

FY2021 Financial Result

Financial Summary and MIURA Growth Strategy

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May 24, 2022

The Best Partner of
Energy, Water and Environment

MIURA

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Caution

Each value mentioned in this document is based on the information currently available and the actual results may be changed and differ from what is stated herein, due to forthcoming various factors. The utmost care has been taken to provide the information publicized in this document. However, MIURA shall not be held responsible for any damages resulting from the information publicized in this document.

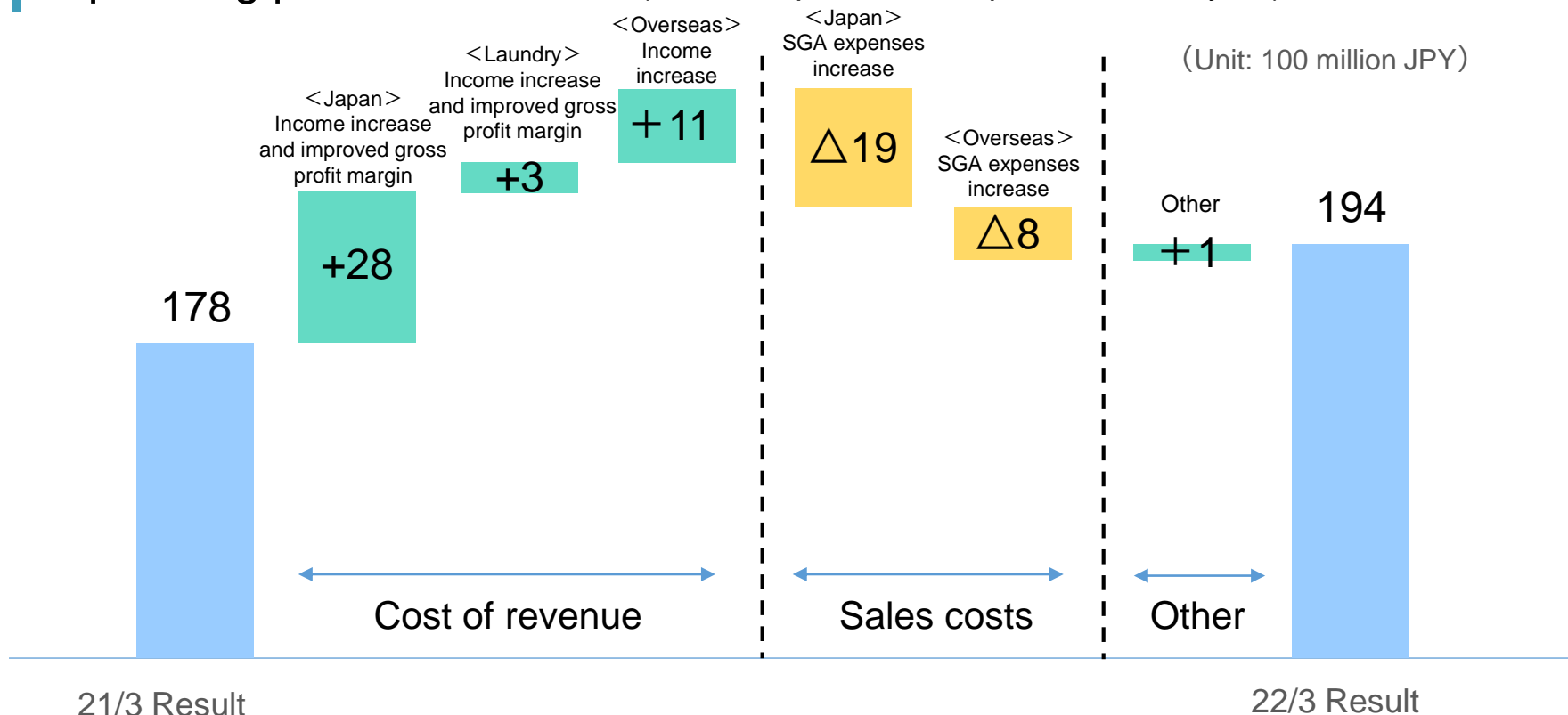
1. FY2021 Summary Overview

<IFRS>	Unit	FY2020 Result	FY2021 Result	YOY	FY2021 Plan	FY2022 Plan
Revenue	100 million JPY	1,347	1,435	+88	1,415	1,550
Operating profit	100 million JPY	178	194	+15	184	200
Operating profit rate	%	13.3	13.5	+0.2	13.0	12.9
Profit before income taxes	100 million JPY	181	204	+22	187	212
Profit attributable to owners of Parent	100 million JPY	126	144	+17	135	152
Earnings per share	JPY	112	127	+15	119	134
Dividend	JPY	35	39	+4	37	41

Overview

- Revenue increased thanks to a capital investment demand recovery regarding boilers and medical equipment in Japan while marine business revenue decreased as the number of ships to be built reduced.
- Maintenance business is stable both in Japan and overseas.
- Overseas business revenue increased in accordance with a capital investment demand recovery after the COVID pandemic in some countries and regions.

Operating profit and factors (the same period of the previous fiscal year)



- Domestic business revenue increased thanks to a capital investment demand recovery; SGA expenses increased accordingly, which is attributable to an increase of personnel expenses and the eased restriction of activities.
- Overseas business revenue increased in accordance with a capital investment demand recovery after the COVID pandemic in some countries and regions.

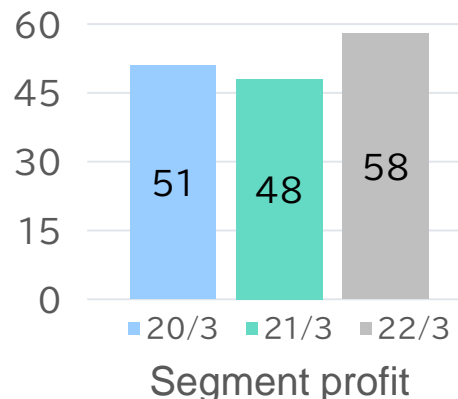
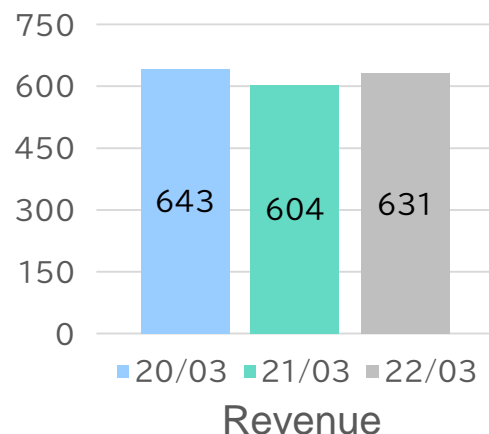
By segment

(Unit: 100 million JPY)

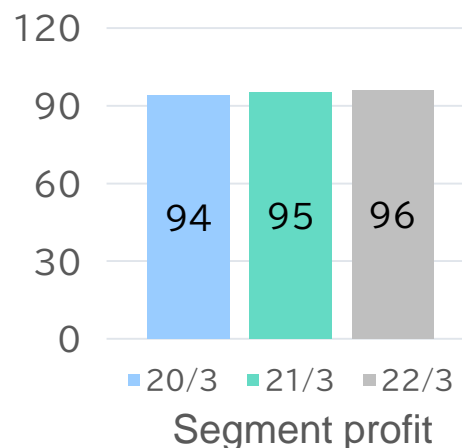
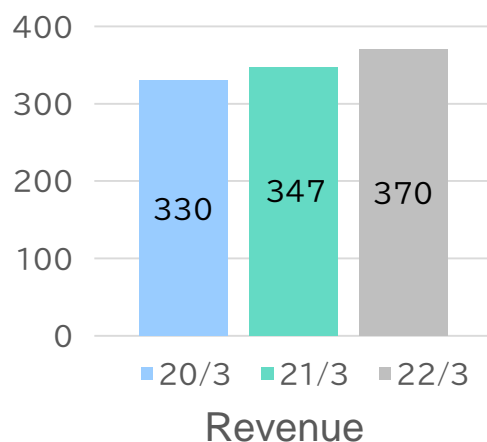
	Revenue				Operating profit			
	FY2020 Result	FY2021 Result	YOY	Plan	FY2020 Result	FY2021 Result	YOY	Plan
Domestic Manufacturing and Sales of Products	604	631	+27	608	48	58	+9	51
Domestic Maintenance	347	370	+22	369	95	96	+1	99
Laundry	125	131	+5	127	1	3	+1	0
Overseas Manufacturing and Sales of Products	197	224	+27	235	20	23	+3	21
Overseas Maintenance	71	77	+5	76	12	13	+0.7	13
Total	1,347	1,435	+88	1,415	178	194	+15	184

By segment (YOY)

(Unit: 100 million JPY)

【Domestic Manufacturing and Sales of Products business】**Revenue: 4.5% increase****Segment profit: 19.4% increase**

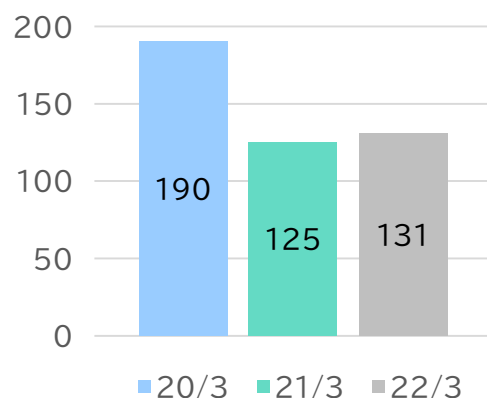
- Sluggish marine business subject to the reducing number of ships built
- Increased revenues of boiler and medical businesses attributable to the capital investment demand recovery
- Increased profit in accordance with sales increase of profitable products and parts

【Domestic Maintenance business】**Revenue: 6.4% increase****Segment profit: 1.2% increase**

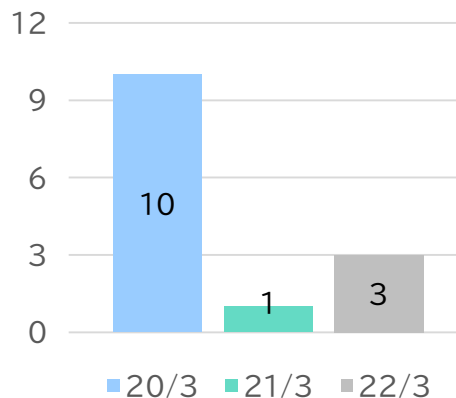
- Increased revenue in accordance with a paid maintenance increase and solution proposal activities

By segment (YOY)

(Unit: 100 million JPY)

【Laundry business】Revenue: 4.2% increaseSegment profit: 80.8% increase

Revenue

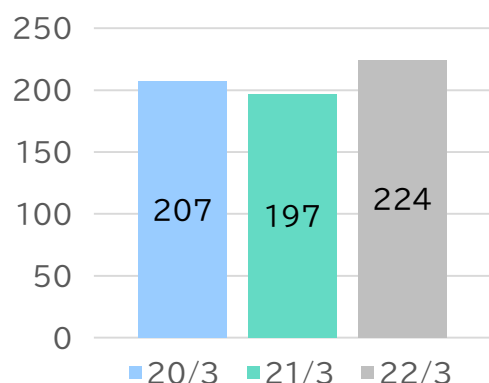


Segment profit

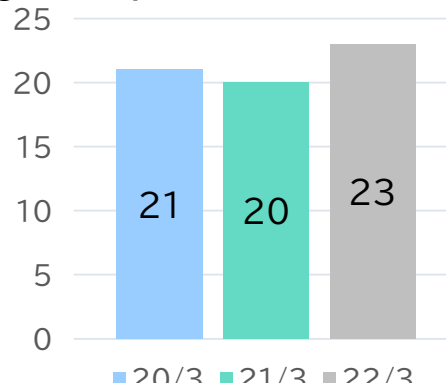
- Customers' willingness to make capital investment still in decline due to COVID-19
- Increased revenue attributable to recovering capital investment demands regarding old facilities with the aim of improving productivity and saving energy in the Post-Covid World

By segment (YOY)

(Unit: 100 million JPY)

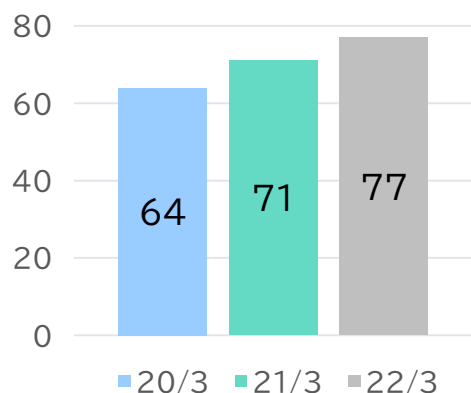
【Overseas Manufacturing and Sales of Products business】**Revenue: 14.1% increase****Segment profit: 14.7% increase**

Revenue

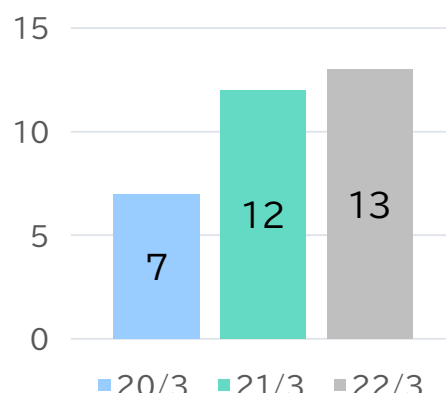


Segment profit

- Revenues increased due to a recovery in capital investment demand among countries and regions that such demand had been declining because of COVID-19.
- In China, growth is slowing due to the impact of lockdowns because of COVID, a cautious stance toward capital investment caused by delay in the environmental regulation, and the uncertain relation between the US and China.

【Overseas Maintenance business】**Revenue: 8.2% increase****Segment profit: 6.0% increase**

Revenue



Segment profit

- The number of contracts increased due to our proactive proposal of paid maintenance contracts.

Sales by business

Unit: 100 million JPY

		FY2019 Result	FY2020 Result	FY2021 Result	YOY
Japan	Boiler	635	600	648	+48
	Aqua (Water treatment equipment)	40	46	64	+18
	Marine equipment	114	117	96	△21
	Food & Medical equipment	113	113	126	+13
	Laundry	190	126	131	+5
	Others (Special equipment, New business, Environmental business, etc.)	72	75	68	△7
	Total	1,164	1,077	1,133	+56

• Revenue increased thanks to a capital investment demand recovery regarding boilers and medical equipment in Japan while marine business revenue decreased as the number of ships to be built reduced.

• As for the laundry business in Japan, customers' willingness to make capital investment is still low due to COVID-19. However, there are signs of a gradual recovery in demand for old equipment with the aim of improving productivity and saving energy toward the Post-Covid World.

• Maintenance business stays solid.

Sales by business

Unit: 100 million JPY

		FY2019 Result	FY2020 Result	FY2021 Result	YOY
Overseas	Americas (US, Canada, Brazil, and Mexico)	57	51	67	+16
	Korea	81	78	80	+2
	China	85	99	104	+5
	Other (ASEAN, etc.)	49	41	51	+10
	Total	272	269	302	+33

- Capital investment demand seems recovering among countries and regions that such demand had been declining because of COVID-19.
- In China, growth is slowing due to the impact of lockdowns because of COVID, a cautious stance toward capital investment caused by delay in the environmental regulation, and the uncertain relation between the US and China.
- Maintenance business stays solid.

Consolidated statements of financial position (B/S)

Unit: 100 million JPY

		FY2020	FY2021	YOY
Assets	Current assets	1,170	1,249	+79
	Cash and cash equivalents	374	400	+26
	Trade and other receivables	386	426	+40
	Other financial assets	204	178	△25
	Inventories	196	234	+37
	Other current assets	8	8	0
	Non-current assets	793	942	+148
	Total assets	1,963	2,191	+228
Liabilities and equity	Current liabilities	441	518	+76
	Trade and other payables	139	159	+20
	Other liabilities	302	358	+56
	Non-current liabilities	66	71	+4
	Total liabilities	508	589	+80
	Total equity	1,454	1,602	+147

• Increased cash and cash equivalents in accordance with a sales increase

• An increase in trade and other payables in accordance with increased purchase accompanied with increased sales

2. Mid-Term Management Plan

Business environment outlook

Japan

○Steam boiler market shrinks slowly (but rapidly after FY2030)

Along with decreasing population and CO₂ emission reduction, the flagship boiler market seems to shrink. However, demands for our products can be ensured until FY2024 in the markets where our differentiation works well.

○Low carbon is the trend (no rapid decarbonization)

Since a complete shift to carbon-free fuels such as hydrogen seems to occur after FY2024, it seems reasonable to encourage our customers to improve the efficiency of their whole system including peripheral equipment.

Overseas

○Market conditions and trends change in each country subject to the country's policy

Severe business environment of other manufacturers
Technological capability regarding new fuels in need



Obsolete companies
fall out

○Decarbonization depending on the energy background of each country

The differences in carbon neutral initiatives among regions are becoming greater.

Basic policy

Total solution evolution in synergy with our group companies
to gain our customers' trust and build up connections

Key issues

Carbon neutral

Develop environmental initiatives balancing customer's existing equipment utilization against energy shift trends in the society

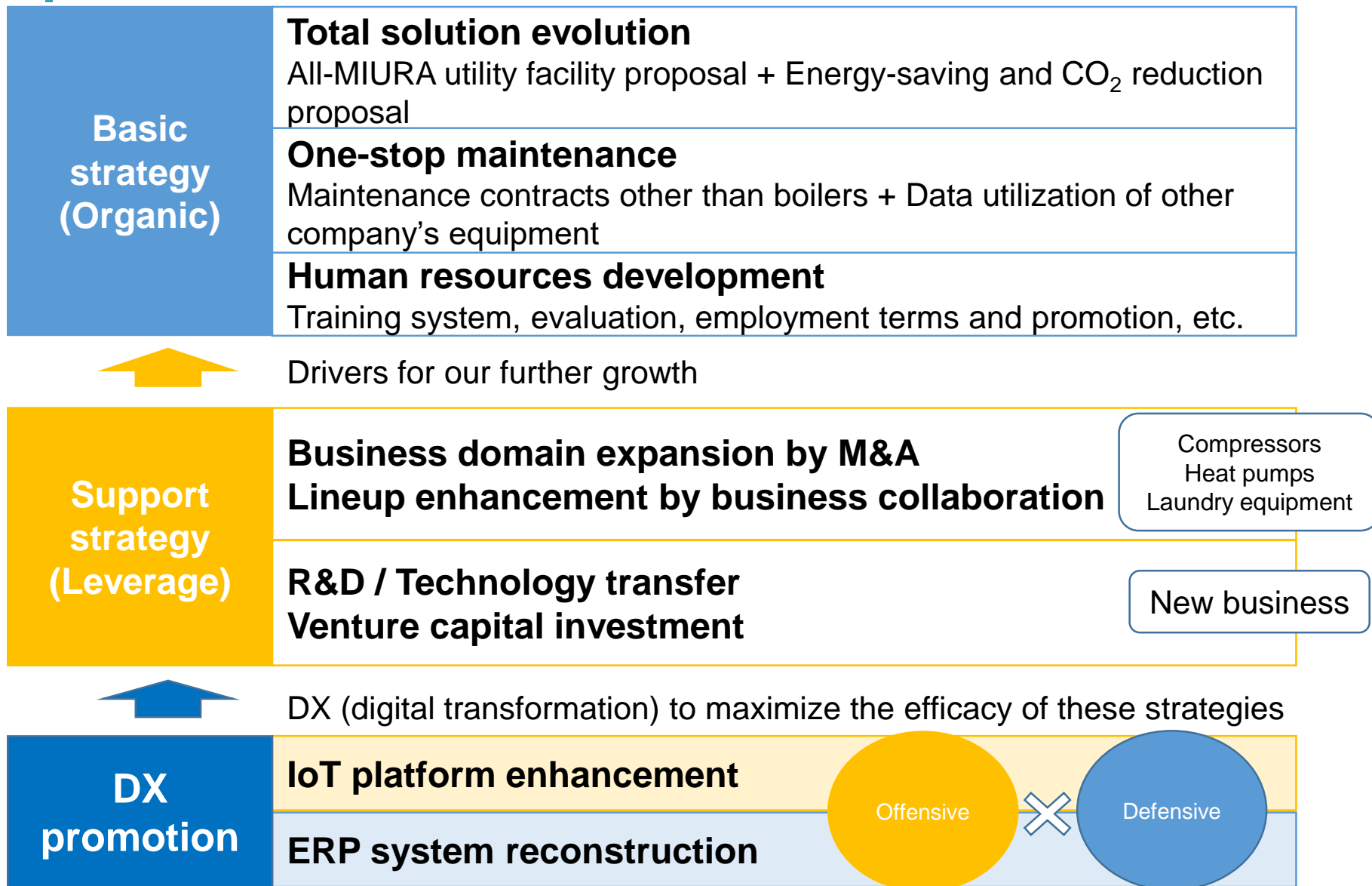
Globalization

Promote strategies tailored to each industry and develop a better relationship with MNCs
Expand our network into Europe with carbon neutral initiatives

ESG initiatives

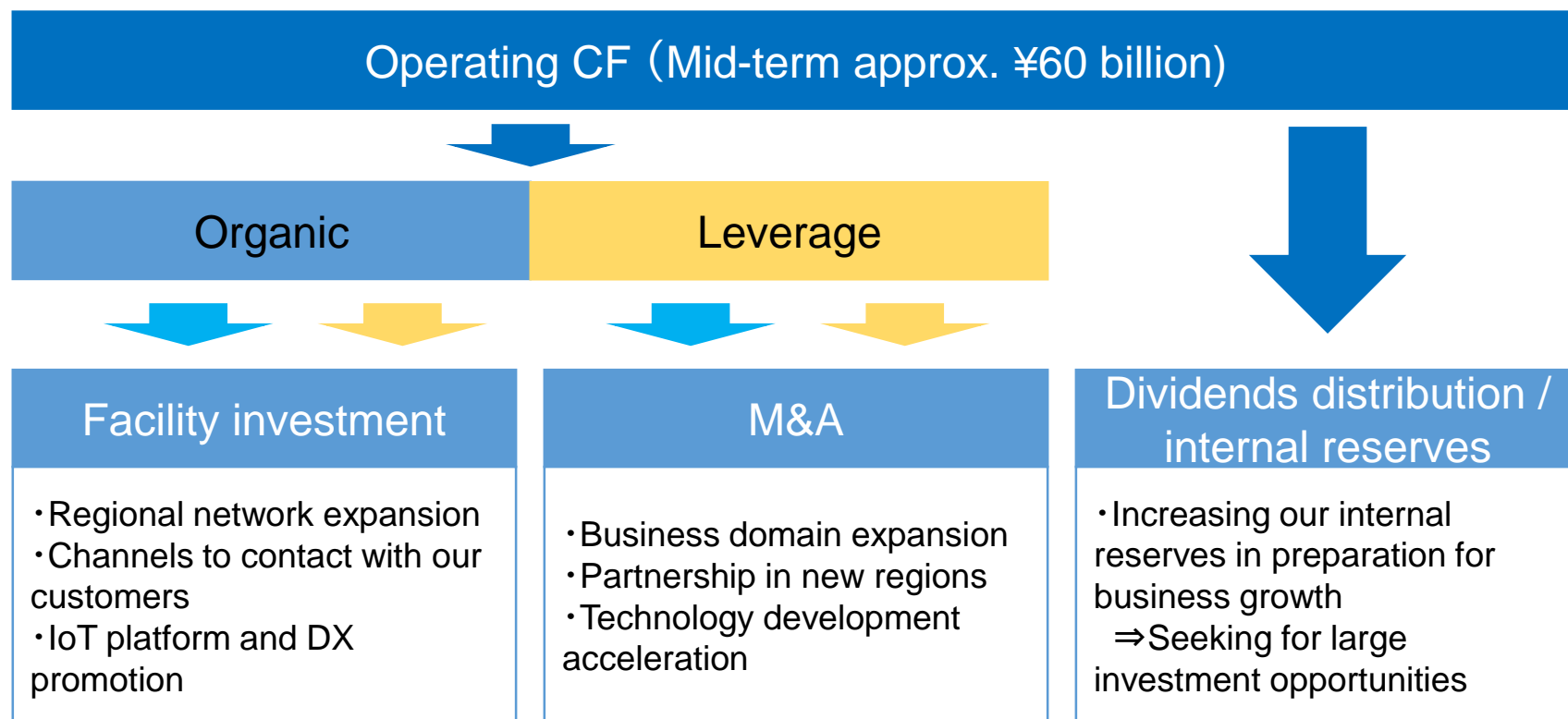
(E) Improve the efficiency of existing products and adopt new fuels
(S) Reform our human resource management system for diversity
(G) Reinforce monitoring functions of departments and meeting bodies

Growth strategies



Capital allocation policy (FY2022 to FY2024)

- **Prioritized investment: Business domains where we have affinity and considerable synergy is anticipated**
- **Proactive investment: Enhancement of existing businesses and R&D of new products/services**



For asset efficiency improvement

ROE 10% or more

“Organic” strategy to boost our earning power
Bewaring of WACC

DX promotion

Shift from inhouse paperwork and administrative work to high-value added work

Total solutions

Provide high-value added services by systemic proposal

One-stop maintenance

Increase profitability by gaining maintenance contracts and improving FE's activity efficiency

Monitoring

Set the inhouse hurdle rate to monitor facility investment and R&D activities

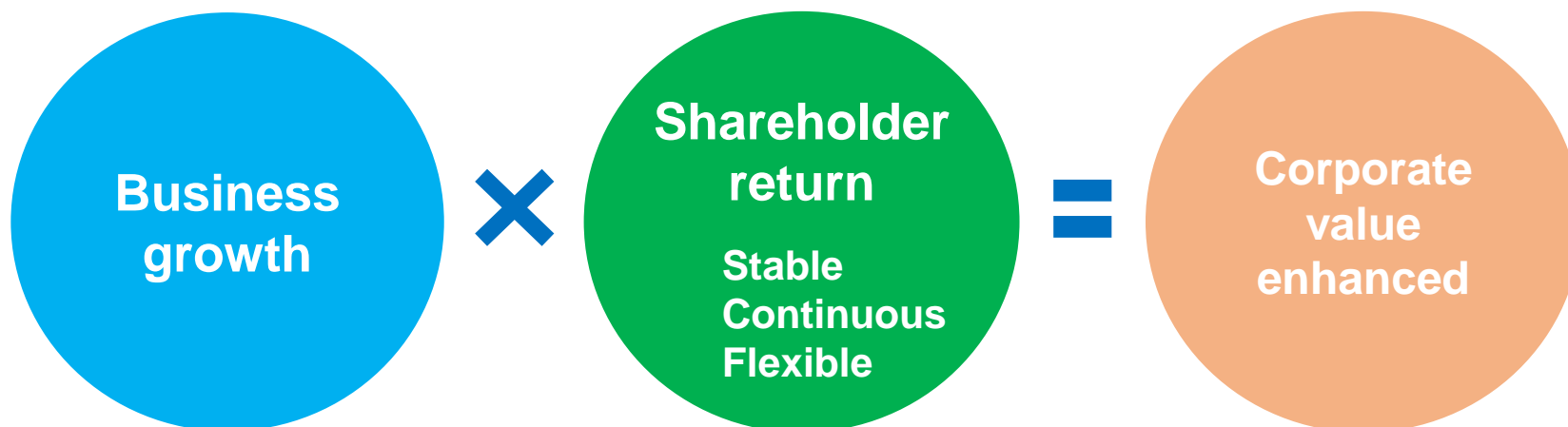
Management targets set to increase our corporate value

Business growth = Profitability improvement × Asset management efficiency improvement × Asset efficiency improvement

	18/3	19/3	20/3	21/3	22/3	23/3 to 25/3
ROE	9.2	10.1	10.6	9.1	9.4	9.5 to 10 or more

Shareholder return (stable/continuous/flexible)

	18/3	19/3	20/3	21/3	22/3	23/3 to 25/3
Payout ratio	30.4	30.2	30.3	31.1	30.5	30% or more



Mid-term plan by segment

Unit: 100 million JPY

	FY2021 Plan	FY2021 Result	FY2022 Plan	FY2023 Plan	FY2024 Plan
Revenue (Japan)	1,100	1,133	1,200	1,252	1,307
Revenue (overseas)	315	302	350	378	413
Total revenue	1,415	1,435	1,550	1,630	1,720
Operating profit	184	194	200	220	235
Operating profit rate	13.0%	13.5%	12.9%	13.5%	13.7%

Overview

Domestic growth	(Revenue) Expand our business domain and offer total solutions to stimulate demand for our products Offer services other than maintenance as well
	(Profit) Be stably profitable by increasing maintenance contracts of other products as well as of boilers Move toward more effective operation by one-stop service
Overseas growth	(Revenue) Targeting at annual growth of 10% on average, increase product sales by saving energy proposals and gain maintenance contracts proactively
	(Profit) Ensuring profits, expand our network of locations and engage in human resources development

Mid-term plan by business

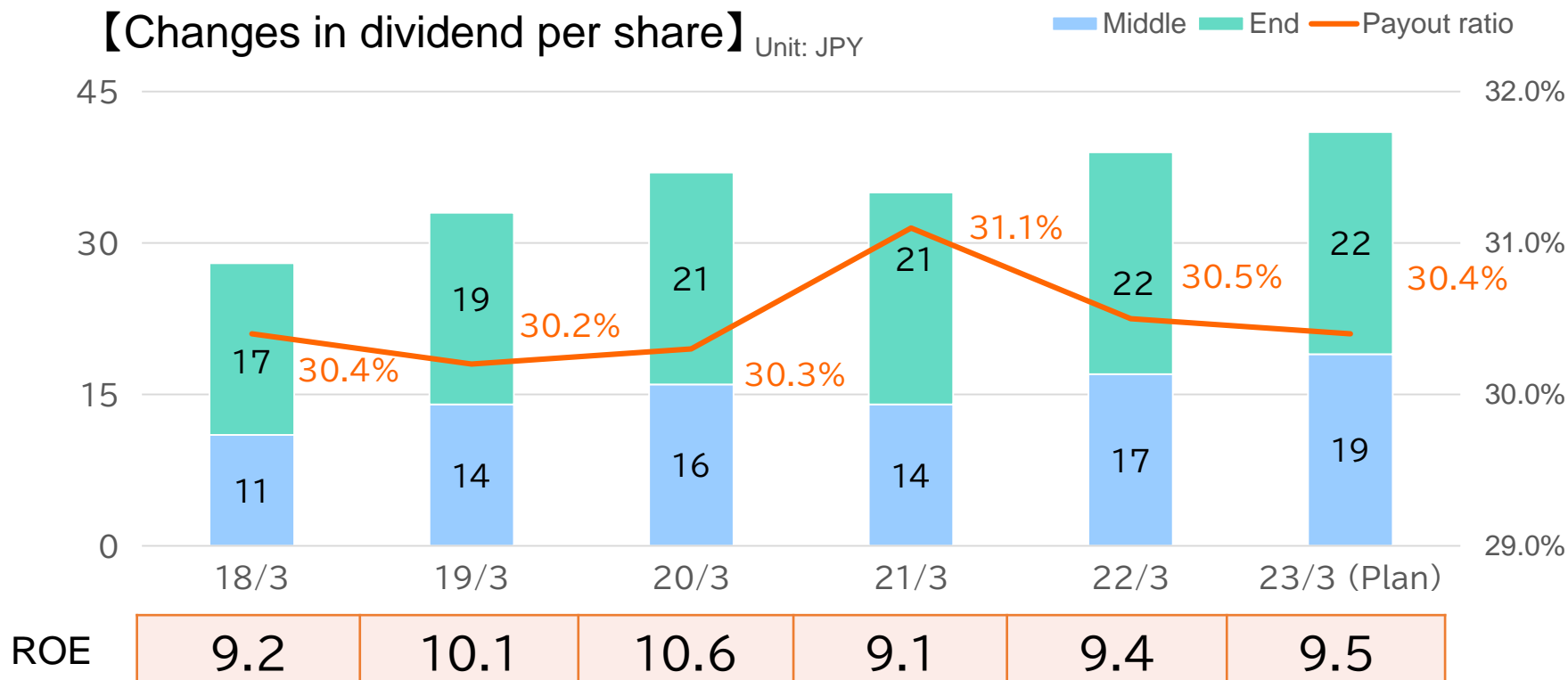
Unit: 100 million JPY

	Business/Region	FY2021 Plan	FY2021 Result	FY2022 Plan	FY2023 Plan	FY2024 Plan
Japan	Boiler	630	648	663	690	713
	Aqua (Water treatment equipment)	48	64	69	73	76
	Marine equipment	99	96	98	102	103
	Food & Medical equipment	118	126	133	137	140
	Laundry	127	131	166	175	195
	Others (Special equipment, New business, Environmental business, etc.)	78	68	71	75	80
	Subtotal	1,100	1,133	1,200	1,252	1,307
Overseas	Americas	61	67	79	83	92
	Korea	86	80	93	100	110
	China	119	104	119	125	133
	Other (ASEAN, etc.)	49	51	59	70	78
	Subtotal	315	302	350	378	413
Total		1,415	1,435	1,550	1,630	1,720

3. Shareholder Return

	FY2020	FY2021	FY2022 (Plan)
① Sustaining stable dividends	Middle ¥14 End ¥21	Middle ¥17 End ¥22	Middle ¥19 End ¥22
② Targeting 30% consolidated payout ratio	Total ¥35	Total ¥39	Total ¥41

【Changes in dividend per share】 Unit: JPY



Management target: ROE 10% or more

【Reference】 Total number of issued shares(excluding treasury shares) 113,125,892 shares, Treasury shares 12,165,220 shares
 *As of March 31, 2022

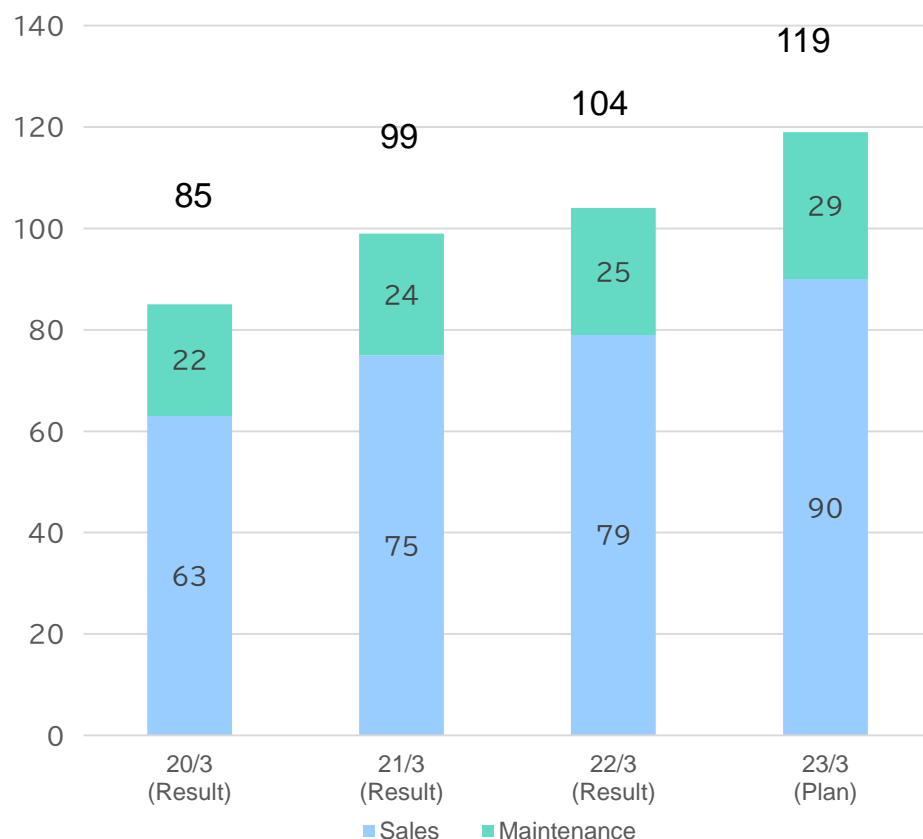
4. Business in China: Progress and Outlook

KOJIMA Yoshihiro
Managing Executive Officer
Global Business Headquarters
MIURA CO.,LTD.

Results and FY2022 plan

(100 million JPY)

Sales in MIURA China



MIURA China Strategies

① Gas-to-gas replacement strategy not subject to environmental regulations:

Replacing other company's boilers with MIURA boilers utilizing energy saving proposal opportunities

② Four main target strategy:

Food, Pharmaceutical, corrugated cardboard, and feed industries

① High-performing industry

② Domestic demand oriented industry

*The feed industry suffers from worsened profits due to soaring prices of imported materials.

Supplementary remarks:

Regarding the fact that the yen became significantly low, the exchange rate used in the analysis has been changed, which affected the revenue by 900 million yen approximately.

China overview



Carbon neutrality by 2060

(Net-zero GHG emissions) trajectory is to be maintained, with an ambition of stable economic growth.

- March 2022: Stable growth emphasized in the fifth session of the 13th National People's Congress

Common prosperity is promoted with the aim of around 5.5% GDP growth as well as carbon-neutral related initiatives would be implemented in order.

- May 2022 ⇒ Jun. to Jul. ⇒ Jul. to Aug. ⇒ Aug. to Sep.

Policies decided at the level of:













Departments ⇒ Provinces/SARs ⇒ Cities ⇒ Prefectures

Chinese economy (Slowdown→monetary easing)

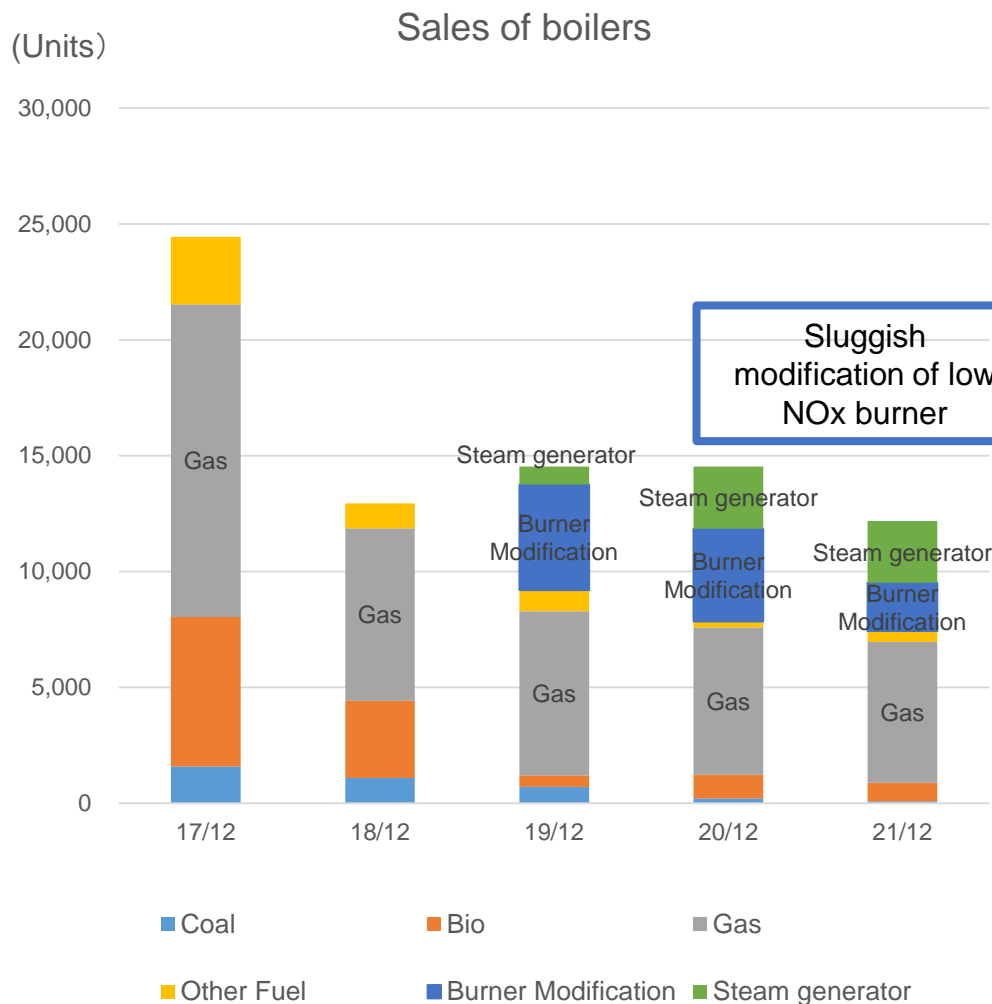
- The Caixin/Markit Manufacturing PMI was 48.1 in March, which is at the lowest level for the first time in about two years since February 2020. Demand and production plummeted due to the spread of COVID infection in China and the war in Ukraine. ⇒ **Eased penalties regarding environmental regulations and postponed improvement timing**

- The outlook is uncertain because of the latest lockdown in China.

Market in China

Political factor	Depressed boiler market but small impacts on MIURA		
Environmental policy 1	Eased penalties regarding environmental regulations (shift from coal/bio fuel to gas)	No regulatory progress	
Environmental policy 2	Continued low NOx regulations (burner modification)	No regulatory progress	
Environmental policy 3	Plant relocation due to drainage/emission regulations (to rural areas)		
Environmental policy 4	R&D promotion of new energy (e.g. Hydrogen)	Not yet for boilers	
Poverty alleviation	Systematic agriculture and fishery (food processing, mushroom cultivation)		
COVID-19 impact	Depends on industries and companies		
Food	Processed food, extracts, health products, processed food for home use	Increasing health consciousness	
Machinery	Vehicles, food machinery, pharmaceutical machinery	Uncertainties: Semiconductor, battery, and logistics	
Fiber / Textile	Production shifts to other parts of Asia		
Corrugated cardboard	Increase of home delivery	Ingredient price UP & lower profit	
Pharmaceuticals	Medicines, health products (Chinese herb medicines, vitamin tablets, extracts)		

Boiler market change in China (January to December)



Comparison
between FY2020 and FY2021

Overall trend in boiler market

- **Decline in capital investment demand due to uncertain economic growth**

Investment recovery within 3 years→1.5 years

- **Sluggish coal-fired boiler sales**

Sales of large boilers of 35 t or more are allowed.

- **Steam generators sold steadily**

Issues concerning steam dryness and pressure load fluctuations are confirmed; industries for which steam generators are suitable would be clarified sooner.

- **Number of gas-fired boilers sold slightly down**



Continuing the replacement strategy regarding other companies' gas boilers.

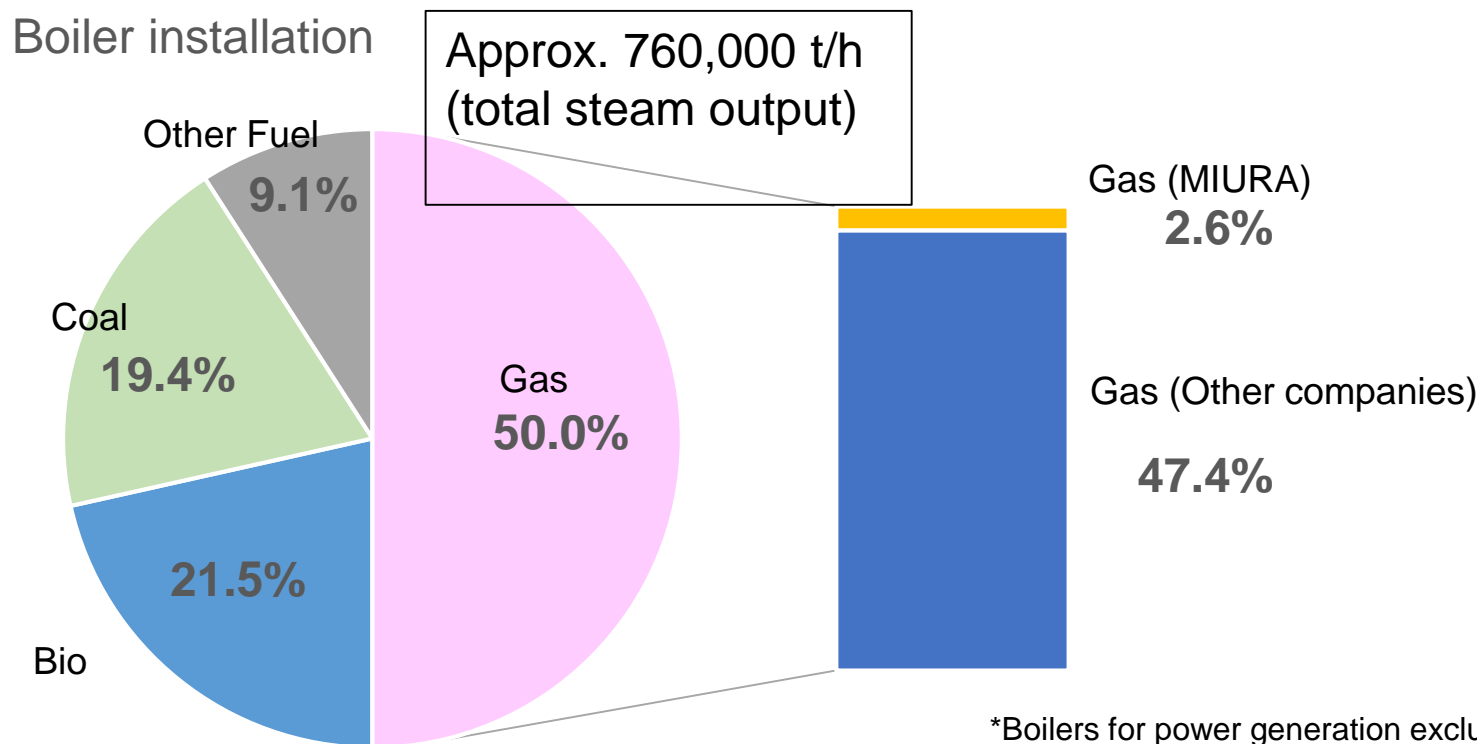
FY2022 trend

- ◆ **COVID impact:**

Concerns about another pandemic and slowdown of environmental regulations

【Tactics】 Enhancing customer relations, updating contents of our energy saving proposal, and improving operation efficiency over equipment communication network

Current boiler market in China (by fuel)



*Boilers for power generation excluded

*Based on an in-house investigation in March 2021

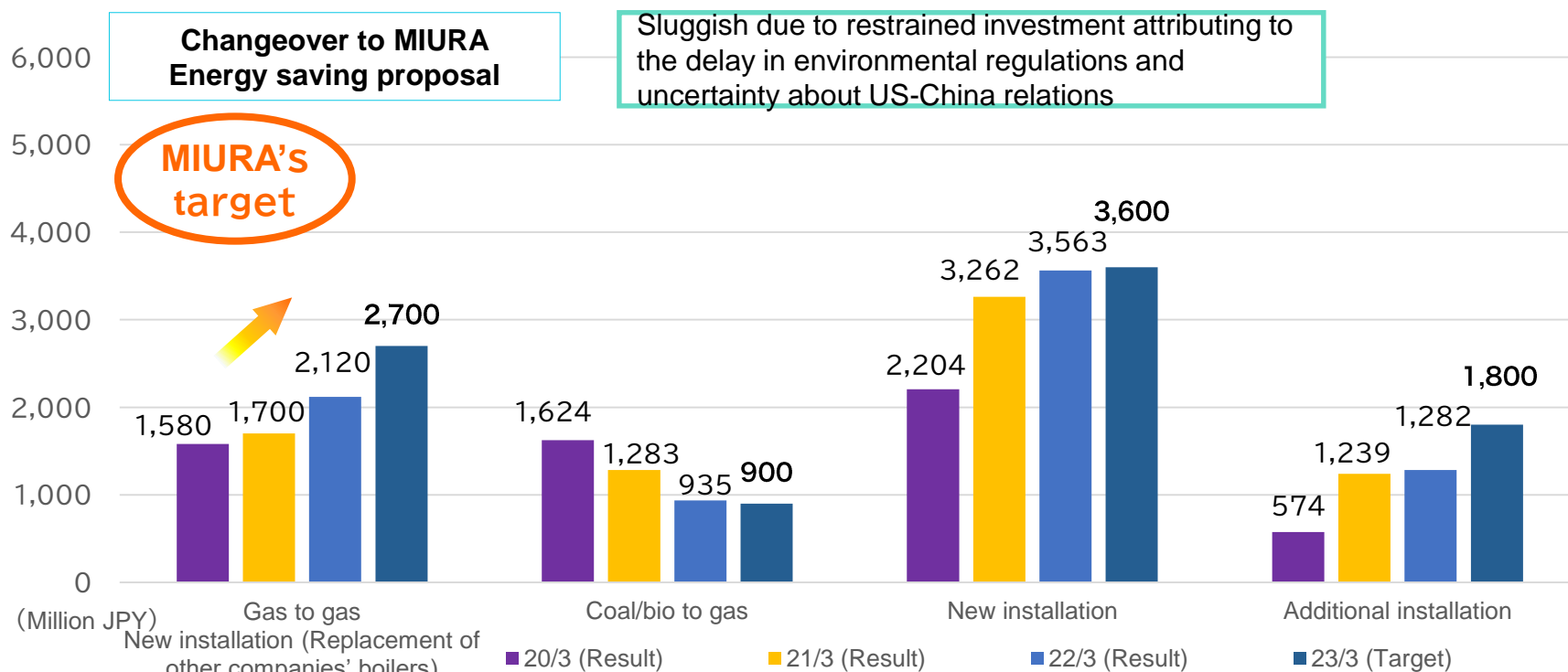
- ※About 50% of boilers seem to have been replaced with gas boilers.
- ※Thanks to the recent gas fuel shift, the target market based on our gas-to-gas strategy is expanding.
- ※Coal-fired boilers still exist as an attractive market; however, the progress of the environmental regulations is the key factor for their replacement.

Analysis on MIURA boiler installation category

◆ Gas-to-gas replacement proposal staying slack

【Problem】 Investment recovery period halved to 1.5 years and business activity restriction due to COVID-19

【Tactics】 Re-identifying customers whose investment recovery period can be shortened regarding fuel price rise, approaching customers who has drastic energy saving possibilities, and giving a presentation to decisionmakers about MIURA's longer-term advantages



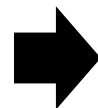
Reasons of new equipment installation:

- New factory construction by large enterprises that take over the share of SMEs after their closure
- Relocation of factories due to environmental restrictions regarding sewage and chemical plants
- Precedent installation of our energy-saving equipment (namely under the gas-to-gas strategy)

Boiler market in China (industry analysis)

FY2021 result (comparison to the former fiscal year)

Food ↗ Pharmaceuticals ↗ Corrugated
cardboard → Feed →



FY2022

Focusing on 4 critical industries

【Problem】Worsened economy and activity restrictions due to COVID-19

- Environmental regulations are unlikely to be tightened.
- Feed industry performance subject to the price rise of imported materials would much deteriorate.
- The rise in the containerboard price cannot be passed through to the prices of corrugated cardboard products.

【Tactics】Identifying new target industries and enriching our energy-saving product lineup

(Million JPY)

12,000

10,000

8,000

6,000

4,000

2,000

0

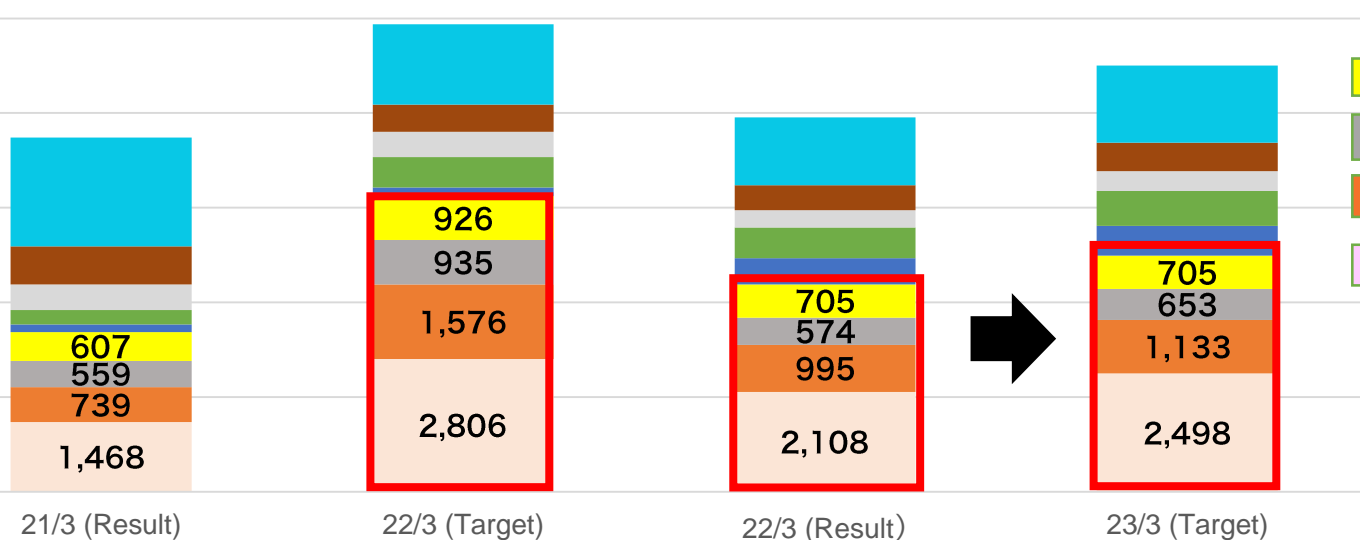
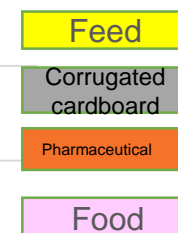
21/3 (Result)

22/3 (Target)

22/3 (Result)

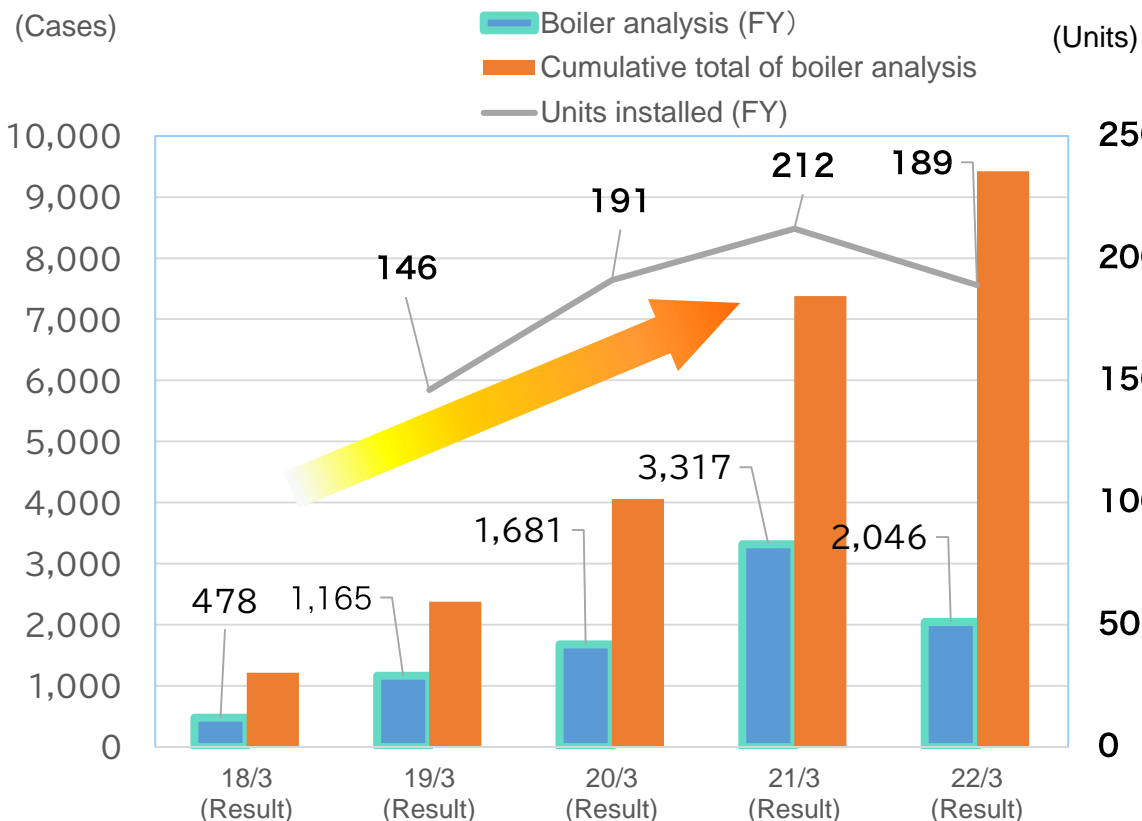
23/3 (Target)

Food Pharmaceutical Corrugated cardboard Feed Beer Chemical plant Fiber/Dyeing Steel/Machine Others



Gas-to-gas replacement in depth

Analyzing loads and boiler reports of other companies' boilers to propose more efficient systems



【Status quo】

There is a decline in capital investment demand due to uncertain economic growth concerning issues such as US-China trade war. Moreover, investment decisions tend to be postponed unless investment recovery within 1.5 years is ensured.

【Tactics】

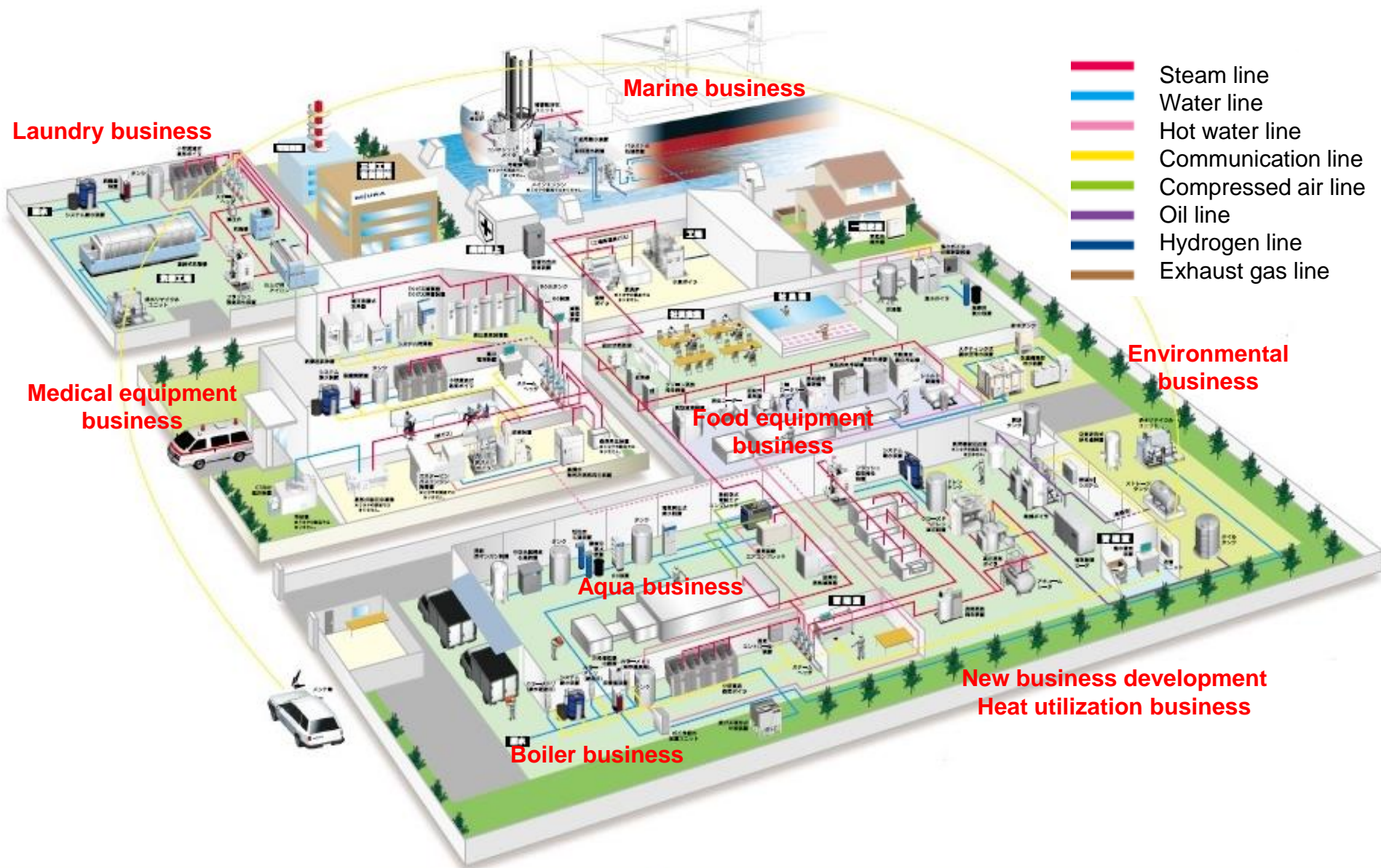
Re-identifying load analysis targets
 Re-identifying customers to approach based on the above analysis paying attention to the fuel cost aspect
 Offering solutions optimized to each customer (e.g. leasing and BOT suggestions)

Increase the number of boiler analysis leading to gas-to-gas replacement

5. Domestic Business Strategies

TAKECHI Noriyuki
Senior Managing Executive Officer
Sales Business Headquarters
MIURA CO.,LTD.

MIURA's total solution strategy



Total solution strategy (Account strategy development)

The number of customers:
Approx. 3,500
(BP customers)

MIURA's branch

Account manager

Boiler sales

Resolves customer's problems and troubles



- Equipment + Maintenance bundled proposal
- Maintenance of equipment other than boilers regardless of its manufacturer (One-Stop Maintenance)

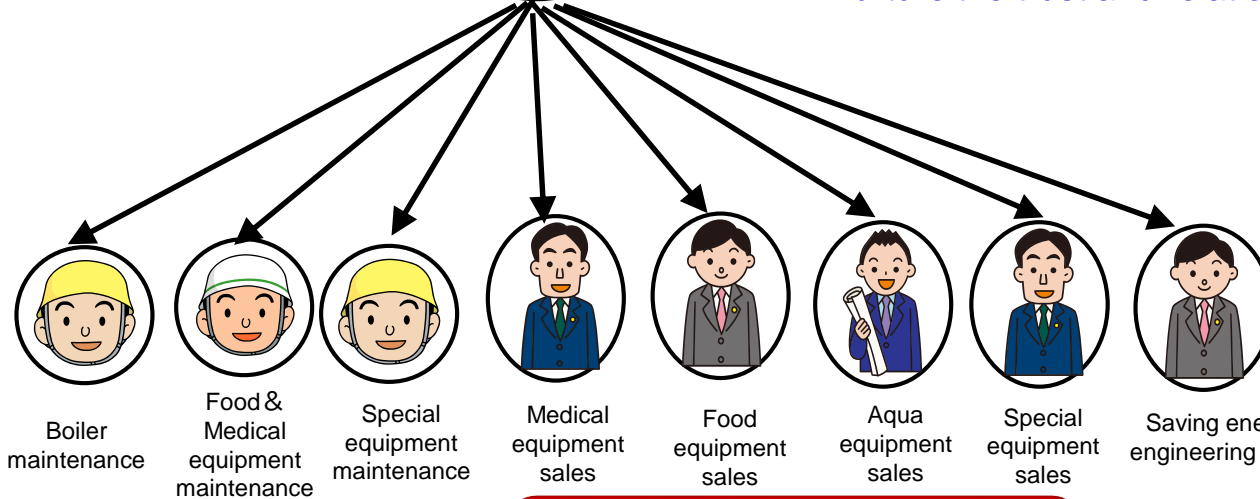


- Resolve problems successively
- Nurture the trust and relationship

Customer



Contribute to customer's better, stable performance



Heat sommelier
(in-house and public certification systems)

Cross-sectional cooperation
(to suggest systems optimized for the customers)

Lateral application of successful cases
(Defining targets by industry and their equipment information)

5 Domestic Business Strategies

Total solution proposal
(Installation of retort sterilizer + automation equipment, boiler,
and air compressor)

Background: An equipment-investment increase in the frozen food
and retort food industries in accordance with processed food market
expansion due to increasing stay-at-home consumption

Our move: Targeting frozen food and chilled food industries

Retort system
market:
¥5 to 6 billion

*Based on our assumption

MIURA's solutions

Problem Staff shortages / Soaring
 personnel expenses

Problem Cost reduction

Problem Reduction of the
 environmental burden

Mitigating the
burden

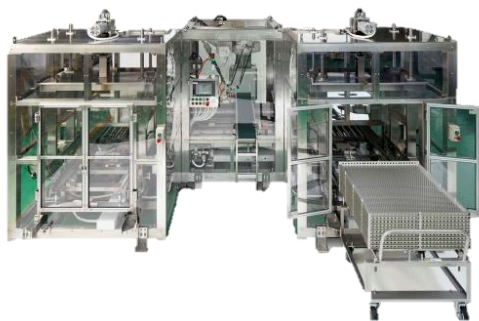
Energy-saving
proposal combining
other company's
products

Energy management

One-Stop Maintenance

Automation support

Productivity improvement



Robot loader



Retort sterilizer

《Equipment installation overview》

- Retort sterilizer: JQ-1309TW
- Steam boiler: SQ-2000A20×2 units
- Air compressor: SM-2010CO
- Water softener: MS-30CL
- Automation equipment: Robot loader and Robot unloader

Total solution proposal
(Installation of washer)

Background: The quality and security cannot be ensured
by hand-washing sanitary pipes of production equipment

Our move: Targeting pharmaceutical industry

Pharmaceutical/
toiletry market:

¥5 billion

*Based on our assumption

MIURA's solutions

Problem Instability of
washing quality

Problem Personal expense increase in
hand-washing processes

**Ensuring
quality & safety**

Washing quality improvement

Personal expense reduction and
work style reformation

Washing process validation



Before cleaning



After cleaning



Ultrasonic shower-type washer



Vacuum boiling washer

Annual maintenance and administrative
orders received as well as washers

《Equipment installation overview》

- Vacuum boiling washer: RA-016×1 unit
- Ultrasonic shower-type washer: RN-008×1 unit
- Steam boiler: SQ-2000AS×3 units (existing)

Total solution proposal

(Installation of water treatment equipment)

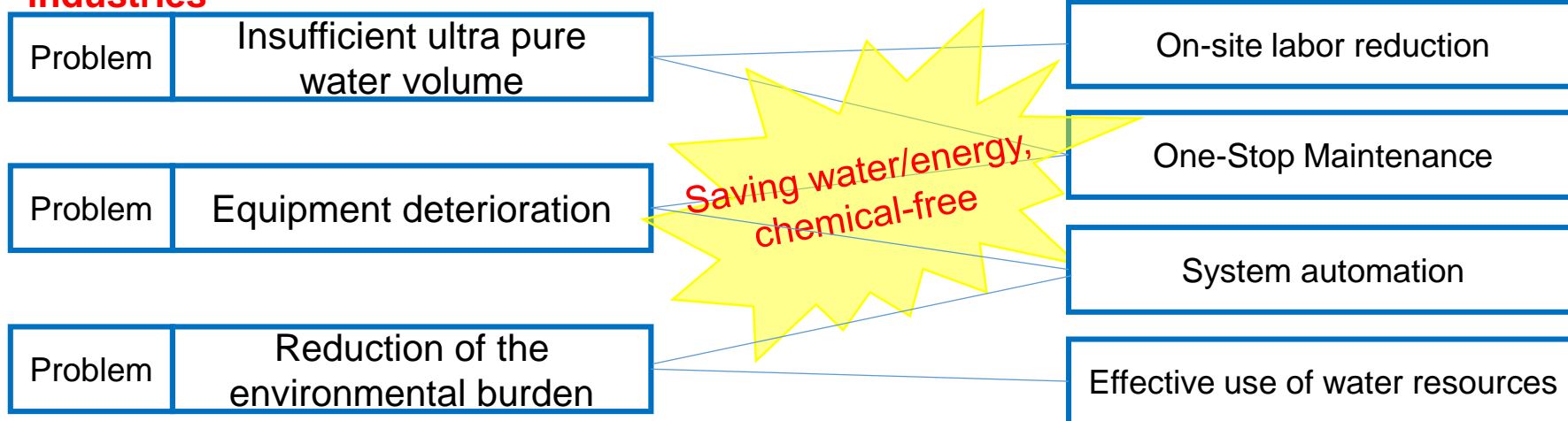
Background: Increasing demand for semiconductors due to digitalization and digital transformation

Increasing investment in ultra pure water equipment

Our move: Targeting semiconductor-related and pharmaceutical industries **MIURA's solutions**

Ultra pure water
& high-purity water
market:
¥10 billion

*Based on our assumption



Pure water unit

《Equipment installation overview》

- Pure water unit: U-3000×2 units
- Activated carbon filter: WA-550ACP×1 unit
- Water softener: MW-400CL ×1 unit
- Steam boiler: SQ-1200ZU×3 units (existing)

Total solution proposal
(CO₂ reduction by heat pump introduction)

Background: CO₂ reduction as a pressing issue to achieve carbon neutrality
Our move: Targeting group factories and food companies (chocolate production)
MIURA's solutions

Problem CO₂ reduction in production processes

Problem Product quality improvement

Problem Central control of utilities

System suggestion combining the heat pump and boiler

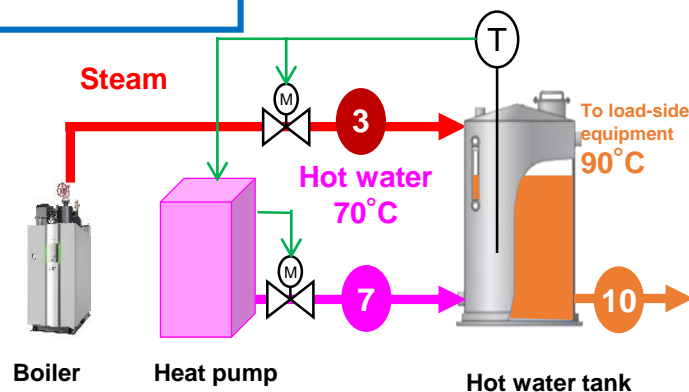
CO₂ reduction: 110t-CO₂/year
Saving energy: ¥2.2 million/year

One-Stop Maintenance

Carbon neutral



Heat pump



《Equipment installation overview》
 • Heat pump: VT-20MA×3 units
 • Steam boiler: SQ-1000ZU×2 units (existing)

The optimal hot water output temperature improves efficiency of the heat pump. The efficiency of the whole system improved, combined with boilers.

Total solution proposal (Installation of utility facilities)

• Glove manufacturer

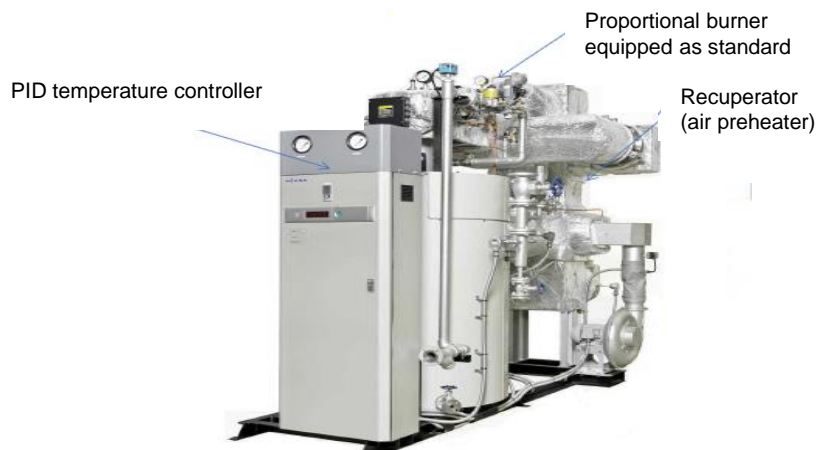
Background: Due to COVID-19 pandemic, the demand for disposable medical gloves accelerated. A domestic production factory was constructed.

Advantages:

- Saving-energy and CO₂ reduction achievement by introducing high efficiency models
- Stable supply maintained by one-stop maintenance
- Dispersedly located manufacturing factories as a BCP strategy

Features of high efficiency thermal oil heater

The heat of flue gas is recovered into combustion air by the air preheater and hence 92% boiler efficiency was achieved and fuel costs decreased by 13%. In 2015, the 13A-fired KXI-VN became the first thermal oil heater to obtain the L2-Tech certificate.



Thermal oil heater



Steam boiler



Pure water equipment

《Equipment installation overview》

- Thermal oil heater: KXI-200VN×10 units (High-efficiency type)
- Steam boiler: SQ-2000A2×5 units (Ultra-high efficiency type)
- Pure water equipment: WB-8TA×2 units

Future construction plan:
2nd in 2025
3rd in 2028

Total solution proposal

(Installation of the hydrogen-fired boiler in the scope of NEDO project)

•Tire manufacturer

Business overview: Decarbonization in tire manufacturing

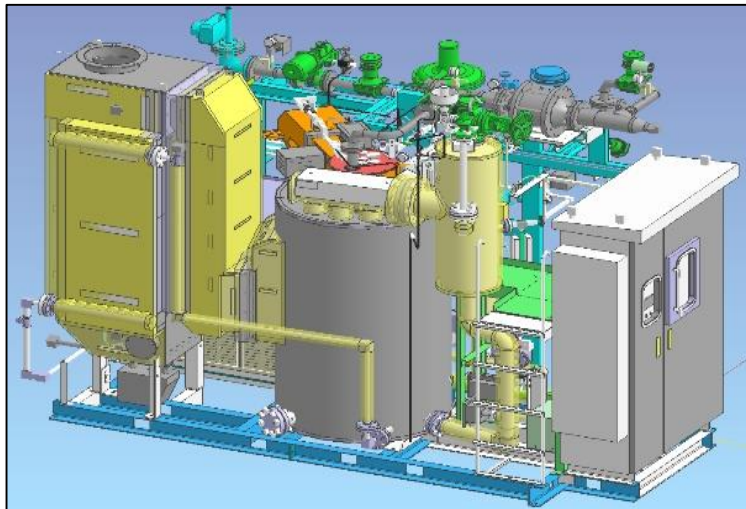
Establishment of local production & local consumption model of hydrogen energy

Procurement of carbon-free hydrogen to minimize CO₂ emissions in the lifecycle of tire

Business objectives:

→ Development of heat energy decarbonization technologies necessary for rubber production

→ Development of the tire whose CO₂ emissions in the manufacturing processes are zero



《Equipment installation overview》

- SI-2000 (hydrogen-fired boiler)
- Maximum pressure: 1.96 MPa
- Equivalent output: 1,691 kg/h
- Boiler efficiency: 98%
(high efficiency type)

SI-2000 hydrogen-fired boiler (high efficiency type)

Announcement

6. Climate Change Initiatives

—Information Disclosure Based on the TCFD (Task Force on Climate-related Financial Disclosure) Recommendations

Governance and risk management

① Governance

【Clarification of roles】

Board of Directors...Overseeing activities against climate change

Management Meeting...Deciding activities against climate change

General Manager's Meeting...Deliberating activities against climate change

Sustainability Promotion Meeting...Discussing and planning activities against climate change

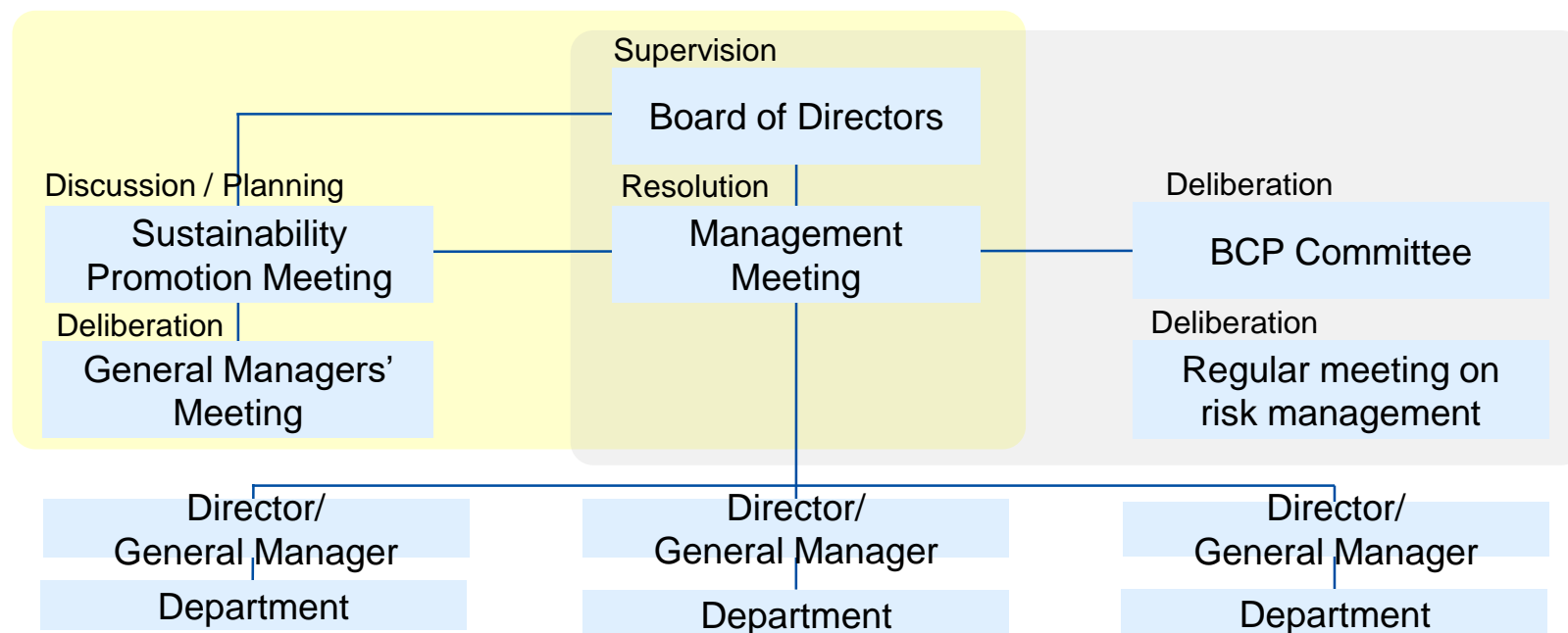
② Risk management

【Climate-related roles added to the previous risk management system】

BCP Committee... Deliberating BCP management and climate-related risks (i.e. risks related to the physical impacts) as an advisory body for the Management Meeting

General Manager's Meeting...Deliberating climate-related risks (i.e. risks related to the transition)

Management Meeting...Performing the integrated risk management of all risks including climate-related risks as a decision-maker



Strategy

Our domestic boiler business accounting for 45% of our revenue is largely subject to forthcoming GHG restrictions because of its use of conventional fossil fuels. Regarding opportunities to enter the market of new technologies against climate change, a scenario analysis on the business segment as of 2030 and 2050 has been conducted based on two scenarios namely 4°C and 1.5°C publicized by the IEA, etc.

Type		Climate-Related Risks	Potential Financial Impacts		MIURA's Business Risks	MIURA's Business Opportunities
			4° C	1.5° C		
Transition Risks	Policy & legal	Carbon Prices (Carbon Tax)	Small	Large	<ul style="list-style-type: none"> The introduction of a carbon tax and tax rises will lead to an increase in the price of steel products, which are mainstay products that involve the emission of a large amount of CO₂ at the manufacturing stage. 	<ul style="list-style-type: none"> A higher value-added market can be created with products that are able to provide clean steam that do not emit CO₂. There will be an increasing need for solutions that are able to reduce CO₂ through the energy management of entire facilities, such as plants, and the introduction of equipment with high energy-saving performance, etc. Expectations for the use of clean energy hydrogen fuel, etc., will increase, and sale of hydrogen-fired boilers, etc., will increase.
		Regulations on the Use of Fossil Fuels			<ul style="list-style-type: none"> The market size for the boilers that the Company produces will be reduced as a result of a slowdown in the growth of related industries that use fossil fuels as their main form of energy, as well as through a rapid shift to decarbonization. 	
	Technology	Development of low carbon technology Changing of energy mix	Small	Large	<ul style="list-style-type: none"> Replacement with next generation technologies relating to climate change will make the Company's technology obsolete, leading to a decline in market competitiveness or a reduction in product market share. 	
	Market	Changes in raw materials costs Steel materials purchase price	Small	Large	<ul style="list-style-type: none"> In an increasingly electrified society, the expansion of demand for metal resources will lead to a shortage of raw materials and rising prices. 	
Physical Risks	Acute	Increased intensity of abnormal weather (Typhoons, heavy rain, landslides, storm surges, etc.)	Large	Medium	<ul style="list-style-type: none"> A disaster that has a major impact on the Company's plants and bases will not only result in direct damage to the plants and production equipment, but will also impact the reliability and reputation of our products and services, and will lead to reduced sales. The supply of parts from suppliers will be suspended, and meeting purchase quantities and delivery dates will become difficult, resulting in production delays and lose opportunities for sales, etc. 	<ul style="list-style-type: none"> There will be an increasing need for BCP products that are able to handle multiple fuel types (small once-through boilers with gas or oil selectable combustion), cogeneration systems (exhaust gas boilers) that are able to secure power in the case of disaster, as well as for the construction and proposal of systems that support early recovery upon the occurrence of a disaster (the diversification of various facilities, etc.).

Strategies and initiatives

Domestic Manufacturing and Sales of Products

Stage 1 (Intensive energy saving)

- ◆ Total solutions throughout the entire factory with energy-savings diagnoses
- ◆ Suggestion about the ideal mix of existing equipment, heat pumps and heat recovery air compressors

Stage 2 (New development of decarbonated products using renewable energy, etc.)

- ◆ Technology development, sales expansion, and lineup expansion of hydrogen related products
- ◆ Sophistication of solutions and expansion of business domains based on alliances

Metrics and targets

Regarding climate change impacts as pressing issues, we have set the following long-term GHG reduction targets to reduce the environmental burden attributable to our business activities, products, and services. We continuously engage in associated activities and assess the achievement aligned with the set GHG reduction targets.

Our GHG reduction targets

Scope 1 & 2 emissions: Reduction targets *Based on the Act on Promotion of Global Warming Countermeasures (Energy origin)

- FY2030: ▲50% of FY2013
- FY2050: ▲100% of FY2013 (Carbon neutral)

Scope 3 emissions: Reduction targets *Per domestic sales unit

- FY2030: ▲40% of FY2019
- FY2050: ▲100% of FY2019 (Carbon neutral)

7. Appendix

1. Revenues by segment
2. Revenues by business (Japan)
3. Operating profits by segment
4. Revenues by region
5. Cash flows
6. Facility investment / Depreciation and amortization /
Research and development expenses
7. Exchange rates
8. FY2022 plan (full fiscal year / by segment / by business)

1. Revenues by segment

Unit: 100 million JPY

	FY2018	Ratio (%)	FY2019	Ratio (%)	FY2020	Ratio (%)	FY2021	Ratio (%)	FY2022 Plan	Ratio (%)
Domestic Manufacturing and Sales of Products	614	44	643	45	604	45	631	44	651	42
Domestic Maintenance	315	23	330	23	347	26	370	26	383	25
Laundry	200	14	190	13	125	9	131	9	166	11
Overseas Manufacturing and Sales of Products	202	15	207	14	197	15	224	16	269	17
Overseas Maintenance	55	4	64	5	71	5	77	5	81	5
Total	1,388	100	1,436	100	1,347	100	1,435	100	1,550	100

2. Revenues by business (Japan)

Unit: 100 million JPY

(Japan) Revenues by business	FY2018	Ratio (%)	FY2019	Ratio (%)	FY2020	Ratio (%)	FY2021	Ratio (%)	FY2022 Plan	Ratio (%)
Boiler	617	55	635	55	600	56	648	57	663	55
Aqua (Water treatment equipment)	35	3	40	3	46	4	64	6	69	6
Marine equipment	99	9	114	10	117	11	96	8	98	8
Food & Medical equipment	109	10	113	10	113	10	126	11	133	11
Laundry	200	17	190	16	126	12	131	12	166	14
Others (Special equipment, New business, Environmental business, etc.)	70	6	72	6	75	7	68	6	71	6
Total	1,130	100	1,164	100	1,077	100	1,133	100	1,200	100

3. Operating profits by segment

Unit: 100 million JPY

	FY2018	Ratio (%)	FY2019	Ratio (%)	FY2020	Ratio (%)	FY2021	Ratio (%)	FY2022 Plan	Ratio (%)
Domestic Manufacturing and Sales of Products Operating profit rate	48 8.0	29	51 8.1	29	48 8.1	27	58 9.2	30	59 9.1	30
Domestic Maintenance Operating profit rate	82 26.2	50	94 28.5	51	95 27.4	53	96 26.0	50	97 25.3	49
Laundry Operating profit rate	13 6.5	8	10 5.6	5	1.7 1.4	1	3 2.5	1	5 3.0	2
Overseas Manufacturing and Sales of Products Operating profit rate	16 8.2	11	21 10.2	11	20 10.4	11	23 10.5	12	25 9.3	12
Overseas Maintenance Operating profit rate	3 7.0	2	7 12.1	4	12 17.2	8	13 16.9	7	14 17.3	7
Total Operating profit rate	166 12.0	100	185 12.9	100	178 13.3	100	194 13.5	100	200 12.9	100

4. Revenues by region

Unit: 100 million JPY

	FY2018	Ratio (%)	FY2019	Ratio (%)	FY2020	Ratio (%)	FY2021	Ratio (%)	FY2022 Plan	Ratio (%)
Japan	1,130	81	1,164	81	1,077	80	1,133	79	1,200	77
Americas	49	4	57	4	51	4	67	4	79	5
Korea	74	5	81	6	78	6	80	6	93	6
China	90	7	85	6	99	7	104	7	119	8
Other	45	3	49	3	41	3	51	4	59	4
Overseas total	258	19	272	19	269	20	302	21	350	23
Total	1,388	100	1,436	100	1,346	100	1,435	100	1,550	100

5. Cash flows

Unit: Million JPY

	FY2017	FY2018	FY2019	FY2020	FY2021
Operating CF	9,028	17,134	18,121	22,982	19,442
Investing CF	△13,870	△2,552	△10,300	△11,073	△14,481
Free CF	△4,842	14,582	7,821	11,909	4,961
Financing CF	505	△7,064	△8,978	△7,991	△3,263

6. Facility investment / Depreciation and amortization / Research and development expenses

Unit: Million JPY

	FY2017	FY2018	FY2019	FY2020	FY2021
Facility investment (Right-of-use assets excluded)	5,250	4,478	4,570	3,646	3,847
Depreciation and amortization	3,649	3,678	6,580	6,733	6,879
Research and development expenses	3,335	3,728	3,578	3,165	2,905

7. Exchange rates

Average exchange rate

Currency	FY2018	FY2019	FY2020	FY2021	YOY (%)	FY2022 Plan
USD	110.92	108.70	106.10	112.39	+5.9	120.00
CAD	84.60	81.73	80.34	89.65	+11.6	97.00
CNY	16.54	15.60	15.68	17.51	+11.7	19.00
NTD	3.64	3.54	3.67	4.03	+9.8	4.20
WON (100 W)	9.98	9.21	9.17	9.64	+5.1	10.10
IDR (100 Rp)	0.78	0.77	0.73	0.79	+8.2	0.86
BRL	29.37	26.52	19.65	21.04	+7.1	25.80
MXN	5.74	5.60	4.93	5.53	+12.2	6.10
THB	3.43	3.51	3.42	3.44	+0.6	3.60

8. FY2022 plan (full fiscal year)

	Unit	FY2021	FY2022 Plan	YOY
Revenue	100 million JPY	1,435	1,550	+115
Operating profit	100 million JPY	194	200	+6
Operating profit rate	%	13.5	12.9	△0.6
Profit before income taxes	100 million JPY	204	212	+8
Profit attributable to owners of Parent	100 million JPY	144	152	+8
Earnings per share	JPY	127	134	+7
Exchange rates				
USD	JPY	112.39	120.00	+7.61
CNY	JPY	17.51	19.00	+1.49
WON (100 W)	JPY	9.64	10.10	+0.46

8. FY2022 plan (by segment)

Unit: 100 million JPY

	Revenue			Operating profit		
	FY2021 Result	FY2022 Plan	Difference	FY2021 Result	FY2022 Plan	Difference
Domestic Manufacturing and Sales of Products	631	651	+20	58	59	+1
Domestic Maintenance	370	383	+13	96	97	+1
Laundry	131	166	+35	3	5	+2
Overseas Manufacturing and Sales of Products	224	269	+44	23	25	+1
Overseas Maintenance	77	81	+3	13	14	+1
Total	1,435	1,550	+115	194	200	+6

8. FY2022 plan (by business)

Unit: 100 million JPY

	Business/Region	FY2021 Result	FY2022 Plan	Difference
Japan	Boiler	648	663	+15
	Aqua (Water treatment equipment)	64	69	+5
	Marine equipment	96	98	+2
	Food & Medical equipment	126	133	+7
	Laundry	131	166	+35
	Others (Special equipment, New business, Environmental business, etc.)	68	71	+3
	Subtotal	1,133	1,200	+67
Overseas	Americas	67	79	+12
	Korea	80	93	+13
	China	104	119	+15
	Other (ASEAN, etc.)	51	59	+8
	Subtotal	302	350	+48
Total		1,435	1,550	+115

**The Best Partner of
Energy, Water and Environment**

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