The Best Partner of
Energy, Water and Environment

MIURA®

MIURA CO., LTD.

https://www.miuraz.co.jp/en/

The Best Partner of
Energy, Water and Environment

MIURA®

Integrated Report **2023**







MIURA Group by the Numbers (as of March 31, 2023)

Our people

Number of employees (consolidated)
6,135

Number of field engineers Japan[1]
1,200

Outside Japan
700

Percentage of non-Japanese employees
30.0%

Number of employees who have taken training courses
3,971

Number of female employees with supervisory responsibilities[1]
320

Environmental management

Scope 1 and 2 CO_2 emissions[2]
10,258 tCO_2

Energy usage[2] (crude oil equivalent)
6,191 kL

Recycling rate of waste[3]
74.9%

Water usage[3]
158,000 m^3

Consolidated financial performance

Annual revenue
158.3 billion yen

Operating profit
21.9 billion yen

Operating profit margin
13.8%

Percentage of revenue from operations outside Japan
22.8%

Percentage of maintenance revenue in Japan
31.6%

ROE
10.3%

Operating foundations

MIURA's share of Japanese once-through boiler market[4]
59.1%
(based on total amount of steam generated)

Number of MIURA boilers monitored online[1]
71,000

Number of MIURA Group companies[5]
29

Number of company offices and plants Japan[1]
95

Outside Japan
224

Notes 1. MIURA CO., LTD.
2. MIURA CO., LTD. and its manufacturing subsidiaries in Japan
3. MIURA CO., LTD. (its branch offices not included) and its manufacturing subsidiaries in Japan
4. We changed the way to calculate the total amount of steam generated in Japan for FY2022 and later, as a result of changes in establishing service years of once-through boilers.
5. Consolidated subsidiaries in Japan and overseas

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About This Report

This integrated report updates you on what the MIURA Group has accomplished and intends to do to create sustainable social value and increase our long-term enterprise value in our business. We hope you find this report useful to better understand the Group from the financial and nonfinancial perspectives.

Organizations covered by this report
MIURA CO., LTD. and all its consolidated subsidiaries

Reporting period
From April 1, 2022, through March 31, 2023 (FY2023)
(including reference to developments that occurred on and after April 1, 2023)

Accounting standards
Unless otherwise noted, we apply the Japanese Generally Accepted Accounting Principles (GAAP) to reporting financial results for FY2017 and earlier, and the International Financial Reporting Standards (IFRS) for FY2018 and later.

Reference guidelines used to prepare this report:
- The International Integrated Reporting Framework, published by the IFRS Foundation
- The Guidance for Collaborative Value Creation, published by the Ministry of Economy, Trade and Industry of Japan
- The Environmental Reporting Guidelines 2018, published by the Ministry of the Environment of Japan
- The GRI Sustainability Reporting Standard, published by the Global Sustainability Standards Board

Cautionary statement relating to forward-looking statements
This report contains forward-looking statements about the Company's business outlook. They reflect management's assumptions and judgments made on the basis of information available at the time of preparation of this report and may include risks and uncertainties. Actual business performance may differ materially from what forward-looking statements imply due to changes in a variety of factors.

Part 1

MIURA's Strengths

Origin of the MIURA spirit



Our founder MIURA Tamotsu (1928-1996) dedicated his career to developing and refining once-through boilers and established MIURA in 1959. He was a successful business manager and was also a man of artistic taste with a deep appreciation for pottery and Noh (a traditional Japanese performing art). Showing both the harder and softer sides of oneself runs in MIURA today and makes it stand out in the industry. At MIURA, employees and officers embrace challenges and mistakes and take a no-nonsense approach to their jobs while being accommodating to others.

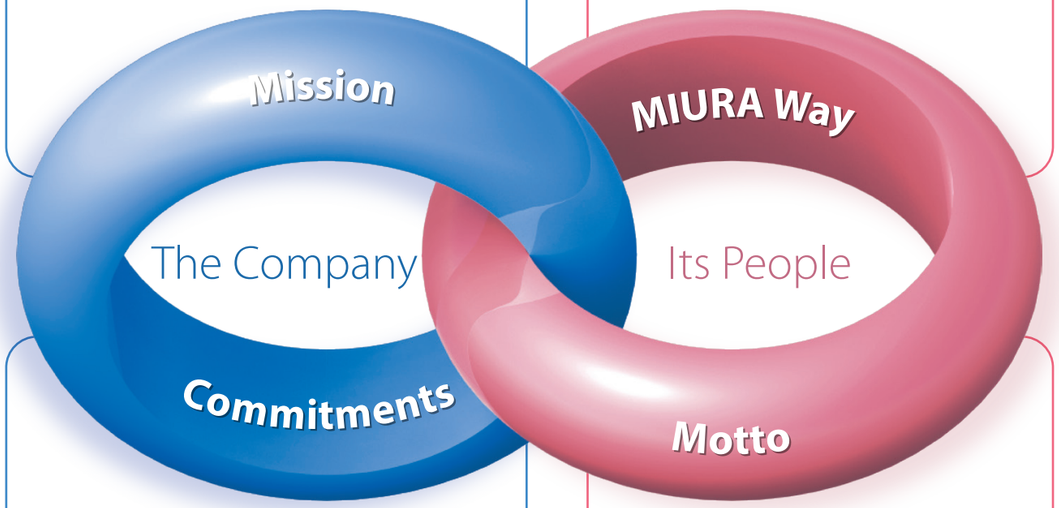
MIURA's Corporate Philosophy

Mission

We play an instrumental role in achieving an environmentally friendly society and creating clean and comfortable lifestyles through our contribution in the fields of Energy, Water, and the Environment.

MIURA Way

1. Embrace innovation and challenging opportunities
2. Earn the trust of others through engagement
3. Act with fairness and integrity



Commitments

1. Leverage the Group's combined strengths to become a global player
2. Provide Technoservice to customers to become their best partner everywhere we operate
3. Create a workplace in which employees can thrive to achieve their full potential

Motto

We create an inspiring and accommodating workplace where we take pride in what we do.

What these two rings represent

These two interlinked rings (one representing the Company and other its People) form the symbol of infinite possibilities ∞ of what the Company and its People can do. The color red denotes our collective passion and enthusiasm for work, and blue represents MIURA's corporate color.

MIURA's business growth in sync with expansion of its maintenance services

Historical milestones and social trends in Japan

1959-1964
Postwar booming economy
Due to heightened demand during the Korean War, boilers indispensable for milling barley and rice become difficult to get.

1965-1971
Soaring economic growth
Buoyed by a booming economy, demand for inexpensive and easy-to-operate boilers soars. Marine auxiliary boilers are in high demand for shipbuilding.

1972-1986
Oil Crisis
In the aftermath of the 1973 oil crisis, energy-saving efforts start to gain momentum nationally. In addition to the ease of operation and affordable prices, greater energy efficiency becomes another sought-after feature in industrial boilers.

1987-1999
Shift from product-driven economy to service-driven economy
A bubble economy sweeps the nation in the late 1980s. An expanding money supply gives businesses opportunities to pursue not just technological innovations but also added value.

2000-2007
Global warming
The Kyoto Protocol, an international treaty to address global warming adopted in 1997, fuels demand for technologies to help reduce CO_2 emissions.

2008-2013
Industrialization in emerging countries
The global community increasingly calls for coordinated environmental efforts. More and more enterprises expand their business globally.

From 2014 onward
Environmental management and promotion of SDGs
Since the adoption of Sustainable Development Goals (SDGs) at the UN Summit in 2015, diverse stakeholders, including national and local governments and private companies, have joined forces to accelerate the pace of achieving a sustainable society.

MIURA's evolution

Launches boiler business | **Develops boiler business** | **Expands boiler business** | **Continues to grow boiler business while starting to diversify business** | **Strives to become the best partner of customers and expands diversified business** | **Offers total solutions in Japan and expands business globally** | **Offers total solutions globally**

1959
Miura Seisakusho Co., Ltd., established.

1960
Starts selling small once-through steam boilers.



Model ZP small once-through steam boiler

1967
Enters the industrial market with marine auxiliary boilers.

1968
Announces the corporate slogan "We make the best and most affordable boilers in the world."

1969
Launches a fee-based maintenance and inspection service.

1971
Starts producing boiler chemicals.

1972
Launches a fee-based three-year maintenance service.

1977
Commercializes the MI (multiple installation of small boilers) system.

1978
Changes the Company's trade name to MIURA CO., LTD.

1986
Starts selling food processing equipment.

1987
Announces the corporate slogan "Technoservice Drives the Future."

1988
Releases an AI-equipped boiler.

1989
Launches the ZIS 24/7 online maintenance service.



1991
Establishes MIURA Institute of Environmental Science.

1996
Develops the ZIS system compatible with Windows OS.

1999
Launches the MAT System for maintenance and engineering support.

2001
Provides mobile devices to field service engineers.

2004
Releases the industry's first steam boiler with an NOx emission level of less than 25 ppm.



SQ-2000ZS

2009
Releases the SQ-7000Z high-pressure, large-capacity, once-through multi-tube steam boiler.



SQ-7000Z

2009
Introduces the Miura Online Maintenance (MOM) system for boilers.

2014
Releases a ballast water management system for preserving marine ecosystems.

2017
Adds a hydrogen-fueled once-through steam boiler to the product mix.



SI-2000AS-H2 hydrogen-fueled boiler

2019
Releases MEIS CLOUD® service.

Revenue for FY2023: 158.3 billion yen

Annual revenue (In billions of yen)

160 140 120 100 80 60 40 20 0

1960 1965 1970 1975 1980 1985 1990 1995 2000 2005 2010 2015 2020 (Fiscal year)

Business operations outside Japan

MIURA has been expanding its business into Asia and the Americas since 1982

1982 Establishes a subsidiary in South Korea. M S
1987 Establishes a joint venture in Canada. M S
1988 Establishes a subsidiary in Taiwan. M S
1991 Establishes a subsidiary in the United States. S
1993 Establishes a joint venture in Shanghai. M S
2004 Establishes a subsidiary in Suzhou. M S
2008 Establishes another subsidiary in the United States. M
2008 Establishes a subsidiary in Singapore. S
2009 Establishes a subsidiary in Indonesia. M S
2011 Establishes a subsidiary in Mexico. S
2012 Establishes a subsidiary in Brazil. M S
2014 Establishes subsidiaries in Thailand and the Netherlands. S
2015 Establishes a subsidiary in Turkey. S
2019 Establishes subsidiaries in Hong Kong and Malaysia. S
2023 Establishes a subsidiary in Bangladesh. S

M Manufacturing S Sales

Our maintenance business is an integral part of offering total solutions to industrial customers

MIURA has a 59.1% share of the once-through boiler market in Japan (based on the total amount of steam generated. Source: MIURA's internal data compiled in March 2023). To keep boilers generating and supplying steam, or thermal energy, to other equipment throughout plants and facilities in diverse industries, they must be inspected regularly for potential problems and repaired promptly if something goes wrong. That is why we recommend maintenance service contracts to every business customer of our boilers: to keep them in good operating condition.

MIURA has been offering maintenance services of boilers to industrial customers since the early days when we provided them free of charge. In 1969, when we started offering fee-based maintenance, it was the beginning of MIURA's business model. Our unique ZMP maintenance service package includes scheduled inspection and maintenance of boilers, as well as a parts warranty, to provide preventive maintenance to boilers before problems arise. Our experienced field engineers know when to replace parts used in our boilers before they wear out. We have invested in establishing a nationwide service network, training field engineers in Technoservice, and operating a parts stock and supply network to provide reliable maintenance services to industrial customers when and where they need them. Our maintenance services supported by these robust operating infrastructures are well received by customers. In fact, more than 95% of our service contracts are renewed or extended at the end of their terms. When customers ask for facility-wide assessments of their plants for energy efficiency or request installation of new equipment, our field engineering and sales teams work with customers' staff to provide total solutions backed by MIURA's combined strengths. This approach helps us maintain strong and lasting relationships with customers.

How MIURA's total solutions work

We leverage our wealth of engineering expertise and operational know-how to assess energy usage and efficiency of an industrial customer's plant, and to offer ideas for making the facility and equipment operate more efficiently.

Transactional business model

Conduct a facility-wide assessment → **Offer solutions** → **Deliver solutions** → **Solutions becoming operational**

Procurement	R&D	Manufacturing	Sales

- Keep the supply chain robust to ensure an uninterrupted supply of products to customers
- Insource parts and components to ensure their long-term availability
- Develop and manufacture products that fulfill market needs and meet carbon-neutrality requirements
- Reduce environmental impact of operations

- Greater energy-saving performance
- Reduced environmental impact of operations
- Safer operations
- Better performance
- Smaller footprint

MIURA started offering ZMP maintenance service packages for boilers in 1972, and they have since become the core of our maintenance business. The package includes regularly scheduled inspection and maintenance of boilers by our field engineers, as well as repairs of boilers during a contract period.

Recurring business model

Provide maintenance → **Ensure reliable and stable operations** → **Offer solutions** → **Install equipment**

- One-stop maintenance services
- ZMP maintenance service package
- MEIS CLOUD+ service for online equipment monitoring

Upgrade existing units or install new ones

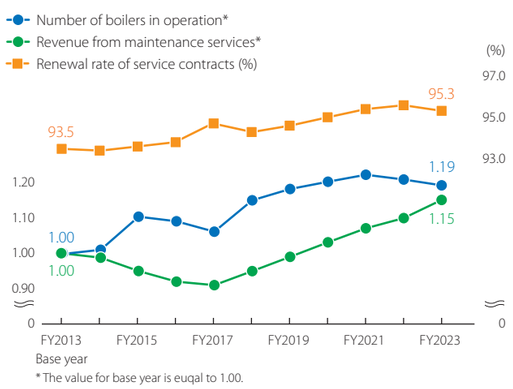
Keep existing units running in good condition

Address operational issues with existing units or add new ones to meet a customer's needs

Solutions for ensuring greater peace of mind for customers

(1) Inspection of boilers to identify and address potential problems
(2) Warranty to help reduce boilers' service costs, as well as energy costs
(3) Maintenance to keep boilers in good condition and offering of advanced water-treatment solutions

Renewal of Maintenance Service Contracts



* The value for base year is euqal to 1.00.

Meeting customers' needs is key to keeping the contract renewal rate high

The renewal rate for service contracts, which has reached more than 95% over the past few years, is a metric we use to gauge the level of customer satisfaction in our maintenance services. In the past, we recommended that customers who were operating 13-year-old boilers replace them with new ones, rather than extending their usable service lives with maintenance, as the former practice was more cost-effective than the latter. This changed when our ZMP maintenance service packages, which provide preventive maintenance, proved effective in extending boilers' service lives beyond 15 years. That is why we established a system for supplying replacement parts for an extended period and started offering ZMP packages in 2016 as standard to customers having boilers that were 13 years old or older, so that they can keep running them longer. Delivering greater customer satisfaction enables us to maintain a high renewal rate for service contracts and have a stable revenue stream in our maintenance business.

Message from a field engineer

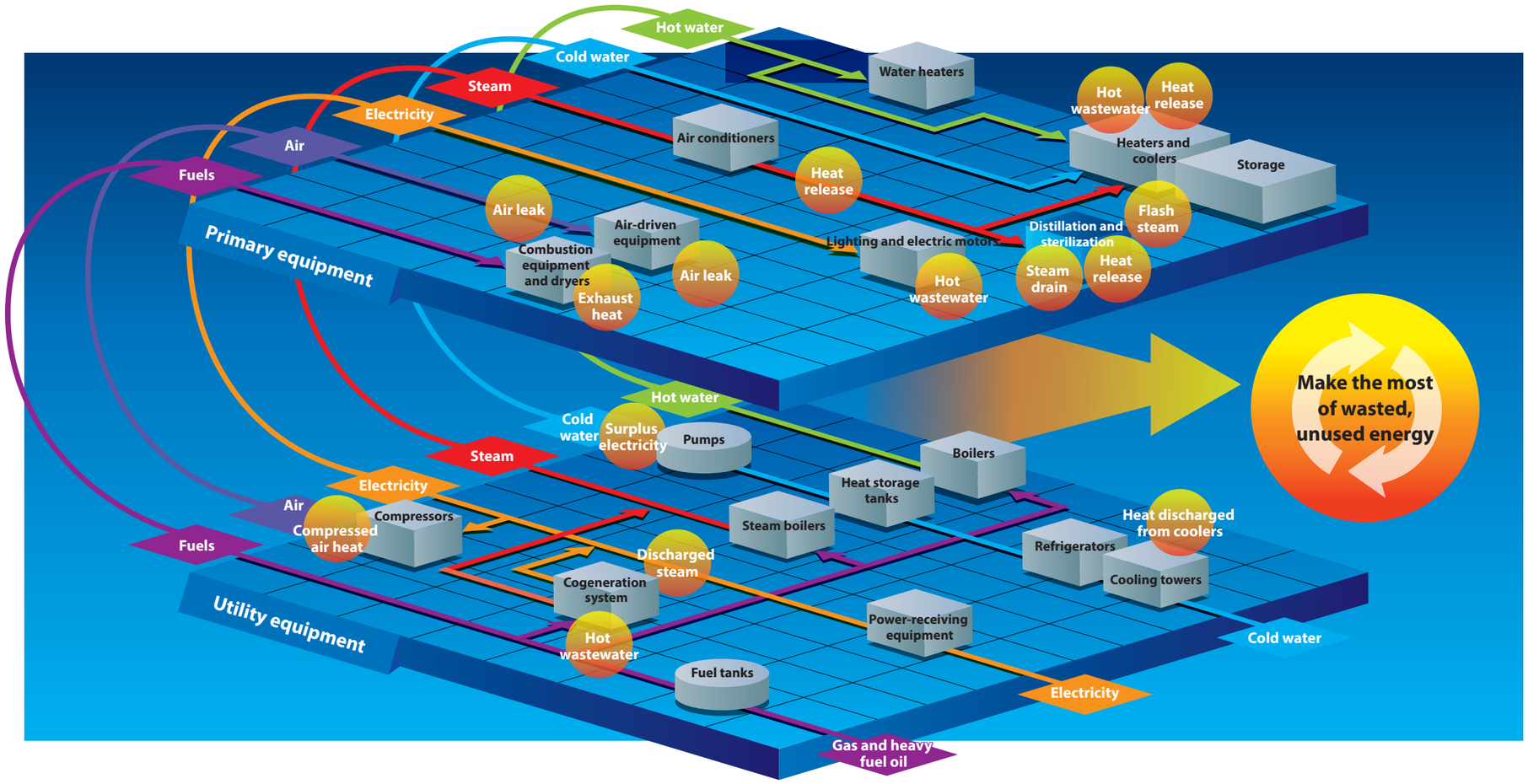
Helping achieve greater operational efficiency by recovering and reusing wasted heat and keeping every production line in good condition

MIURA's sales and field engineering teams work together to assess energy-efficiency performance of plants operated by industrial customers and recommend solutions for recovering and reusing heat energy wasted in hot effluents, waste heat, and steam drain. For instance, a business customer who has taken our advice and installed a heat pump to reuse hot effluent to heat a water supply to boilers has achieved a reduction of 60 tons of CO_2 and saved 44,000 m^3N of gas fuels in their operations annually. We also assist industrial customers in keeping all their production lines running smoothly. Our ZMP maintenance service packages, which provide one-stop preventive maintenance for smooth and efficient operations, are well received by many business customers. Our MEIS CLOUD+ service remotely monitors and diagnoses equipment operating on customers' premises and alerts them via email when something goes wrong.



YAMAGUCHI Hideki
General Manager of the FE Strategy Division

MIURA's tradition of Technoservice assists customers in resolving their diverse operational issues



MIURA's core purpose is to assist industrial customers in achieving greater energy efficiency and environmental stewardship. To fulfill this purpose, we provide total solutions for addressing diverse issues affecting customers' operations. Leveraging our years of experience in developing and marketing industrial boilers, food-processing equipment, medical equipment, and marine equipment, members of our sales, field engineering, product development, and manufacturing teams work together to offer customers the best mix of solutions for saving on energy usage and reducing environmental impact of their operations. That is our greatest competitive advantage. At the base of our commitment to delivering customer success is our unique concept of Technoservice, which is a word we coined. "Techno" means technology that provides compelling and practical benefits to customers, and "service" means earning their respect and trust. Technoservice is an excellent combination of these two. Since MIURA's founding in 1959, this concept has been running through generations of employees and serving as the source of MIURA's combined strengths.

MIURA boilers have evolved from the ZP model of the earliest days, having a simple structure, to the larger-capacity, more efficient, more compact, and better-performing models of today. This evolution has been made possible by our persistence, creativity, and ingenuity that enable us to pursue excellence. Our strength in manufacturing to keep product prices low without compromising on quality and performance, combined with our relentless pursuit of advanced technology, has culminated in Technoservice, which has been incorporated into developing products and services to this day.

Achieving carbon neutrality has become a global agenda with social and economic implications. MIURA has been upgrading our legacy technologies and developing new solutions to assist business customers in transitioning to carbon-neutral operations.

Message from a member of a sales team

Energy-efficiency assessments and broad product offerings are our competitive advantage



SUZUKI Eiki
Manager of the Tokyo MI Sales Section 2

My job is to offer steam-using equipment to assist customers in fending off soaring fuel prices and reducing carbon emissions in their operations. To make these machines work effectively in customers' manufacturing facilities as intended, we first need to assess how their plants are operated. MIURA is the only company in the industry to have the capability to evaluate the performance of not only MIURA equipment but also equipment supplied by other manufacturers. This puts us in a unique position in the industry as a provider of total solutions.

Most corporate users of boilers sign maintenance service contracts to keep them running in good condition. But that is not always the case with heat pumps or compressors. Customers tend to perceive them as nonessential, peripheral equipment to reduce energy usage and give little consideration to the risks of their failure or breakdown. That is why we assess customers' plants to visualize their energy usage. This approach helps convince them of the importance of having maintenance service contracts cover their entire plant infrastructures. Managing facility-wide energy-saving performance of a customer's plant is a challenging but fulfilling job.



SQ-3000AS small once-through boiler

Message from an engineer

Green-fuel-powered boilers are a way to go to achieve carbon neutrality



SASAKI Tsutomu
Manager of the Carbon Neutral Boiler Technical Section

In January 2017, MIURA became the first company in Japan to ship 100% hydrogen-powered once-through boilers, which have since been operating in our customers' plants. When we started developing hydrogen-powered boilers, there were no industry-wide safety standards for hydrogen used as a boiler fuel. We had to establish them on our own, and in the process we interviewed key people in diverse industries for guidance. It was time-consuming effort. During the design phase, we found an off-the-shelf detector that monitors the burning of fuel inside a boiler failed to perform as it should. When we switched it to our own insourced detector, it worked just fine. MIURA is one of the few boiler manufacturers that design and manufacture critical parts and components in-house. It was at a moment like this that it paid off to be one.

If MIURA successfully develops and brings out boilers capable of generating steam more safely, more efficiently, and more economically, it would be a significant step toward helping mitigate global warming. We will redouble our efforts to develop boilers powered by other green fuels besides hydrogen in order to assist industrial customers in achieving carbon neutrality, as well as to do social good.



SI-2000AS-H2 hydrogen-fueled boiler

Our energy-efficient, low-emission boilers propel us to the global arena

Region-specific strategy for capturing the top spot in the industrial boiler market

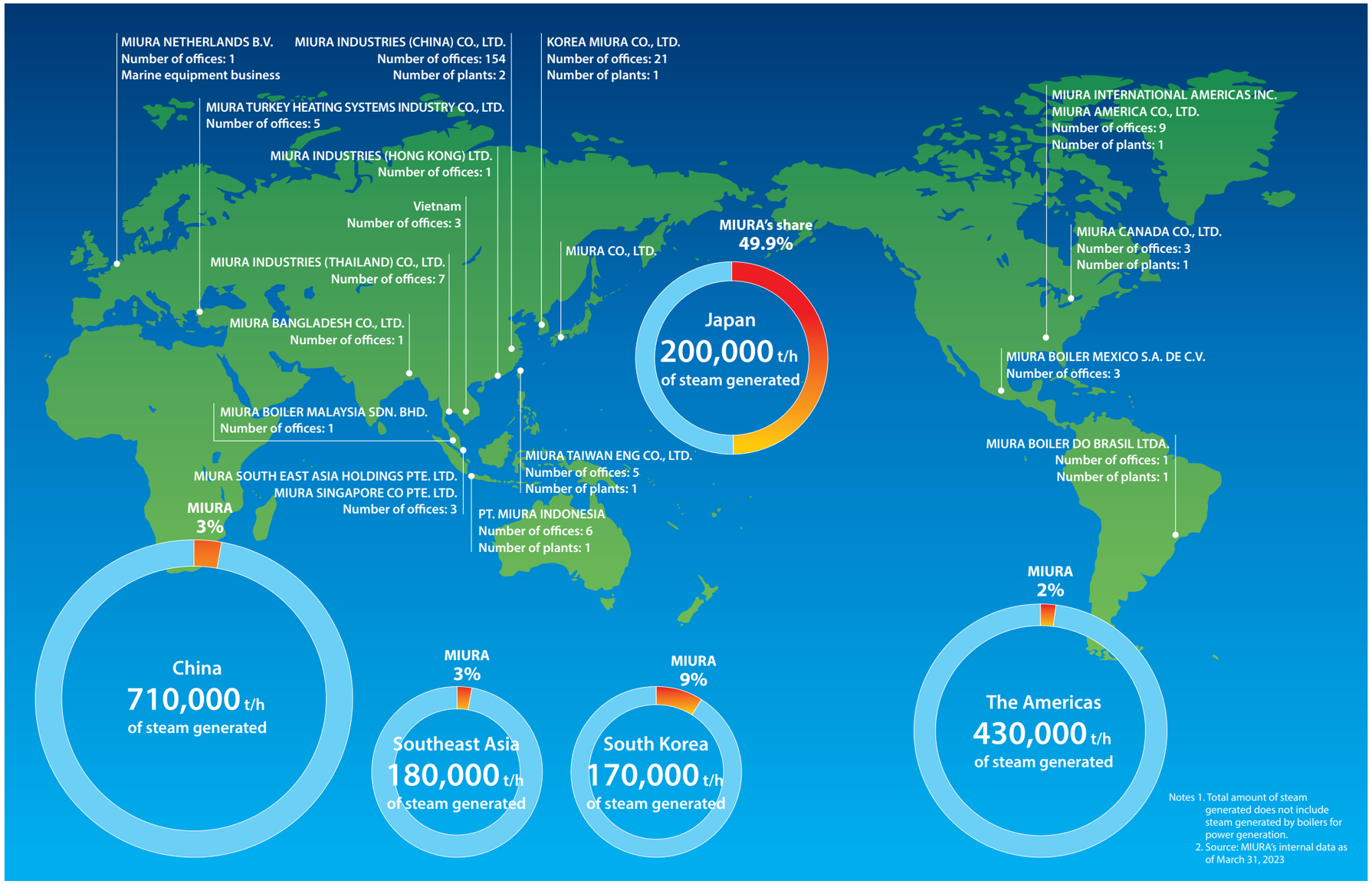
MIURA gained its first foothold outside Japan in the 1980s. Today, we operate in 24 countries and regions and have a network of 17 subsidiaries outside Japan. Our priority in overseas operations is to deliver the same level of service quality as we do in Japan.

In China, an economic downturn drove down demand for steam to be generated for industrial use by boilers from the previous year. Nevertheless, an increasing switch from coal-fired to gas-fired boilers by existing operators accelerated the growth of the market in which MIURA plays. We intend to capture a larger share of the Chinese industrial boiler market by: (1) Encouraging operators of competitive gas-fired boilers to switch to our more energy-efficient gas boilers; (2) Encouraging industrial customers of MIURA boilers to sign maintenance service contracts; and (3) Shifting sales efforts to prospective business customers in burgeoning industrial sectors.

In Asia, our focus is to pursue a leading position in the industrial boiler market in countries that pose few geopolitical risks to our operations. In particular, we see Indonesia as a promising market. The country's booming economy has substantially bolstered industrial need for steam, which has resulted in an increase in our boiler sales, as well as revenue from our maintenance services. Our operating profit in our Indonesian operations for FY2023 jumped 43% year on year. Buoyed by economic growth, industrial demand to switch to low-emission, energy-efficient boilers is likely to rise.

Helped by a robust economy, MIURA's revenue in the Americas has maintained an organic growth of more than 10% annually over the past several years. Our focus is to bolster boiler sales by encouraging users of older boilers to switch to our energy-efficient units and, in Canada and the United States, to improve profitability by selling water-treatment chemicals and maintenance service packages to more customers. In addition, we train locally hired employees in listening to customers and turning their needs into action as part of improving their skills and reducing employee turnover. We have substantial room for growth in this region.

MIURA is committed to assisting industrial customers around the globe in achieving carbon-neutral operations to mitigate global warming. This can be done by providing industry-leading energy-efficient boilers and other equipment, professional guidance on energy-saving best practices, and best-in-class maintenance services.



Notes 1. Total amount of steam generated does not include steam generated by boilers for power generation.
2. Source: MIURA's internal data as of March 31, 2023

Our business in the United States

Working with distributors to cover wide geographical areas

MIURA uses a network of local distributors to reach business customers operating coast to coast. As distributors also provide support and maintenance services for our boilers, maintaining good working relationships with them is critical to our success in the United States. Newly signed distributors played an instrumental role in bolstering our boiler sales in FY2023, while established distributors sold more service parts and water-treatment chemicals than in the previous year. Our years of effort to build strong relationships with distributors have been bearing fruit by gaining their buy-in to our business, as well as to the conviction that we both can grow together as partners.

In addition, when the owner of a distributor retires, MIURA takes over its maintenance business for our boilers to provide uninterrupted service to our customers.

Our business in Indonesia

Providing the high-quality service expected of MIURA

Annual economic growth has returned to its pre-COVID-19 level of 5-plus percent in Indonesia. We expect sales of our boilers that meet the country's stringent environmental regulations to rise, sold to parts and materials suppliers and to global companies that have established footholds in the country. In anticipation of the fast growth of our boiler business, we have been investing in building a nationwide network of service centers and training locally hired employees. For instance, since January 2023, two Indonesian trainees have been mastering a welding technique hands-on at a MIURA facility in Japan. The trainees are on the technical intern training program for foreign nationals, organized by the International Manpower Development Organization of Japan. In addition, we plan to invite service engineers from MIURA Group companies overseas to Japan so that they will learn to provide the same level of maintenance services back home.

Part 2

MIURA's Growth Strategy

Founder MIURA Tamotsu's motto



"Tackle your job with an aspiration to go to the next level.
An aspiration is your goal. To achieve it, you must have an imaginative and creative mind and the sheer will to get things done no matter what."

Message from the President & CEO

MIURA intends to become a Super-Maintenance Company in the global arena

MIYAUCHI Daisuke
President & CEO
MIURA CO., LTD.



Review of FY2023

The MIURA Group achieved a year-on-year increase in revenue and operating profit for the fiscal year ended March 31, 2023. This was made possible by our agility and resilience to adapt to a fast-changing operating environment around the globe.

In Japan, while the COVID-19 pandemic was brought under control to some extent, we operated in an increasingly unpredictable business environment during FY2023, brought about by soaring energy and materials costs, prolonged shortages in semiconductors, and a volatile international geopolitical landscape. Nevertheless, we focused on pursuing a key strategic objective, as outlined in the Group's Medium-Term Management Plan (MTMP) for FY2023-2025, of leveraging our extensive experience and expertise in every aspect of business to offer upgraded total solutions. More specifically, we redoubled our efforts to offer tangible solutions for addressing operational issues that industrial customers faced. This was part of our aspiration to become a Super-Maintenance Company, which provides comprehensive solutions and lifecycle partnerships for our customers.

In addition, members of all our departments—from manufacturing to sales—worked together to offer one-stop maintenance services to customers. This effort resulted in an increase in the number of customers who switched to energy-efficient equipment and signed up for maintenance contracts. We sold more of our core small once-through boilers during FY2023 than in FY2022 and achieved revenue growth in our laundry equipment business.

In our operations outside Japan, which were focused on the equipment business, strong sales of our industrial boilers drove revenue up in the Americas as the waning of the pandemic motivated many businesses to resume capital expenditures.

Our operating profit was up year on year, as an increase in materials costs and sales expenses resulting from stepped-up field sales activities was more than offset by an increase in gross profit as a result of revenue growth, increases in negotiated selling prices, and gains from favorable foreign exchange rates.

For FY2023, the Group's consolidated revenue increased by 10.3% year on year to 158.3 billion yen, with an operating profit of 21.9 billion yen (up 12.8%), a pre-tax profit of 23.4 billion yen (up 15.9%), and a profit of 16.8 billion yen attributable to owners of parent (up 18.5%). These made up the best financial performance that the Group had ever had since its founding. It is proof that we have become more agile and resilient to changes in an operating environment, overcoming the challenges brought about by the pandemic and the disruptions of supply chains.

Heat-energy consulting is our growth driver

Before sharing our progress in achieving the goals and objectives outlined in our MTMP, I would like to talk about a key concept behind the plan. The key phrase here is "heat-energy consulting."

The MIURA Group's growth has been, and will be, sustained primarily by its business model of developing, selling, and servicing highly efficient small once-through boilers and other types of industrial and commercial boilers. But to say MIURA is a boiler company seems misleading, as it does not reflect the full scope of growth potential that the Group has.

That is because industrial customers do not look for boilers per se for their facilities, but for an environment in which heat energy is consistently available on demand for their operations. Such an environment varies from facility to facility. Two boilers of the same type may generate and supply heat energy in different manners depending on where and how it is needed. To meet specific needs of each customer for heat energy and offer the right boilers to them, we must have a higher level of professional consulting skills. It is just like a restaurant sommelier using their knowledge, experience, and even five senses to select and recommend the right wine to a patron to suit their preference and meal.

A restaurant must not only serve good food and drinks, but also keep their premises clean and comfortable to urge patrons to keep coming back. Likewise, we not only provide boilers, but also build a reliable heat-energy supply environment tailored for each customer, so that they can use heat energy as much as they need and when they need it. That is why we make maintenance services an integral part of our core boiler business and continually upgrade our proprietary Technoservice solutions, supported by cutting-edge technologies and engineering. This is where MIURA's heat-energy consulting comes in. Our heat-energy consultants in the field keep in touch with industrial customers and use their professional expertise to offer the right solution for a heat-energy supply environment that meets the specific operational needs of each customer. Having a team of such consultants in the field gives us a significant competitive advantage in the industry and serves as a growth driver for the Group.

It takes a significant amount of work for our employees to become heat-energy consultants. They must have professional knowledge and expertise acquired from years of hands-on experience in the field; they must also have the guts to defy any problems arising in the field or deal with demanding customers. Only when they have these skills can they earn the trust of customers. After all, it is employees with a high level of technical, insightful, and human skills that drive the growth of the company—even when AI algorithms can analyze operational data of boilers gathered through built-in sensors and IoT solutions as part of preventive maintenance and boilers can be monitored and diagnosed remotely.

I am confident that the Group has teams of talent devoted to their jobs and customers. I have no doubt in my mind that the commitment ingrained in them to providing maintenance services to assist customers with their problems—big and small—continually over 10 or 20 years after their boilers were installed has earned us their trust, as well as the solid position in the industry. Our culture of valuing good relationships with customers has extended to our operations outside Japan, as evidenced by the fact that the attachment rate for our maintenance packages has been going up among customers overseas, even at the height of the pandemic.

In the medium term, the Company aspires to evolve from a leading manufacturer of industrial and commercial boilers into a preeminent provider of total solutions and one-stop maintenance services in Japan, assisting industrial customers in operating their entire utility and manufacturing infrastructures, including boilers, more efficiently in their plants. We intend to achieve this challenging objective by training our field service engineers to become trusted heat-energy consultants for customers.

MTMP updated for FY2024-2026 — On track to pursue key growth drivers

Let me update you on the progress that the Group has been making in achieving the goals and objectives outlined in our MTMP. At MIURA, we update annually an MTMP for the upcoming three years on a rolling basis, to keep it relevant in a changing operating environment.

The revenue and profit targets for FY2024-2026 shown in the table below are those for organic growth arising from our legacy operations, outside of which will be additional inorganic growth arising from mergers and alliances. We use ROE as one of the key financial metrics. Our goal is to achieve an ROE of 10% or more annually, mainly by earning a consistently higher operating profit margin every year.

Over the past several years, we have been investing in upgrading our business processes and IT systems to build a robust basis for operating profitably. As a result, an upgraded ERP system became operational in May 2023, which is expected to enable us to operate more efficiently and cost-effectively.



Under the MTMP for FY2024-2026, we have two basic strategies: (1) Offering upgraded total solutions to customers to support an entire utility infrastructure of their plants, while maintaining good relationships with them; and (2) Providing one-stop maintenance services not only of boilers but also of other industrial and commercial equipment. On these two points, we have made progress in our laundry equipment business.

In this business, MIURA acquired in 2017 INAX Corporation, an industry leader in commercial laundry equipment in Japan, and acquired a controlling stake in Yabusame Co., Ltd., which sells and services imported commercial laundry equipment. With these acquisitions, the MIURA Group has established a solid foundation for assisting commercial laundry service providers in streamlining their operations and achieving low- and zero-emission operations. Furthermore, in April 2023, we took another step by entering into a capital partnership with the Belgian-based JENSEN-GROUP, a global leader in industrial and commercial laundry equipment. This partnership enables us to offer a broader line of products and services, as well as total solutions and one-stop maintenance services, to commercial laundry service providers to address their unmet need to streamline and automate their operations and save on energy usage.

As part of our efforts to further bolster our profitable maintenance business, we intend to have, within the next few years, an online monitoring system for preventive maintenance of 100,000 MIURA boilers in use around the world, up from the current 70,000 units achieved over the past 30-plus years. The online monitoring system helps customers keep running their boilers without problems over an extended period.

The focus of our operations outside Japan is to continue to expand the installed base of our boilers, leveraging our competitive advantages in safety and energy efficiency to become a leader in the industrial boiler market in each country in which we operate.

In the United States, our boiler sales over the past several years have been growing at an annual rate of more than 10%, buoyed by a robust economy. This success has been driven by collaboration with our distribution partners who have embraced MIURA's business model. In some cases, MIURA takes over a

MIURA Group's Consolidated Financial Results and Targets

(In billions of yen)

	FY2023 guidance	FY2023 results	FY2024 targets	FY2025 targets	FY2026 targets
Revenue in Japan	**113.3**	**122.3**	111.6*	114.4*	118.6*
Revenue from operations outside Japan	**30.2**	**36.0**	39.9	44.5	48.9
Total revenue	**143.5**	**158.3**	151.5*	158.9*	167.5*
Operating profit	**19.4**	**21.9**	22.1	23.0	24.1
Operating profit margin	**13.5%**	**13.8%**	14.6%*	14.5%*	14.4%*

*INAX CORPORATION became a joint venture between MIURA and JENSEN-GROUP and became MIURA's equity-method affiliate effective April 2023. INAX's projected revenue or operating profit is not included in the Company's consolidated revenue or operating profit targets for FY2024 and beyond, but the share of INAX's profit accounted for using the equity method is included in targets for consolidated pre-tax profit.



distributor's entire business when its owner retires. We intend to continue to share value and work closely with our distributors.

In China, where the government has announced the goal of achieving carbon neutrality by 2060, we are focused on selling industry-leading energy-efficient boilers to replace competitive units with suboptimal energy-saving performance. We explore business opportunities in four growth sectors—food, dairy, chemicals (including batteries), and pharmaceuticals—by conducting daily-log-based load analyses of competitive units in order to identify prospects, to whom we offer energy-efficient boilers to replace existing ones. At the height of the pandemic, the number of load analyses conducted fell to 1,000 a year, and we intend to bring it up to 3,000 a year. In addition, we offer maintenance packages to customers to retain long-term relationships of trust with them and increase our share profitably in a competitive market. Furthermore, as hydrogen charging stations have become increasingly available in the nation's urban areas, we will explore effective ways to market hydrogen-fueled boilers.

In Europe, we will take full advantage of a strategic partnership with JENSEN-GROUP in the laundry equipment business to establish a foothold in the market. In South Korea, where MIURA is one of the leading brands of industrial boilers, we will broaden our offerings of products and solutions beyond boilers.

Taking a long-term perspective in addressing issues with global implications

When we formulate and update a medium-term management plan three years out, we first predict how heat energy will be supplied in the industry 20 to 30 years in the future and what impact it will have on society, and then we work backward from that prediction to the present to determine the near-term course of action to take. The basic idea behind this approach is to see business opportunities in emerging social issues. Let me share with you two high-impact issues with global implications that will likely drive our growth in the long term.

One is a global agenda for achieving a greener, zero-emission society; a good example is the Japanese government's stated goal of achieving carbon neutrality by 2050. The other is addressing labor shortages arising in countries where population is shrinking. These two issues have increasingly serious impact on many aspects of society. In fact, businesses see commercial opportunities in offering solutions for reducing carbon emissions and streamlining business operations.

By design, when a boiler burns fuel in a factory, it emits CO_2, most of which is categorized into Scope 3 emissions. As one of the leading manufacturers of boilers, we have an obligation to do something about carbon emissions from boilers. While this may be a business risk to us, we see opportunities if we make the right strategic move.

We take a two-stage approach to achieving carbon neutrality by 2050. In Stage 1, up to 2030, we aim to reduce GHG emissions by 46%* from legacy equipment economically by switching to low-emission fuels, recovering and reusing waste heat, and using DX solutions to achieve greater energy efficiency. In the more ambitious Stage 2, up to 2050, we strive to bring GHG emissions down to zero by engineering breakthroughs that take advantage of an emerging infrastructure for renewable energy, hydrogen energy, methanation, and synthesis fuels. Offering upgraded total solutions outlined in our MTMP for FY2024-2026 is part of implementing Stage 1. By offering broader product lines beyond boilers to a wider range of business customers operating in larger geographical areas, we intend to provide them with end-to-end assistance in reducing their carbon emissions. We laid the groundwork for Stage 2 when we entered into a strategic partnership with the U.S.-based Modern Hydrogen Inc., in May 2023. The combination of MIURA's hydrogen-powered boiler technology and Modern Hydrogen's distributed hydrogen production technology will create a groundbreaking solution that leverages the existing natural gas infrastructure to generate clean hydrogen and heat energy.

Robotics will play a key role in making the scenario of offering upgraded total solutions work for us. One of the agendas behind our signing a strategic alliance with JENSEN-GROUP is to incorporate the company's robotics-enabled factory-automation know-how and solutions into our business. If we can put factory-automation solutions into good use for diverse industries and across value chains, we will have a better chance to decarbonize industrial heat energy and resolve labor shortages for many businesses in the long term. That is the greatest social value that our total solutions will deliver.

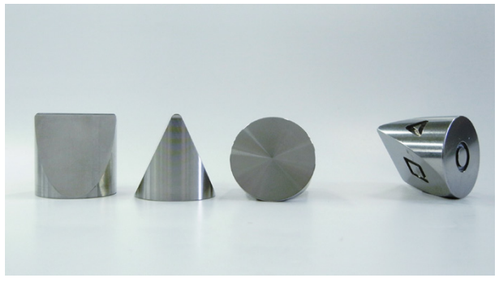
*Consistent with the Japanese government's commi tment to reducing the nation's GHG emissions by 46% from the 2013 level by 2030.

Talent development is the basis for sustainable corporate management

Social demand for corporate sustainability has become increasingly pervasive and profound. In addition to addressing issues with global implications, such as the environment, human rights, diversity and inclusion, and compliance, I believe the key to success in sustainable corporate management is to develop internal talent capable of acting sustainably on their own through frequent and constructive engagement with business customers, suppliers, and other team members. When every employee in every department has this mindset, the company has a better chance of achieving sound corporate sustainability.

In a similar vein, MIURA's heat-energy consultants I talked about earlier are expected to deliver customer success and establish a relationship of trust with customers toward a shared goal of achieving a sustainable society. I would like MIURA's diverse team members—whether they are in sales, research and development, or field engineering—to become all-around players with a high level of professional insights toward the common goal of delivering total solutions to customers. The completely upgraded ERP system enables employees to identify and resolve issues arising from their day-to-day work. I encourage our employees to have hands-on experiences with this tool and hone their skills so that they have the competency required to take on more challenging tasks.
The performance of diverse talent needs to be appraised fairly and equitably. The Talent Management Strategy Project, launched in 2022, is intended to switch our performance appraisal policy and practice from one based on seniority to one based on the "Pay for Job, Pay for Performance" concept that takes into consideration employees' job grades and workplace performance. The next step is to overhaul our talent management policy and procedures as a means to foster greater diversity and inclusion in the workplace.

Let me share my thoughts on frequent and constructive engagement with stakeholders that contributes to greater corporate sustainability. Today, every business is required to implement compliance and governance policies and practices to be a good corporate citizen. I believe having open dialogues with stakeholders is key to achieving sound and fair corporate management. I find from my experience as the president of MIURA AMERICA in the early 2000s that an animated discussion among team members always leads to a fair and reasonable answer to the question of moving business forward. That is because it takes a viable and sustainable means to lead a business to success. My job is to foster a culture at MIURA that values the diversity of individuals, as well as open and fair communication, in a workplace to sustain business growth.



This object is a strong reminder of the importance of taking different perspectives in order to see things differently.

Message to our stakeholders

The MIURA Group has sustained its growth by broadening its offerings of products and services for an increasingly wider customer base operating in diverse industries and regions. Nevertheless, we still have considerable opportunities for growth from addressing the long-term social issues I talked about earlier.

MIURA's PBR (price-to-book-value ratio) is more than 2.0 times, which indicates that investors have high expectations for us. To continue to meet their expectations, it is essential for us to expand our business domains in which to offer total solutions while investing in sustaining growth through acquisitions and other means. At the same time, we will return a fair amount of profit to shareholders annually; we will maintain a dividend payout ratio at or around 30% and increase the dividend rate. Accordingly, we have been buying back the Company's common stock up to 4 million shares, or up to 10 billion yen, through November 6, 2023. We strive to achieve an ROE of 10% or more annually by tightly controlling our WACC (weighted average cost of capital) in business management, thereby to bolster our bottom line and increase the annual dividend rate.

Before closing my message, let me talk about the 3D object (pictured below left) I have created. Depending on the angle from which you look at it, you see a square, triangular, or circular face. Every time I look at it, it reminds me of the importance of having multiple perspectives in order to see things differently. Likewise, it is a strong reminder to all of us at MIURA that being content with past successes—associated with a solid financial foundation and a robust business model of delivering customer success—and maintaining the status quo will never guarantee future success, and that we must broaden our perspectives to see things that we did not see before and must remain flexible and creative in trying something new.

The MIURA Group embraces change and is committed to constantly pursuing the next level of excellence in business management in a VUCA operating environment. I would much appreciate it if you would continue to extend your support to us in this challenging but rewarding endeavor.

How We Create Value

MIURA's Mission | **We play an instrumental role in achieving an environmentally friendly society and creating clean and comfortable lifestyles through our contribution in the fields of Energy, Water, and the Environment.**

MIURA's tradition of Technoservice
The founder MIURA Tamotsu coined the word "Technoservice" to recognize that a technology bears relevance only when it is combined with excellent service for customers. The word represents what MIURA stands for and has been ingrained in generations of employees.

Input (primary operating resources)

Financial capital
- Stable cash flows
- Solid and sound financial position ("A" rating granted by the R&I rating agency)
- Free cash flows:
  5.3 billion yen for FY2023
- Equity attributable to owners of parent:
  16.8 billion yen at the end of FY2023

Manufacturing capital
- Number of plants:
  5 in Japan and 8 outside Japan
- Manufacturing infrastructure supported by production equipment and lines developed in-house
- Insourced key components

Intellectual capital
- Core technology for small once-through boilers
- ICT-aided maintenance solutions
- Sensing technology and big data application
- Number of patents filed:
  1,033 in Japan
  216 outside Japan

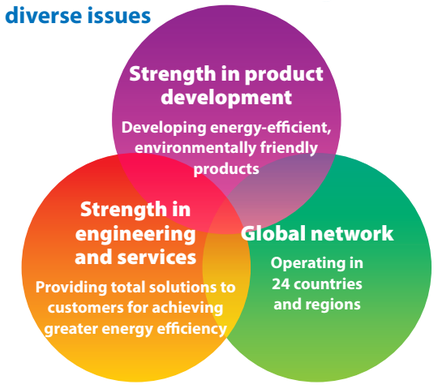
Human capital
- Industry's most extensive network of field engineers:
  1,200 in Japan
  700 outside Japan
- High level of professional expertise and technical skills
- Accumulated hands-on know-how for keeping boilers operating safely, reliably, and efficiently for diverse industries

Social engagement capital
Number of MIURA products in operation: 140,000 globally
- Solid customer base
- Long-lasting relationships with suppliers
- Social recognition and trust as a leading brand in the industry
- Collaboration among businesses, government agencies, and universities

Natural capital
- Raw materials, water, air, minerals

Business models

Leveraging MIURA's combined strengths to assist customers in resolving their diverse issues



Provide maintenance services to offer greater added value to customers
- **Total solutions for supporting a customer's entire plant infrastructure**
- **ZMP maintenance service package**
- **A nationwide network of 1,200 field engineers in Japan**
- **One-stop maintenance services of boilers and other equipment**
- **24/7 online maintenance**
- **BCP readiness** • **Talent development**

Key initiatives for corporate sustainability

E
- **Reducing environmental impact**
- **Mitigating global warming**

S
- **Talent strategy and management**
- **Occupational safety and health**
- **Quality control of products and services**
- **Supply chain management**

G
- **Corporate governance**
- **Compliance**

Offering long-term maintenance service packages
MIURA to become the best long-term partner of customers

Earning stable cash flows
Maintenance business generates 60% of the Group's operating profit

Solid repeat customer base for replacement MIURA boilers
Repeat customer rate: 90%

Output (products and services)

Primary product lines



Boilers
Small once-through boilers
(Market leader in Japan*)



Water treatment equipment
Commercial water softeners
(Market leader in Japan*)



Food-processing equipment
Vacuum coolers
(Market leader in Japan*)



Medical equipment
Steam sterilizers and washers



Marine equipment
Marine auxiliary boilers
(largest installed base in Japan*)
Ballast water management systems



Laundry equipment
Industrial cleaning equipment
(Market leader in Japan*)

*Source: MIURA CO., LTD.

Pursuing new business opportunities
- **Expand hydrogen-related business**
  Fuel cells, hydrogen-fueled once-through boilers, hydrogen generators
- **Assess customers' plants for energy-efficiency performance, using MEIS CLOUD+ service**
- **Apply business models originating in Japan to overseas markets**
- **Offer thermal control systems for production lines**
- **Offer ballast water management systems for preserving marine ecosystems**

Outcome (created value and resolved social issues)

For shareholders and investors
- Increase long-term enterprise value **with an ROE of 10% or more**
- Return profit to shareholders

For industrial customers
- Help reduce running cost of equipment
- Help reduce GHG emissions (reducing environmental impact of operations)
- Help make better use of resources in business operations
- Help save energy throughout product life cycles

For the global environment
- **Help achieve carbon neutrality**
- Achieve a hydrogen-powered society
- Help preserve healthy marine ecosystems

For employees
- Maintain a safe and comfortable workplace
  MIURA's Motto:
  "We create an inspiring and accommodating workplace where we take pride in what we do."
- Enhance employee skills and motivation

For suppliers
- Assist business partners and suppliers in developing technical competence and achieving sustained growth

For communities
- Bolster local economy by creating jobs and sourcing materials locally

Investment to increase financial and nonfinancial capital

Risks and opportunities arising from an external operating environment
- Global warming
- Increasingly serious air and other forms of pollution caused by economic development in emerging countries
- Aquatic ecosystems damaged by ballast water discharged from vessels
- An aging and shrinking population and a declining working-age population
- Pervasive flexible working arrangements
- Advanced digital technologies (AI, IoT, big data)

Long-Term Growth Strategy

Predicted business environments

Japan

- **The industrial steam boiler market is expected to decline moderately until FY2031, after which it is predicted to shrink at a faster pace**
  While the mainstream boiler market is predicted to contract due to a shrinking population and the growing need to curb carbon emissions, we expect demand for MIURA boilers with compelling competitive advantages to remain strong through FY2026.

- **A low-carbon transition, rather than an aggressive transition to carbon neutrality, is the name of the game for the next few years**
  A complete switch to hydrogen fuels and other zero-emission energy sources is unlikely to materialize by FY2026. Alternatively, comprehensive low-emission solutions for boilers and supporting equipment will become increasingly in demand.

Outside Japan

- **The industrial boiler market, which is subject to regulatory scrutiny and control that varies from country to country, will undergo changes to varying degrees in each country**
  - Our competitors are operating in an increasingly challenging business environment.
  - The need to develop technology solutions for boilers fueled by low- and zero-emission energy sources is growing.

  A shake-up is inevitable in the industrial boiler market.

- **Efforts on carbon-free energy solutions vary from country to country, depending on how the energy situation plays out**
  The pace of achieving carbon neutrality varies significantly from country to country.

Key strategic objective | **Leverage the Group's extensive experience and expertise in every aspect of business to offer upgraded total solutions to customers and build a stronger trust and broader relationships with customers**

Long-term KPI | **Achieve an ROE of 10% or more**

	Key initiatives	Actions to be taken
Carbon neutrality	Offer diverse, environmentally responsible solutions while achieving the right balance between assisting customers in making the most of their existing equipment and preparing them to switch to low-emission energy sources	• Use government subsidies to develop the best energy mix • Work with other businesses, government agencies, and universities to jointly develop products and systems that use low-emission fuels
Global operations	• Focus sales and marketing efforts on prospective customers in selected promising industrial sectors, and approach multinationals for potential business • Establish a foothold with an offer of carbon-neutrality solutions in Europe and other regions in which we have no presence	• Conduct daily log analyses of competitive units and energy-efficiency assessments of prospective customers' plants in targeted markets • Promote locally hired employees to managerial positions at Group companies outside Japan
ESG-driven corporate management	**E:** Make existing lines of boilers more energy efficient and develop boilers powered by low- and zero-emission energy sources **S:** Update talent management policies and practices with a focus on achieving greater workplace diversity and inclusion **G:** Monitor and track governance practices in each department and through review meetings	• Develop environmentally friendly products • Redefine the function of each corporate-level meeting to accelerate decision-making • Establish KPIs to track achievement of business strategy

Primary strategy

Offer upgraded total solutions to customers	Support an entire utility infrastructure of customers' plants and help them save on energu usage and achieve low-emission operations
Offer one-stop maintenance services	Extend maintenance services to non-boiler equipment and make the most of maintenance log of non-MIURA equipment on customers' premises
Make the talent base more robust	Update the Company's employee training programs, performance appraisal procedures, policy on job assignment and promotion, and talent management policy. Train employees to become professional field engineers.

Expand business domains and launch new businesses to accelerate growth

Supporting strategy (leveraging approach)

• **Pursue M&A opportunities to expand business domains** • **Pursue partnerships to broaden product offerings**	• Focus investment in business domains that complement and add value to our business	Compressors, heat pumps, industrial laundry equipment
• **Step up R&D and technology transfers** • **Invest in startups and ventures**	• Invest aggressively in further growing our legacy business and developing new products and services	New business

Use DX solutions to add more value to the basic and supporting strategies

DX solutions

Make the IoT infrastructure more robust	• Visualize energy-efficiency performance of a customer's plant operations • Analyze big data and use AI solutions • Optimize maintenance and equipment operations	Proactive & Reactive
Rebuild the ERP system	• Unify the management of enterprise-level data • Manage BOM on a unit level • Produce maintenance reports electronically	

The MIURA Group strives to become a Super-Maintenance Company to build and sustain strong relationships of trust with customers. We have upgraded our total solutions to support entire utility infrastructures and production and processing equipment in customers' plants, as well as to assist them in saving on energy usage and achieving low-emission operations. With the evolution of our total solutions to the next level, we have been making progress in offering one-stop maintenance services to customers. To develop business and technology necessary to support customers' entire utility infrastructures as part of implementing our long-term growth strategy, we have been pursuing business and capital partnerships with other companies, acquiring technology from others, and jointly developing technology with others. These approaches enable us to develop business and technology at a faster pace than going it alone. As our legacy IT systems and business processes have become out-of-date, we have been implementing DX solutions to achieve greater operational efficiency in implementing basic and supporting strategies outlined above. We started to upgrade our ERP system and IoT infrastructure in FY2022 and have been implementing a DX-driven growth strategy since FY2023.

Medium-Term Management Plan (MTMP) for FY2024-2026

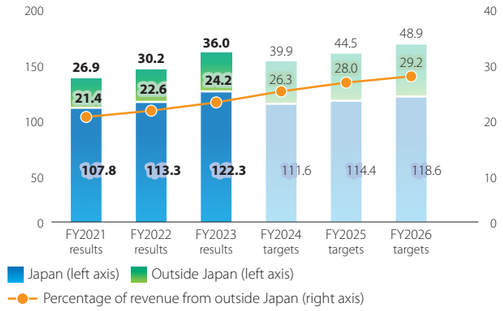
MIURA Group's Consolidated Financial Results and Medium-Term Targets

(In billions of yen)

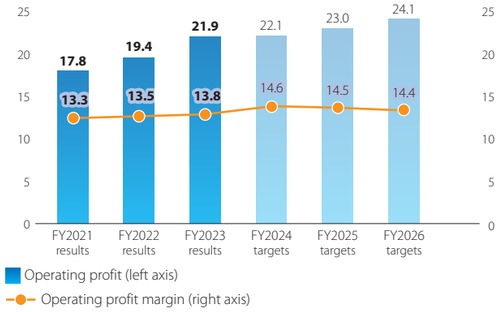
	FY2021 results	FY2022 results	FY2023 results	FY2024 targets	FY2025 targets	FY2026 targets
Revenue from operations in Japan	107.7	113.3	**122.3**	111.6*	114.4*	118.6*
Revenue from operations outside Japan	26.9	30.2	**36.0**	39.9	44.5	48.9
Total revenue	134.7	143.5	**158.3**	151.5*	158.9*	167.5*
Operating profit	17.8	19.4	**21.9**	22.1*	23.0*	24.1*
Operating profit margin	13.3%	13.5%	**13.8%**	14.6%*	14.5%*	14.4%*
YoY percentage change in revenue in Japan	—	+5.1%	**+8.0%**	-8.7%	+2.5%	+3.7%
YoY percentage change in revenue outside Japan	—	+12.3%	**+19.2%**	+10.8%	+11.5%	+9.9%
YoY percentage change in operating profit	—	+9.0%	**+12.9%**	+0.9%	+4.1%	+4.8%

*INAX CORPORATION became a joint venture between MIURA and JENSEN-GROUP and became MIURA's equity-method affiliate effective April 2023. INAX's projected revenue or operating profit is not included in the Company's targets for consolidated revenue or operating profit for FY2024 and beyond, but the share of INAX's profit accounted for using the equity method is included in targets for consolidated pre-tax profit.

Consolidated Revenue and Percentage of Revenue from Operations outside Japan



Consolidated Operating Profit and Margin



Review of the fiscal year ended March 31, 2023 (FY2023)

The Group's operating profit for FY2023 was up from the previous year, with an increase in materials costs and sales expenses more than offset by increased revenue and a raise in selling prices of products.

We achieved a year-on-year increase in sales of small once-through boilers, which are our key products in the equipment sales business, as well as in revenue in our laundry equipment business and maintenance business, in Japan. Revenue in our equipment sales business jumped 4.9%, buoyed by strong sales of boilers and peripheral equipment, as well as by robust revenue from installing energy-efficient equipment. Operating profit in this segment was also up, partly as a result of raising selling prices of products. Revenue in our maintenance business in Japan was up 4.3%, as a result of signing up more customers for fee-based maintenance packages that offer an extended period of contract performance, as well as of increased demand for our energy-saving solutions. Revenue in our laundry equipment business soared 32.9% year on year. This was partly because, with the acquisition of YABUSAME CO., LTD., a distributor of imported laundry equipment, in April 2022, we had a broader sales network, and partly because commercial laundry service providers' business picked up with the slowdown of the pandemic. The increased revenue drove the segment profit up.

The Group's revenue from operations outside Japan jumped 18.0% from the previous year, helped by strong boiler sales in the Americas and favorable changes in currency exchange rates. Revenue in the Americas was bolstered by joint promotional efforts with distributors and a rise in selling prices of products. Revenue from the maintenance business was up by 23.3%, as we signed up more customers for fee-based maintenance contracts. Our boiler sales in China fell from a year earlier, as we held off field sales activities to industrial customers who postponed building new plants and making capital expenditures due to restrictions imposed under the government's zero-COVID-19 policy.

The Group achieved a year-on-year increase in revenue and operating profit, buoyed by strong sales of equipment and fee-based maintenance services both in Japan and overseas. This indicates that we have laid the solid foundation on which to promote our recurring business model built on our competitive maintenance business.

Outline of MTMP for FY2024-2026

The Group has been operating in an increasingly volatile and unpredictable business environment in Japan. Challenges we are facing today include rising steel prices, increasing manufacturing and logistics costs triggered by soaring oil prices and labor shortages, and the public drive for carbon neutrality around the globe. Japanese industrial customers are unlikely to complete upgrading their factory infrastructures by FY2026 to facilitate switching from fossil fuels to zero-emission fuels. The more likely scenario is that they will continue to invest in low-emission solutions. Industries outside Japan are predicted to transition to carbon-free operations at varying paces, depending on how the energy situation plays out in each country and region.

In these challenging environments, the Group intends to create more demand for our total solutions while expanding our business domains in Japan. In the maintenance business, we expect to earn a stable profit by expanding our efficient one-stop maintenance services to cover boilers and non-boiler equipment. We anticipate that demand for our industrial laundry equipment will rebound when commercial laundry service providers' business picks up and they resume making capital expenditures to upgrade their outdated machinery in a post-pandemic environment.

In our business operations outside Japan, we intend to achieve annual revenue growth of 10% or more by making a stronger push to sell energy-efficient boilers and maintenance services to business customers. At the same time, we will resume expanding our sales network and training employees, both of which were postponed at the height of the pandemic, while watching over the bottom line.

Medium-Term Revenue Targets by Business Line

(In billions of yen)

Area	Business	FY2023 guidance	FY2023 results	FY2024 targets	FY2025 targets	FY2026 targets
Japan	Boiler	66.3	67.4	69.7	71.7	73.8
	Water treatment equipment	6.9	7.6	8.2	8.9	9.6
	Marine equipment	9.8	9.8	9.8	9.9	10.3
	Food-processing and medical equipment	13.3	12.9	13.5	13.9	14.4
	Laundry equipment	16.6	17.4	2.7*	1.9*	1.9*
	Others (including special-purpose equipment business, new businesses, and environmental solutions business)	7.1	7.2	7.7	8.1	8.6
	Subtotal	**120.0**	**122.3**	**111.6**	**114.4**	**118.6**
Outside Japan	The Americas	7.9	10.2	11.1	12.0	13.5
	South Korea	9.3	9.0	9.4	11.3	12.1
	China	11.9	10.4	11.7	12.8	13.8
	Southeast Asia and other regions	5.9	6.5	7.6	8.5	9.5
	Subtotal	**35.0**	**36.0**	**39.9**	**44.5**	**48.9**
Total		**155.0**	**158.3**	**151.5**	**158.9**	**167.5**

*INAX Corporation became a joint venture between MIURA and JENSEN-GROUP and became MIURA's equity-method affiliate effective April 2023. INAX's projected revenue or operating profit is not included in the Company's targets for consolidated revenue or operating profit for FY2024 and beyond.

Summary of Medium-Term Strategy by Business Line

Area	Business	Strategy
Japan	Boiler	(1) Assess energy-efficiency and carbon-emission performance of plants operated by customers, especially in the sectors in which MIURA is behind the competition, and offer solutions to fulfill their needs (2) Increase sales of our products and those sourced from others, bundled with our maintenance packages
	Water treatment equipment	(1) Step up efforts to offer pure water systems to prospects in the pharmaceutical industry (2) Increase sales of water-supply services by expanding the application of the filtration system to construction projects
	Marine equipment	(1) Increase sales to prospects operating shipyards outside Japan (2) Expand the parts business by offering preventive maintenance services to customers in the shipbuilding industry
	Food-processing and medical equipment	Food-processing equipment business: Offer total solutions (one-stop maintenance services) as value-added services Medical equipment business: Develop a market for washers and low-temperature sterilizers in the medical industry
	Laundry equipment	(1) Expand the business domain by offering labor-saving automated industrial laundry equipment (2) Grow the maintenance business by broadening service menus for an expanded business domain
	Others (including special-purpose equipment business, new businesses, and environmental solutions business)	New businesses: Promote sales and maintenance services of compressors Environmental solutions business: Expand the residual-pesticide analysis business and enter the bioanalysis market
Outside Japan	The Americas	Define areas for direct sales and those for distributor sales, and establish a remote maintenance support network
	South Korea	Make inroads into the high-pressure, high-capacity industrial steam boiler market
	China	Continue to encourage industrial customers to switch from competitors' gas boilers to ours
	Southeast Asia and other regions	Approach prospective business customers keen on implementing implementing carbon-neutrality solutions

Interview with the CFO



Q1. What were MIURA's achievements and challenges in FY2023?

A. We had record-breaking revenue and operating profit. Our immediate challenge is to reduce the inventory level.

For the fiscal year ended March 31, 2023 (FY2023), the MIURA Group achieved record-making financial performance. Our consolidated revenue increased by 10.3% year on year to 158.3 billion yen, with an operating profit of 21.9 billion yen (up 12.8%) and a profit of 16.8 billion yen attributable to owners of parent (up 18.5%).

The strong profit growth was the result of raising selling prices of our products to offset soaring steel prices and logistics costs, as well as offering added value to customers by selling products as a system, rather than selling them separately, and winning contracts for large installation projects. We had a higher operating profit margin in our marine equipment business than in the previous year. This was partly because we made a push to sell more equipment and spare parts to customers operating in shipyards outside Japan, and partly because we had gains from favorable currency exchange rates. As we did in Japan, we secured profit in our operations outside Japan by raising product prices and making a push to sell more maintenance service packages.

The Group's operating profit margin increased from 13.5% in FY2022 to 13.8% in FY2023, even after offsetting a variety of cost increases. This achievement was made possible by individual and collective efforts of our employees to pursue every opportunity to maximize revenue and profit while cutting down expenses. More specifically, they assessed the need of their customers to achieve carbon-neutral operations and took advantage of a rebound in customers' capital expenditures to achieve greater operational productivity and energy efficiency in a post-pandemic operating environment.

One of our immediate financial challenges is to shorten our cash conversion cycle (CCC). Our CCC has been stable in the range of 90 days over the past couple of years. This is due to the buildup of inventories of raw materials to fend off parts shortages, an increase in the scope of projects, and an increase in work-in-progress inventories resulting from extended project periods. To shorten our CCC, we will establish a system for tracking daily inventory to keep it at the safe level. This will also enhance our preparedness in the event of natural disasters, pandemics, and international conflicts.

Another challenge is to better manage the dispersion of funds across the Group. Today, our two regional holdings companies—one in Singapore and the other in the United States—manage funds reserved by 17 overseas subsidiaries in Asia and the Americas, respectively. This arrangement is intended to give some level of financial independence to each subsidiary and enable them to make investment decisions flexibly. As a next step, we will implement a global cash management system and give due consideration to regional geopolitical risks in order to better manage the funds across the Group.

Q2. What is the unique aspect of MIURA's financial management?

A. We have a solid financial foundation characterized by a net-debt-free corporate entity and an equity ratio of more than 70%.

The MIURA Group has a solid financial foundation built on its competitive business models. We provide boilers to business customers across diverse industries to meet their critical heat-energy needs for manufacturing operations. This means that our boiler business is immune to fluctuations in demand among customers in a specific industry. In addition, our maintenance service business provides a steady stream of cash to us. Furthermore, as we seldom make major advance capital expenditures in anticipation of business expansion or a sharp increase in customer orders, our capital expenditures are well funded with operating cash flows without the need for external financing. This enables us to maintain a healthy balance between revenue and expenditure. It is safe to say that our financial foundation is solid enough to continue to support our legacy businesses.

Our long-term financial challenge is to achieve greater capital efficiency. Today, MIURA has 49.9% of the industrial boiler market in Japan (boilers for power generation not included. See page 11). In this matured market, our focus is to operate more efficiently and bolster profitability, rather than pursuing an even larger market share. In markets outside Japan, where our share is smaller and attachment rate for maintenance contracts is lower than in Japan, we are focused on extending our business models that have worked in Japan in order to drive business growth profitably. We will reinvest profit generated from our operations in Japan in expanding the offerings of total solutions in Japan and accelerating the growth of our business outside Japan. To make this scenario work, we need first to set a clear objective for several years out and work backward from that to the present to make the right investment decisions. We must define a vision and the best financial means to achieve it so that we can seize every growth opportunity.

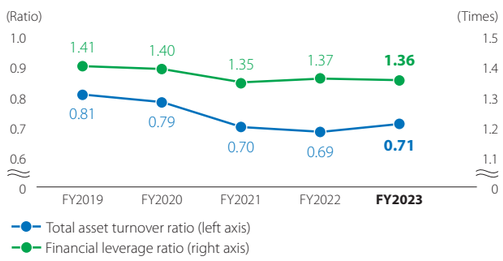
My primary role as CFO is to define key metrics for the Group's corporate management and the formal criteria for investment decisions. I am also responsible for making those metrics and criteria work across the organization and establish a process for keeping track of their achievements. Traditionally, MIURA, backed by a solid financial foundation, takes a conservative approach to financing, funding, and fund management, and is not aggressive in gathering information in the financial market. As we intend to become more proactive in investing for growth, we will consider making more effective use of our internal reserves and diversifying funding sources. At the same time, we will retain and develop talent well-versed in financial aspects of business as part of investing in human capital that drives business growth.

Q3. What is MIURA's position on capital allocation?

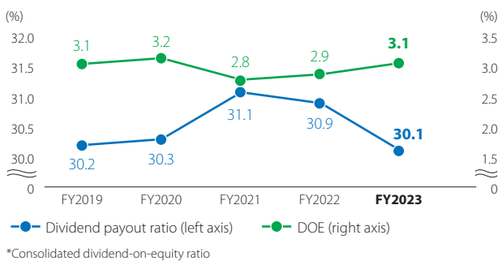
A. Our top priority is to invest for growth while maintaining a good balance between sharing profits with shareholders and investing in talent development.

Our top priority is to invest for growth. MIURA's business has been focused on providing heat energy to industrial customers.

Total Asset Turnover Ratio and Financial Leverage Ratio

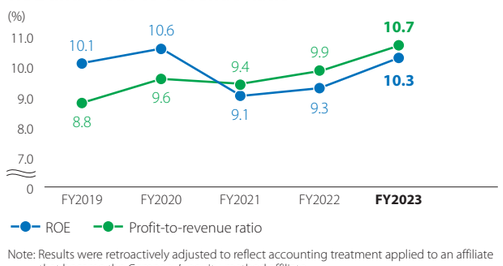


Dividend Payout Ratio and DOE*



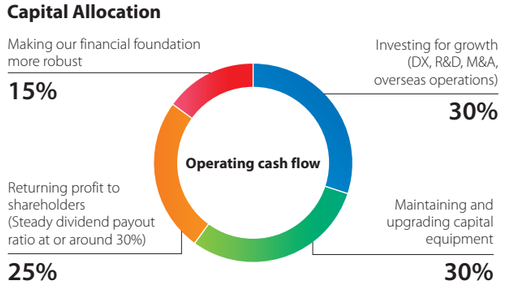
*Consolidated dividend-on-equity ratio

ROE and Profit-to-Revenue Ratio



Note: Results were retroactively adjusted to reflect accounting treatment applied to an affiliate that became the Company's equity-method affiliate.

Capital Allocation



Today, achieving carbon neutrality has become part of a global agenda to mitigate global warming. This development poses both risks and opportunities to our business. To seize those opportunities fast, we must invest in upgrading DX solutions and accelerating R&D projects, as well as in developing and commercializing cutting-edge clean-energy solutions.

More specifically, in order to offer upgraded total solutions and one-stop maintenance services and make the talent base more robust, as outlined in our Medium-Term Management Plan for FY2024-2026, we will make both growth investment and baseline investment (in legacy businesses and operating infrastructure). In particular, we place a higher priority on investing in upgrading DX solutions and developing solutions for carbon neutrality, as they constitute future sources of cash for us.

Q4. How does MIURA manage capital cost?

A. We will consider starting to use ROIC as another metric for corporate management, while achieving an ROE of 10% or more annually.

Achieving an ROE of 10% or more annually is one of the high-priority long-term objectives in our corporate management. Our ROE for FY2023 jumped to 10.3%, helped partly by an improvement in our operating profit margin and partly by a share-buyback program. In October 2022, we announced a 12-month program for share buyback of up to 10 billion yen. By March 31, 2023, we had spent 4.1 billion on buying back our shares. The improvement in operating profit margin for FY2023 was the result of a variety of efforts, including raising product prices, winning high-margin large projects, increasing the attachment rate for maintenance contracts, and cutting down expenses. It also helped that some customers rushed to order our products at the end of FY2023, prior to price hikes scheduled for FY2024. As only the first half of our share buyback program was completed by the end of FY2023, an improvement in operating profit margin was a primary contributor to a higher ROE for the year.

In our maintenance business, as the installed base of our boilers expands, the number of signed maintenance contracts for them increases. This means that this business provides a steady stream of cash to us year after year. This also means that, if we can raise the attachment rate for service contracts with customers outside Japan to closer to the high level achieved in Japan, we have a good chance to maintain an ROE at 10% or more annually.

On our balance sheet, we have more than sufficient cash to finance major investments for growth. Our free cash flows generated every year are allocated to investments for growth, internal reserves, and shareholder returns with a good balance. Before approving major investments, we scrutinize their business cases thoroughly so that we can maintain profit growth every year. We track performance of each business segment with such KPIs as revenue, operating profit, operating profit margin, unit sales of MIURA products, and the attachment rate for maintenance contracts. These KPIs measure the success of a recurring business model in each segment. Members of sales and maintenance services teams keep track of their teams' KPI performance daily. In MIURA's regional sales office, a three-member maintenance team is responsible for achieving their KPIs for the year. Their achievement determines the amount of bonuses they receive at the end of the year, which is a great incentive for team members to meet their KPI targets.

Over the past couple of years, we have been giving a thought to starting to use ROIC (return on invested capital) as another metric for business management. We are currently weighing several options to create and use balance sheets by business segment. Once the new ERM system that went live in May 2023 goes stable, we will start evaluating the validity of balance sheet data created by business segment on a trial basis. As ROIC may not be a relevant tool for managing our legacy businesses, we will continue to ask members of sales and maintenance teams to use conventional KPIs to keep track of their revenue, operating profit, and operating profit margin performance against targets. This approach will help us achieve our target ROE. On the other hand, we acknowledge that ROIC is an effective tool for keeping track of performance of new businesses. We will start training managers and above in the significance of ROIC as a corporate management metric and, after that, will train new hires in ROIC as part of onboarding programs.

Q5. What is MIURA's nonfinancial strategy?

A. Our top priority is to develop talent well-poised to add greater value to MIURA.

MIURA provides products to business customers operating in diverse industries. When a customer starts drawing plans for a new plant, they ask us to offer and install boilers and other MIURA equipment that meet their requirements. When the plant becomes operational, we provide maintenance services for our installed equipment and assist the customer in resolving issues with heat energy usage on their premises. When equipment needs updating or replacement, again the customer contacts us for assistance. That is how we maintain lasting engagement with our industrial customers and deliver customer success. To make this relationship-building process work continually, we will step up our efforts to train our people and make better use of IoT technology in the field.

MIURA considers offering total solutions to customers as one of the key growth drivers for our business. "Total solutions" refers to not just stand-alone MIURA products but an assortment of MIURA products and those sourced from other manufacturers working as a system. This is where our heat-energy consultant comes in. A heat-energy consultant is well-versed in industrial use of heat energy and provides professional advice to a business customer on the most efficient and effective use of heat energy for their plant operations. The key to our business success is to train members of our sales and maintenance teams to step themselves up to heat-energy consultants. Members of sales and maintenance teams are not the only ones who play customer-facing roles in our company. Today, online CRM (customer relationship management) platforms that integrate all customer touch points are available and used in many industry sectors. Building such an online CRM system is one of our top priorities.

For our total solutions to work effectively for industrial customers, it is critical to have a team of data scientists who analyze and add value to operation data gathered from customers' plant utility and manufacturing infrastructures. We also need to have a team of B2B sales engineers who provide data-driven insights to customers. We must develop such DX talent qualified to take our business models to the next level.

MIURA's Motto of "creating an inspiring and accommodating workplace" is a basis for retaining and developing talent and sustaining business growth. We are in the process of redefining an "inspiring workplace" as part of updating our talent management policy and practice with a focus on providing fair and equitable employee appraisals. Under an updated policy, employees will be compensated for their job grades and workplace performance. We will also update our incentive programs—including a job qualification program and an employee recognition program—and training programs to create a workplace that encourages employees to acquire broader knowledge and experience for career development. To accelerate the pace of developing DX talent, we have defined what kind of DX talent we need by when, and how many people, to achieve objectives outlined in our growth strategy, and have been hiring digital-savvy talent from outside the Company. Furthermore, we will redefine the roles of the Information Systems, Engineering Development, and Customer Data Analytics Departments as part of transforming ourselves to become better poised to drive DX across the organization.

Q6. What is MIURA's dividend policy?

A. Our policy is to maintain stable dividend payouts with a payout ratio at or around 30%.

Our policy is to maintain stable dividend payments, returning profit to shareholders in proportion to the Group's annual business performance. We maintain a consolidated dividend payout ratio at or around 30%, after taking into consideration the Group's consolidated business performance and financial position. This means that to maximize our profit is to increase the amount of shareholder returns. This is our long-term position. Operating in a VUCA environment requires maintaining a solid and healthy financial foundation. Nevertheless, if we earn more retained earnings than expected after making capital expenditures as scheduled in the MTMP, we will consider returning some of the extra profit to shareholders with other means than dividend payment.



In the industrial machinery sector, investors have relatively high expectations for MIURA's business performance, as indicated by our PBR (price-to-book-value ratio). This means that our investor relations programs have been effective in gaining investors' buy-in to our competitive business models and high growth potential in overseas markets. We hope to meet investors' expectations by playing a larger role in fulfilling industrial customers' needs for heat energy while assisting them in achieving carbon neutrality by 2050.

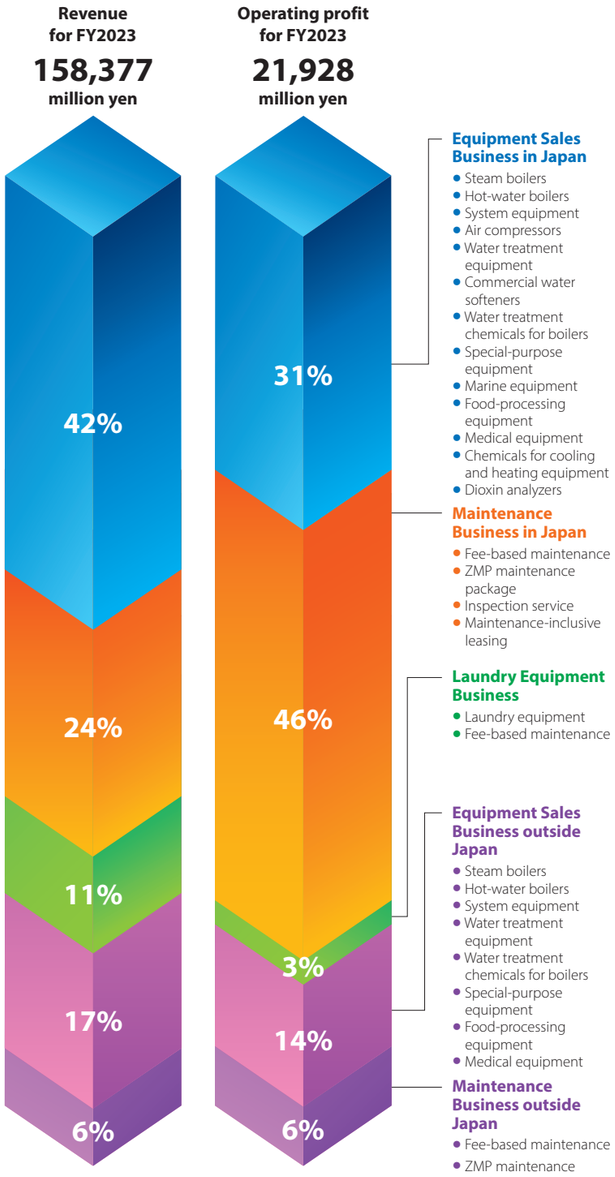
Our IR programs are intended partly to attract more shareholders. To facilitate greater understanding of MIURA, we have several investor relations spokespersons in place to update investors on our business, and we also provide tours of our plants. Members of our leadership team are on hand to attend earnings briefing sessions and meet with investors and analysts. We have been expanding the scope of sharing nonfinancial information on our website and in annual integrated reports. When financial service providers send us questionnaires to fill in, we gladly accommodate their requests.

While starting to have one-on-one sessions with investors, we will become more proactive in maintaining lasting relationships with shareholders.

Revenue and Profit by Operating Segment

The MIURA Group's primary business is manufacturing and selling industrial boilers and peripheral equipment and providing maintenance services for them. We boast a lineup of once-through boilers, water treatment equipment, food-processing equipment, medical equipment, and exhaust-gas boilers to offer the best mix of total solutions to industrial customers to meet their operational needs. Solutions we offer include our unique one-stop maintenance service for equipment supplied by MIURA and others.

Percentage of Revenue and Profit by Operating Segment



Equipment Sales Business in Japan
- Steam boilers
- Hot-water boilers
- System equipment
- Air compressors
- Water treatment equipment
- Commercial water softeners
- Water treatment chemicals for boilers
- Special-purpose equipment
- Marine equipment
- Food-processing equipment
- Medical equipment
- Chemicals for cooling and heating equipment
- Dioxin analyzers

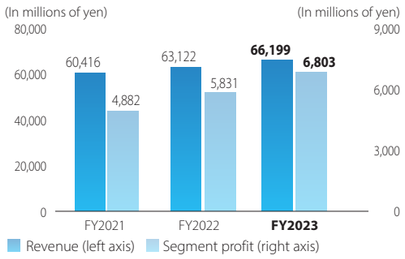
Maintenance Business in Japan
- Fee-based maintenance
- ZMP maintenance package
- Inspection service
- Maintenance-inclusive leasing

Laundry Equipment Business
- Laundry equipment
- Fee-based maintenance

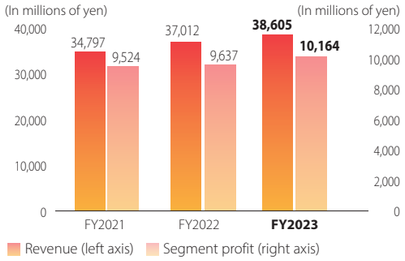
Equipment Sales Business outside Japan
- Steam boilers
- Hot-water boilers
- System equipment
- Water treatment equipment
- Water treatment chemicals for boilers
- Special-purpose equipment
- Food-processing equipment
- Medical equipment

Maintenance Business outside Japan
- Fee-based maintenance
- ZMP maintenance service package
- Inspection service

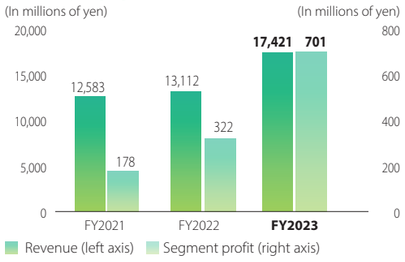
Equipment Sales Business in Japan



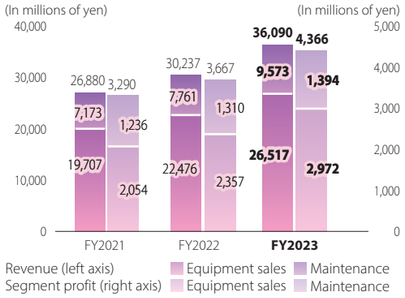
Maintenance Business in Japan



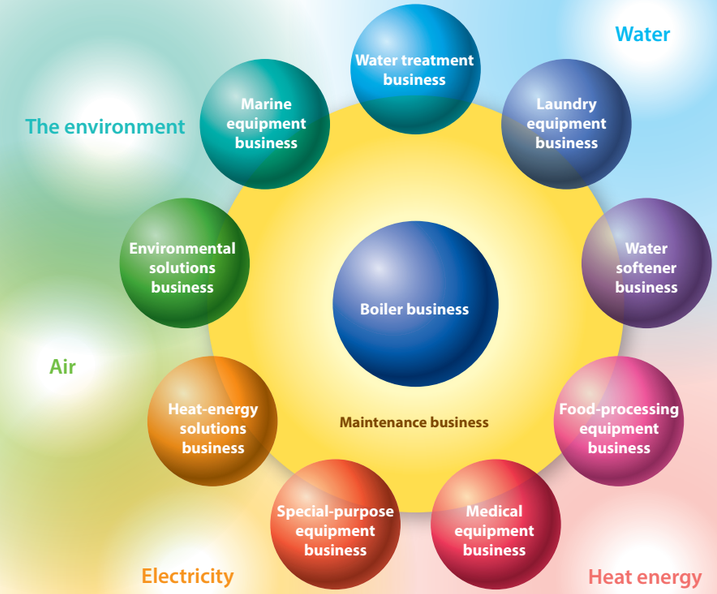
Laundry Equipment Business



Business outside Japan



MIURA continually advances its technologies in the fields of heat, water, and the environment to expand the scope of business



Boiler business
We have a variety of boilers in our lineup. Multiple installation of energy-efficient boilers helps customers save on energy costs and achieve low-emission operations.

MIURA's share of the once-through boiler market in Japan* No.1



Maintenance business
Preventive maintenance, supported by scheduled inspections and 24/7 online monitoring, keeps equipment running smoothly and economically.



Marine equipment business
We manufacture and sell equipment for vessels. Our ballast water management systems help preserve marine ecosystems.

Installation base of MIURA's auxiliary marine boilers in Japan* No.1



Water treatment business
We manufacture and sell water treatment products for boilers and other water treatment equipment, developed based on the results of 8 million cases of water analyses.

MIURA's share of the commercial water softener market in Japan* No.1



Food-processing equipment business
Our wide assortment of equipment supports safe and reliable operations of the food-processing business, from defrosting and cooking to refrigeration and sterilization.

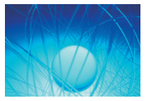
MIURA's share of the vacuum cooler market in Japan No.1



Medical equipment business
We manufacture and sell steam sterilizers and washers to provide end-to-end solutions to medical institutions.



Heat-energy solutions business
We offer solutions for making more efficient use of energy in plants by recovering and reusing exhaust heat.



Special-purpose equipment business
We offer exhaust-gas boilers and other solutions for making more efficient use of energy. Our solutions for recovering and reusing waste heat from burning biomass fuels helps achieve a low-emission society.

MIURA's share of the exhaust-gas boiler market in Japan* No.1



Environmental solutions business
Miura Institute of Environmental Science became the first institution in Japan to be certified for ISO 17025, and develops and sells dioxin analyzers and provides analyses of environmental pollutants.

MIURA's share of the market for pre-treatment equipment for dioxin analysis in Japan* No.1



Water softener business
Leveraging our expertise and experience in developing commercial water softeners for boilers, we developed and shipped the first water softener for home use in Japan.

MIURA's share of the residential water softener market in Japan* No.1



Laundry equipment business
MIURA has a 60% share of the industrial laundry equipment market in Japan. We assist laundry service providers in operating their facilities efficiently.

MIURA's share of the industrial cleaning equipment market in Japan* No.1



Business outside Japan
We extend our technologies and services that have proved successful in Japan into 24 countries and regions to meet the needs of industrial customers outside Japan.



*Source: MIURA CO., LTD.

Equipment Sales Business in Japan



KAWAMOTO Kenichi
Director, Executive Managing Officer
General Manager of Sales Business Headquarters

MIURA's combined strengths earn the trust of customers

Industrial customers are increasingly interested in reducing environmental impact of their operations to help mitigate global warming. In particular, they have the challenge of reducing heat-energy usage and carbon emissions in their plants. As a leader in supplying industrial heat energy, MIURA sees a business opportunity in providing advanced heat-energy-management solutions.

We take medium- and long-term perspectives to addressing customers' needs and challenges. In the near term, our focus is to assist them in reducing energy usage in their plants. Before offering energy-saving solutions, we visit their plants to assess heat energy usage for their entire manufacturing infrastructure.

For instance, we inspect a production line to see if the temperature and pressure are set at an optimal level. Based on the results of an assessment, we offer solutions for optimizing all plant operations, including solutions for recovering and reusing waste heat and gas, as well as the best mix of water treatment, food-processing, and medical equipment to meet customer needs. We also take advantage of our nationwide network of service centers to help customers keep running their plants without any troubles. MIURA is a provider of total solutions to assist customers in achieving greater operational efficiency.

Boiler Business

Strengths	Opportunities
• A dominant share of the small once-through boiler market in Japan • The ability to accommodate changes in industrial energy mix • Engineering excellence in developing high-efficiency boilers, a broad range of product offerings • Total solutions, which include offerings of water treatment, food processing, and medical equipment • Nationwide network of service centers, the ability to offer the best engineering solutions based on shop-floor assessments	• Industry's growing need to reduce the environmental impact of operations, such as by switching to carbon-neutral heat generation • Industry's growing need for BCP solutions and services • Industry's growing need for labor-saving digital solutions (need for streamlined maintenance)
Challenges	**Threats**
• Expanding the lineup of boilers powered by zero-emission fuels • Developing engineers capable of assessing customers' plants and offering the right solutions • Immediate need to develop on-site project supervisors	• Shrinking industrial boiler market in Japan • Accelerated transition to low-carbon to carbon-neutral operations • Lack of a broad range of electric-powered boilers in our lineup

Changes in business environment

The Japanese government's commitment to achieve carbon neutrality by 2050 has led to emission reduction targets set across industry sectors. However, it will take some time before the prices of carbon-free fuels—such as hydrogen and ammonia—and equipment powered by such fuels come down, and infrastructures for producing and delivering such fuels are established. We closely monitor the development of zero-emission fuels and the government's subsidies for carbon-free operations. At the same time, to meet industrial customers' immediate need for low-carbon operations, we assist them in making a switch to gas-fired and high-efficiency boilers, recovering and reusing waste heat and unused heat, visualizing energy usage in their plants with DX, and identifying potential energy-saving opportunities in their plants. Furthermore, to help customers deal with labor shortages caused by an aging and shrinking population in Japan, we have teams of field engineers around the nation who provide on-site maintenance services for their equipment. Delivering quality customer service is an integral part of our business.

Key growth strategies and initiatives

Our relationships with customers have become even stronger with the introduction of the MEIS CLOUD+ remote energy-management service that covers not just MIURA products but also those sourced from other manufacturers. We are committed to leveraging our combined strengths—teams of heat-energy consultants who offer total solutions and Technoservice to reduce energy usage and carbon emissions in plants—to assist industrial customers in transitioning to carbon-neutral operations Moreover, in our boiler business, in addition to assisting customers in upgrading their existing boilers, we offer competitive packaged solutions that include electric boilers, heat pumps, and hydrogen-powered boilers in order to meet customers' diverse operational needs.

Topics in FY2023

■ Revenue and profit are up through increased sales pitches
Revenue and profit were up in our equipment sales business in Japan. This was partly because we increased the frequency of in-person and online sales pitches to customers, even at the height of the pandemic. The offering of total solutions to targeted corporate customers was on track to the plan.

■ Emission-free compact electric boiler introduced
To meet growing industrial demand for carbon-free electric boilers, we introduced the ME-100 environmentally friendly electric boiler with a small footprint as an alternative to gas-powered boilers for industrial use.

■ Our hydrogen-fueled boilers become operational at a tire plant
In January 2023, MIURA's first-generation hydrogen-fueled, high-pressure once-through boilers became operational at a tire plant run by Sumitomo Rubber Industries, Ltd.
The new model is an upgrade from the earlier SI-2000AS small hydrogen boiler equipped with high-speed continuous control, with the addition of a high-pressure steam system and a low-NOx emission design to achieve greater load-response performance.



SI-2000 20S hydrogen-fueled boiler

Water Treatment Business

Strengths	Opportunities
• Wide-ranging industrial-water-management technologies gained through the boiler business, proprietary sensing technology for water quality, extensive water-analysis database • Mass-production-ready designing based on industry standards • Training programs for field engineers with a focus on water treatment solutions • Digital solutions for supporting customers' trouble-free daily equipment operations • Nationwide network of service centers	• Industry's growing need to streamline operations and outsource non-core business processes • Industry's growing need to reduce environmental impact of operations, such as by reducing energy usage and recycling industrial water • Industry's growing need to recover heat from hot water used in plants to help achieve carbon neutrality
Challenges	**Threats**
• Expanding the variety of drainage equipment in our lineup • Assigning dedicated engineers to large contracted projects • Shortages of electronic components, soaring materials prices	• Slowdown in industrial growth and a shrinking market in Japan • Groundbreaking water-treatment technology developed by the competition • Increasing competition with existing and new players

Changes in business environment

The shrinking workforce has forced many businesses to look for the means to reduce labor costs and make better use of available human resources. We combine our sensing technology with IoT technology to offer solutions for reducing energy usage and manual labor on the shop floor. We will implement the Company's business strategy while mitigating global warming, based on a scenario analysis of our water treatment business.

Key growth strategies and initiatives

To meet industrial customers' growing need to reduce energy and water usage, we will develop products and systems for recovering and reusing heat energy from processing and drainage water in plants. This is part of our effort to expand the business domain in which we can assist customers with low-emission operations. In addition, as a certified groundwater contractor, we will promote the conservation and sustainable use of groundwater.

Topics in FY2023

■ Our solid track record leads to winning new project contracts
Leading construction companies placed orders for our industrial water treatment equipment for their projects. That included a hot water sterilizer/purifier for a pharmaceutical company, a large well-water intake system for a food processing company, and a large water treatment system for a plant.

■ Dual-purpose service launched
In our water treatment solutions business for cooling towers, we introduced a sensor developed in-house with cloud-based remote monitoring to serve industrial needs to better manage water usage and reduce energy usage

Food-Processing Equipment Business

Strengths	Opportunities
• Large customer base built in the boiler business, proprietary heat-energy and vacuum technologies • Product lineup and packaged solutions for manufacturing and utility infrastructures of plants • Wide product lineup to meet defrosting, cooking, cooling, and sterilization needs	• Industry's growing need to reduce energy usage, automate operations, and outsource business processes • Industry's growing need to accelerate the transition to carbon-neutral operations, soaring energy prices • Surging demand for food products with longer use-by dates
Challenges	**Threats**
• Enhancing engineering capabilities • Partnering with other companies to expand business domains • oviding maintenance for a wider range of products sold as packages	• Contracting food market in Japan, where the population has been aging and shrinking • Diminishing boundaries among established equipment makers and an increasing number of new entrants, both caused by radical changes in the market • Overseas manufacturers gaining fast growth momentum in the market

Changes in business environment

While annual food consumption has been declining in general in Japan due to a shrinking population, the market for processed food has been growing for reasons of convenience and food loss reduction. Food-processing businesses face the challenges of labor shortages, soaring energy costs, and environmental management, as well as planning for logistic disruptions anticipated when the regulation to curb truck drivers' overtime becomes effective in April 2024. Leading food companies consider switching to natural refrigerant to achieve low-carbon operations.

Key growth strategies and initiatives

MIURA offers total solutions for achieving greater productivity and efficiency in manufacturing and utility infrastructures to assist business customers in reducing energy usage and carbon emissions on the shop floor. We will develop food-processing equipment for producing food products with longer use-by dates and those for seniors. We will also work with licensed dietitians to develop computer software programs for food production. In addition, we will offer maintenance services for utility and manufacturing infrastructures to users of MIURA boilers in the food processing industry.

Topics in FY2023

■ Our competitive advantages drive sales
Our sales of sterilizers for pouch-packed food products have been strong, buoyed by growing demand for such products. Large project orders for utility and automation solutions for food plants have been increasing, and will continue to increase. Revenue has been increasing from our unique offering of total solutions, which include food-processing, water-cooling, and water treatment equipment, boilers, and compressors sold as a complete system. Project orders also have been on the rise for implementing solutions for recovering waste heat, based on assessments of energy usage in plants.

■ Demand for replacement equipment to be stimulated
Unit sales of our vacuum coolers were down 14% from the previous year, when their sales had been strong in anticipation of a slowdown of the pandemic. We will encourage existing business users of MIURA equipment to upgrade.

Medical Equipment Business

Strengths	Opportunities
• Outstanding in-house development capabilities and proprietary technologies to design high-performance equipment • An extensive lineup of medical equipment • Considerable expertise in analyzing cleaning and sterilization processes, the extensive experience in offering the right solutions • End-to-end quality management that covers design, manufacturing, and delivery of products	• Medical professionals' growing need for a healthy and safe workplace environment • Meeting diverse medical needs, such as cleaning and sterilization management, supply management, and process automation • Changes in medical-care systems and procedures for treatments, examinations, and operations • Offering of cleaning equipment for industrial markets • Reducing environmental impact of medical care (CO_2 reduction, reusing materials, subsidies)
Challenges	**Threats**
• Expanding the specialist talent base in engineering and R&D, adding more members to sales and engineering teams • Standardization of industrial cleaning equipment and sterilizers • Enhancing information-gathering capability, more flexible and prompt responses to customers • Researching pharmaceutical regulations in overseas markets in preparation for starting export business	• Competition quickly releasing me-too products, new players into the market • Radical changes in the market, changes in the way medical institutions procure equipment from suppliers • Decentralization of the medical care industry, more stringent regulatory control, such as Act on Pharmaceuticals and Medical Devices • Increasing competition with manufacturers specializing in medical equipment

Changes in business environment

The needs are predicted to grow at an accelerated pace for mechanized, automated, and remote operations, as well as for AI solutions, in the medical equipment market. To meet these needs, we will develop products ready for remote management and communications, as well as automated delivery. We will offer products with reduced energy usage and carbon emissions to business customers in the pharmaceutical and biotechnology industries. In the cleaning equipment and sterilizer business, we will research and develop new markets in which we can leverage our legacy technologies and products.

Key growth strategies and initiatives

The expansion of our product offerings drove our revenue up in FY2023. To sustain momentum, we plan to hire additional members for our product design and sales teams. We will bundle communication devices and validation and maintenance services with our equipment sale to increase revenue. In addition, a new showroom and laboratory to be opened in the Tokyo metropolitan area will enable us to live-demonstrate testing procedures and hold seminars for business customers. This will become a vehicle by which to raise awareness of our expertise and experience among diverse industries.

Topics in FY2023

■ A broad product lineup drives revenue up

An expanded product lineup drove revenue and project orders for FY2023 up much higher than the target. As an added bonus, the deal closure rate of older models was also up.

■ Solid response to our cleaning equipment from industrial customers

Industrial need to automate cleaning processes has been growing due to labor shortages and the pursuit of greater operational efficiency. We saw orders jump from industrial customers for our cleaning equipment to be used for cleaning tests.

■ MIURA fends off global supply chain disruptions

Amid industry-wide shortages in parts and materials at the height of the pandemic, and the Russian invasion of Ukraine, we leveraged our outstanding Group-wide supply chain management to manufacture and deliver products to customers on time.

New Business Development and Heat-Energy Solutions Business

Strengths	Opportunities
• A wealth of customer-centric technologies and solutions accumulated in our boiler business • Jointly developing solutions through partnerships with universities and other companies around the globe • Technology to recover and reuse unused heat energy	• Industry's growing need to reduce environmental impact of operations • Product development supported by the government's subsidies under the carbon-neutrality initiative • Large customer base of MIURA boilers
Challenges	**Threats**
• Developing products that meet the needs of fast-changing markets • Becoming more cost-competitive	• Unpredictable availability of zero-emission energy sources, which affects scenario development • Increasing competition with existing and new players • Emergence of revolutionary carbon-free technologies and fuels

Changes in business environment

Compressors account for 20 to 30% of electricity consumed by a plant, 95% of which is discharged as waste heat. Solutions for recovering and reusing waste heat to generate power have been stimulating interest among industrial customers. They are also increasingly interested in investing in heat pumps and hydrogen energy to achieve greater energy efficiency and low-carbon operations.

Key growth strategies and initiatives

We will offer waste-heat-recovery solutions to operators of industrial boilers, many of whom are also compressor users, to expand our business. We will also offer energy-saving solutions for legacy equipment, based on better choice, control, and maintenance of equipment. In addition, we will partner with other companies to offer heat pumps to assist industrial customers in achieving low-emission operations. Furthermore, we will accelerate the pace of developing on-site hydrogen generators that work with hydrogen-fueled boilers.

Topics in FY2023

■ Better poised to meet diverse needs of customers

We enjoyed strong sales of compressors, bundled with load-analysis services and energy-saving solutions. Moreover, we have been receiving increasing inquiries into, and orders for, our low-carbon solutions. We will consider working with other companies to broaden the offerings of products and services.

■ Strategic partnership with Modern Hydrogen Inc.

MIURA combines its hydrogen-powered boiler technology with Modern Hydrogen's distributed hydrogen production technology to develop groundbreaking solutions for decarbonizing industrial heat-energy generation. The proposed clean hydrogen and heat generation leverages the existing natural gas infrastructure and complements other means of generating and delivering hydrogen.

Environmental Solutions Business

Strengths	Opportunities
• Market leader in dioxins analysis services in Japan • Pre-analysis processing technology gained from our experiences in dioxins analyses • Outstanding product development based on contracted analyses	• Additional hazardous substances added to restriction list • Growing needs for automated analyses, advances in measuring and communication technologies • Making inroads into markets outside Japan
Challenges	**Threats**
• Developing specialist talent • Extend analysis services to meet non-environmental needs • More efficient development of solutions • Implementing a BCP framework	• Shrinking environmental analysis market with the easing of regulatory restrictions • Competition with new entrants, price competition, imitations, patent infringements • Being forced to halt business due to natural disasters or resurgence of the COVID-19 pandemic

Changes in business environment

MIURA has a more than 70% share of the market for dioxins analysis equipment and devices. Our dioxins analysis services have been in consistent demand. In a shrinking PCB analysis market, we will offer products designed with an applied development method. We have released analysis kits that enable faster and more accurate analyses of pesticide residues and have been well received by customers. We will continue sales promotion and technology demonstration of our dioxins analysis solutions in in China, Southeast Asia, and the Middle East, and will develop products tailored for those markets.

Key growth strategies and initiatives

We are developing new products to make up for a decline in revenue in our PCB analysis business. In Japan, our sales focus will be on the growing residue analysis market, and expand service menus for analyzing water, which will benefit MIURA's maintenance business. We will extend our existing business into markets outside Japan. With the addition of new value-added products that meet local market needs, we intend to take 30% or more of the global market.

Topics in FY2023

■ Serving customers nationally

MIURA is an investigative agency designated by the Ministry of the Environment under the Soil Contamination Countermeasures Act. Our designated scope of investigation was previously limited to Ehime Prefecture, where MIURA is headquartered, and has been recently expanded to cover the entire nation. This enlarged coverage enables us to serve business customers all over the country.

■ Automated pre-analysis processor for POPs released

In January 2022, we introduced the GO-series automated pre-analysis processing equipment for POPs (persistent organic pollutants) in Japan. The new series boasts upgraded analyzing capabilities and has received many inquiries from business customers interested in upgrading their current SPD-series processors.

■ Sales office in Saudi Arabia

As part of our efforts to expand our business globally, we gained a foothold in the Middle East when we opened a sales office in Saudi Arabia. Out of this office, we will make inroads into the POPs analysis market in the Middle East, which has significant growth potential.

Marine Equipment Business

Strengths	Opportunities
• Maintains good relationships of trust with Japanese shipowners and shipyards. • Boasts a wide network of service centers manned by skilled service engineers. • Boasts a broad range of products that offer heat energy, water, and environmental solutions.	• Industry's need to switch to low- and zero-emission fuels in response to increasingly stringent environmental regulations imposed on vessels • Digital solutions for controlling marine equipment to streamline vessel operations and fend off global sailor shortages
Challenges	**Threats**
• Expanding a sales channel outside Japan and becoming more cost-competitive • Developing environmentally friendly, energy-efficient products for zero-emission vessels • Using digital solutions to optimize maintenance operations	• While declining steel prices are driving down new vessel prices in China, vessel prices remain high in Japan, where steel and other materials prices remain high. Gaps in vessel prices are widening between the two countries.

Changes in business environment

Global shipbuilding order volumes for CY2022 fell 39% from CY2021 on a DWT basis. While new-build orders for tankers and bulkers plummeted 40 to 60%, those for LNG vessels were up. While new vessel prices are falling in China, due to declining steel prices, those in Japan remain high, which may dampen new-build orders. However, global demand for high-quality Japanese medium-size bulkers has been increasing. Our immediate challenge is to provide marine equipment compatible with zero-emission fuels for the shipbuilding market outside Japan.

Key growth strategies and initiatives

(1) Expand business outside Japan, especially in China, where new-build orders have been increasing
(2) Develop and bring to the market as quickly as possible environmentally friendly products and equipment to be installed in vessels powered by carbon-free fuels
(3) Develop equipment run by binary-cycle power generation to reduce energy usage and carbon emissions
(4) Develop and offer maritime-IoT- and subscription-based maintenance as solutions for scheduled preventive maintenance to ensure the health of equipment on the vessel

Topics in FY2023

■ Revenue right on the mark

Revenue in our marine equipment business for FY2023 amounted to 9.8 billion yen, or 100.2% of the target.

■ Surging maintenance revenue

Our maintenance revenue soared 26% year on year. This was because of increased revenue from the sale of replacement parts for, and the maintenance of, ballast water management systems and auxiliary boilers.

■ Broader lineup of products and solutions

We have been developing equipment and IoT apps for vessels powered by zero-emission fuels. When completed, the IoT apps will become available for both new vessels and those already in service. In addition, we have been adding to our lineup equipment to reduce marine plastic waste.

Maintenance Business in Japan



MIYAMOTO Osamu
Executive Officer
General Manager of
FE Strategy Headquarters

Using DX solutions to add more value to our industry-leading maintenance services

Teams of our field engineers and our 34-year-old online maintenance system combine to assist industrial customers in achieving carbon-neutral operations.

We have 1,200 field engineers around the country who provide on-site inspection and maintenance of customers' boilers and other equipment covered by our ZMP maintenance package. They assist customers in operating their equipment safely and efficiently and offer sophisticated solutions for reducing energy usage on the shop floor. Our cloud-based remote monitoring service for MIURA equipment, released in 2017 as a labor-saving solution, has been upgraded to MEIS CLOUD+ to allow online monitoring of not just MIURA equipment but also equipment sourced from other manufacturers. This was made possible by the combination of our field engineers' on-site maintenance and our robust online communication infrastructure. We are on our way toward becoming a Super-Maintenance Company.

We will continue to upgrade our one-stop maintenance services and online data-gathering capabilities to help customers operate a wider variety of equipment much more efficiently in their plants.

Strengths	Opportunities
● Industry-leading training programs to develop skilled field engineers ● Industry-leading network of service centers from coast to coast ● Responsive 24/7 online monitoring and maintenance	● Industry's growing need to streamline and outsource operations to compensate for the loss of skilled workers ● Digital solutions to achieve greater operational and energy efficiency ● dustry's growing need to achieve carbon neutrality
Challenges	**Threats**
● Maintaining, expanding, and upgrading talent base for field engineers ● Outsourcing or partnering with other companies in the training of field engineers in a broader range of professional knowledge ● Building an IoT infrastructure platform as quickly as possible	● Shrinking industrial boiler market in Japan ● mergence of providers of all-inclusive, versatile data communications services ● Accelerated industry-wide shift to electric boilers to achieve carbon neutrality

Changes in business environment

With the Japanese government's commitment to reduce carbon emissions by 46% from the 2013 level by 2030, businesses in diverse industries have stepped up their efforts to achieve carbon-neutral operations. Industrial customers' demand for MIURA products and services has remained high, which is a significant advantage to our maintenance business.

Before offering solutions, the first step is to see and understand what is going on on the shop floor. That hands-on understanding leads to a practical idea of how MIURA can help and how MIURA can do social good. The next step is to put together solutions for controlling and reducing energy usage for the whole plant's operations. Solutions include bundling steam boilers with heat pumps and waste-heat-recovery systems, and using IoT networks to monitor and manage an entire utility infrastructure in a plant.

Key growth strategies and initiatives

MIURA intends to become a Super-Maintenance Company. To make it happen, we train our field engineers who provide on-site services to customers to become heat-energy consultants who maintain even closer relationships with customers and provide professional advice and solutions for more efficient use of energy on the shop floor.

Furthermore, we train field engineers to develop professional skills to apply cloud solutions to visualizing and managing energy usage of a utility infrastructure—including both MIURA's and other manufacturers' equipment—operating in a customer's plant. This approach will enable us to expand the scope of our maintenance services for revenue growth.

Topics in FY2023

■ **Increasing equipment utilization drives our business**
As the equipment utilization rate continued to rise among industrial customers, our field engineers provided an increasingly wide range of services to them. In particular, our revenue was up from providing energy-saving solutions, replacing obsolete boilers, overhauling old boilers to extend their service lives, renewing maintenance contracts, and selling boiler chemicals.

■ **Well-accepted cloud-based services**
As of March 2023, 110 industrial customers have signed up for our MEIS CLOUD+ services for online monitoring of equipment on the shop floor, regardless of make. The number of business customers on our cloud-based maintenance programs reached 807. This indicates a growing industrial need for unmanned routine monitoring of equipment.

MEIS CLOUD® and MEIS CLOUD+ services

MEIS CLOUD® and MEIS CLOUD+ services connect to cloud servers and enable customers to use their computers and tablets to monitor online the operational status and energy usage of their equipment on the shop floor. This remote and automated monitoring system streamlines equipment management and energy-usage control in a plant.

Laundry Equipment Business



TAKECHI Noriyuki
Director, Senior Managing Officer
General Manager of Laundry
Business Headquarters

Resolving customers' immediate issues now

The commercial linen cleaning and supply industry has been rebounding from hitting its low point at the height of the pandemic. Although laundry service providers are back operating at near capacity to handle an increasing flow of linen and staff uniforms from hotels, airlines, and railroad companies, they remain stuck with soaring energy prices and labor shortages. MIURA's job is to do everything we can to resolve customers' immediate operational issues quickly.

More specifically, we signed a partnership agreement with JENSEN-GROUP in April 2023, which is a leading global manufacturer of industrial laundry equipment, especially automated laundry systems. The two companies work together to offer solutions for streamlining and automating laundry operations to address the issue of labor shortages affecting laundry service providers. At the same time, we will incorporate MIURA's proprietary energy-saving technologies for heat energy and water into industrial laundry processes to help laundry service providers reduce their energy usage and costs, as well as carbon emissions.

Strengths	Opportunities
● MIURA and JENSEN-GROUP's combined strengths at providing equipment, systems, and services for the entire utility and operational infrastructures at industrial laundry facilities ● Nationwide network of service centers ● Skilled sales and engineering teams	● Industry's growing need to streamline and automate operations to compensate for labor shortages ● Industry's growing need to keep laundry operations safe and reliable for workers ● Industry's growing need to reduce energy usage to help achieve a low-carbon society
Challenges	**Threats**
● Upgrading products and systems to offer in terms of costs, productivity, energy-saving performance, and automation ● Making our maintenance services more robust by training service engineers, assisting customers in streamlining operations, and providing preventive maintenance ● Increasing manufacturing capacity for laundry equipment to meet the industry's growing demand	● Competition with foreign-based manufacturers that make inroads into the Japanese market ● Shrinking commercial laundry service market due to changes in people's lifestyles and more flexible working patterns ● Industry's chronic shortages of labor (workforce concentrating in large businesses and other industries)

Changes in business environment

As business in general is returning to normal with the slowdown of the pandemic, commercial laundry service providers are operating at near capacity to handle an increasing flow of linen and staff uniforms from hotels, airlines, and railroad companies. They have also started to resume investing in upgrading their outdated laundry equipment after putting it on hold at the height of the pandemic.

However, manufacturers of laundry equipment are having a hard time meeting the surging demand from laundry service providers, partly because inverters and other key components are in short supply. Equipment manufacturers' immediate challenge is to bolster their production capacity to shorten their delivery lead time.

Key growth strategies and initiatives

We will focus on developing and offering products and systems that assist customers in reducing energy usage and costs in their industrial laundry facilities. In addition, we will offer automated laundry systems sourced from JENSEN-GROUP to help resolve the issue of labor shortages in their facilities. We address customers' needs from a facility-wide perspective, not at an equipment level. The MIURA Group is committed to developing and offering the right products and systems to assist industrial laundry service providers in operating their facilities more efficiently.

Topics in FY2023

■ **Partnership enhances our problem-solving capabilities**
MIURA acquired a stake in JENSEN-GROUP, a leading global manufacturer of automated industrial laundry equipment, and converted INAX CORPORATION, a MIURA Group company, into a joint venture. This partnership enables us to combine proprietary technologies of the two companies to provide customers with products and services that assist them in streamlining and automating their operations and reducing energy usage.

■ **Prevent problems, rather than having to fix them**
In our laundry equipment business, maintenance revenue jumped 9% year on year. After we deliver and install equipment on a customer's premises, we inspect it regularly, not just to spot failing parts, but also to conduct preventive maintenance before something goes wrong with the equipment. This approach reduces the chance of equipment's sudden failure and helps each customer keep running their facility smoothly.

Business outside Japan



KOJIMA Yoshihiro
Director, Executive Managing Officer
General Manager of Global
Business Headquarters

Becoming a global player from Japan

Leveraging our boiler technologies and services that have proved a success in Japan, we operate the industrial boiler business in 24 countries and regions (as of March 2023) to meet customers' need to reduce energy usage and the environmental impact of their operations. We operate eight plants outside Japan, manufacturing boilers that meet regional regulatory requirements and customers' needs, and that are compatible with water quality and fuels prevalent in each region we serve. In response to growing interest among industrial customers in Europe and the United States in switching to boilers powered by low- and zero-emission energy sources, such as electricity, bio fuels, and hydrogen fuels, we have started to develop new products that will accommodate their needs while retaining the benefits and safety of once-through boilers.

On March 31, 2023, MIURA was designated by the Ministry of Health, Labour and Welfare as an official corporate trainer of foreign technical interns staying in Japan on a training program. I hope they will become members of MIURA teams and provide maintenance services and energy-saving solutions to their local customers when they complete training and go back to their home countries.

We intend to expand our sales and service network globally to better serve customers around the world with MIURA products and services widely recognized as having world-class quality.

Strengths	Opportunities
• Manufacturer's maintenance services to ensure safe and reliable operations • Offering the right water management solutions based on analyses of available industrial water • Offering the right solutions based on scientific analyses of boiler operations	• Growing need to achieve zero-emission operations among businesses around the globe • Industrial customers' change in focus from initial costs to total costs of ownership of equipment • International standards established for once-through boilers
Challenges	**Threats**
• Enhancing engineering capabilities • Accommodating boiler regulations, environmental regulations, and energy policies enforced in countries in which we operate • Expanding and upgrading a maintenance network in the United States	• Easing of environmental regulations in emerging economies experiencing economic downturns • Adverse impact of prolonged tensions between China and the United States on the global and regional economies

Changes in business environment

In FY2023, we achieved revenue and profit growth in the Americas and Southeast Asia, where businesses resumed investing in installing and upgrading boilers. In particular, our business foundation was becoming more solid in Brazil, Indonesia, and Mexico, where maintenance revenue continued to grow. In China, businesses remained conservative in investment decisions due to concerns of an economic downturn resulting from the government's zero-COVID-19 policy, as well as uncertainties over China-U.S. relations. Our nationwide network of 150 service centers provided maintenance services to customers to their satisfaction. This was a significant achievement, considering that partial lockdowns and travel restrictions were enforced by the government. This accomplishment in rising up to a challenging business environment will be a great asset for us going forward. As we have learned the hard way about the importance of providing dependable maintenance services to customers, we will continue to expand our service network outside Japan and upgrade our remote monitoring system for equipment. This will leave us better poised to supply safe and reliable products and services consistently to customers.

Key growth strategies and initiatives

In our business operations outside Japan, we intend to achieve annual revenue growth of 10% or more by making a stronger push to sell our energy-efficient boilers and maintenance services to business customers. With the easing of travel restrictions previously imposed in many countries at the height of the pandemic, we intend to become more aggressive in sales efforts. We plan to research countries and regions in which we have no presence today, as well as regulatory requirements in those markets, and, during FY2024, set a new goal for expanding our global business.

Topics in FY2023

■ The 30th anniversary represents a fresh new start of our business in China

The new leadership team was announced in China in October 2022, and COVID-19-related travel restrictions were lifted in February 2023. We resumed field sales efforts, and when we talked to customers, they expressed, to varying degrees, expectations for an economic recovery. The rise in fuel prices in the country began to change industrial customers' perceptions of energy efficiency. FY2024 marks MIURA's 30th anniversary of its business in China. This milestone is also the year of a fresh new start to return to growth with a more aggressive push for our energy-efficient boilers, after having a disappointing year in FY2023.

■ Sales efforts focused on energy-conscious industrial customers

The industrial boiler market in China has been declining on a unit basis due to delayed new plant constructions and the slowdown in industrial output in general caused by the pandemic. Nevertheless, the food-processing and pharmaceutical industries have been following an upward trend, which is predicted to continue into FY2024. We will step up our efforts for prospective customers in those growth industries, and energy-conscious customers, to encourage them to switch to our energy-efficient boilers based on analyses of the energy usage in their plants.



CZI series boiler

Messages from General Managers of Regional Headquarters

MIURA's business in Asia

Assisting industrial customers in investing in low-carbon operations



MIMOTO Junichi
Executive Officer
General Manager of
Asia Business
Headquarters

Business environment in Asia
Our boiler sales to small and medium-size businesses were weak in Asia in FY2023. This was primarily because of an economic downturn brought about by soaring energy prices and inflationary trends resulting from the Russian-Ukraine conflict. Nonetheless, in Indonesia, South Korea, and Turkey, large enterprises and their suppliers committed to carbon neutrality continued to invest in achieving environmentally responsible business operations. We sold energy-efficient gas-fired boilers to those customers, and we expect this business to thrive going forward.

We intend to focus our sales efforts on large businesses committed to low-carbon operations, as well as those operating in growth industries in each market, to expand our Asian business.

Leading supplier of steam for industrial use
The Asia Business Headquarters' goal is to become a leader in the industrial boiler market—in terms of total annual amount of steam generated—in each country we serve.

Our top-priority sales strategy is to encourage businesses committed to carbon neutrality to upgrade to our low-emission boilers (Sales Strategy A). In fact, our sales of once-through boilers to customers looking to replace their larger boilers have been on an upward trend over the past several years. In addition, we have been stepping up our sales efforts to meet the needs of businesses that operate in growth sectors—such as semiconductors, EV batteries, biochemicals, and pharmaceuticals—and that have been aggressively investing in installing new boilers (Sales Strategy B).

Maintain the growth of current business while pursuing geographical expansion
Revenue from our maintenance business has been growing steadily as the number of MIURA boilers under maintenance service contracts increases. The maintenance business has become our critical source of profit in the markets we serve.

We will implement these two sales strategies (A and B) to achieve annual revenue growth of 10% in our Asian business in the coming years. We anticipate a stable profit to be generated from our operations, helped by increasing sales of high-margin large-capacity boilers and steady growth of maintenance revenue. To ensure these plans will come to fruition, we will continue to expand our network of service centers and train service engineers.

In April 2023, we established a sales subsidiary in Bangladesh, through which we will focus our sales efforts on the textile industry, as we do in Turkey. We will continue to research markets and prospective customers in other Asian countries to assess the feasibility of entry.

MIURA's business in the Americas

Tailor sales strategies to suit each market, built on the common foundation of the maintenance business



FUJIWARA Tatsuya
Executive Officer
General Manager of
Americas Business
Headquarters

Business environment in the Americas
The general economy in the Americas, where the pandemic had slowed down faster than in Asia, has rebounded earlier. Our efforts to make business foundations more robust in our operations in the Americas have begun to pay off. In the United States, we achieved a significant year-on-year increase in revenue, partly because of strong sales of boilers, water treatment chemicals, and maintenance contracts, and partly because of price hikes of our products and a favorable impact of foreign exchange rates.

The common goal of our business across the Americas is to build a robust internal infrastructure based on which to offer the right boilers and peripheral equipment to meet customers' needs and provide them with maintenance services and water treatment solutions to help them keep running their boilers and other equipment in good condition. This infrastructure-building effort cannot be completed without the hard work and dedication of locally hired employees.

Promoting locally hired talent to key positions to drive MIURA-style business
While MIURA's products and value-added services are well received by customers in the Americas, we have much room for improvement in terms of the quality and costs of our products, the quality of our maintenance services, and our efforts to share and pursue MIURA value with customers. To achieve improvements in these areas and apply them in a manner fit to each market, we must develop and retain locally hired employees who buy into MIURA's competitive advantages and its unique value. In our U.S. operations, we promoted an American to the president's position in July 2023, and we have American general managers in the sales, maintenance, plant management, engineering, accounting, and human resources departments. In Canada, locally hired employees manage the sales and maintenance departments. In Brazil, a local hire has taken over the position of head of sales from a Japanese expatriate.

Focus of our business in the Americas for FY2024
The key objective of our business in the Americas is to establish a solid organizational and practical foundation based on "MIURA-Standard" business practices and accelerate business growth in the long term. More specifically, in the United States, we work closely with distributors, who collectively account for 60 to 70% of MIURA boiler sales, to provide all Miura customers the same level of maintenance and water treatment support. In Canada, where most of the customers are still relying on on-demand repair services, we are focused on promoting our comprehensive maintenance packages that include water treatment, online monitoring, and preventive maintenance. In Brazil and Mexico, where we have a high adoption of MIURA water treatment solution, our focus is to improve the level of services and value for our customer. In every market, our goal is to deliver greater customer satisfaction with "MIURA-Standard" solutions, including products, online monitoring, and maintenance and water-management expertise.

Material Topics to Achieve Long-Term Corporate Vision

The MIURA Group has identified topics material to its value-creating process and corporate sustainability, primarily from the shareholders' and investors' perspectives. We intend to create social and economic value by addressing these material topics.

MIURA Group Material Topics

ESG	Material topics	Reasons for selection	Actions to be taken	Contribution to SDGs
E	**Reducing environmental impact** ▸ See page 43 **Mitigating climate change** ▸ See page 47	Consideration for, and contribution to, natural capital, including mitigating climate change, has considerable impact on the Group's and stakeholders' sustainability efforts.	• Develop and market environmentally friendly products • Make more efficient use of energy in our operations • Reduce and recycle waste • Control the use of chemical substances	
S	**Talent strategy and management** ▸ See page 49	Hiring and retaining diverse professional talent is key to our global implementation of the Group's maintenance-driven business models and to our long-term growth.	• Develop internal talent • Promote workplace diversity and inclusion • Create and maintain a comfortable workplace • Respect human rights	
	Occupational safety and health ▸ See page 52	Ensuring employees' safety and wellness, as well as assisting suppliers with safety training, is key to our increasing human and social engagement capital.	• Prevent accidents at work • Train employees in occupational safety and health • Invest in employees' wellness	
	Quality control of products and services ▸ See page 53	Stringent quality control is key to our maintaining or increasing intellectual and social engagement capital, and provides a basis for the Group's competitive advantages in order to retain the trust of customers and business partners.	• Convene quality improvement meetings and assess risks associated with product development • Resolve product defects as soon as they are detected	
	Supply chain management ▸ See page 55	Collaborative approaches to addressing social issues associated with the supply chain help enhance our social engagement and natural capital.	• Implement a procurement BCP initiative • Work closely with key suppliers to improve QCDF performance • Promote green procurement for stringent control of chemical substances	
G	**Corporate governance** ▸ See page 65	Continually enhancing corporate governance is a basis for us to create economic and social value in the long term.	• Enhance the governance structure based on assessments of the effectiveness of the Board of Directors • Improve the effectiveness of the Board of Directors	
	Compliance ▸ See page 72	Ensuring legal compliance and mitigating risks is key to retaining social engagement capital and promoting the Group's corporate sustainability.	• Prevent the occurrence of bribery • Follow procedures for security export control • Protect intellectual properties	

How we select material topics

Step 01

List proposed material topics

List a variety of potential material topics relevant to the Group, based on: (1) the expectations for, and requests to, the Group, voiced by shareholders and investors through stakeholder engagement; (2) the assessment criteria used by leading ESG assessors; and (3) industry-specific material topics proposed by the U.S. Sustainability Accounting Standards Board

Step 02

Business divisions review proposed material topics

Business divisions choose from the list the material topics deemed most relevant to the Group's Mission and its medium- and long-term value creation, in consultation with internal and external experts.

Step 03

Board of Directors

The Management Meeting and the Board of Directors review and approve KPIs proposed by the Sustainability Promotion Meeting.

Step 04

Monitor KPI progress at the Sustainability Promotion Meeting

The Sustainability Promotion Meeting keeps track of KPI progress quarterly as part of a PDCA management cycle.

Corporate Sustainability

Mission
We play an instrumental role in achieving an environmentally friendly society and creating clean and comfortable lifestyles through our contribution in the fields of Energy, Water, and the Environment.

Motto
We create an inspiring and accommodating workplace where we take pride in what we do.

MIURA Group Corporate Sustainability Policy

The MIURA Group partners with customers in the fields of energy, water, and the environment to play an instrumental role in helping achieve a sustainable society.



HIROI Masayuki
Representative Director, Senior Managing Officer, and Chief Sustainability Officer

The MIURA Group's corporate sustainability is about encouraging all employees to embrace and act upon the Group's Mission and Motto and take ownership in serving customers. This will in turn promote environmental stewardship and community outreach, as well as the Group's sustained growth.

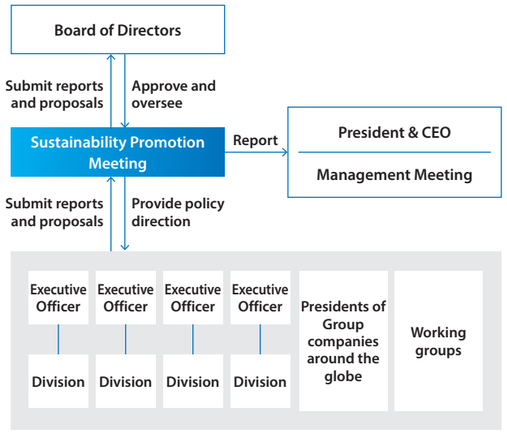
Addressing material topics described in the previous page is key to our sound corporate management and enables us to reduce operational risks and maximize revenue opportunities. The MIURA Group offers a broad range of energy-efficient, low-emission products that help mitigate global warming. We will allocate our corporate resources to developing solutions for assisting industrial customers in achieving even greater energy efficiency and low-emission operations. This will enable us to increase our long-term enterprise value.

Promoting corporate sustainability

The Sustainability Promotion Meeting, which is held quarterly, plays a central role in driving the Group's corporate sustainability and keeping track of the progress we make in addressing material topics. This meeting is chaired by the Chief Sustainability Officer, who is named by the President & CEO, and is composed of Executive Officers who represent relevant divisions and departments.

In FY2020, the promotion meeting selected MIURA Group Material Topics, which were considered most relevant to the Group's value-creating process and corporate sustainability. The meeting then determined actions to be taken for each material topic, established long-term KPIs for each division to achieve, and defined which material topic would contribute to which SDG. At the quarterly meeting, we establish a policy and develop action items (Plan), ask each division to take actions (Do), monitor the progress (Check), and ask each division to take corrective or follow-up actions (Action).

MIURA's Corporate Sustainability Promotion Structure



Institutional sustainability initiatives

During FY2023, the Sustainability Promotion Meeting endorsed the GX League Basic Concept, announced by the Ministry of Economy, Trade and Industry, disclosed information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), reported on action taken to curb GHG emissions, established an internal carbon pricing scheme (May 2023), and reviewed sustainable procurement practices. Decisions and recommendations made at the meeting were shared with business divisions for them to follow.

Material Topics and KPIs

We have set expected outcomes of the Group's material topics with regard to social and environmental issues, for which divisions have defined long-term objectives, action items, and key performance indicators (KPIs).

Scope 1 emissions: Direct greenhouse gas (GHG) emissions that occur from sources controlled or operated by a business, such as emissions associated with fuel combustion and industrial processes
Scope 2 emissions: Indirect GHG emissions associated with the use of purchased electricity, heat energy, and steam
Scope 3 emissions: Indirect GHG emissions not included in Scope 1 or 2 emissions (emissions by other businesses associated with operations of a business)
*Emissions and usage per revenue unit are based on MIURA's non-consolidated revenue in Japan.

	Material topics	Long-term objectives	Key initiatives	Actions to be taken	KPIs			FY2022 results	**FY2023 results**
E	**Reducing environmental impact**	Reduce environmental impact of our business operations, as well as of our products and services	Reduce the environmental impact of our business operations	**Reduce CO_2 from our business operations** ● Build an internal infrastructure for making greater use of renewable energy and achieving greater energy efficiency, which includes solar power generation, LED lighting, demand control of air conditioning, and switching to more-energy-efficient manufacturing equipment ● Other actions: Purchasing green energy and signing up for the J-Credit Scheme	● Reduction of Scope 1 and 2 emissions at MIURA CO., LTD., and its manufacturing subsidiaries in Japan	For FY2031 and FY2051	● Reduce emissions by 50% from FY2014 level by FY2031 ● Reduce emissions by 100% from FY2014 level by FY2051	CO_2 emissions: 13,805.7 tCO_2, down 7.6% from FY2014 level	CO_2 emissions: 10,258.1 tCO_2 down 31.3% from FY2014 level
				Reduce water usage ● Reuse wastewater	● Reduction of water used at MIURA CO., LTD. (its branch offices not included) and its manufacturing subsidiaries in Japan		● Reduce water usage per revenue unit by 35% from FY2020 level by FY2031 ● Reduce water usage per revenue unit by 65% from FY2020 level by FY2051	Water usage per revenue unit: 1.68 m^3/million yen*, down 3.9% from FY2020 level	Water usage per revenue unit: 1.46 m^3/million yen*, down 16.7% from FY2020 level
				Reduce waste ● Recycle waste into usable materials	● Recycling rate of waste at MIURA CO., LTD. (its branch offices not included), and its manufacturing subsidiaries in Japan		● 85% in FY2031 ● 95% in FY2051	Discharged waste: 2,062.4 t Waste recycling rate: 71.5%	Discharged waste: 1,987.2 t Waste recycling rate: 74.9%
	Mitigating climate change		Develop environmentally friendly products and offer energy-saving solutions to customers	**Reduce CO_2 emissions from the use of our products and services** ● Encourage customers to switch fuels, from oil to natural gas ● Encourage customers to recover waste heat and make greater use of unused heat ● Offer energy-saving solutions to customers ● Provide boilers powered by low-emission fuels and offer total solutions to customers	● Reduction of Scope 3 emissions		● Reduce emissions per revenue unit by 40% from FY2020 level by FY2031 ● Reduce emissions per revenue unit by 100% from FY2020 level by FY2051	Emissions per revenue unit: 215.7 tCO_2/million yen*, down 12.2% from FY2020 level	Emissions per revenue unit: 196.6 tCO_2/million yen* down 20.0% from FY2020 level
S	**Talent strategy and management**	Create a workplace in which diverse employees take pride in what they do, feel comfortable to be themselves, and achieve their full potential	Establish a talent management system that affords every employee the opportunity to achieve their full potential	**Reassess the current talent management system** ● Identify issues with the current system ● Consider switching to a role- and performance-based compensation scheme	● Implementation of the role- and performance-based compensation scheme at MIURA CO., LTD.	For FY2027	● Qualitative assessment	The project team identified issues with the current system. A task force was established.	The project team continued the review, and started formulating a new compensation scheme.
			Promote workplace diversity and inclusion and develop talent	**Add greater diversity to the talent base** ● Empower female employees ● Hire more mid-career professionals ● Retain younger employees ● Offer greater work opportunities to senior employees ● Hire more non-Japanese employees	● Percentage of female managers at MIURA CO., LTD.	For FY2026 For FY2028	● 3.0% or more ● 4.5% or more	2.9%	3.3%
					● Percentage of local hires promoted to managerial positions at Group companies outside Japan	For FY2026	● 80% or more	73.9%	75.6%
				Continue to step up talent development ● Upgrade training programs ● Train new hires in maintenance practice ● Increase the number of employees with key public qualifications necessary to drive business growth	● Number of qualifications held for becoming heat-energy consultants at MIURA CO., LTD., including multiple qualifications	For FY2027	● Up 30% or more from FY2022	Number of qualifications held: 1,233	Number of qualifications held: 1,384 Up 12.2% from FY2022
		Create an accommodating workplace environment for employees	Provide employees with more flexible working arrangements and support their family responsibilities	**Continue to improve the workplace environment and broaden the scope of support to employees** ● Encourage employees to take paid holidays ● Encourage male married employees to take paternity leave ● Improve employee engagement in the workplace ● Build a safe and productive teleworking environment for employees	● Usage rate of paid holidays at MIURA CO., LTD.	For FY2027	● 80% or more	65%	82%
					● Percentage of Group companies in Japan that conduct employee engagement surveys	For FY2027	● 100%	83% of Group companies in Japan conducted employee engagement surveys.	64% of Group companies in Japan conducted employee engagement surveys.
		Operate with due consideration of human rights, in accordance with the MIURA Group Human Rights Policy	Respect human rights	**Implement corporate human rights due diligence** ● Ensure employee compliance with the Group Human Rights Policy ● Conduct human rights due diligence to identify human rights risks	● Implementation of human rights due diligence in Group companies in Japan	For FY2027	● Qualitative assessment	99.7% of employees participated in e-learning on human rights at MIURA CO., LTD.	98.1% of employees participated in e-learning on human rights at MIURA CO., LTD. and eight Group companies.
	Occupational safety and health	Place the highest priority on ensuring occupational safety and health in every business operation, to prevent accidents and promote the wellness of our employees and those of suppliers.	Prevent work-related accidents involving our employees and those of suppliers and subcontractors	**Continue to train employees in accident and disaster prevention** ● Train employees in safe and healthy work practices ● Make greater use of the Safety and Health Committee and raise employee awareness of workplace safety	● Major accidents and disasters at Group companies in Japan	For FY2027	● None	Number of major accidents and disasters: None	Number of major accidents and disasters: None
			Improve employees' mental and physical wellness	**Continue to assist employees in maintaining good health** ● Maintain status as a certified Outstanding Organization in Health & Productivity Management ● Outsource health checkups of employees ● Expand the mental and physical health counseling and support for employees	● Provision of mental and physical health counseling to employees and follow-up on employees on long-term leave at Group companies in Japan	For FY2027	● Qualitative assessment	Certified as a Large Health and Productivity Management Organization for 2022. Ranked between No. 1951 and No. 2000 among 2,869 entrants, with an overall deviation score of 46.2.	Certified as a Large Health and Productivity Management Organization for 2023. Ranked between No. 2301 and No. 2350 among 3,169 entrants, with an overall deviation score of 44.2.
	Quality control of products and services	Continually improve the quality of all our products and services to live up to the trust and expectations of customers and business partners	Make the quality management system more effective	**Step up efforts for risk assessment and the prevention of customer complaints** ● Drive greater customer satisfaction ● Avoid unforeseen quality abnormalities ● Improve the design quality of products ● Enhance quality management at Group companies outside Japan	● Percentage of expenses of addressing customer complaints to MIURA CO., LTD.'s annual revenue	For FY2027	● 0.75% or less	0.83%	0.69%
					● Self-assessments of quality conducted by Group companies outside Japan	For FY2027	● Qualitative assessment	Improved scores at 11 subsidiaries (7 subsidiaries operating assembly plants and 4 other subsidiaries)	Assessments were completed 100%. As most subsidiaries achieved the score improvement targets of 60% or more, targets for FY2027 were reestablished.
	Supply chain management	Implement sustainable procurement practices to fulfill our social responsibility across the supply chain, including reducing environmental impact, ensuring quality, implementing occupational health and safety procedures, and respecting human rights	Implement sustainable procurement practices	**Work closely with suppliers** ● Ensure supplier compliance with the MIURA Group Sustainable Procurement Guidelines ● Follow green procurement practices for materials free of hazardous chemical substances	● Percentage of MIURA suppliers that respond to our questionnaire survey on the Group Sustainable Procurement Guidelines	For FY2027	● 100%	66.5%	77.9%
G	**Corporate governance**	Establish a fair, transparent, and effective governance structure to increase our long-term enterprise value	Improve the effectiveness of the Board of Directors	**Improve the effectiveness of the Board of Directors** ● Contract an independent agency to conduct board effectiveness assessments	● Progress in improving the effectiveness of the Board of Directors at MIURA CO., LTD.	For FY2027	● Qualitative assessment	Results of a questionnaire survey conducted by an independent agency, as compared with those of the previous year: Items with higher scores: 16 Items with same scores: 5 Items with lower scores: 10 Additional items: 6	Results of a questionnaire survey conducted by an independent agency, as compared with those of the previous year: Items with higher scores: 5 Items with same scores: 6 Items with lower scores: 22
	Compliance	Deepen compliance awareness and practice among employees to earn and retain the trust of society as an ethical entity	Ensure compliance awareness and practice among employees	**Continue to provide compliance training to employees** ● Conduct a compliance awareness survey of employees regularly ● Train more employees in compliance ● Prevent internal cases of serious compliance irregularities	● Percentage of employees who receive compliance training at Group companies in Japan	For FY2027	● 100%	99.2%	97.2%

Environmental Stewardship

MIURA's Stance on Environmental Stewardship

True to its corporate slogan of being "the best partner of customers in the fields of energy, water, and the environment," the MIURA Group has been implementing a variety of solutions for environmental stewardship from a global perspective. Our firm commitment to addressing environmental issues is stated in the MIURA Group Code of Conduct. We are committed to playing an instrumental role in preserving the global environment. To that end, we develop and provide environmentally friendly products and services and reduce environmental impact and risks of our business operations.

MIURA Group Environmental Policy

The MIURA Group partners with customers in the fields of energy, water, and the environment to play an instrumental role in helping achieve an environmentally friendly, sustainable society.

Environmental Action Guidelines		
1	Establish and continually improve our environmental management system by assessing the impact of our business from an environmental perspective	
2	Set environmental objectives and targets so that all employees can take part in environmental projects that collectively contribute to the reduction of our environmental impact	
3	Comply with all applicable environmental laws and regulations and all other requirements that the MIURA Group subscribes to, in order to prevent pollution, maintain natural ecosystems, and coexist harmoniously with nature	
4	Take the following five actions to address environmental impact of our business operations:	(1) Develop and offer products that contribute to environmental improvement, based on the results of life-cycle assessments of our performance in reducing carbon emissions, saving on energy, and saving on and recycling resources
		(2) Achieve carbon neutrality and make more effective use of energy
		(3) Reduce waste through reusing and recycling
		(4) Follow green procurement practices to reduce hazardous substances contained in our products
		(5) Protect forests through the MIURA Forest project

Environmental Management

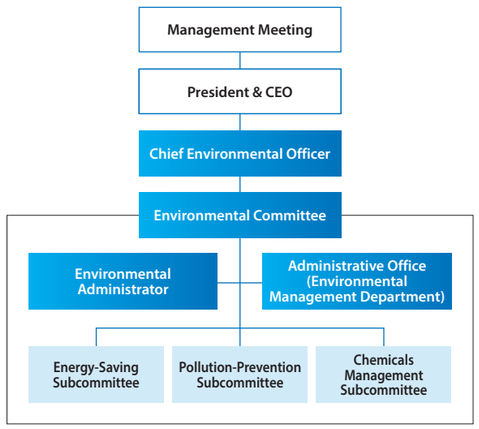
The MIURA Group's environmental management is led by the Environmental Committee, chaired by the Company's Chief Environmental Officer. Either the President & CEO or an Executive Officer appointed by the President & CEO serves as the Chief Environmental Officer. The officer exercises full responsibility for, and authority over, the Group's Environmental Management System (EMS), including formulating environmental policies and action plans, monitoring their implementation, approving important decisions, and reporting to the Management Meeting. The Environmental Committee has three subcommittees composed of members representing manufacturing and other divisions.

The Committee plays a leading role in identifying environmental issues across the Group, setting targets, and initiating action.

Operating an EMS

In Japan, five Group companies, including MIURA CO., LTD. (its branch offices not included) and its manufacturing subsidiaries, were certified to the ISO 14001 environmental management system in February 2007. Renewal assessments of these five entities were completed in October 2021, and their certifications were renewed in January 2022. Our manufacturing subsidiaries in MIURA INDUSTRIES (CHINA) CO., LTD., KOREA MIURA CO., LTD. and MIURA TAIWAN ENG CO., LTD. have had their certifications renewed. We are in the process of establishing and operating an EMS at other manufacturing subsidiaries as well.

MIURA's Environmental Management Structure



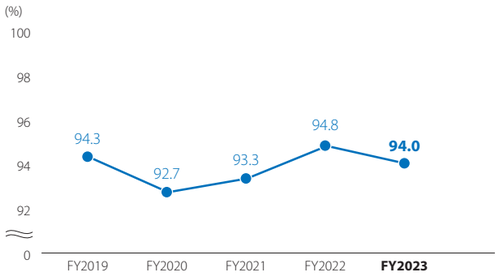
Environmental Considerations

MIURA top-rated in energy-saving performance for eight consecutive years

In 2022, the MIURA Group was top-rated for the eighth consecutive year in the annual assessments of businesses' energy-management performance by the Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry under the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy (popularly know as the "Revised Energy-Saving Act"). In these assessments, business operators that report their rational use of energy to the agency are evaluated and classified into four categories: Class S (outstanding), Class A (further improvement needed), Class B (failing to meet expectations), or Class C (subject to close monitoring). We earned the Class S rating for having reducing our five-year-average energy usage per revenue unit[1] by 1% or more per year.

1. Energy consumption per revenue unit based on the Revised Energy-Saving Act: Energy consumption (kL) / (Revenue in Japan [in millions of yen] x Total floor space of buildings [km^2])

MIURA Group's Five-Year-Average Energy Usage per Revenue Unit



Fixing air leaks from compressors to help reduce CO_2 emissions

MIURA MANUFACTURING CO., LTD., a MIURA Group company, detects and fixes air leaks as part of reducing power usage in a MIURA plant. As a compressor operates continually in a manufacturing facility and consumes a lot of electricity, fixing air leaks from a compressor helps reduce its power consumption and CO_2 emissions significantly. An air leak checker equipped with a ultrasonic imaging camera does its job without disrupting factory operation. The checker produces visual images of air leaks and their measurement, which makes it easy to see how much energy is saved when leaks are fixed. We extend this air-leak-detection service to industrial customers to assist them in achieving carbon-neutral operations.

Coexisting with nature

Nature conservation project at the MIURA Forest

In November 2022, 37 MIURA Group employees and their families, along with local residents, participated in a reforestation project at the MIURA Forest in Ehime Prefecture. The purpose of this project is to encourage our employees and local residents to get in touch with nature and learn the importance of nature conservation, while contributing to global environmental preservation. The project has been certified by the Ehime Prefecture Corporate Forestation CO_2 Absorption Certification System. This scheme certifies the effectiveness of forestation in terms of the quantity of CO_2 absorbed by the forest. The total amount of CO_2 absorbed through this project in FY2022 was certified to be 5.6 tCO_2/year. This achievement was recognized at the 2022 Ehime Mountain Day Commemorative Ceremony.



Participants in a nature conservation project at MIURA Forest

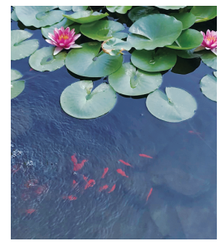

2022 Ehime Mountain Day Commemorative Ceremony

Coexistence with nature in a biotope[2]

We have a biotope on the premises of our Hojo Plant, filled with water processed and discharged after use in production and testing.

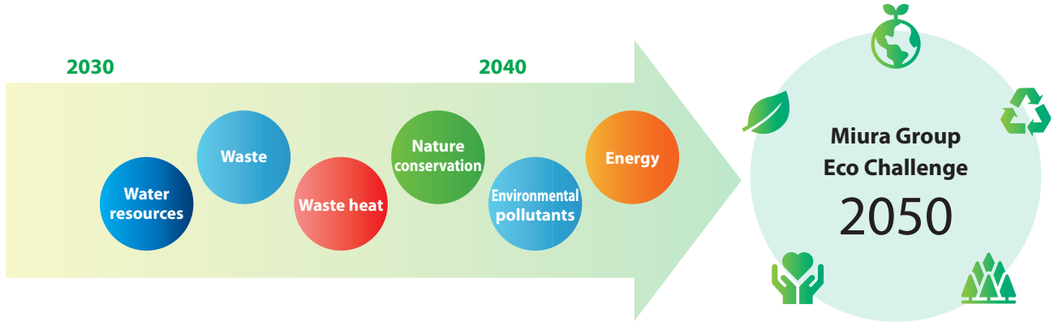
2. Originally a German word, meaning a space in which local wild flora and fauna reside


Biotope on MIURA premises


Killifish in a biotope

MIURA's Long-Term Environmental Goals

The MIURA Group uses the Paris Agreement's 1.5°C scenario, and the Japanese government's commitment to reducing GHG emissions by 46% from the 2013 level by 2030, as a basis for formulating its environmental strategy. Under the MIURA Group Eco-Challenge 2050 initiative, we seek to minimize GHG emissions, environmental pollutants, waste, waste heat, and water usage in our business operations and throughout the life cycles of our products. We have established quantitative environmental goals to achieve by FY2051, including reducing Scope 1, 2, and 3 GHG emissions, increasing the recycling rate of waste, and reducing water usage. To achieve these goals, the Group has stepped up its environmental action since April 2022.



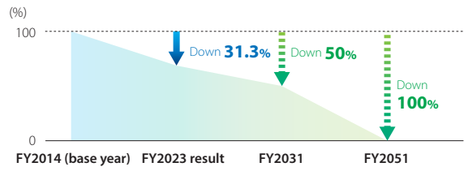
Miura Group Eco Challenge 2050

Initiative to achieve a carbon-free society

- Reduce Scope 1[1], 2[2], and 3[3] GHG emissions through energy-saving efforts

Note: Calculations of Scope 1 and 2 emissions apply to MIURA CO., LTD. and its manufacturing subsidiaries in Japan.

Scope 1 and 2 Emissions



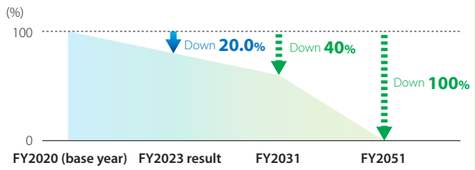
Reduction Target

FY2014	FY2023 result	FY2031	FY2051
Base year	Down 31.3%	Down 50%	Down 100%

How we achieve targets

- Replace welding robots, compressors, and injection molding equipment with more energy-efficient types
- Install solar panels, LED lighting, and heat shielding materials
- Use demand-controlled ventilation for more energy-efficient air conditioning
- If targets are not met with these voluntary actions, consider purchasing green electricity and J-credits

Scope 3 Emissions per Revenue Unit



Reduction Target per Revenue Unit

FY2020	FY2023 result	FY2031	FY2051
Base year	Down 20.0%	Down 40%	Down 100%

How we achieve targets

Two-phase approach:
(1) In the medium term, switch boiler fuels from oil to natural gas, improve boiler efficiency, recover and use unused and waste heat, and conduct energy-efficiency assessments of customers' equipment and plants
(2) In the longer term, switch boiler fuels to hydrogen- and ammonia-based fuels, take a methanation approach, and offer total energy solutions to customers

Action taken during FY2023 to reduce Scope 1 and 2 emissions

- MIURA KOUKI CO., LTD. switched all its portable electric grinders to rechargeable ones to reduce power usage.
- MIURA MANUFACTURING CO., LTD. installed a remote switching system for all its lighting to save energy.

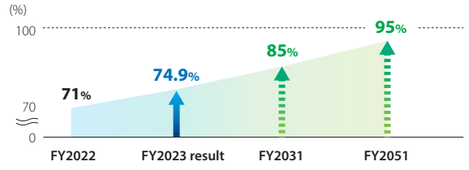
Remote-controlled lighting system

Initiative to achieve a resource-circulation society

- Reduce waste by increasing the recycling rate at our plants in Japan
- Reduce water usage at our plants in Japan

Note: Applicable to MIURA Co., Ltd. (its branch offices not included) and its manufacturing subsidiaries in Japan

Waste Recycling Rate



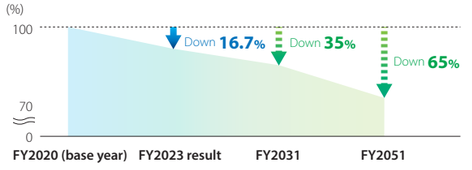
Recycling Rate Target

FY2022	FY2023 result	FY2031	FY2051
71%	74.9%	85%	95%

How we achieve targets

- Sort waste by type
- Outsource recycling to increase recycling rates
- Reduce packaging materials from suppliers and use returnable containers
- Use easy-to-recycle materials in manufacturing
- Purchase processed materials that leave no offcuts

Water Usage per Revenue Unit



Reduction Target per Revenue Unit

FY2020	FY2023 result	FY2031	FY2051
Base year	Down 16.7%	Down 35%	Down 65%

How we achieve targets

- Reuse water for operation tests of MIURA products
- Install a wastewater recycling system
- Recover and use steam generated during testing

Action taken during FY2023 to reduce water usage

- MIURA KOUKI installed water-saving gaskets in faucets.
- MIURA MANUFACTURING started reusing filtered water previously used for airtight tests.



Filtering water used for airtight tests

Initiative to achieve a society coexisting in harmony with nature

- Conserve nature in the MIURA Forest and maintain a biotope

Initiative to reduce the use of hazardous substances in society

- Follow green procurement practices for materials free of hazardous chemical substances
- Reduce environmental incidents to zero

Initiative to achieve an environmentally friendly society

- Establish the metrics and framework for life-cycle assessments and start assessments
- Centrally manage environmental data of all Group companies and step up environmental action

MIURA's Supply Chain Emissions

Suppliers	MIURA			Industrial customers
Scope 3	**Scope 1**	**Scope 2**	**Scope 3**	**Scope 3**
• Purchase and delivery of parts	• Combustion of fuels at plants	• Electricity usage	• Internally generated waste • Business travels and commuting	• Delivery of products • Use of products • Disposal of products

1. Scope 1 emissions: Direct GHG emissions that occur from sources controlled or operated by a business, such as emissions associated with fuel combustion and manufacturing processes
2. Scope 2 emissions: Indirect GHG emissions from the use of electricity, heat, and steam supplied by other companies
3. Scope 3 emissions: Indirect GHG emissions not included in Scope 1 or 2 emissions (emissions by other businesses associated with operations of a business)

Mitigating Climate Change (TCFD)

Disclosure Based on TCFD Recommendations

MIURA CO., LTD. acknowledges that climate change is one of today's most serious issues, with global implications. In accordance with the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD), the Company disclosed in May 2022 the extent and significance of the impact that climate-related risks and opportunities had on its business operations and revenue, and in May 2023 the Company endorsed the TCFD recommendations. The Company recognizes—from a scenario analysis conducted for the fiscal year ended March 31, 2023 (FY2023)—that its water-treatment equipment business has a good opportunity for global expansion and growth, albeit under the influence of its core boiler business.

1. Governance

The Company acknowledges that climate-related issues have a significant impact on its business operations, and it therefore has an institutional arrangement in place for the Group's climate-change policies and initiatives, which are discussed and proposed at the Sustainability Promotion Meeting, reviewed at the Management Meeting, and approved and overseen by the Board of Directors, chaired by the President & CEO of the Company. The Sustainability Promotion Meeting, which is chaired by the Chief Sustainability Officer and convenes regularly, is composed of sustainability promotion officers and staffers representing divisions and departments, and the administrative office.

- The Board of Directors approves and oversees the implementation of the Group's climate-change policies and initiatives.
- The Management Meeting reviews the Group's climate-change policies and initiatives.
- The Sustainability Promotion Meeting considers and proposes the Group's climate-change policies and initiatives for review and approval.

2. Risk Management

The Sustainability Promotion Meeting assesses the impact of climate-related issues identified by divisions and departments on the Group's business operations. The Company manages the Group's climate-related risks under the risk-management structure in place.

The Company manages all its risks, including climate-related risks such as transition and physical risks, at the Management Meeting, which determines which risk items need to be managed, based on a business impact assessment, and submits matters of profound significance to the Board of Directors for review. The Board of Directors deliberates and decides on risk-management matters of profound significance and oversees their implementation.

- The BCP Committee serves as an advisory body for the Management Meeting and convenes on an ad hoc basis.
- The Management Meeting manages and makes decisions on all the Company's risks, including climate-related risks.

3. Strategy

The Company conducts a scenario analysis to identify significant climate-related risks and opportunities and assess their financial impacts. We used three prerequisites as a basis for conducting a scenario analysis on our boiler business in Japan. They are: (1) The boiler business accounts for 45% of the Group's total annual revenue (2) As boilers are powered by conventional fossil fuels, our boiler business is likely to be affected by increasingly stringent GHG emissions regulations (3) Achieving a technological breakthrough to reduce GHG emissions may give us an opportunity to enter a new market. In a scenario analysis, we have predicted financial and business impacts of climate-related risks for FY2031 and FY2051, using the 4°C and 1.5°C scenarios published by the International Energy Agency and other official institutions.

	4°C scenario: Global temperature rise will exceed 4°C, making the severe impact of climate change apparent.	1.5°C scenario: Global temperature rise will be kept under 1.5°C, thanks to a worldwide transition to a low-carbon society.
Scenario analysis	Ineffective or insufficient implementation of low-carbon policies and regulations worldwide will leave global warming unchecked. Climate change will result in more frequent and intense natural disasters, which will disrupt our office and factory operations, as well as our supply chain. At the same time, business demand is expected to grow for dual-fuel-switchable boilers to meet BCP needs and for quick disaster-recovery solutions.	To achieve an environmentally sustainable society, there will be a general shift toward a carbon-free or low-carbon economy. Increasingly stringent restrictions on GHG emissions, including the adoption of carbon taxation and mandatory use of renewable energy, will raise operating costs for businesses. While the market for boilers powered by fossil fuels is likely to shrink, demand for energy-efficient, low-carbon equipment and solutions, as well as for boilers running on renewable energy, is expected to grow.

Type		Climate-related risk items	Financial impacts: 4°C scenario	Financial impacts: 1.5°C scenario	MIURA's business risks	MIURA's business opportunities
Transition risks	Regulatory policy	Carbon pricing (carbon taxation)	Low	High	• Carbon taxation and other forms of tax hikes drive up the price of crude steel, the production of which emits a significant amount of CO_2, and raise the manufacturing costs of our steel-encased products.	• Zero-emission products that generate clean steam have a chance to create a value-added market. • Business demand grows for solutions for reducing CO_2 emissions, such as more energy-efficient equipment and facility-wide energy management systems. • Increasing climate-induced water risks and growing corporate needs for energy- and water-saving solutions drive up the demand for water-treatment equipment. • Sales of hydrogen-powered boilers increase to business customers that seek to make greater use of cleaner hydrogen energy.
		Restrictions on the use of fossil fuels			• A slowdown in the growth of industries that rely on fossil fuels or a radical shift to a carbon-free economy diminishes the demand for our boilers.	
		Administrative guidance and regulatory restrictions on products and services in use	Medium	Medium	• Climate-induced risks of water scarcity increase. (Little impact on MIURA's manufacturing operations)	
	Technology	Advances in low-carbon technology and change in energy mix	Low	High	• Emerging technologies for mitigating climate change make our legacy technologies obsolete, which makes our products less competitive in the market or affects our market share.	
	Market	Change in raw materials costs Purchase price of steel	Low	High	• In a society going all electric, surging demand for metal resources creates shortages in materials and drives up their prices.	
Physical risks	Acute	More intense extreme weather events, such as typhoons, storms, landslides, and storm tides	High	Medium	• A devastating natural disaster causes severe damage to our plants and offices and disrupts our manufacturing operations, which undermines the trust and confidence customers have in our products and services and adversely affects their sales.	• Business demand grows for dual-fuel equipment—such as small once-through boilers with gas/oil switchable combustion—that meets BCP needs, cogeneration systems (exhaust-gas boilers) capable of continuing to generate electricity and heat even during a power outage or in the aftermath of an earthquake, and quick disaster-recovery solutions, including the diversification of equipment. • Climate change (rising temperatures) will increase the demand for cooling equipment, and will expand related businesses.
			High	Medium	• A disruption in parts delivery from suppliers prevents us from keeping them in sufficient stock and meeting manufacturing schedules, thus causing a loss of sales.	
	Chronic	Rising average annual temperature	High	Medium	• Average temperature rises to an extent that exceeds the capacity of cooling equipment. (Little impact on MIURA's manufacturing operations)	

Note: The level of financial impacts (high, medium, low) represents a relative value based on quantitative and qualitative analyses.

Strategy and Initiatives for MIURA's Equipment Sales Business in Japan

Stage 1 from FY2023 through FY2031	Stage 2 from FY2032 through FY2051
Pursue every energy-saving opportunity and develop carbon-free technology solutions	**Step up developing carbon-free equipment, including machines that run on renewable energy**
As a 100% carbon-free energy infrastructure has yet to be widely available, we will make the best use of our legacy technology solutions to assist business customers in achieving greater energy-saving performance, and will assist them in switching to low-carbon fuels and equipment to reduce CO_2 emissions. Concurrently, we will develop carbon-free technology solutions to be fully deployed from FY2032 onward.	As a 100% carbon-free energy infrastructure expands, we will offer business customers equipment that runs on renewable energy and progressively switch to developing and marketing carbon-free equipment.
• Identify energy-related operational issues that business customers may have in their plants and provide customized total energy-saving solutions • Offer business customers heat pumps and heat-recovery compressors that best complement their legacy equipment, in order to achieve greater energy efficiency	• Develop technology for hydrogen-powered equipment, and expand its offerings and sales • Partner with other companies to offer upgraded carbon-free solutions and pursue broader business opportunities

4. Metrics and Targets

The Company considers climate-related impacts as one of the most critical issues to the Group and has established long-term GHG reduction targets, as shown below, to mitigate environmental impacts associated with our business operations, as well as the products and services we market. We will continue our efforts to achieve the Group's GHG reduction targets and keep track of our performance.

		Reduction targets for Scope 1 and 2 emissions and actions to be taken (GHG emissions as defined in the Act on Promotion of Global Warming Countermeasures of Japan)	Reduction targets for Scope 3 emissions and actions to be taken (GHG emissions per revenue unit in Japan)
Base year		FY2014	FY2020
Reduction targets	By FY2031	Down 50% • **Reduce Scope 1 emissions to 3,922 tCO_2** by shifting marketing focus to gas-powered boilers to reduce CO_2 emissions resulting from testing equipment conducted in a plant • **Reduce Scope 2 emissions to 3,549 tCO_2** by streamlining operations, switching to equipment of greater energy-saving performance, and purchasing electricity generated from renewable energy sources and nonfossil fuels	Down 40% Offer business customers gas-powered, more energy-efficient boilers, exhaust-heat and unused-heat recovery systems, and facility-wide energy-saving solutions
	By FY2051	Down 100%, to achieve carbon neutrality	Down 100%, to achieve carbon neutrality Switch boiler fuels to hydrogen- and ammonia-based fuels, take a methanation approach, and offer comprehensive carbon-free solutions to more business customers

GHG: Greenhouse gas
Scope 1 emissions: Direct GHG emissions that occur from sources controlled or operated by a business, such as emissions associated with fuel combustion and industrial processes
Scope 2 emissions: Indirect GHG emissions associated with the use of electricity, heat energy, and steam supplied by other companies
Scope 3 emissions: Indirect GHG emissions not included in Scope 1 or 2 emissions (emissions by other businesses associated with operations of a business)

Talent Management

MIURA's Stance on Talent Management

True to the MIURA Group's Motto "We create an inspiring and accommodating workplace where we take pride in what we do," we respect the personality and individuality of our employees, provide them with a safe working environment and competitive terms of employment, develop their talents and skills, and offer them opportunities to grow personally and professionally.

Types of talent we look for

MIURA serves business customers around the world by providing industry-leading products and services developed with our proprietary technologies in the fields of energy usage and environmental conservation. To fulfill this objective, we train our employees to attain excellence in engineering and manufacturing, sales and marketing, and maintenance and service so that they can deliver customer success in markets around the globe. We seek talent who can think and act on their own initiative and have a positive mindset, a willingness to keep pushing themselves, and the ability to remain optimistic—even in the face of formidable challenges.

Talent Development

Making our talent base more robust

In addition to encouraging employees to embrace and act on MIURA's Mission and Motto, we train them to attain professional excellence in the fields of engineering and manufacturing, sales and marketing, and maintenance and service. This is because we believe talented employees are the source of our competitive advantages. We also develop self-driven high achievers and cultivate a pool of employees capable of working in a cross-cultural environment to support the Group's international business.

Extensive training programs

Our training programs are tailored to employees' job descriptions and professional needs. They are intended to foster employees' individuality by training them by job title hierarchy, as well as by job category. We also provide training for global managers. After having been put on hold at the height of the pandemic, 312 training sessions were held during FY2023, attended by a total of 3,971 employees.

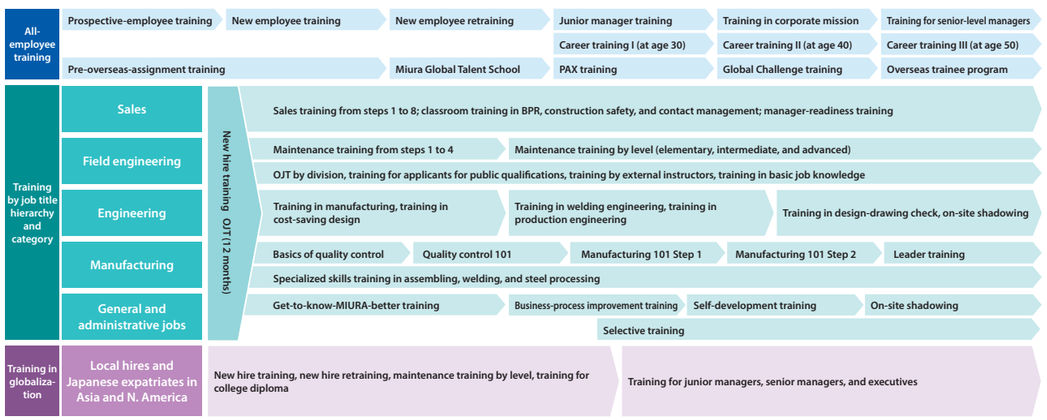
Miura Global Talent School

As we expand business globally, we train employees to prepare them for overseas assignments. Employees who work in sales and maintenance departments of Group companies in Japan and seek to work overseas are provided with training in speaking and writing English. They are offered opportunities to travel internationally with corporate executives. During FY2023, 29 employees attended the school, developing skills essential for overseas assignments.

Talent assignment, rotation, and appraisal

The Company assigns and rotates employees based on its business strategy, talent map, long-term talent development plans, and the principle of "the right person in the right place." In addition, we have a "free agent" system and a management-by-objective system, which allow employees to request a transfer to a different department directly to the head of the human resources department. This arrangement offers employees greater opportunities to take advantage of their specialist skills in different roles.

Training Programs by Job Title Hierarchy and Category (abbreviated)



All full-time employees are evaluated and treated fairly. They are appraised on their performance twice a year and on their competence once a year. Evaluations are based not only on what they have accomplished, but also on how they have accomplished it. To ensure fairness of appraisal, all managers and above of each business division participate in performance review meetings.

Employee engagement surveys

Since 2006, the company has conducted an annual survey of all employees to gauge their level of engagement. The survey asks questions about their understanding of MIURA's Corporate Mission, willingness to change the way they work, pride in their jobs, trust of others, skill development, goals and assessments, teamwork, perceptions of executive mentoring programs, and compliance. Survey results are reported at the Management Meeting. Each department receives feedback on the level of engagement of their members, so that they can use the findings to improve their respective workplace environments. An average score of 0.5 or higher for any item is considered "acceptable." The overall average score of 0.81 for FY2023 indicates that the majority of employees responded positively to the questions.



Developing heat-energy consultants who deliver customer success

ISHIZAKI Shigeru
Manager of the Training Department

At MIURA, we designate employees as heat-energy consultants who are publicly certified to have specialist skills in energy management, electricity handling, plumbing, and high-pressure gas handling, and are capable of offering the right total solutions to business customers and maintaining good relationships of trust with them. They receive incentives and perquisites in addition to regular wages. In addition, employees who show high potential to become heat-energy consultants are designated as heat-energy masters.

The Training Department places a high priority on developing heat-energy consultants who can offer not just maintenance of MIURA products but also comprehensive heat-energy solutions to industrial customers. We assist candidates in hands-on training and acquiring public qualifications.

Promoting Workplace Diversity and Inclusion

Empowering female employees

We provide career development support to our female employees. For instance, we encourage them to take external training courses and exchange ideas with their counterparts at other companies to broaden their professional perspectives. In addition, we have been developing and promoting female employees to managerial positions to meet the Company's target of assigning 3% of those positions to women. In FY2023, three female employees were promoted to manager positions. As of the end of the year, we had 22 female managers and above, accounting for 3.3% of all managerial positions. Over the past few years, we have updated our internal job-posting system to expand job categories in which female employees can play an active role. These efforts enable us to identify career-driven women and assist their career advancement[1].

Furthermore, in May 2022, MIURA acquired Eruboshi (L-star) certification Level 3 (moving up from Level 2), based on the Act on Promotion of Women's Participation and Advancement in the Workplace. We will continue to promote job rotation among group leaders and assistant managers, hold off-site meetings among company executives and female managers, and hire female mid-career professionals as field engineers and sales staffers. This is intended to systematically increase the number of female candidates for managers and promote them to more senior specialist positions.

1. For details, refer to the section "Talent assignment, rotation, and appraisal" on page 49.

Global talent

Employees of non-Japanese nationalities have been playing increasingly larger roles in the MIURA Group. As of March 31, 2023, a total of 1,838 foreign nationals, or 30% of the Group's total workforce, are on the payroll at 17 overseas locations. The number is expected to grow as the Group expands its business in international markets. We hire outstanding talent, regardless of nationality. We have five non-Japanese employees working on design, product development, and as field engineers, around the globe.

Gender-free job posting for field engineers encourages female applicants

In January 2023, we launched the Neo FE Project to encourage female employees to apply for the field engineer position. The project includes hiring female college graduates and mid-career professionals interested in becoming field engineers, as well as recruiting internally for the position. Having teams of qualified field engineers is critical for MIURA to become a Super-Maintenance Company. We are creating a workplace environment in which field engineers—male, female, and senior— feel comfortable doing their jobs.

Creating Accommodating Workplace

Providing more flexible working arrangements for employees

To become an excellent company to work for, we seek to create a workplace environment in which each of our diverse employees can achieve their full potential. More specifically, we empower female employees and offer flexible working arrangements to enable employees to enjoy a better work-life balance.

Our super-flexible working hours, introduced in April 2019, are available to all full-time and semi-full-time employees (except shift workers), including those who work shorter hours to provide childcare or nursing care. The usage rate of annual paid holidays was 82.1% among employees for FY2023, up 17.2 percentage points from the year before. To allow employees to take paid holidays without hassle, we encourage them to create a personal holiday schedule at the beginning of the year, consider taking three- and four-day holidays, and take personal anniversary leave. Average overtime per employee for FY2023 increased 7.1% year on year to 24.2 hours per month. This was partly because we had a project going on to upgrade the Company's ERP system, and partly because of an increase in employee turnover rate. We intend to reduce overtime to 20 hours per employee, per month, by encouraging them to work more efficiently and productively, while giving more discretion to them at work.

Supporting employees' family responsibilities

MIURA provides a variety of programs to support employees' family responsibilities, including caregiving for their children and other family members. The percentage of male employees who took childcare leave, including those who took paternity leave, was up from 24.0% in FY2022 to 47.0% in FY2023.

The return-to-work rate after taking childcare leave was 100% among men and 94% among women in FY2023.

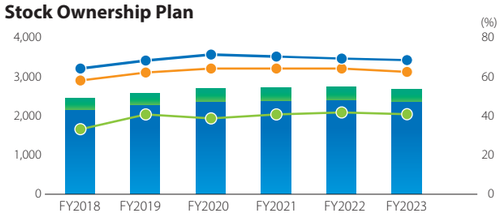
Official Kurumin certification symbol granted to a company recognized as supporting employees' family responsibilities

Employee welfare programs

We provide a variety of employee welfare programs. In addition to offering company houses and dormitories, we have in place "super-flexible working hours" and "no-overtime days," to encourage employees to better manage their time. We also subsidize employees for the cost of taking online training courses and acquiring professional qualifications.

To help employees build their own financial assets, we have a variety of programs in place. They include programs for providing for their post-retirement needs, such as a defined contribution pension plan, individual defined contribution plan, and an asset-building pension plan. We also assist employees in saving money to buy houses and for children's education, by offering a subsidy for an employee stock ownership plan, an asset-building savings plan for housing, home ownership support, an installment savings plan, and a tax-free investment program, NISA. Furthermore, we offer condolence money to surviving family members of deceased employees and a scholarship pension to their children.

Number and Percentage of Members on the Employee Stock Ownership Plan



Membership of the Employee Stock Ownership Plan (left axis)
- MIURA CO., LTD.
- Group companies in Japan (INAX CORPORATION, KITANIHON BOILER CO., LTD., YABUSAME CO., LTD., and HAYABUSA MAINTENANCE CO., LTD. not included)

Percentage of membership to total headcount (right axis)
- MIURA CO., LTD.
- Group companies in Japan (INAX CORPORATION, KITANIHON BOILER CO., LTD., YABUSAME CO., LTD., and HAYABUSA MAINTENANCE CO., LTD. not included)
- Total

Labor-management dialogues

Mitomo-kai was established in February 1970 as a voluntary organization of employees to promote healthy labor-management engagement. As a forum for labor-management talks, the Management Council convenes half-yearly with members of the Company's leadership team. Mitomo-kai maintains good relations with management, discussing the Company's employment policy and practices, compensation scheme, corporate management plans, bonuses and pay raise rates, promotion of paid holiday utilization, and overtime reductions.

Statistics on Flexible Working Arrangements at MIURA CO., LTD.

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Average overtime (hours per employee per month)	21.8	20.0	21.5	22.7	21.3	22.6	**24.2**
Average number of annual paid holidays taken per employee*	14.3	14.7	14.5	12.9	14.0	12.7	**16.0**
Usage rate of annual paid holidays*	73.5%	75.6%	74.8%	66.1%	72.1%	64.9%	**82.1%**
Number of employees eligible for flexible working hours	135	1,291	2,708	2,760	3,031	3,051	**3,257**
Percentage of employees rehired at age 60	88.9%	86.7%	92.1%	84.6%	87.5%	88.6%	**92.9%**

*Numbers were retroactively revised for greater accuracy.

Respecting Human Rights

MIURA Group Human Rights Policy

Respecting human rights is one of the essential elements of the MIURA Group Code of Conduct. To reaffirm our commitment to respecting human rights, we established the MIURA Group Human Rights Policy in January 2022. This policy embodies the spirit of the Ten Principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights. To fulfill its responsibilities as a global business, the MIURA Group adheres to both its human rights policy and code of conduct.

Anti-harassment policiy and practices

There is no room for harassment at MIURA. We have the following anti-harassment policy and practices in place:
- The company's work rules prohibit harassment in the workplace.
- Its disciplinary code states that any harassment in the workplace is subject to disciplinary action.
- Employees can report or consult on cases of workplace harassment anonymously with external and internal hot lines. Their contact information is provided on the Company's internal portal site.
- The consultation desks also provide advice on LGBTQ issues.
- The company's Guidelines for Harassment Prevention in the Workplace stipulate that: (1) The Company must give due consideration to the protection of the privacy of the person who reports a case of harassment and that of an alleged harasser when investigating the allegation of harassment; and (2) The Company must not treat any employee unfairly for reporting a case of harassment or assisting the Company with an investigation of a case of alleged harassment.
- We train employees in human rights.

Training of newly promoted managers includes a workshop on diversity and inclusion that covers consideration for LGBTQ minorities and respect for human rights. In addition, in December 2022, all employees took an e-learning course on business and human rights.

Occupational Safety and Health

MIURA Group Commitment to Employees' Wellness

Under the motto "We create an inspiring and accommodating workplace where we take pride in what we do," the MIURA Group places the highest priority on ensuring the health and safety of employees in all aspects of its business operations, and is committed to investing in employees' mental and physical wellness.

Occupational safety and health programs

At MIURA, workplace safety and health is promoted by the Safety and Health Committee, the Safety and Health Officer, safety administrators, health administrators, safety and health promoters, and industrial physicians, in accordance with the Safety and Health Policy declared by the Safety and Health Officer. We promote workplace safety through programs such as 5S (Sort, Set in order, Shine, Standardize, Sustain) Drive Months, training for predicting near-miss accidents and hazards, risk assessments on newly installed manufacturing equipment, and community activities to keep the number of annual traffic accidents under 80, as well as by welcoming ideas for safety slogans from employees.

Safety and Health Committee

The Safety and Health Committee implements safety and health initiatives in accordance with the Committee Rules, which stipulate its makeup, operation, and agenda for investigations and deliberations. In addition to company-level activities, each office and engineering division has its own safety and health committee, which convenes every month to address the issues most relevant to them.

Investing in employees' wellness

The MIURA Group is committed to investing in maintaining and promoting the mental and physical well-being of its employees.

Under the oversight of an executive in charge of general affairs, the Safety and Health Management Section of the General Affairs Department works with the Human Resources Department and MIURA Group Health Insurance Association to promote healthy lifestyles of employees. They review the results of employee health promotion programs in the Collaborative Health Project regularly to make continual improvements. In recognition of these efforts, MIURA CO., LTD. was certified as a Large Outstanding Health and Productivity Management Organization for 2023*, and MIURA AQUATEC CO., LTD. was certified as a Small-to-Medium Outstanding Health and Productivity Organization for 2023*.

*A program run by the Ministry of Economy, Trade and Industry and the Japan Health Conference to recognize organizations for outstanding health management

Certification marks for corporations recognized for outstanding health management: Left for large organizations; right for small-to-medium organizations

2023 健康経営優良法人 Health and productivity

2023 健康経営優良法人 Health and productivity

Quality Management

MIURA's Stance on Quality Management

True to the MIURA Group Code of Conduct, we earn and retain the trust of customers by continually upgrading our technologies and using them to enhance the quality of our products and services.

MIURA Group Commitment to Quality Management

Quality Policy

True to our corporate statement of "becoming the best partner of customers in the fields of heat, water, and the environment," all our employees adhere to the following guidelines:

Quality Action Guidelines

1. Meet all relevant legal and regulatory requirements and make safety our highest priority in product development and manufacturing
2. Create and deliver socially relevant, high-quality products and services that meet customers' expectations
3. Provide the best-in-class Technoservice to earn and retain the trust of customers
4. Develop and provide environmentally friendly products and services to meet social needs
5. Improve quality continually from the corporate-level and global perspectives

Quality Management

Quality management structure and responsibility

A Business Management Representative (BMR), appointed by the Chief Quality Officer (President & CE), oversees the Company's quality assurance. The Quality Action Guidelines stipulate that the BMR ask business units and divisions to formulate annual quality management policies.

In addition, a Quality Management Representative (QMR), appointed by the BMR, leads the Company's quality assurance programs to meet customers' quality requirements in accordance with the Quality Management System (QMS). The QMR reports to the BMR from time to time on how the Company's QMS is working and whether there is a need for improvement, as well as how quality assurance programs are carried out.

Management review

Management reviews are conducted annually to assess the effectiveness of the QMS. Reviews look at feedback on customer satisfaction, achievement of quality targets, and conformity of products and services with design specifications, as well as instances of product defects and corrective action taken.

Quality Improvement Meeting

We have a Quality Improvement Meeting every month. At this meeting are reviewed improvements to products that received customer complaints, the progress in quality improvement projects, and reports on serious incidents and their corrective and preventive measures.

Quality Management System (QMS)

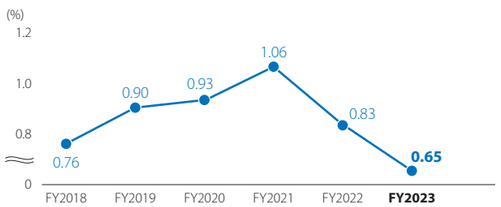
MIURA's QMS is documented as the QMS Operational Rules and is audited annually by an independent quality management assessor. In FY2023, the Company's internal audit found that our QMS practices met 94% of assessment criteria, and an external assessment uncovered no irregularities in our practices. Based on audit results, the BMR and QMR ask the relevant departments to take corrective action for quality improvement as part of efforts to continually improve the Company's QMS.

Addressing product defects

The Company's QMS Operational Rules require that product defects be identified and managed in a timely manner, to prevent products and services that fail to meet customers' requirements from being shipped or used.

To prevent product defects and reduce the costs of correcting defects over the long term, each department monitors its performance against KPIs, including the ratio of the costs of dealing with customer complaints about product quality to revenue. We respond promptly to serious incidents caused by our products and services in the market and prevent their recurrence in accordance with the Serious Incident Handling Guidelines.

Percentage of Expenses of Addressing Customer Complaints to MIURA's Revenue

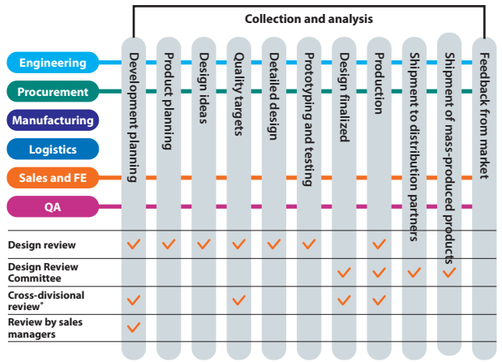


Vigorous risk assessment in product development

The MIURA Group assesses risks associated with its product development to ensure product safety. Early in the product design and development phase, we first identify potential hazards that may occur at any stage of the life cycle of a product. We then incorporate into product design the measures for protecting users and their properties against the potential hazards.

Internal risk assessors receive training in why and how risk assessments are conducted before starting assessments on their own.

MIURA's Product Development Process (M-QMS)



*A joint review conducted by members of the design, procurement, manufacturing, logistics, field engineering, and QA departments

Quality assurance training for employees

During FY2023, all 121 new hires received training in the basics of quality assurance. A total of 86 engineers participated in training to learn how to perform risk assessments. In addition, 13 employees participated in a training program to become internal assessors certified to ISO 9001.

Quality management in global operations

MIURA established a quality support section in 2011, which assisted Group companies outside Japan in quality management of MIURA products. When a new plant becomes operational or the assembly of new products begins at an overseas subsidiary, members of the section travel to assist local staff in following the same level of quality management practices as in Group companies in Japan. The benefit of providing on-site assistance is that we can demonstrate to local staff intuition- and experience-based practical know-how and skills. This approach helps them learn technical skills hands-on.
In 2016, we started conducting standardized training programs for new hires across Group companies outside Japan. We invite their trainers to Japan and train them in developing training programs and methods. A regional welding competition provides locally hired engineers with an opportunity to hone their welding skills and become more quality-conscious. We intend to exchange ideas and information about quality management more frequently among MIURA plants around the globe to achieve greater operational safety, quality, and productivity globally.

Quality Control of Maintenance Services

Quality control to support maintenance services

(1) Pursue greater standardization of design and manufacturing
(2) Conduct design reviews to improve design quality
(3) Improve the quality of products and services based on a KPI for instances of emergency repairs
(4) Keep track of instances (percentage) of quality irregularities detected in the manufacturing phase and those detected in the market, and review them at quality management meetings to improve quality
(5) Take preventive measures based on the guaranteed-behavior method and root-cause analyses (Product quality)

When a serious quality incident or customer complaint occurs, we take action to prevent the recurrence, including improving the quality of the product in question, updating its maintenance manual, and training employees of relevant departments. We also update installation and inspection guides.

Extending QMS programs globally

The MIURA Group Global Quality Assurance Rules stipulate that QMS programs be carried out by each Group company outside Japan, based on its quality policy and the Global Business Headquarters' strategic policy. A self-assessment of quality performance is conducted in each country in which we operate, using a quality-audit checklist prepared for Group companies outside Japan. If deemed necessary, members of the Quality Assurance Department conduct on-site assessments of their quality performance and provide guidance on quality management. The Quality Control Division receives a monthly QMS report from overseas Group companies to assess their quality management performance and, if necessary, advises them on improvement.

Heads of Group companies in Asia and the Americas provide updates at regional meetings on their quality management achievements and challenges.

Supply Chain Management

MIURA's Stance on Supply Chain Management

The MIURA Group works closely with its suppliers to establish and maintain responsible supply chain management. Our priority in supply chain management is to use a supply of high-quality materials to manufacture reliable, high-quality products. Furthermore, maintaining good relationships of trust with suppliers, observing relevant laws and regulations, preserving the environment, respecting human rights, and preventing the occurrence of bribery are key to achieving mutual growth for MIURA and its suppliers, as well as to achieving a sustainable society.

Sustainable Procurement

Sustainable procurement

We sign a basic agreement with suppliers, which includes a clause on environmental preservation stipulating that both parties mitigate environmental impact of our operations by reducing waste, saving resources and energy, and promoting recycling efforts. In August 2021, we published on our website the MIURA Group Sustainable Procurement Guidelines, consisting of 11 principles including the prohibition of the use of conflict minerals, and shared them with our suppliers.

Green procurement

We published the MIURA Group Green Procurement Guidelines in October 2017 as our commitment to manufacturing and providing environmentally responsible products. Under these guidelines, we regularly evaluate types and amounts of chemical substances contained in our products. We provide a guarantee that our boiler chemicals contain no hazardous substances, and we use green procurement options to expand the scope of evaluation. In addition, environmental performance and compliance of our suppliers are assessed regularly.

BCP for procurement

In FY2023, we reassessed the risk management of overseas suppliers and a list of equipment parts subject to BCP standards. For FY2024, we will review the safe level of inventory of key parts.

We experienced delays in deliveries of parts from suppliers during FY2023, as they had substantial back orders at the height of the pandemic. However, we had no disruptions in manufacturing or field engineering projects as we managed to optimize the balance between factory inventory and for-sale inventory.

We plan to undertake the following two initiatives for FY2024:
1. Continue to procure materials and components and operate production lines in a manner to achieve the goals outlined in the MIURA Green Shift Initiative, which is our commitment to using no hazardous chemical substances in our products
2. Prohibit the use of conflict minerals

Working with suppliers to achieve better quality

The Production Management Division coordinates with the Engineering Department, manufacturing companies in the Group, the Procurement Department, and our suppliers to continually improve the quality of our products. The objective is to produce higher-quality products at lower cost and on a shorter lead-time.

Annual Supplier Summit

We began to recognize an exceptionally high-performing supplier as a Top Supplier (TS) in March 2009. We have eight such suppliers (collectively TS8) today, with whom we pursue a shared vision, achieve a higher level of QCDF[1], and maintain long-term win-win relationships of trust. In an annual Supplier Summit, MIURA's President & CEO and other members of the leadership team meet with their counterparts in the TS8. At this meeting, we review the suppliers' QCDF performance against targets, as well as the results of their self-assessments, to exchange ideas for improvement.

1. Quality, Cost, Delivery, Flexibility

PC (Process Change for the Better) Association

MIURA's engineering and procurement teams and members of the TS8 and other key suppliers get together to find ways of improving manufacturing methods and design quality. The reduction in processing time achieved in the manufacturing lines as a result of these sessions is translated into savings in energy consumption, which leads to a reduction in CO_2 emissions from parts production. These results are reported to the Company's leadership team.

Signing a Declaration of Partnership Building

In July 2021, MIURA signed the Declaration of Partnership Building*, initiated by the Ministry of Economy, Trade and Industry. This is part of our efforts to promote collaboration, coexistence, and coprosperity with our suppliers. We intend to increase the value of the supply chain by assisting our suppliers in improving their productivity and developing and implementing BCP. Under this declaration, we are committed to honoring the terms and conditions of our business with suppliers to build lasting relationships.

For details about the Declaration of Partnership Building program, visit the website of the National Association of Small and Medium Enterprise Promotion Organizations at:
https://www.biz-partnership.jp/index.html

Community Outreach Programs

MIURA's Stance on Community Outreach

As part of its ambition to become a 100-year company, the MIURA Group has joined forces with other companies and organizations around the world to pursue the UN Sustainable Development Goals (SDGs). This is the basis for our CSR initiatives. We carry out a variety of social and community outreach programs as part of our efforts to play an instrumental role in helping communities in which we operate to achieve sustainable growth and social well-being. Our SDGs-driven programs include providing educational support, preserving the environment, and supporting community engagement.

Key Initiatives

Cross-industry project for environmental education for the youth

In FY2022, MIURA joined forces with Imabari Yume Sports Co., Ltd., Daiichi Printing Co., Ltd., and a local private junior high school to launch the "Kaming Back Project," an initiative to help achieve a resource-circulation society by upcycling used paper. This project made it to the Annual Report on the Environment 2023, published by the Ministry of the Environment, as a case study of using PaperLab* to circulate resources and promote engagement among residents of a community.

*Paper-recycling machine marketed by Seiko Epson Corporation



Demonstrating how used paper is recycled into new paper

Organizing a food drive

MIURA organizes a food drive, which is intended to reduce food loss and deliver food to community members in need. The food brought by community residents was donated to children's cafeterias and other organizations, through the Chamber of Commerce and Industry. We received an enthusiastic response from participating employees. We organized the first drive in FY2022 and the second one in FY2023.



Food donated by community residents

Award-winning blood drive

MIURA received a silver certificate of commendation from the Japanese Red Cross Society at the 58th annual National Convention for the Promotion of Blood Donation Campaign, held on July 14, 2022. This certificate is awarded to businesses and organizations that have continued blood donation activities for many years. At this convention, MIURA was recognized for having organized blood drives for more than 15 years. MIURA employees participate in blood drives regularly held at our head office and at one of our plants in Matsuyama, Ehime Prefecture.



Receiving a silver certificate of commendation

Support for arts and higher education

As part of our community outreach programs, MIURA supports arts and higher education. The Miurart Village art museum, conceived by MIURA founder MIURA Tamotsu (1928-1996), showcases artworks collected from around the world and is open to the public. MIURA donated a research institution to Ehime University to promote collaborative projects among businesses, government agencies, and universities.



Miurart Village art museum



MIURA Memorial Hall, donated to the Department of Science and Technology for Biological Resources and Environment in the Faculty of Agriculture, Ehime University

Part 3

Upgraded Corporate Governance

Designated as Mechanical Engineering Heritage



The Model ZP, MIURA's first small once-through boiler introduced in 1960, was designated as the Mechanical Engineering Heritage No. 75 by the Japan Society of Mechanical Engineers in 2015, for its contribution to improving the living standards in Japan.

How MIURA'S Corporate Governance Has Evolved

We began to put internal systems and rules for corporate management in place in the early 1970s, in preparation for being listed on stock exchanges. Ever since our stock got listed on stock exchanges in the early 1980s, we have been continually enhancing the Group's corporate governance framework and practices.

In 2004, we created Executive Officer positions, responsible for executing day-to-day business operations, whose roles are separated from those of Directors, who are responsible for making corporate-level decisions and overseeing the execution of operations. Entrusted Executive Officers, introduced in 2021, are allowed to use their autonomy and specialist expertise to make business decisions more flexibly and act faster than Employed Executive Officers do.

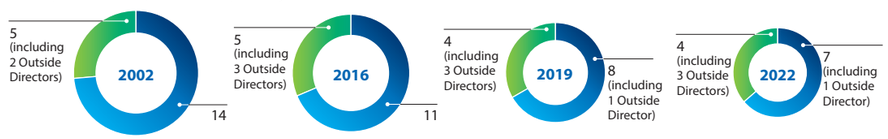
In 2019, before the revised Corporate Governance Code was scheduled to go into effect in 2021, we increased the number of Outside Directors from three to four to meet the requirement of the Code that at least one-third of company directors be outside directors. Since 2020, we have been contracting an independent agency to assess the effectiveness of the Company's Board of Directors in fulfilling its expected roles and duties.

We intend to continue updating and upgrading our corporate governance practices so that we can achieve more effective business operations and oversight, as well as greater transparency in corporate management.

	2000 to 2009	2010 to 2019	2020 to 2022
Institutional design	**2006** • Establishes the Compliance Committee.	**2015** Transitions to a company with an audit and supervisory committee and installs three Outside Directors and Audit and Supervisory Committee members. **2018** Establishes the Nomination and Remuneration Committees. **2020** Establishes the Office of the Audit and Supervisory Committee, staffed with employees who provide full-time administrative assistance to the Committee. **2021** Creates Entrusted Executive Officer positions.	
Systems, rules, and policies	**2004** Creates Executive Officer positions and establishes Rules for Executive Meetings. **2005** • Rules for Corporate Advisers **2006** • Crisis Management Manual • Rules for the Compliance Committee • Rules for Whistleblower Protection • Guidelines for Confidential Information Management • Rules for Timely Disclosure of Company Information • Rules for Security Export Control **2007** • Rules for Information Management **2008** • Guidelines for Harassment Prevention • Basic Rules for Risk Management • Operation Rules for Reporting on Internal Control (compliant with J-SOX regulations) **2009** • Guidelines for Actions to Be Taken in the Event of Emergencies outside Japan	**2015** Starts board effectiveness assessments. **2010** • Compliance Manual (addressing the Anti-monopoly Act) **2012** • Compliance Manual (addressing the Subcontract Act) **2014** • Guidelines for Actions against H1N1 Influenza **2015** • Rules for Internal Control Audits **2016** • Formulates a business continuity plan. **2017** • Basic Rules for Prevention of the Occurrence of Bribery • Guidelines for Entertaining Public Officers **2018** • Redefines the roles of Audit and Supervisory Committee. **2019** • Reorganizes the Executive Meeting into the Management Meeting. • Delegates part of executive authority formerly held by the Board of Directors to the Management Meeting. • Reassesses authority vested in the President and other Executive Officers. • Establishes the Internal Audit Office, which reports to the Audit and Supervisory Committee.	**2020** Contracts an independent agency to assess the effectiveness of the Board. **2021** • First female director appointed. • Rules for Global Internal Audits • Establishes an external whistleblower hotline. • Publishes the MIURA Code of Conduct. **2022** • Consolidates the General Managers' Meeting into the Management Meetings held twice a month.

Makeup of the Board of Directors

Directors (Corporate Auditors or Audit and Supervisory Committee Members not included)
Corporate Auditors, Audit and Supervisory Committee Members





Members of the Leadership Team (as of June 29, 2023)

1 MIYAUCHI Daisuke

Representative Director, President & CEO

June 2016	Representative Director, President & CEO (current)
April 2016	Representative Director, President
July 2014	General Manager of Americas Business Headquarters
July 2012	General Manager of Aqua Business Headquarters General Manager of Environmental Business Headquarters
June 2010	Director General Manager of Metropolitan Area Business Headquarters
July 2009	Executive Officer
July 2008	General Manager of System Innovation Division
January 2006	General Manager of Chubu Management Center
July 2000	President of MIURA BOILER WEST, INC. (currently MIURA AMERICA CO., LTD.)
April 1997	Joined the Company.

2 HIROI Masayuki

Representative Director, Senior Managing Officer

June 2023	Representative Director, Senior Managing Officer
June 2021	Director, Executive Managing Officer Deputy General Manager of Administration Headquarters (current)
April 2019	General Manager of BP Business Headquarters
July 2018	Senior Executive Officer
July 2015	Executive Officer General Manager of BP Business Headquarters
July 2012	General Manager of Sales & Maintenance Support Division
January 2010	General Manager of Kita-Kanto & Shinetsu Management Center
June 2006	General Manager of Sales & Maintenance Support Department
January 2004	General Manager of Ibaraki Branch Office
October 1985	Joined the Company.

3 TAKECHI Noriyuki

Director, Senior Managing Officer

June 2023	General Manager of Laundry Business Headquarters (current) Representative Director and Chairman of INAX CORPORATION Director and Senior Managing Officer of the Company (current)
June 2019	Representative Director, Senior Managing Officer
April 2019	Executive Managing Officer General Manager of Sales Business Headquarters
July 2016	Senior Executive Officer
July 2013	Executive Officer General Manager of Chubu & Kinki Business Headquarters
June 2009	General Manager of Kinki Management Center
January 2006	General Manager of Nagoya Branch Office
August 2003	General Manager of Kyoto Branch Office
April 1984	Joined the Company.

4 KOJIMA Yoshihiro

Director, Executive Managing Officer

April 2021	General Manager of Global Business Headquarters (current)
June 2019	Chairman of MIURA AMERICA CO., LTD. (current)
June 2016	Executive Managing Officer (current)
April 2014	Chairman of KOREA MIURA CO., LTD.
June 2013	Director (current)
July 2010	Executive Officer of the Company
November 2004	Chairman of MIURA INDUSTRIES (SUZHOU) CO., LTD. (currently MIURA INDUSTRIES (CHINA) CO., LTD.) (current)
January 2003	General Manager of SHANGHAI MIURA BOILER CO., LTD.
April 1982	Joined the Company.

5 YONEDA Tsuyoshi

Director, Executive Managing Officer & CTO

June 2023	General Manager of Technical Headquarters General Manager of Production Headquarters General Manager of Marine Machinery Headquarters Deputy General Manager of Laundry Business Headquarters Director and Executive Managing Officer & CTO
June 2022	Representative Director and President of INAX CORPORATION
April 2020	General Manager of Laundry Business Headquarters
June 2019	Representative Director and Chairman of INAX CORPORATION
June 2016	Director, Executive Managing Officer
July 2012	Executive Officer
April 1991	Joined the Company.

6 KAWAMOTO Kenichi

Director, Executive Managing Officer

June 2023	General Manager of Sales Business Headquarters Director and Executive Managing Officer (current)
April 2017	General Manager of MI Division
October 2016	General Manager of Chubu Management Center
April 2013	General Manager of Tokyo MI & Total Solution Department 3
April 2009	General Manager of Niigata Branch Office
April 2007	General Manager of Shonan Branch Office
April 1993	Joined the Company.

7 HIGUCHI Tateshi

Outside Director

January 2020	Commissioner of Japan Casino Regulatory Commission
June 2019	Outside Director of the Company (current) Outside Director of Nippon Gas Line Co., Ltd. (current)
June 2018	Outside Audit and Supervisory Board Member of DAIICHI SANKYO COMPANY, LIMITED
April 2014	Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of the Union of Myanmar
August 2011	Superintendent General
January 2010	Chief of Community Safety Bureau of National Police Agency
March 2009	Deputy Superintendent General and Acting Chief of Personnel and Training Bureau of Tokyo Metropolitan Police Department
August 2008	Chief of Personnel and Training Bureau of Tokyo Metropolitan Police Department
August 2007	Deputy Director General for Policy Evaluation and Deputy Director General of National Police Agency
April 1978	Joined National Police Agency.

8 YAMAUCHI Osamu

Director, Audit and Supervisory Committee Member (full time)

June 2023	Director and Full-time Audit and Supervisory Committee Member (current)
October 2020	General Manager of Audit and Supervisory Committee
April 2019	General Manager of Tokai Management Center
July 2013	General Manager of Ship Machinery Division
April 2013	General Manager of Kita-Kanto & Shinetsu Management Center
January 2010	General Manager of Yokohama Branch Office
June 2009	General Manager of Water Treatment Division
October 2004	General Manager of Kita-Kanto Branch Office
April 1986	Joined the Company.

9 SAIKI Naoki

Outside Director, Audit and Supervisory Committee Member

June 2015	Outside Director and Audit and Supervisory Committee Member (current)
June 2014	Outside Corporate Auditor of the Company
July 2012	Senior Partner of Shikoku Matsuyama Lin Audit Co. (current)
June 2007	Director of the Japanese Institute of Certified Public Accountants
June 2005	External Auditor of Ehime Prefecture (comprehensive external audit)
July 1994	Established Saiki CPA & Tax Accountant Office
December 1983	Registered as Certified Tax Accountant
September 1983	Registered as Certified Public Accountant
October 1980	Joined Showa Audit Co. (currently Ernst & Young ShinNihon LLC)

10 ANDO Yoshiaki

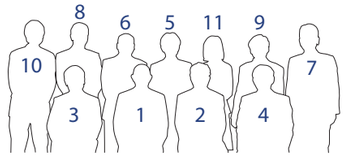
Outside Director, Audit and Supervisory Committee Member

April 2020	General Manager of Auditor's Office of International Christian University (current)
June 2019	Outside Director and Audit and Supervisory Committee Member of the Company (current)
April 2014	Director Member of Audit and Supervisory Committee Member of Remuneration Committee Member of Nomination Committee
June 2010	Director and Executive Managing Officer
April 2007	Executive Officer and General Manager of Corporate Finance Division
April 2005	General Manager of Corporate Finance Division of Konica Minolta Holdings, Inc.
October 2002	Director of Konica Business Machines Co., Ltd. General Manager of Corporate Planning Division
June 1998	General Manager of Planning Department, Business Machines Headquarters of Konica Corporation
March 1994	Executive Vice President and CFO of Konica Business Machines USA., Inc.
April 1975	Joined Konishiroku Photo Industry Co., Ltd.

11 KOIKE Tatsuko

Outside Director, Audit and Supervisory Committee Member

June 2022	Outside Director of Sumitomo Riko Company Limited (current)
June 2021	Outside Director and Audit and Supervisory Committee Member of the Company (current)
June 2019	Outside Director of Origin Co., Ltd. (current)
January 2011	Registered as an Attorney-at-law (Daini Tokyo Bar Association) Joined Ginza Sogo Law Office (current)
October 1981	Freelance announcer
April 1980	Joined Ehime Broadcasting Corp. (currently Ehime Broadcasting Co., Ltd.)



Executive Officers (as of July 1, 2023)

MORIMATSU Takashi	Deputy General Manager ofTechnical Headquarters	**YAMAMOTO Kenji**	General Manager of Ship Machinery Headquarters
IDO Shoji	General Manager of Western Japan Business Headquarters	**OKUBO Tomohiro**	General Manager of Production Headquarters
MIMOTO Junichi	General Manager of Asia Business Headquarters	**SUZUKI Kosuke**	General Manager of Eastern Japan Business Headquarters
INOUE Kazunobu	Director of KOBELCO COMPRESSORS CORPORATION	**NOGAMI Yasuo**	General Manager of Aqua Technical Headquarters
TANIMIZU Kyoko	Deputy General Manager of Administration Headquarters	**MIYAE Naoki**	General Manager of Management Planning Headquarters
HAYASHI Takahiro	General Manager of Western Japan Business Headquarters	**YAMAMOTO Hidetaka**	General Manager of Boiler Technical Headquarters
MIYAMOTO Osamu	General Manager of FE Strategy Headquarters	**FUJIWARA Tatsuya**	General Manager of Americas Business Headquarters
ONO Takumi	General Manager of BP Business Headquarters		

Outside Directors' Active Role of Raising Issues with Long-Term Implications at Board Meetings

■ Deliberations at board meetings

Intensive discussions among board members facilitated through the monitoring of the Management Meeting

HIGUCHI The way I look at MIURA's board meetings, members have candid discussions among themin an accommodating atmosphere. I think that's partly because the chair facilitates discussions well and engages every member. Outside Directors seem to speak more often than other members at the meeting. How do you feel about MIURA's board meetings?

ANDO I feel the same way. There's an argument that a non-executive chairman of a company or an outside director should chair the board to achieve greater transparency in governance. At MIURA, President MIYAUCHI chairs board meetings with governance in mind. He's always ready to listen to what Outside Directors have to say. He invites an objective perspective to discussions. That makes Outside Directors feel comfortable speaking up and expressing themselves straightforwardly.

HIGUCHI Board discussions are substantial, based on insights provided by Executive Officers and input of what's going on in business divisions. We also have practical discussions about risk management and compliance, based on real-world case studies. Those are very positive aspects of MIURA's board meetings.

ANDO That's partly because Outside Directors attend twice-a-month Management Meetings as observers. It gives us a good idea of what's happening at MIURA.

But I sometimes find supporting documents presented at a board meeting too much to digest and hard to understand. I wish contents were more to the point and presented in an orderly manner.

HIGUCHI I agree that presentation decks and pre-meeting briefings have some room for improvement. But the point is, spending more time in preparation for meetings might place an additional workload on the staff. Attending a Management Meeting as observers gives us a pretty good idea of MIURA's day-to-day business and issues, which makes up for shortcomings found in materials presented at board meetings.

While Outside Directors may voice their opinions at a Management Meeting, we have to be careful not to interrupt a smooth flow of discussions among Executive Officers. I attend corporate-level meetings as an observer at other companies, for which I sit on the board as an outside director. In those cases, outside directors play their roles well, without downplaying the key objective of the meetings.



HIGUCHI Tateshi
Outside Director

ANDO Yoshiaki
Outside Director
Audit and Supervisory Committee Member

ANDO The benefit of having Outside Directors at MIURA's Management Meeting as observers is that they can provide additional insights and perspectives to help Executive Officers have more animated discussions. As you just said, a board meeting and a Management Meeting have different objectives. I find a Management Meeting, which is focused on day-to-day business management, is not the right place for Outside Directors to actively engage in discussions. Of course, we speak up or provide additional insights if we find it necessary to do so. It's a good idea for Executive Officers to have a better understanding of the background, implications, and current states behind agenda items prepared for a Management Meeting.

■ How can MIURA evolve into a sustainable business

Employees with a great sense of well-being drive the growth of a company

HIGUCHI As more flexible forms of employment have been gaining ground across industries over the past several years, many companies have been investing in employees' well-being in order to recruit and retain talented people. It's about creating a socially acceptable workplace environment in which employees can remain physically and mentally healthy. Such an approach is the basis for achieving and maintaining sound corporate governance. At MIURA, there's a deep-rooted culture that drives collective efforts to "create an inspiring and accommodating workplace where [employees] take pride in what [they] do." I would suggest MIURA implement initiatives to enhance employee engagement, inspired by this great culture. When employees have a greater sense of well-being, they more likely work productively, and have fewer chances of making mistakes or getting involved in workplace accidents. They will also become more creative in driving innovation. It is MIURA's long-held belief that the source of a company's growth lies in employees' emotional well-being.

ANDO Some financially successful companies exercise corporate governance poorly. It is a CEO's strong commitment that counts for governance. At MIURA, Mr. MIYAUCHI believes in robust governance and is committed to developing an environment and infrastructure to make it work. For instance, the new ERP system that went live at MIURA in May 2023 is a great tool for employees to achieve higher productivity and efficiency at work. The new system will take some getting used to simply because it's new, but I'm sure everyone will adjust and get the most out of it eventually.

Employees' well-being can only be achieved on such a solid foundation of business operations. To drive the growth of a company, fostering greater communication among employees must go hand in hand with investing in achieving greater operational efficiency.

HIGUCHI Exactly. Once such a positive environment and a solid infrastructure are established, another key driver for sustainable growth of the Company is to retain and develop diverse talent. That includes promoting female employees to managerial positions and offering them greater career development options.

ANDO MIURA's leadership team is never content with the status quo—even in good times. They pursue every opportunity to do things better or do more. Good examples are aggressively expanding global operations and extending the Company's core boiler business into businesses built around it. They're always on the lookout for something new and challenging. Entering the laundry equipment business is a case in point. It has grown to a 20-billion-yen business for the Group today. If we had five new 20-billion-yen business lines, that would add another 100 billion yen to the Group's annual revenue, which was 150-plus billion yen for FY2023. MIURA has already gained a solid foothold in the food-processing equipment and medical equipment businesses. I'm excited to see them grow.

It's the human capital that drives the growth of new business lines.
I entirely agree with you that retaining and developing diverse talent is vitally important. In MIURA's core boiler business, teams of qualified "heat-energy consultants" are leading the Company's efforts to offer low-carbon solutions to industrial customers. Their accomplishments are beginning to be well recognized both inside and outside the Company. That's a great morale booster, not just to the team members but also to other MIURA employees, making it easier to recruit skilled talent from outside.

HIGUCHI I agree that the aggressive expansion of global operations will take the MIURA Group to the next level. We need to spend more time discussing the Group's global business strategy at board meetings. To make this strategy work, we must retain and develop talent capable of playing a leadership role in a cross-cultural business environment, and must give employees of non-Japanese nationalities a greater opportunity to achieve their full potential. I'm a member of an expert panel sponsored by the Japanese government to discuss how to make better use of



ANDO Yoshiaki
Outside Director, Audit and Supervisory Committee Member

ANDO Yoshiaki has been playing a management oversight role as the Company's Outside Director and Member of the Audit and Supervisory Committee since June 2019. He has brought to the Company's leadership team his wealth of professional knowledge and insights gained from his experience as executive officer, director/senior executive officer and CFO, members of audit and supervisory, compensation, and nomination committees of Konica Minolta.

non-Japanese workers in the Japanese labor market. The working-age population is projected to shrink by 700,000 people annually in Japan. We need non-Japanese workers to make up for the shortfall. In March 2023, MIURA was designated as an official corporate trainer of foreign technical interns staying in Japan on a training program. MIURA is the third Japanese company to become a designated corporate trainer. Under this arrangement, interns of foreign nationalities come to MIURA to receive hands-on training in boiler maintenance. I hope a time will come when interns who complete training programs at MIURA go back to their home countries to work for local MIURA Group companies. I'd like MIURA to take a much broader perspective to review and update its global business strategy.

ANDO Another key concept in MIURA's corporate management is exercising greater environmental stewardship. In 2022, MIURA started disclosing information about its environmental initiatives based on the TCFD recommendations. Environmental initiatives have a significant impact on MIURA's business operations. Its business divisions have been developing and implementing detailed action plans for achieving the Group's long-term environmental goals. I understand it's a lot of work to prepare for information disclosure and follow through with what the Company has said it will do. But it's a critically important initiative for the Group to thrive.

HIGUCHI The Company has Sustainability Promotion Meetings, which play a key role in driving the Group's environmental efforts. Environmental stewardship is another important subject to be discussed more extensively at board meetings.

■ Direction MIURA should take

Never be content with the status quo, but pursue new business opportunities and turn them into growth drivers

ANDO Mr. MIYAUCHI often says to us that MIURA's original business model of bundling boilers with maintenance services, which dates back more than half a century, was extremely well-designed. It's been a source of profit and a growth driver for the Group. In fact, MIURA has been operating debt-free and achieved an ROE of 10%. Its PBR is more than 2.0. It's an outstanding financial performance brought about by its unique business model. But nothing good is going to last forever. MIURA just can't afford to stay where it is today. We have to have a sense of urgency and go forward. That's Mr. MIYAUCHI's message.

Therefore, I suggest all board members embrace his assertion that "Our business model has been good for the Company for years, but let's move on" and discuss what our next move should be to remain a viable business entity for years to come—by asking ourselves: How do we pursue M&A opportunities? How do we expand our global operations? How do we maintain momentum in our legacy businesses? How do we accelerate the growth of new businesses? Outside Directors don't know every detail of MIURA's businesses, but we can oversee the Company's operations from shareholders' perspective. That enables us to hedge operational risks. The key is to maintain a healthy balance between proactive business management and sound corporate governance. The way I look at it, MIURA is doing a great job on both counts.

HIGUCHI A board meeting should be a place where the CEO shares his philosophy and purpose about corporate management with other board members. The Board also needs to assess constantly whether MIURA remains relevant in the midst of radical social changes. The fact the MIURA Group has thrived well during the pandemic—the most formidable challenge it has ever had since its founding—is proof that it's been extremely well managed for years. But, as Mr. MIYAUCHI says repeatedly, past success will never guarantee future success. If MIURA's Board is to play a constructive role in helping the Group sustain its growth, board members need to define and communicate the criteria by which to evaluate and oversee the Group's day-to-day business operations. As a first step, I would suggest board members ascertain whether the Company's Mission, long-term vision, and business plans are all relevant to today's operating environment and meet society's and shareholders' expectations. Once the board members reach consensus on the fundamental direction the Company is to take, discussion and decision-making of each agenda item should flow logically from there. I don't see any issues with today's Board, but we need to place the Board in the fundamental framework I just talked about to keep it on the right track.

ANDO A company's long-term enterprise value is determined not just by how its stock will perform but, more importantly, by what added value the company can deliver to its shareholders and other stakeholders. No matter how impressive a company's financial performance is today, being content with the status quo and failing to present a go-forward strategy will not gain the trust or respect of shareholders.

It's reassuring to know that MIURA's leadership team has a sense of urgency, with a notion that nothing good is going to last forever and the Company must keep pursuing something new, something great. That's the right attitude. It's good that MIURA updates its three-year management plan annually to keep it relevant in a fast-changing operating environment. I strongly feel the need for the Board to review the progress of the three-year plan more efficiently. In August and December every year, Outside Directors receive updates on the Company's medium-term plan from Executive Officers. That's good, but we must find a better way to monitor the plan's progress using a shorter PDCA management cycle. That's based on my experience in managing business operations in my previous career. MIURA has been investing in sustaining the growth of its legacy businesses while laying the groundwork for growing new businesses. These initiatives have worked so far. The next step is to monitor the progress of those initiatives at board meetings and discuss how we can do better and faster to create greater value, based on a shorter PDCA management cycle.

HIGUCHI Now that you mention it, I think members of the Company's leadership team need to share and buy into the direction the Company is taking and will take, as well as its long-term growth strategy. To that end, we need to use board meetings as an occasion to have more wide-ranging discussions. We must constantly ask ourselves how we can manage MIURA's business more efficiently and effectively and how we can do things differently to sustain the success of the Company.

ANDO The leadership team shares a clear vision of where MIURA wants to be three years, five years, and 10 years from now. The important thing is to turn that vision into a coherent action plan for the next three years and monitor its progress at board meetings.



HIGUCHI Tateshi
Outside Director

HIGUCHI Tateshi has been playing a management oversight and advisory role, especially in the Company's overseas operations, as its Outside Director since June 2019. He has brought to the Company's leadership team his wealth of experience, professional knowledge, and international perspectives gained from his career at government agencies, including the National Police Agency, and private companies.

HIGUCHI A business-as-usual approach to corporate management will not always result in a success, especially when the global economy and society are going through transformative changes in energy sourcing and usage, triggered by global warming. In this challenging operating environment, the Board's role should be to verify that MIURA's business divisions are on the right track to meet social needs. Moreover, the Board needs to ensure that employees embrace and act on MIURA's Corporate Mission and that the Company has a solid foundation on which to implement its business strategies efficiently.

It's the passion embodied in the term "Technoservice" that has made MIURA what it is today. It's good to see the passion of placing customers ahead of everything else and providing the best-in-class technologies and services deep-rooted in employees and managers throughout the organization. With this shared passion in mind, Outside Directors would like to play an instrumental role in helping the Group do social good and sustain its growth.

ANDO I entirely agree. I'll leverage my experience in corporate management to play the role expected of an Outside Director in keeping the MIURA Group on a solid growth track.

Corporate Governance

Corporate Governance Structure

MIURA's stance on corporate governance

MIURA maintains good relationships and achieves mutual growth with shareholders and all other stakeholders. We have established and will continue to maintain a corporate governance structure to ensure the integrity, transparency, and efficiency of our corporate management. At the same time, we have in place a self-governing scheme that enables us to proactively increase the Company's long-term enterprise value.

Furthermore, we continue to make our corporate governance practices more robust and effective by regularly assessing the effectiveness of the Board of Directors to identify and address issues with our corporate governance.

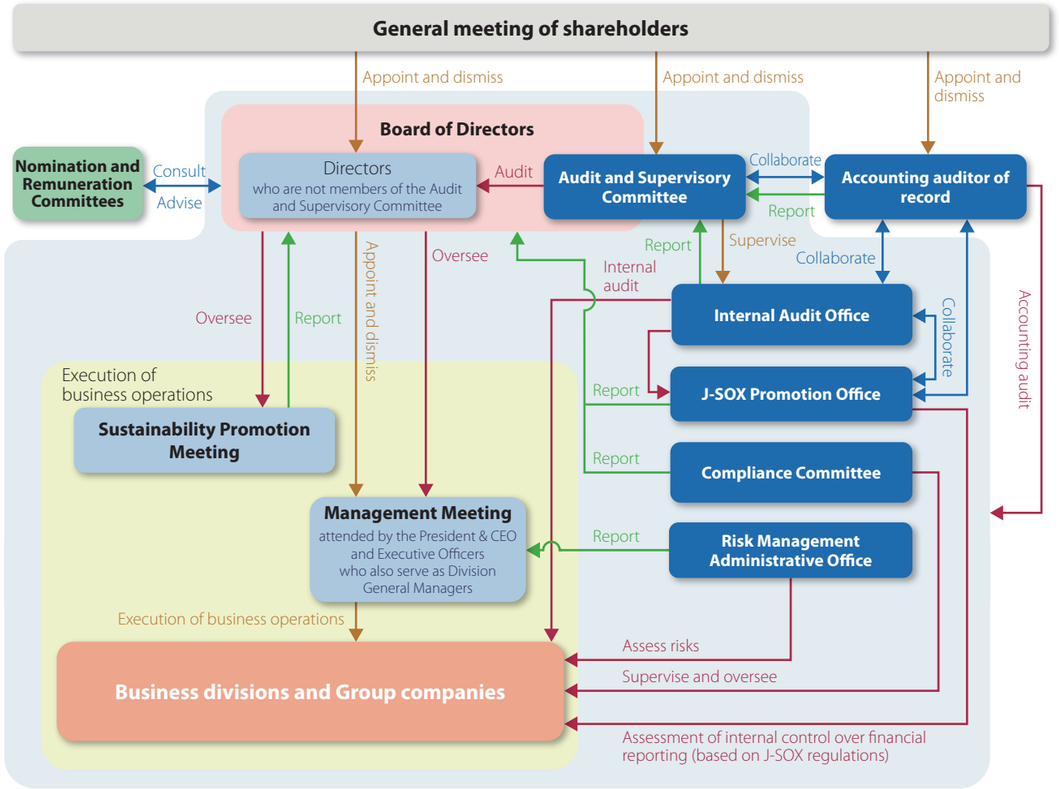
Basic policy

MIURA operates on the three-pronged MIURA Way principle, which is to: (1) Embrace innovation and challenging opportunities; (2) Earn the trust of others through engagement; and (3) Act with fairness and integrity. The Company's corporate governance structure has been built on this principle to ensure the long-term enhancement of its enterprise value.

Corporate Governance Structure

The Company has in place the Audit and Supervisory Committee as part of its corporate governance structure. This arrangement, under which Outside Directors serve as members of the Committee and as voting members of the Board, enables the Board to play a greater oversight role and ensures the transparency and agility of corporate management.

MIURA's Corporate Governance Structure as of June 29, 2023



Corporate-level Meetings and Committees

	Description
Directors, Board of Directors, Management Meeting	To separate the role of executing day-to-day business operations from an oversight role, the Company has in place Executive Officers who execute operations and Directors who make management-level decisions and oversee the execution of operations by Executive Officers. The Board of Directors, which is composed of 11 Directors (as of July 2023), meets every month and on an ad hoc basis to make corporate-level decisions, and to deliberate and resolve matters of significance. The Board also assesses the legality and soundness of the execution of operations by Representative Directors and Executive Directors. The Company's President & CEO and Executive Officers who serve also as division general managers meet at Management Meetings to deliberate and decide on important matters relevant to the Company's business and corporate management.
Audit and Supervisory Committee and its members	Three of the four members of the Audit and Supervisory Committee are Outside Directors, as of July 2023. The Committee convenes every month, on the day of a board meeting. In this session, committee members discuss and approve the Company's audit policy and plan, as well as the division of roles among the members. In addition, committee members review audit results of the Company's and other Group companies' business and financial performance reported by committee members, corporate auditors of subsidiaries, and the Internal Audit Office. Committee members attend the Company's high-level meetings and audit the Company's head office and other offices, as well as its subsidiaries. This is part of auditing and overseeing the performance of the Company's Representative Directors and Executive Officers. Furthermore, committee members work closely with other auditing bodies to ensure the efficiency of audits. They receive briefings from the Company's accounting auditor of record on its audit plans, items, and results, and exchange opinions with the firm as needed. They also receive regular reports and updates from the Internal Audit Office on its audit plans and results.
Internal audit	The seven-member Internal Audit Office, which reports to the Audit and Supervisory Committee, conducts internal audits of the Company's business divisions and subsidiaries to ascertain whether their asset management, accounting practices, and day-to-day business operations comply with the Company's policy and rules, as well as with relevant laws and regulations. At the conclusion of each audit, the Office recommends corrective actions for audited divisions and subsidiaries to take. The Office reports audit results to the President & CEO, Executive Directors, and members of the Audit and Supervisory Committee.
Accounting audit	In accordance with the Companies Act and the Financial Instruments and Exchange Act of Japan, the Company retains Ernst & Young ShinNihon LLC. as its accounting auditor of record, as of July 2023. The Company has no vested interests in the firm or its executive members engaged in audits of the Company.
Non-mandatory Nomination and Remuneration Committees	As of July 2023, both the Nomination and Remuneration Committees are chaired by the President & CEO. Four of the six members of each Committee are Outside Directors. The Nomination Committee reviews the criteria for appointing a Director, a succession plan for the President & CEO position, and proposed appointment and dismissal of a Director to be submitted to a general meeting of shareholders for approval. The Remuneration Committee reviews the level and composition of compensation for Directors, as well as their individual compensation packages. The Nomination and Remuneration Committees convened twice each during FY2023.

Agendas of board meetings convened during FY2023

During FY2023, the Board deliberated and resolved on proposed M&A deals, a share buyback plan, and proposed annual pay raises for employees.

List of Outside Directors as of June 29, 2023

Position	Name	Attendance at board meetings during FY2023	Attendance at Audit and Supervisory Committee meetings during FY2023	Contribution
Outside Director	**HIGUCHI Tateshi**	**Attended all 14 sessions**	**N/A**	Provided valuable insights at board meetings and Management Meetings, based on his wealth of professional knowledge and experience gained from years of service at government agencies. Provided valuable advice at project meetings on the Group's overseas business, based on his international experience.
Outside Director and Audit and Supervisory Committee Member	**SAIKI Naoki**	**Attended all 14 sessions**	**Attended all 11 sessions**	Provided advice on proposed investment and merger and acquisition projects at board meetings and Management Meetings, based on his consulting experience in auditing, tax accounting, and due diligence gained as a CPA and CTA in Japan and overseas. Played a role in enhancing the soundness of the company's management by providing insights at Audit and Supervisory Committee meetings, based on his exchange of opinions as an expert in information disclosure with the accounting auditor of record, regarding key audit matters.
Outside Director and Audit and Supervisory Committee Member	**ANDO Yoshiaki**	**Attended all 14 sessions**	**Attended all 11 sessions**	Provided advice and recommendation on business operations and follow-ups of investment projects at board meetings and Management Meetings, based on his wealth of insights and experience in corporate management gained from his previous career, to ensure adequacy and appropriateness of corporate-level decision-making. Played a role in enhancing the soundness of the Company's corporate management by providing advice on risk management and other aspects of internal control at Audit and Supervisory Committee meetings.
Outside Director and Audit and Supervisory Committee Member	**KOIKE Tatsuko**	**Attended all 14 sessions**	**Attended all 11 sessions**	Provided advice at board meetings and Management Meetings on legal risks and soundness of corporate-level decision-making, as well as on promoting diversity and inclusion, especially empowering female employees, based on her wealth of experience and expertise as a lawyer. Played a role in enhancing the soundness of the Company's corporate management by providing legal insights, as well as advice on internal control, at Audit and Supervisory Committee meetings.

Diversity on the Board of Directors

The Company ensures that a broad range of professional knowledge, experience, and competence is well represented in the Board of Directors. To that end, we appoint as board members those who embrace the purpose of serving diverse stakeholders and have broad perspectives, extensive career experiences—including international experience—and professional expertise. In addition, the Company brings in Outside Directors who have professional credentials in legal affairs, accounting, or academics and who are former executives of other companies.

Given the scope and scale of its business, the Company considers it appropriate to have 6 to 14 Directors who are not members of the Audit and Supervisory Committee and 3 to 5 Directors who are members of the Committee.

A female Outside Director was appointed in June 2021, providing further diversity to the Board, in addition to those who had come on board previously and had professional expertise and international experience.

Cross-holding of stocks

The Company considers it imperative to partner with key suppliers and business customers to sustain its business growth and increase its long-term enterprise value. The Company holds a limited number of stocks of key suppliers and business customers in order to enhance strategic business relationships with them in selling products, securing materials supply, and forming business partnerships. While the Company sees benefit in cross-holding arrangements, the Board, considering the extent of business relationships with such key suppliers and business customers, reviews the Company's cross-holding arrangements annually to determine whether to continue them, based on the following criteria:

- Nature of business relationship between the parties
- Latent loss or profit from the stockholding
- Capital cost
- Annual turnover
- Dividend

Skill Matrix applied to Directors and Member of the Audit and Supervisory Committee (as of June 29, 2023)

The Company appoints as Directors persons who have a wealth of professional experience, a broad range of knowledge, and a high level of competence in various fields. This arrangement enables us to ensure well-coordinated decision-making and management oversight by the Board, to maintain diversity and balance on the Board, and to increase the Company's long-term enterprise value.

Directors	Independence	Scope of Director's knowledge, experience, and competence						Member of Nomination and Remuneration Committees
		Corporate management	Equipment sales and maintenance	International business management	Manufacturing, engineering, and R&D	Legal affairs and risk management	Finance and accounting	
MIYAUCHI Daisuke	N/A	✓	✓	✓	✓			Chair
HIROI Masayuki	N/A	✓	✓		✓	✓	✓	✓
TAKECHI Noriyuki	N/A	✓	✓					
KOJIMA Yoshihiro	N/A	✓	✓	✓	✓			
YONEDA Tsuyoshi	N/A	✓	✓		✓			
KAWAMOTO Kenichi	N/A		✓					
HIGUCHI Tateshi (Outside Director)	✓			✓		✓		✓
YAMAUCHI Osamu (Full-Time Member of the Audit and Supervisory Committee)	N/A		✓			✓		
SAIKI Naoki (Outside Director and Audit and Supervisory Committee Member)	✓	✓		✓			✓	✓
ANDO Yoshiaki (Outside Director and Audit and Supervisory Committee Member)	✓	✓		✓			✓	✓
KOIKE Tatsuko (Outside Director and Audit and Supervisory Committee Member)	✓					✓		✓

Note: This table is not intended to provide a complete picture of professional knowledge and experience that each Director may have.

Assisting Outside Directors

The seven-member Internal Audit Office reports directly to the Audit and Supervisory Committee and provides administrative assistance to Outside Directors who also serve as members of the Committee. In FY2021, the Office of the Audit and Supervisory Committee was established, staffed with employees who provide full-time administrative assistance to the Committee.

Training programs for Directors

The Company provides an in-person or online seminar once a year for its Directors, including Outside Directors, and Executive Officers who are candidates to become Directors. In an in-person session, a visiting speaker talks about the roles and responsibilities, including legal ones, that Directors and Executive Officers are required to fulfill. In addition, the Company subsidizes them with expenses for broadening their professional knowledge.

Total amount of compensation by type of director and by type of compensation

The amount of compensation paid to Directors and Audit & Supervisory Committee Members for FY2023 is provided in the table below:

Amount of Compensation by Type

Type of director	Number of directors	Total amount of compensation (In millions of yen)	Total amount of compensation by type (In millions of yen)		
			Fixed compensation	Performance-linked compensation	Non-monetary compensation
Directors who are not members of the Audit and Supervisory Committee	8	382	243	86	52
Audit and Supervisory Committee Members	4	37	37	N/A	N/A
Total	12	419	280	86	52
Outside Directors included above	4	31	31	N/A	N/A

Notes 1. The amount paid to Directors includes compensation for FY2023 paid to one Director who was not a member of the Audit and Supervisory Committee and retired at the conclusion of the 64th General Meeting of Shareholders, convened on June 29, 2022.
2. The total amount paid to Directors does not include the portion of employees' salary paid to Directors who concurrently served as employees.

Performance-linked compensation

The Company determines the amount of performance-linked compensation for each Director based on the Company's annual consolidated revenue, operating profit, and ROE against targets, as well as the performance of divisions under their management and the achievement of their individually established qualitative targets. We have chosen annual consolidated revenue, operating profit, and ROE as performance metrics partly because they allow us to evaluate various aspects of the Company's business performance for the year and partly because they offer Directors an incentive to play a greater role in bolstering the Company's performance. The Company's financial performance for FY2022 used to calculate performance-linked compensation for Directors for FY2023 was as follows: (1) Consolidated revenue of 143,543 million yen, as opposed to the target of 141,500 million yen; (2) Consolidated operating profit of 19,441 million yen, as opposed to the target of 18,400 million yen; and (3) ROE of 9.4%, as opposed to the target of 10.0%.

Policy on the compensation scheme for Directors

The Company's Board of Directors resolved the following matters on February 16, 2021. These resolutions had obtained the prior assent of the Remuneration Committee and the Audit and Supervisory Committee.

i. Establish the compensation scheme and procedure for Directors in order to achieve the following objectives:

- The scheme must be tied to the Company's business performance and must be transparent and objective.
- The scheme must offer Directors an incentive to play a greater role in bolstering the Company's business performance and increasing its long-term enterprise value.

ii. Policy on an annual compensation package offered to each Director who is not a member of the Audit and Supervisory Committee

The annual compensation package offered to a Director who is not a member of the Audit and Supervisory Committee is composed of fixed compensation, performance-linked compensation, and a medium- and long-term incentive (restricted stock compensation). As a general guideline, the fixed portion accounts for 65% of the total amount of compensation, with the performance-linked portion making up 20% and the stock portion accounting for 15%. These percentages may vary from year to year, depending on the number of eligible Directors by rank, the Company's consolidated business performance for the year, and the appraisal of performance of each Director.

a. The fixed portion of the compensation is paid to a Director in equal monthly installments, based on their rank and job responsibilities.
b. The performance-linked compensation is paid to a Director in equal monthly installments, based on the performance of the company and the division under their management, as well as the achievement of their individually established qualitative targets for the previous fiscal year.
c. The restricted stock compensation is paid to a Director based on their job responsibilities when they are newly appointed and again when they are reappointed. This compensation is intended to encourage shareholder-centric management practices among Directors and offer them an incentive to play a greater role in increasing the company's enterprise value.

A compensation package offered to an Outside Director and a member of the Audit and Supervisory Committee is composed only of fixed compensation. The Audit and Supervisory Committee determines the amount of compensation to be paid to its members, based on the recommendation provided by the Remuneration Committee, which takes into consideration the members' job responsibilities and the comparable compensation level in the market.

iii. Processes for determining compensation packages for Directors

The Company goes through the following processes for determining the compensation scheme and amount for Directors, to ensure transparency and objectivity. The Board of Directors has verified that a compensation package for each Director for FY2023 was put together in a manner consistent with the company's policy on the compensation scheme for Directors, and that, in the process, the recommendations offered by the Remuneration Committee and the Audit and Supervisory Committee were given due consideration in a manner consistent with the policy.

a. The Remuneration Committee, which is composed of the President & CEO, a Director & CHRO, and four Outside Directors, reviews a policy, procedure, and calculation method proposed by the Board of Representative Directors and applied to the compensation scheme for Directors, as well as for a proposed compensation package for each Director, to ascertain whether they are consistent with the roles and responsibilities fulfilled by Directors and are competitive in the market.

b. The Board of Directors authorizes the policy, procedure, and calculation method applied to the compensation scheme for Directors, as well as a compensation package for each Director, proposed by the Remuneration Committee.

Board Effectiveness Assessment

Board effectiveness assessments

The Company conducts annual board effectiveness assessments to ascertain whether the Board fulfills its expected roles and how the Board can work more effectively. The Company's own assessments are complimented by those contracted to an independent assessor to ensure the impartiality and objectiveness of assessments.

Process of a board effectiveness assessment

- **Conduct a questionnaire survey**
  - **February and March** An independent assessor conducted an anonymous survey of all Directors.
- **Interview Outside Directors**
  - **February and March** Members of the Management Planning Division interviewed Outside Directors.
- **Create an assessment report**
  - **April** The independent assessor prepared an assessment report.
- **Identify and share issues**
- **Decide on improvement action**
  - **April** Review assessment results at a board meeting and determine what improvement action to take
- **Implement improvements**

Board effectiveness assessments in FY2023

A contracted independent assessor conducted a questionnaire survey of all Directors, and the Company interviewed Outside Directors in February and March 2023.

Method

Anonymous questionnaire survey of all Directors and interviews with Outside Directors

Assessment topics

- **Anonymous survey topics for Directors**

(1) Makeup of the Board (4 items)
(2) Administration of the Board (8 items)
(3) Deliberations at board meetings (7 items)
(4) The Board's oversight and monitoring roles (6 items)
(5) Other matters (13 items)

- **Interview topics for Outside Directors**

(1) How issues identified by the previous assessment have been addressed
i. Providing detained agenda in advance
ii. Selection of topics that allow deeper discussions
III. More vigorous monitoring of business performance
iv. Greater engagement with shareholders and investors
(2) Supplementary comments and requests

Board effectiveness assessments and actions taken

An assessment found that the Company's Board of Directors was working effectively.
We will continually improve its effectiveness by addressing identified issues and making greater use of the PDCA management cycle.

Actions taken to address issues identified in a board effectiveness assessment

Issues identified by an assessment conducted in FY2021	More effective administration of board meetings	Selection of topics that allow deeper at board meetings	More vigorous monitoring of business by the Board	Greater engagement with shareholders and investors
Actions taken during FY2022	• Detailed agenda provided to Directors in advance, and pre-meeting briefing provided to Outside Directors. • Outside Directors started attending Management Meetings.	• The Board started deliberating on the Company's capital policy, investment policy, and dividend policy. • Risk management, DX, talent management, intellectual property management added to discussion topics.	• KPIs for MTMP updated. • The process of formulating MTMP revised.	• Results of shareholder dialogues reported to the Board.
Results of assessments conducted in FY2023	• Supporting documents need to be provided well in advance of a board meeting. • The format of pre-meeting briefing for Outside Directors needs to be improved.	• Board members had animated discussions at each session. • How to achieve an ROE of 10%, talent recruiting, and updates on R&D projects need to be added to agenda.	• KPIs for MTMP updated. • More vigorous monitoring in place.	• Feedback from shareholders was shared at board meetings for improvement.
Additional issues identified	• Provide detained agenda well in advance of a board meeting • Make presentation decks easier to understand	• Need to discuss how to achieve an ROE of 10% • Keep risk management, DX, talent management, intellectual property management on the agenda	• Redefine KPIs based on more vigorous monitoring	• Use feedback and request from shareholders as a basis for discussion

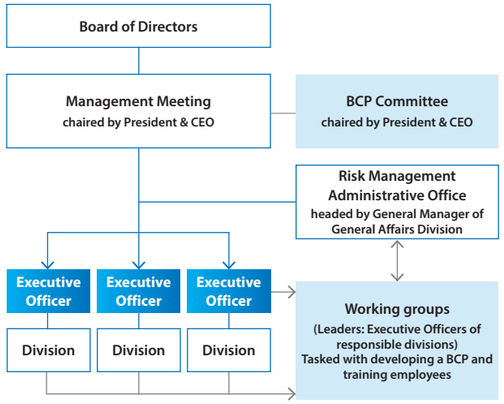
FY2024
Take action to address identified issues

Risk Management

Risk Management Structure

The Company's Basic Rules for Risk Management designate as risk officers Executive Officers of divisions exposed to risks significant to the Company. They are responsible for promoting risk management and implementing risk control measures in their respective divisions. An annual Risk Management Meeting reviews the results of a risk assessment of the Group and the effectiveness of the measures taken to address high-and-medium-risk items. The outcome of deliberations at the meeting is reported to the Management Meeting to seek approval for an action plan for the following fiscal year. The Board of Directors makes decisions on critically important matters concerning the Company's risk management structure.

MIURA's Risk Management Structure



How we manage risks

We categorize risks that may affect our ability to achieve the Group's business objectives into 10 types, which are further broken down into risk items and plotted into a risk assessment matrix according to their level of impact and probability. This serves as a basis for managing risks, as well as designing and implementing risk control measures. A risk assessment matrix is reviewed and updated once a year, based on the results of risk surveys completed by an Executive Officer of each division. For FY2023, the risk of deteriorating service quality caused by staff shortage was reassessed and was placed into a different cell in the matrix.

During FY2023, in addition to following up on items carried over from the previous year, we took action to mitigate the risk of disruptions to manufacturing, based on a BCP action plan formulated earlier in the year. We also upgraded internal control roles in larger Group companies outside Japan as part of our efforts to manage risks to our international operations more effectively. In addition, we provided compliance handbooks to employees and trained them in dealing with targeted attack emails, as well as in human rights.

The internal COVID-19 task force continued to post updates on the health crisis, including the number of employees who tested positive for the virus, to the company website, and encouraged employees to continue to take precautionary measures against the disease at work and at home.

Action plans to enhance the Group's risk management for FY2024 include facilitating greater collaboration in risk management among Group companies in Japan, continuing to reduce the risk of manufacturing disruptions, and initiating audits of major Group companies outside Japan by local accounting firms.

MIURA Group Risk Assessment Matrix Updated for FY2023

Risk level High Medium Low —

Note: The number in each cell indicates the number of corresponding risk items

Impact	Low			High
High	7	**1**	**1**	**0**
	10	4	**5**	**0**
	11	12	3	**2**
Low	9	6	6	1

Probability

Risk level	Risk item
High	• Disappointing business performance of an acquired business
Medium	• Infringing on someone else's patent or our patent being infringed on • Dealing with a customer complaint about a defective product (design problem) • Dealing with a customer complaint about a defective product (manufacturing problem) • Dealing with a customer's request for a guarantee that our product is free of harmful substances • Defective installation of products on customer premises • Fluctuations in currency exchange rates • Global climate change (a risk associated with a transition to a carbon-free society, and staff shortage)

Information security

We protect customers' information assets entrusted to us, as well as our own, against all possible threats, and we manage and use them responsibly in order to remain a trusted partner for customers. We have information security safeguards, as outlined in our Information Management Rules, which enable us to continue to operate while ensuring maximum protection of information assets.

Raising the Group's information security standards globally

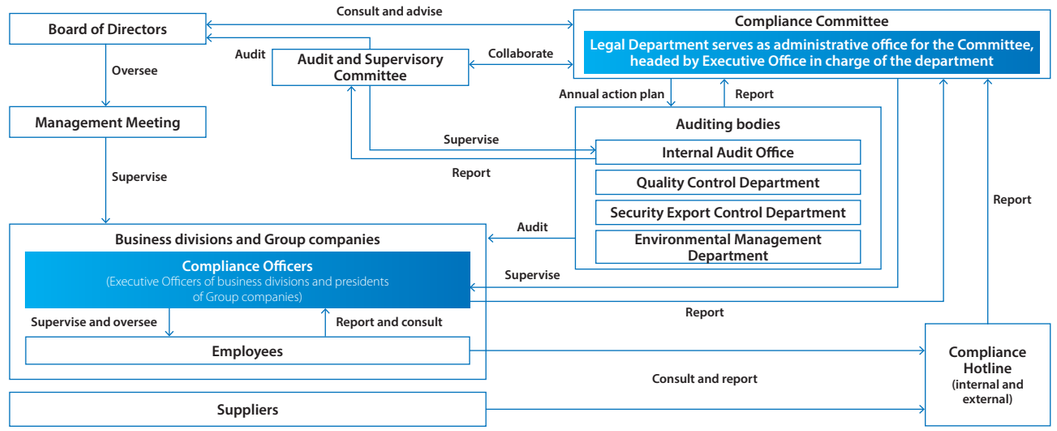
The Group has been enhancing information security management systems and infrastructures at Group companies around the globe to raise the security standards across the Group. Each overseas Group company is drawing up information security management rules, based on the Information Management Rules and the Information Security Guidelines already in place in Group companies in Japan.

Compliance

Compliance Structure

The Compliance Committee is chaired by a Director in charge of General Affairs and Human Resources and is composed of 10 members. The Committee convenes once a year and on an ad hoc basis. At an annual committee meeting, members review the results of compliance training provided to employees and managers, approve action plans for the following fiscal year, and decide how to accommodate new and revised laws relevant to the Company. During FY2023, the Committee held its annual session in March 2023 and an ad hoc session in October 2022.

MIURA's Compliance Structure



Developing and maintaining a compliance-conscious workplace

The MIURA Group conducts compliance training for employees and managers to develop and maintain a compliance-conscious workplace environment. In FY2023, the Legal Department trained 206 new hires in Japan in the basics of compliance, who were given a legal handbook for beginners and a compliance handbook. The department also trained the Company's 504 branch managers, general managers, and section managers in compliance. In addition, 4,172 employees[1] and executives of MIURA CO., LTD. and Group companies in Japan[2] (97.2% of the total headcount) took e-learning courses in compliance[3].

In FY2023, as in FY2022, the Company included questions about compliance in its annual employee engagement survey in order to gauge the level of employees' compliance-consciousness. The FY2023 survey found that our employees took compliance seriously and would never turn a blind eye to any wrongdoing in the workplace. During FY2023, none of the MIURA Group companies was fined or had monetary sanctions levied against it for violating applicable laws or regulations.

1. INAX CORPORATION not included.
2. Employees on leave not included.
3. Training courses cover the Group's whistleblower system and anti-bribery policy.

Anti-Bribery Initiatives

To ensure responsible global operations, we have in place the Anti-Bribery Rules under the Group's Anti-Bribery Policy, and share them across the Group. Group companies operating outside Japan have translated these rules into their local languages and observe them in a manner that reflects local laws and regulations. In addition, we have notified our suppliers in writing that we never engage in, tolerate, or condone bribery of any kind.

In FY2023, employees and managers of Group companies in Japan received training in compliance, including the Group's play-it-straight policy and rules.

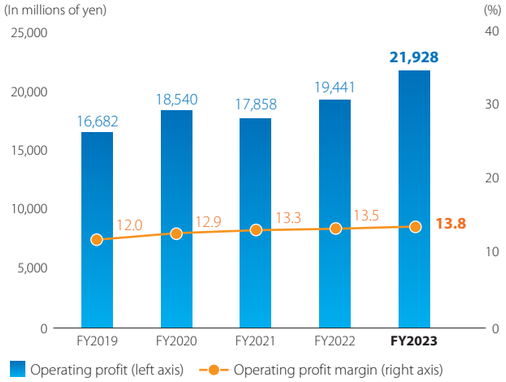
Tax compliance

The MIURA Group is committed to meeting tax compliance requirements under the MIURA Group Code of Conduct to ensure transparency in our tax payment in the countries and regions in which we operate. To minimize tax risks to our business, we meet local regulatory requirements for taxation and tax administration in consultation with external experts over the application and interpretation of local tax laws. The Group observes the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations in intercompany transactions within the Group to meet local regulatory requirements.

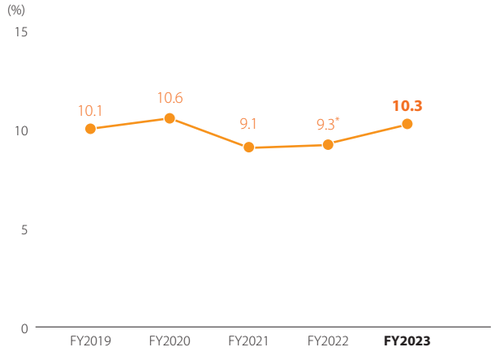
Key Financial and Nonfinancial Information

Key Financial Information

Consolidated Operating Profit and Margin

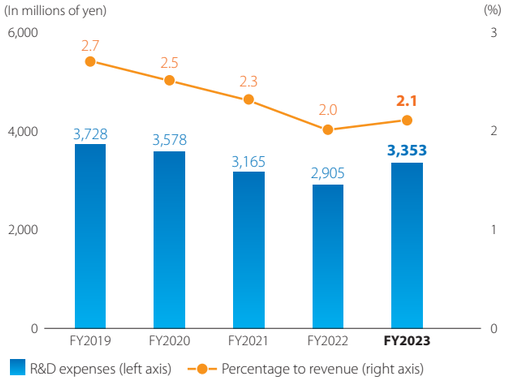


ROE

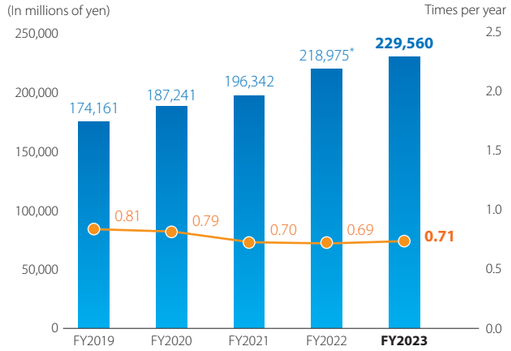


*Results were retroactively adjusted to reflect accounting treatment applied to an affiliate that became the Company's equity-method affiliate.

Research and Development Expenses and Percentage to Revenue

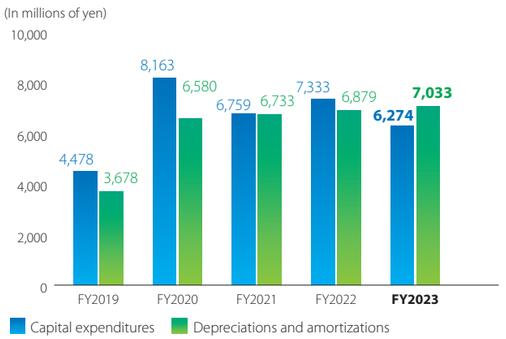


Total Assets and Turnover Ratio



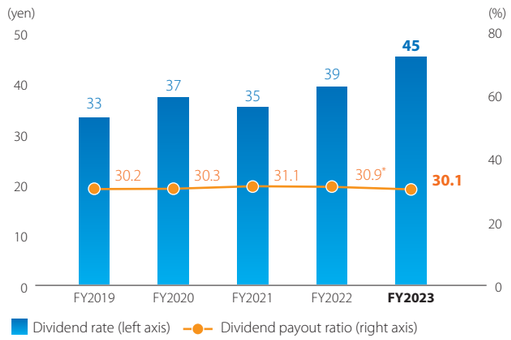
*Results were retroactively adjusted to reflect accounting treatment applied to an affiliate that became the Company's equity-method affiliate.

Capital Expenditures and Depreciations/Amortizations



Note: With the application of IFRS 16 "Leases," capital expenditures and depreciations/amortizations for FY2020 and later include right-of-use assets.

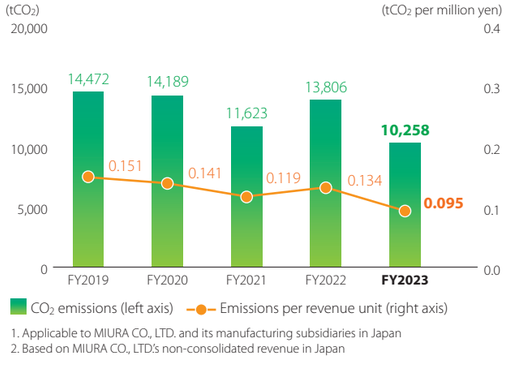
Dividend Rate and Dividend Payout Ratio



*Results were retroactively adjusted to reflect accounting treatment applied to an affiliate that became the Company's equity-method affiliate.

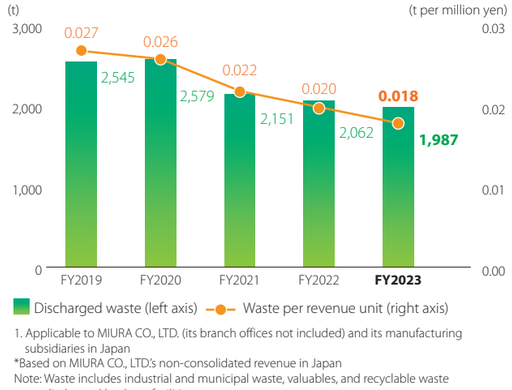
Key Nonfinancial Information

CO_2 Emissions[1] and Emissions per Revenue Unit[2]



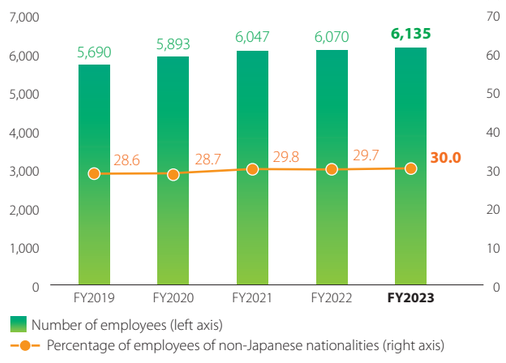
1. Applicable to MIURA CO., LTD. and its manufacturing subsidiaries in Japan
2. Based on MIURA CO., LTD.'s non-consolidated revenue in Japan

Discharged Waste[1] and Waste per Revenue Unit[2]

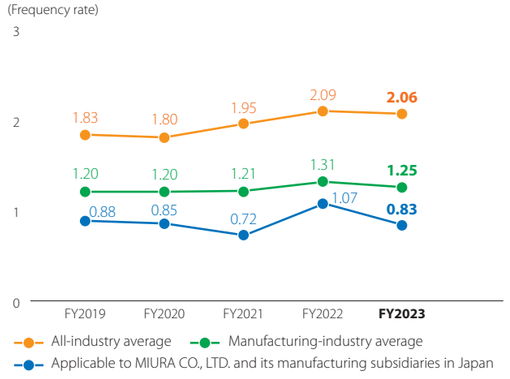


1. Applicable to MIURA CO., LTD. (its branch offices not included) and its manufacturing subsidiaries in Japan
*Based on MIURA CO., LTD.'s non-consolidated revenue in Japan
Note: Waste includes industrial and municipal waste, valuables, and recyclable waste discharged by these facilities.

Number of Employees (Consolidated) and Percentage of Employees of Non-Japanese Nationalities



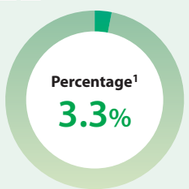
Frequency Rate of Lost-Worktime Accidents



Diversity in Management (as of March 31, 2023)

Number of Female Managers and Above

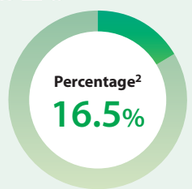
22



1. The percentage represents the percentage of women among all managers and above in the Company.

Number of Female Employees with Supervisory Responsibilities

320

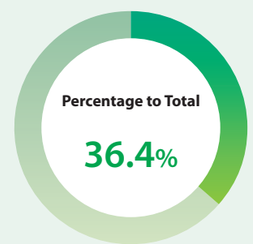


2. The percentage represents the percentage of women among all employees with supervisory responsibilities in the Company.

Outside Directors (as of June 29, 2023)

Number of Outside Directors

4



Key Consolidated Financial Data

(In millions of yen unless otherwise indicated)

		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	**FY2023**
Revenue		85,535	90,424	99,019	102,549	124,883	138,880	143,645	134,732	143,543	**158,377**
Gross profit		35,595	37,044	40,194	41,683	48,936	54,511	57,361	54,974	58,987	**64,318**
Selling, general, and administrative expenses		26,630	28,032	29,974	31,105	35,551	38,500	39,320	37,761	40,229	**43,116**
Operating profit		8,965	9,011	10,220	10,577	13,868	16,682	18,540	17,858	19,441	**21,928**
Profit before income taxes		10,122	10,559	11,080	11,833	14,183	17,130	18,756	18,165	20,242[5]	**23,467**
Profit attributable to owners of parent		6,288	7,464	7,476	8,163	10,363	12,280	13,746	12,695	14,236[5]	**16,876**
Capital expenditures[1]		5,099	6,515	3,612	3,090	5,250	4,478	8,163	6,759	7,333	**6,274**
Depreciations and amortizations[1]		2,192	2,546	2,855	2,825	3,649	3,678	6,580	6,733	6,879	**7,033**
Research and development expenses		2,055	2,403	2,600	2,754	3,335	3,728	3,578	3,165	2,905	**3,353**
Total assets		117,498	129,525	135,861	143,008	167,083	174,161	187,241	196,342	218,975[5]	**229,560**
Interest-bearing debt		36	54	78	21	7,276	3,780	8,737	7,487	9,876	**7,194**
Equity attributable to owners of parent		92,177	103,218	107,044	112,270	117,482	125,262	133,272	145,447	160,017[5]	**168,348**
Net cash generated from operating activities		8,521	8,963	11,498	10,829	9,028	17,134	18,121	22,982	19,442	**17,844**
Net cash generated from (used in) investing activities		(4,681)	(661)	(7,993)	(1,441)	(13,870)	(2,552)	(10,300)	(11,073)	(14,481)	**(12,535)**
Free cash flows		3,840	8,302	3,505	9,388	(4,842)	14,582	7,821	11,909	4,961	**5,309**
Net cash generated from (used in) financing activities		(1,581)	(2,245)	(2,396)	(2,415)	505	(7,064)	(8,978)	(7,991)	(3,389)	**(13,766)**
Gross profit margin		41.6%	41.0%	40.6%	40.6%	39.2%	39.3%	39.9%	40.8%	41.1%	**40.6%**
Operating profit margin		10.5%	10.0%	10.3%	10.3%	11.1%	12.0%	12.9%	13.3%	13.5%	**13.8%**
Return on Equity (ROE)		7.1%	7.7%	7.1%	7.5%	9.2%	10.1%	10.6%	9.1%	9.3%[5]	**10.3%**
Total asset turnover ratio		0.77	0.73	0.75	0.74	0.81	0.81	0.79	0.70	0.69	**0.71**
Ratio of equity attributable to owners of parent to total assets		78.3%	79.5%	78.4%	78.2%	70.3%	71.9%	71.2%	74.1%	73.1%	**73.3%**
Earnings per share (EPS)	Yen	167.75	66.37	66.46	72.54	92.09	109.10	122.01	112.62	126.15[5]	**149.52**
Book-value per share (BPS)	Yen	2,454.98	915.75	947.00	993.18	1,043.92	1,112.71	1,182.58	1,290.15	1,414.51[5]	**1,504.02**
Annual dividend rate[2]	Yen	55.00	19.67	21.00	22.00	28.00	33.00	37.00	35.00	39.00	**45.00**
Dividend payout ratio		32.8%	29.6%	31.6%	30.3%	30.4%	30.2%	30.3%	31.1%	30.9%	**30.1%**
Number of employees (consolidated)		4,205	4,409	4,665	4,950	5,495	5,690	5,893	6,047	6,070	**6,135**
Number of consolidated subsidiaries in Japan		6	6	5	8	12	9	9	9	9	**11**
Number of consolidated subsidiaries outside Japan		9	9	8	10	11	12	15	16	16	**17**
Percentage of revenue from operations outside Japan[3]		15.8%	18.3%	21.5%	20.1%	19.3%	19.6%	20.0%	21.4%	22.6%	**24.2%**
Percentage of maintenance revenue to total revenue in Japan*[4]		34.8%	34.5%	34.2%	33.9%	29.1%	27.9%	28.4%	32.3%	32.7%	**31.6%**
Percentage of maintenance revenue to total revenue outside Japan[4]		21.5%	20.4%	19.9%	22.8%	21.9%	21.4%	23.8%	26.7%	25.7%	**26.5%**
Borrowings		20	30	52	0	6,775	3,375	1,355	350	2,625	**958**
Lease liabilities		16	24	26	21	501	405	7,381	7,137	7,251	**6,236**
Total		36	54	78	21	7,276	3,780	8,737	7,487	9,876	**7,194**

1. With the application of IFRS 16 "Leases," capital expenditures and depreciations/amortizations for FY2020 and later include right-of-use assets.
2. Three-for-one stock split effective October 2014
3. Based on locations of customers to which sales were made
4. Bases on locations of maintenance service providers, as reported in quarterly financial statements under "Segment Information"
5. Results for FY2022 were retroactively adjusted to reflect the finalized accounting treatment applied during the October-December quarter of FY2023 to Kobelco Compressors Corporation, which became an equity-method affiliate of the Company effective January 5, 2022.

Note: The Japanese GAAP was applied up to FY2017, and IFRS has been applied from FY2018 onward.

Company Overview

as of March 31, 2023

Company name: MIURA CO., LTD.

Business lines:

- Manufacture and sale of industrial boilers, cooling and heating equipment, water treatment equipment, medical equipment, freezers, food-processing equipment, waste treatment equipment and other environmental management equipment, washers, dryers, finishing machines, power generators, chemicals, and other related equipment
- Provision of maintenance, repair, and technical guidance services for above-mentioned equipment
- Selling, buying, importing, exporting, leasing, and renting refurbished equipment
- Planning and contract work for plumbing and equipment installation projects
- Sale of computers and information-processing services
- Environmental measurement certification and consulting on environmental conservation

Tokyo Head Office: 2-15-35 Takanawa, Minato-ku, Tokyo 108-0074, Japan
Matsuyama Head Office: 7 Horie, Matsuyama, Ehime 799-2696, Japan
Established: May 1, 1959
President & CEO: MIYAUCHI Daisuke
Capital stock: 9.544 billion yen
Number of employees: Non-consolidated: 3,289; Consolidated: 6,135 (Full-time and semi-full-time employees only)

MIURA Group Companies (as of July 1, 2023)

Japan

MIURA MANUFACTURING CO., LTD.
Hojo Plant
864-1 Hojotsuji, Matsuyama, Ehime
Horie Plant
7 Horie, Matsuyama, Ehime
Minami-Yoshida Plant
2797 Minami-Yoshida, Matsuyama, Ehime

MIURA AQUATEC CO., LTD.
509-1 Nakanishisoto, Matsuyama, Ehime

MIURA KOUKI CO., LTD.
4020 Kagio, Shirokawa-cho, Seiyo, Ehime

MIURA ENVIRONMENTAL MANAGEMENT CO., LTD.
7 Horie, Matsuyama, Ehime

MIURA JOB PARTNER CO., LTD.
7 Horie, Matsuyama, Ehime

MIURA SA CO., LTD.
7 Horie, Matsuyama, Ehime

INAX CORPORATION
Head office
5-1-11 Osaki, Shinagawa-ku, Tokyo
Hakusan Plant
948 Genpeijima, Hakusan, Ishikawa
Hakusan Technical Center
1268-10 Matsumoto, Hakusan, Ishikawa

YABUSAME CO., LTD.
124-18 Nishiminato, Kokurakita-ku, Kitakyushu, Fukuoka

HAYABUSA MAINTENANCE CO., LTD.
124-19 Nishiminato, Kokurakita-ku, Kitakyushu, Fukuoka

NIWA KOUGYO CO., LTD.
5-1628 Mihashi, Nishi-ku, Saitama

KITANIHON BOILER CO., LTD.
11-4-35 Sakae-dori, Shiroishi-ku, Sapporo, Hokkaido

TORTOISE ENGINEERING CO., LTD.
700 Kitakawahara, Matsumae, Iyo, Ehime

COLLABOT CO., LTD.
5-41-10 Koishikawa, Bunkyo-ku, Tokyo
Sumitomo Realty & Development Koishikawa Building

Outside Japan

Asia

KOREA MIURA CO., LTD.
MIURA INDUSTRIES (CHINA) CO., LTD.
MIURA TAIWAN ENG CO., LTD.
MIURA INDUSTRIES (HONG KONG) LTD.
MIURA SOUTH EAST ASIA HOLDINGS PTE.LTD.
MIURA SINGAPORE CO PTE.LTD.
MIURA BOILER MALAYSIA SDN. BHD.
PT. MIURA INDONESIA
MIURA INDUSTRIES (THAILAND) CO., LTD.
MIURA BANGLADESH CO., LTD.
MIURA TURKEY HEATING SYSTEMS INDUSTRY CO., LTD.

The Americas

MIURA INTERNATIONAL AMERICAS INC.
MIURA AMERICA CO., LTD.
MIURA CANADA CO., LTD.
MIURA BOILER MEXICO S.A. DE C.V.
MIURA BOILER DO BRASIL LTDA.

Europe

MIURA NETHERLANDS B.V.

Shares Information

as of March 31, 2023

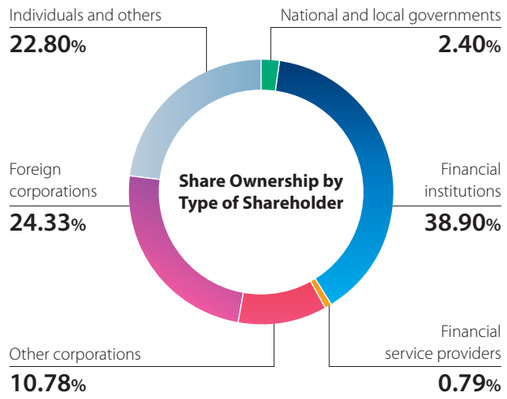
Total number of authorized shares: 300,000,000
Total number of issued shares: 111,932,065 (13,359,047 treasury shares not included)
Number of shareholders: 7,385

Major Shareholders

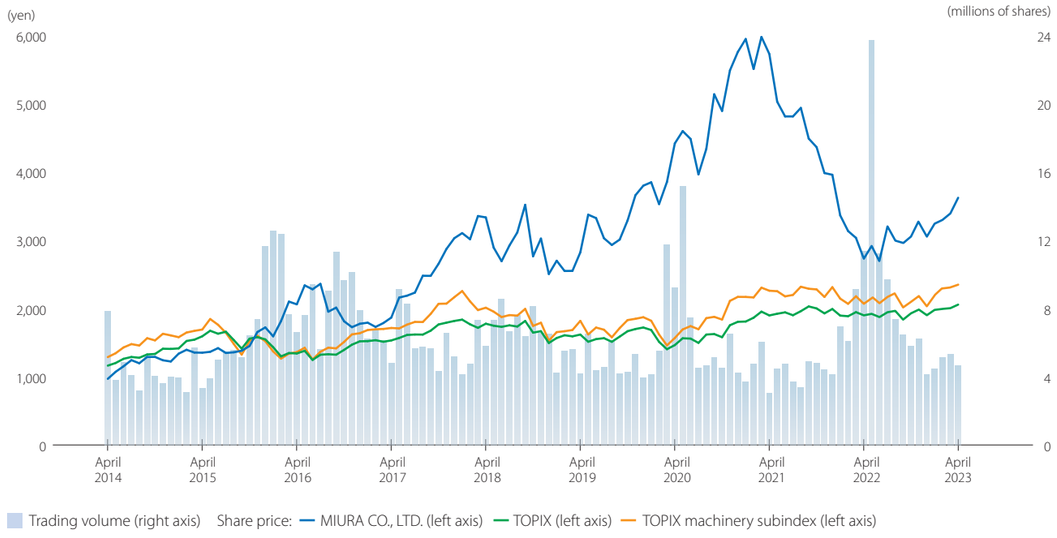
Shareholder name	Number of shares held (in thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	22,925	20.48
Custody Bank of Japan, Ltd. (Trust account)	6,459	5.77
The Iyo Bank, Ltd.	5,329	4.76
The Ehime Bank, Ltd.	5,121	4.58
MIURA Employees Stock Ownership Plan	3,433	3.07
Ehime Prefecture	3,000	2.68
MIURA EDUCATIONAL FOUNDATION	3,000	2.68
Iyogin Leasing Co., Ltd.	2,906	2.60
The Nomura Trust and Banking Co., Ltd. (Trust account)	2,077	1.86
MIURA Business Partners Stock Ownership Plan	2,005	1.79

Note: Treasury shares are excluded to calculate shareholding ratios.

Share Ownership by Type of Shareholder



Monthly Share Price Performance and Trading Volume on Tokyo Stock Exchange



Note: On September 30, 2014, MIURA CO., LTD. declared a three-for-one stock split of its common stock held by shareholders listed or recorded in the Company's shareholder register, effective as of the end of that date. For the period from April 1 through August 31, 2014, the share price and trading volume are presented with post-split values.