



RYODEN

**Second Quarter of the Fiscal Year
Ending March 2023**

Financial Results Briefing

Ryoden Corporation

November 14, 2022
TSE Prime Market
Securities code: 8084

- 1. About RYODEN**
- 2. Summary of Financial Results for the
Second Quarter of FYE2023**
- 3. Results and Forecasts by Segment**
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- 5. Growth Strategy**

1. About RYODEN

RYODEN as Seen in the Data

*FYE2023



Establishment: **1947**

Number of business sites: **29 bases in Japan and 19 overseas**

Number of employees: **1,214**

Net sales: **¥229.1 billion**

Net income: **¥5 billion**

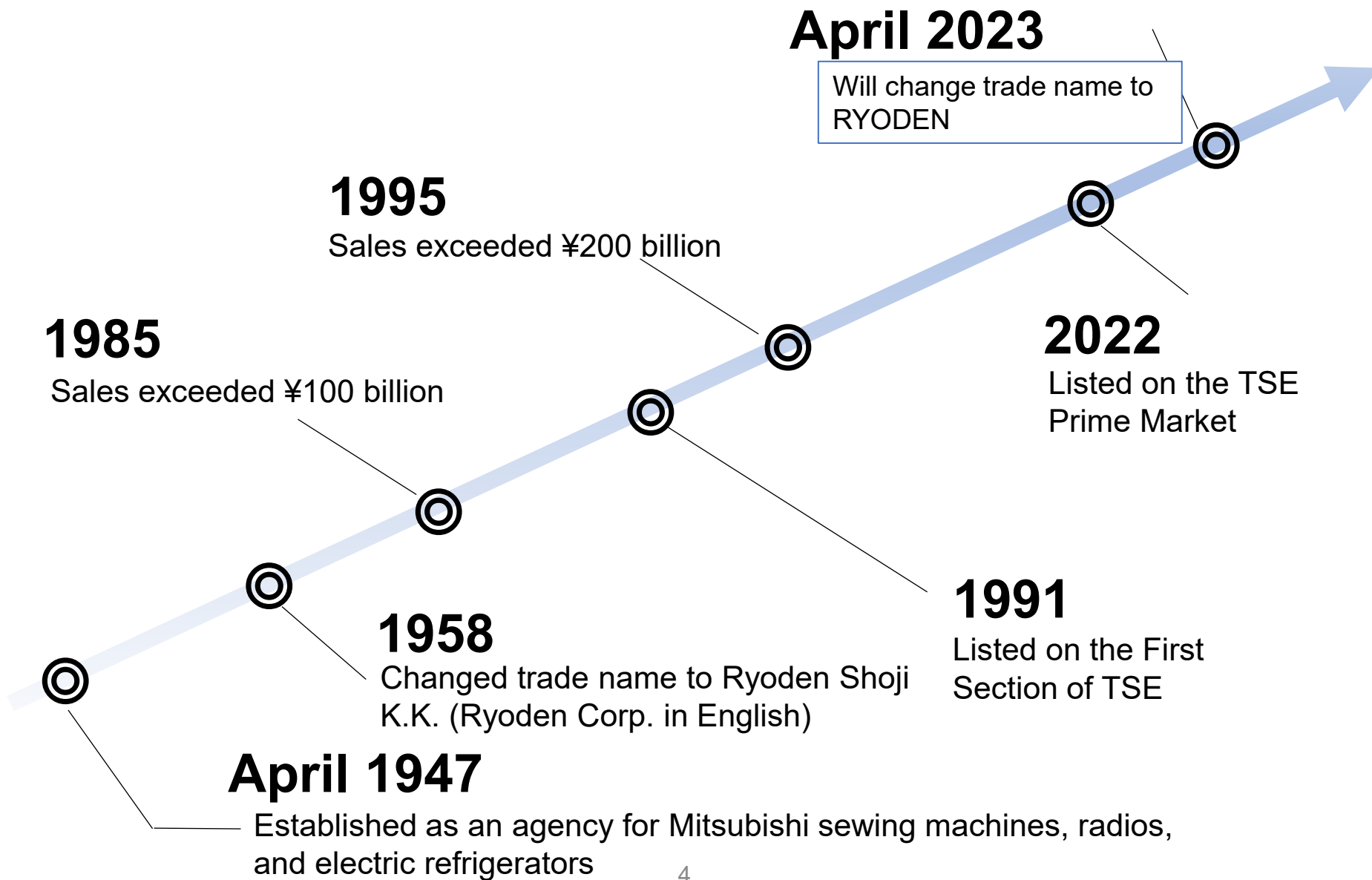
Total assets: **¥140.9 billion**

Net worth ratio: **52.9%**



In April 2022, RYODEN celebrated the 75th anniversary of its foundation

History



FA Systems

X-Tech



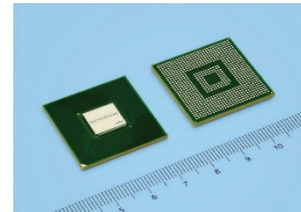
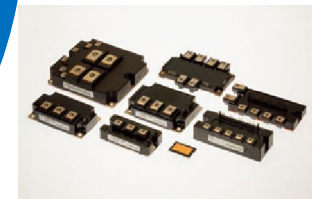
Order Made Elevator
NEXCUBE



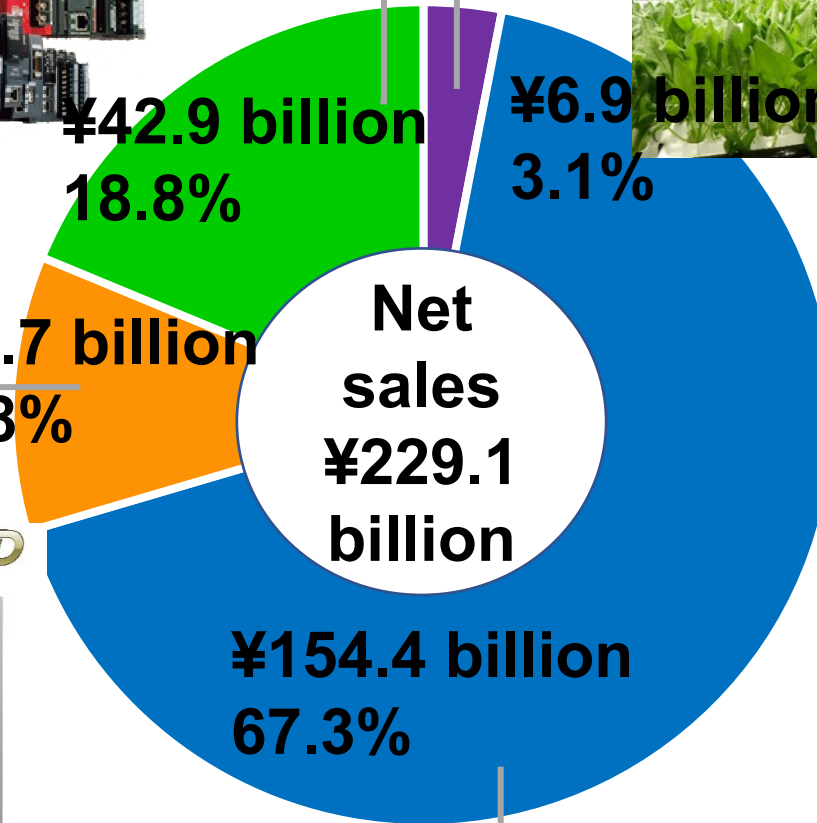
ファッションDD



Cooling & Heating and Building Systems



Electronics



2. Summary of Financial Results for the Second Quarter of FYE2023

Summary of Financial Results for the Second Quarter of FYE2023



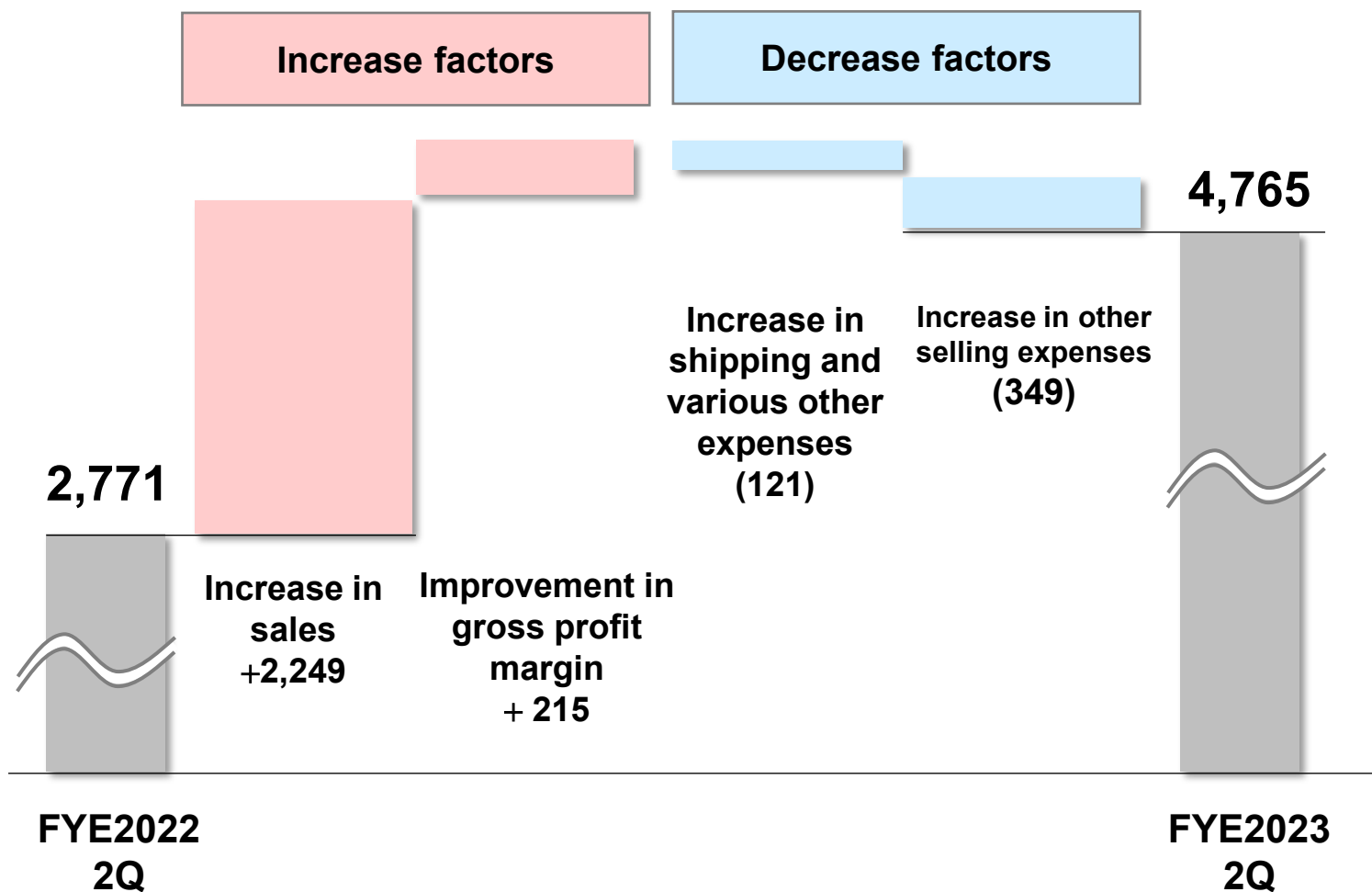
(Millions of yen)	Results for 2Q of FYE2022	Results for 2Q of FYE2023	Increase/decrease	Forecasts at the beginning of FYE2023	Revised forecasts for FYE2023
Net sales	107,310	127,033	+19,723	240,000	249,000
Operating profit	2,771	4,765	+1,994	7,100	7,900
Ordinary profit	2,834	4,714	+1,880	7,300	7,800
Net income	1,890	3,170	+1,280	5,100	5,300
			Dividend	¥58	¥66

(¥33 for interim,
¥33 for year end)

- Both net sales and profit grew compared to in the same period in the previous year.
- Net sales and every profit item achieved a record high for a second quarter.
- Following the steady results, the company upwardly revised the financial results forecasts for FYE2023.
- The forecast annual dividend was revised to ¥66 per share (a ¥8 increase).

Operating Profit Increase/Decrease Factors

- Operating profit increased due to the growth in net sales and the improvement in the gross profit margin.



Financial Conditions



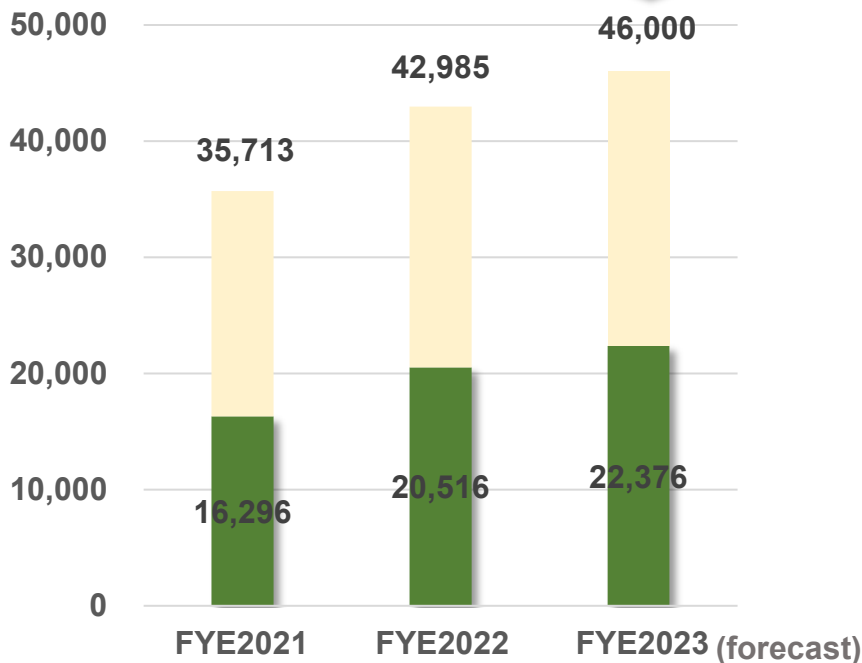
(Millions of yen)	FYE2022	FYE2023 2Q	Increase/ decrease
Total assets	140,970	146,640	5,669
Total liabilities	66,204	67,768	1,564
Net assets	74,766	78,871	4,105
Equity ratio (%)	52.9%	53.7%	+0.8pt

(Millions of yen)	FYE2022 2Q	FYE2023 2Q	Increase/ decrease
Cash flows from operating activities	(1,453)	(3,699)	(2,245)
Cash flows from investing activities	(980)	(1,331)	(351)
Cash flows from financing activities	(544)	742	1,286
Cash and cash equivalents	18,369	8,451	(9,918)

3. Results and Forecasts by Segment

Net sales (Millions of yen)

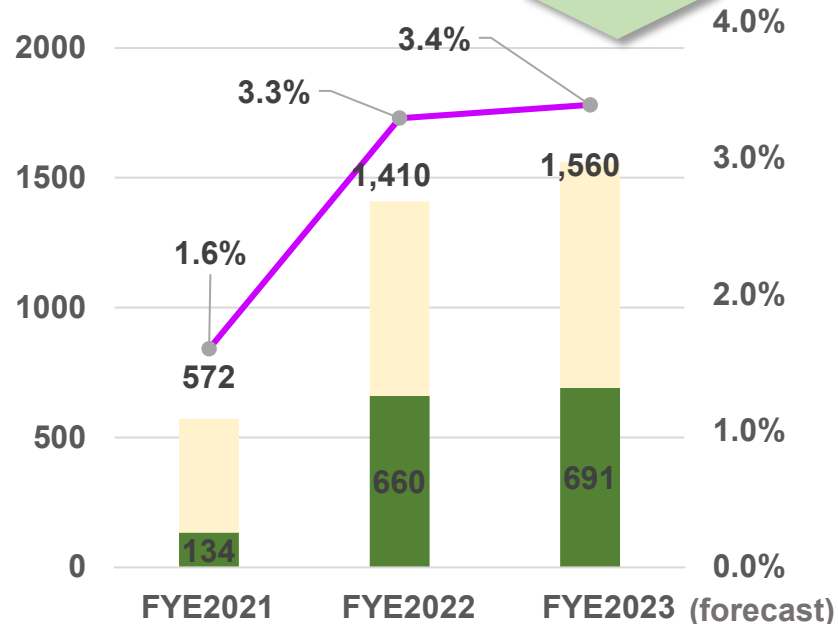
Year-on-year
107.0%



Operating profit (Millions of yen)

Operating profit margin (%)

Year-on-year
110.6%

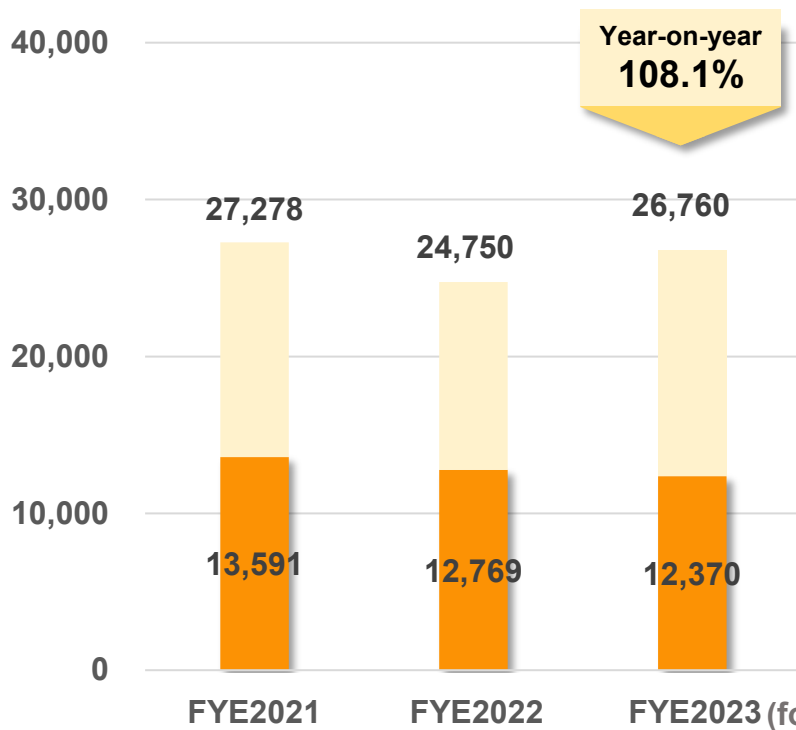


Main points

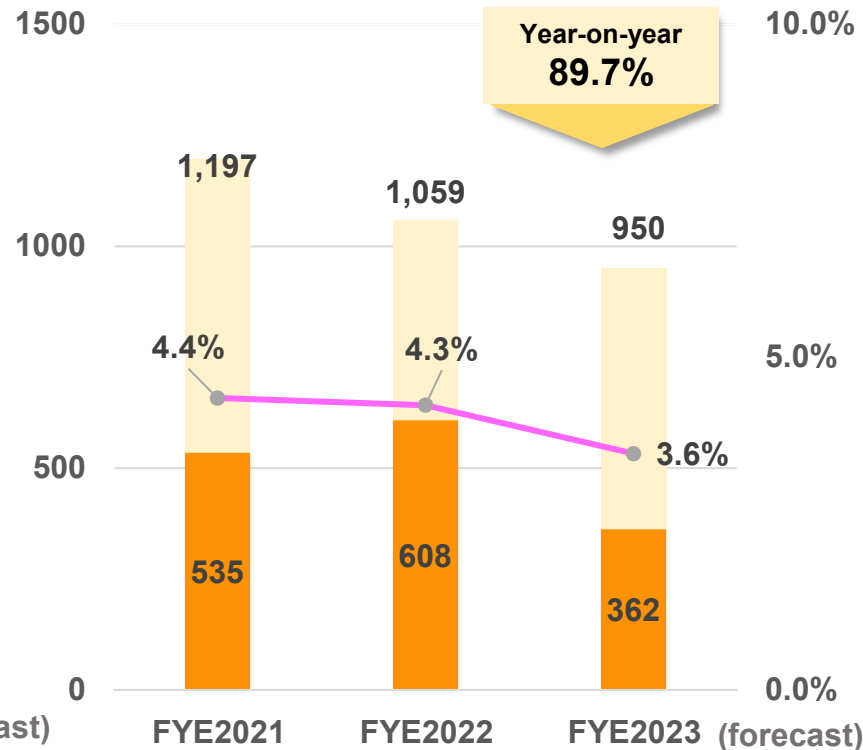
- ◆ First half: In Japan, demand for AC servo and CNC for equipment manufacturers remained strong. In China, the NC market slowed down sharply and remained sluggish, but its stagnant sales were covered by FA equipment.
- ◆ Second half: Orders are piling up and market conditions are expected to recover. In China, NC sales will remain weak as in the first half, although FA equipment will continue to be strong.

Cooling & Heating and Building Systems

Net sales (Millions of yen)



Operating profit (Millions of yen)

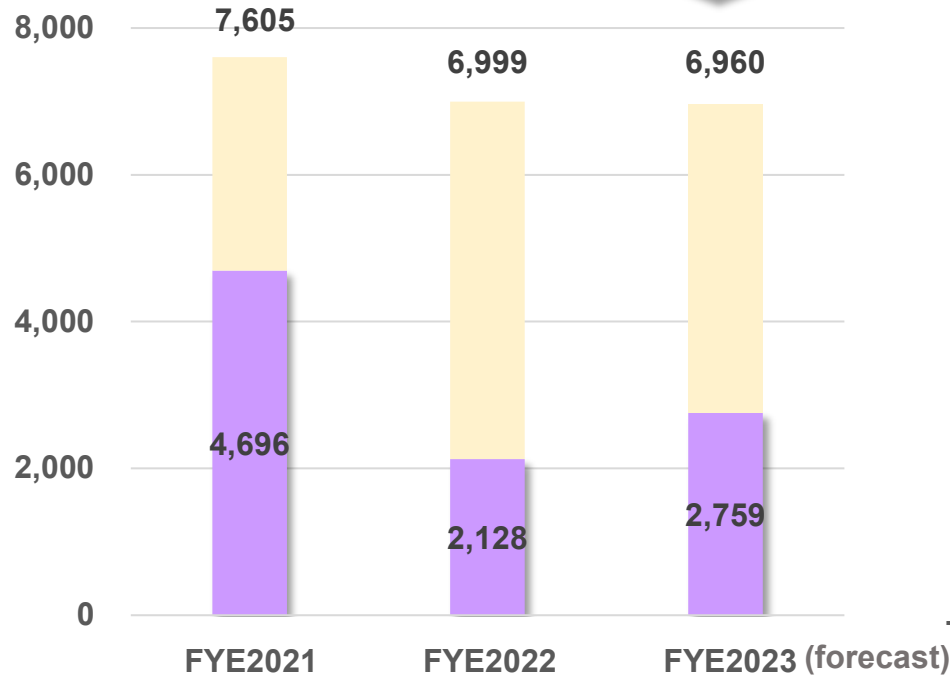


Main points

- ◆ First half: Sales of cooling/heating systems remained sluggish due to the stagnation of building air-conditioning equipment projects, even though underpinned by sales of air-conditioning and other systems, and sales of building systems also remained sluggish.
- ◆ Second half: As orders are piling up as for FA, sales of these systems are expected to recover.

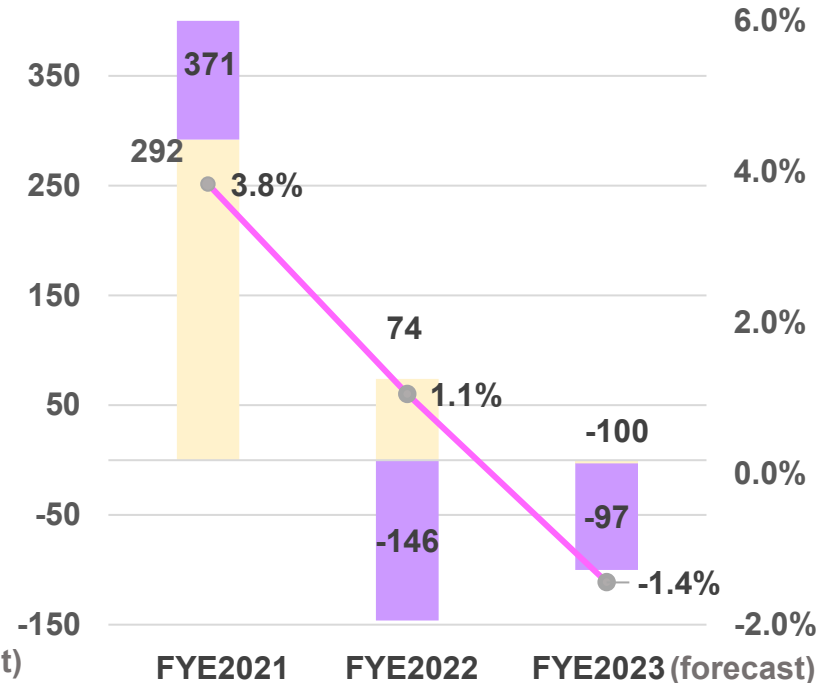
Net sales (Millions of yen)

Year-on-year
99.4%



Operating profit (Millions of yen)

Operating profit margin (%)

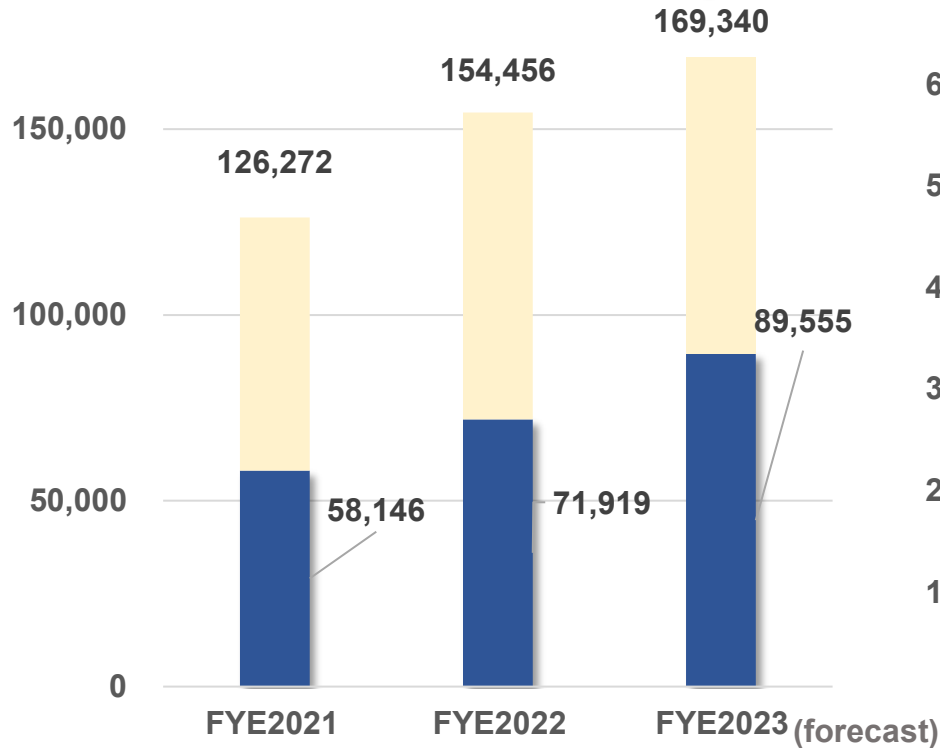


Main points

- ◆ First half: Health care and ICT sales remained strong as the previous sales efforts are bringing about results. In the smart agriculture sector, the company continued to work for the mass-production of spinach at Block FARM.
- ◆ Second half: Health care, ICT, and smart agriculture sales are all expected to achieve the initially planned targets.

Net sales (Millions of yen)

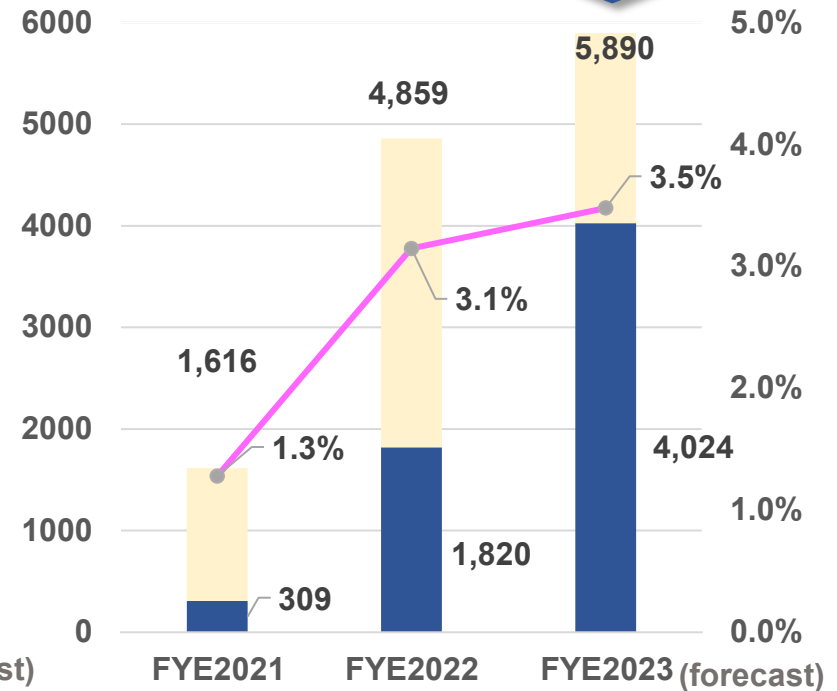
Year-on-year
109.6%



Operating profit (Millions of yen)

Operating profit margin (%)

Year-on-year
121.2%



Main points

- ◆ First half: In the in-vehicle equipment market, sales of SoC, memory, and other products remained strong, as did sales of analog semiconductors and other products in the industrial equipment market.
- ◆ Second half: Sales have continued to be strong since last year, but they are expected to slow down from early next year as customers adjust production and inventories.

Summary of Results and Forecasts by Segment



	(Millions of yen)	Results for 2Q of FYE2023	Forecasts for 2H of FYE2023	Forecasts for FYE2023	Results for FYE2022
FA Systems	Net sales	22,376	23,624	46,000	42,985
	Operating profit	691	869	1,560	1,410
Cooling & Heating and Building Systems	Net sales	12,370	14,389	26,760	24,750
	Operating profit	362	588	950	1,059
X-Tech ^{*1}	Net sales	2,759	4,201	6,960	6,999
	Operating profit	(97)	(3)	(100)	74
Electronics	Net sales	89,555	79,785	169,340	154,456
	Operating profit	4,024	1,866	5,890	4,859
Total	Net sales	127,033	121,966	249,000	229,126
	Operating profit ^{*2}	4,765	3,135	7,900	7,062

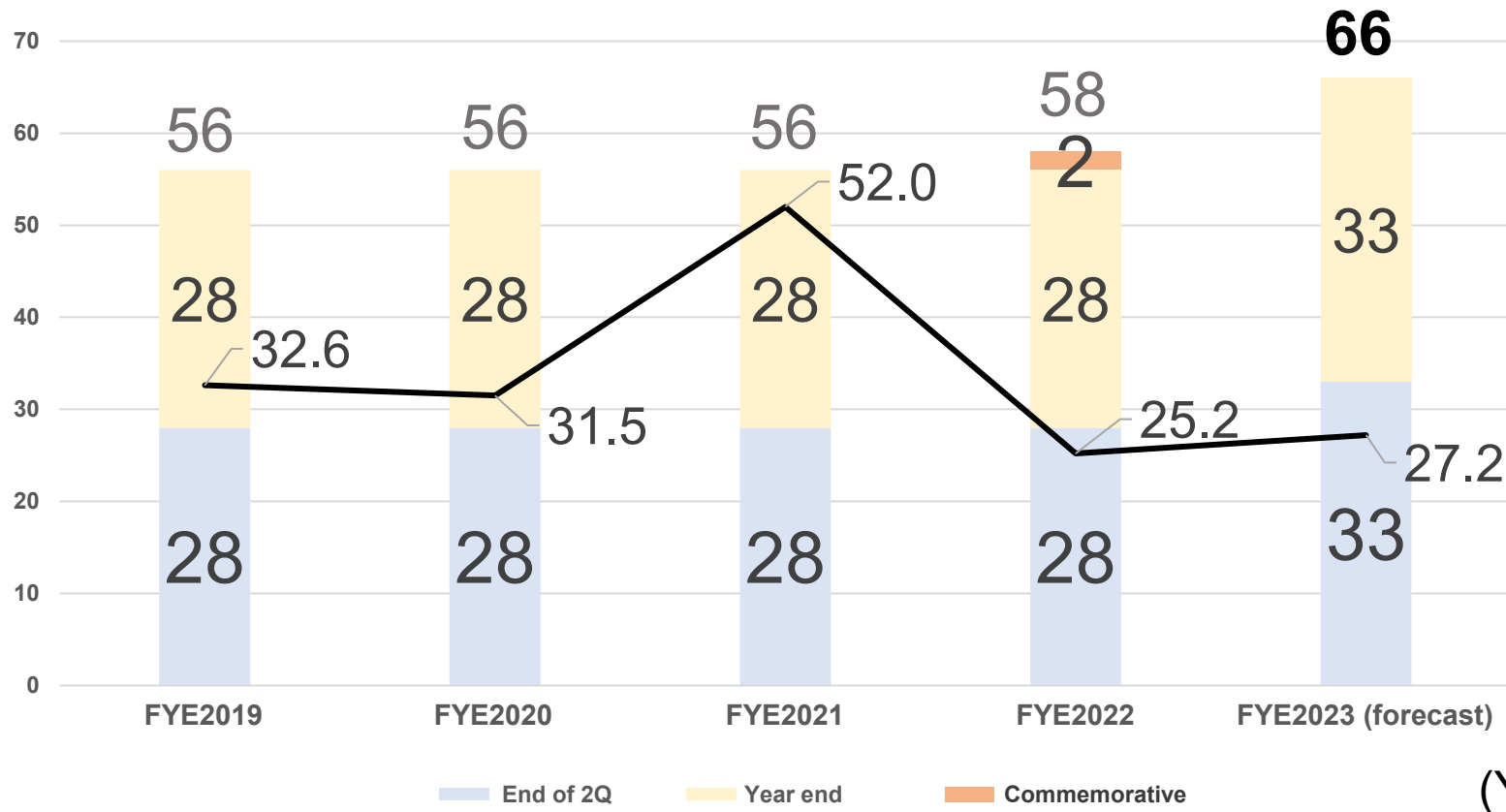
*1 The name of the reporting segment has been changed since the first quarter of the consolidated accounting period. Results are compared to those for the same period in the previous year under the new segment name.

*2 Total net sales include company-wide expenses.

4. Shareholder Returns

Changes in Dividends and Payout Ratio

- The dividend policy is to maintain and continue stable dividends in the medium and long term without linking them to financial results in the short term, and there has been no change to this policy.
- Taking trends in financial results into account and as part of its efforts to return greater profits to shareholders, the company plans to increase both the interim and year-end dividends by ¥4 per share compared to the initial forecasts.



5. Growth Strategy

Progress in Growth Strategy

Growth strategy

Results

Future initiatives

Establishment of growth business models and creation of next-generation new businesses

Smart agriculture

Block FARM, a subsidiary, completed an innovative, energy-saving plant factory, launching a vegetable production business.

Re-establish even more innovative business models taking sharp rises in energy prices into account and quickly start up production businesses

Health care

Sales of Total Pack IT for small and medium-sized hospitals were maintained.

Establish a profit foundation by increasing sales of Total Pack IT

ICT

ICT was offered to factories of major food, beverage, automobile, and other manufacturers nationwide.

Increase sales of the business camera "FlaRevo"

New business

Cloud AI services supporting pest control to contribute to food safety and security were launched.

Offer a wider range of proposals for pest control in collaboration with partner companies. mainly in the food manufacturing industry

New business

A cloud-based, integrated management system business was launched.

Increase sales of the cloud-based, integrated management system "Remces" to make it one of the profit-making pillars

New business

Collaboration with Zeroboard, Inc. for decarbonization was started.

Build a business model that realizes decarbonated ecosystems by calculating GHG emissions and making them visible

Improvement of productivity in mission-critical core businesses

FA systems

The system engineering business made progress.

Discover new services taking DX in manufacturing into account and strengthen the ability to make proposals
Expand business in growth markets (China and Southeast Asia)

Cooling & heating and building systems

The engineering functions were strengthened.

Expand industrial cooling/heating business and meet demand for energy conservation

Electronics

Design-in for next-generation mobility solutions was promoted.

Establish a business promotion system to optimize the business portfolio and strengthen FAE

World's first plant factory that realizes the mass-production of spinach

- ✓ **Completion:** May 2022
- ✓ **Production volume:** 3 tons/day
- ✓ **Characteristics:** Annual power consumption 50% reduction compared to the previous level*

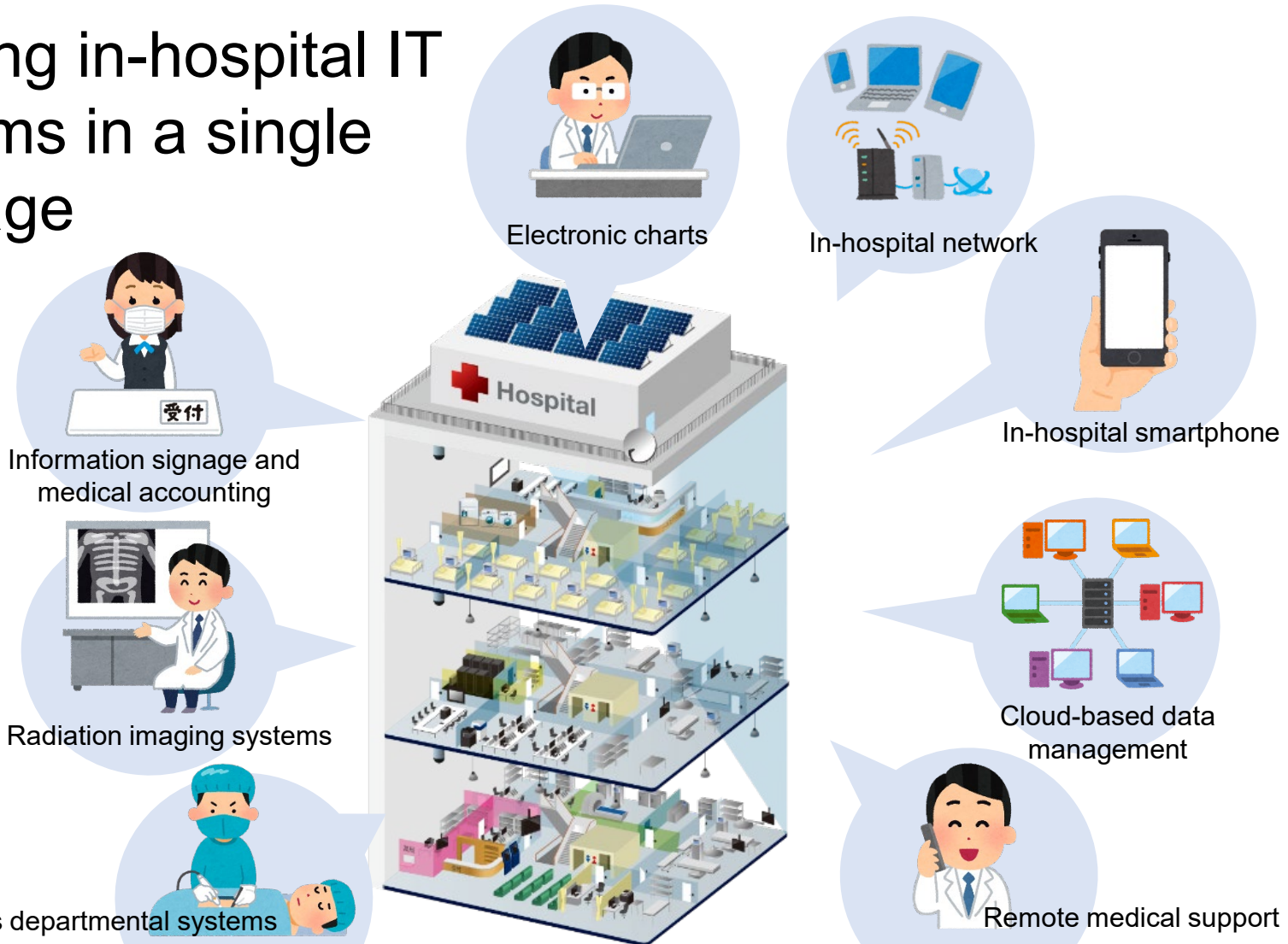
*According to Ryoden's survey

RYODEN
Smart
agriculture
×
Farmship

Providing food safety and security in a stable manner
Offering customers an innovative cultivation model

Total Pack IT (Healthcare)

Offering in-hospital IT systems in a single package



Supporting DX in hospitals by utilizing cloud computing

A business camera that precisely provides the images the user wants to see at exactly the moment he/she wants to see them



Offering insights to customers by providing the images they should see

Recording

Making the site of recording visible

Offering imagery

Setting bookmarks for images to substantially reduce the time required to search for the images the user wants to see

Sharing/storage

Sharing and storing of images automatically

It uses a sensor to obtain information on damage caused by animals and provides the information in real time for continuous monitoring
A subscription-type AI service that enables easy analysis and management

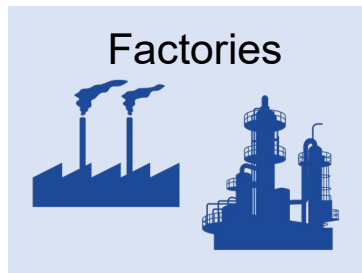


Contributes to establishing a labor-saving, sanitation-management environment by supporting DX at businesses that work on pest control

Integrated monitoring/control system to promote decarbonization



An IoT platform to improve productivity and energy conservation and to optimize air-conditioning at all places



Enabling the user to watch

Data collection

Data visualization

Enabling the user to monitor

Centralized monitoring



Enabling the user to diagnose

Control and optimization

Predictive maintenance

Remote maintenance

Calculating and Visualizing Greenhouse Gas (GHG) Emissions

A cloud service that enables the user to calculate and visualize GHG emissions from business activities and supply chains in accordance with the GHG protocol*



RYODEN
×
Zeroboard

* International standards for calculating and reporting GHG emissions

Supporting the electronics industry's realization of decarbonation ecosystems

RYODEN is Aiming to Become a Business Creation Company



Wide range of business domains

- FA systems
- Cooling & heating and building systems
- Building systems
- Electronics
- Healthcare/smart agriculture



Glocalization

- Activities at the global level
- Activities with customers as their starting point



ICT capabilities

- Sensing technology
- Utilization of data from control technology
- Proposals for solutions systems



RYODEN is aiming to become a

Business Creation Company

that creates new value

■ The "RYODEN REPORT 2022" integrated report was published in September 2022

In this fiscal year, the Company published a feature article to commemorate the 75th anniversary of its foundation entitled "RYODEN's story of value creation: Aiming at a 100-year business,". In it, the company explains that it has been evolving its business model to create "environment, safety, and security" value and pursuing its long-term vision of creating value and enhancing corporate value as a business creation company that goes beyond the framework of an agency and trading firm.

Message from the top manager (Pages 1 to 4)



Feature article to commemorate the 75th anniversary of foundation (Pages 7 to 14)



Message from an outside director (Page 46)



* An English version of the report will be published in November

■ Communication of information by Shared Research in January 2023

- ✓ RYODEN is stepping up its efforts to communicate information to institutional investors in Japan and abroad.
- ✓ It will work to provide information that is easily visible to investors.





RYODEN

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Note

Statements of plans for financial results and other prospects of the future included in this presentation are based on the information so far obtained by the Company and on certain assumptions considered to be reasonable, and actual financial results, etc., may differ significantly from the statements due to various factors. Major factors include:

- Rapid changes in the economic situations of major markets (such as Japan and Asia), consumption trends, and the supply of and demand for products
- Significant fluctuations in the exchange rate of the yen against the U.S. dollar, etc.
- Substantial changes in quotations in the capital market