory board members and the Internal Audit Office which plays a role in confirming whether internal control is effectively working. I expect that a joint meeting between staff of the Internal Audit Office and the full-time audit & supervisory board member, held immediately before the monthly meeting of the Audit & Supervisory Board, will make it possible to utilize the audit results obtained by the internal audit sector in the audits conducted by the audit & supervisory board members regarding the effectiveness of the internal control system. Reports of the audit results obtained by audit & supervisory board members and evaluations by the Audit & Supervisory Board can now be shared with the internal audit sector, which deepens the cooperation between the two parties.

As I see that the internal audit sector faces a shortage of human resources, I would like to suggest that the Company considers positioning these responsibilities as a career path for young personnel so as to develop human resources for management reserves.

3 Corporate Philosophy and Internal Control

I am aware that the Komori Group's corporate philosophy, a company capable of delivering customer Kando beyond expectations, contributes to the enhancement of brand value and has gained strong support from overseas Group companies and customers. It is the Komori Group Code of Corporate Conduct and the Komori Group Employee Conduct Standards that links this philosophy to the concept of internal control.

KOMORI WAY carries the role of explaining these relationships in an easy-to-understand manner. The upcoming 100th anniversary of the Company's founding in 2023 can be the perfect opportunity to make the KOMORI WAY take root as part of our corporate culture, and I hope to contribute to the enhancement of corporate value through the spread of the KOMORI WAY.



Outside Audit & Supervisory Board Member
Hiroko Sakamoto

1 Independence and Effectiveness of the Board of Directors

With the addition of one more outside director in the fiscal year ending March 31, 2022, the Board of Directors now consists of ten directors, including four outside directors. The Chairman of the Company serves as the Chair of the Board of Directors' meetings, which gives a sense of independence compared to the case where the Representative Director and President doubles as the Chair. In addition, the backgrounds of the outside directors are diverse, creating an environment that allows for multifaceted discussions.

The Chair of the Board of Directors' meetings encourages the members to speak freely on the agenda, etc., and the meetings are conducted in a lively manner. In particular, outside directors often make illuminating observations from a third party's perspective, which I feel are taken seriously by the inside directors.

We, the audit & supervisory board members, are also given opportunities to speak on every occasion, which means it is easy for us to express our opinions freely. I mainly make statements on accounting and finance from the viewpoint of a certified public accountant. Conscious of the fact that I am an outside audit & supervisory board member, I keep in mind to make broad judgments in a general sense, without being caught in the Komori sense. On the other hand, there are times when a discussion is lively but cut short due to time constraints, and the discussion is carried over to the next meeting. In such a case, we expect a report from the executive director in charge but it is sometimes delayed. Therefore, I believe that prompt reporting, etc. is necessary to further enhance the effectiveness of the Board of Directors.

Although there are some issues as mentioned above, the exchange of opinions has been vigorous and I believe the current management monitoring is working effectively. However, I feel that there lacks further discussion on a long-term vision, such as future technological development and prospects. I believe we will be able to capture the attention of young people if we can show them a clear vision.

2 Development of Internal Control and Auditing Activities

Basically, the corporate culture is earnest, and I think that the company takes the matters singled out seriously and is making improvements.

It is the headquarters' task to strengthen the internal control of overseas subsidiaries. Having said that, due to language barriers and lack of manpower, there are limits to what and how Japan controls. It would be also possible to provide advance training on basic internal control to employees posted overseas. In general, scandals at overseas subsidiaries are often caused by ineffective checks performed by local managers. Therefore, it is necessary to devise ways to support the local managers while monitoring the figures at headquarters.

Due to the COVID-19 pandemic, it has become difficult for audit & supervisory board members to conduct on-site audits; accordingly, we are working to understand the situation by holding interviews with expatriates who have returned to Japan. In the future, we will need to cooperate with the Internal Audit Office to conduct web conferences with more overseas subsidiaries to check the control status.

3 Corporate Philosophy and Internal Control

With its corporate philosophy of customer Kando beyond expectations, the Company aims to enhance the value of the Komori brand, and has set forth a code of conduct, such as KOMORI WAY, whereby employees respond to customers with sincerity and this attitude is appreciated by customers. The corporate culture that the chairman and president have cultivated over the years has contributed to the establishment of internal control.

On the other hand, the outlook for the printing industry remains uncertain, and it is important to raise the morale of young employees and give them a sense of belonging in this difficult business environment. Thus, I would suggest that the management focus more on fostering a corporate culture where employees can have dreams for the future.



Outside Audit &
Supervisory Board Member
Muneaki Kiyota

1 Independence and Effectiveness of the Board of Directors

In the fiscal year ending March 31, 2022, four of the ten directors are outside directors with diverse backgrounds, including a corporate executive, an attorney, a scholar, and a government official. All outside directors actively make comments and offer suggestions from their own perspectives, and I think are in a position to frankly exchange opinions with the representative director. Board meetings sometimes run long owing to in-depth discussions. It is a clear sign that everyone is passionate about the future of the company and enhancement of its corporate value. We conduct an evaluation of the effectiveness of the Board of Directors every fiscal year. Although there are some severe opinions on how to improve its effectiveness, I am convinced that steady improvements are being made. We have vigorous discussions at board meetings, but for some agenda items, presentations and discussions at board meetings at times override actions. I believe that the effectiveness of the board will increase further by creating opportunities and a system for appropriate follow-ups. I also believe that increasing the diversity of the Board of Directors through the active appointment of female executives will generate functional enhancement as well.

2 Development of Internal Control and Auditing Activities

The basic policy of the internal control system was made through a resolution by the Board of Directors, under which the system is being developed and implemented. We, the audit & supervisory board members, also actively participate in the discussions from the standpoint of surveillants.

The outside full-time audit & supervisory board member takes the lead in conducting online audits and interviews with executive officers to grasp the actual situation. The results of these audits are shared at meetings of the Audit & Supervisory Board, where issues and plans for improvement are discussed accordingly. It is unfortunate that face-to-face audits are not able to be conducted because of the COVID-19 pandemic.

3 Corporate Philosophy and Internal Control

In principle, I believe that the corporate philosophy of customer Kando beyond expectations is linked to the sincere thinking and behavior of all executives and employees through the idea of assigning top priority to customers. In addition, I feel that their thinking and behavior are thoroughly reinforced by the Komori Group Code of Corporate Conduct and the Komori Group Employee Conduct Standards, which are also complied with. I believe that this attitude toward work, rooted in each individual, is the basis for building the internal control system.

Directors



Yoshiharu Komori
Chairman

Born on June 27, 1939

April 1962 Joined the Company
June 1967 Director
August 1979 Managing Director
August 1987 Senior Managing Director and General Manager of Sales Department
April 1993 President and Representative Director
July 2006 Representative Director, President and CEO
August 1987 President, Chairman, CEO and Representative Director
June 2009 Director
June 2014 Chairman, CEO and Representative Director
June 2019 Chairman (to present)

Number of shares of the Company held: 1,054,573 common shares



Satoshi Mochida
President and Representative Director

Born on August 7, 1950

April 1975 Joined the Company
June 1995 Director, Deputy Head of Corporate Management Office, Head of Secretary's Office and General Manager of Overseas Sales Division
June 1998 Managing Director, Head of President's Office and General Manager of Sales Department at Head Office
April 2000 Managing Director, General Manager of Sales Management Division and General Manager of Sales Department at Head Office
July 2001 Managing Director, General Manager of Sales Management Division, General Manager of Sales Department at Head Office and General Manager of Overseas Sales Division
January 2002 Managing Director, General Manager of Sales Management Division and General Manager of Overseas Sales Division
March 2005 Managing Director and Head of Management Planning Office
July 2006 Managing Director, Managing Operating Officer and Head of Management Planning Office
November 2006 Senior Managing Director, COO and Representative Director and Head of Management Planning Office
June 2007 Senior Managing Director, COO and Representative Director
January 2009 Senior Managing Director, COO and Representative Director and Head of Management Planning Office
June 2011 Representative Director, COO and Head of Management Planning Office
February 2012 Representative Director, COO, Head of Management Planning Office and Head of CSR Planning & Coordination Office
April 2013 Vice President, COO, Representative Director and Head of Management Planning Office
June 2014 President, COO, Representative Director, Head of Management Planning Office and Head of CSR Planning & Coordination Office
March 2016 President, COO, Representative Director and Plant Director of Tsukuba Plant
June 2017 President, COO and Representative Director
June 2019 President, CEO and Representative Director (to present)

Number of shares of the Company held: 57,245 common shares



Eiji Kajita
Director

Born on September 7, 1965

April 1988 Joined Nomura Securities Co., Ltd.
April 2008 General Manager of Osaka Capital Market Dept., Nomura Securities Co., Ltd.
April 2009 Joined the Company
April 2009 General Manager of Export Dept. II, Overseas Sales Division
January 2010 Seconded to Komori International (Europe) B.V. (President)
April 2012 Operating Officer, seconded to Komori International (Europe) B.V. (President)
September 2012 Operating Officer and Deputy Head of Management Planning Office
April 2013 Operating Officer and General Manager of Sales Management Division
June 2013 Director, Operating Officer and General Manager of Sales Management Division
October 2015 Director, Operating Officer, General Manager of Sales Management Division and General Manager of DPS Sales Promotion Division
March 2016 Director, Operating Officer, Head of Management Planning Office and Leader of Business Growth Strategy Promotion Project
June 2018 Leader of Business Growth Strategy Promotion Project
March 2019 Director, Managing Operating Officer, General Manager of Sales Management Division, and Officer in charge of DPS Business Promotion
February 2020 Director, Managing Operating Officer, General Manager of Sales Management Division, and General Manager of DPS Business Promotion Division (to present)

Number of shares of the Company held: 14,900 common shares



Masafumi Yokoyama
Director

Born on November 8, 1953

April 1977 Joined Kubota Tekko K.K. (now Kubota Corporation)
April 1993 Head of Planning Section, Personnel Division, Kubota Corporation
January 1997 Head of Human Resources Development Group, Kubota Corporation
June 2000 General Manager of Environmental Planning Division, Kubota Corporation
June 2003 General Manager of Environmental Engineering Consolidated Division, Kubota Corporation
April 2006 General Manager of Environmental Business Development Division, Kubota Corporation
April 2007 General Manager of Membrane Solutions Business Unit, Kubota Corporation, and President of Kubota Membrane Co., Ltd.
April 2009 General Manager of Air Condition Equipment Division, Kubota Corporation, and President of Kubota Air Conditioner, Ltd.
April 2012 General Manager of Air Conditioning Equipment Business Unit, Kubota Corporation, and President of Kubota Air Conditioner, Ltd.
April 2013 Director of Electronic Equipped Machinery Division, Kubota Corporation
June 2013 Full-time Outside Audit & Supervisory Board Member of the Company
June 2016 Director, Operating Officer and Deputy General Manager of Administration and Personnel (in charge of general affairs and personnel affairs)
February 2017 Director, Operating Officer and General Manager of Personnel and General Affairs Division
June 2018 Director, Managing Operating Officer and General Manager of Personnel and General Affairs Division
March 2019 Director, Managing Operating Officer, Head of Management Planning Office and Officer in charge of Personnel and General Affairs Division (to present)

Number of shares of the Company held: 8,000 common shares



Koichi Matsuno
Director

Born on September 7, 1960

April 1985 Joined the Company
March 2004 Manager, Administration Section, Administration Department
November 2004 Head of Toride Plant General Manager's Office
March 2005 General Manager of Toride Plant and Tsukuba Plant
March 2006 General Manager of Tsukuba Plant
February 2011 Deputy Plant Director of Tsukuba Plant and Head of Overseas Production Promotion Office
February 2012 Deputy Plant Director of Tsukuba Plant and General Manager of Tsukuba Plant
April 2012 Operating Officer, Deputy Plant Director of Tsukuba Plant and General Manager of Tsukuba Plant
April 2014 Operating Officer, General Manager of Administration Division
June 2014 Director, Operating Officer, General Manager of Administration Division and Leader of KNT Business Promotion Project (to present)

Number of shares of the Company held: 8,700 common shares



Isao Funabashi
Director

Born on December 4, 1960

April 1983 Joined the Company
March 1998 Manager, Design I Section, Sheet-fed Dept.
March 2004 Seconded to Komori Machinery Co., Ltd., Deputy Plant Director and Manager of Sheet-fed Dept.
March 2006 General Manager of Tsukuba Design Dept.
February 2011 Senior Project Manager of Design Dept.
February 2012 Chief Engineer, Technology Division
April 2014 General Manager of Technology Division and General Manager of DPS Development Dept.
April 2015 Operating Officer and General Manager of Technology Division
February 2017 Operating Officer, Deputy Plant Director of Tsukuba Plant and General Manager of Technology Division
June 2017 Director, Operating Officer, Plant Director of Tsukuba Plant and General Manager of Technology Division
March 2018 Director, Operating Officer, Plant Director of Tsukuba Plant, General Manager of Technology Division, and Officer in charge of Komori's Graphic Technology Center
March 2019 Director, Operating Officer, Plant Director of Tsukuba Plant, and Officer in charge of Komori's Graphic Technology Center
February 2020 Director, Operating Officer, Plant Director of Tsukuba Plant, General Manager of Technology Division, and Officer in charge of Komori's Graphic Technology Center
February 2021 Director, Operating Officer, Plant Director of Tsukuba Plant and General Manager of Technology Division (to present)

Number of shares of the Company held: 1,000 common shares



Harunobu Kameyama
Director

Born on May 15, 1959

April 1992 Registered as attorney at law (Daiichi Tokyo BAR Association)
April 1997 Opened Harunobu Kameyama Law Office (now Kameyama Sogo Law Office)
June 2005 Auditor of Kyoritsu International Foundation (to present)
June 2007 Outside Audit & Supervisory Board Member of the Company
April 2010 Civil conciliation commissioner of Tokyo Summary Court (to present)
October 2012 Outside Director of Takaoka Toko Holdings Co., Ltd. (now Takaoka Toko Co., Ltd.) (to present)
June 2013 Outside Director of the Company (to present)
October 2013 Outside Audit & Supervisory Board Member of SOMAR Corp. (to present)
March 2021 Outside Audit & Supervisory Board Member, YAMABIKO CORPORATION (to present)

Number of shares of the Company held: 0 common shares



Kenji Sekine
Director

Born on May 24, 1952

April 1977 Joined Terumo Corporation
April 1998 Seconded to Terumo Beiersdorf KK
January 2003 Division President, Medical Devices Division, General Hospital Company of Terumo Corporation
June 2006 Executive Officer of Terumo Corporation
October 2006 General Manager of Kansai Block of Terumo Corporation
June 2008 Director, Executive Officer and Officer in charge of Marketing Office of Terumo Corporation
June 2010 Director and Senior Executive Officer of Terumo Corporation
October 2010 General Manager of India and Middle East Region of Terumo Corporation
June 2013 Full-time Audit and Supervisory Committee Member of Terumo Corporation
June 2015 Director and Audit/Supervisory Committee Member of Terumo Corporation
June 2017 Advisor of Terumo Corporation
June 2018 Outside Director of the Company (to present)

Number of shares of the Company held: 0 common shares



Masataka Sugimoto
Director

Born on March 22, 1970

April 1994 Joined CHISSO PETROCHEMICAL CORPORATION
April 2002 Principal researcher of Polymer Research Institute, CHISSO PETROCHEMICAL CORPORATION
April 2003 Assistant, Faculty of Engineering, Yamagata University
August 2004 Overseas researcher, North Carolina State University
October 2007 Assistant professor (Polymer Science), Graduate School of Science and Engineering, National University Corporation Yamagata University
December 2007 Associate professor (Polymer Science), Graduate School of Science and Engineering, National University Corporation Yamagata University
April 2018 Professor (Polymer Science), Graduate School of Organic Materials Science, National University Corporation Yamagata University (to present)
June 2019 Outside Director of the Company (to present)

Number of shares of the Company held: 0 common shares



Toshiro Maruyama
Director

Born on April 21, 1957

April 1982 Joined Printing Bureau, the Ministry of Finance (now National Printing Bureau)
April 2009 Manager, Development Department, National Printing Bureau
April 2011 Director, Takinogawa Plant, National Printing Bureau
April 2013 General Manager, Security Product Business Department, National Printing Bureau
April 2015 Vice President, National Printing Bureau
March 2019 Retired from National Printing Bureau
June 2021 Outside Director of the Company (to present)

Number of shares of the Company held: 0 common shares

Audit & Supervisory Board Members



Shinji Amako
Full-Time Audit & Supervisory Board Member

Born on April 21, 1956

April 1979 Joined Kubota Tekko K.K. (now Kubota Corporation)
April 1998 Technical Group Leader of Steel Engineering Department, Hirakata Plant, Kubota Corporation
October 2002 Overseas Group Leader of Steel Sales Department, Kubota Corporation
July 2005 Manager, Steel Sales Department, Kubota Corporation
April 2009 Director, Kubota Corporation
April 2010 Manager, Formed and Fabricated Materials Sales Department, Kubota Corporation
April 2012 Head of Formed and Fabricated Materials Business Unit, Kubota Corporation
April 2013 President, Kubota Materials Canada Corporation
June 2016 Full-time Outside Audit & Supervisory Board Member of the Company (to present)

Number of shares of the Company held: 0 common shares



Muneaki Kiyota
Audit & Supervisory Board Member

Born on April 3, 1957

April 1981 Joined The Fuji Bank, Limited (now Mizuho Bank, Ltd.)
June 2004 General Manager, Forex Department, Mizuho Bank, Ltd.
April 2007 General Manager, Bangkok Branch, Mizuho Bank, Ltd.
April 2009 Executive Officer, Mizuho Securities Co., Ltd. and President, Mizuho Bank (Switzerland) Ltd.
April 2010 Director, Mizuho Securities Co., Ltd.
June 2010 Audit & Supervisory Board Member, OKAYA ELECTRIC INDUSTRIES CO., LTD.
June 2012 Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD.
June 2014 Director, Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD.
April 2018 Director, Senior Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD.
April 2020 Director, OKAYA ELECTRIC INDUSTRIES CO., LTD.
June 2020 Outside Audit & Supervisory Board Member, Nichirei Corporation (to present)
June 2020 Outside Audit & Supervisory Board Member of the Company (to present)

Number of shares of the Company held: 0 common shares



Hiroko Sakamoto
Audit & Supervisory Board Member

Born on July 30, 1954

October 1984 Joined Chuo Audit Corporation (the now defunct Misuzu Audit Corporation)
July 1997 Partner of Chuo Audit Corporation
July 2001 Representative Partner of Chuo Audit Corporation
July 2007 Joined A&A Partners
July 2007 Representative Partner of A&A Partners
July 2010 Partner of A&A Partners due to abolition of Representative Partner system
June 2013 Outside Audit & Supervisory Board Member of the Company (to present)
February 2019 Outside Audit & Supervisory Board Member of Lacto Japan Co., Ltd.
April 2019 Auditor (part-time) of Deposit Insurance Corporation of Japan (to present)
October 2019 Representative, Sakamoto Hiroko CPA Office (to present)
February 2021 Director (Outsider) and Audit Committee Member, Lacto Japan Co., Ltd. (to present)

Number of shares of the Company held: 0 common shares

Operating Results for the Fiscal Year Ended March 31, 2021 & Financial Outlook for the Fiscal Year Ending March 31, 2022

Financial Summary for the Fiscal Year Ended March 31, 2021

The business environment for the fiscal year ended March 31, 2021, continued to pose challenges due to the sluggish economy against the backdrop of the global spread of COVID-19 infections. However, economic recovery was seen in Greater China, ahead of other regions, and economic activities in North America and Europe have been gaining momentum since mid-May 2020. In addition, we completed the acquisition of the Germany-based MBO in April 2020, and their financial results for nine months are included in the fiscal year ended March 2021. Amid these circumstances, consolidated orders received totaled ¥71,700 million, down 19% year on year. Net sales were ¥71,825 million, down 7.5% from a year earlier. In addition to an increase in orders for sheet-fed printing presses in North America, the Chinese market has been on a strong recovery trend since the second half of the fiscal year, and orders received in China exhibited the highest levels seen in the past five years. Consequently, orders received for the first quarter of the fiscal year ended March 31, 2021, bottomed out at ¥11,900 million and increased 24.8% to ¥22,000 million for the fourth quarter of the fiscal year under review year on year. Net sales recorded ¥13,660 million for the first quarter of the fiscal year ended March 31, 2021, but recovered to ¥20,510 million for the fourth quarter of the fiscal year under review. Operating loss was ¥2,332 million, an improvement of ¥1,072 million compared with the previous fiscal year. Ordinary loss improved by ¥2,331 million to ¥1,149 million year on year. This was primarily attributable to improvement in non-operating income and expenses, including foreign exchange gains of ¥417 million due to the ongoing depreciation of the yen, and subsidiary revenue of ¥346 million. Looking at extraordinary gains and losses, Komori posted a gain from negative goodwill of ¥901 million associated with the acquisition of the Germany-based MBO Group and an impairment loss totaling ¥1,187 million. As a result, loss before income taxes amounted to ¥1,522 million. Loss attributable to owners of the parent stood at ¥2,068 million. Dividends per share fell ¥10 from ¥30 in the previous fiscal year to ¥20, comprising an interim of ¥10 per share and a year-end dividend of ¥10 per share. The dividends on equity declined 0.4 percentage point from 1.5% in the previous fiscal year to 1.1%.

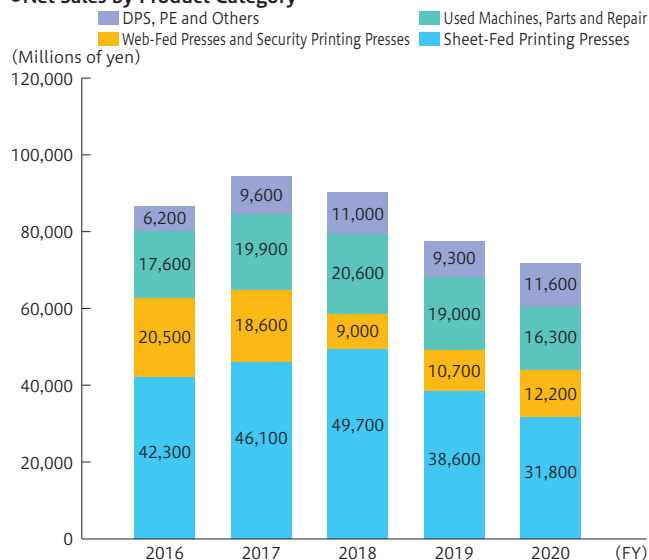
Operating Income Variance Analysis

Operating loss in the fiscal year ended March 31, 2021, was ¥2,332 million, an improvement of ¥1,100 million from the previous fiscal year. Key positive factors contributing to the increase in profits included curbed SG&A expenses by ¥2,500 million through emergency measures to reinforce the business revenue structure and suspension of exhibitions, and the disappearance of loss on inventory valuation of ¥1,500 million posted in the previous fiscal year due to the revised inventory valuation method for service parts. On the other hand, earnings were adversely affected by a ¥1,700 million decrease in sales volume, a ¥900 million decrease due to lower capacity utilization, a ¥100 million decrease in association with the yen's appreciation, and a ¥200 million decrease in other factors.

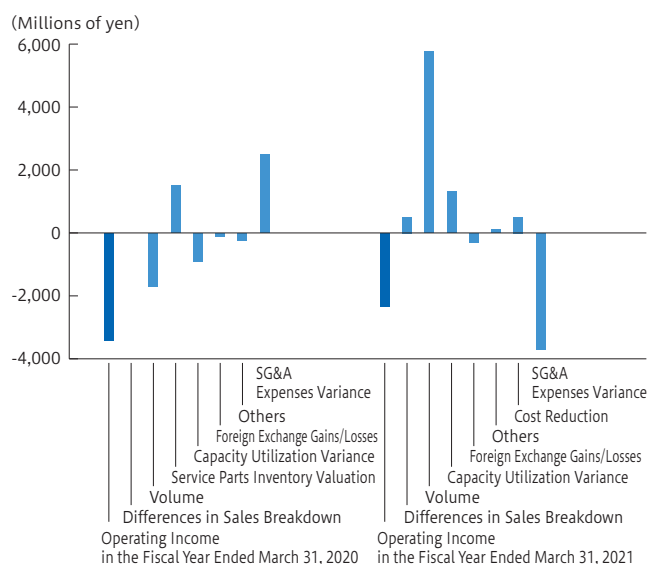
Financial Analysis

Current assets as of March 31, 2021 stood at ¥105,304 million, an increase of ¥7,378 million compared with the previous fiscal year-end. While inventories fell ¥4,590 million and short-term investment securities decreased ¥4,310 million, cash and deposits increased ¥19,472 million. Noncurrent assets stood at ¥39,139 million, an increase of ¥1,368 million compared with the previous fiscal year-end. As a consequence, total assets as of March 31, 2021, stood at ¥144,443 million, an increase of ¥8,746 million compared with the previous fiscal year-end. Meanwhile, current liabilities as of March 31, 2021, amounted to ¥31,615 million, a decrease of ¥1,177 million, and noncurrent liabilities ¥15,091 million, an increase of ¥10,166 million compared with the previous fiscal year-end. The primary factors affecting noncurrent liabilities included a ¥10,000 million increase in bonds, etc. As of the end of the fiscal year under review, total net assets amounted to ¥97,736 million, a decrease of ¥243 million compared with March 31, 2020. Retained earnings decreased by ¥3,305 million due to the recording of loss attributable to owners of the parent and the payment of cash dividends, while valuation difference on available-for-sale securities increased by ¥1,331 million. As a result, total assets increased by ¥8,747 million to ¥144,443 million, and the equity ratio decreased to 67.6 % as of March 31, 2021, a 4.6 percentage points decrease from 72.2% in the previous fiscal year-end.

●Net Sales by Product Category



●Operating Income Variance Analysis



Cash Flow Analysis

Net cash provided by operating activities in the fiscal year ended March 31, 2021, amounted to ¥8,174 million, a substantial increase of ¥6,367 million year on year. Major cash inflows were a ¥7,575 million decrease in inventories, a ¥3,425 million decrease in notes and accounts receivable-trade, and a ¥1,604 million adjustment for depreciation, etc. Principal cash outflows included a ¥4,300 million decrease in notes and accounts payable-trade, and ¥1,522 million in loss before income taxes. Net cash used in investing activities was ¥2,220 million, a decrease of ¥1,349 million year on year. Principal cash outflows included ¥2,067 million associated with the acquisition of the Germany-based MBO Group, a ¥1,137 million purchase of property, plant and equipment. Main cash inflows included a ¥599 million increase in short-term investment securities. As a result of the abovementioned activities, free cash flow increased by ¥7,716 million to ¥5,954 million year on year. Net cash provided by financing activities totaled ¥9,288 million, up ¥14,345 million year on year. The principal components of cash inflows included ¥10,000 million in the proceeds from bonds issuance. The main cash outflows were ¥1,120 million in the payment of cash dividends. As a result of the aforementioned activities, cash and cash equivalents at the end of the fiscal year stood at ¥54,321 million, an increase of ¥15,734 million compared with the previous fiscal year-end.

Capital Expenditure, Depreciation and Amortization

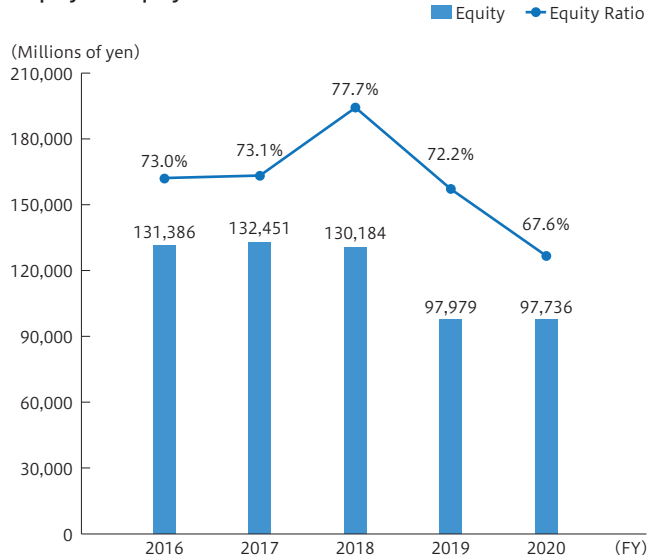
Total capital expenditure in the fiscal year ended March 31, 2021, was ¥1,392 million, a decrease of ¥284 million compared with the previous fiscal year. The ratio of capital investment to net sales dropped by 0.3 percentage point to 1.9% from 2.2% in the previous fiscal year. Depreciation and amortization declined ¥700 million to ¥1,604 million year on year. Total R&D expenses in the fiscal year under review amounted to ¥4,002 million, a decrease of ¥897 million year on year. This was equivalent to 5.6% of total net sales, down 0.7 percentage point from 6.3% in the fiscal year ended March 31, 2020. Looking ahead, Komori plans to post ¥1,900 million in capital expenditure, ¥1,530 million in depreciation and amortization and ¥4,200 million in total R&D expenses in the fiscal year ending March 31, 2022.

Outlook for the Fiscal Year Ending March 31, 2022

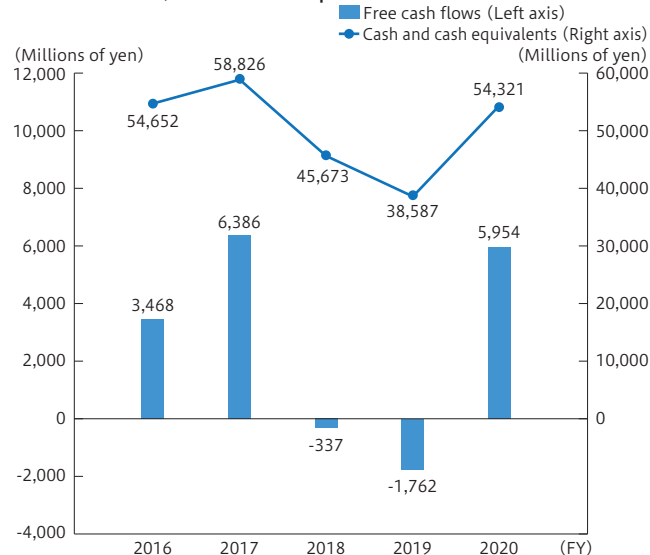
In the fiscal year ending March 31, 2022, business growth is expected to be driven by Greater China, which succeeded in the early containment of the COVID-19 infections and is showing a strong recovery trend in economic activities. At the same time, the economic measures taken in each country are likely to bear fruit. Capital expenditure in the printing industry is also expected to enter a recovery phase, mainly due to labor-saving and efficiency-improving investment to cope with labor shortages, and increased demand for multicolor package printing. Under these circumstances, as of May 24, 2021, we have revised the numerical targets of the Sixth Mid-Term Management Plan, which covers the period from the fiscal year ended March 31, 2020, to the fiscal year ending March 31, 2024. The last year of the Plan marks the 100th anniversary of the Company's founding. For the fiscal year ending March 31, 2022, Komori forecasts net sales of ¥90,000 million, up 25% year on year. Operating income is expected to turn positive, increasing to ¥1,900 million, up ¥4,200 million from negative ¥2,300 million in the previous fiscal year. Key positive factors contributing to the increase in income include a ¥5,800 million increase in sales volume due to revenue growth, a ¥1,300 million increase due to improved capacity utilization, a ¥500 million increase due to various cost reductions, a ¥500 million increase due to improved product sales breakdown, and ¥100 million in other factors. Meanwhile, as factors contributing to the decrease in income, Komori predicts a ¥3,700 million increase in selling, general and administrative expenses due to strengthened sales activities, and a ¥300 million decrease in association with the ongoing appreciation of the yen. In the fiscal year ending March 31, 2022, ordinary income is expected to increase ¥2,800 million to ¥1,700 million (from negative ¥1,100 million in the previous fiscal year), a positive balance for the first time in three fiscal years. Profit attributable to owners of the parent is expected to increase ¥6,400 million to ¥4,300 million (from negative ¥2,100 million in the previous fiscal year). This is due to the scheduled posting of ¥3,100 million in gain on the sale of noncurrent assets in the second quarter of the fiscal year ending March 31, 2022.

As for shareholder returns, Komori's full-year dividend will amount to ¥20 per share, comprising an interim dividend of ¥10 per share and a year-end dividend of ¥10 per share, which remains unchanged compared with the previous fiscal year. Payout ratio is 26.0%. With gain on sales of noncurrent assets excluded, however, this ratio is estimated to be 66.1%. According to Komori's policies on shareholder returns, we aim for a total shareholder return ratio of 80% or more via the stable and continuous payment of dividends (subject to extraordinary gains/losses). Komori is committed to enhancing shareholder returns in accordance with business performance.

Equity and Equity Ratio



Free Cash Flows, Cash and Cash Equivalents



				2011	2012	2013
Performance	Net Sales	Japan	Millions of yen	25,688	30,985	34,893
		North America	Millions of yen	7,180	6,335	9,518
		Europe	Millions of yen	15,205	12,985	14,279
		Greater China	Millions of yen	14,656	13,580	21,098
		Others	Millions of yen	9,567	5,939	12,048
		Total	Millions of yen	72,296	69,824	91,836
	Cost of sales		Millions of yen	54,166	49,777	61,028
	Gross profit		Millions of yen	18,085	20,093	30,847
	Selling, General and Administrative Expenses		Millions of yen	22,039	19,504	22,374
	Operating income (loss)		Millions of yen	(3,953)	589	8,473
	Ordinary income (loss)		Millions of yen	(4,278)	1,762	10,098
	Income (loss) before income taxes		Millions of yen	(5,257)	(1,699)	10,070
	Profit (loss) attributable to owners of parent		Millions of yen	(5,292)	(1,899)	13,657
	Earnings per share		Yen	(80.69)	(30.66)	220.39
	Number of consolidated subsidiaries		No. of Affiliates	14	15	14
	(affiliates accounted for by the equity method)		No. of Affiliates	0	0	0
Profitability	Ratio of gross profit to net sales		%	25.0	28.8	33.6
	Ratio of operating income to net sales		%	(5.5)	0.8	9.2
	Return on equity		%	(4.4)	(1.7)	11.4
Order Status	Orders received		Millions of yen	69,777	74,163	96,334
	Order backlog		Millions of yen	27,579	32,638	37,712
Financial Position	Total assets		Millions of yen	149,277	143,957	172,407
	Equity		Millions of yen	115,012	113,722	125,686
	Interest-bearing debt		Millions of yen	7,783	1,945	11,614
	Equity Ratio		%	77.0	79.0	72.9
	Book-value per share		Yen	1,855.97	1,835.17	2,028.31
Dividends	Dividends per share		Yen	20	10	15
	Total dividends		Millions of yen	1,336	929	619
	Payout ratio		%	–	–	6.8
	Dividends on equity		%	1.1	0.5	0.8
Capital expenditure, etc.	Capital expenditure		Millions of yen	692	1,881	1,367
	Depreciation and amortization		Millions of yen	2,848	2,251	2,171
	R&D expenses		Millions of yen	4,830	3,806	4,184
	Ratio of R&D expenses to net sales		%	6.7	5.5	4.6
	Number of employees at fiscal year-end (Consolidated basis)		No. of Employees	2,104	1,814	1,784
	Personnel expenses		Millions of yen	16,757	14,892	16,972
Cash Flows	Net cash provided by (used in) operating activities		Millions of yen	(792)	2,794	13,430
	Net cash provided by (used in) investing activities		Millions of yen	4,622	2,759	(7,086)
	Net cash provided by (used in) financing activities		Millions of yen	(5,461)	(7,745)	8,820
	Cash and cash equivalents at end of period		Millions of yen	39,264	38,054	54,392

2014	2015	2016	2017	2018	2019	2020 (FY)
35,430	40,294	34,379	38,594	37,444	29,049	29,673
11,786	12,758	10,124	8,858	8,077	5,890	5,374
16,491	17,461	16,820	16,019	15,188	12,303	12,768
15,477	12,715	7,233	12,929	18,226	15,976	13,600
12,073	12,096	18,060	17,767	11,305	14,425	10,408
91,257	95,324	86,618	94,168	90,242	77,646	71,825
59,190	62,564	59,139	64,882	61,966	55,396	51,473
32,091	32,780	27,483	29,289	28,279	22,249	20,351
25,601	26,167	25,771	25,556	25,573	25,654	22,684
6,489	6,612	1,712	3,732	2,706	(3,404)	(2,332)
7,841	6,508	1,430	4,420	2,502	(3,480)	(1,149)
8,121	6,293	824	4,152	2,458	(21,176)	(1,522)
7,569	6,522	657	3,074	1,427	(25,473)	(2,068)
122.16	105.26	10.94	52.81	24.52	(450.11)	(36.99)
17	18	18	18	19	18	25
0	0	0	0	0	0	0
35.2	34.4	31.7	31.1	31.3	28.7	28.3
7.1	6.9	2.0	4.0	3.0	(4.4)	(3.2)
5.8	4.8	0.5	2.3	1.1	(22.3)	(2.1)
91,554	91,695	89,620	88,371	93,451	88,558	71,658
40,069	36,113	38,311	32,699	36,709	46,174	46,794
184,622	188,173	180,100	181,199	167,370	135,697	144,443
135,128	135,890	131,386	132,451	130,184	97,979	97,736
10,260	10,065	10,048	10,198	39	34	11,312
73.2	72.2	73.0	73.1	77.7	72.2	67.6
2,180.73	2,192.83	2,256.47	2,274.80	2,234.61	1,750.80	1,747.65
30	40	40	40	40	30	20
1,239	2,478	2,440	2,329	2,329	2,287	1,121
24.6	38.0	365.6	75.7	163.1	–	–
1.4	1.8	1.8	1.8	1.8	1.5	1.1
2,116	3,126	1,455	1,201	1,334	1,678	1,394
1,859	2,026	2,132	1,888	1,964	2,304	1,604
5,123	4,974	4,884	4,784	4,740	4,898	4,002
5.6	5.2	5.6	5.1	5.3	6.3	5.6
2,106	2,189	2,195	2,227	2,335	2,363	2,686
19,796	20,495	20,317	20,245	20,908	20,386	20,199
7,483	11,935	(793)	6,091	112	1,807	8,174
(8,684)	(1,352)	4,261	295	(449)	(3,569)	(2,220)
(2,529)	(2,778)	(7,669)	(2,340)	(12,789)	(5,057)	9,288
51,556	59,140	54,652	58,826	45,673	38,587	54,321

Consolidated Balance Sheets

(Unit: Millions of yen)

ASSETS	FY2019	FY2020
Current Assets:		
Cash and deposits	27,403	46,875
Notes and accounts receivable-trade	15,823	14,662
Electronically recorded monetary claims-operating	2,416	1,259
Short-term investment securities	12,821	8,511
Merchandise and finished goods	17,923	13,837
Work in process	10,481	9,987
Raw materials and supplies	7,959	7,949
Current portion of insurance funds	311	90
Others	3,120	2,562
Allowance for doubtful accounts	(334)	(430)
Total current assets	97,926	105,304
Noncurrent Assets:		
Property, plant and equipment		
Buildings and structures	27,609	28,378
Accumulated depreciation	(22,935)	(23,411)
Buildings and structures (net)	4,673	4,967
Machinery, equipment and vehicles	16,929	16,380
Accumulated depreciation	(15,280)	(15,231)
Machinery, equipment and vehicles (net)	1,648	1,148
Land	8,091	8,641
Construction in progress	218	355
Others	7,629	7,816
Accumulated depreciation	(6,612)	(6,638)
Other (net)	1,017	1,178
Total property, plant and equipment	15,650	16,290
Intangible assets		
Goodwill	3,259	2,709
Others	1,724	1,810
Total intangible assets	4,983	4,520
Investments and other assets		
Investment securities	7,134	8,857
Deferred tax assets	1,582	1,431
Insurance funds	6,167	6,120
Net defined benefit asset	1,542	1,317
Others	794	674
Allowance for doubtful accounts	(83)	(74)
Total investments and other assets	17,136	18,327
Total noncurrent assets	37,771	39,138
Total Assets	135,697	144,443

LIABILITIES	FY2019	FY2020
Current Liabilities:		
Notes and accounts payable-trade	5,826	5,826
Electronically recorded obligations-operating	10,478	6,677
Short-term loans payable	34	873
Income taxes payable	329	436
Advances received	8,737	9,448
Provision for bonuses	930	871
Provision for product warranties	729	782
Provision for loss on guarantees	112	101
Provision for onerous contracts	39	49
Deferred installment income	38	38
Others	5,535	6,510
Total current liabilities	32,792	31,615
Noncurrent Liabilities:		
Bonds	–	10,000
Long-term loans payable	–	439
Deferred tax liabilities	1,058	1,637
Provision for directors' retirement benefits	25	20
Provision for loss on litigation	110	–
Provision for onerous contracts	56	44
Net defined benefit liability	2,780	2,030
Others	894	918
Total noncurrent liabilities	4,925	15,091
Total Liabilities	37,717	46,707

NET ASSETS	FY2019	FY2020
Shareholders' equity:		
Capital stock	37,714	37,714
Capital surplus	37,788	37,788
Retained earnings	26,040	22,735
Treasury stock	(2,736)	(2,621)
Total shareholders' equity	98,807	95,618
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	1,756	3,087
Foreign currency translation adjustment	(1,313)	(345)
Remeasurements of defined benefit plans	(1,337)	(685)
Total accumulated other comprehensive income	(895)	2,055
Non-controlling interest	67	62
Total net assets	97,979	97,736
Total liabilities and net assets	135,697	144,443

Consolidated Statements of Income

(Unit: Millions of yen)

	FY2019	FY2020
Net Sales	77,646	71,825
Cost of sales	55,396	51,473
Reversal of Unrealized Income on Installment Sales	0	–
Gross profit	22,249	20,351
Selling, General and Administrative Expenses	25,654	22,684
Operating loss	(3,404)	(2,332)
Non-Operating Income:		
Interest income	80	45
Dividends income	256	214
Foreign exchange gains	–	417
Subsidy income	–	346
Rent income	88	85
Others	274	380
Total non-operating income	700	1,490
Non-Operating Expenses:		
Interest expenses	7	51
Compensation for damage	171	4
Foreign exchange losses	473	–
Bond issuance cost	–	57
Provision of allowance for doubtful accounts	–	79
Others	123	112
Total non-operating expenses	776	307
Ordinary loss	(3,480)	(1,149)
Extraordinary Income:		
Gain on sales of noncurrent assets	0	5
Gain on sales of investment securities	259	93
Gain on bargain purchase	–	901
Insurance Income	55	–
Total extraordinary income	315	1,001
Extraordinary Expenses:		
Loss on sales of noncurrent assets	4	0
Loss on retirement of noncurrent assets	19	10
Impairment loss	17,757	1,187
Business structure improvement expenses	150	40
Loss on valuation of investment securities	28	77
Loss on disaster	53	–
Others	–	58
Total extraordinary expenses	18,012	1,373
Loss before income taxes	(21,176)	(1,522)
Income taxes-current	177	375
Income taxes-deferred	4,122	167
Total income taxes	4,299	543
Net loss	(25,476)	(2,065)
Profit (loss) attributable to non-controlling interests	(2)	2
Loss attributable to owners of parent	(25,473)	(2,068)

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	FY2019	FY2020
Net loss	(25,476)	(2,065)
Other comprehensive income:		
Valuation difference on available-for-sale securities	(1,115)	1,331
Foreign currency translation adjustment	(484)	959
Remeasurements of defined benefit plans, net of tax	(168)	652
Total other comprehensive income	(1,768)	2,943
Comprehensive income	(27,245)	877
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(27,236)	882
Comprehensive income attributable to non-controlling interests	(8)	(5)

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2019	FY2020
Net cash provided by (used in) operating activities:		
Loss before income taxes	(21,176)	(1,522)
Depreciation and amortization	2,304	1,604
Impairment loss	17,757	1,187
Gain on bargain purchase	–	(901)
Amortization of goodwill	595	584
Increase (decrease) in allowance for doubtful accounts	12	34
Increase (decrease) in provision for bonuses	(138)	(58)
Increase (decrease) in net defined benefit liabilities	(311)	53
Interest and dividends income	(336)	(260)
Interest expenses	7	51
Foreign exchange losses (gains)	151	(166)
Loss (gain) on sales of investment securities	(259)	(93)
Decrease (increase) in notes and accounts receivable-trade	11,537	3,425
Decrease (increase) in inventories	(4,404)	7,575
Increase (decrease) in notes and accounts payable-trade	(3,958)	(4,300)
Decrease (increase) in prepaid expenses	(154)	195
Increase (decrease) in deposits received	(828)	186
Increase (decrease) in accrued consumption taxes	(512)	469
Others	1,186	213
Subtotal	1,471	8,279
Interest and dividends income received	337	260
Interest expenses paid	(7)	(51)
Income taxes (paid) refund	6	(312)
Net cash provided by (used in) operating activities:	1,807	8,174
Net cash provided by (used in) investing activities		
Net decrease (increase) in short-term investment securities	1,799	599
Payments into time deposits	(111)	(97)
Proceeds from withdrawal of time deposits	72	72
Purchase of property, plant and equipment and intangible assets	(1,062)	(1,137)
Proceeds from sales of property, plant and equipment and intangible assets	4	5
Purchase of insurance funds	(104)	(43)
Proceeds from maturity of insurance funds	68	311
Purchase of investment securities	(122)	(60)
Proceeds from sales of investment securities	409	197
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,562)	(2,067)
Purchase of long-term prepaid expenses	(28)	(0)
Other payments	(3)	(28)
Other proceeds	72	28
Net cash provided by (used in) investing activities	(3,569)	(2,220)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(0)	403
Repayments of long-term loans payable	–	(97)
Repayments of lease obligations	(96)	(364)
Proceeds from long-term loans payable	–	467
Proceeds from issuance of bonds payable	–	10,000
Purchase of treasury shares	(2,674)	(0)
Cash dividends paid	(2,287)	(1,120)
Proceeds from sales of treasury shares	0	–
Net cash provided by (used in) financing activities	(5,057)	9,288
Effect of exchange rate change on cash and cash equivalents	(266)	491
Net increase (decrease) in cash and cash equivalents	(7,085)	15,734
Cash and cash equivalents at beginning of period	45,673	38,587
Cash and cash equivalents at end of period	38,587	54,321

Stock Information (as of March 31, 2021)

Listings: Tokyo Stock Exchange, First Section

Securities Code: 6349

Stock Data: Authorized Number of Shares: 295,500,000 shares
Issued Number of Shares: 58,292,340 shares
(including 2,116,339 shares of treasury stock)

Minimum Trading Unit: 100 shares

Number of Shareholders: 4,487

Stock Transfer Agent: Mizuho Trust and Banking Co., Ltd.
Stock Transfer Agency Department

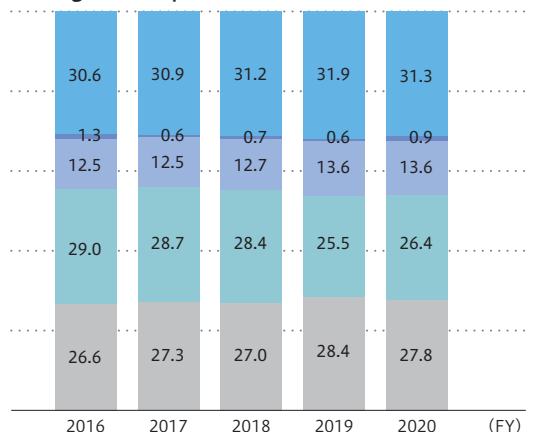
Fiscal Year: April 1 to March 31

Ordinary Meeting of Shareholders: June every year

Year-End Dividend Record Date: March 31

Interim Dividend Record Date: September 30

Changes in Composition of Shareholders (FY2016-FY2020) (%)



Financial Institutions Securities Companies
Other Corporations
Foreign Institutions and Individuals Individuals and Others

Principal Shareholders (Top10)

Name of Shareholders	Number of Shares Held (Thousands)	Ownership Ratio (%)
NORTHERN TRUST CO.(AVFC) SUB A/C USL NON-TREATY	4,957	8.8
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,809	8.6
Custody Bank of Japan, Ltd. (Trust Account)	2,111	3.8
Komori Estate YK	2,090	3.7
Meiji Yasuda Life Insurance Company	1,895	3.4
Komori Business Association	1,878	3.3
Noriko Komori	1,748	3.1
Yoshimaro Komori	1,746	3.1
STATE STREET BANK AND TRUST COMPANY 505103	1,662	3.0
Yoshiharu Komori	1,054	1.9

The Company's holdings of treasury stock (2,116 thousand shares) are not included in the above figures.

Total Shareholder Return Comparison (TSR %)

Holding period	One year (from March 31, 2020 to March 31, 2021)	Three years (from March 31, 2018 to March 31, 2021)	Five years (from March 31, 2016 to March 31, 2021)
KOMORI CORPORATION Stock Price	4.5%	-37.4%	-29.8%
TOPIX	42.1%	22.2%	62.3%
Machinery Index	59.9%	23.8%	89.6%

10-Year Stock Price and Trading Volume History (from September 30, 2011 to September 30, 2021)



Corporate Profile (As of March 31, 2021)

Company Name:	KOMORI CORPORATION
Company Name in English:	KOMORI CORPORATION
Headquarters:	11-1 Azumabashi 3-chome, Sumida-ku, Tokyo 130-8666, Japan
Tel:	+81-3-5608-7811
Website:	https://www.komori.com
Representative:	Satoshi Mochida Representative Director, President & CEO
Company Established:	October 20, 1923
Capital:	¥37,715 million
Employees (Consolidated basis):	2,686 (as of March 31, 2021)
Plants:	9 plants (including 5 overseas plants)
Main Products:	Commercial offset presses (sheet-fed presses and web-fed presses), specialty printing machinery (security and banknote presses, etc.), web-fed package printing presses, digital printing systems, screen printing machines and related equipment
Facilities:	Facilities Headquarters Techno Service Center West-Japan Service Sekiyado Techno Center Komori Global Parts Center Komori Graphic Technology Center Sales Offices Nishinohon Regional Headquarters Nagoya Branch Office Shizuoka Office Kyushu Branch Office Hokkaido Office Tohoku Office Hokuriku Office Chugoku Office Shikoku Office Komori Currency Technology Plants Tsukuba Plant

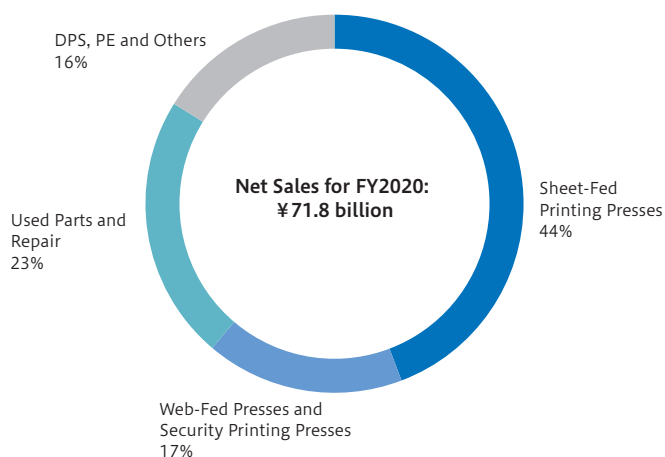
Komori Group:

Komori Machinery Co., Ltd.
 Komori Realty Co., Ltd.
 Komori Engineering Co., Ltd.
 SERIA CORPORATION
 SERIA ENGINEERING, INC.
 Komori America Corporation
 Komori Leasing Incorporated
 Komori International(Europe) B.V.
 Komori U.K. Limited
 Komori France S.A.S.
 Komori Belgium Branch Office of Komori France
 Komori Italia S.r.l.
 Komori-Chambon S.A.S.
 MBO Postpress Solutions GmbH
 Komori Hong Kong Limited
 Komori (Shenzhen) Print Engineering Co., Ltd.
 Komori (Shenzhen) Print Engineering Co., Ltd. Beijing Branch
 Komori (Shenzhen) Print Engineering Co., Ltd. Shanghai Branch
 Komori Machinery (Nantong) Co.,Ltd.
 Komori Taiwan Limited
 Komori Southeast Asia Pte. Ltd.
 Komori Malaysia Sdn. Bhd.
 Komori India Private Limited

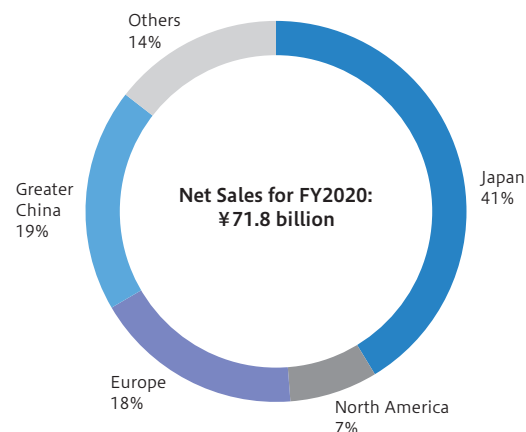


Headquarters

●Net Sales by Segment



●Net Sales by Region



Company Name	Address	Main Business Activities
Komori Machinery Co., Ltd.* ¹	Takahata-machi, Yamagata Pref., Japan	Manufacture and sale of printing presses, equipment and components
Komori Engineering Co., Ltd.	Ushiku City, Ibaraki Pref., Japan	Design of printing presses and related equipment
SERIA CORPORATION	Kita-ku, Tokyo, Japan	Manufacture and sale of printing presses and printing supplies
SERIA ENGINEERING, INC.	Gujo City, Gifu Pref., Japan	Manufacture of printing presses and equipment
Komori America Corporation	Rolling Meadows, Illinois, U.S.A	Sale, repair and fabrication of our products
Komori Leasing Incorporated	Rolling Meadows, Illinois, U.S.A	Provision of customer finance for printing presses and related equipment
Komori International (Europe) B.V.	Utrecht, The Netherlands	Sale, repair and fabrication of our products; regional control of related activities
Komori France S.A.S.	Antony Cedex, France	Sale, repair and fabrication of our products
Komori Italia S.r.l.	Milan, Italy	Sale, repair and fabrication of our products
Komori U.K. Limited	Leeds, UK	Sale, repair and fabrication of our products
Komori-Chambon S.A.S.	Orleans Cedex, France	Manufacture and sale of printing presses
MBO Postpress Solutions GmbH	Oppenweiler, Germany	Manufacture, sale, repair and fabrication of postpress machines, equipment and components
MBO Máquinas S.A.	Perafita, Portugal	Manufacture, sale, repair and fabrication of postpress machines, equipment and components
H+H GmbH & Co.KG	Bielefeld, Germany	Manufacture, sale, repair and fabrication of postpress machines, equipment and components
MBO America Co.Ltd	Marlton, New Jersey, U.S.A	Sale, repair and fabrication of postpress machines, equipment and components
MBO France S.A.S.	Guyancourt, France	Sale, repair and fabrication of postpress machines, equipment and components
MBO Binder Graphic Systems (Beijing) Co.Ltd.	Beijing, China	Sale, repair and fabrication of postpress machines, equipment and components
Komori Hong Kong Limited* ¹	Hong Kong SAR, P.R.C.	Sale, repair and fabrication of our products
Komori (Shenzhen) Print Engineering Co., Ltd.	Shenzhen, P.R.C.	Sale, repair and fabrication of our products
Komori Taiwan Limited	Taipei, Taiwan	Sale, repair and fabrication of our products
Komori Machinery (Nantong) Co., Ltd.	Nantong, P.R.C.	Manufacture and sale of printing presses and equipment
Komori Southeast Asia Pte. Ltd.	Singapore	Sale, repair and fabrication of our products
Komori Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	Sale, repair and fabrication of our products
Komori India Private Limited	Haryana, India	Sale, repair and fabrication of our products

Notes: 1. The figures in parentheses in the "Portion of Voting Rights Held" represent percentage of indirectly holding votes. 2. Of the companies listed above, none has submitted an annual securities report or securities registration statement. 3. *1: This is a specified company. 4. The above listed companies are our consolidated subsidiaries.

For inquiries on the KOMORI CORPORATION INTEGRATED REPORT 2021,
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Published on October 20, 2021

