

Earnings Briefing for Q2 FY2023

Consolidated Financial Results for the Six Months Ended September 30, 2022, and Updates on the Group's Growth Strategy

November 18, 2022

MIYAUCHI Daisuke

Representative Director
President & CEO
MIURA CO., LTD.

The Best Partner of
Energy, Water and Environment

MIURA[®]

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Disclaimer on forward-looking statements

Forward-looking statements about the Company's business plan and guidance presented in this document are based on currently available information. We caution that significant risks and uncertainties could cause actual performance to differ materially from what is discussed in the forward-looking statements. While we make every effort to ensure the integrity of the information provided in this document, we assume no responsibility whatsoever for any loss or damage resulting from actions taken based on the information presented here.

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (H1 FY2023)

HIROI Masayuki

Director and Executive Managing Officer,
General Manager of the Administration Headquarters

MIURA CO., LTD.

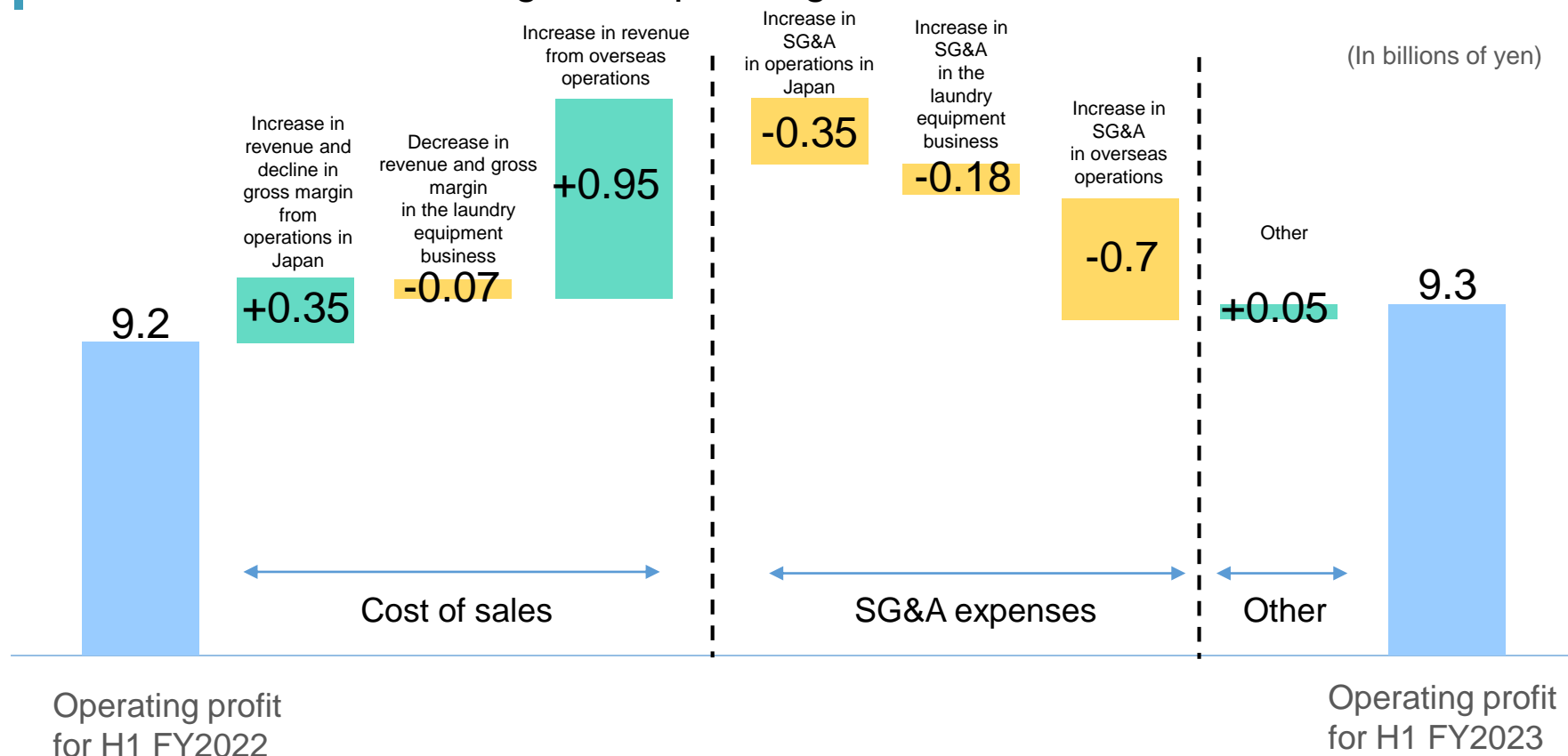
(in billions of yen unless otherwise indicated)

Based on IFRS	H1 FY2022	H1 FY2023	YoY change	Initial guidance for H1 FY2023	Annual guidance for FY2023
Revenue	66.2	69.2	+3.0	72.5	155.0
Operating profit	9.2	9.3	+0.05	9.4	20.0
Operating margin	14.0%	13.5%	-0.5 points	13.0%	12.9%
Profit before income taxes	9.4	10.4	+0.9	10.0	21.2
Profit attributable to owners of parent	6.7	7.6	+0.8	7.2	15.2
Profit per share	60 yen	67 yen	+7 yen	63 yen	134 yen
Dividend rate	17 yen	19 yen	+2 yen	19 yen	41 yen

Summary

- During the period under review, the Group achieved a YoY increase in sales of marine equipment and once-through steam boilers and in maintenance revenue in Japan.
- The Group's revenue from operations outside Japan also jumped, helped by strong boiler sales in the Americas and favorable changes in currency exchange rates.
- The Group's profit was up YoY, with an increase in material costs and sales expenses more than offset by favorable changes in currency exchange rates.

Breakdown of YoY Changes in Operating Profit



- Operating profit from operations in Japan was slightly up YoY, with an increase in material costs and SG&A expenses and unfavorable changes in product mix partially offset by an increase in revenue.
- Operating profit in the laundry equipment business was down, due to an increase in SG&A and a decrease in revenue compared with a year earlier, when the Group had won bulk purchase orders.
- Operating profit from overseas operations was up, reflecting an increase in revenue and favorable changes in currency exchange rates.

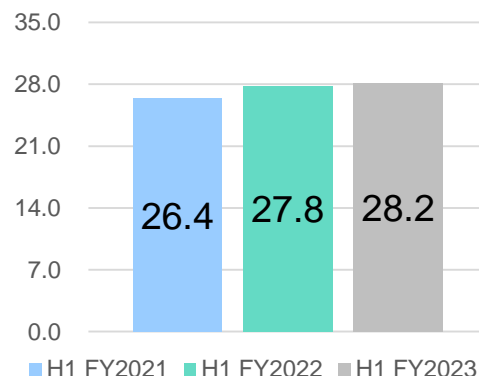
Summary of Revenue and Profit by Operating Segment

(In billions of yen)

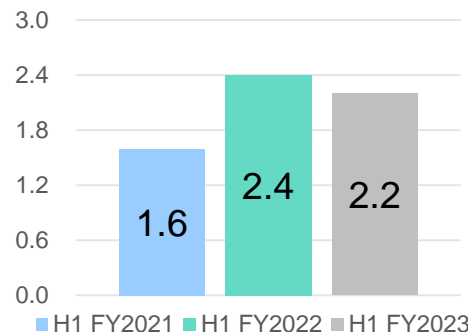
	Revenue				Operating profit			
	H1 FY2022	H1 FY2023	YoY change	Initial guidance for H1 FY2023	H1 FY2022	H1 FY2023	YoY change	Initial guidance for H1 FY2023
Equipment Sales Business in Japan	27.8	28.2	+0.3	30.2	2.4	2.2	-0.2	2.8
Maintenance Business in Japan	18.0	18.6	+0.5	18.3	5.0	5.3	+0.2	4.6
Laundry Equipment Business	6.5	6.3	-0.1	7.8	0.2	(0.03)	-0.2	0.2
Equipment Sales Business outside Japan	10.0	11.3	+1.2	12.3	0.8	1.1	+0.3	1.2
Maintenance Business outside Japan	3.6	4.5	+0.9	3.9	0.6	0.7	+0.06	0.6
Total	66.2	69.2	+3.0	72.5	9.2	9.3	+0.05	9.4

Revenue and Profit by Operating Segment

(In billions of yen)

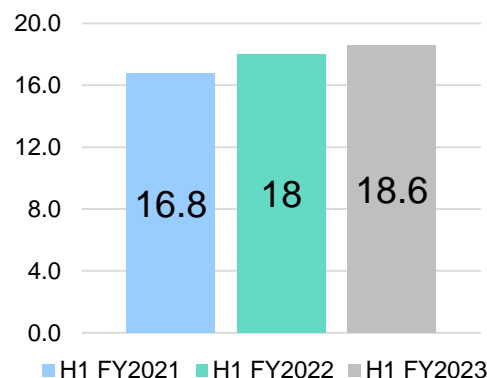
Equipment Sales Business in Japan: Revenue up 1.4% YoY; profit down 8.2%

Revenue

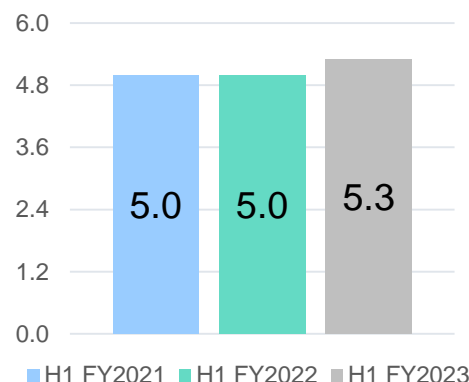


Segment Profit

- Segment revenue was up, reflecting strong sales of marine equipment and once-through steam boilers.
- Segment profit was down, due to unfavorable changes in product mix, as well as an increase in material costs and sales expenses.

Maintenance Business in Japan: Revenue up 3.2% YoY; segment profit up 5.0%

Revenue

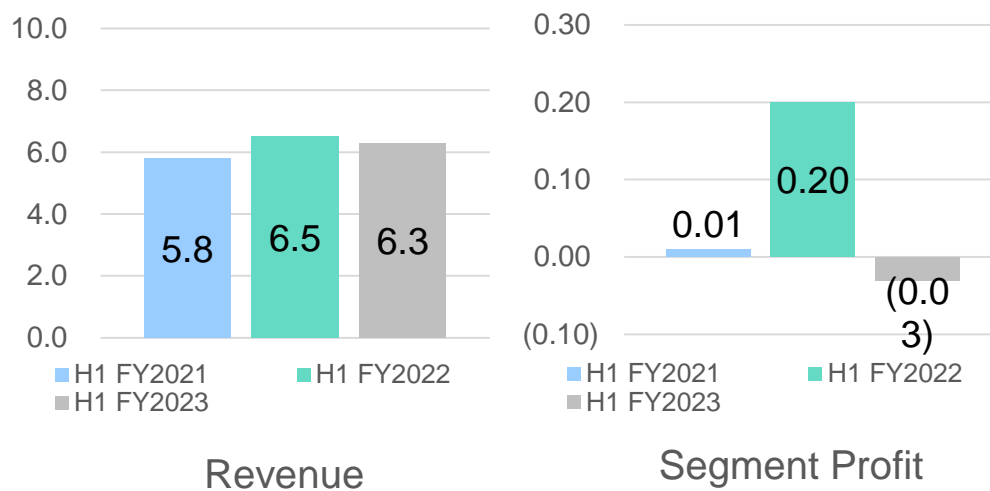


Segment Profit

- Both revenue and profit were up, due to an increase in the number of new fee-based maintenance contracts won.

Revenue and Profit by Operating Segment

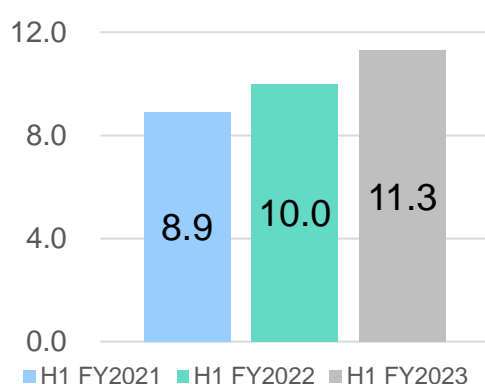
(In billions of yen)

Laundry Equipment Business in Japan: Revenue down 2.4% YoY; segment loss posted

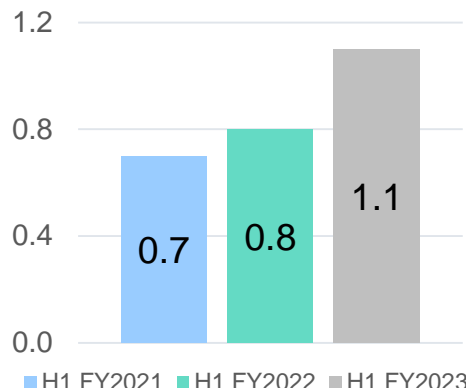
- The Group benefited from favorable changes in the scope of consolidation and a pickup in demand among laundry service providers for new equipment, offering greater productivity and labor- and energy-saving opportunities, to replace aging equipment, in anticipation of a post-COVID-19 business rebound. Nevertheless, revenue fell short of a year earlier, when we had won bulk purchase orders.
- We posted a loss in this segment due to declined revenue and an increase in sales expenses.

Revenue and Profit by Operating Segment

(In billions of yen)

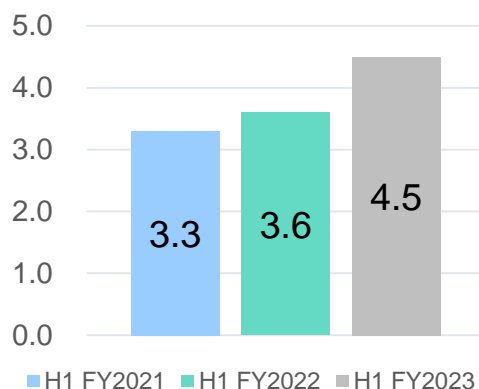
Equipment Sales Business outside Japan: Revenue up 12.9% YoY; profit up 37.9%

Revenue

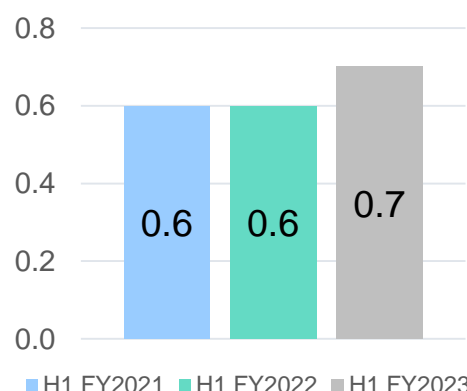


Segment Profit

- Sales were weak in South Korea amid a lackluster economy. This was more than offset by strong sales in the Americas, buoyed by joint promotional efforts with retailers and more competitive pricing, as well as favorable changes in currency exchange rates. As a result, the Group achieved a YoY jump in revenue and profit in this segment.

Maintenance Business outside Japan: Revenue up 25.1%; profit up 9.6%

Revenue



Segment Profit

- Maintenance revenue soared, as the Group signed more industrial customers to fee-based maintenance contracts in the countries in which we operated.
- Profit was up in this segment, more than offsetting an increase in expenses associated with winning maintenance contracts.

Revenue by Business Line

(In billions of yen)

		H1 FY2021	H1 FY2022	H1 FY2023	YoY change
Japan	Boiler	26.0 (26.4)*	29.5 (30.0)*	29.6	+0.1
	Water treatment equipment	2.6 (2.2)*	3.2 (2.7)*	3.3	+0.1
	Marine equipment	6.2	4.4	5.3	+0.9
	Food and medical equipment	5.0	5.8	5.9	+0.1
	Laundry equipment	5.8	6.6	6.4	-0.2
	Others (including special-purpose equipment, new businesses, and environmental business)	3.5	3.0	2.8	-0.2
	Subtotal	49.2	52.5	53.3	+0.8

* Revenue was reclassified retroactively between the boiler and water treatment equipment businesses for FY2021 and FY2022. Numbers before reclassification are presented in parentheses. Results for H1 FY2023 were not affected.

- Sales of marine equipment and once-through steam boilers were strong in Japan.
- In the laundry equipment business, the Group benefited from favorable changes in the scope of consolidation and a rebound in demand among laundry service providers for new equipment that offers greater labor- and energy-saving opportunities to replace their aging equipment. This was not substantial enough, however, to offset a shortfall resulting from production disruption due to delayed parts deliveries, and the revenue was down from a year earlier, when we had won bulk purchase orders.

Revenue by Business Line

(In billions of yen)

		H1 FY2021	H1 FY2022	H1 FY2023	YoY change
Overseas	The Americas (Brazil, Canada, Mexico, and the United States)	2.1	3.0	4.5	+1.5
	South Korea	4.0	3.9	3.7	-0.1
	China	4.6	4.4	4.7	+0.3
	ASEAN and other regions	1.7	2.4	2.8	+0.4
	Subtotal	12.4	13.7	15.9	+2.2

- Boiler sales were weak in South Korea amid a lackluster economy.
- We suspended field sales activities in China due to movement restrictions imposed by the government amid increasing cases of COVID-19.
- Revenue was up in the Americas, buoyed by joint promotional efforts with retailers and more competitive pricing.
- Sales of energy-efficient boilers were strong in ASEAN and other regions.
- Favorable changes in currency exchange rates boosted yen-denominated revenue from operations outside Japan.
- The maintenance business has been trailing an upward trend.

Consolidated Balance Sheet

(In billions of yen)

		As of September 30, 2021	As of September 30, 2022	YoY change
Assets	Current assets	120.9	129.2	+8.3
	Cash and cash equivalents	37.1	36.6	-0.5
	Trade and other receivables	38.8	39.7	+0.9
	Other financial assets	21.8	20.1	-1.7
	Inventories	22.2	29.9	+7.7
	Other current assets	0.7	2.7	+2.0
	Non-current assets	78.5	95.6	+17.1
	Total assets	199.5	224.9	+25.4
Liabilities and equity	Current liabilities	43.2	49.5	+6.3
	Trade and other payables	13.4	14.0	+0.6
	Other	29.8	35.5	+5.7
	Non-current liabilities	6.4	7.2	+0.8
	Total liabilities	49.7	56.7	+7.0
	Total equity	149.7	168.1	+18.4

- The increase in inventories was due to changes in the scope of consolidation, delayed sales of some products, and an inventory built up to meet higher demand anticipated for the second half of the year.
- The increase in non-current assets resulted from the acquisition of a stake in Kobelco Compressors Corporation.

2. Revenue and Earnings Guidance for the Fiscal Year Ending March 31, 2023 (FY2023)

Annual Revenue and Earnings Guidance

(in billions of yen unless otherwise indicated)

	FY2022 results	FY2023 guidance	YoY change
Revenue	143.5	155.0	+11.5
Operating profit	19.4	20.0	+0.6
Operating margin	13.5%	12.9%	-0.6 points
Profit before income taxes	20.4	21.2	+0.8
Profit attributable to owners of parent	14.4	15.2	+0.8
Profit per share	127 yen	134 yen	+7 yen
Currency exchange rates			
1 USD =	112.39 yen	120.00 yen	+7.61 yen
1 yuan =	17.51 yen	19.00 yen	+1.49 yen
100 won =	9.64 yen	10.10 yen	+0.46 yen

Revenue and Profit by Operating Segment

(In billions of yen)

	Revenue			Operating profit		
	FY2022 results	FY2023 guidance	YoY change	FY2022 results	FY2023 guidance	YoY change
Equipment Sales Business in Japan	63.1	65.1	+2.0	5.8	5.9	+0.1
Maintenance Business in Japan	37.0	38.3	+1.3	9.6	9.7	+0.1
Laundry Equipment Business	13.1	16.6	+3.5	0.3	0.5	+0.2
Equipment Sales Business outside Japan	22.4	26.9	+4.4	2.3	2.5	+0.1
Maintenance Business outside Japan	7.7	8.1	+0.3	1.3	1.4	+0.1
Total	143.5	155.0	+11.5	19.4	20.0	+0.6

Revenue by Business Line






(In billions of yen)

	Business and region	FY2022 results	FY2023 initial guidance	FY2023 updated guidance ¹	Change in guidance
Japan	Boiler	63.9 (64.8) ²	66.3	66.3	-
	Water treatment equipment	7.3 (6.4) ²	6.9	6.9	-
	Marine equipment	9.6	9.8	9.8	-
	Food and medical equipment	12.6	13.3	13.3	-
	Laundry equipment	13.1	16.6	16.6	-
	Others (including special-purpose equipment, new businesses, and environmental business)	6.8	7.1	7.1	-
	Subtotal	113.3	120.0	120.0	-
Overseas	The Americas	6.7	7.9	9.4	+1.5
	South Korea	8.0	9.3	9.3	-
	China	10.4	11.9	10.0	-1.9
	ASEAN and other regions	5.1	5.9	6.3	+0.4
	Subtotal	30.2	35.0	35.0	-
Total		143.5	155.0	155.0	-

Note 1. Updated guidance for FY2023 is based on currency exchange rates applied to H1 FY2023.

Note 2. Revenue was reclassified retroactively between the boiler and water treatment equipment businesses for FY2022. Numbers before reclassification are presented in parentheses. Guidance for FY2023 was not affected.

Reasons for updating guidance for overseas businesses for FY2023

Region	Reason	
The Americas	<ul style="list-style-type: none"> • Strong sales resulting from joint promotional efforts with retailers in the United States • Positive effect of more competitive pricing that became effective in the previous year • Favorable changes in currency exchange rates added ¥800M to the initial guidance. 	
South Korea	<ul style="list-style-type: none"> • Slow sales to small and medium-sized industrial customers; stronger sales to larger customers (sales efforts focused on larger accounts) • Favorable changes in currency exchange rates added ¥200M to the initial guidance. 	
China	<ul style="list-style-type: none"> • Field sales activities suspended due to movement restrictions imposed amid increasing COVID-19 cases • Favorable changes in currency exchange rates added ¥400M to the initial guidance. 	
ASEAN and other regions	<ul style="list-style-type: none"> • Strong sales of energy-efficient boilers • Favorable changes in currency exchange rates added ¥300M to the initial guidance. 	
Overseas business	<ul style="list-style-type: none"> • Favorable changes in currency exchange rates added ¥1.7B to the initial guidance. • More and more customers signing up for maintenance contracts 	

3. Dividend Guidance and Capital Policy

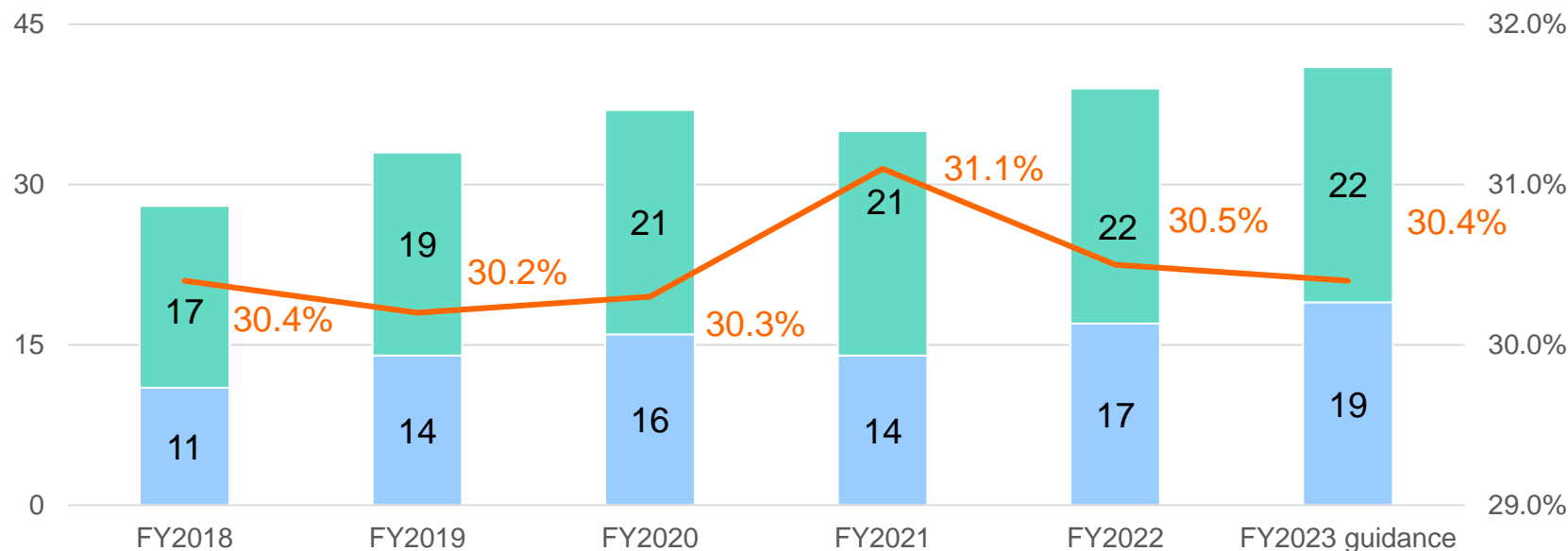
(1) Maintain a **steady** increase in dividend rates

(2) Maintain a consolidated dividend payout ratio at or around **30%**

FY2021	FY2022	FY2023 guidance
Midyear: ¥14 Year-end: ¥21	Midyear: ¥17 Year-end: ¥22	Midyear: ¥19 Year-end: ¥22
Annual dividend: ¥35	Annual dividend: ¥39	Annual dividend: ¥41

Dividend Rates (In yen)

Midyear Year-end Dividend payout ratio



ROE

9.2%

10.1%

10.6%

9.1%

9.4%

9.5%

The Group's internal target is to achieve an ROE of 10% or more.

Note: The number of issued shares: 125,291,112, including 12,071,702 treasury shares, as of September 30, 2022

Share Buyback (as announced on November 4, 2022)

1. Reason for share buyback

To maintain flexibility in the company's capital policy to be able to better adapt to fast-changing business environments

2. Details of share buyback

(1) Type of share to buy back: Common stock of MIURA CO., LTD.

(2) Number of shares to buy back: Up to 4 million shares
(Representing 3.5% of the total number of issued shares, not including treasury shares)

(3) Total buyback cost: Up to 10 billion yen

(4) Buyback period: From November 7, 2022, through November 6, 2023

(5) Method of buyback: Market purchasing

4. Updates and Outlook Regarding the Group's Boiler Business in China

KOJIMA Yoshihiro

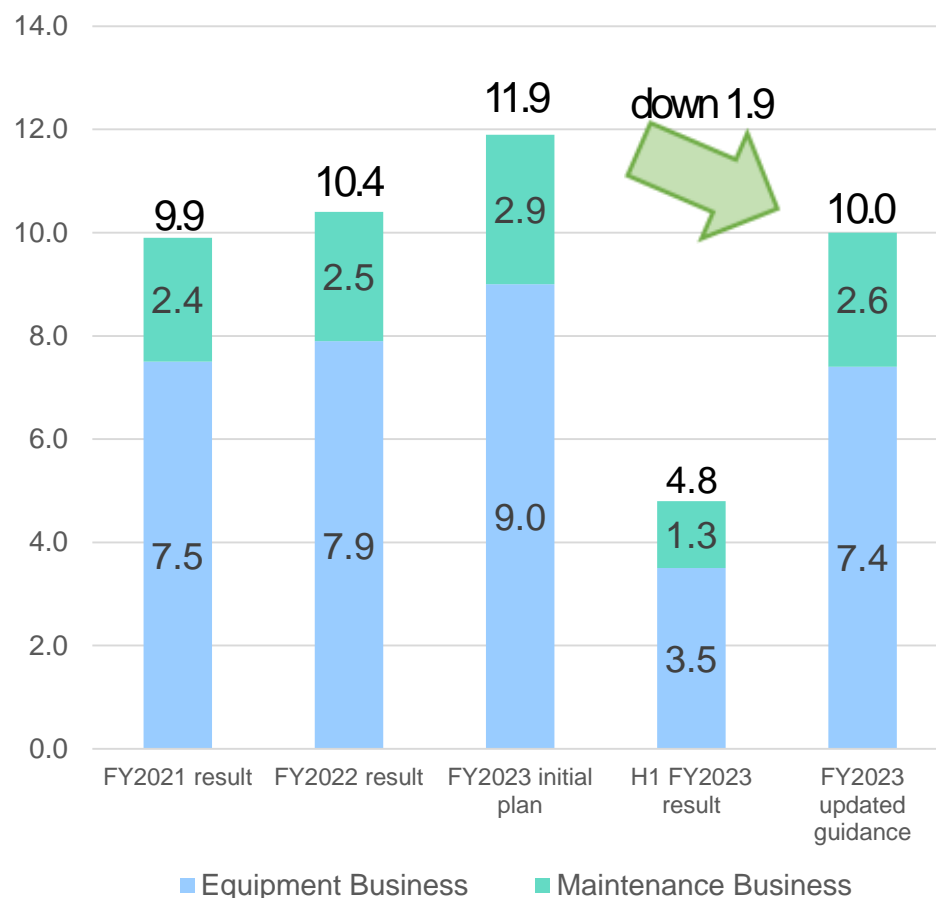
Director and Executive Managing Officer,
General Manager of the Global Business Headquarters
MIURA CO., LTD.

Information current as of November 18, 2022

Revenue Result for H1 FY2023 and Annual Guidance for FY2023

(In billions of yen)

Revenue of MIURA INDUSTRIES (CHINA)

**Business strategies pursued by MIURA INDUSTRIES (CHINA)**

1. Offer more energy-efficient boilers not subject to environmental regulations to encourage customers to switch from competitors' gas-fired boilers to ours
Revisit prospective customers with an offer of energy-efficient gas boilers to help mitigate the impact of surging fuel costs
2. Focus sales efforts on companies in the following four industry sectors:
Food, pharmaceuticals, cardboard, and feed
 - (1) Robust industry sectors
 - (2) Domestic-demand-oriented industry sectors

Reasons for lowering revenue guidance by ¥1.9B for FY2023

- The movement restrictions imposed under the zero-COVID-19 policy are tighter than expected and have put a brake on our sales activities, including visiting new customers and conducting load analyses on boilers in use.
- Although we have a consistent number of customers on maintenance contracts, we have not offered energy-efficiency solutions to customers.

Political and Economic Landscapes in China















Achieve carbon neutrality by 2060 **while remaining on a steady growth path**

- Xi Jinping, who secured a third term as the Chinese Communist Party's leader at the 20th National Party Congress held in October 2022, reiterated his pledge to turn China into a "great modern socialist country," with a focus on:
 - Expanding domestic demand and making the country's supply chains more resilient and secure through structural reforms
 - Working actively and prudently toward the goals of peaking out carbon emissions and achieving carbon neutrality
 - Advancing the energy revolution and pursuing a cleaner and more efficient use of coal

Chinese economy: Increasing signs of an economic slowdown have been reported, raising the need for monetary easing.

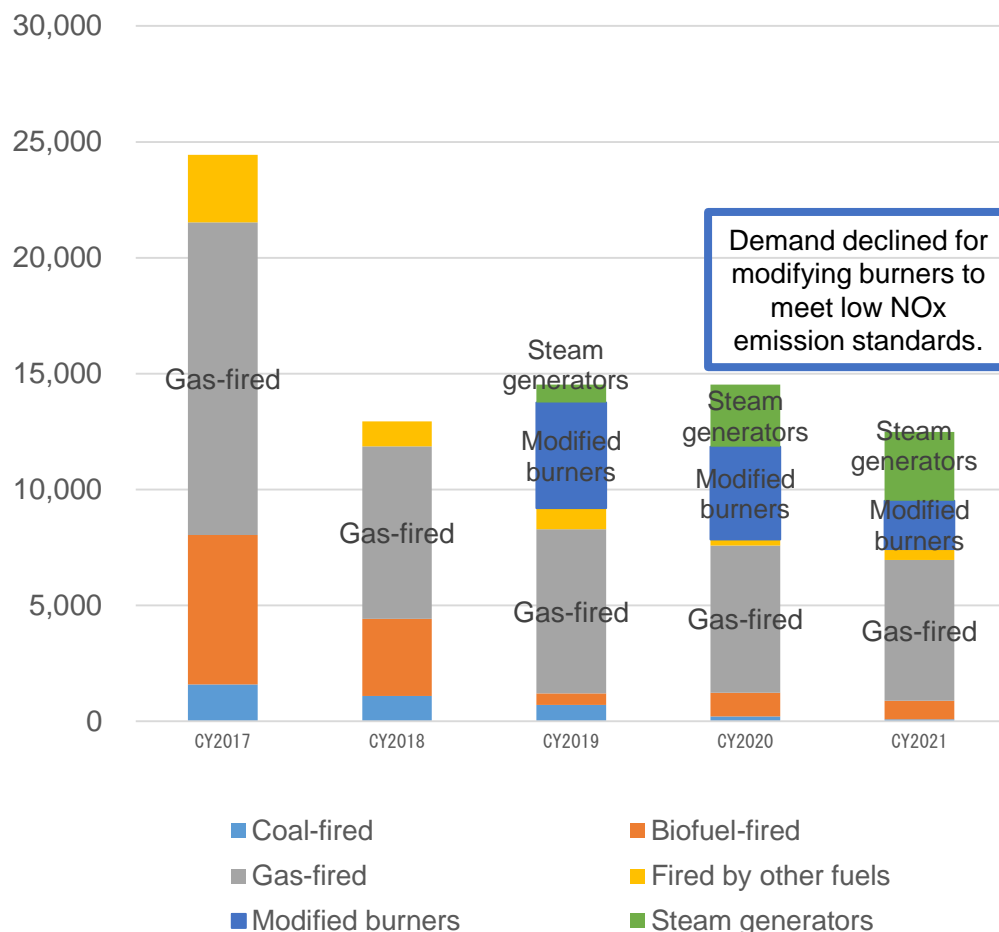
- The China Caixin manufacturing purchasing managers' index (PMI):
PMI was 49.5 in August and 48.1 in September, falling below 50 for two consecutive months.
- The resurgence of COVID-19 has been reported in many parts of the country, in which stringent containment measures have been affecting the local economy.
- Many businesses have suspended new hiring; the nation's employment index for September hit the lowest point since May 2020.
⇒ **Easing of environmental regulations and postponing of target completion dates**
- The continued implementation of the zero-COVID-19 policy has slowed the economy, casting uncertainties going forward.

Chinese Market

Political factors	The continued implementation of the zero-COVID-19 policy has slowed the economy and dampened capital expenditures.		
Environmental policy 1	Environmental regulations to encourage a switch from coal and biofuels to natural gas	Not vigorously enforced	
Environmental policy 2	Regulatory requirements for low NOx emissions to mandate modification of burners	Not vigorously enforced	
Environmental policy 3	Stringent effluent and emission regulations to force the relocation of plants from urban to rural areas		
Environmental policy 4	Promote the research and development of new energy sources, such as hydrogen	Their application for boilers not within sight	
Anti-poverty programs	Promote factory agriculture and fishery: Food-processing and mushroom-cultivation plants		
Impact of the pandemic	The extent of the impact of movement restrictions varies from industry to industry and from business to business.		
Food industry	Strong demand for commercial- and home-use processed food, extracts, health food	Increasingly health-conscious population	
Machinery	Strong demand for automobiles bolstered by government incentives and for fuel cells for EV applications	Parts shortages	
Fabric dyeing	Production shifting to other parts of Asia		
Cardboard	Strong demand fueled by the growing popularity of home delivery services	Squeezed profit margins due to surging material costs	
Pharmaceuticals	Strong demand for over-the-counter pills and items with health benefits, such as Chinese herbal medicine, vitamin supplements, and extracts		

The Industrial Boiler Market in China

Number of Industrial Boilers Sold in the Market



Changes observed from 2020 to 2021

Overview of the Industrial Boiler Market

- **Businesses became increasingly reluctant to make capital expenditures amid the growing economic uncertainties.**

More and more businesses intended to recoup investments within 18 months, rather than the previous norm of 36 months.

- **Industry sales of coal-fired boilers declined.**

Sales permits were granted only to large boilers weighing 35 metric tons or more.

- **Industry sales of steam generators achieved steady growth.**

Due to confirmed issues of steam dryness and pressure load fluctuations associated with steam generators, only selected industries are expected to adopt them in quantity.

- **Industry sales of gas-fired boilers edged down.**



Continue to encourage industrial customers to switch from competitors' gas boilers to ours.

What's happening in 2022

- ◆ Impact of the pandemic is expected to become more serious; environmental regulations not vigorously enforced.

Actions being taken:

- Approach prospects more often
- Expand offerings of energy-efficient boilers
- Expand the installed base of boilers with network connectivity to manage them more efficiently

Purchase Patterns for MIURA Boilers by Industrial Customers

◆ Our efforts to encourage customers to switch from competitors' gas-fired boilers to ours have not produced the intended results.

Challenges: More and more businesses intend to recoup investment in boilers within 18 months, rather than the previous norm of 36 months.

Our field sales activities have been hindered by movement restrictions imposed amid the resurgence of COVID-19.

Actions being taken: (1) Focus sales efforts on prospects more likely to benefit from boilers with greater fuel-to-steam efficiency

(2) Resubmit estimates to prospects likely to recoup investment within 18 months as surging fuel costs provide competitive advantages to energy-efficient boilers

(3) Give sales pitches to prospects' decision-makers to establish long-term relationships

(In millions of yen)

7,000

6,000

5,000

4,000

3,000

2,000

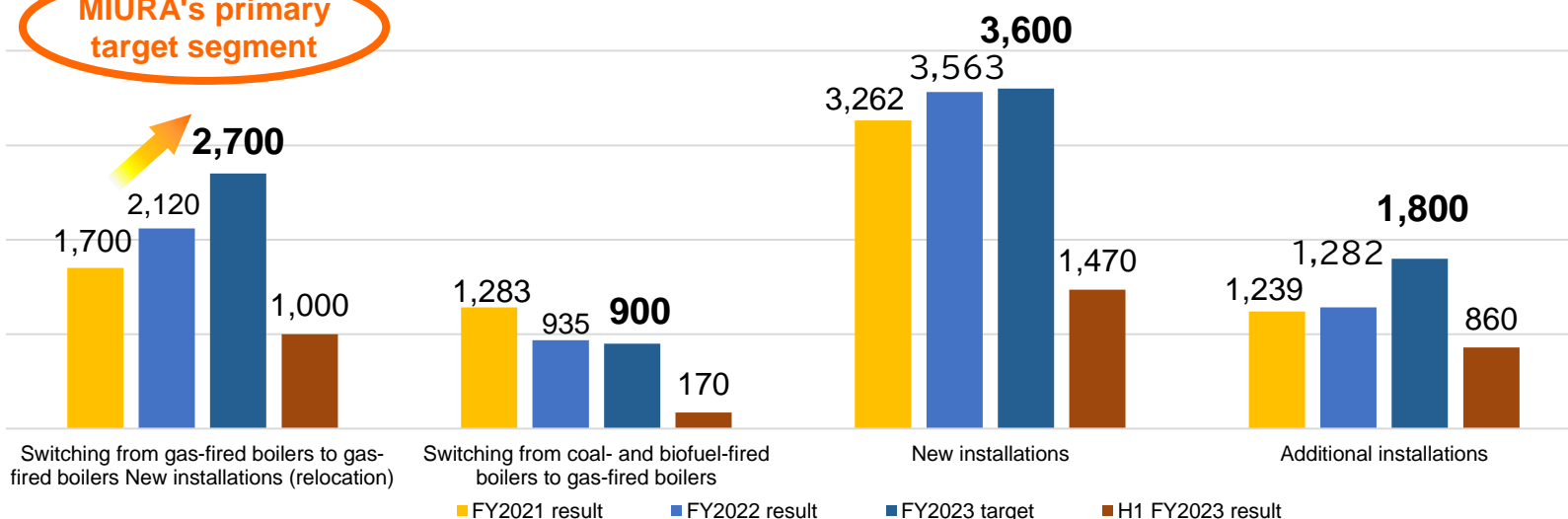
1,000

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Encourage industrial customers to switch from competitors' boilers to our boilers with greater fuel-to-steam efficiency

Many businesses are reluctant to make capital expenditures as environmental regulations have not been vigorously enforced and uncertainties have been growing over U.S.-China relations.

MIURA's primary target segment



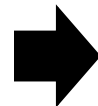
New installation projects

- Larger businesses are building new plants to capture the market vacated by small and medium-sized businesses that have gone out of business or bankrupt amid the pandemic.
- More and more businesses are relocating their plants to areas where environmental regulations on effluent and chemicals are less stringent.
- Industrial customers who in the past have purchased our boilers with greater fuel-to-steam efficiency to replace old ones are more likely to place orders with us for new installations.

Sales of MIURA Boilers by Industry Sector

YoY Changes in boiler sales to the four focused industry sectors from FY2021 to FY2022:

Sales up in the food and pharmaceutical sectors and flat in the cardboard and feed sectors



Initial target for FY2023

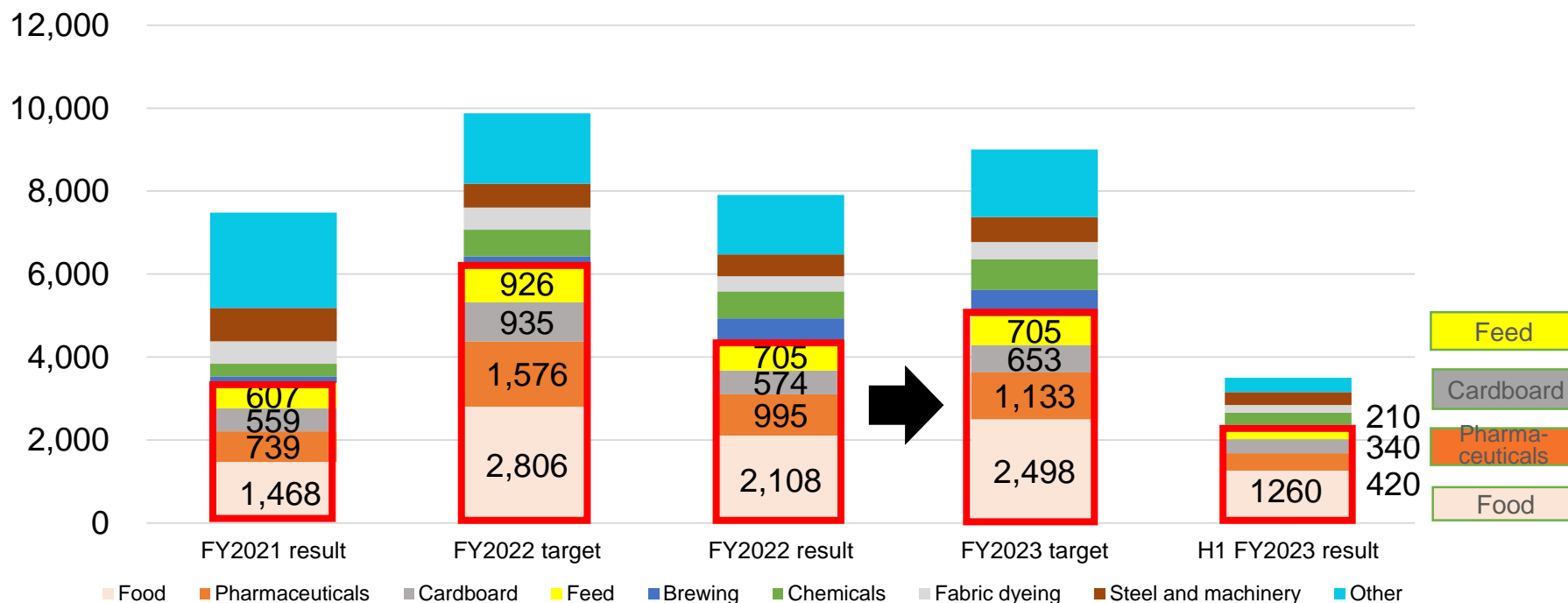
Step up sales activities for prospects in these four sectors

Challenges: Movement restrictions and economic downturn amid the resurgence of COVID-19

- Environmental regulations unlikely to be vigorously enforced anytime soon
- Feed manufacturers likely to be hit hard by surging costs of imported raw materials
- Cardboard manufacturers unable to pass on the rising costs of paperboard rolls to end customers

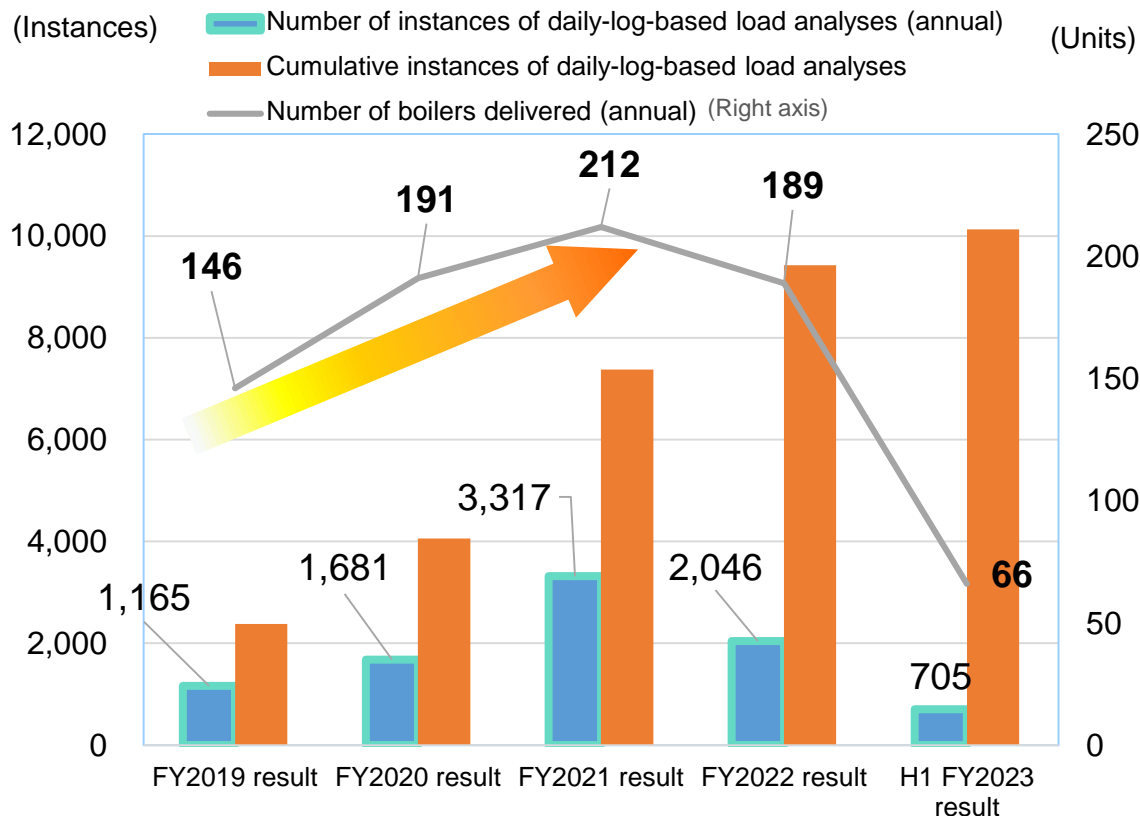
Actions being taken: Explore business opportunities in other sectors; expand offerings of boilers with greater fuel-to-steam efficiency

(In millions of yen)



Step up sales efforts to encourage industrial customers to switch from competitors' gas-fired boilers to MIURA's gas-fired boilers that offer greater fuel-to-steam efficiency

Offer more energy-efficient boilers to customers, based on daily-log-based load analyses of competitors' boilers the customers operate



Challenges

- Businesses are reluctant with their capital expenditures amid the growing economic uncertainties brought about by the U.S.-China trade disputes.
- Businesses go ahead with capital expenditures only if they are sure of recouping investment within 18 months.

Actions being taken

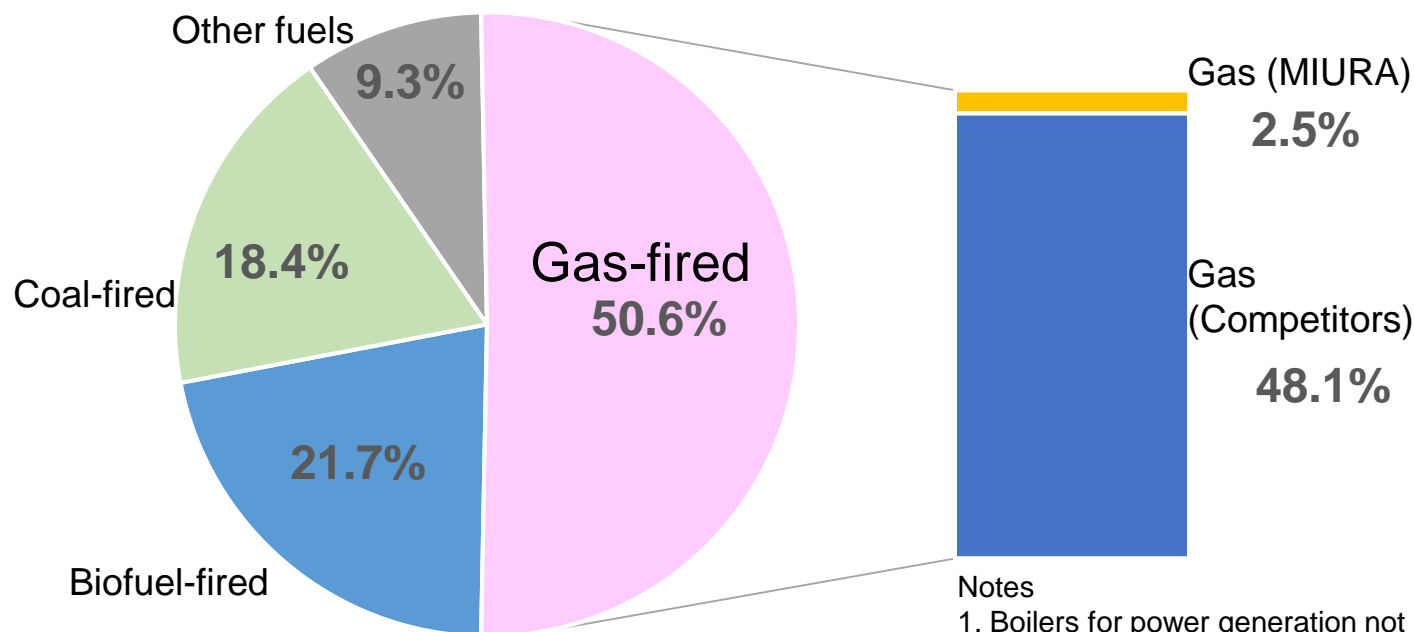
- Reselect prospects for which to conduct load analyses
- Identify prospects most likely to consider our proposals amid surging fuel costs, based on accumulated findings from load analyses
- Offer a variety of options, including leasing and BOT (build, operate, transfer) schemes, that meet customers' requirements

Conduct more daily-log-based load analyses as a basis for identifying prospects to which to offer our energy-efficient boilers

The Industrial Boiler Market in China by Type of Fuel Used

Total evaporation: 800,000 t/h

Percentage of Installed Industrial Boilers by Type of Fuel Used



Notes

1. Boilers for power generation not included
2. Percentages are based on evaporation (Source: MIURA's data compiled March 2022)

- (1) About half of industrial boilers have been replaced by gas-fired ones due to rapid adoption.
(Replacing a burner in a boiler can easily convert it into a gas-fired boiler.)
- (2) The growing installed base of gas-fired boilers gives us a good opportunity to pursue a conversion strategy.
- (3) The addition of larger-capacity boilers (increased from 4 t to 6 t) has expanded the target market from 760,000 t to 800,000 t.

Why the Chinese Market is Important to the MIURA Group

Chinese Industrial Boiler Market

Potential replacement market for us to pursue: 190,000 boilers with a total evaporation of 800,000 t—four times as large as in Japan

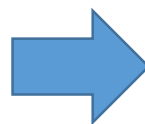
As of March 31, 2022

Number of installed MIURA boilers: 8,286 with a total evaporation of 20,000 t, which translates into an installation share of 2.5%

- A total of 120,000 boilers, mostly gas-fired, are installed in areas covered by MIURA sales teams.
- Of those 120,000 boilers in use, we have entered profiles of 54,000 units into our database, and the number is growing.

Load analyses of 10,000 boilers have led us to assume that more than 10% installed boilers, or 12,000 of them, are used inefficiently.

Our target for the conversion strategy: **12,000+ gas-fired boilers**



A conversion rate of 10% means sales of 1,200 MIURA boilers.

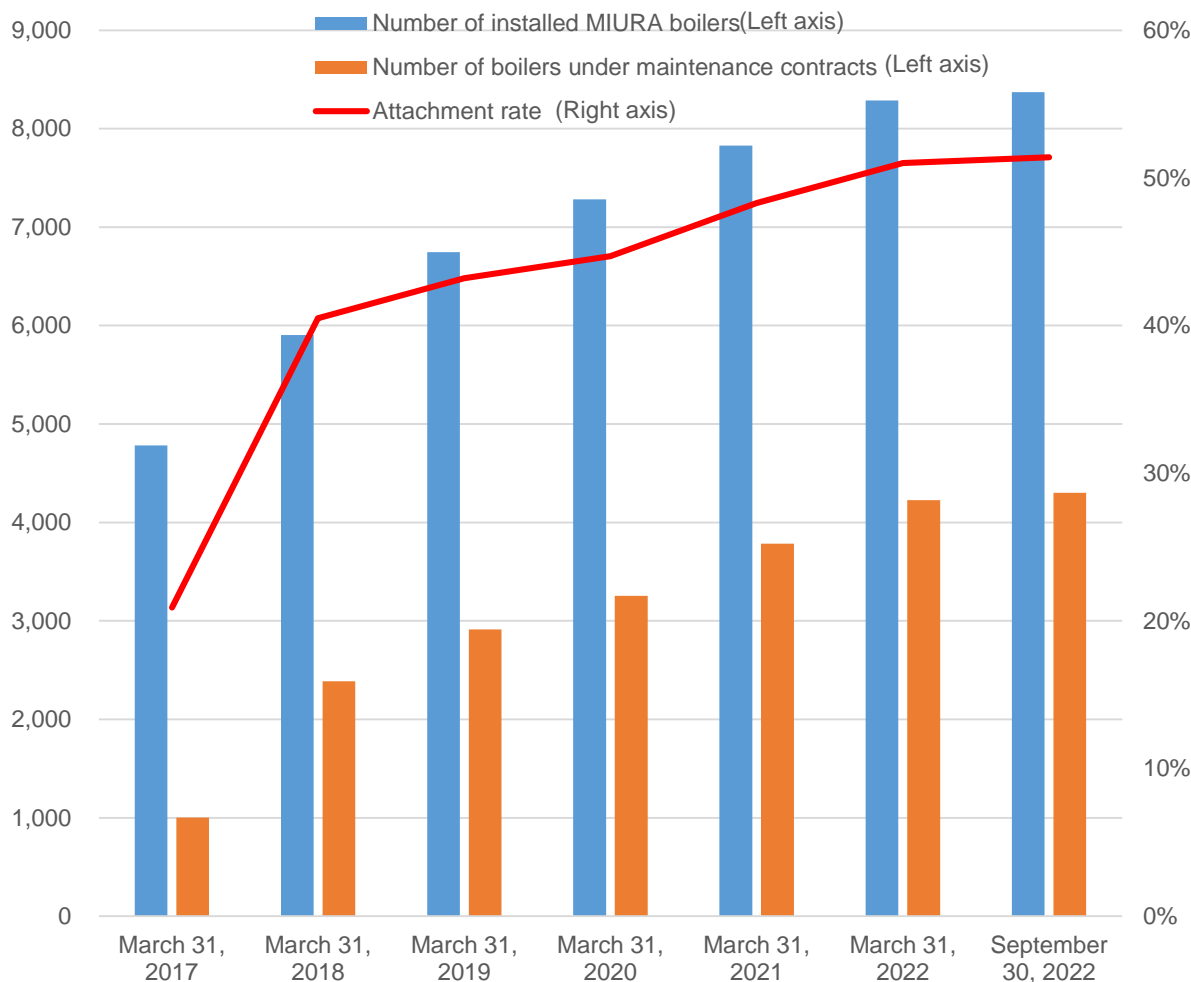
As the installed base of MIURA boilers grows, we have an opportunity to sell replacement units down the road. As of March 31, 2022, 4,225 MIURA boilers, or 51% of the total installed base, are under maintenance contracts. As maintenance contracts are usually bundled with initial purchase agreements of boilers, the attachment rate of maintenance contracts is unlikely to go up substantially. Nevertheless, as the number of boilers under maintenance contracts has been steadily rising, we do expect to see an increase in maintenance revenue and profit.

Note: As our field research and load analyses are severely constrained under the government's zero-COVID-19 policy, the numbers of boilers in our database and potential deals have hit a plateau.

Advantages of the Chinese industrial boiler market for MIURA

- (1) It is much larger than the Japanese boiler market.
- (2) There are many potential customers for our once-through steam boilers.
- (3) We expect to see a rise in the number of customers who have signed up to maintenance contracts.

Updates on Maintenance Contracts



MIURA's strategy for pushing maintenance contracts

- Started bundling maintenance contracts with initial purchase contracts of boilers in 2017.
- Offer the first 12 months of maintenance at a discount
- ZMP maintenance program
 - Report to a customer's decision-maker
 - Conduct load analyses and water-quality inspections
 - ↓
 - Greater customer satisfaction
 - ↓
 - Greater chance of renewing a maintenance contact

Actions to take

- Every boiler we will offer customers must have network connectivity to enable online maintenance.
- ↓
- Get customer buy-in of the effectiveness of online maintenance to increase a renewal rate of maintenance contracts
- Make maintenance work more efficient

5. Initiatives to Achieve Carbon Neutrality:

Compressor Business

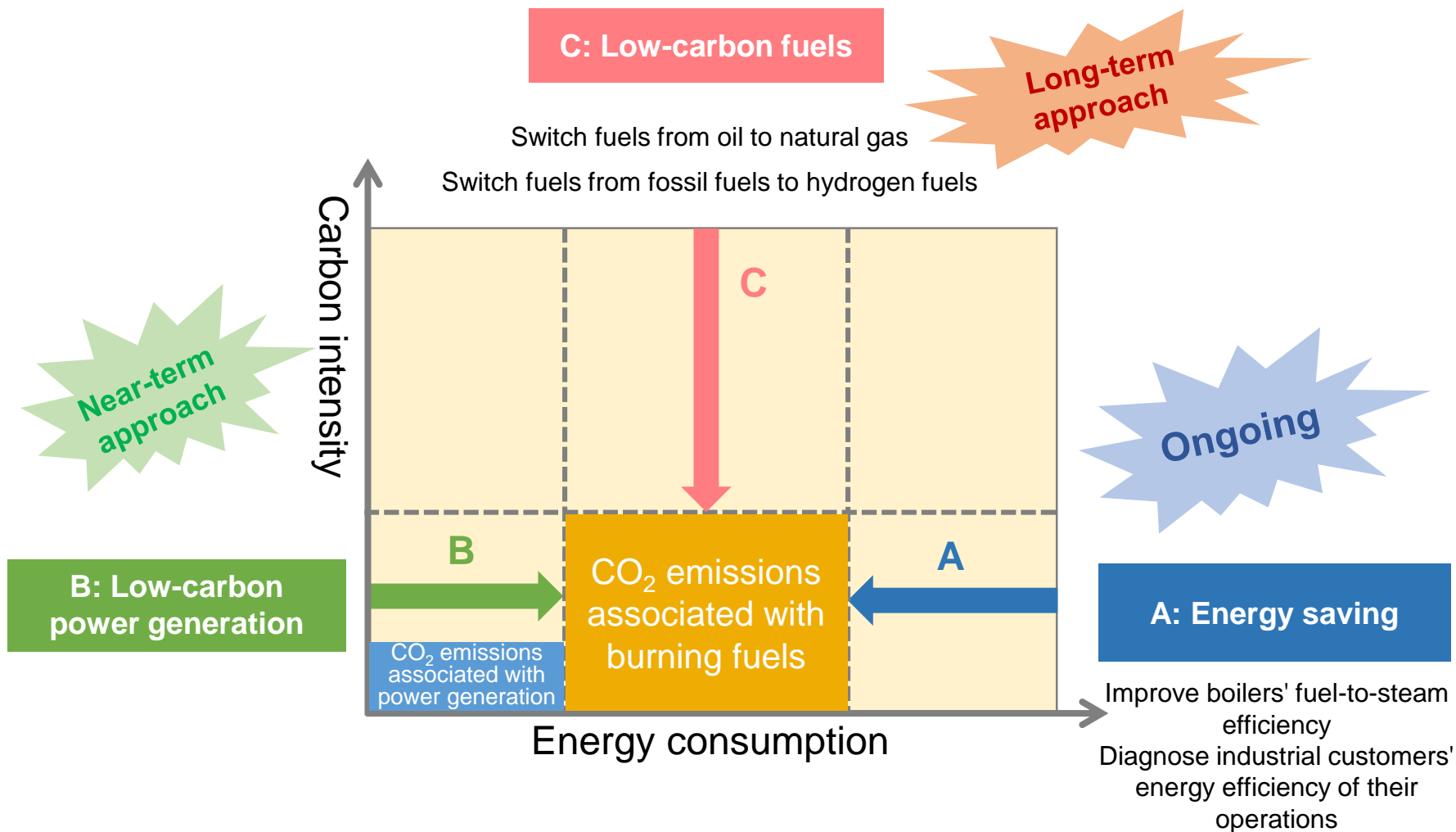
MIYAUCHI Daisuke

Representative Director

President & CEO

MIURA CO., LTD.

Achieving Carbon Neutrality



Strategic Objective of the Alliance between MIURA and Kobelco

Join forces to assist customers in saving energy to reduce CO₂ emissions in their business operations

World's first A utility platform player that offers air compressors, heat pumps, and boilers

KOBELCO

Engineering and product-development expertise

Air compressors

Heat pumps



MIURA

Sales and service network

Expertise in heat energy (steam)



Steam-driven air compressors **SD**

- SD-1310CO **Oil-injected**
- SD-1310COH **Oil-injected**
- Capable of handling high-pressure steam
- SD-695CO **Oil-injected**
- SD-770CF **Oil-free**



Air compressors do not need to be connected to any power source to start up.

Electric-powered compressor



Heat-recovery-type electric-powered air compressors **VA**

- VA-1400CO **Electrical inverter** **Oil-injected**
- VA-750CO **Electrical inverter** **Oil-injected**
- VA-540CF **Electric loading and unloading** **Oil-free**
- VA-210BF **Electrical inverter** **Oil-free**



Iron and manganese removal filter
Sand filter

Active carbon filter
Water softener
RO unit
EDI equipment

Exhaust-gas boiler



More efficient use, not saving, of energy

Closed condensate-recovery system **HX**



Hot drain water is a usable resource.

Dissolved oxygen remover
System-integrated water softener

Steam

Compressed air

Hot water

Steam

Steam compressor

Steam

Hot water

Hot wastewater

Waste-heat recovery steam generator **VS**



Generate steam from hot wastewater

Once-through steam boiler



Air compressor MI controller **VM**

Keep air compressors operating at an optimum pressure



Heat pump **VH**

Make better use of heat energy recovered from hot wastewater



Flash steam generator **HJ**

Recycle unused steam drain



Miura Intelligent Flexibility System

Hot wastewater

Drain water

In the past

- MIURA offered boilers bundled with compressors.
- MIURA offered the right products to customers, after conducting diagnoses of compressor air and electric-powered compressors on their premises.
- MIURA provided initial maintenance of compressors to its industrial customers.

After MIURA and Kobelco signed an alliance in January 2022

- (1) More and more MIURA field engineers have been trained in repairing, inspecting, and servicing compressors to become qualified under the Kobelco program.
- (2) Defined the terms of maintenance contracts for compressors.

October 2022

Started signing industrial customers to maintenance contracts for compressors.

Product lineup



Large compressors



Oil-injected air compressors



Oil-free air compressors



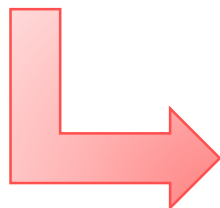
Steam-driven air compressors



Heat-recovery-type electric-powered air compressors

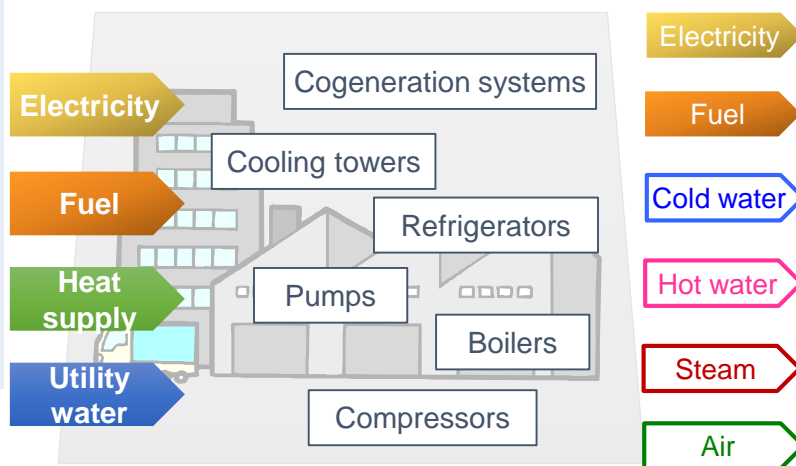
(1) Conduct diagnoses of compressor air and electric-powered compressors on customers' premises

Conducted more than 4,000 diagnoses from April 2017 through March 2022.

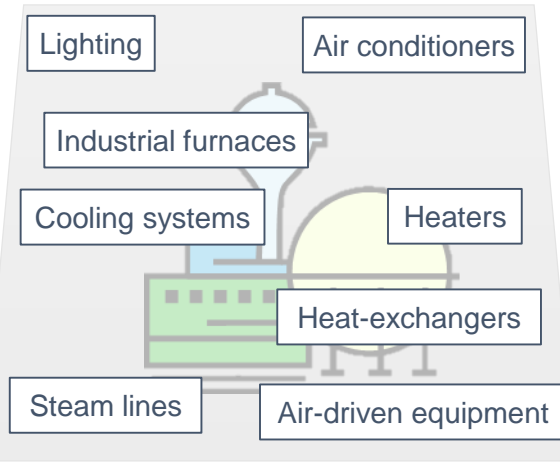


(2) Offer the right products to customers

Utility facility



Manufacturing facility



Energy-saving solutions



Electric-powered air compressors

Decompression energy



Steam-driven air compressors

Compressed air heat



Heat-recovery-type electric-powered air compressors

Assist industrial customers in saving energy and reduce CO₂ emissions in their operations

- Offer the right products to customers, based on the results of diagnoses of compressor air and electric-powered compressors conducted on their premises

Become a utility platform player to offer turnkey services solutions

- MIURA and Kobelco have brought to the alliance expertise in **air- and heat-energy solutions**, respectively, to become a utility platform player.
- Accelerate the pace of offering **total solutions** to more customers
- Offer new value through expanded **maintenance services**

NEW

ZMP-OC Maintenance Program for Air Compressors

Advantage
1**24/7 customer service**

- * Upon receipt of service calls from customers via cloud, our field engineers rush to provide on-site service out of 100 service centers around the country.
- * Field engineers' travel and technical expenses are included in maintenance contracts.

Advantage
2**Routine inspections of compressors, and energy-saving and CO₂ reduction opportunities**

- * MIURA manages inspection cycles of compressors, and its field engineers conduct routine inspections of them to reduce the chance of their breaking down due to missed inspection.

Visualized operations

- * Provide real-time monitoring of equipment, monthly reports, and failure logs

Note: MIURA Online Maintenance is provided for the VA series of heat-recovery electric air compressors.

Advantage
3

Customers

Kobelink
EmailsKobelink
ReportsKobelink
Trend charts

IoT cloud services

More than 1,200 field engineers
working out of 100 service centers

Telephone

Maintenance
manuals

Trend charts

Advantage
4**Parts warranty**

- * Provide warranties that cover Kobelco compressors and their parts

Advantage
5**Labor-saving opportunities**

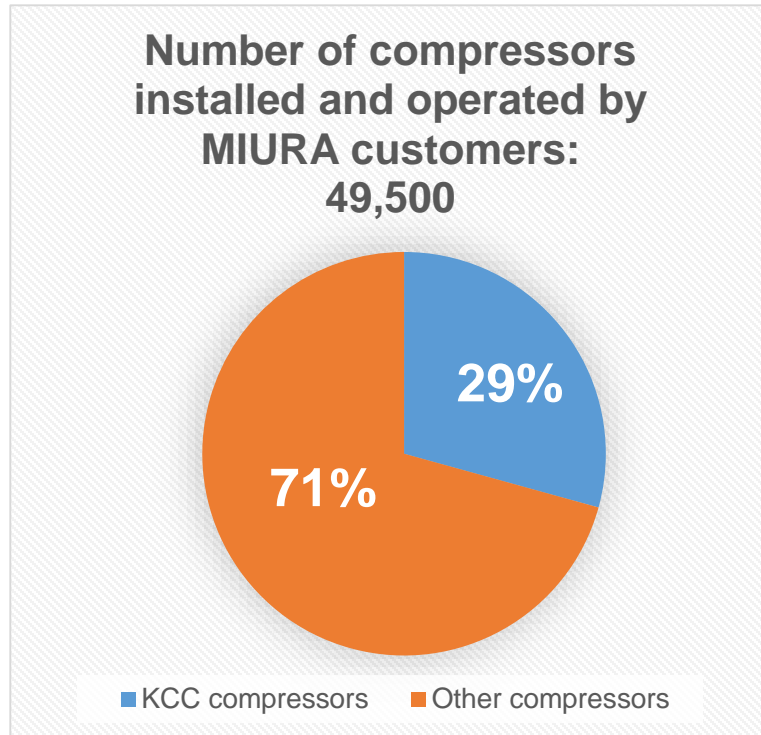
- * MIURA field engineers change oil in compressors.
- * The use of the cloud streamlines operational management of compressors.
- * Reduce the frequency of service calls

Advantage
6**Leveling of maintenance costs**

- * Fixed maintenance costs with no monthly fluctuations

Note: Kobelink is an IoT cloud service product offered by the Kobelco Group.

Market Environment



Sell compressors and maintenance contracts to industrial customers who have signed up for MIURA boiler maintenance contracts

Business Targets for FY2028

Annual unit sales of compressors

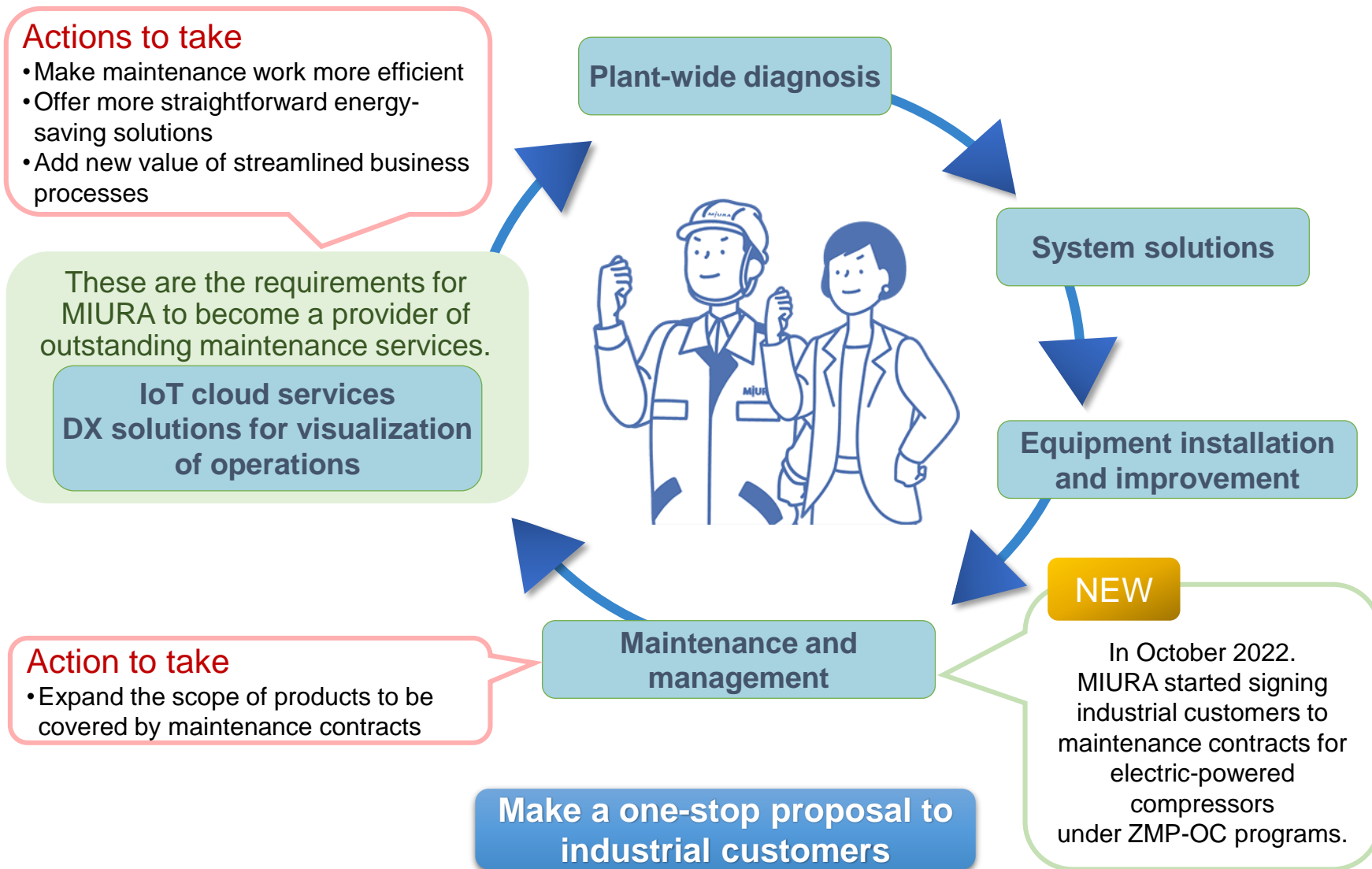
500+

MIURA will continue to offer the right compressors, regardless of brand, to customers that meet their requirements and specifications.

Attachment rate of maintenance contracts for new units

60% or more for targeted compressors

Business Model We Pursue



Technology with heart.

Products with heart.

Services with heart.

Asking ourselves what we can do;

This is our foundation.

Ideas with heart.



6. Appendix

1. Consolidated Revenue by Operating Segment
2. Revenue from Operations in Japan by Business Line
3. Consolidated Operating Profit by Operating Segment
4. Revenue by Region
5. Consolidated Cash Flows
6. Capital Expenditures, Depreciations and Amortizations, Research and Development Expenses
7. Currency Exchange Rates

1. Consolidated Revenue by Operating Segment

(In billions of yen)

	H1 FY2019	Per- centage	H1 FY2020	Per- centage	H1 FY2021	Per- centage	H1 FY2022	Per- centage	H1 FY2023	Per- centage
Equipment Sales Business in Japan	27.4	42%	29.9	44%	26.4	44%	27.8	42%	28.2	41%
Maintenance Business in Japan	15.3	23%	16.1	24%	16.8	28%	18.0	27%	18.6	27%
Laundry Equipment Business	10.4	16%	9.2	14%	5.8	9%	6.5	10%	6.3	9%
Equipment Sales Business outside Japan	9.7	15%	9.3	14%	8.9	14%	10.0	15%	11.3	16%
Maintenance Business outside Japan	2.6	4%	2.9	4%	3.3	5%	3.6	6%	4.5	7%
Total	65.6	100%	67.7	100%	61.5	100%	66.2	100%	69.2	100%

2. Revenue from Operations in Japan by Business Line

(In billions of yen)

Revenue from Operations in Japan by Business Line	H1 FY2019	Per-centage	H1 FY2020	Per-centage	H1 FY2021	Per-centage	H1 FY2022	Per-centage	H1 FY2023	Per-centage
Boiler	28.5	53%	29.9	54%	26.0 (26.4)*	53% (54%)*	29.5 (30.0)*	56% (57%)*	29.6	56%
Water treatment equipment	1.4	3%	1.9	3%	2.6 (2.2)*	5% (4%)*	3.2 (2.7)*	6% (5%)*	3.3	6%
Marine equipment	4.8	9%	5.7	10%	6.2	13%	4.4	8%	5.3	10%
Food and medical equipment	5.1	10%	5.6	10%	5.0	10%	5.8	11%	5.9	11%
Laundry equipment	10.4	19%	9.2	17%	5.8	12%	6.6	13%	6.4	12%
Others (including special-purpose equipment, new businesses, and environmental business)	3.0	6%	3.1	6%	3.5	7%	3.0	6%	2.8	5%
Total	53.2	100 %	55.4	100 %	49.2	100%	52.5	100%	53.3	100 %

* Revenue was reclassified retroactively between the boiler and marine equipment businesses for FY2021 and FY2022. Numbers before reclassification are presented in parentheses.

3. Consolidated Operating Profit by Operating Segment

(In billions of yen)

	H1 FY2019	Per-centage	H1 FY2020	Per-centage	H1 FY2021	Per-centage	H1 FY2022	Per-centage	H1 FY2023	Per-centage
Equipment Sales Business in Japan Operating margin	1.6 5.5%	21%	2.4 7.6%	28%	1.6 5.8%	20%	2.4 8.4%	27%	2.2 8.1%	24%
Maintenance Business in Japan Operating margin	4.3 28.2%	55%	4.7 29.2%	54%	5.0 29.9%	63%	5.0 28.0%	55%	5.3 28.6%	57%
Laundry Equipment Business Operating margin	0.8 8.0%	11%	0.5 5.7%	6%	0.01 0.2%	0%	0.2 3.5%	2%	(0.03) -	0%
Equipment Sales Business outside Japan Operating margin	0.8 8.9%	11%	0.7 8.2%	9%	0.7 8.0%	9%	0.8 8.5%	9%	1.1 10.4%	12%
Maintenance Business outside Japan Operating margin	0.1 6.6%	2%	0.2 9.8%	3%	0.6 17.9%	8%	0.6 18.0%	7%	0.7 16.0%	7%
Total Operating margin	8.0 12.2%	100%	8.7 12.9%	100%	8.0 13.0%	100%	9.2 14.0%	100%	9.3 13.5%	100%

4. Revenue by Region

(In billions of yen)

	H1 FY2019	Per-centage	H1 FY2020	Per-centage	H1 FY2021	Per-centage	H1 FY2022	Per-centage	H1 FY2023	Per-centage
Japan	53.2	81%	55.4	82%	49.2	80%	52.4	79%	53.2	77%
The Americas	2.4	4%	2.5	4%	2.1	3%	3.0	4%	4.5	7%
South Korea	3.6	5%	3.8	5%	4.0	7%	3.8	6%	3.7	5%
China	4.2	7%	3.9	6%	4.6	7%	4.4	7%	4.7	7%
Other regions	2.2	3%	2.2	3%	1.7	3%	2.4	4%	2.8	4%
Subtotal	12.4	19%	12.3	18%	12.4	20%	13.7	21%	15.9	23%
Total	65.6	100%	67.7	100%	61.6	100%	66.2	100%	69.2	100%

5. Consolidated Cash Flows

(In millions of yen)

	H1 FY2019	H1 FY2020	H1 FY2021	H1 FY2022	H1 FY2023
Net cash generated from operating activities	6,393	6,195	10,003	7,496	4,058
Net cash generated from (used in) investing activities	(908)	(1,397)	(6,715)	(3,722)	(3,558)
Free cash flows	5,485	4,798	3,288	3,774	500
Net cash generated from (used in) financing activities	(2,253)	(4,327)	(4,140)	(4,141)	(4,757)

	FY2019	FY2020	FY2021	FY2022	FY2023
Net cash generated from operating activities	17,134	18,121	22,982	19,442	-
Net cash generated from (used in) investing activities	(2,552)	(10,300)	(11,073)	(14,481)	-
Free cash flows	14,582	7,821	11,909	4,961	-
Net cash generated from (used in) financing activities	(7,064)	(8,978)	(7,991)	(3,263)	-

6. Capital Expenditures, Depreciations and Amortizations, Research and Development Expenses

(In millions of yen)

	H1 FY2019	H1 FY2020	H1 FY2021	H1 FY2022	H1 FY2023
Capital expenditures (right-of-use assets not included)	3,341	2,311	1,701	1,981	1,265
Depreciations and amortizations	1,819	3,234	3,353	3,410	3,534
Research and development expenses	1,839	1,497	1,367	1,333	1,391

	FY2019	FY2020	FY2021	FY2022	FY2023 (planned)
Capital expenditures (right-of-use assets not included)	4,478	4,570	3,646	3,847	4,222
Depreciations and amortizations	3,678	6,580	6,733	6,879	7,280
Research and development expenses	3,728	3,578	3,165	2,905	-

7. Currency Exchange Rates

Average rate in JPY during period

Currency	H1 FY2019	H1 FY2020	H1 FY2021	H1 FY2022	H1 FY2023	YoY change	Rates used for internal planning for H1 FY2023
1 USD =	110.26	108.60	106.93	109.81	134.03	+22.1%	120.00
1 CAD =	84.87	81.73	78.72	88.30	103.84	+17.6%	97.00
1 yuan =	16.74	15.68	15.26	16.99	19.89	+17.1%	19.00
1 NTD =	3.65	3.49	3.61	3.94	4.49	+14.0%	4.20
100 won =	10.04	9.22	8.89	9.65	10.32	+6.9%	10.10
100 Rp =	0.78	0.77	0.73	0.77	0.91	+18.2%	0.86
1 BRL =	29.27	27.56	19.91	20.75	26.36	+27.0%	25.80
1 MXN =	5.75	5.64	4.72	5.49	6.66	+21.3%	6.10
1 THB =	3.40	3.49	3.38	3.42	3.79	+10.8%	3.60

The Best Partner of
Energy, Water and Environment



For inquiries, contact:

Management Planning Department, MIURA CO., LTD.

TEL: +81-89-979-7045

FAX: +81-89-979-7011

URL <https://www.miuraz.co.jp/en/>