

FY2020 Financial Results

Financial Summary and MIURA Growth Strategy

MIURA CO., LTD.

President & CEO MIYAUCHI Daisuke

May 25, 2021

The Best Partner of
Energy, Water and Environment



< Company Profile >

Name	MIURA CO.,LTD. 7 Horie, Matsuyama, Ehime
Established	May 1959
Group company (including MIURA CO.,LTD.)	Japan: 10 companies Overseas: 17 companies *As of March 31, 2021
Employee	Group total: 6,072 1,826 employees overseas included (30%)
Business	Manufacturing, sale, and maintenance of equipment
Rating	"A" maintained as of December 2020 Publicized by Rating and Investment Information, Inc. (R&I)

Largest Shareholders as of March 2021 (*Treasury shares excluded)

Name of Shareholders	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	9.58%
Custody Bank of Japan, Ltd. (Trust Account)	4.74%
Custody Bank of Japan, Ltd. (Trust Account 9)	4.69%
The Iyo Bank, Ltd.	4.25%
The Ehime Bank, Ltd.	3.84%
MIURA's ESOP	2.71%
Ehime Prefecture	2.39%
Miura Educational Foundation	2.39%
Iyogin Leasing Co.,Ltd.	2.32%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1.85%

Announcement of "JPX-Nikkei Index 400" inclusion

MIURA was selected for the first time and newly included in the JPX-Nikkei Index 400 in the last fiscal year.



JPX-NIKKEI 400

The new index will be composed of companies with high appeal for investors, which meet requirements of global investment standards, such as efficient use of capital and investor-focused management perspectives. The new index will promote the appeal of Japanese corporations domestically and abroad, while encouraging continued improvement of corporate value, thereby aiming to revitalize the Japanese stock market.

Source URL: <https://www.jpx.co.jp/english/markets/indices/jpx-nikkei400/>

Shareholding Ratio as of March 2021

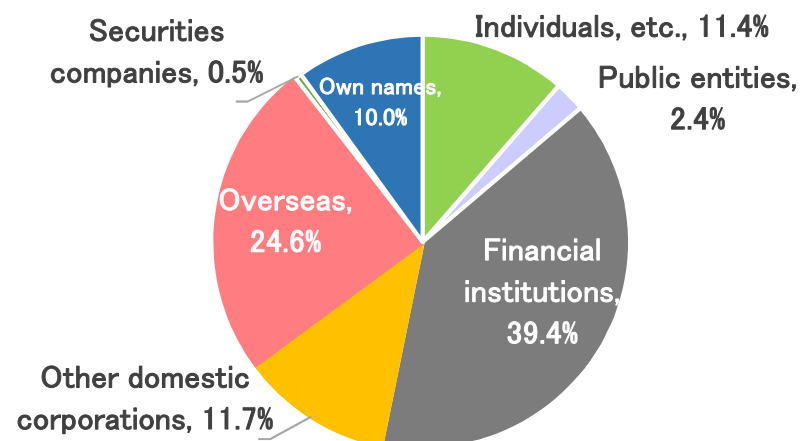


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Caution

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. FY2020 Summary Overview

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Result

[Unit: Million JPY]

<IFRS>	FY2019	FY2020	Increase rate (%)
Revenue	143,645	134,732	△6.2%
Cost of revenue	86,283	79,758	△7.6%
Selling, general, and administrative expenses	39,320	37,761	△4.0%
Other income	612	966	57.8%
Other expenses	113	321	183.8%
Operating profit	18,540	17,858	△3.7%
Profit before income taxes	18,756	18,165	△3.2%
Profit attributable to owners of parent	13,746	12,695	△7.6%

Overview

Japan

Weak performance of small once-through boilers and laundry

Equipment sales Low due to COVID-19

Marine equipment Strong sales of BWMS

Laundry business Sluggish due to COVID-19 impacts

Oversea

China stayed strong

Americas, Taiwan, and ASEAN Low boiler sales

China Strong boiler sales and maintenance business

2. FY2020 Plan and Result

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FY2020 Plan vs Result

- Revenue achieved despite of decline in motivation for capital investments due to COVID-19
- Profit increased because of expense cutdown under activity restrictions

Unit: 100 million JPY

	21/3 Plan	21/3 Result	Ratio to the plan
Revenue	1,310	1,347	102.8%
Operating profit (Operating profit rate)	150 (11.5%)	178 (13.3%)	119.1 %
Profit before income taxes	153	181	118.7%
Profit attributable to owners of parent	110	126	115.4%

Sales by business

Unit: 100 million JPY

		20/3 Result	21/3 Plan	21/3 Result	Ratio to the plan
Japan	Boiler	635	585	600	102.6%
	Aqua (Water treatment equipment)	40	39	46	117.9%
	Marine equipment	114	118	117	99.2%
	Food & Medical equipment	113	106	113	106.6%
	Laundry equipment	190	126	126	100.0%
	Others (Special equipment, New business, Environmental business, etc.)	72	70	75	107.1%
	Subtotal	1,164	1,044	1,077	103.2%
Overseas	Americas (US, Canada, Brazil, Mexico)	57	51	51	100.0%
	Korea	81	79	78	98.7%
	China	85	95	99	104.2%
	ASEAN, Taiwan, Turkey, Netherlands	49	41	41	100.0%
	Subtotal	272	266	269	101.1%
Total		1,436	1,310	1,346	102.8%

Result by segment (compared to the plan)

【Japan】 Revitalized sales activities contributed to equipment sales.

Equipment sales: Better sales performance due to the recovery of sales activities than expected and expense cutdown contributed to profit increase.

Maintenance and laundry business: Almost as expected

【Overseas】 Profits increased because of gross margin improvement and expense cutdown.

Equipment sales and Maintenance:

Although sales performance was as expected, our gross margin improvement and expense cutdown largely contributed to the profits.

【Net sales】

【 100 million JPY】	Plan	Result	Ratio to the plan
Domestic Manufacturing and Sales of Products	578	604	104.5%
Domestic Maintenance	340	348	102.3%
Laundry	126	126	100.0%
Overseas Manufacturing and Sales of Products	196	197	100.5%
Overseas Maintenance	70	72	102.5%

【Profit】

【 100 million JPY】	Plan	Result	Ratio to the plan
Domestic Manufacturing and Sales of Products	37	49	131.9%
Domestic Maintenance	96	95	99.2%
Laundry	△3	2	-
Overseas Manufacturing and Sales of Products	11.5	20	178.6%
Overseas Maintenance	8.5	12	145.4%

3. FY2020 Performance

MIURA CO.,LTD.

Senior Executive Officer

Deputy Director of Administration Headquarters

Financial Accounting Division

HIROI Masayuki

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Result (YOY)

Sluggish equipment sales due to COVID-19

Strong maintenance even in the deteriorated business environment

<IFRS>	20/3 Result	21/3 Result	YOY	Increase rate
Revenue (100 million JPY)	1,436	1,347	△89	△6.2%
(Breakdown)				
Product sales	850	801	△49	△5.7%
Maintenance	394	419	24	6.3%
Laundry	190	125	△64	△34.2%
Operating profit (100 million JPY) Operating profit rate (%)	185 (12.9%)	178 (13.3%)	△6	△3.7%
Profit before income taxes (100 million JPY)	187	181	△5	△3.2%
Profit attributable to owners of parent (100 million JPY)	137	126	△10	△7.6%

Result by segment (YOY)

【Japan】 Solid maintenance, lower sales

Equipment sales: Decline in investment motivation due to COVID-19

Maintenance: Strong because of increasing paid maintenance contracts

Laundry business: Less investment motivation in linen supply and cleaning

【Overseas】 Minimal COVID effects in China and Korea

Equipment sales: Stable orders in China attributable to energy-saving diagnoses

Maintenance: Constant burner replacement in China due to low NOx regulations

【Net sales】

【 100 million JPY】	20/3	21/3	YOY
Domestic Manufacturing and Sales of Products	643	604	△6.1%
Domestic Maintenance	330	347	5.4%
Laundry	190	125	△33.9%
Overseas Manufacturing and Sales of Products	207	197	△4.9%
Overseas Maintenance	64	71	10.6%

【Profit】

【 100 million JPY】	20/3	21/3	YOY
Domestic Manufacturing and Sales of Products	51	48	△6.0%
Domestic Maintenance	94	95	1.2%
Laundry	10	1	△83.4%
Overseas Manufacturing and Sales of Products	21	20	△2.4%
Overseas Maintenance	7	12	57.6%

Sales by business

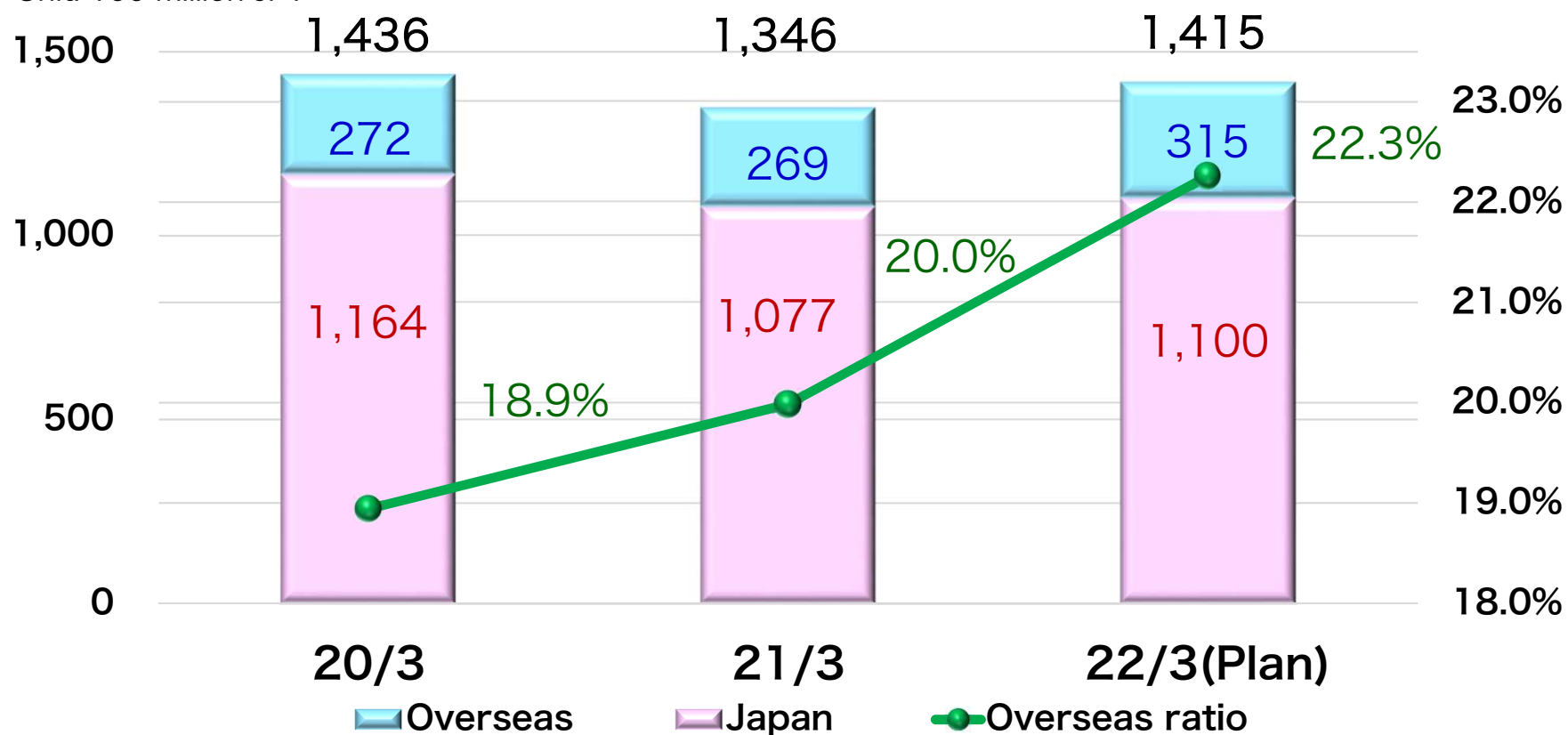
Unit: 100 million JPY

		20/3 Result	21/3 Plan	21/3 Result	YOY
Japan	Boiler	635	585	600	△35
	Aqua (Water treatment equipment)	40	39	46	+6
	Marine equipment	114	118	117	+3
	Food & Medical equipment	113	106	113	-
	Laundry equipment	190	126	126	△64
	Others (Special equipment, New business, Environmental business, etc.)	72	70	75	+3
	Subtotal	1,164	1044	1,077	△87
Oversea	Americas (US, Canada, Brazil, Mexico)	57	51	51	△6
	Korea	81	79	78	△3
	China	85	95	99	+14
	ASEAN, Taiwan, Turkey, Netherlands	49	41	41	△8
	Subtotal	272	266	269	△3
Total		1,436	1,310	1,346	△90

Domestic and overseas sales(IFRS)

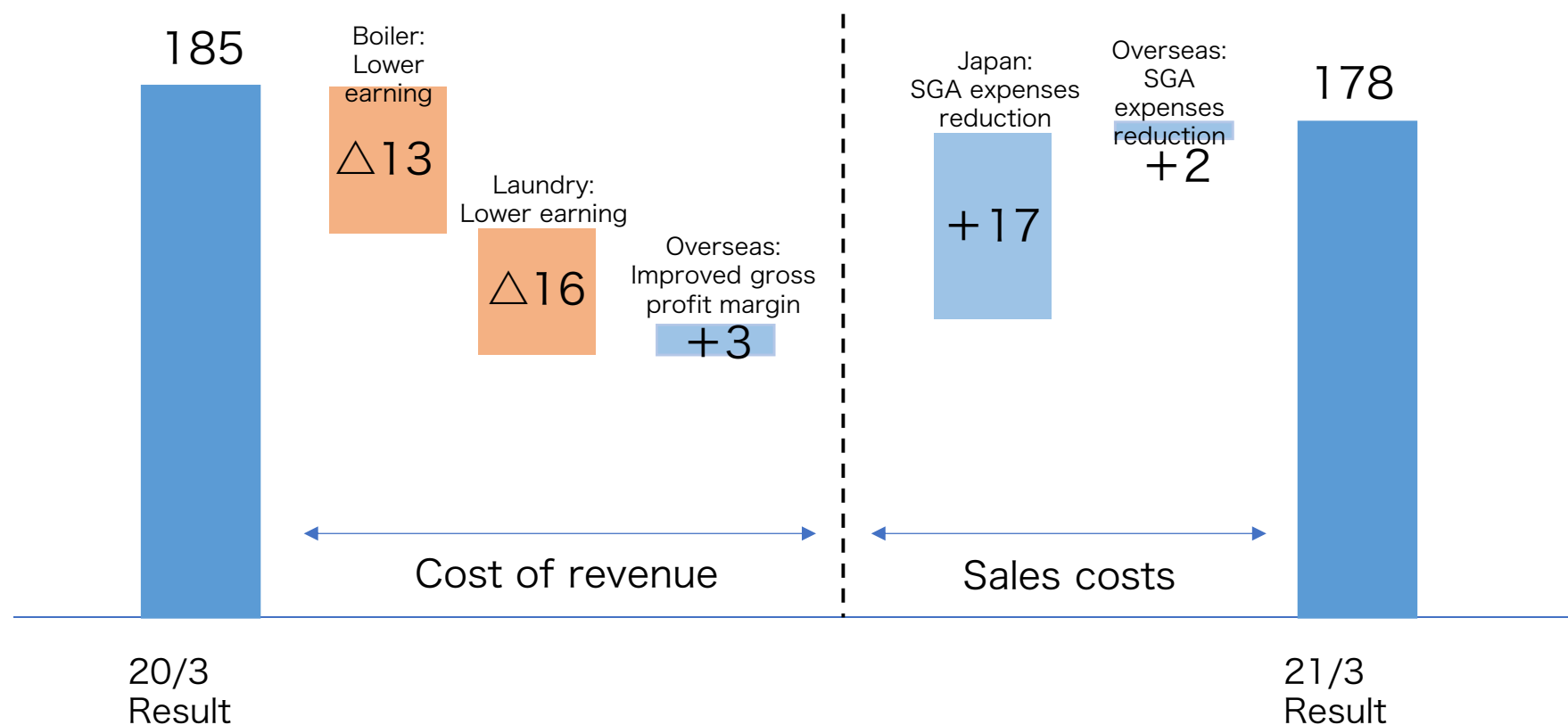
Even under the negative influence of COVID-19, the overseas sales of FY2020 stayed stable.

Unit: 100 million JPY



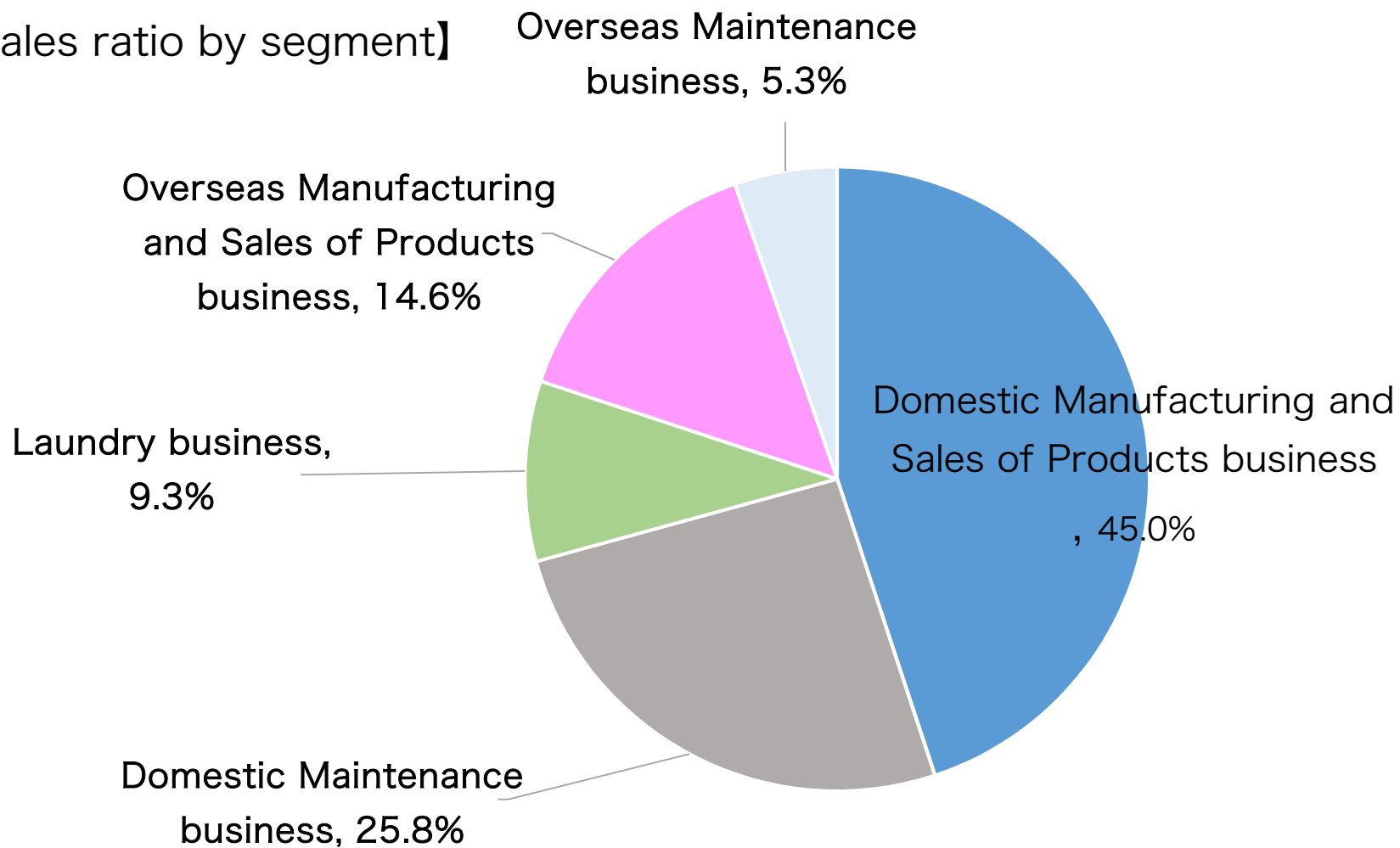
Operating profit and factors (the same period of the previous fiscal year)

Although the budget underrun due to activity restrictions regarding COVID-19 contributed slightly, decreased equipment sales in boiler and laundry business led to lower profits.



| By segment

【Sales ratio by segment】



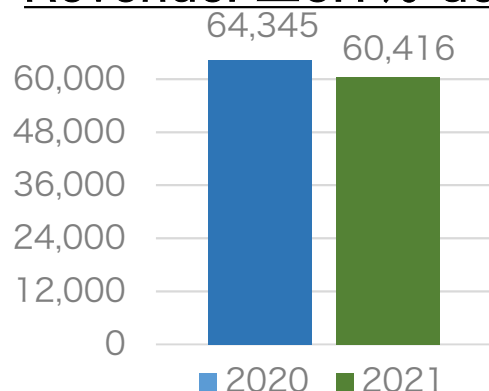
By segment (YOY)

(Unit: Million JPY)

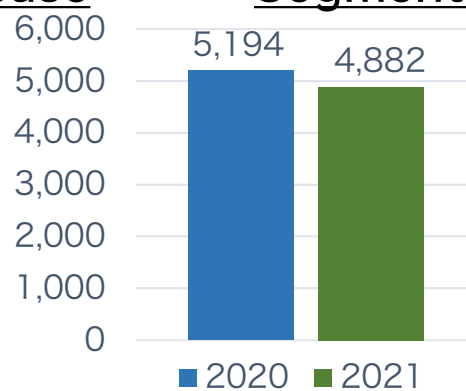
【Domestic Manufacturing and Sales of Products business】

Revenue: $\Delta 6.1\%$ decrease

Segment profit: $\Delta 6.0\%$ decrease



Revenue



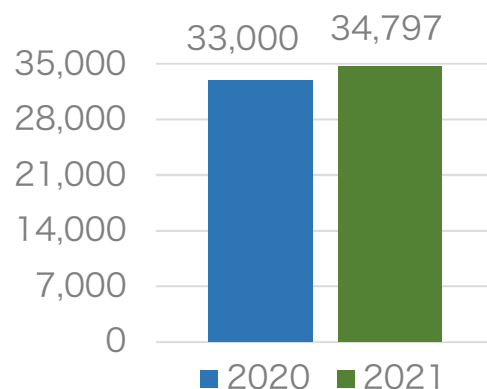
Segment profit

- As for marine equipment, BWMS sales stayed solid.
- Sales of small once-through boilers and related equipment were slow due to COVID-19.

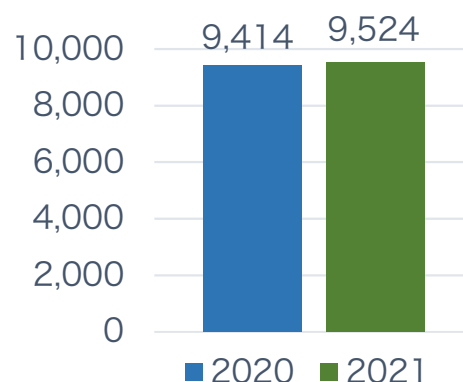
【Domestic Maintenance business】

Revenue: 5.4% increase

Segment profit: 1.2% increase



Revenue



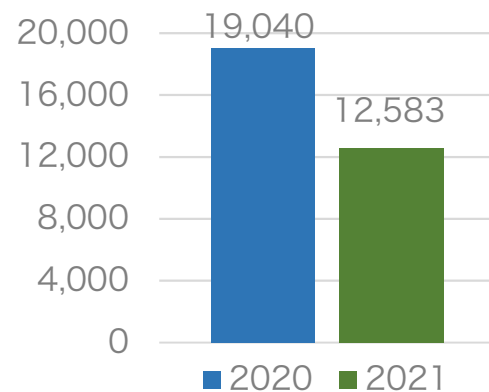
Segment profit

- The increase in paid maintenance contracts and solution offering sales activities contributed to the results.

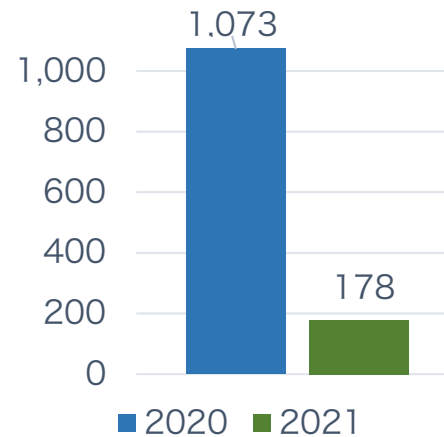
| By segment (YOY)

(Unit: Million JPY)

【Laundry business】

Revenue: Δ 33.9% decreaseSegment profit: Δ 83.4% decrease

Revenue



Segment profit

• Sales lowered due to decreased demands for linen and cleaning among hotels and hospitals attributed to COVID-19.

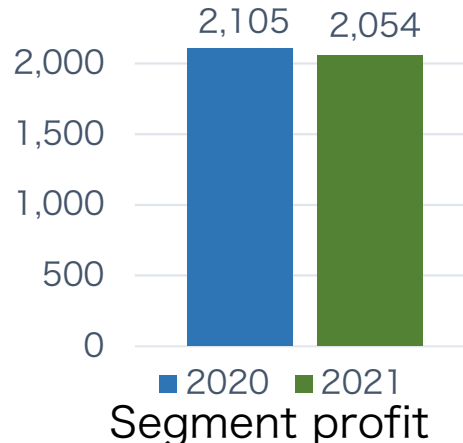
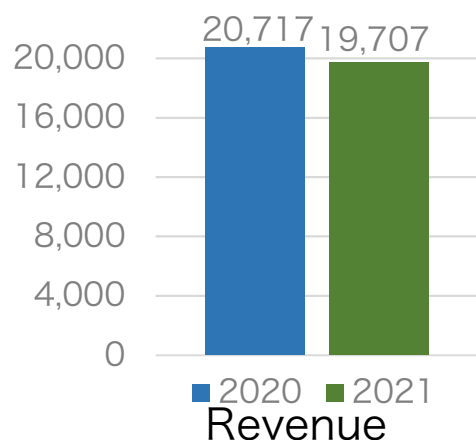
By segment (YOY)

(Unit: Million JPY)

【Overseas Manufacturing and Sales of Products business】

Revenue: Δ 4.9% decrease

Segment profit: Δ 2.4% decrease

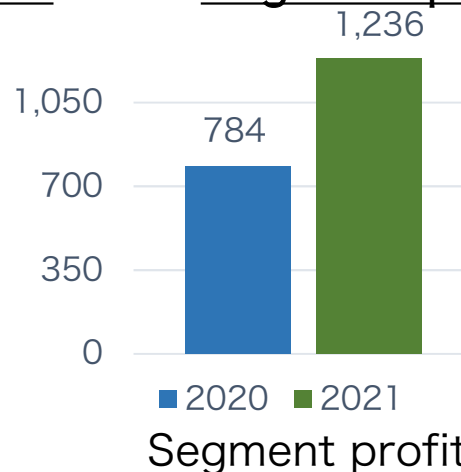
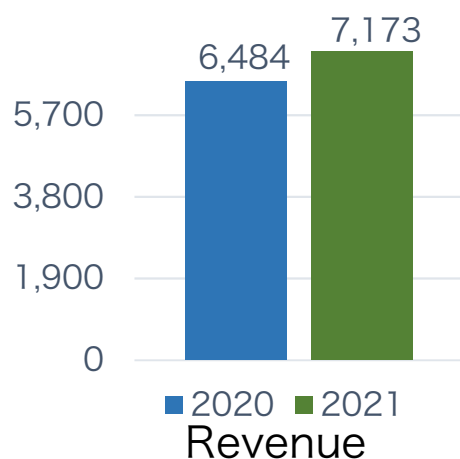


- Solid boiler sales in China
- Sluggish in other countries due to restrictions on activities regarding COVID-19

【Overseas Maintenance business】

Revenue: 10.6% increase

Segment profit: 57.6% increase



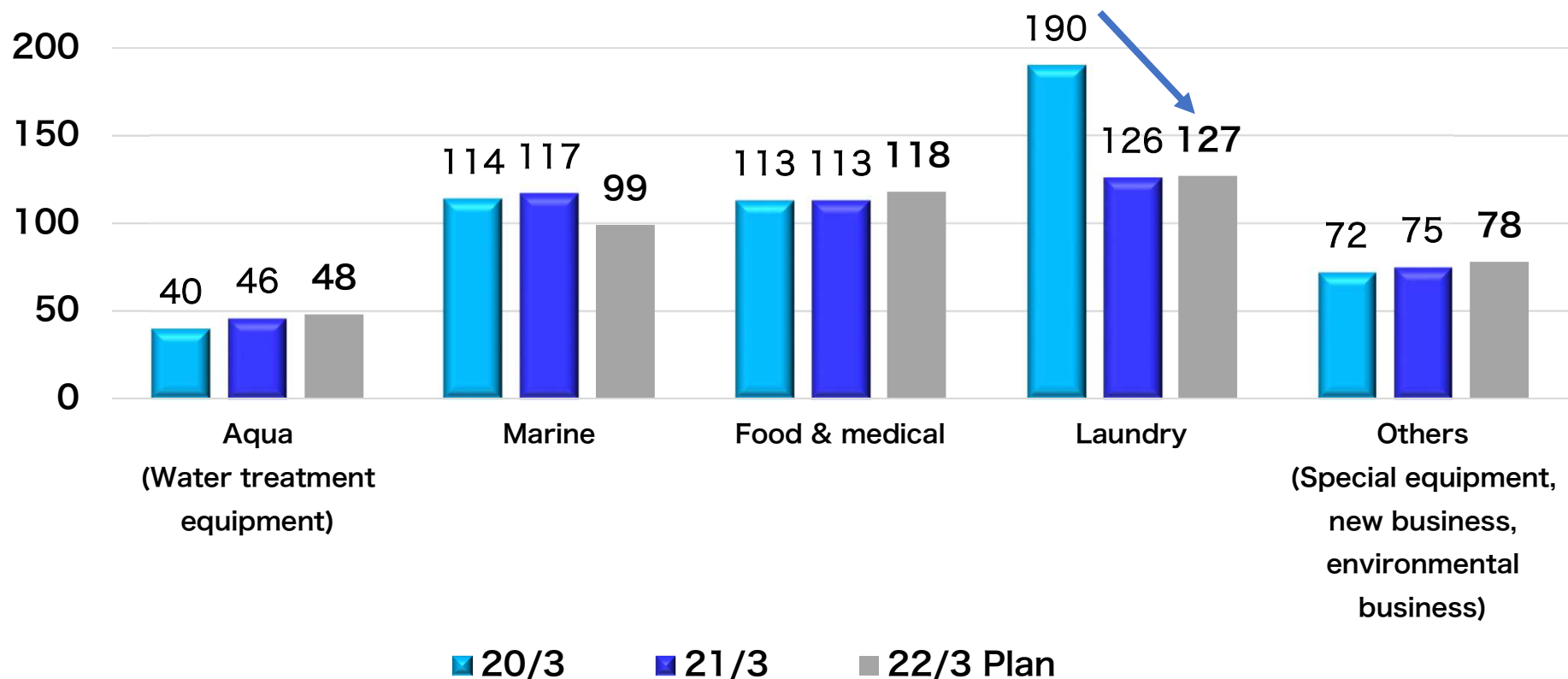
- Increased sales attributable to aggressive activities to secure paid maintenance contracts in each country and low NOx restrictions in China

Domestic sales (by business category)

Marine business: Solid sales of BWMS

Medical: Demands for washers and small sterilizers were accommodated.

Unit: 100 million JPY

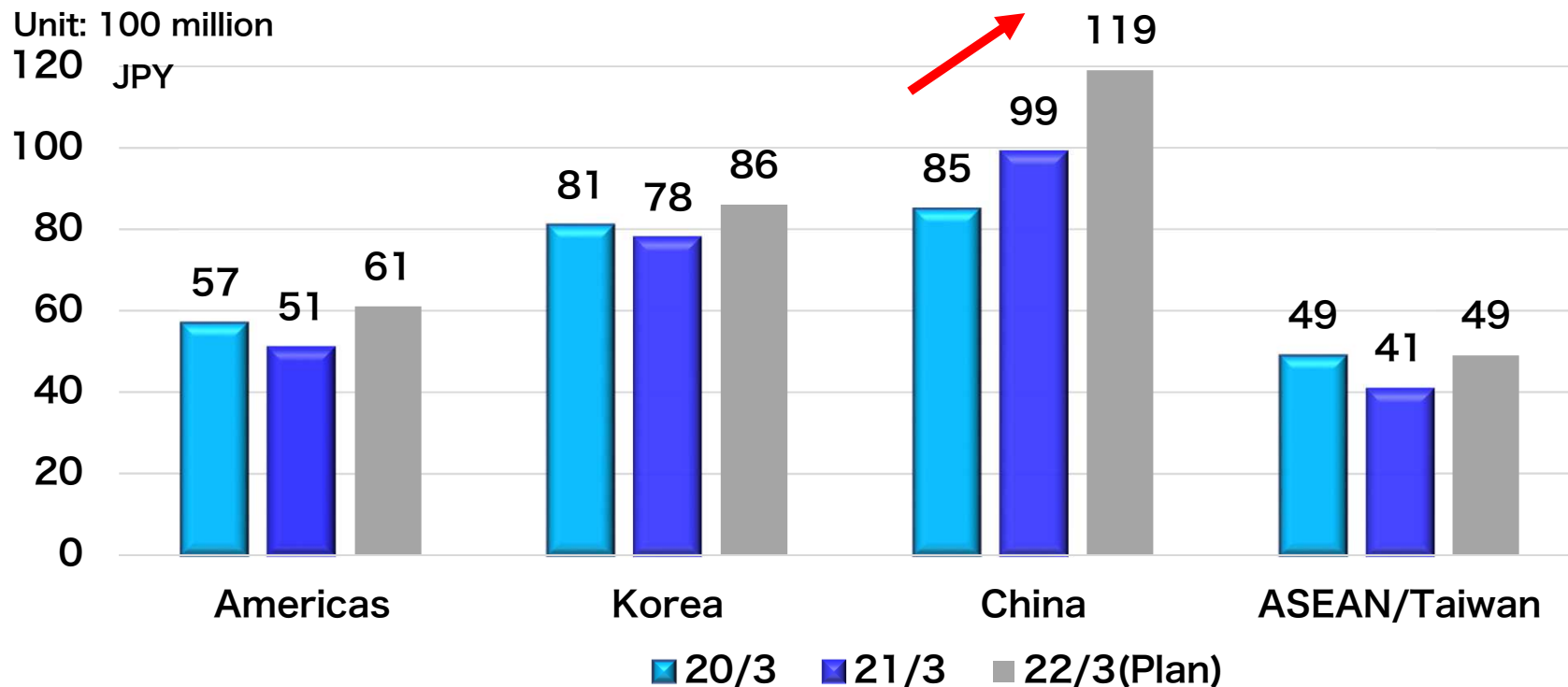


Overseas sales

China receives a steady inflow of orders by energy saving proposals.

Korea's earnings lowered due to large construction, etc.

Sales activities in the Americas and ASEAN reduced due to COVID-19.



*Turkey consolidated since FY2019, Netherlands since FY2020

Balance sheet

Current assets: Increase in other financial assets 7.4 billion yen, etc.

Non-current assets: Increase in valuation difference on AFS securities 3.0 billion yen

Decrease in deferred tax assets 0.8 billion yen, etc.

Current liabilities: Decrease in trade payables 1.9 billion yen, etc.

Non-current liabilities: Decrease in lease liabilities 0.2 billion yen

Decrease in borrowings 0.3 billion yen

Net assets: Increase in retained earnings 8.3 billion yen

Increase in gain on valuation of securities 3.7 billion yen

Equity ratio 74.1% (YOY 2.9% increase)

【100 million JPY】	20/3	21/3	Difference
Current assets	1,094	1,170	76
Non-current assets	778	793	15
Total assets	1,872	1,963	91
Current liabilities	462	441	△21
Non-current liabilities	76	66	△10
Net assets	1,333	1,454	121

4. Profit Share

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- ① Sustaining **stable** dividends
- ② Targeting **30%** consolidated payout ratio

FY2019

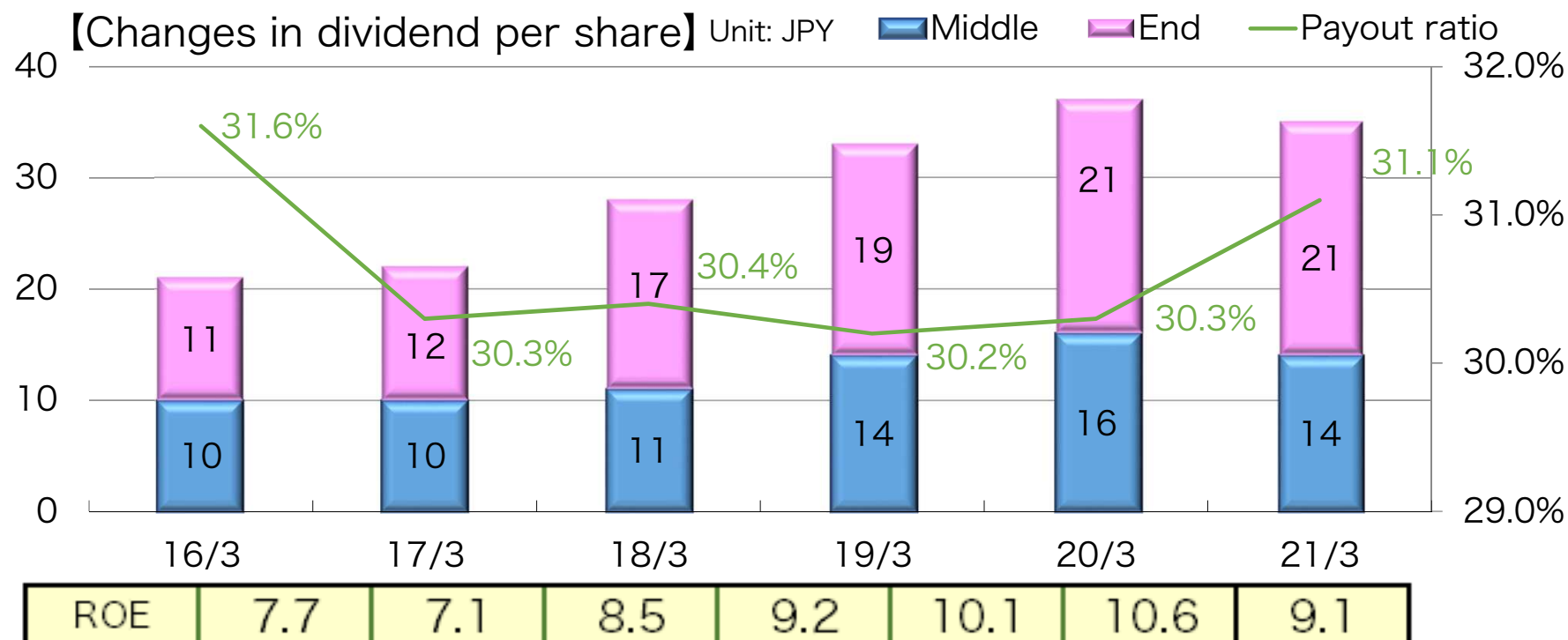
Middle 16 yen
 End 21 yen

Total 37 yen

FY2020

Middle 14 yen
 End 21 yen

Total 35 yen



【Reference】 *As of March 31, 2021

Management target: ROE 10% or more

Total number of issued shares(excluding treasury shares) 125,291,112 shares, Treasury shares 12,553,921 shares

5. Mid-term Management Plan for FY2021

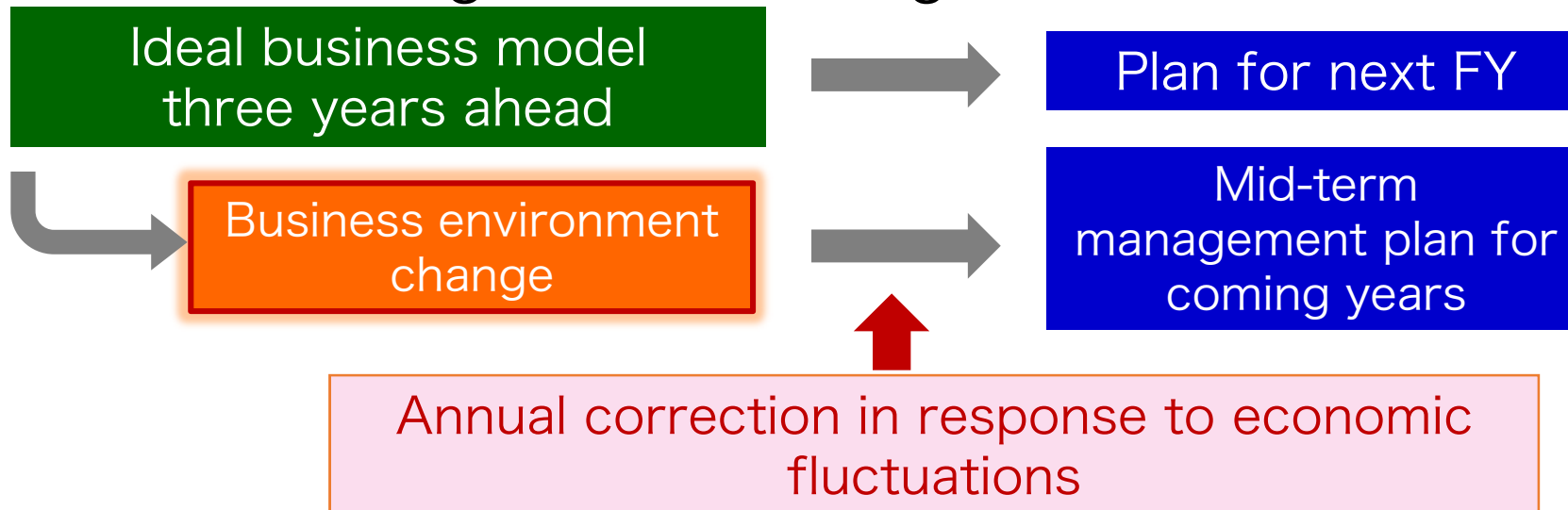
MIURA CO., LTD.

President & CEO MIYAUCHI Daisuke

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Mid-term Management Planning



Rolling plan

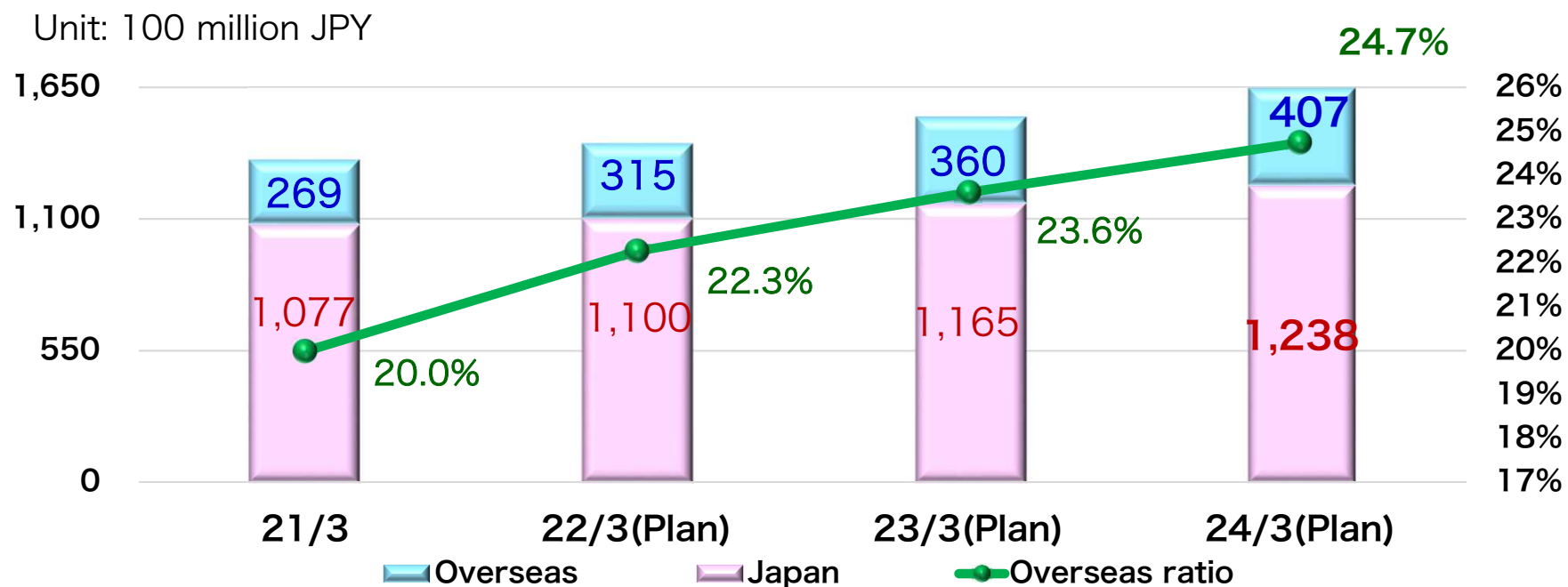
To respond to business environment change, MIURA updates its three-year midterm management plan every year.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Mid-term management plan 2019	2019–2021				
Mid-term management plan 2020		2020–2022			
Mid-term management plan 2021			2021–2023		

Overview

Unit: 100 million JPY

	FY2020 Result	FY2021 Plan	FY2022 Plan	FY2023 Plan
Revenue	1,346	1,415	1,525	1,645
Operating profit	178	184	200	220
Operating profit rate	13.3%	13.0%	13.1%	13.4%



By business category

Unit: 100 million JPY







		FY2020 Result	FY2021 Plan	FY2022 Plan	FY2023 Plan
Japan	Boiler	600	630	645	667
	Aqua (Water treatment equipment)	46	48	52	57
	Marine equipment	117	99	111	120
	Food & Medical equipment	113	118	123	130
	Laundry equipment	126	127	147	172
	Others (Special equipment, New business, Environmental business, etc.)	75	78	87	92
Subtotal		1,077	1,100	1,165	1,238
Overseas	Americas (US, Canada, Brazil, Mexico)	51	61	72	83
	Korea	78	86	93	99
	China	99	119	137	158
	ASEAN, Taiwan, Turkey, Netherlands	41	49	58	67
	Subtotal	269	315	360	407
Total		1,346	1,415	1,525	1,645

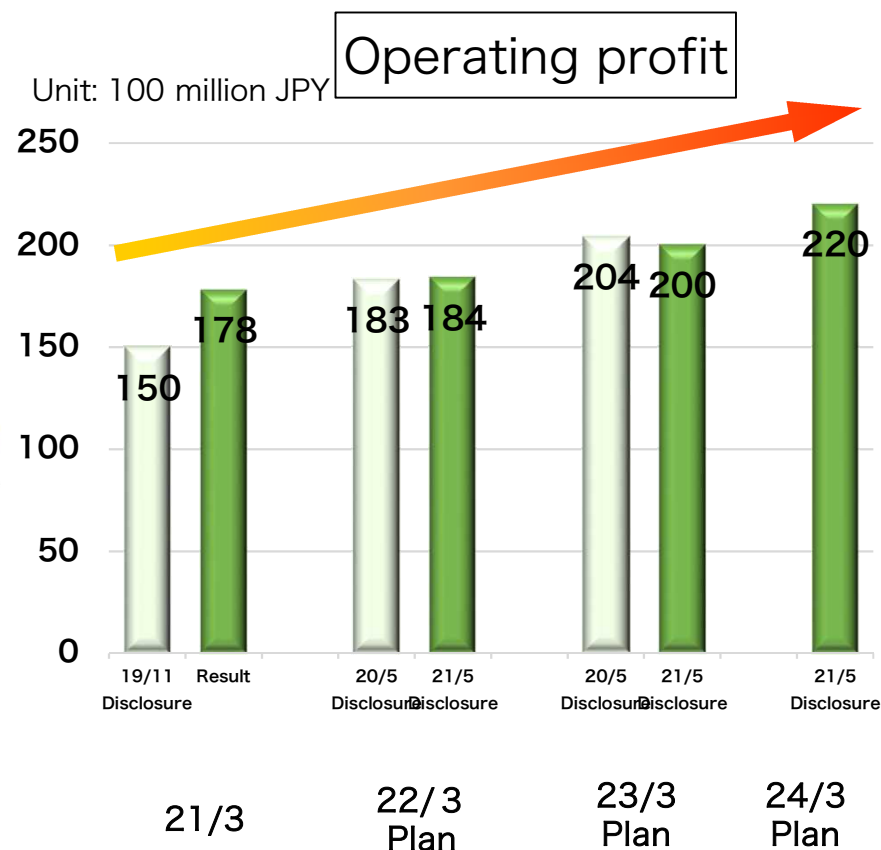
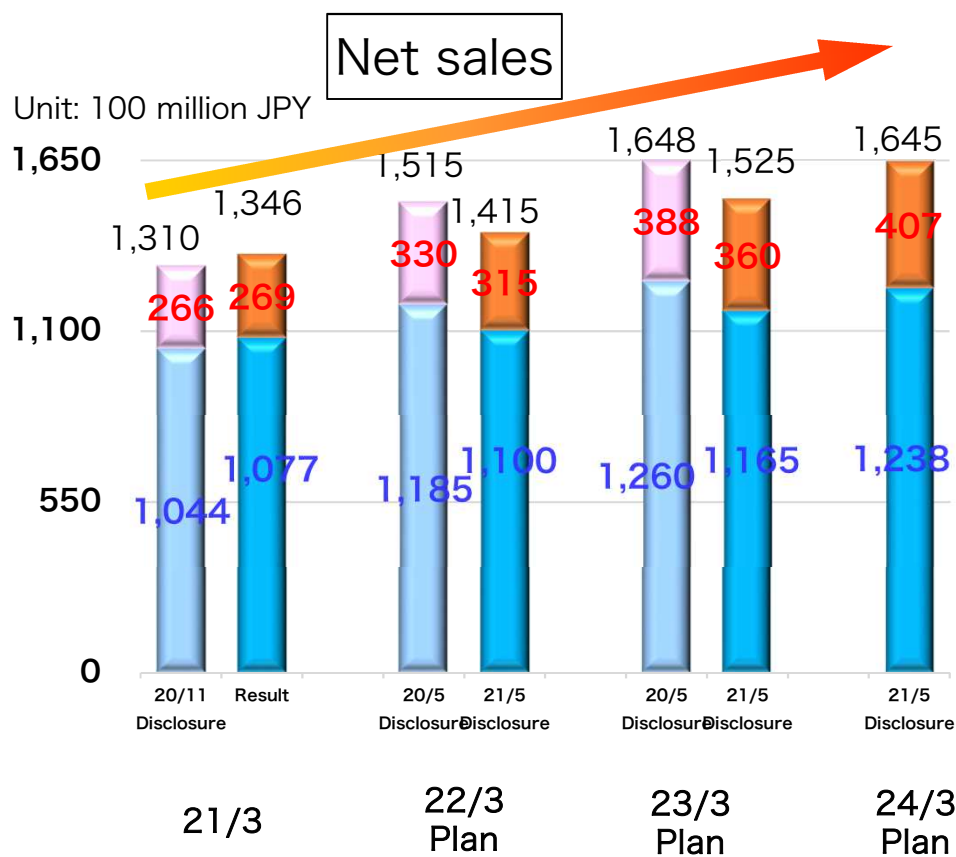
5 Mid-term Management Plan for FY2021

【Mid-term plan 2020 vs 2021】

One-year delay due to COVID-19

- Japan: Slow growth of marine and laundry business in FY2021
- Overseas: Solid performance attributable to China as a growth driver

	Previous plan	Present plan
Overseas sales		
Japan sales		
Operating profit		



6. Environmental Contribution

—Decarbonization and Hydrogen-Fired Boiler

OCHI Yasuo

Executive Managing Officer & CTO

Director of Technical Headquarters

MIURA CO.,LTD.

May 25, 2021

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6 Decarbonization Overview



Reduction goals

Excerpted from the INDCs submitted to the UNFCCC

Country		Target	
	China	60–65% reduction of CO ₂ emission per GDP by 2030 <small>*Peak CO₂ emissions around 2030</small>	Comparison to 2005
	EU	40% reduction by 2030	Comparison to 1990
	India	33–35% reduction of CO ₂ emission per GDP by 2030	Comparison to 2005
	Japan	26% reduction by 2030 <small>*25.4% reduction from FY2005 levels</small>	Comparison to FY2013
	Russia	70–75% of 1990 levels by 2030	Comparison to 1990
	US	26–28% reduction by 2025	Comparison to 2005

Paris Agreement

As of October 1, 2015



Oct. 26, 2020
PM Suga's policy speech

"Greenhouse gas (GHG)" emissions to be cut to net zero by 2050



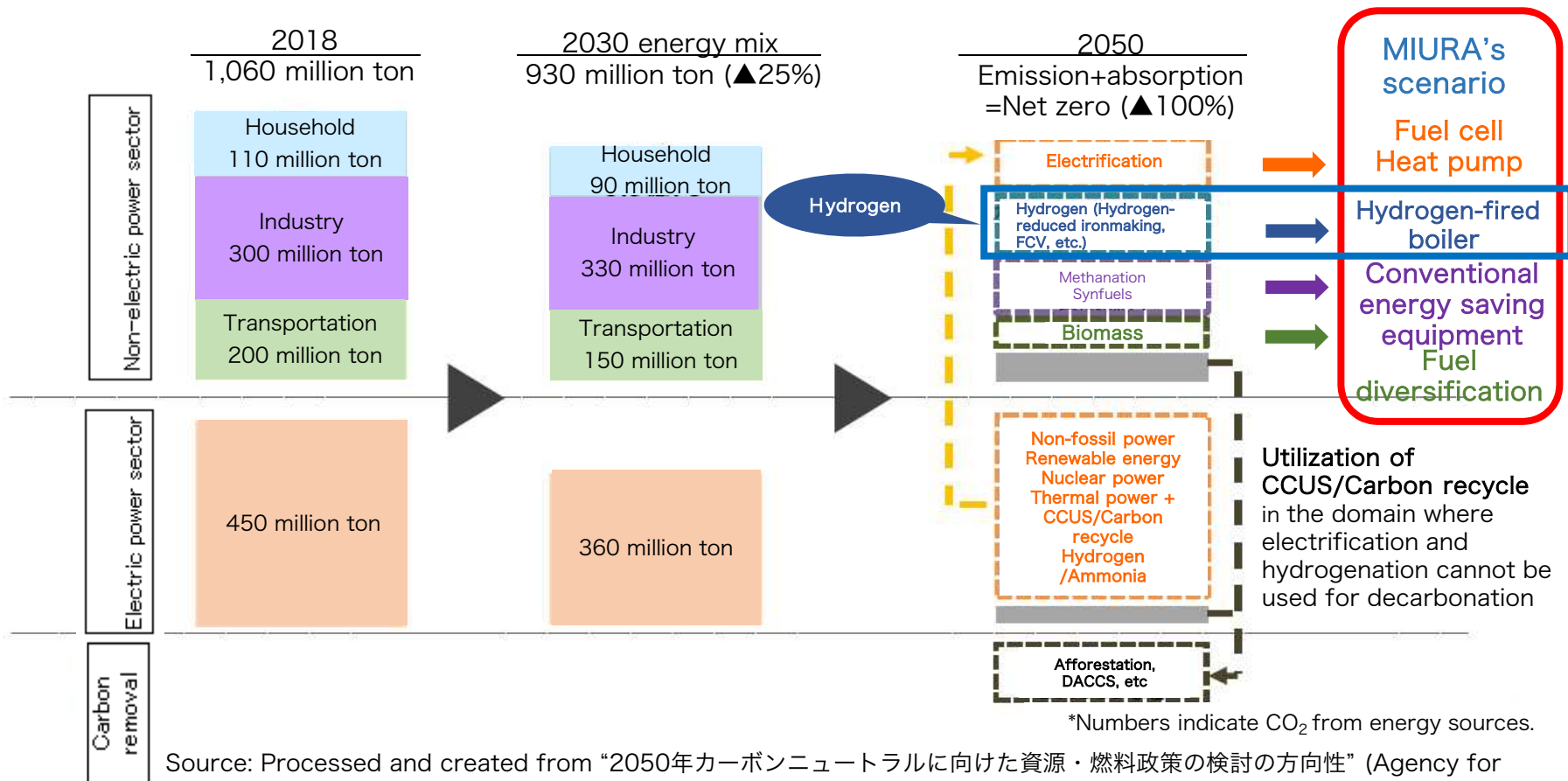
Feb. 19, 2021
President Biden

Rejoining
the Paris Agreement

Source: Japan Center for Climate Change Actions (<https://www.jccca.org/download/13233>)

6 Energy Shift for the Decarbonized Society(CO₂) **MIURA**

- To achieve a carbon-neutral society, non-fossil fuel should be increased in the electric power sector. In the non-electric power sector, electrification using decarbonized power, hydrogenation, methanation, and decarbonization using synfuels are necessary.
- Several phases, such as enhancing the acceptability of energy shifts, should be introduced to move forward as well as utilizing existing facilities to control the burden of citizens.



Source: Processed and created from “2050年カーボンニュートラルに向けた資源・燃料政策の検討の方向性” (Agency for Natural Resources and Energy) (https://www.meti.go.jp/shingikai/enecho/shigen_nenryo/pdf/030_02_00.pdf)

(Agency for Natural Resources and Energy of the
Ministry of Economy, Trade and Industry)

Key points of Japan's hydrogen strategy

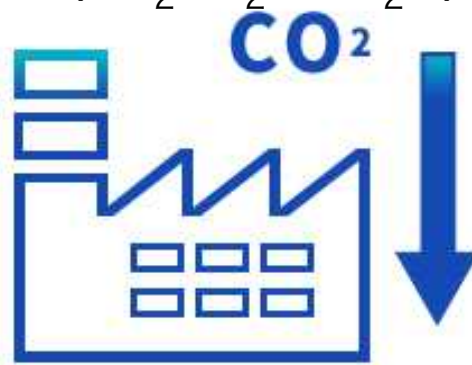
Point.01

Contributes to
energy security



Point.02

Contributes to low
carbonization
Energy without CO₂
($2\text{H}_2 + \text{O}_2 \rightarrow 2\text{H}_2\text{O}$)



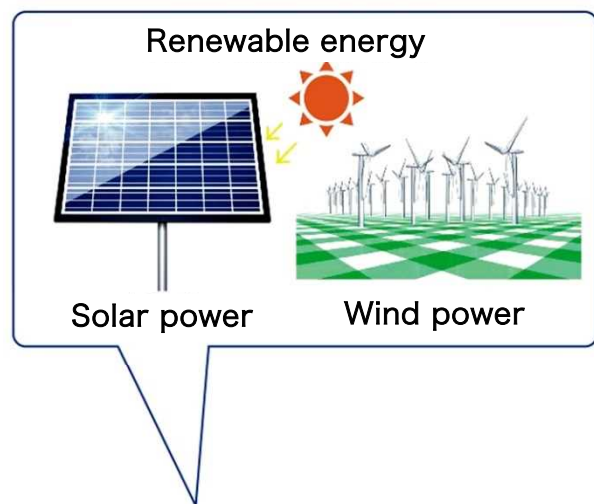
Point.03

Japan's world-
leading technology

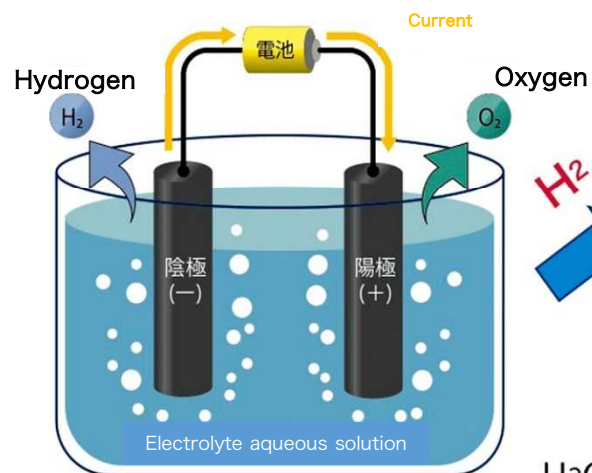


Source: Processed and created from “ようこそ！水素社会へ ～ 水素・燃料電池政策について” (The Agency for Natural Resources and Energy)
(https://www.enecho.meti.go.jp/category/saving_and_new/advanced_systems/hydrogen/)

Steam boiler as a leading heat source even in the hydrogen society



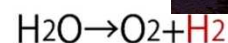
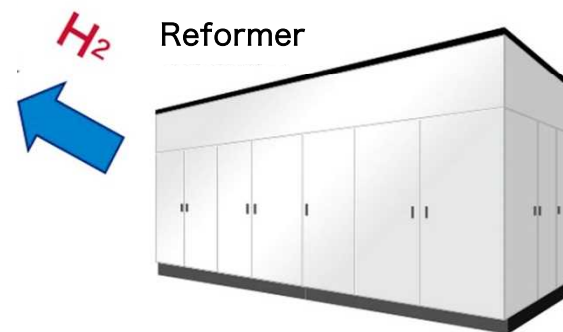
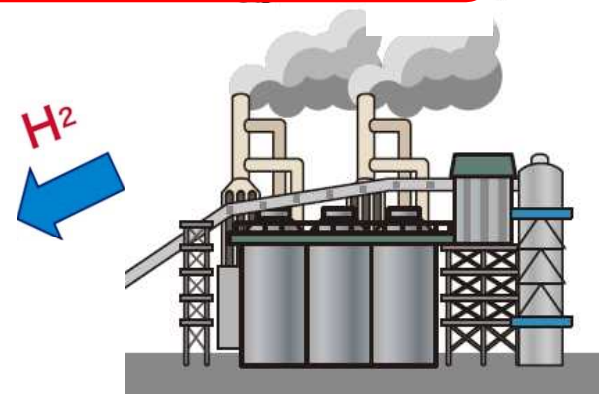
Mechanism of water electrolysis



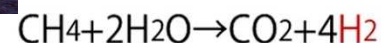
Water electrolysis
using renewable energy

By-product hydrogen from
soda manufacturing
 $2NaCl + 2H_2O \rightarrow 2NaOH + Cl_2 + H_2$

Now



From foreign countries

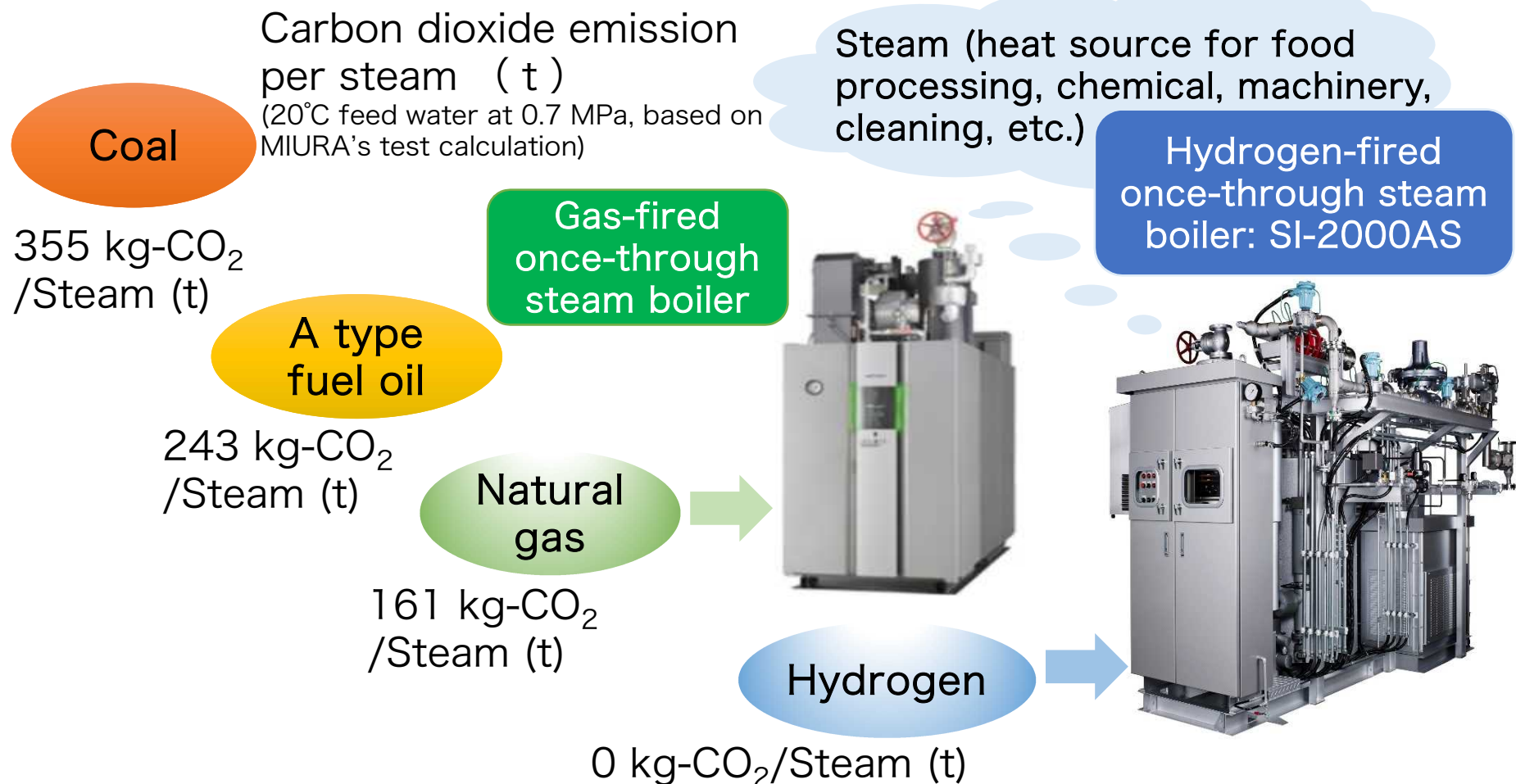


Reforming of city gas

6 Decarbonization Hereafter

Commercialization of hydrogen-fired once-through steam boiler

MIURA developed and commercialized Japan's first* 100% hydrogen-fired once-through steam boiler in January (*MIURA's own research)



6 Decarbonization Hereafter

Hydrogen combustion produces water but no CO₂:
Energy shift from fossil fuel to hydrogen reduces CO₂ emissions by 100%



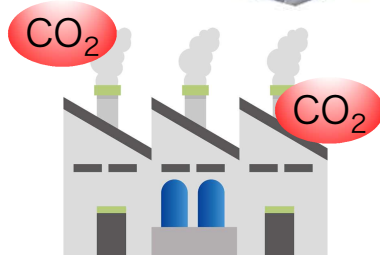
Double
crown
achieved

Hydrogen-fired
once-through
steam boiler
SI-2000-H2

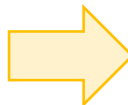


FY2020 new energy award 「New Energy
Foundation Chairman's Award」

FY2020 outstanding Energy-Saving
Equipment Award 「The Japan Machinery
Federation Chairman's Award」



Fossil fuel



Hydrogen

Safety &
95% high efficiency

Hydrogen-fired boiler (SI-2000-H2) helping to achieve

7 AFFORDABLE AND
CLEAN ENERGY



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



6 Hydrogen-Fired Boiler

Installation example (by-product hydrogen utilization)
of a chemical industry company



7. Business in China: Progress and Market Trends

KOJIMA Yoshihiro

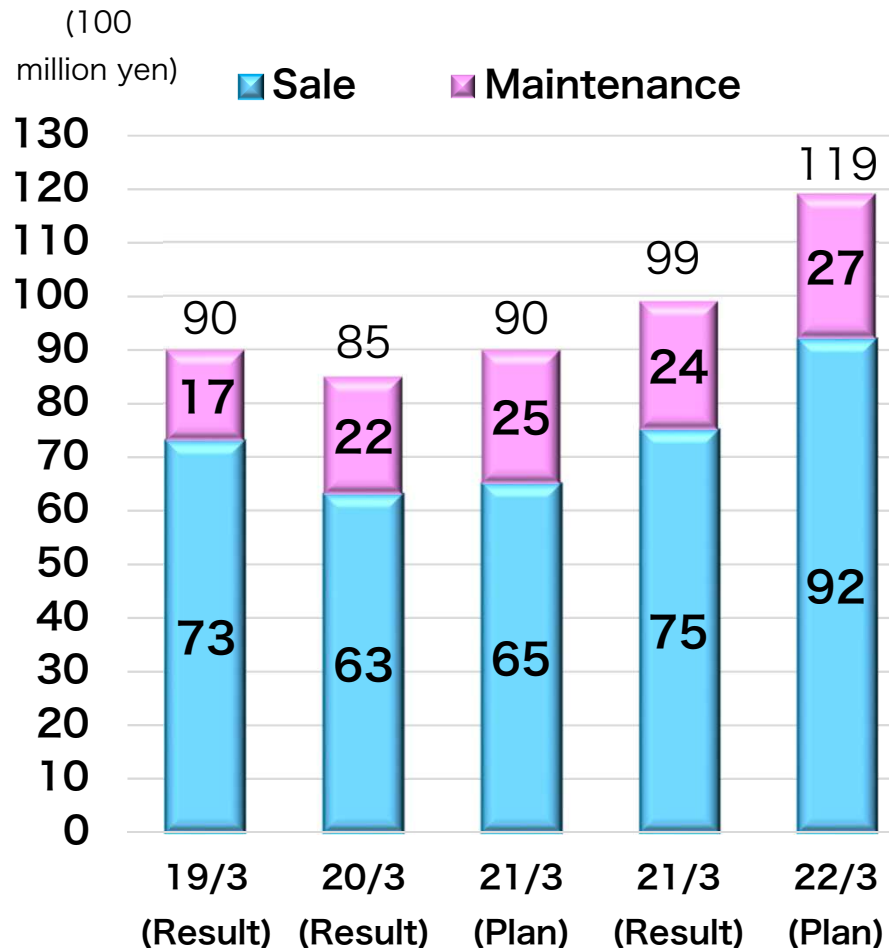
Executive Managing Officer
Global Business Headquarters
MIURA CO., LTD.

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FY2020

Sales in China

Carbon neutrality by 2060(Net-zero CO₂ emissions)

- September 2020: President Xi's speech at the UN general assembly
- March 2021: Policy shown in "the 14th Five-Year-Plan"

Sluggish economy in China

- Eased penalties regarding environmental regulations and postponed improvement timing
- Infrastructure upgrades (including 5G) led by the Government

MIURA China's strategy













- Gas boiler replacement utilizing energy-saving diagnoses (Gas-to-gas strategy)

Factors increasing sales

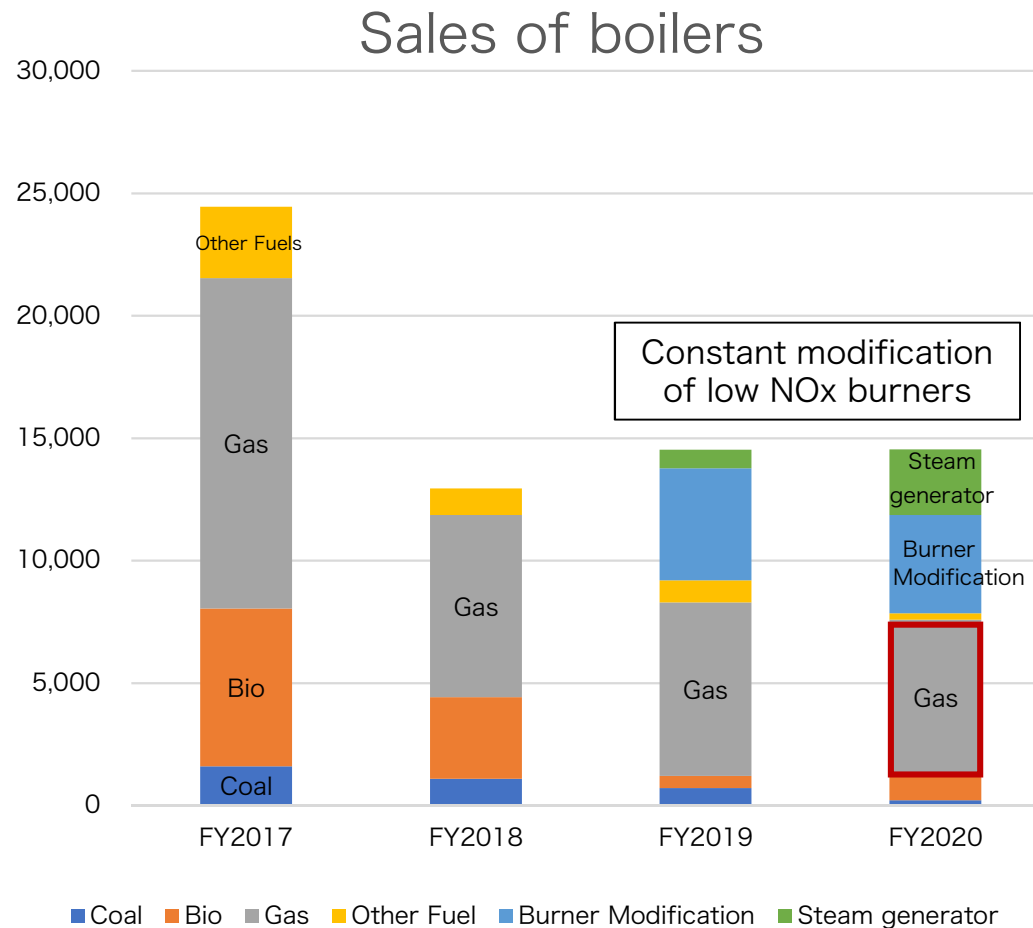
Sale: Performing energy-saving diagnoses to ensure continual orders

Maintenance: Constantly replacing existing burners with low NOx burners, increased maintenance contracts

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)	
Environmental policy 2	Continued low NOx regulations (burner modification)	
Environmental policy 3	Plant relocation due to drainage/emission regulations (to rural areas)	
Environmental policy 4	Energy-saving construction (new construction materials)	
Poverty alleviation	Systematic agriculture and fishery (feed, food processing, mushroom cultivation)	
COVID-19 impact	Depends on industries and companies	
Food	Processed food, extracts, health products, processed food for home use	
Machinery	Vehicles, construction machines, food machinery, pharmaceutical machinery	
Fiber/Textile	Production shifts from Asia (temporarily)	
Corrugated cardboard	Increase of home delivery	
Pharmaceuticals	Medicines, health products (Chinese herb medicines, vitamin tablets, extracts)	

Boiler market change in China (January to December)



Comparison
between FY2019 and FY2020

Overall trend in boiler market

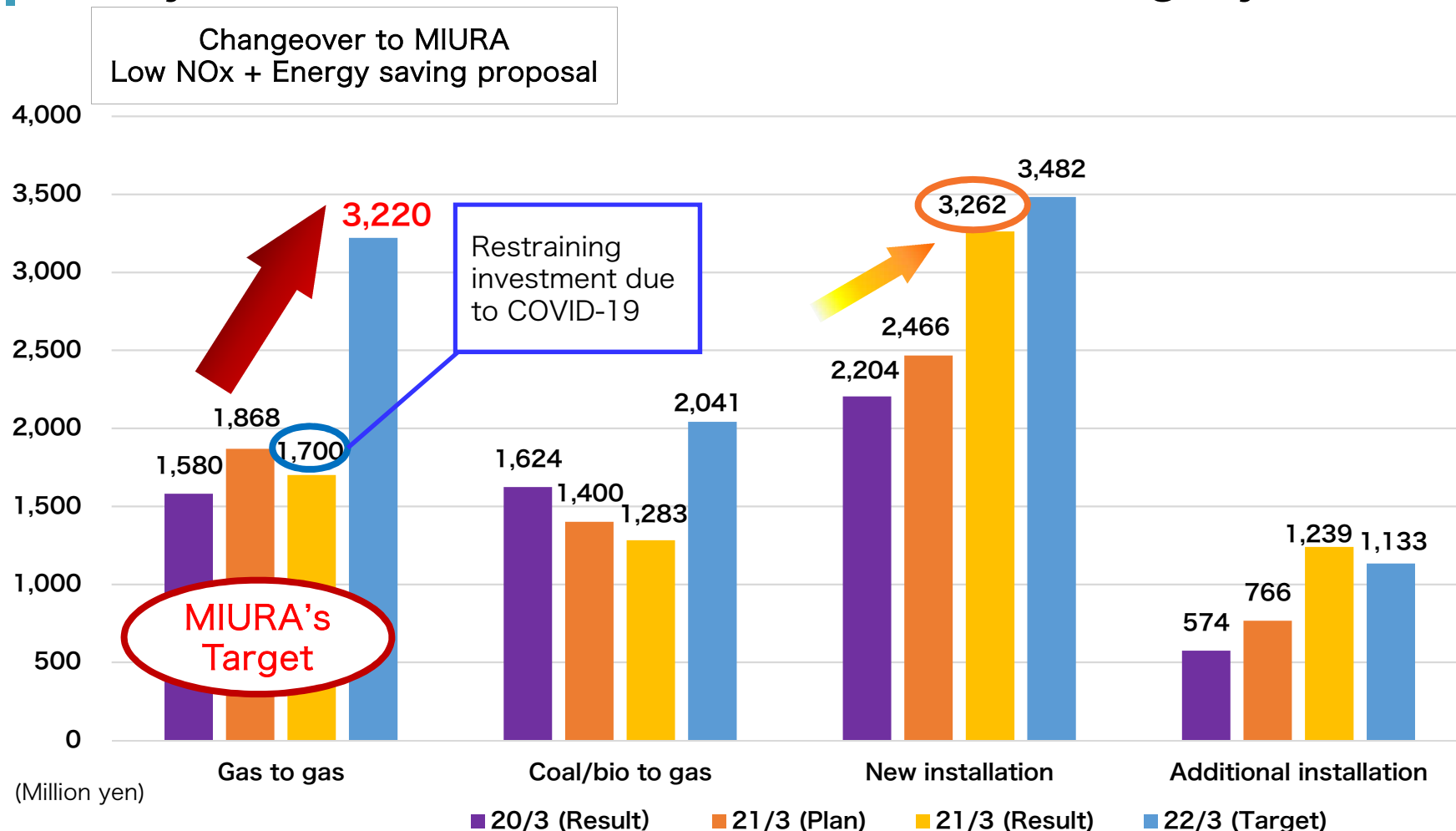
- **Coal-fired boiler: Shrinking to 1/3**
Sales permission is for 35 t/hr or larger only
- **Steam generator: 3.5 times increase**
Industrial classification of steam generators is on the table regarding issues on dryness of steam and pressure load fluctuations.

Gas-fired boilers sold: 10%down



- Continuing the burner replacement strategy regarding other companies' gas boilers

Analysis on MIURA boiler installation category



New installation cases

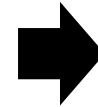
- New plant construction of large companies (As smaller companies went out of business or bankrupt due to COVID-19, large companies take the market.)
- Plant relocation increase due to environmental regulations (e.g. drainage regulation and chemical plant regulation)

Boiler market in China (industry analysis)

2020 result of target industries (YY):

Food ↘ Pharmaceutical ↗

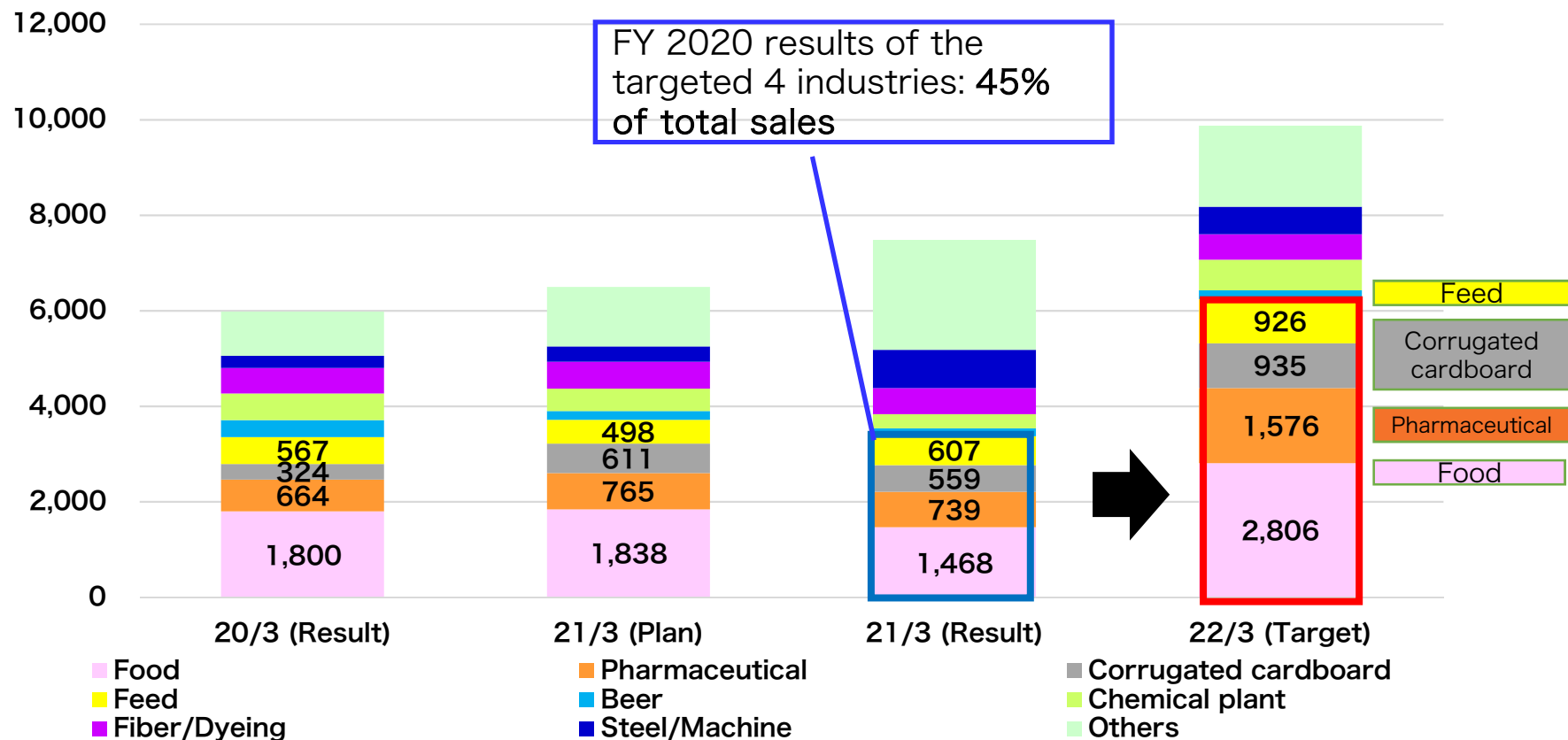
Corrugated cardboard ↗ Feed ↗



FY2021 target:

Almost doubled sales
among 4 industries

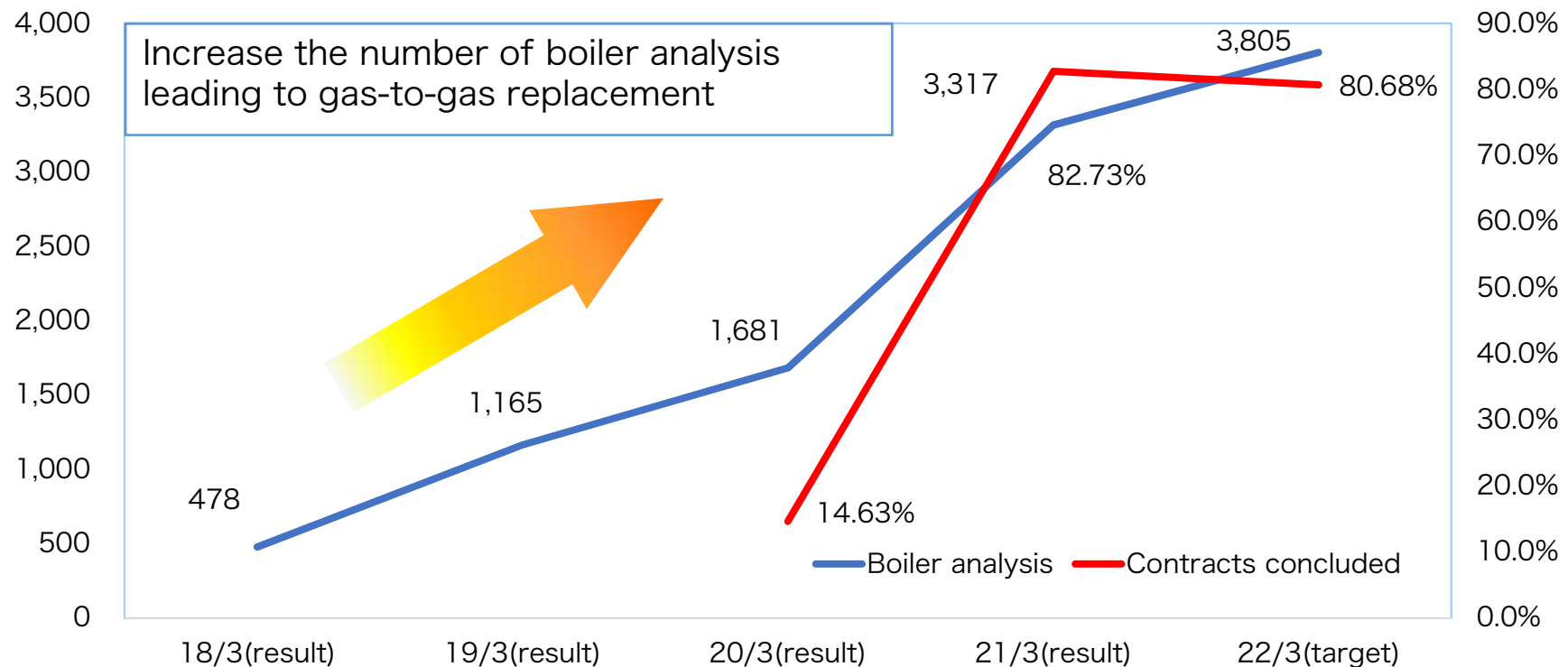
(Million yen)



Gas-to-gas replacement in depth

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

(Cases)



Note) Contracts concluded: the ratio of gas-to-gas replacement target units for the number of boiler analysis.

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



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