

KOMORI Corporation

# 7<sup>th</sup> Medium-Term Management Plan

5/21/2024  
President & CEO  
Satoshi Mochida

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**01**

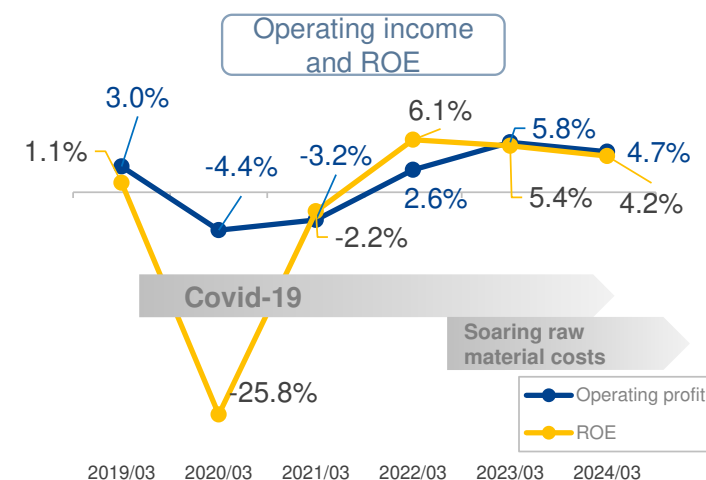
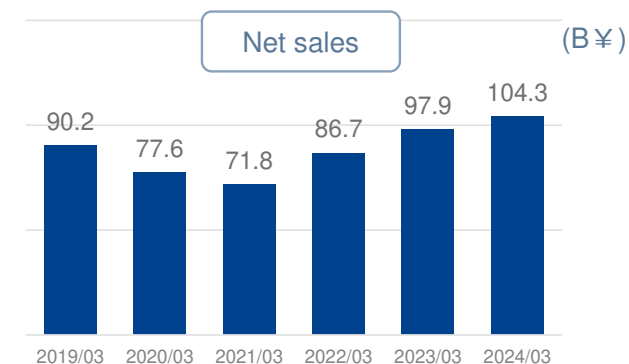
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## **Review of 6<sup>th</sup> Medium-Term Management Plan**

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	2021/03	2024/03		
	Actual	Plan	Actual	Comparison vs 2021/03
Net sales	71.8 B¥	110.0 B¥	104.3 B¥	+ 32.5 B¥
Operating income	-2.3 B¥	7.7 B¥	4.9 B¥	+ 7.2 B¥
Operating income margin	-3.2%	7.0%	4.7%	+ 7.9pt
ROE	-2.2%	5.3%	4.2%	+ 6.4pt

- ◆ In the 6th medium-term business plan, both sales and profits were sluggish due to Covid-19 in 2020/03 and 2021/03. Since 2022/03, there has been a significant improvement in emergency response. Achieved V-shaped recovery continuing since the bottom in the 2021/03
- ◆ Profit declined in 2024/03 due to soaring raw material prices, but is on an improving trend



## Basic Policy 1.

Clarifying business goals and taking concrete measures

### Results

#### <Core business> Offset business

- Introduced new models that provide world-class ROI
- Increased in sales of packaging machines

#### <Core business> Security business

- Large-scale orders for differentiated models and expansion of new business

#### <Key businesses> DPS business

- Announced new sheet-fed UV inkjet digital press “J-throne”

#### <Reform of sales formats> PESP/ recurring business

- Improved profitability by integrating machinery sales and service
- Expanded the geographical coverage of KP-Connect services

#### <New businesses> PE business

- Expansion of sales multi-layer board filling
- Established Elemental Technology Development Center (PEDEC)

#### <New businesses> MBO business

- Steady implementation of PMI processes

- Rapidly recover earnings by responding flexibly to Covid-19
- Improve gross profit margin by strengthening supply chain
- Work style reform, Formulation of Purpose, Young people play an active role in 100th anniversary events

- Large-scale impairments were carried out and net assets were reduced, but financial health was maintained
- Implemented shareholder returns on stable dividends and high return rates

## Basic Policy 2.

Establishment of a management system that ensures reliable implementation

## Basic Policy 3.

Building an optimal capital structure and compressing the balance sheet

### Challenges

- Strengthen sales structure in high-growth Asian markets
- Product development tailored to each key market
- Cost reductions and improved profitability are issues

- Improve overseas competitiveness by differentiated models and reducing costs
- Strengthen overseas services

- Build a sales system for new models
- Strengthen product planning capabilities

- Deepen the Smart Factory Concept
- Strengthen overseas service business
- Strengthen product development for overseas markets

- Improve quality of products and strengthen overseas business capabilities
- Expand business domains by acquiring new customers

- Strengthen solutions through group synergies
- Improvement of plant operating rate

- Further strengthen management systems by business
- Steady business expansion in growth businesses
- Upgrade the level of management and improving the accuracy

- Aggressive asset allocation to growth investments, including M&A
- Balance the maintenance of capital-raising capacity and expand investment in infrastructure building

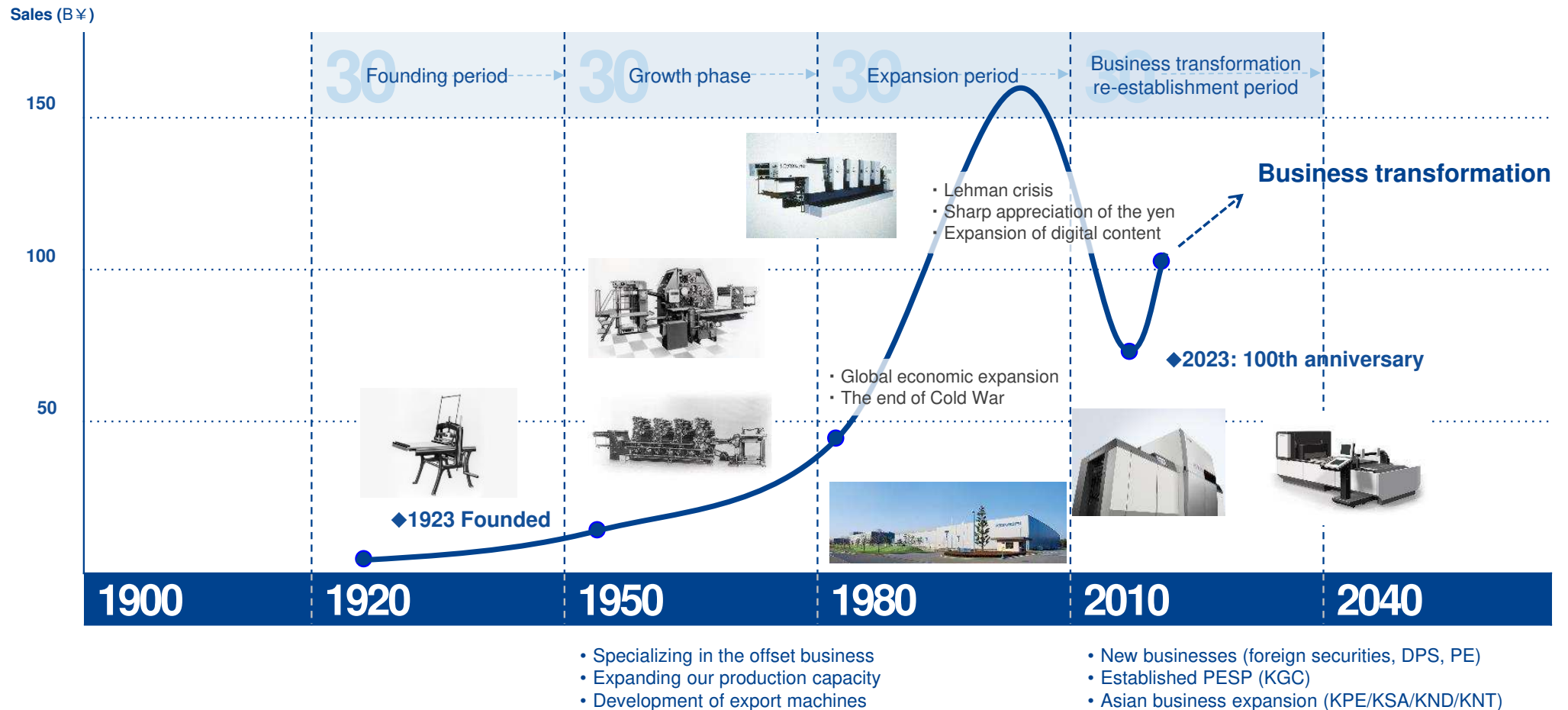
# 02

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## Purpose and Long-Term Vision “KOMORI 2030”

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# Planned Change: From 100 years of history to a new era



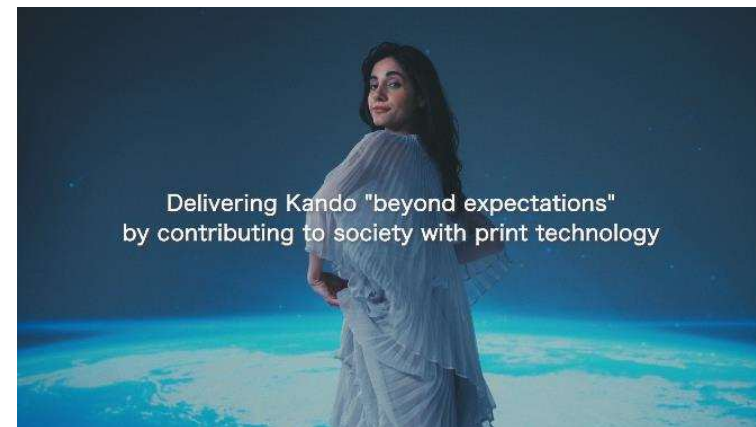
Management Philosophy

**Realization of Kando  
“Beyond Expectations”**



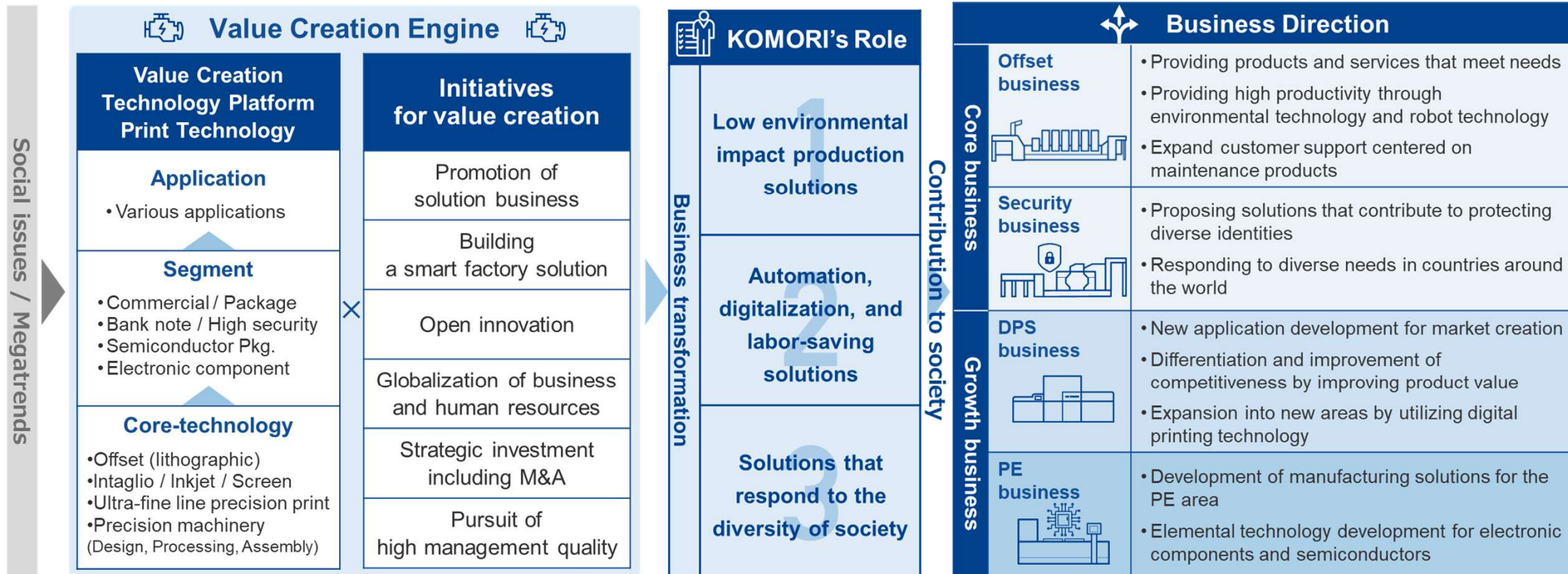
Purpose

**Delivering Kando “beyond expectations”  
by contributing to society with print technology**





## Supporting information, culture and economy by deepening, evolving, and creating value through the true value of Print Technology



**03**

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**7<sup>th</sup> Medium-Term Management Plan**

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## Purpose

Delivering Kando "beyond expectations"  
by contributing to society with print technology

FY2020/03 — FY2024/03

FY2025/03 — FY2027/03

FY2028/03 — FY2030/03

Supporting information, culture and economy by deepening, evolving,  
and creating value through the true value of Print Technology

Long-Term Vision  
KOMORI 2030

Promoting business transformation and  
strengthening management foundations

ROE  
6%

Transformation to  
a sustainable  
management structure

ROE  
10%

Improving profitability and  
building a foundation for  
growth businesses

6<sup>th</sup> Medium-Term  
Management Plan

# 7<sup>th</sup> Medium-Term Management Plan

8<sup>th</sup> Medium-Term  
Management Plan

### Social issues KOMORI is addressing

- Environmental destruction and waste issues
- Decarbonization
- Changes in infrastructure brought about by accelerated digitalization
- Increasing complexity and diversification of global society

### Roles of KOMORI = Providing 3 solutions through business transformation

- Provision of production solutions with low environmental impact
- Provision of automation, computerization, and labor-saving solutions
- Providing solutions that respond to social diversity

## Promoting business transformation and strengthening management foundations for a sustainable management structure

01



### Strengthen initiatives to transform business portfolio (Business transformation)

- Improve profitability by enhancing added value in core business
- Strengthen technological foundation and accelerate growth in growth business

02



### Strengthen management foundation (Strategic investment)

- Expand investment in development of elemental technologies to acquire new and growth markets
- Respond to the globalization by reforming business structure and utilizing global human resources

03



### Transform into a lean management structure (Management structure improvement)

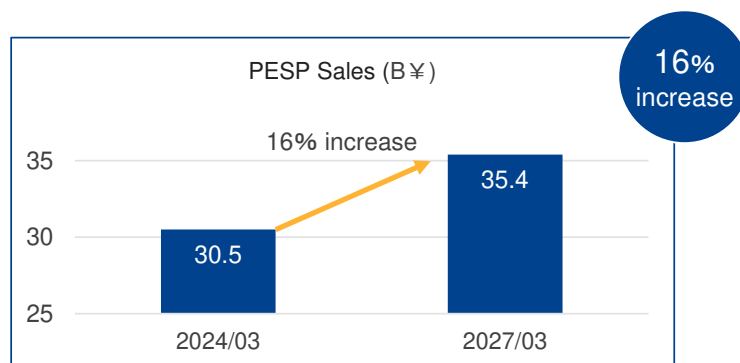
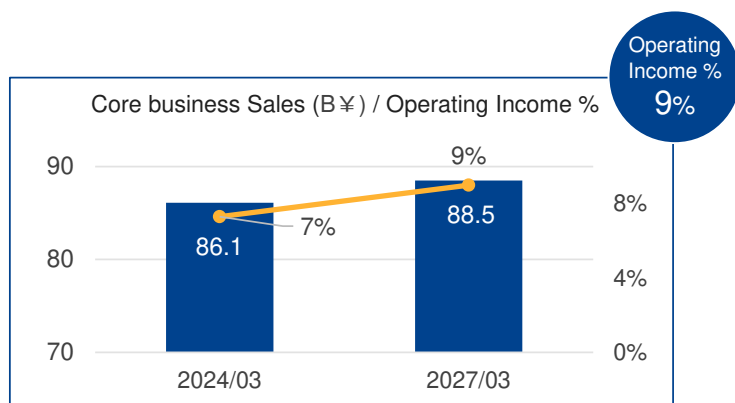
- Integrate management of design, manufacturing, sales and services by business, and asset optimization
- Expand global DX for sales/service customer management, human resources, and finance

# 01 Strengthen initiatives to transform business portfolio (Business transformation) **KOMORI**



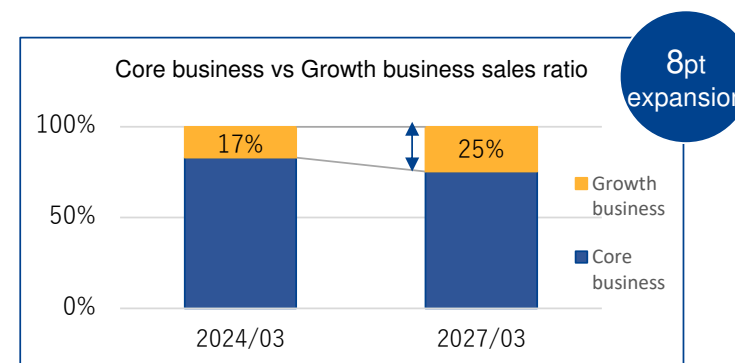
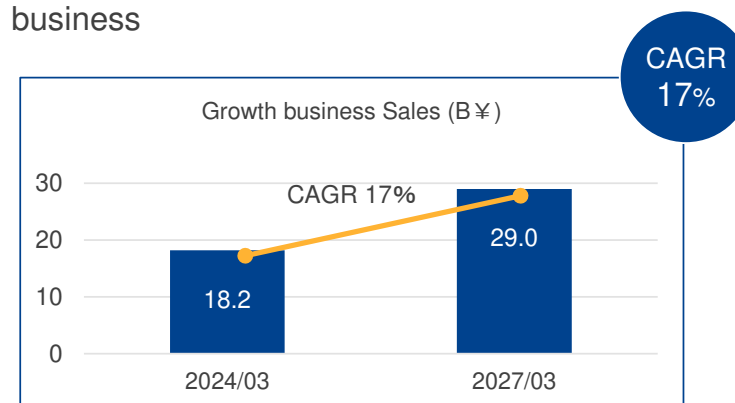
## Improve profitability in core business (Offset business/Security business)

- Enhance added value of printing presses through differentiation functions and cost reductions
- Strengthen parts sales and enhancing service product lineup



## Accelerate growth speed in growth business (DPS business /PE business)

- Commercialize high-speed transfer technology and inkjet core technology in DPS business
- Strengthen the order-made manufacturing system and electronic component manufacturing technologies in PE business



## 02 Strengthen management foundation (Strategic investment)



### Strategic investments in evolving printing technology and globalizing business foundation



#### Strengthen technological foundation

Core technologies for environmentally friendly products

System technologies for smart factories

Core technologies for inkjet printing

Printed electronics technologies



#### Renovation of production system and supply chain

Manufacturing innovation and smart factory transformation

Improve product value and brand perception by global quality control

Strengthen procurement and supply chain



#### Strengthen human resources and organization

Rebuild HR portfolio in new technology fields

Strengthen organization in India and Asia

Build a global HR system

Improve workplace environment, HR management and diversity



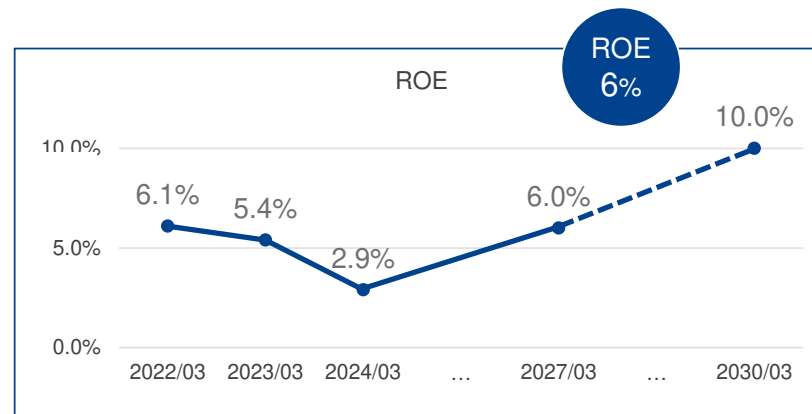
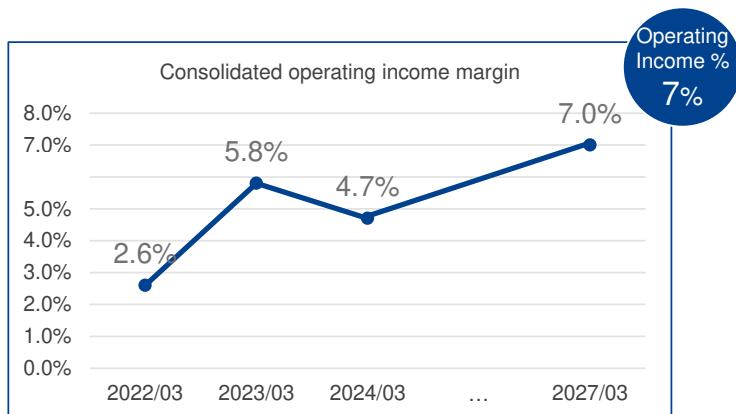
**Total Strategic investment: 20 billion yen**

R&D Investment / Production Facilities / Human resources / M&A

# 03 Transform into a lean management structure (Management structure improvement) KOMORI



## Improve efficiency by Integrating management of design, manufacturing, sales, and services by business and expand global DX



### Promote business restructuring

Integrate management of design, manufacturing, sales, and services

Efficient overseas logistics system

Global cash management

Strengthen appropriate inventory management

Reduce assets and increase efficiency to optimize balance sheet



### Expand global DX

Global CRM system deployment through sales DX

Building an MES through Factory DX

Resource management innovation through finance DX and human resources DX

Improving business efficiency by implementing RPA and using generative AI

Strengthening cyber security and information security measures

Transform into a highly profitable business through structural reform, and achieve an operating income margin of 9% in core businesses



Offset business

Business Environment

- Environmental measures (decarbonization, waste), energy, and higher raw material costs
- Social Infrastructure Changes, Accelerated Digital, Global Society, Complex and Diversity
- Slightly decreasing in Europe, U.S. and Japan and growth expected in India and Asia
- Increasing unit price due to advanced feature, multi-color, one-pass, automation



Basic Policy

- Profitability improvement by appropriate sales prices considering added value and manufacturing costs reduction
- Rapid decision-making and enhanced collaboration on cross-functional issues



Priority Measures

- Promote New LITHRONE equipped with sustainable and environmentally friendly feature
- Launch differentiated unique products for the package market and high-growth Asian markets
- Expand high-margin service-related sales for LTV
- Increase recurring revenue from KP-Connect, maintenance services, and K-Supply
- Manage profits of web-offset press in key regions





Transform into a highly profitable business through structural reform, and achieve an operating income margin of 9% in core businesses



Security business

Business Environment

- Banknote press forecasts average annual growth of 3% to 4%, despite not stable
- Active discussion on the achievement of the central bank's digital currency (CBDC) is ongoing at major central banks, and it has been introduced in some countries.

Basic Policy

- Grow Komori's share of the banknote printing press market by expanding into new geographical territories
- Diversify into the security print market, focusing on areas such as passport printing
- Implement proposal-based service activities
- Develop the next-generation banknote printing press

Priority Measures

- Sales promotion by using the reference sites and KGC-S
- Sales and Marketing activities by a dedicated team for the high-security printing market.
- Expand the range of after sales PESP products through digital-service offerings
- Restructure the SPBG, intertwining manufacturing, development and sales to increase profitability in the current portfolio and driving innovation to develop the next generation of banknote presses
- Explore the opportunities to develop synergies within the Komori group by exploring the use of print technologies within the banknote space to bring new products and features to market



## Accelerate growth business CAGR to 17% by strengthening strategic investments in technology and human resources



### DPS business

Business Environment

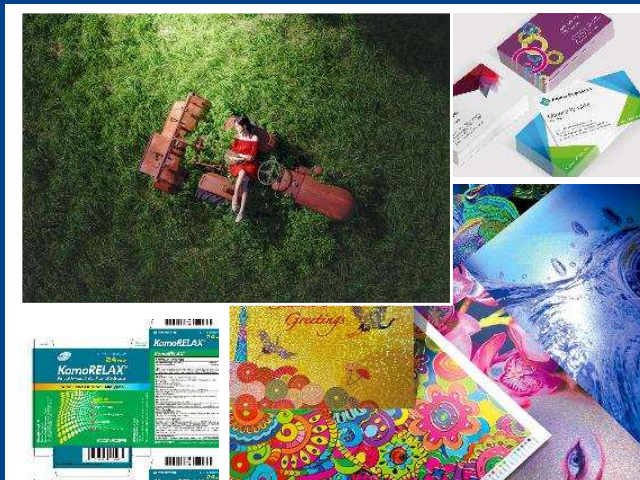
- The digital printing market is expanding, and the applications are expanding
- B1 size-based market is a market creation phase

Basic Policy

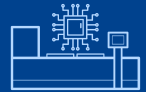
- Strengthen technological developments in DPS business to create a wide range of markets
- Comprehensively enhance transfer system, print head, DFE, inks and control systems
- Respond to expectations by continuing to provide the market with digital printing presses with high added value product

Priority Measures

- Launch products that differentiate with high-speed, high-precision double-sided printing and achieve high ROI
- Pursuit of lower costs, including consumables
- Expand the contract business for the design and manufacturing of transfer systems for digital printing machine
- Acquisition of core technologies for digital printing presses



## Accelerate growth business CAGR to 17% by strengthening strategic investments in technology and human resources



### PE business

Business Environment

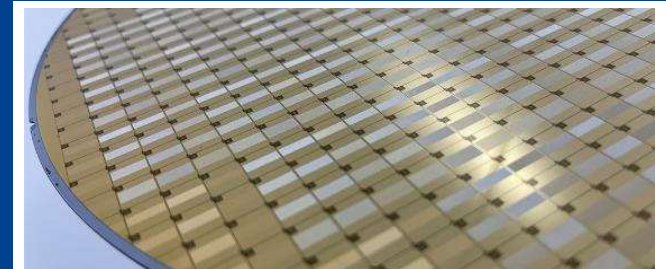
- Increased demand for IT equipment and data servers due to the spread of AI and a global shortage of semiconductors due to the shift to electric vehicles
- Increasing functionality of electronic circuit boards
- Shift to decarbonization, labor saving, automation, and environmental friendliness of semiconductor manufacturing processes

Basic Policy

- Provide technology to the manufacturing industry that supports the information-based society
- Implement manufacturing reforms using environmentally friendly printing technology
- Develop systems to improve productivity in the manufacturing industry in a decarbonized society

Priority Measures

- Contribute to improving the productivity of customers' factories through electronic component manufacturing technology, custom-made printing machines and FA manufacturing system
- Contribute to semiconductor package manufacturing, high-performance boards, and the manufacture of mounted fine components by evolving filling printing technology and fine wiring technology



## Contributing to the realization of a sustainable society and improving corporate value by promoting ESG management

Environment

**Strengthening the Green Project to realize a sustainable environment and society**

- Long-term goal "KOMORI Eco Vision"**
  - 1. Eco Factory**
    - Reduce CO2 emissions (Scope 1 and 2)
      - ▶ 26% reduction in FY2030 (compared to FY2022)
    - Introduce energy-saving equipment and increase the proportion of renewable energy
  - 2. Eco Products**
    - Develop production solutions with low environmental impact
    - Reduce CO2 emissions during product use (sheet-fed machines)
      - ▶ 30% reduction in FY2030 (compared to FY2022)
  - 3. Eco Communication**
    - Continue disclosing information on climate change response and improve scoring (CDP, etc.)
- Achieve carbon neutrality (Scope 1 and 2) by 2050**

Social

**Improving employee engagement**

- Promoting Komori-style work style reform "K-Work"
  - ✓ Creating a comfortable working environment
  - ✓ Strengthening human resource management
  - ✓ Promoting diversity

**Partnerships with stakeholders and respect for human rights**

- Promoting respect for human rights throughout the supply chain
- Coexistence with the local community through community support activities and the promotion of sports such as athletics

Governance

**Corporate governance that meets stakeholder expectations**

- Strengthening corporate governance system
- Ensuring thorough compliance and strengthening risk management

## Strengthen management systems through purpose management and organizational revitalization

### Management acceleration

- Delegation of authority to business groups:
  - Integrate management of design, manufacturing, sales, and services for each business
- Strengthen global headquarters functions:
  - Strengthening group governance, promoting DX



### Strengthen communication

- Share purpose, long-term vision, and management issues globally
- Work style reform and office reform



**Building  
a self-managing  
organization**

## Basic Policy

1. Implement appropriate allocation of management resources to achieve returns that exceed capital costs.
2. To improve ROE, we will set the total return ratio at 50% and increase the allocation ratio to growth strategic investments.
3. Set a minimum dividend amount (40 ¥) and maintain the total return ratio (50%) during the Medium-Term plan, placing emphasis on shareholder returns.

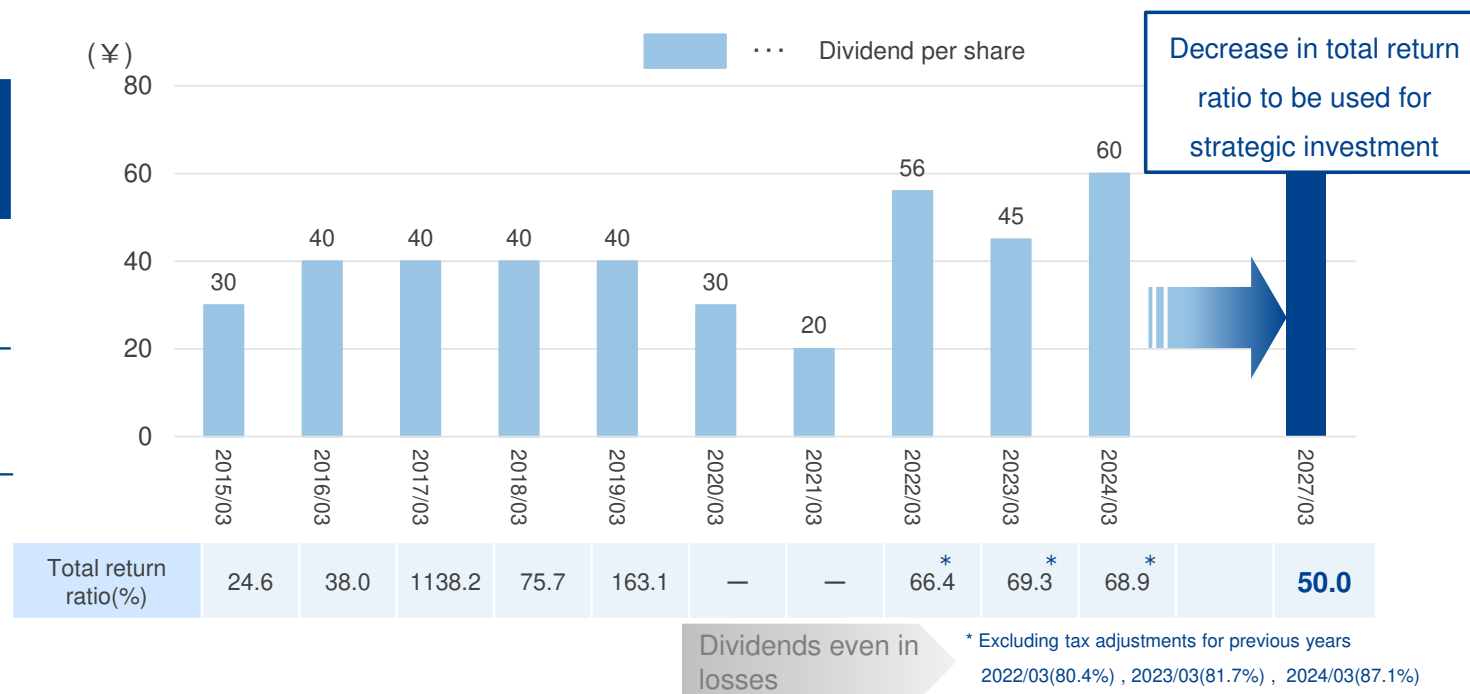
### 7<sup>th</sup> Medium-Term Management Plan Financial Policy

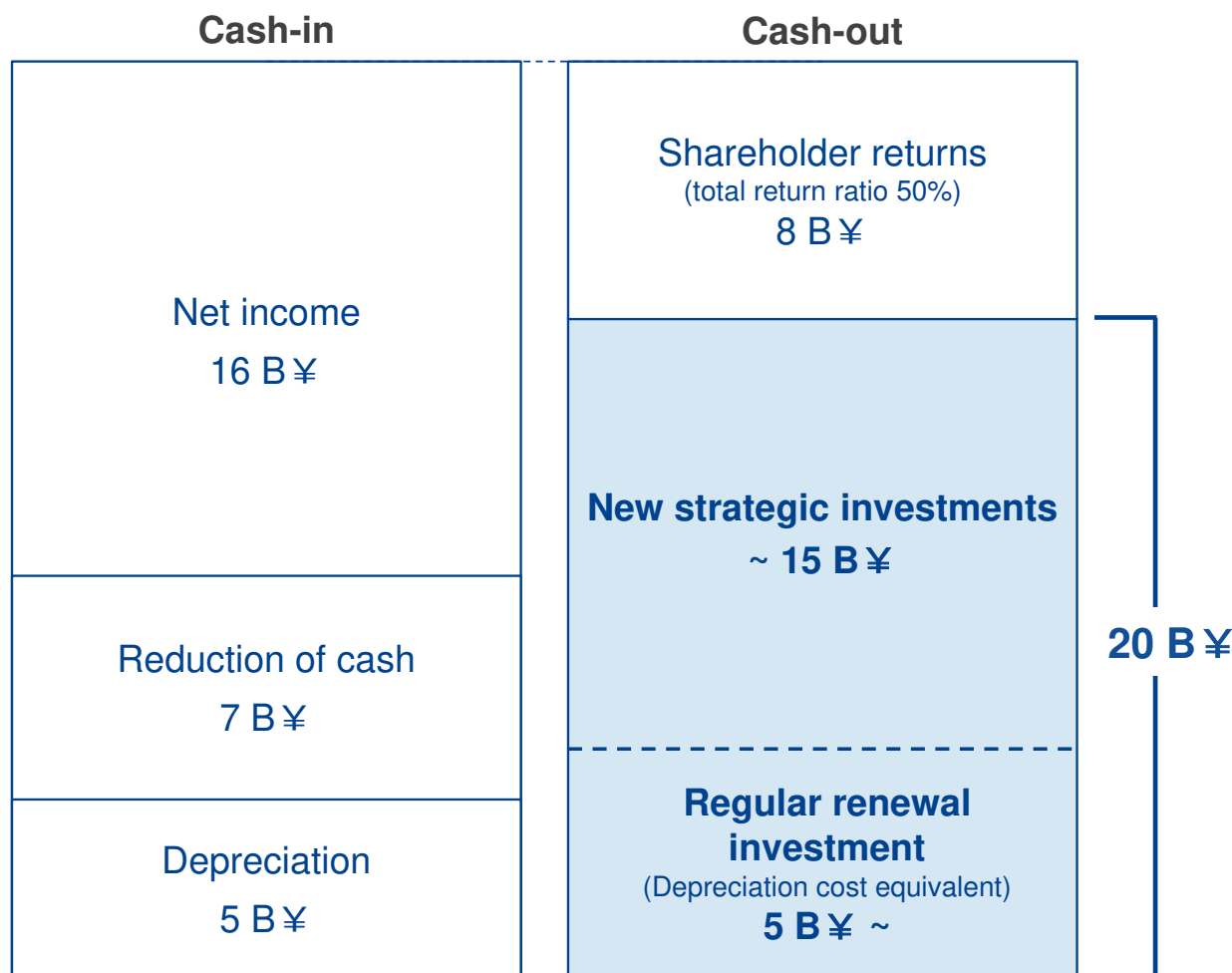
Total return ratio

**50%**

Equity ratio

**Around 65%**





Expected cash inflow from business to be approximately ¥21b (Net income + Depreciation)

Appropriate allocation of management resources

### Positioning of strategic investments

- Increase investment in core technology development to expand business areas in new and growing markets.
- Renewal of production and procurement system to suit business environment.
- Acquiring technology and human resources in new fields.

Investments for future growth and strengthening of management foundations (including M&A)

Aiming to improve ROE in two stages by 2030, the 7<sup>th</sup> Medium-Term Management Plan is the first stage of the plan to strike a balance between "growth investment" and "securing profits"

- Final year of the 7<sup>th</sup> Medium-Term Management Plan (ending March 2027)

	ending March 2024	ending March 2027
Operating profit margin	4.7%	<b>7% or more</b>
ROE	4.2%	<b>6% or more</b>

- Final year of the 8<sup>th</sup> Medium-Term Management Plan (ending March 2030) : ROE 10% or more



**KOMORI**

Komori reserves the right to change specifications on machines without notice and without obligation to modify equipment previously manufactured. Because of changes in design specification, or optional attachments and accessories, the machine actually delivered may differ in appearance and performance from that shown in this document.