

Earnings Briefing for H1 FY2024

Consolidated Financial Results
for the Six Months Ended September 30, 2023, and
Updates on Growth Strategy

November 22, 2023

MIYAUCHI Daisuke

President & CEO
MIURA CO., LTD.

The Best Partner of
Energy, Water and Environment



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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, 2023 (H1 FY2024)

HIROI Masayuki

Representative Director, Senior Managing Officer
General Manager of the Administration Headquarters

MIURA CO., LTD.

(In billions of yen unless otherwise indicated)

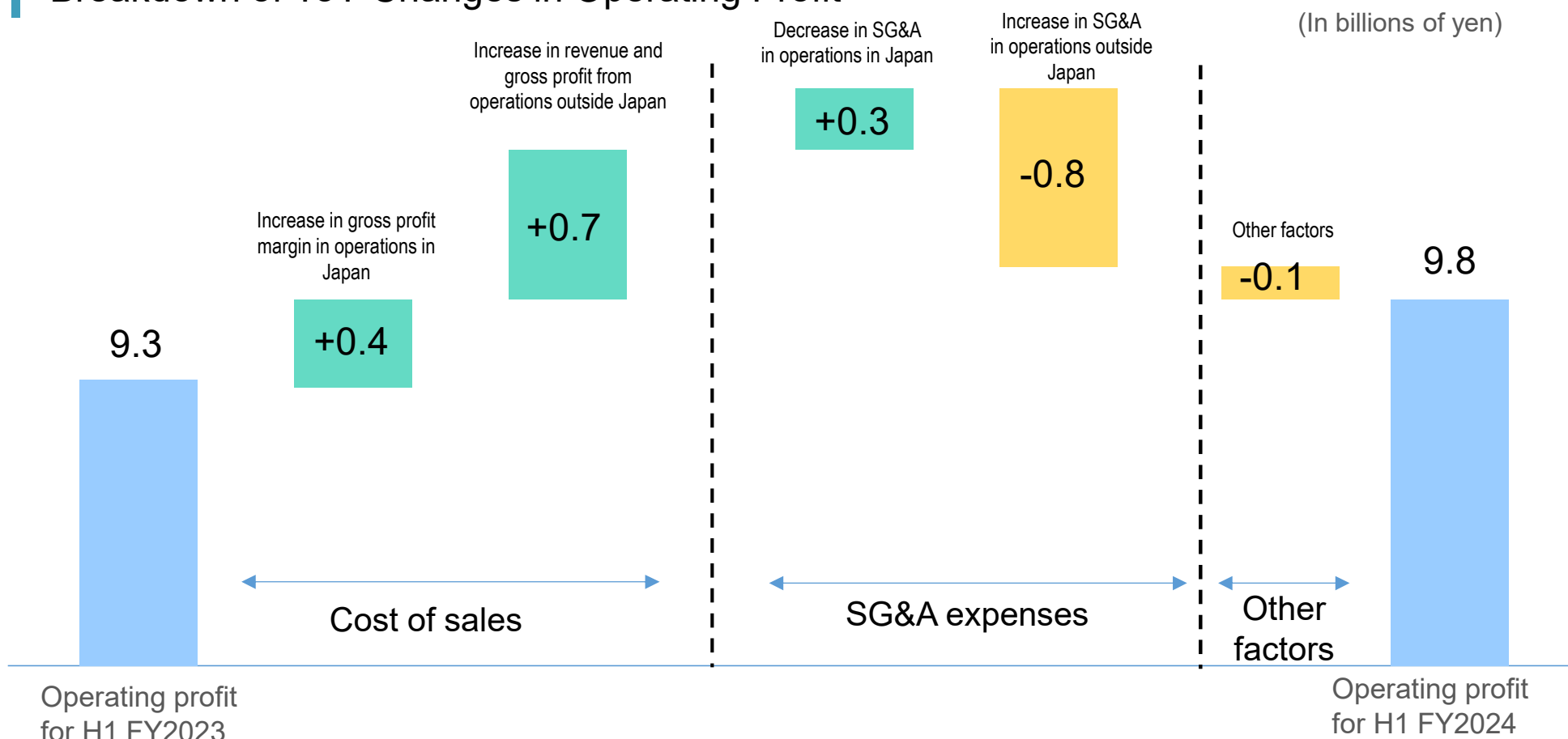
Based on IFRS	H1 FY2023	H1 FY2024	YoY change	H1 FY2024 guidance	FY2024 guidance
Revenue	69.2	70.1	+0.9	71.2	151.5
Operating profit	9.3	9.8	+0.5	10.4	22.1
Operating profit margin	13.5%	14.1%	+0.6 points	14.6%	14.6%
Profit before income taxes	10.2*	12.0	+1.8	11.6	24.6
Profit attributable to owners of parent	7.4*	8.9	+1.5	8.5	18.0
Profit per share	65 yen*	80 yen	+15 yen	75 yen	159 yen
Dividend rate	19 yen	23 yen	+4 yen	22 yen	49 yen

Summary of Business Results for H1 FY2024

- While sales of boilers and peripheral equipment, marine equipment, and compressors were up YoY in Japan, revenue from operations in Japan was down as a result of INAX CORPORATION becoming an equity-method affiliate of the Company.
- Revenue from operations outside Japan jumped, helped by strong boiler sales in China, South Korea, and the United States.
- Revenue in the maintenance business was bolstered both in and outside Japan as a result of closing fee-based maintenance contracts with an increasing number of industrial customers.

*The consolidated results for H1 FY2023 were retroactively adjusted to reflect the finalized accounting treatment applied during Q3 FY2023 to Kobelco Compressors Corporation, which became an equity-method affiliate of the Company effective January 5, 2022.

Breakdown of YoY Changes in Operating Profit



Note: Effective Q2 FY2024, the Laundry Equipment Business is included in the Equipment Sales Business in Japan in financial reporting to reflect the reclassification of business segments as a result of INAX CORPORATION—which played a primary role in the Group's Laundry Equipment Business—becoming an equity-method affiliate of the Company.

- Operating profit from operations in Japan was up YoY, due to favorable changes in product mix and a decrease in SG&A.
- Operating profit from operations outside Japan was down, with increased revenue more than offset by an increase in SG&A resulting from stepped-up field sales activities.

Revenue and Profit by Operating Segment

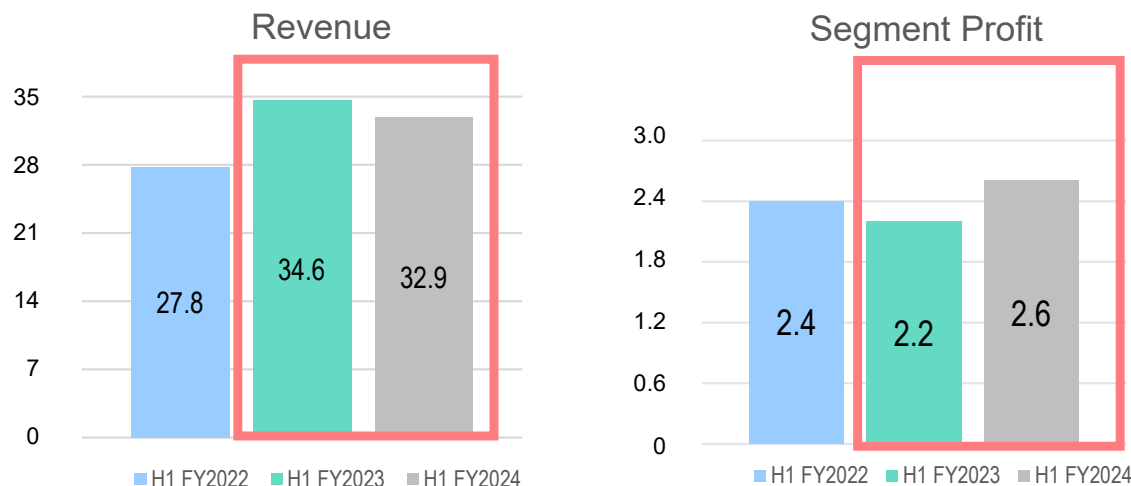
	Revenue (in billions of yen)				Operating profit (in billions of yen)				Operating profit margin			
	H1 FY2023	H1 FY2024	YoY change	H1 FY2024 guidance	H1 FY2023	H1 FY2024	YoY change	H1 FY2024 guidance	H1 FY2023	H1 FY2024	YoY change	H1 FY2024 guidance
Equipment Sales Business in Japan*	34.6	32.9	-1.7	33.6	2.2	2.6	+0.4	3.4	6.2%	8.0%	+1.8 points	10.0%
Maintenance Business in Japan	18.6	19.8	+1.2	18.8	5.3	5.6	+0.3	4.9	28.6%	28.3%	-0.3 point	26.1%
Equipment Sales Business outside Japan	11.3	12.0	+0.7	14.0	1.1	1.0	-0.1	1.4	10.4%	8.4%	-2.0 points	10.1%
Maintenance Business outside Japan	4.5	5.2	+0.6	4.8	0.7	0.7	0	0.7	16.0%	14.0%	-2.0 points	14.8%
Total	69.2	70.1	+0.9	71.2	9.3	9.8	+0.5	10.4	13.5%	14.1%	+0.6 point	14.6%

*The segment results for H1 FY2023 were retroactively adjusted to reflect the reclassification of business segments that resulted in the inclusion of the Laundry Equipment Business in the Equipment Sales Business in Japan in financial reporting, effective Q2 FY2024.

Revenue and Profit by Operating Segment

(In billions of yen)

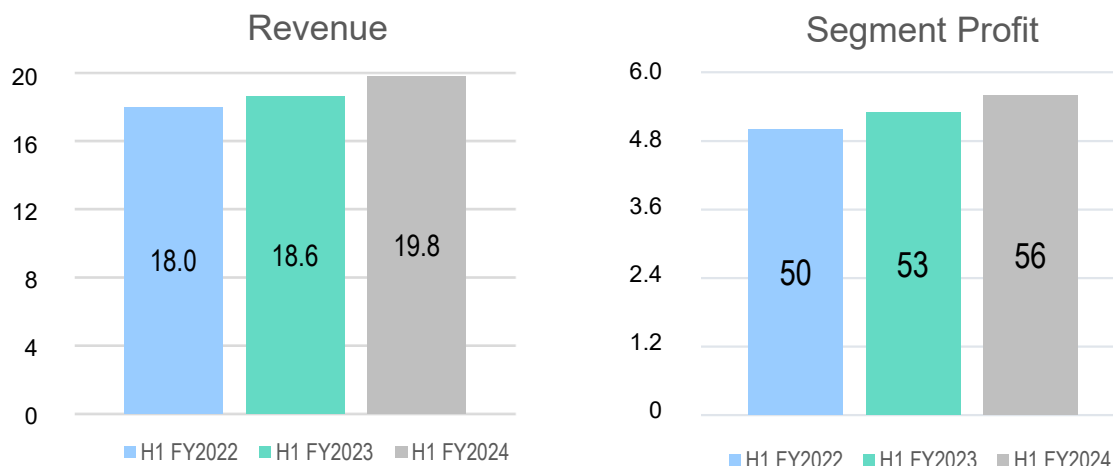
Equipment Sales Business in Japan: Revenue down 5.0% YoY and segment profit up 16.6%



- Segment revenue for H1 FY2024 decreased YoY as strong sales of small once-through boilers and peripheral equipment, marine equipment, and compressors were more than offset by the impact of INAX CORPORATION becoming an equity-method affiliate.
- Segment profit jumped YoY as an increase in materials costs and SG&A was more than offset by the favorable impact of INAX CORPORATION becoming an equity-method affiliate and the receipt of orders for large installation projects.

*The segment results for H1 FY2023 were retroactively adjusted to reflect the reclassification of business segments that resulted in the inclusion of the Laundry Equipment Business in the Equipment Sales Business in Japan in financial reporting, effective Q2 FY2024.

Maintenance Business in Japan: Revenue up 6.8% YoY and segment profit up 6.0%

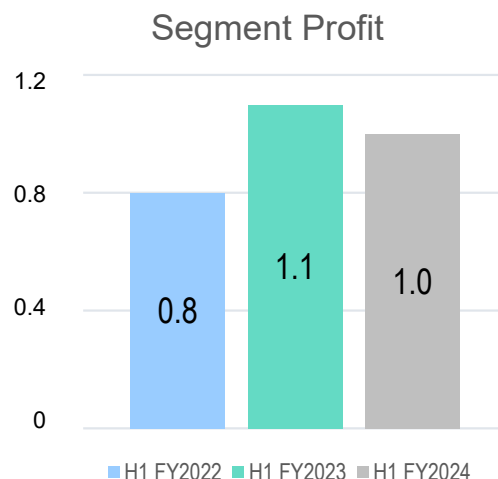
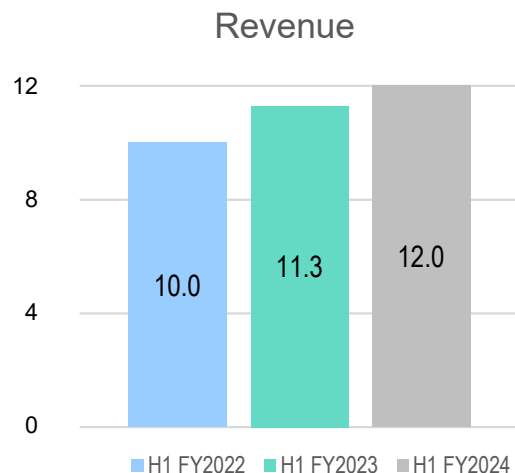


- Both revenue and profit were up, due to an increase in the number of new fee-based maintenance contracts closed and an increase in sales of parts for marine equipment.

Revenue and Profit by Operating Segment

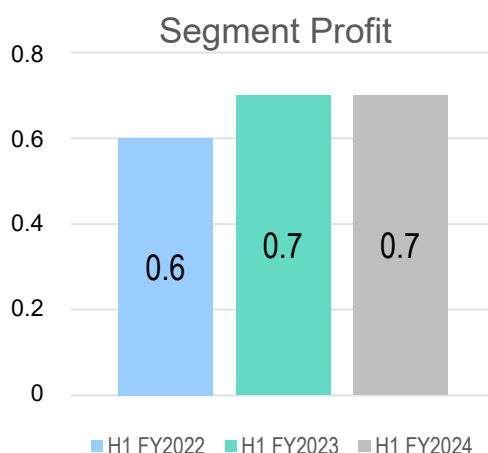
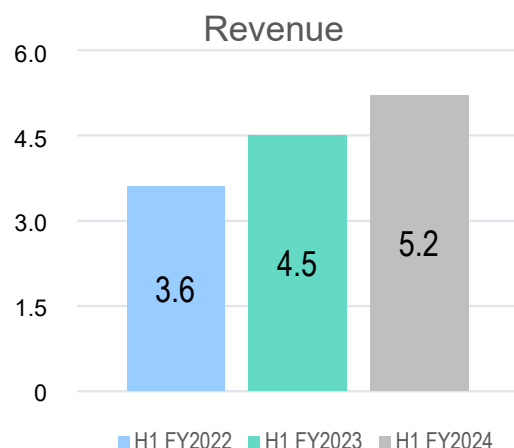
(In billions of yen)

Equipment Sales Business outside Japan: Revenue up 6.2% YoY and segment profit down 15.0%



- Revenue jumped, helped by strong boiler sales in China, South Korea, and the United States.
- Segment profit decreased due to an increase in personnel expenses and SG&A resulting from stepped-up sales activities.

Maintenance Business outside Japan: Revenue up 14.5% YoY and segment profit up 0.3%



- Revenue soared, as the Group closed fee-based maintenance contracts with an increasing number of industrial customers in the countries in which we operated.
- Segment profit was up slightly as an increase in personnel expenses and SG&A was offset by an increase in revenue.

Revenue by Business Line

(In billions of yen)

Business		H1 FY2022	H1 FY2023	H1 FY2024	YoY change
Japan	Boiler	29.5	29.6	31.8	+2.2
	Water treatment equipment	3.2	3.3	3.8	+0.5
	Marine equipment	4.4	5.3	5.3	±0
	Food-processing and medical equipment	5.8	5.9	6.3	+0.4
	Laundry equipment	6.6	-*	-*	-*
	Other businesses (Including laundry equipment, special-purpose equipment, and environmental solutions businesses and new business)	3.0	9.2*	5.6*	-3.6*
	Subtotal	52.5	53.3	52.8	-0.5
Supplementary information: Revenue in laundry equipment business, including that of INAX CORPORATION		6.5	6.3	10.2	+3.9

*The segment results for H1 FY2023 were retroactively adjusted to reflect the reclassification of business segments that resulted in the inclusion of the Laundry Equipment Business in the Equipment Sales Business in Japan in financial reporting, effective Q2 FY2024.

- Sales of boilers and peripheral equipment, marine equipment, and compressors increased.
- Revenue from operations in Japan was down as a result of INAX CORPORATION becoming an equity-method affiliate.

Revenue by Region

(In billions of yen)

		H1 FY2022	H1 FY2023	H1 FY2024	YoY change
Overseas	The Americas (Brazil, Canada, Mexico, and the United States)	3.0	4.5	5.0	+0.5
	South Korea	3.8	3.7	4.3	+0.6
	China	4.4	4.7	5.0	+0.3
	Southeast Asia and other regions	2.4	2.8	2.8	±0
	Subtotal	13.7	15.9	17.3	+1.4

- Revenue jumped, helped partly by strong boiler sales in China and South Korea, and partly by an increase in the number of corporate subscribers to our fee-based maintenance contracts.

Consolidated Balance Sheet

(In billions of yen)

	As of September 30, 2022	As of September 30, 2023	YoY change
Current assets	129.2	125.4	-3.8
Cash and cash equivalents	36.6	31.1	-5.5
Trade receivables	39.7	42.0	+2.3
Other financial assets	20.1	19.1	-1.0
Inventories	29.9	30.8	+0.9
Other current assets	2.7	2.3	-0.4
Non-current assets	95.6	101.0	+5.4
Total assets	224.9	226.5	+1.6
Current liabilities	49.5	47.3	-2.2
Trade payables	14.0	11.7	-2.3
Other	35.5	35.6	+0.1
Non-current liabilities	7.2	4.8	-2.4
Total liabilities	56.7	52.2	-4.5
Total equity	168.1	174.2	+6.1

- Cash and cash equivalents were down due to the buyback of treasury shares initiated in November 2022.
- Affected by INAX CORPORATION changing its status from a consolidated subsidiary to an equity-method affiliate of the Company

Consolidated Cash Flows

(In billions of yen)

	H1 FY2023	H1 FY2024	YoY change
Net cash generated from operating activities	4.0	6.5	+2.5
Share of loss (profit) of entities accounted for using equity method	(0.5)	(1.1)	-0.6
Decrease (increase) in inventories	(5.5)	(2.7)	+2.8
Increase (decrease) in trade and other payables	(2.2)	(0.6)	+1.6
Other	12.2	10.9	-1.3
Net cash generated from (used in) investing activities	(3.5)	2.0	+5.5
Net cash generated from (used in) financing activities	(4.7)	(10.3)	-5.6
Purchase of treasury shares	(0)	(5.4)	-5.4
Other	(4.7)	(4.9)	-0.2
Cash and cash equivalents at beginning of period	40.0	32.0	-8.0
Cash and cash equivalents at end of period	36.6	31.1	-5.5

- The amount of increase in inventories declined YoY in operating activities.
- The amount of time deposits decreased YoY in investing activities.
- Net cash used in financing activities increased YoY due to the buyback of treasury shares initiated in November 2022.

2. Revenue and Earnings Guidance for the Fiscal Year Ending March 31, 2024 (FY2024)

Revenue and Earnings Guidance for FY2024: **Unchanged from an earlier guidance**

(In billions of yen unless otherwise indicated)

	FY2023 results	FY2024 guidance	YoY change
Revenue	158.3	151.5	-6.8
Operating profit	21.9	22.1	+0.2
Operating profit margin	13.8%	14.6%	+0.8 points
Profit before income taxes	23.4	24.6	+1.2
Profit attributable to owners of parent	16.8	18.0	+1.2
Profit per share	149 yen	159 yen	+10 yen

	Revenue			Operating profit		
	FY2023 results	FY2024 guidance	YoY change	FY2023 results	FY2024 guidance	YoY change
Equipment Sales Business in Japan	83.7	71.6	-12.1	7.3	7.1	-0.2
Maintenance Business in Japan	38.6	40.0	+1.4	10.2	10.5	+0.3
Equipment Sales Business outside Japan	26.5	29.7	+3.2	3.0	3.0	0
Maintenance Business outside Japan	9.6	10.2	+0.6	1.4	1.5	+0.1
Total	158.3	151.5	-6.9	21.9	22.1	+0.2






Guidance by Business Line: Updated where indicated below

(In billions of yen)

	Business and region	FY2023 results	FY2024 initial guidance	FY2024 updated guidance*	Change from initial guidance
Japan	Boiler	67.4	69.7	69.7	-
	Water treatment equipment	7.6	8.2	8.2	-
	Marine equipment	9.8	9.8	9.8	-
	Food-processing and medical equipment	12.9	13.5	13.5	-
	Others (including laundry equipment, special-purpose equipment, and environmental solutions businesses and new business)	24.6	10.4	10.4	-
	Subtotal	122.3	111.6	111.6	-
Overseas	The Americas	10.2	11.1	11.1	-
	South Korea	9.0	9.4	10.3	+0.9
	China	10.4	11.7	10.8	-0.9
	Southeast Asia and other regions	6.5	7.6	7.6	-
	Subtotal	36.1	39.9	39.9	-
Total		158.3	151.5	151.5	-

*Updated guidance for FY2024 is based on currency exchange rates applied to H1 FY2024.

Reasons for updating guidance for overseas businesses for FY2024

Region	Reason	
The Americas	<ul style="list-style-type: none"> ▪ Sales of boilers maintaining momentum as a result of joint promotional efforts with distributors in the United States ▪ Maintenance business maintaining momentum 	
South Korea	<ul style="list-style-type: none"> ▪ Sales forecast for large boilers revised upward to reflect their strong sales performance in H1, with the economic outlook remaining unchanged in recent months 	
China	<ul style="list-style-type: none"> ▪ Sales forecast for boilers revised downward to reflect their stagnant sales performance in H1 due to an economic slowdown 	
Southeast Asia and other regions	<ul style="list-style-type: none"> ▪ Sales slow in H1 and predicted to pick up in H2 	
Business outside Japan	<ul style="list-style-type: none"> ▪ Closing maintenance contracts with more and more customers 	

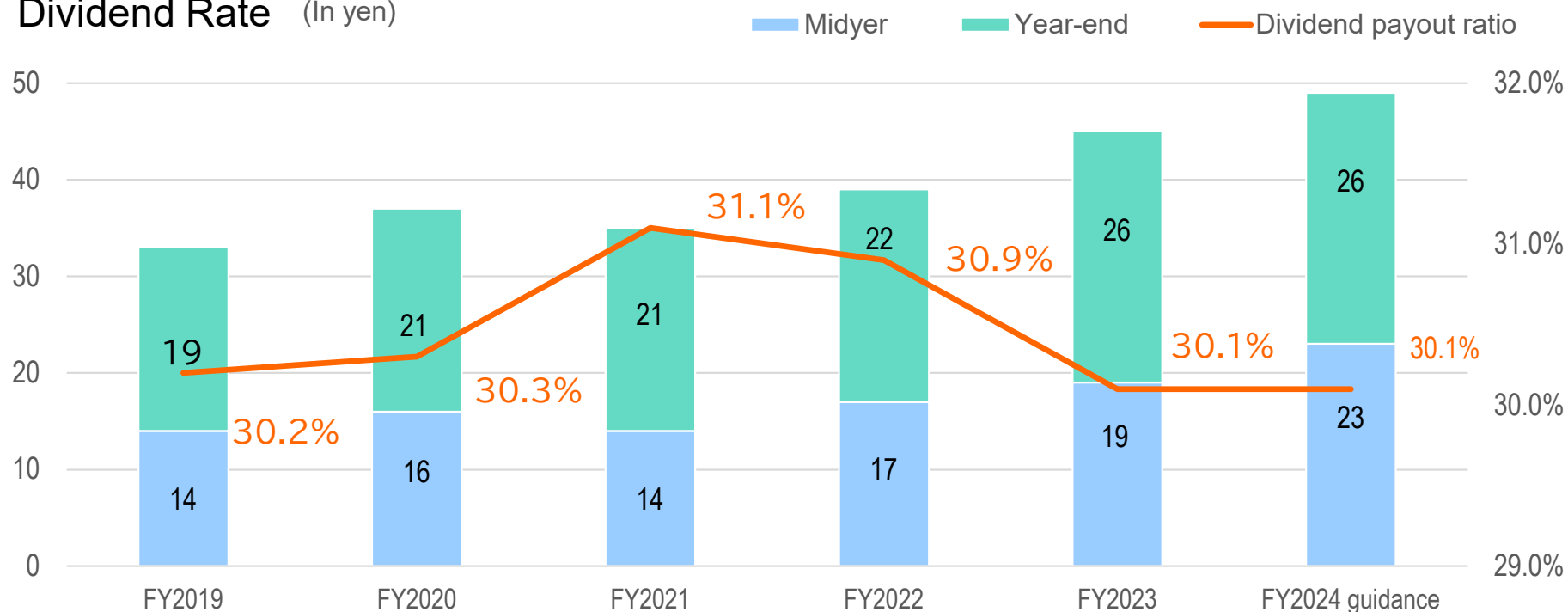
3. Dividend Guidance

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

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

Dividend rate	FY2022 result	FY2023 result	FY2024 guidance
Midyear	¥17	¥19	¥23
Year-end	¥22	¥26	¥26
Total	¥39	¥45	¥49

Dividend Rate (In yen)



ROE

10.1

10.6

9.1

9.3

10.3

10.9

The Group's internal target for ROE is 10% or more.

Note: The number of issued shares: 110,417,976, excluding 14,873,136 treasury shares, as of September 30, 2023

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

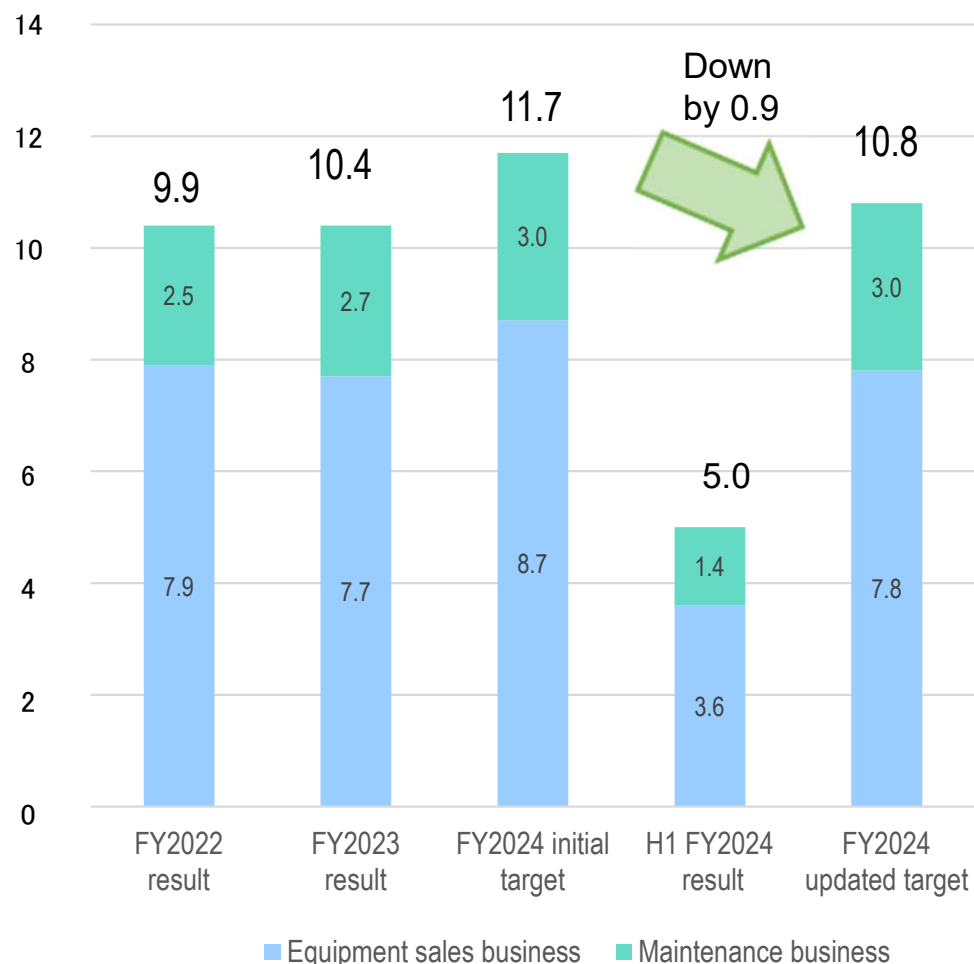
MIURA CO., LTD.

Information current as of November 22, 2023

Revenue Performance for H1 FY2024 and Annual Guidance for FY2024

Revenue of MIURA INDUSTRIES (CHINA)

(In billions of yen)

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

- (1) Offer our energy-efficient boilers not subject to environmental regulations to:
 - Encourage customers to switch from competitors' gas-fired boilers to ours
 - Encourage customers to replace their old gas-fired boilers with ours
- (2) Focus sales efforts on companies in the following four robust industry sectors sustained primarily by domestic demand:
 - Food, dairy, chemicals (including batteries), and pharmaceuticals

Reasons for lowering the revenue target by ¥0.9B for FY2024

- (1) Sales of our boilers are stagnant even in these focused industry sectors in which the pace of capital expenditures has slowed due to a worsening economic outlook.
- (2) Our maintenance business is on track as planned.

Political and Economic Landscapes in China



The Chinese government's goal is to achieve carbon neutrality by 2060 while remaining on a steady growth path.

- The cumulative installed capacity for renewable energy generation reached 1,384,000 MWh in China in September 2023, accounting for 49.6% of the total installed capacity for power generation and exceeding that for thermal power generation: 400,000 MWh for hydraulic power generation; 400,000 MWh for wind power generation; and 500,000 MWh for solar power generation.
- Private enterprises are increasingly concerned about uncertainties over the government's sudden economic policy changes and overemphasis on national security. They have become more and more cautious in their business operations as the government has not provided reasons for detaining their employees or clear guidelines as to what constitutes infringements under the revised anti-espionage law. Amid this political environment, and lingering questions of profitability brought about by the pandemic, many of them have cut back on capital expenditures.

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

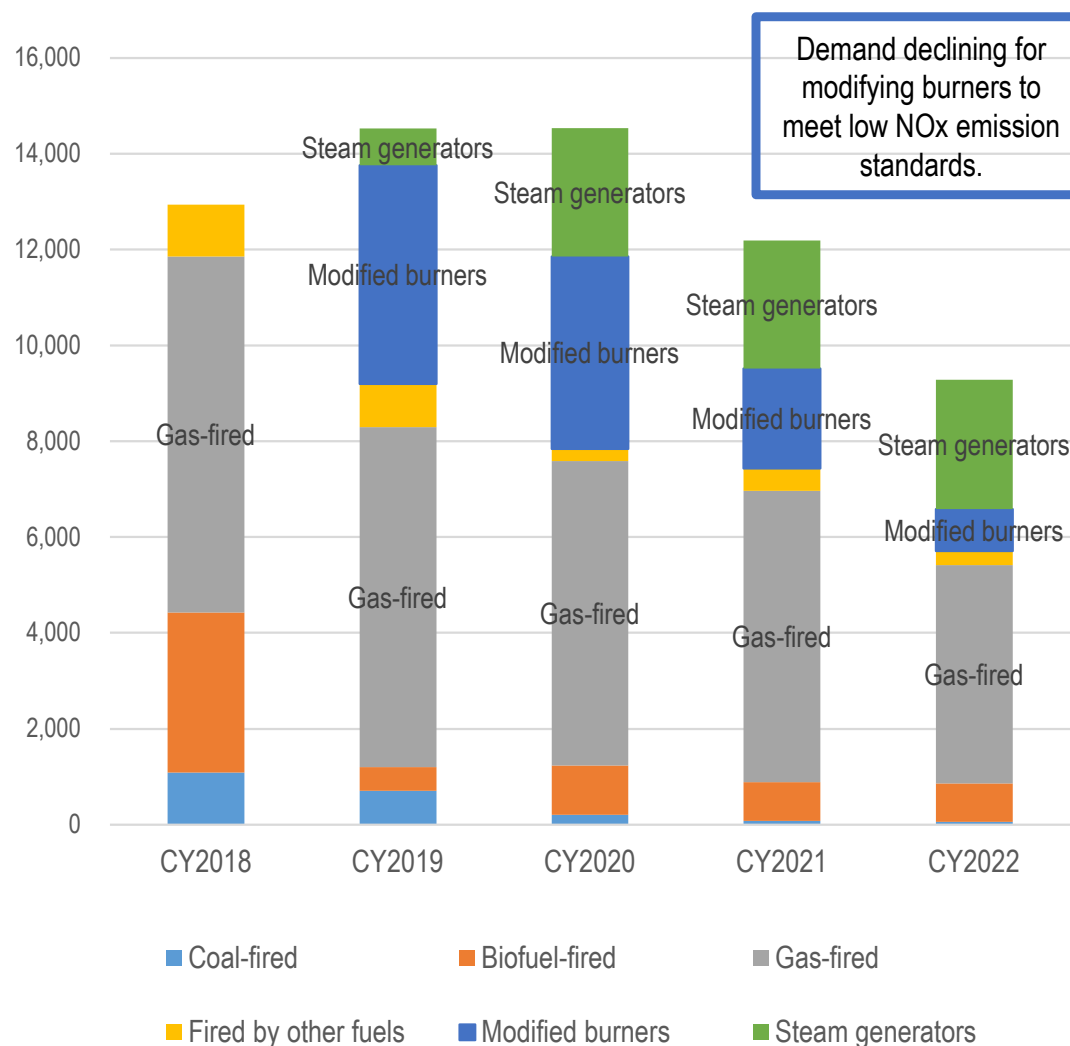
- The China Caixin manufacturing purchasing managers' index (PMI):
50.6 in September and 49.5 in October, falling below 50 for the first time in three months
Softening demand from overseas has put a brake on the manufacturing sector; new export order intakes have been declining for four consecutive months. While the Chinese economy has been showing signs of bottoming out, demand has remained weak amid lingering uncertainties at home and abroad, and the employment rate has fallen for two months in a row.
- ⇒ The pace of enforcing environmental regulations by the authorities has been slow; the enforcement of regulations have been eased or slackened in some regions.
- Some foreign-owned and domestic businesses have moved their manufacturing operations out of China for goods bound for the United States, to avoid the risk of US-China trade frictions, which has dampened production at home.

What's happening in the Chinese Market

Political factors	Chinese economy and capital expenditures have remained sluggish, even after the government ended the zero-COVID-19 policy.		
Environmental policy 1	Environmental regulations to encourage a switch from using coal and biofuels to using 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 forcing the relocation of plants from urban to rural areas		
Environmental policy 4	Promoting the research and development of new energy sources, such as hydrogen	Their application for boilers not within sight	
Anti-poverty programs	Promoting factory agriculture and fishery: Food-processing and mushroom-cultivation plants		
Aftermath of the pandemic	Business outlook is mixed by sector and by enterprise; a shakeup has started in some sectors.		
Food industry	Strong demand for commercial- and home-use processed food, extracts, health food	Increasingly health-conscious population	
Machinery	Demand for gas-powered vehicles plunging; materials costs of fuel cells for automobiles declining		
Fabric dyeing	Production shifting to offshore in other parts of Asia		
Cardboard	Demand fueled by growing popularity of home delivery services; smaller cardboard manufacturers going out of business	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 Units Sold in the Market



Changes observed between 2021 and 2022

Developments in the industrial boiler market

▪ **Industrial boiler sales fell amid softening capital expenditures and the pandemic.**

More and more businesses intended to recoup investments faster—within 18 months.

▪ **Industry sales of coal-fired boilers remained weak.**

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

▪ **Industry sales of steam generators remained strong.**

▪ **Industry sales of gas-fired boilers fell sharply.**



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

What's happening in 2023

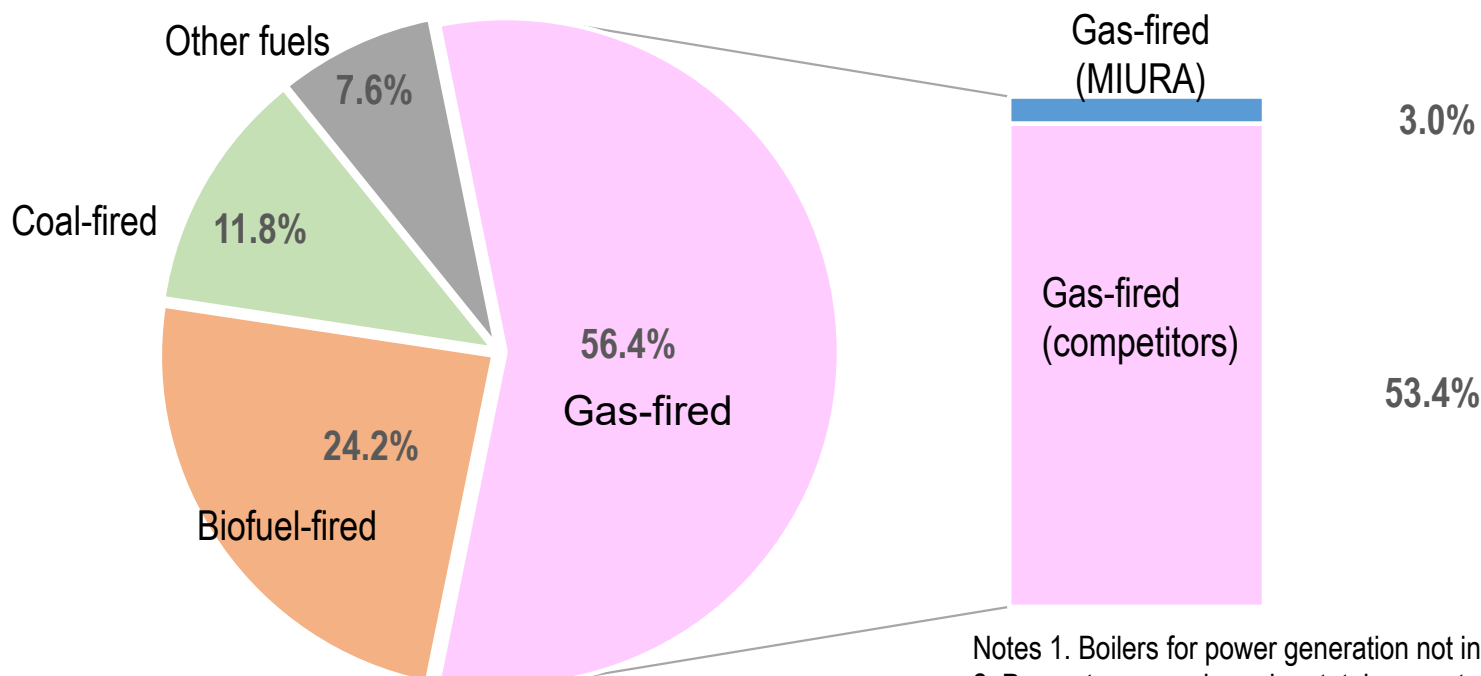
◆ Environmental regulations are enforced on **gas-fired boilers weighing 80 metric tons or less.**

MIURA's actions

- Started selling 6-ton boilers in June to meet the demand for large-capacity boilers.
- More vigorous enforcement of regulations on steam generators, mandating the inspection of retained water (20% of steam generators in use have not been inspected, and we have been encouraging their users to switch to class-D boilers)
- Expand offerings of energy-saving solutions (installing heat exchangers to flue tubes, making greater use of discharged hot water)
- Expand the installed base of boilers with network connectivity to achieve greater efficiency in maintenance

The Industrial Boiler Market in China by Type of Fuel Used

Percentage of Installed Industrial Boilers by Type of Fuel Used



Notes 1. Boilers for power generation not included
 2. Percentages are based on total amount of steam generated
 (Source: MIURA's internal data compiled in March 2023)

- The shift from coal-fired boilers to gas-fired boilers reduced the total capacity from 800,000 t/h in 2021 to 710,000 t/h in 2022. (This is because smaller-capacity gas-fired boilers perform as well as larger-capacity coal-fired boilers.)
- The growing installed base of gas-fired boilers gives us a good opportunity to pursue a conversion strategy.
- Regulatory authorities have been pushing for a switch from large-capacity coal-fired boilers to gas-fired boilers in some regions.
- MIURA has stepped up its sales efforts for distributors that handle steam generators.

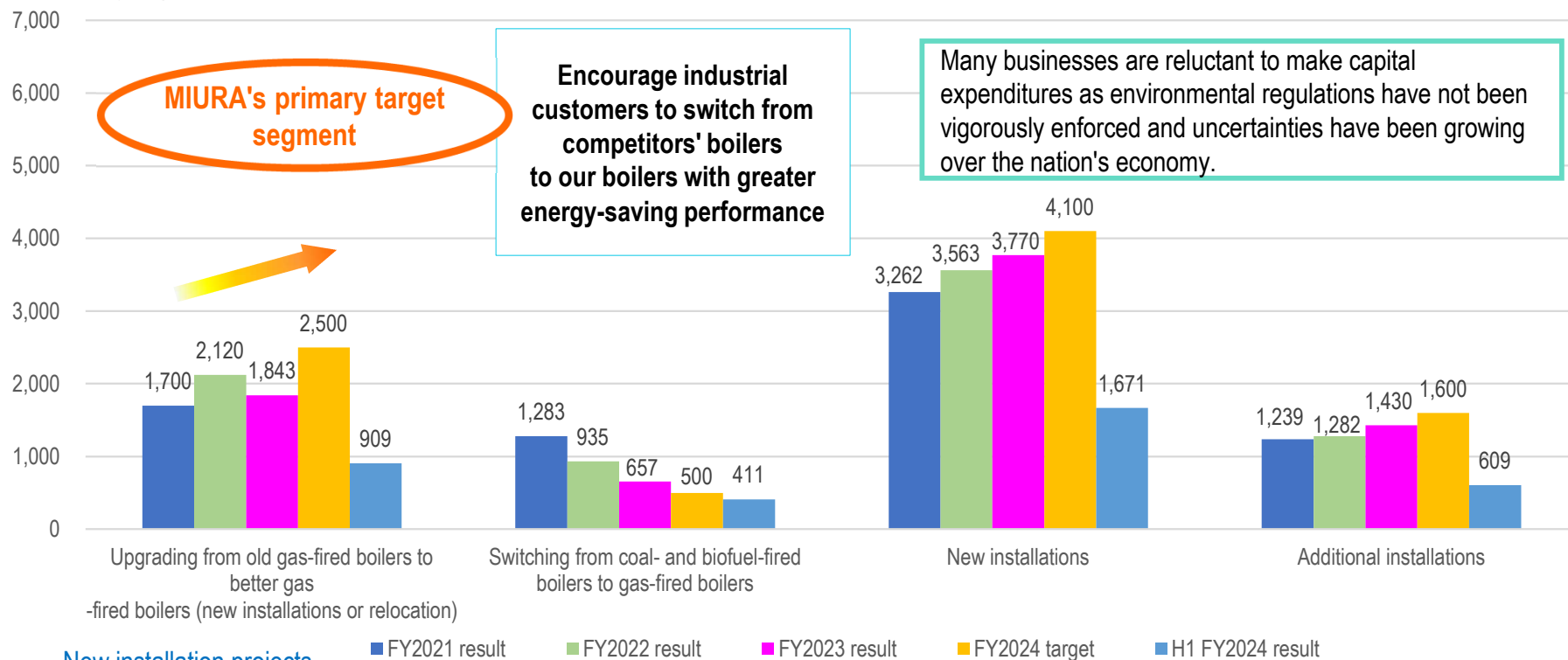
Purchase Patterns for MIURA Boilers Observed among Industrial Customers

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 their investments in boilers faster— within 18 months.

- MIURA's actions:**
- (1) Focus sales efforts on prospects more likely to benefit from boilers with greater energy-saving performance
 - (2) Resubmit estimates to prospects likely to recoup investments 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)



New installation projects

- Our newly introduced large 6-ton boilers have found their way into new plants for automotive fuel cells.
- More and more businesses are relocating their plants to areas where environmental regulations on effluent and chemicals are less stringent and operating costs—including taxes, fuel costs, and personnel expenses—are lower.
- Received an increasing number of project orders for installing boilers that are powered by digester gas generated in effluent treatment facilities and that meet NOx emission limits on 30 mg.

Sales of MIURA Boilers by Industry Sector

YoY Changes in MIURA's boiler sales to customers in the four focused industry sectors from FY2022 to FY2023:

Sales were up for food and pharmaceuticals, flat for cardboard, and down for feed sectors.



Focused sectors updated for FY2024:

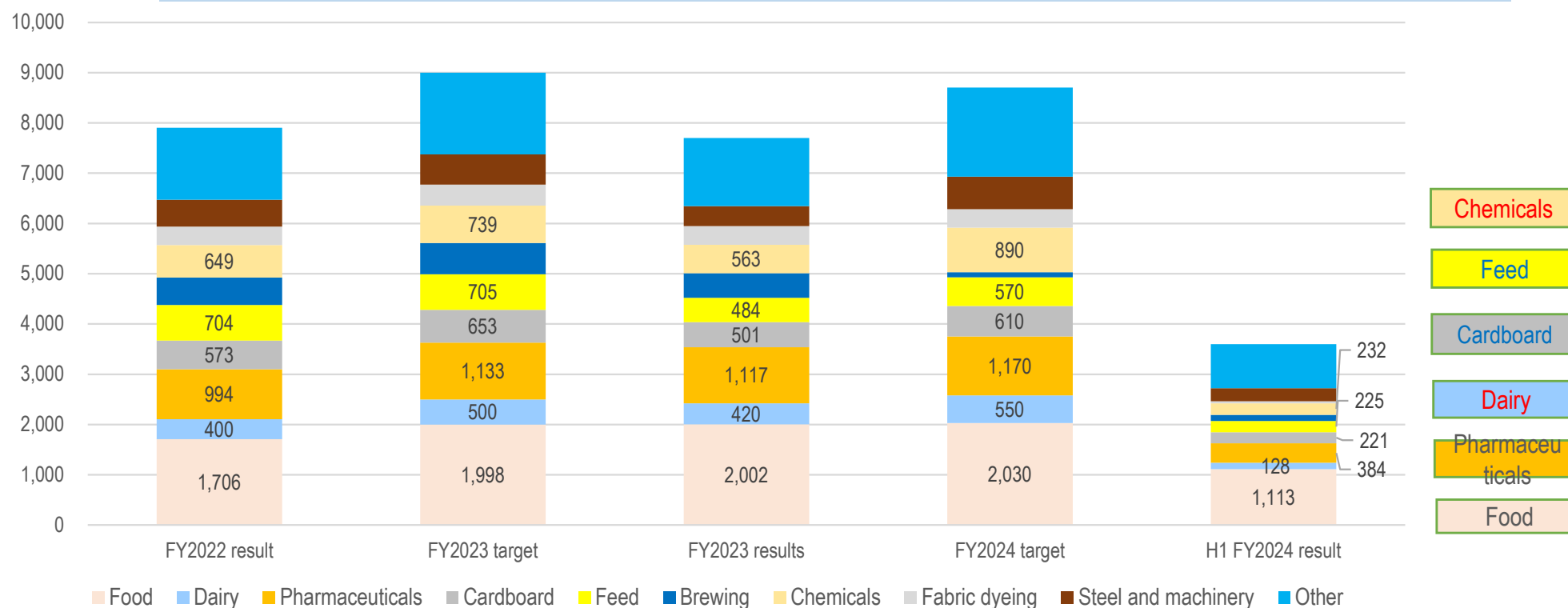
Food, dairy, chemicals (including batteries), and pharmaceuticals

Challenges: Economic downturn

- Many pharmaceutical firms take a wait-and-see approach to the market in the aftermath of the pandemic.
- Feed manufacturers have been hit hard by surging costs of imported raw materials likely to go out of business
- Cardboard manufacturers are unable to pass on the rising costs of paperboard rolls to end customers

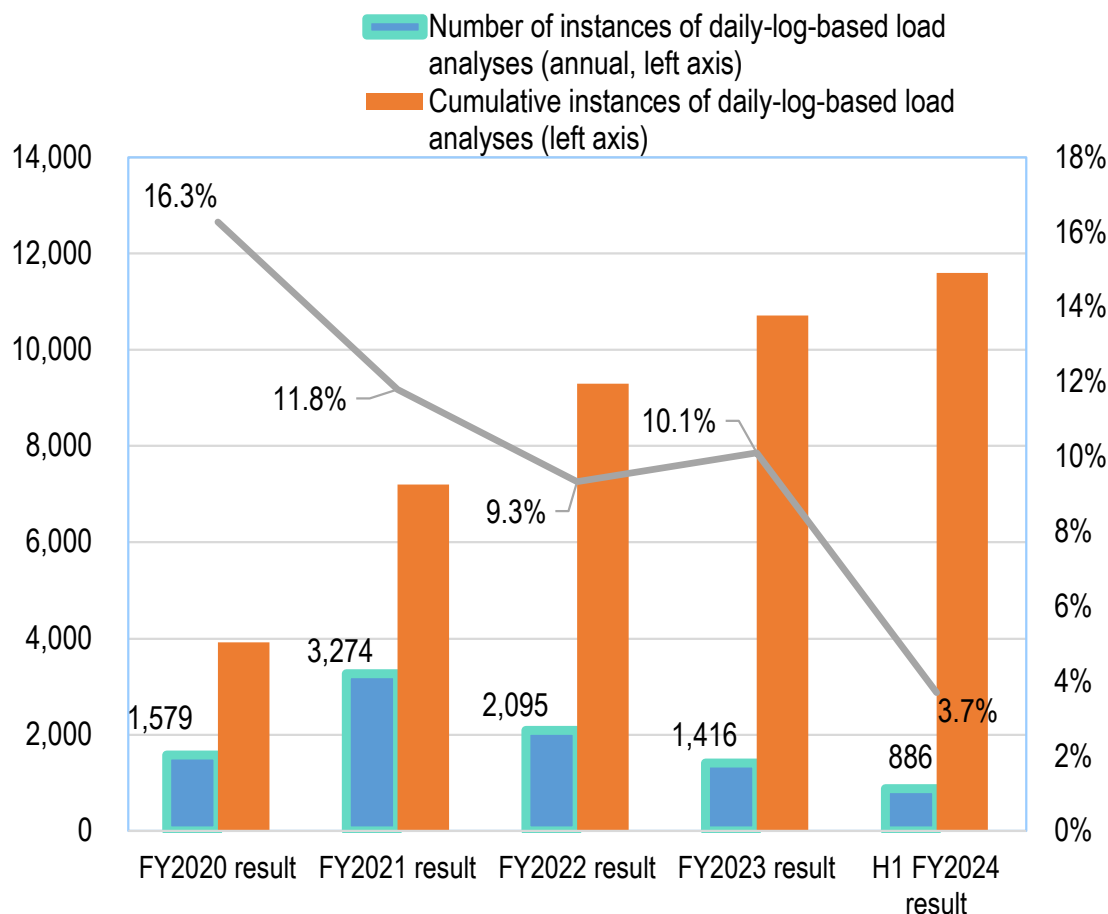
MIURA's actions: More frequently visit industrial customers in better-performing sectors among the focused sectors; expand offerings of boilers with greater energy-saving performance

(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 with greater energy-saving performance

Offer more energy-efficient boilers to customers, based on daily-log-based load analyses of competitors' boilers operated by our customers



Challenges

- Businesses are reluctant to commit to capital expenditures amid the growing economic uncertainties.
- Businesses go ahead with capital expenditures only if they are sure of recouping them within 18 months.

Analysis findings:

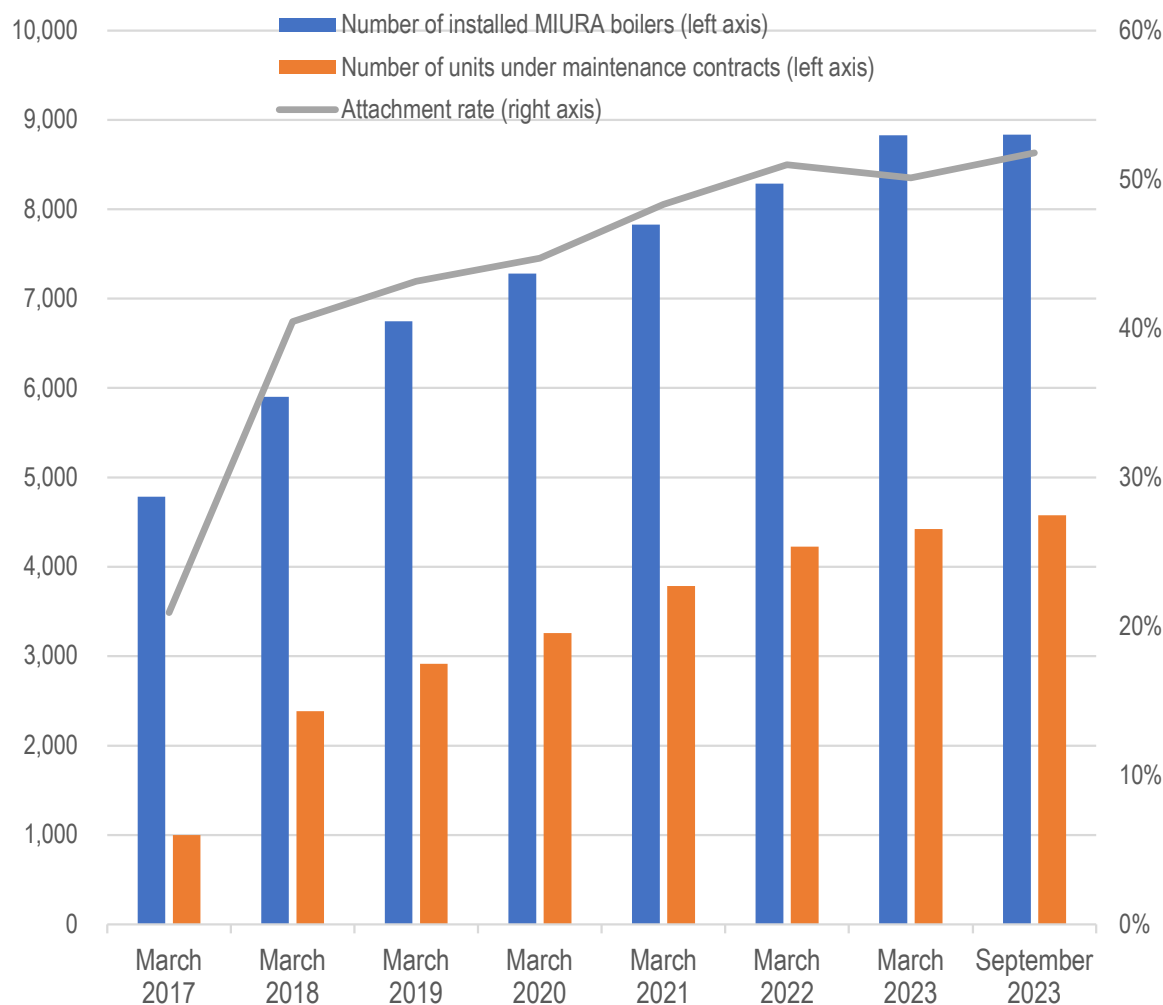
- Percentage of businesses more likely to recoup their investments within 18 months: 7.9%
- Percentage of businesses more likely to recoup their investments within 36 months: 59.3%

MIURA's actions:

- Select larger customers 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 (The chart to the left does not reflect this activity.)
- 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 gas-fired boilers to replace existing ones

Updates on Maintenance Contracts Closed



MIURA's strategy for closing maintenance contracts with more customers

- 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
- ↓
- Result in greater customer satisfaction
- ↓
- Greater chance of renewing a maintenance contact

Actions being taken

- Every boiler we offer customers must have network connectivity to enable online maintenance.
 - Offer network devices to business users of boilers with no network connectivity
- ↓
- Get customer buy-in to the effectiveness of online maintenance in order to increase the renewal rate of maintenance contracts
 - Make maintenance services more efficient

5. Updates on the Group's Maintenance Business for Compressors and Laundry Equipment

MIYAMOTO Osamu
Executive Officer
General Manager of FE Strategy Headquarters
MIURA CO., LTD.

Information current as of November 22, 2023

Our Maintenance Program for Compressors

Advantage
1

24/7 customer service

- Upon receipt of service calls from customers via the cloud, our field engineers rush to provide on-site service through our 100 service centers around the country.
- Field engineers' travel and technical expenses are inclusive in contract fees.

Advantage
2

Routine inspections of compressors, and energy-saving and low emission 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.

Advantage
3

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
4

Parts warranty

- Provide warranties that cover Kobelco compressors and their parts

Advantage
5

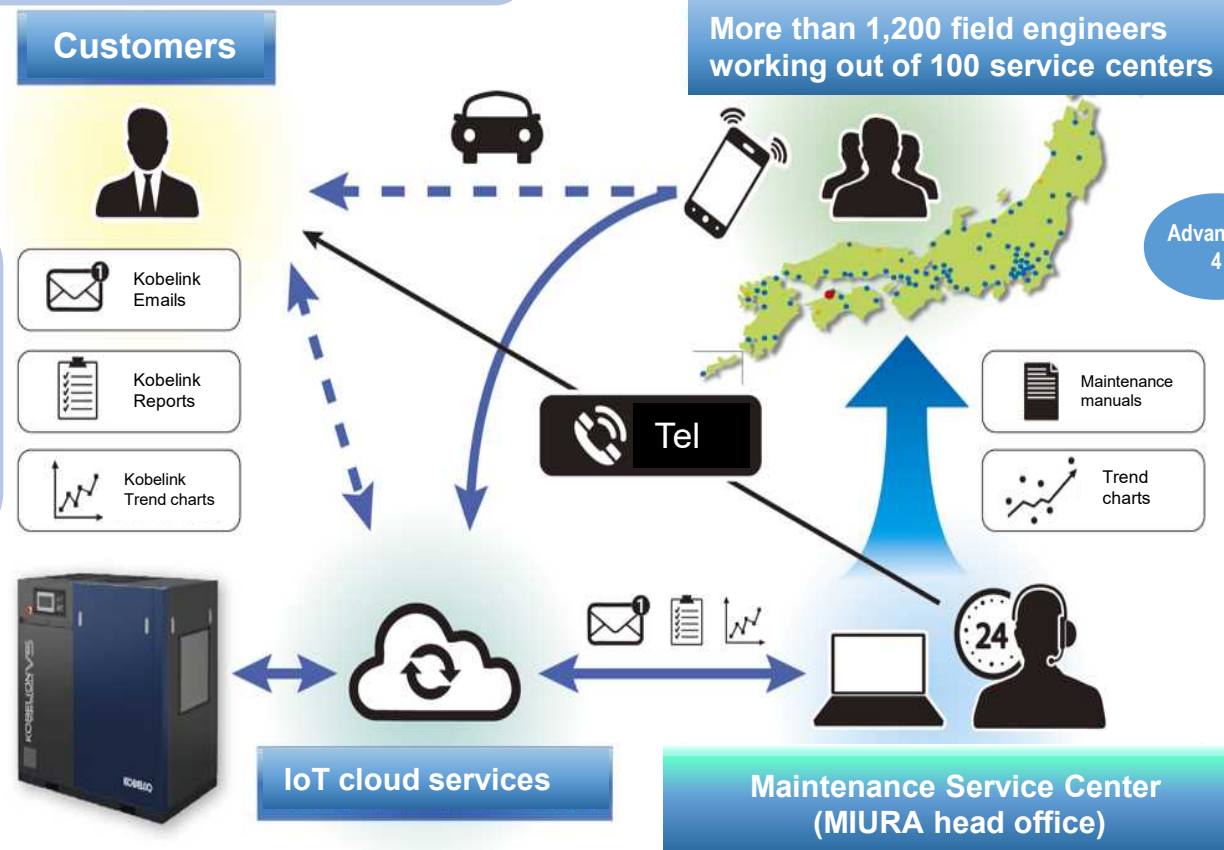
Labor-saving opportunities

- 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



Compressor Maintenance Contracts Closed since October 2022

	H1 FY2024
Cumulative number of air compressors sold	341
Number of units eligible for maintenance contracts	158
Number of units under maintenance contracts (including those for which we have received an LOI from customers)	117
Attachment rate	74%

Reasons for the high attachment rate

(1) Customers recognize the cost-effectiveness of maintenance contracts that provide 24/7 customer service.

(2) MIURA maintenance services address our customers' shortage of service technicians, especially among mid-size food-processing companies that have a hard time finding replacements for retired technicians.

(3) MIURA maintenance services provide customers with greater opportunities for reducing the lifecycle cost of their compressors with inspections that help optimize electricity usage.



At the request of customers, we have been expanding the variety of compressor models eligible for maintenance contracts.

INAX CORPORATION's maintenance business

The number of orders for routine inspections from customers has been increasing as a result of a switch of focus in sales efforts from repairs to preventive maintenance.

	H1 FY2024
Revenue from newly closed maintenance contracts (in millions of yen)	802
Cumulative instances of routine inspections	157

Reasons for increase

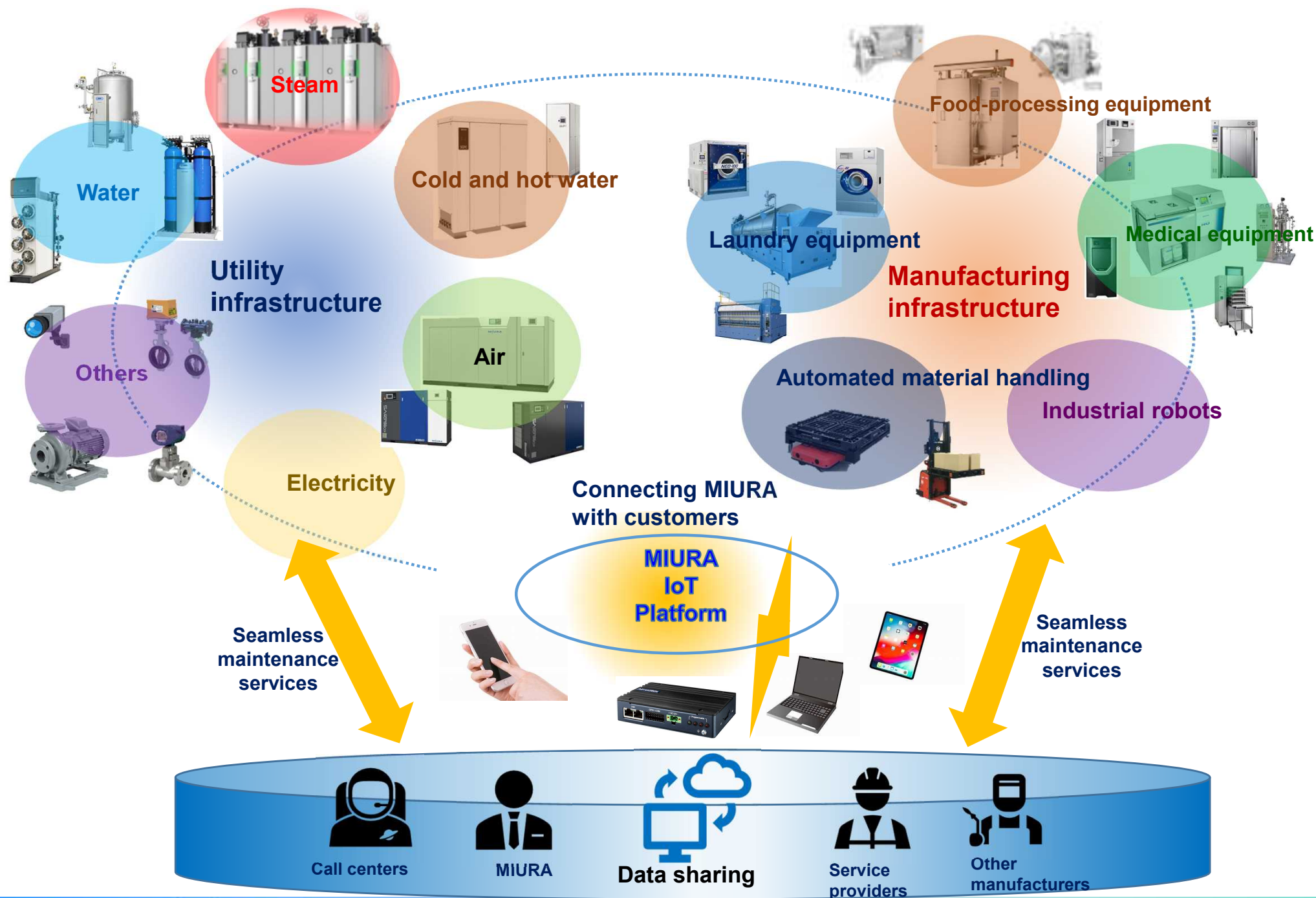
(1) INAX started offering routine maintenance services of laundry equipment to customers in FY2022.

(2) Industrial laundry service providers need to keep their equipment running in good condition to meet growing post-pandemic demand for laundry services.



Both customers and INAX's sales and FE teams have recognized the importance of conducting routine maintenance of equipment.

The increase in instances of routine maintenance of equipment has been driving the sale of consumables up.



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

Note: Business results and forecasts of INAX Corporation are presented separately as supplementary information in the following pages, as INAX became an equity-method affiliate of the Company effective FY2024.

November 22, 2023

1. Consolidated Revenue by Operating Segment

(In billions of yen)

	H1 FY2020	Percenta ge	H1 FY2021	Percenta ge	H1 FY2022	Percenta ge	H1 FY2023	Percenta ge	H1 FY2024	Percenta ge
Equipment Sales Business in Japan	29.9	44%	26.4	44%	27.8	42%	34.6*	50%*	32.9*	48%*
Maintenance Business in Japan	16.1	24%	16.8	28%	18.0	27%	18.6	27%	19.8	28%
Equipment Sales Business outside Japan	9.3	14%	8.9	14%	10.0	15%	11.3	16%	12.0	17%
Maintenance Business outside Japan	2.9	4%	3.3	5%	3.6	6%	4.5	7%	5.2	7%
Laundry Equipment Business	9.2	14%	5.8	9%	6.5	10%	_*	_*	_*	_*
Total	67.7	100%	61.5	100%	66.2	100%	69.2	100%	70.1	100%
Supplementary information: Laundry Equipment Business including INAX CORPORATION	9.2	-	5.8	-	6.5	-	6.3	-	10.2	-

*The consolidated financial results for H1 FY2023 were retroactively adjusted to reflect the reclassification of business segments that resulted in the inclusion of the Laundry Equipment Business in the Equipment Sales Business in Japan in financial reporting, effective Q2 FY2024.

2. Revenue from Operations in Japan by Business Line

(In billions of yen)

Revenue from Operations in Japan by Business Line	H1 FY2020	Percentag e	H1 FY2021	Percentag e	H1 FY2022	Percentag e	H1 FY2023	Percentag e	H1 FY2024	Percentag e
Boiler	29.9	54%	26.0	53%	29.5	56%	29.6	56%	31.8	60%
Water treatment equipment	1.9	3%	2.6	5%	3.2	6%	3.3	6%	3.8	7%
Marine equipment	5.7	10%	6.2	13%	4.4	8%	5.3	10%	5.3	10%
Food-processing and medical equipment	5.6	10%	5.0	10%	5.8	11%	5.9	11%	6.3	12%
Laundry equipment	9.2	17%	5.8	12%	6.6	13%	_*	_*	_*	_*
Others (including laundry equipment, special-purpose equipment, and environmental solutions businesses and new business)	3.1	6%	3.5	7%	3.0	6%	9.2*	17%*	5.6*	11%*
Total	55.4	100%	49.2	100%	52.5	100%	53.3	100%	52.8	100%
Supplementary information: Laundry Equipment Business including INAX CORPORATION	9.2	-	5.8	-	6.5	-	6.3	-	10.2	-

*The consolidated financial results for H1 FY2023 were retroactively adjusted to reflect the reclassification of business segments that resulted in the inclusion of the Laundry Equipment Business in the Equipment Sales Business in Japan in financial reporting, effective Q2 FY2024.

3. Consolidated Operating Profit by Operating Segment

(In billions of yen)

	H1 FY2020	Percenta ge	H1 FY2021	Percenta ge	H1 FY2022	Percenta ge	H1 FY2023	Percenta ge	H1 FY2024	Percenta ge
Equipment Sales Business in Japan <i>Operating profit margin</i>	2.4 7.6%	28%	1.6 5.8%	20%	2.4 8.4%	27%	2.2 6.2%	24%*	2.6* 8.0%	26%*
Maintenance Business in Japan <i>Operating profit margin</i>	4.7 29.2%	54%	5.0 29.9%	63%	5.0 28.0%	55%	5.3 28.6%	57%	5.6 28.3%	57%
Equipment Sales Business outside Japan <i>Operating profit margin</i>	0.7 8.2%	9%	0.7 8.0%	9%	0.8 8.5%	9%	1.1 10.4%	12%	1.0 8.4%	10%
Maintenance Business outside Japan <i>Operating profit margin</i>	0.2 9.8%	3%	0.6 17.9%	8%	0.6 18.0%	7%	0.7 16.0%	7%	0.7 14.0%	7%
Laundry Equipment Business <i>Operating profit margin</i>	0.5 5.7%	6%	0.01 0.2%	0%	0.2 3.5%	2%	-*	-*	-*	-*
Total <i>Operating profit margin</i>	8.7 12.9%	100%	8.0 13.0%	100%	9.2 14.0%	100%	9.3 13.5%	100%	9.8 14.1%	100%
Supplementary information: Laundry Equipment Business including INAX CORPORATION <i>Operating profit margin</i>	0.5 5.7%	-	0.01 0.2%	-	0.2 3.5%	-	(0.03) -	-	1.1 10.9%	-

*The consolidated financial results for H1 FY2023 were retroactively adjusted to reflect the reclassification of business segments that resulted in the inclusion of the Laundry Equipment Business in the Equipment Sales Business in Japan in financial reporting, effective Q2 FY2024.

4. Revenue by Region

(In billions of yen)

	H1 FY2020	Percent age	H1 FY2021	Percent age	H1 FY2022	Percent age	H1 FY2023	Percent age	H1 FY2024	Percent age
Japan	55.4	82%	49.2	80%	52.4	79%	53.2	77%	52.8	75%
The Americas	2.5	4%	2.1	3%	3.0	4%	4.5	7%	5.0	7%
South Korea	3.8	5%	4.0	7%	3.8	6%	3.7	5%	4.3	6%
China	3.9	6%	4.6	7%	4.4	7%	4.7	7%	5.0	7%
Other regions	2.2	3%	1.7	3%	2.4	4%	2.8	4%	2.8	5%
Subtotal	12.3	18%	12.4	20%	13.7	21%	15.9	23%	17.3	25%
Total	67.7	100%	61.6	100%	66.2	100%	69.2	100%	70.1	100%

5. Consolidated Cash Flows

(In millions of yen)

	H1 FY2020	H1 FY2021	H1 FY2022	H1 FY2023	H1 FY2024
Net cash generated from operating activities	6,195	10,003	7,496	4,058	6,552
Net cash generated from (used in) investing activities	(1,397)	(6,715)	(3,722)	(3,558)	2,008
Free cash flows	4,798	3,288	3,774	500	8,560
Net cash generated from (used in) financing activities	(4,327)	(4,140)	(4,141)	(4,757)	(10,302)

	FY2020	FY2021	FY2022	FY2023	FY2024
Net cash generated from operating activities	18,121	22,982	19,442	17,844	-
Net cash generated from (used in) investing activities	(10,300)	(11,073)	(14,481)	(12,535)	-
Free cash flows	7,821	11,909	4,961	5,309	-
Net cash generated from (used in) financing activities	(8,978)	(7,991)	(3,389)	(13,766)	-

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

(In millions of yen)

	H1 FY2020	H1 FY2021	H1 FY2022	H1 FY2023	H1 FY2024
Capital expenditures (right-of-use assets not included)	2,311	1,701	1,981	1,265	1,291
Depreciations and amortizations	3,234	3,353	3,410	3,534	3,286
Research and development expenses	1,497	1,367	1,333	1,391	1,564

	FY2020	FY2021	FY2022	FY2023	FY2024 planned
Capital expenditures (right-of-use assets not included)	4,570	3,646	3,847	2,869	3,304
Depreciations and amortizations	6,580	6,733	6,879	7,033	6,651
Research and development expenses	3,578	3,165	2,905	3,353	-

7. Currency Exchange Rates

Average rate in JPY during period

Currency	H1 FY2020	H1 FY2021	H1 FY2022	H1 FY2023	H1 FY2024	YoY change	FY2024 planned
1 USD =	108.60	106.93	109.81	134.03	141.06	+5.2%	137.00
1 CAD =	81.73	78.72	88.30	103.84	105.13	+1.2%	103.00
1 yuan =	15.68	15.26	16.99	19.89	19.75	-0.7%	19.80
1 NTD =	3.49	3.61	3.94	4.49	4.53	+0.9%	4.40
100 won =	9.22	8.89	9.65	10.32	10.75	+4.2%	10.30
100 Rp =	0.77	0.73	0.77	0.91	0.94	+3.3%	0.91
1 BRL =	27.56	19.91	20.75	26.36	28.75	+9.1%	26.30
1 MXN =	5.64	4.72	5.49	6.66	8.13	+22.1%	7.10
1 THB =	3.49	3.38	3.42	3.79	4.05	+6.9%	3.70

The Best Partner of
Energy, Water and Environment



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