

Fiscal Year Ended March 2023
Financial Results Briefing

RYODEN CORPORATION

May 23, 2023
TSE Prime Market
Securities code: 8084



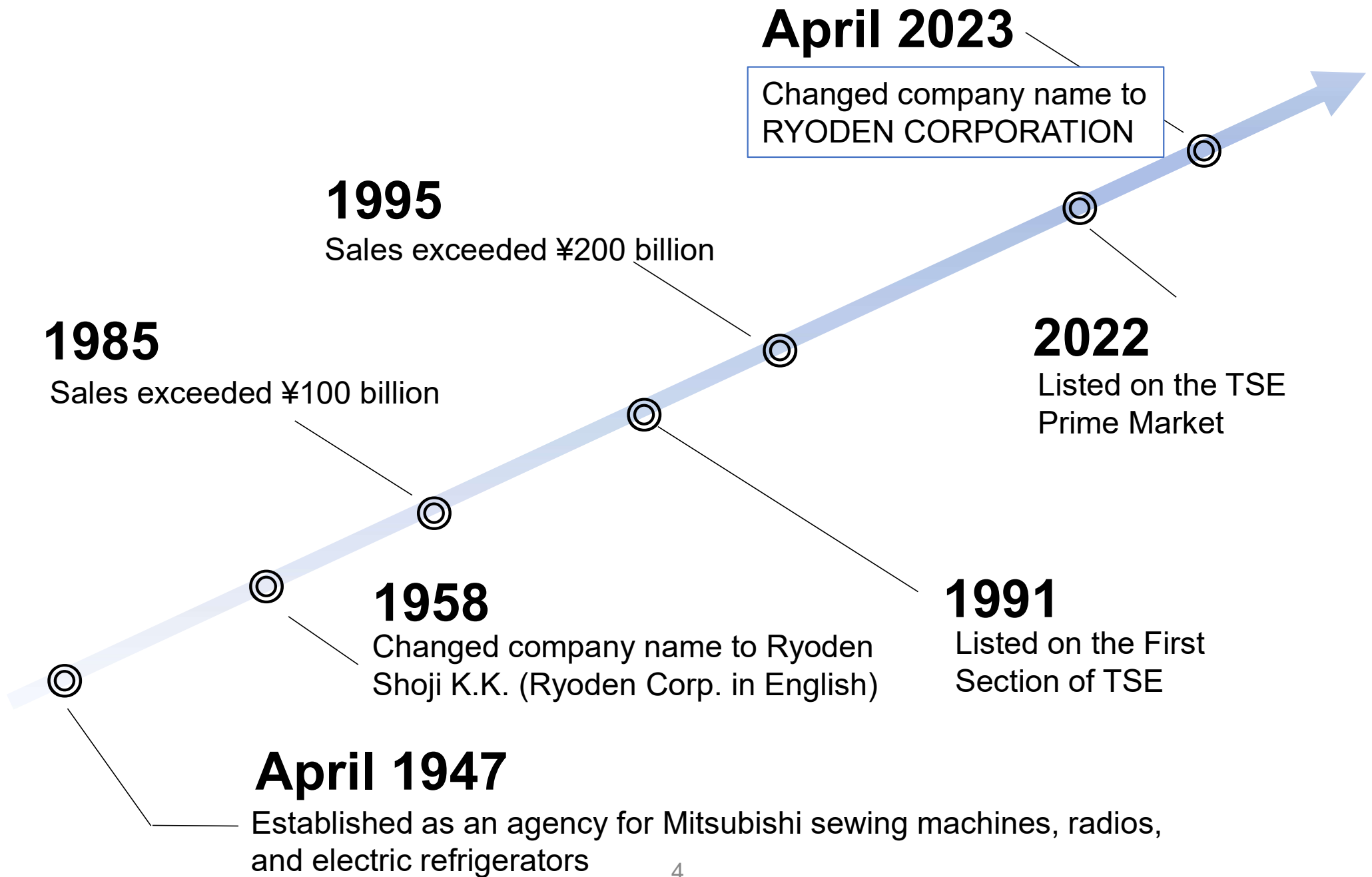
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1. About RYODEN



Establishment:	1947
Number of business sites:	30 bases in Japan and 21 overseas
Number of employees:	1,242
Net sales:	¥260.3 billion
Net income:	¥5.3 billion
Total assets:	¥151.0 billion
Net worth ratio:	52.8%



Business Domains

*Results in FYE2023



FA Systems



Collaborative robots of Mitsubishi Electric Corp. (MELFA ASSISTA)



Sequencers of Mitsubishi Electric Corp.



AC servo mechanisms of Mitsubishi Electric Corp.

Order Made Elevator
NEXCUBE



Observation elevators of Mitsubishi Electric Corp.

ファシリアDD



Mitsubishi Electric Corp. packaged air conditioning systems for equipment

X-Tech



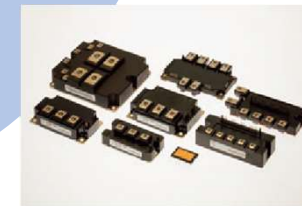
Next-generation Plant Factory "Block FARM"



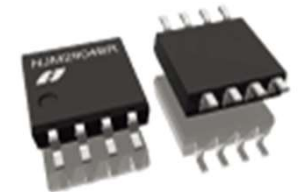
Medical information systems (examples)



Video camera solutions (FlaRevo)

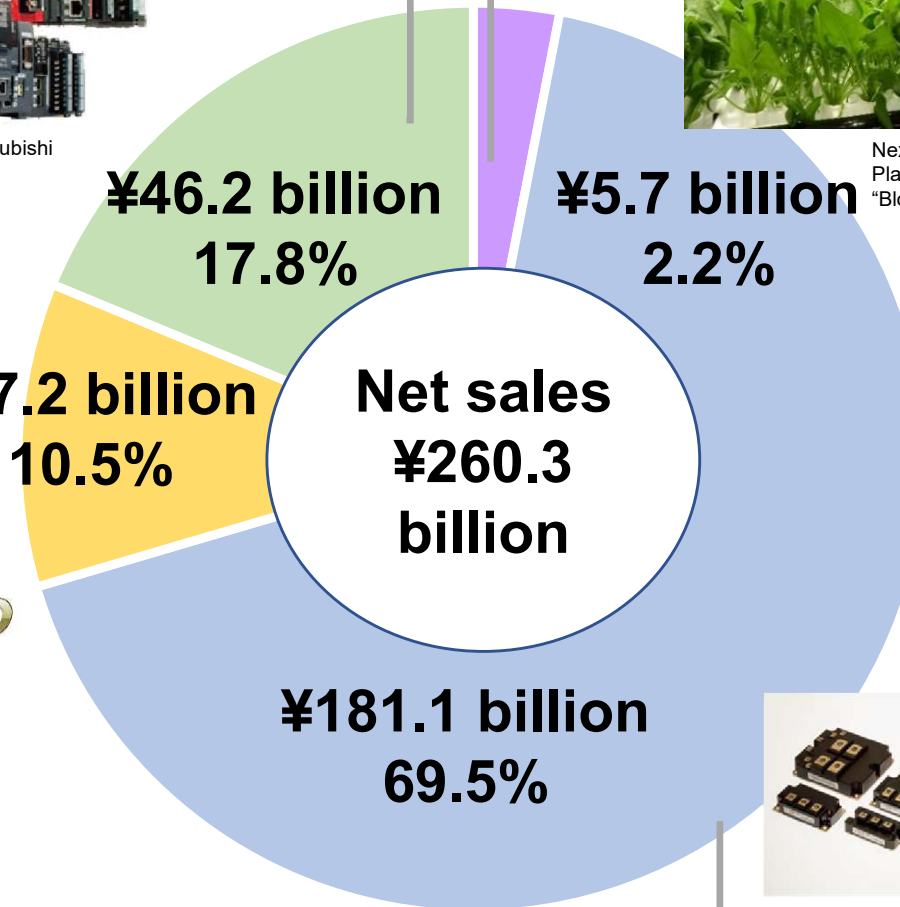


SiC power modules of Mitsubishi Electric Corp.



Analog semiconductors of Nisshinbo Micro Devices Inc.

Electronics





2. Summary of Financial Results for FYE2023

Summary of Financial Results for FYE2023



(Millions of yen)	FYE2022	FYE2023	Year-on-year change (amount)	Year-on-year change (%)
Net sales	229,126	260,303	+31,177	13.6%
Operating profit	7,062	9,380	+2,317	32.8%
Ordinary profit	7,285	9,077	+1,792	24.6%
Net income	5,004	5,366	+362	7.2%
ROE *1	6.9%	7.0%	-	+0.1 pt.
ROA *2	5.5%	6.2%	-	+0.7 pt.
Operating profit margin	3.1%	3.6%	-	+0.5 pt.

- Due to the effects of foreign exchange rates, as well as substantial increases in sales and profits in the electronics business, RYODEN achieved its highest-ever sales and income at all levels.

*1 Return on equity

*2 Return on assets

Financial Conditions



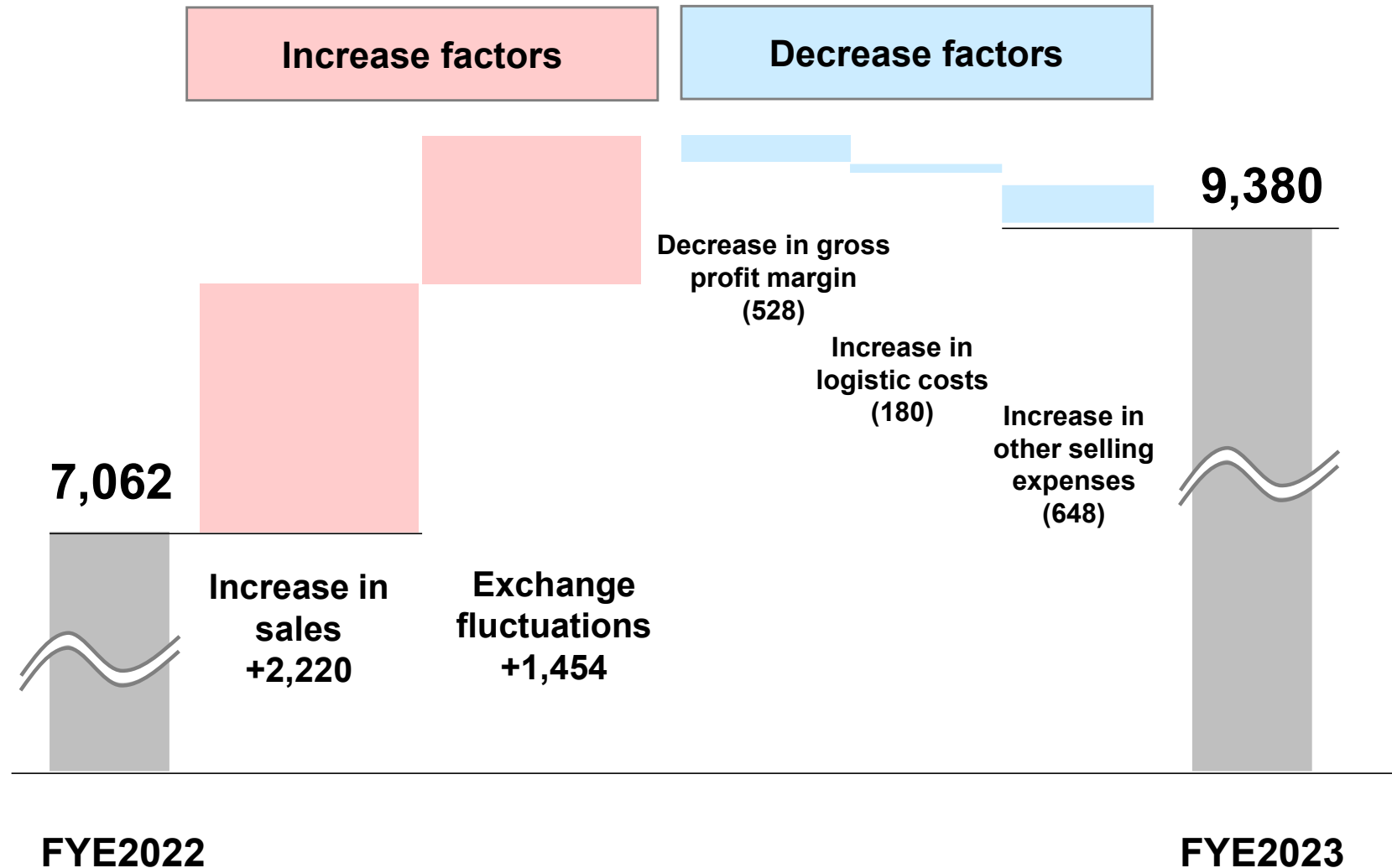
(Millions of yen)	FYE2022	FYE2023	Year-on-year change (amount)	Year-on-year change (%)
Total assets	140,970	151,049	+10,078	7.1%
Total liabilities	66,204	71,150	+4,946	7.5%
Net assets	74,766	79,898	+5,132	6.9%
Equity ratio (%)	52.9%	52.8%	-	(0.1) pt.

(Millions of yen)	FYE2022	FYE2023	Year-on-year change (amount)
Cash flows from operating activities	(7,623)	(199)	+7,424
Cash flows from investing activities	(1,326)	(1,251)	+74
Cash flows from financing activities	(883)	(115)	+767
Cash and cash equivalents	11,577	11,091	(486)

Operating Profit Increase/Decrease Factors



- Operating profit increased due to the effects of sales growth and exchange fluctuations



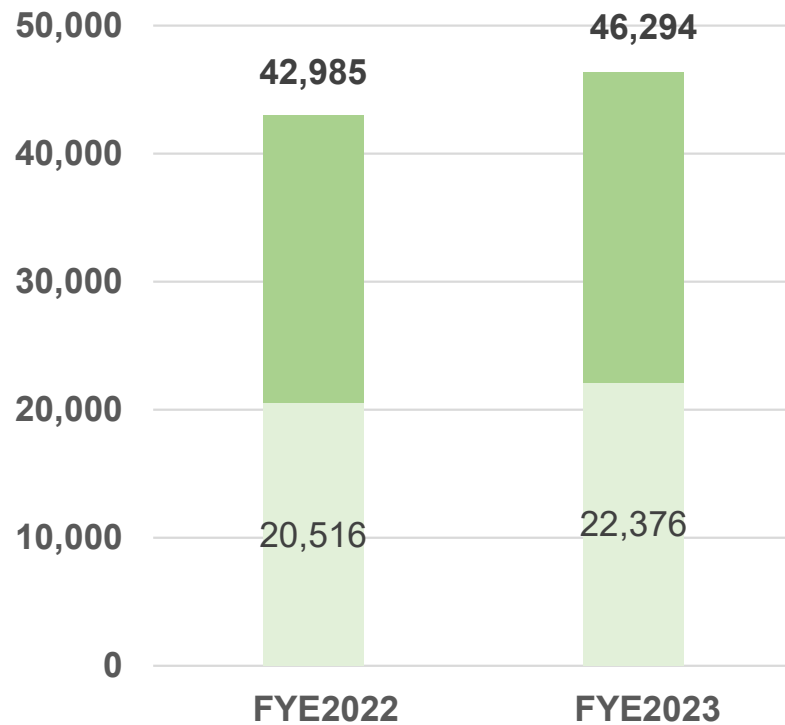


3. Results by Segment



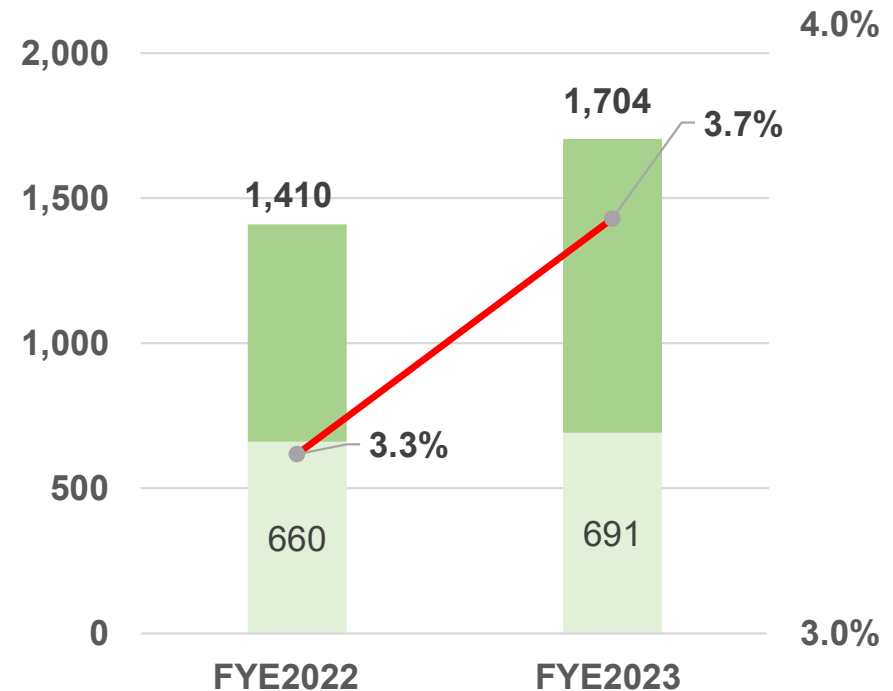
2Q 4Q

Net sales (Millions of yen)



Operating profit (Millions of yen)

Operating profit margin (%)



Main points

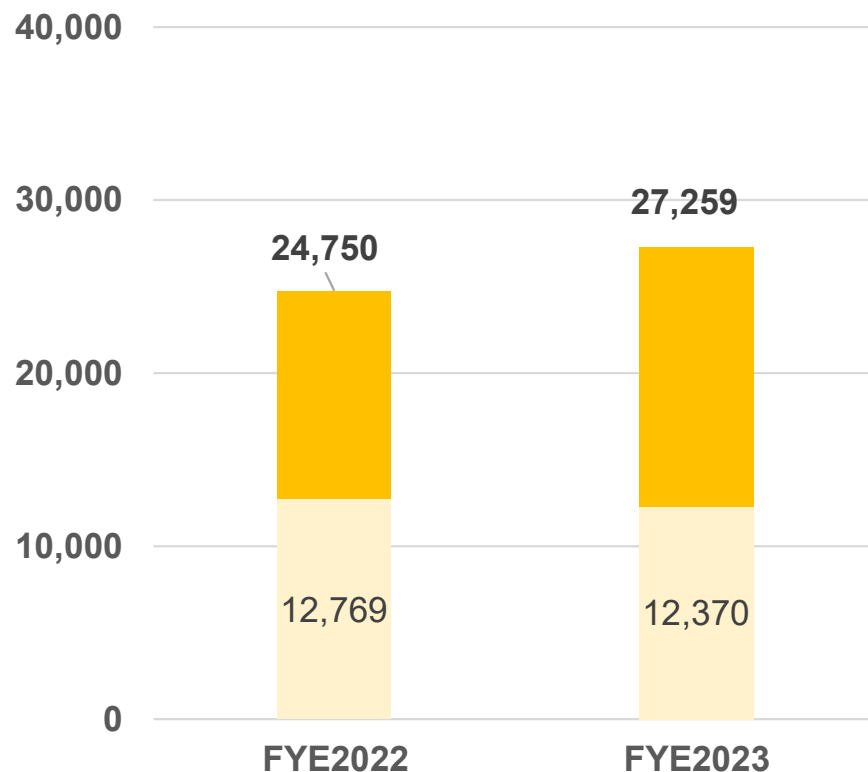
- ◆ Sales of semiconductor production equipment remained low because its production was adjusted due to the decline in overseas demand.
- ◆ Demand for machine tools and general industrial systems and capital investment projects, centered on automobile-related systems, continued to be strong.

Cooling & Heating and Building Systems

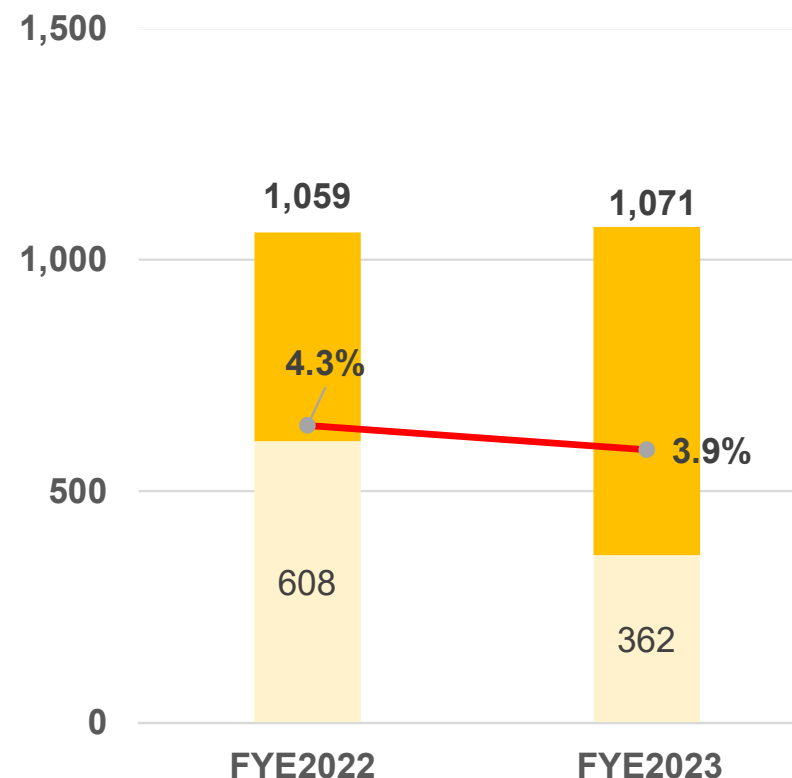


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Net sales (Millions of yen)



Operating profit (Millions of yen)

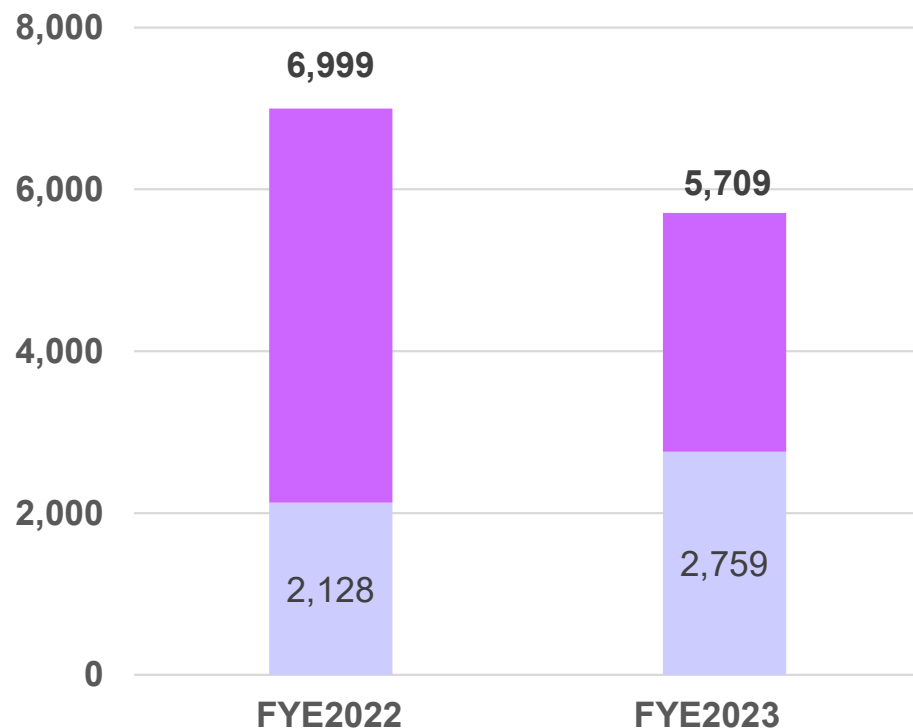


Operating profit margin (%)

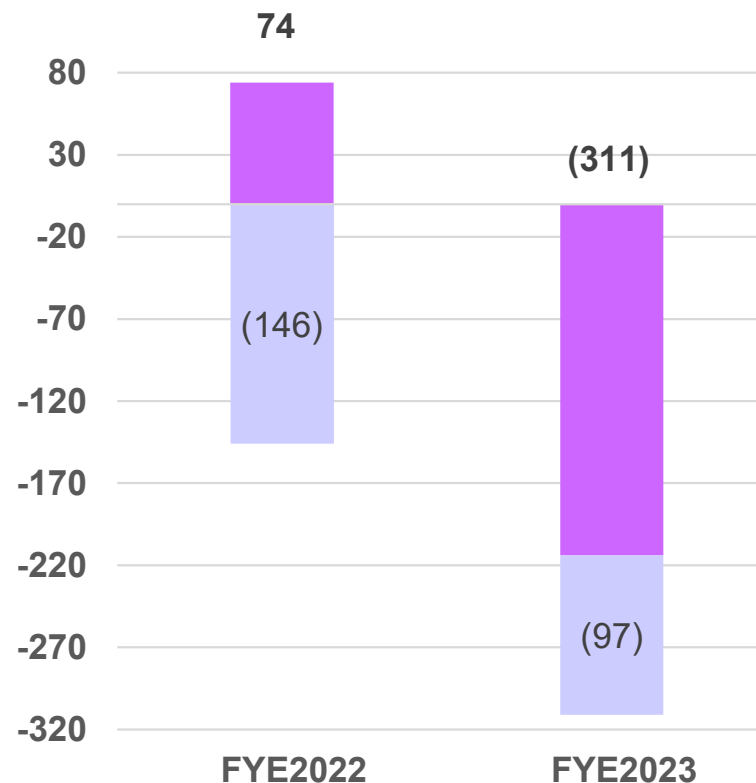
Main points

- ◆ In the cooling and heating segment, capital investment-related demand as well as sales of business-use air-conditioning systems, freezers, etc. continued to be brisk.
- ◆ In the building systems segment, sales remained low as they were affected by the sharp rises in the prices of materials and the prolonged delivery deadlines.

Net sales (Millions of yen)



Operating profit (Millions of yen)



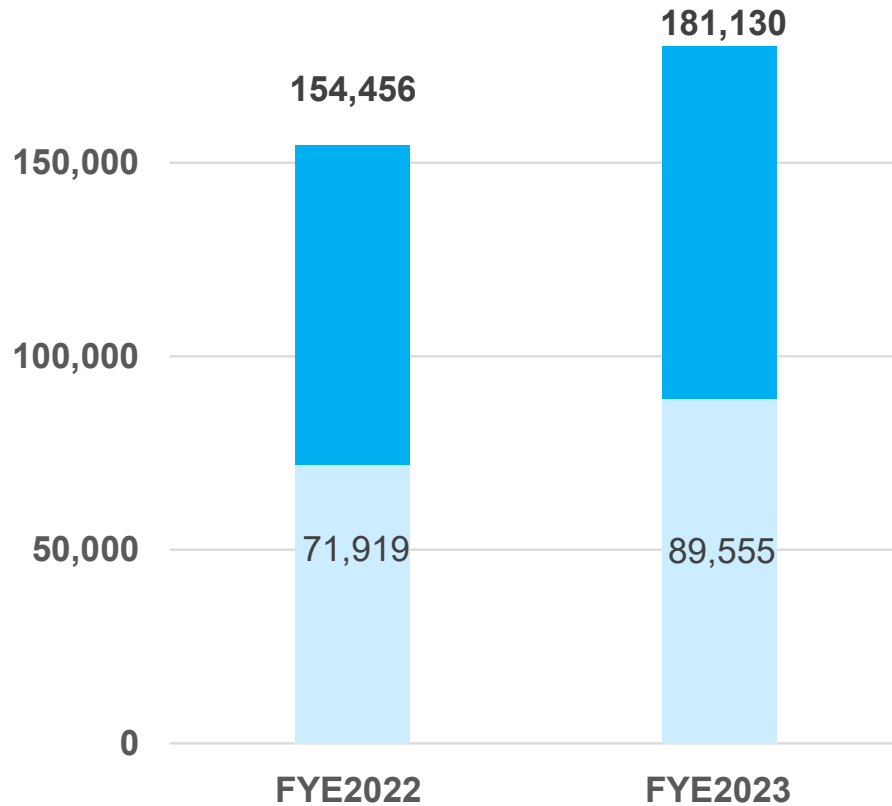
Main points

- ◆ In the healthcare segment, sales of subscription services, etc. continued to be strong.
- ◆ In the ICT segment, sales of IT-related equipment, FlaRevo video management system, and RFID-related products also continued to be strong.
- ◆ In smart agriculture, the company continued to focus on the mass-production of spinach at the Block FARM next-generation plant factory. It also worked to reform its business models.

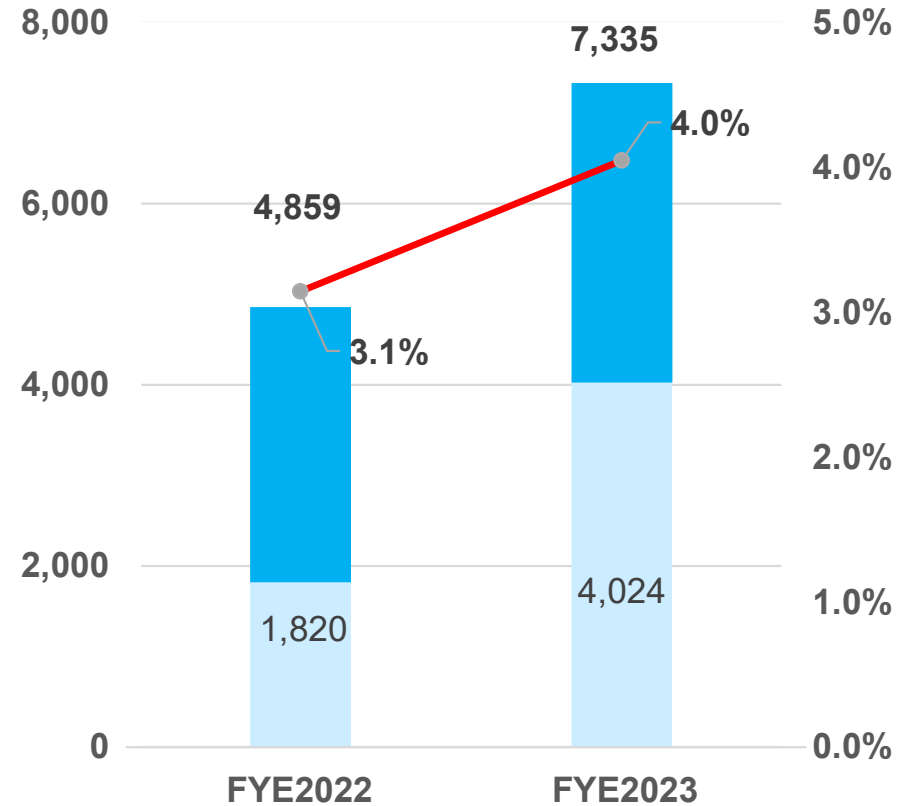


2Q 4Q

Net sales (Millions of yen)



Operating profit (Millions of yen)



Main points

- ◆ In Japan, sales of SoC, memory, etc. for infotainment equipment continued to be brisk, and the industrial equipment market also remained strong.
- ◆ In overseas markets, analog semiconductors for industrial equipment, power semiconductors, and memory continued to sell well.



4. Forecasts of Financial Results for FYE2024

Forecasts of Financial Results for FYE2024: Recognition of the Environment



Recognition of the environment that surrounds RYODEN

Foreign exchange	Business sentiment
<p>Expected rate: US\$1.00 = ¥130</p>	<ul style="list-style-type: none"> ✓ Amidst the unstable international and domestic conditions due to factors such as the prolonged inflation, the situation in Ukraine, and the confrontation between the United States and China, consumer spending is expected to recover, but high prices, slowdown of overseas economies, etc. will remain causes of concern. ✓ Energy prices will remain high. ✓ Affected by global labor shortages, investments will actively be made in EV-related equipment as well as machine tools and robotics for labor saving.

Recognition of the environment for each business

<p>FA Systems</p>	<ul style="list-style-type: none"> • Sales of semiconductor production equipment will remain low due to the decline in overseas demand. • Overall capital investments, including those for machine tools and EV-related equipment, will continue to recover. They are expected to remain steady.
<p>Cooling & Heating and Building Systems</p>	<ul style="list-style-type: none"> • In the air-conditioning system market, investments mainly for office air-conditioning systems will continue to be strong. Both the manufacturing and service industries will continue to actively invest. In the construction market, a certain level of investment will continue, although concern remains about the soaring prices of materials and the prolongation of construction periods.
<p>X-Tech</p>	<ul style="list-style-type: none"> • Investments will expand mainly in the manufacturing industry to utilize ICT, including the use of information, quality improvements, and strengthening of security. • Business opportunities will increase as medical institutions aim at establishing intelligent systems through restructuring and consolidation. • In the plant factory business, customers will continue to reduce investments, but a certain level of demand growth is expected as the logistic problem of 2024 prompts distribution reforms.
<p>Electronics</p>	<ul style="list-style-type: none"> • Automobile-related demand is expected to continue to be strong thanks to the improvement of semiconductor shortages, but in a part of the market, there are concerns about the effects of inventory adjustments. • The industry-related market is entering a phase of adjustment as customers see decreases in the number of orders accepted for equipment, and market conditions in the second half of the year are uncertain.

Summary of Forecasts of Financial Results for FYE2024



(Millions of yen)	FYE2023	Forecasts for FYE2024	Year-on-year change (amount)	Year-on-year change (%)
Net sales	260,303	263,000	+2,697	+1.0%
Operating profit	9,380	7,000	(2,380)	(25.4)%
Ordinary profit	9,077	7,000	(2,077)	(22.9)%
Net income	5,366	4,800	(566)	(10.6)%

- While net sales are expected to grow slightly, there will be no effect from foreign exchange rates like the one seen in the previous term in the electronics sector, and profits are expected to fall at each level mainly because the market is entering a phase of adjustment.

Forecasts of Financial Results for FYE2024 by Segment

Net sales (Millions of yen)	Results for FYE2023	Forecasts for all FYE2024	Year-on-year change
FA Systems	46,294	51,500	11.2%
Cooling & Heating and Building Systems	27,259	33,110	21.5%
X-Tech	5,709	7,550	32.2%
Electronics	181,130	170,900	(5.6)%
Company total	260,303	263,000	1.0%

Operating profit (Millions of yen)	Results for FYE2023	Forecasts for all FYE2024	Year-on-year change (%, amount)
FA Systems	1,704	2,100	23.2%
Cooling & Heating and Building Systems	1,071	1,930	80.2%
X-Tech	(311)	100	+¥411 million
Electronics	7,335	3,400	(53.6)%
Company total *1	9,380	7,000	(25.4)%

*1 Including overall company costs

Forecasts of Financial Results for FYE2024: Priority Measures in the Fourth Year of the Medium-term Management Plan



In order to achieve without fail its goals in the next year, the final year of the plan, RYODEN will operate with “succession and evolution” as its keywords

Measures	Policy	Specific initiatives
<p>Establishment of a strategic technology center</p>	<ul style="list-style-type: none"> • Planning and promotion of the engineering business, the foundation of all businesses • Concentration of technical units scattered in various businesses to achieve greater efficiency and enhance application abilities 	<ul style="list-style-type: none"> ✓ Establishment of engineering connecting mission-critical core businesses and new technologies that suits the growth strategy ✓ Enhancement of the ability to create new businesses and the ability to make proposals to and support customers, and implementation of an intellectual property strategy
<p>Digital transformation</p>	<p>“Aggressive DX” and “defensive DX” Super high-speed initiatives considering bold and rough-and-ready approaches acceptable</p>	<ul style="list-style-type: none"> ✓ Establishment of business promotion platform systems that support recurring models ✓ Utilization of digital tools to save labor and achieve greater operational efficiency and visualization of management data through establishment of IT system platforms and effective use of BI
<p>Brand value innovation</p>	<p>In order to have all stakeholders realize the value of a newly-born RYODEN, a company that creates businesses, we will reform our past brand value as an agency or trading firm.</p>	<ul style="list-style-type: none"> ✓ Putting the uniqueness, world-view, and story of RYODEN’s original solutions such as Remces into words to develop them into the company’s business brands ✓ Advancing branding activities with the aim of reforming the brand value of the newly-born RYODEN with “B for B to C” in mind

Forecasts of Financial Results for FYE2024: Priority Measures in the Fourth Year of the Medium-term Management Plan



In order to achieve without fail its goals in the next year, the final year of the plan, RYODEN will operate with “succession and evolution” as its keywords

Business	Policy	Specific initiatives
<p style="text-align: center;">New businesses</p>	<p>Accumulation and expansion of knowledge for three types of visualization (enabling the user to see, monitor, and diagnose) to uncover latent market needs and enhancement of the ability to develop data recurring business</p>	<ul style="list-style-type: none"> ✓ In ICT, RYODEN is aiming to expand sales of its original business camera system FlaRevo, which gives insights to customers by offering imagery that they should see rather than the one provided by ordinary surveillance cameras. ✓ In healthcare, the company will strive to increase sales of Total Pack IT, a package of IT equipment and systems for small and medium-sized medical institutions with a long-term guarantee (10 years). Thus, it will contribute to DX at medical institutions and to reducing their management burdens. ✓ In smart agriculture, the company intends to utilize the cultivation data it has accumulated to establish its unique recurring business, including providing businesses that are considering entering next-generation agriculture with consulting, engineering, and data services.
<p style="text-align: center;">Mission-critical core businesses</p>	<p>Offering of proposals to contribute to value enhancement from the viewpoint of customers and establishment of RYODEN's ONLY ONE solutions through demonstrating its strengths that exceed synergy effects between businesses</p>	<ul style="list-style-type: none"> ✓ Using manufacturing DX as an approach to provide total solutions that cover all processes from processing and assembly to transport and inspection in an integrated manner ✓ Establishing a nationwide sales and service system for area air-conditioning systems (manufactured by Kubota Air Conditioner, Ltd.) as a countermeasure against intense heat, thus strengthening alliances and expanding business scale ✓ Expanding sales of Remces, an integrated surveillance control system in which RYODEN combines its strengths in FA systems, cooling & heating systems, and electronics

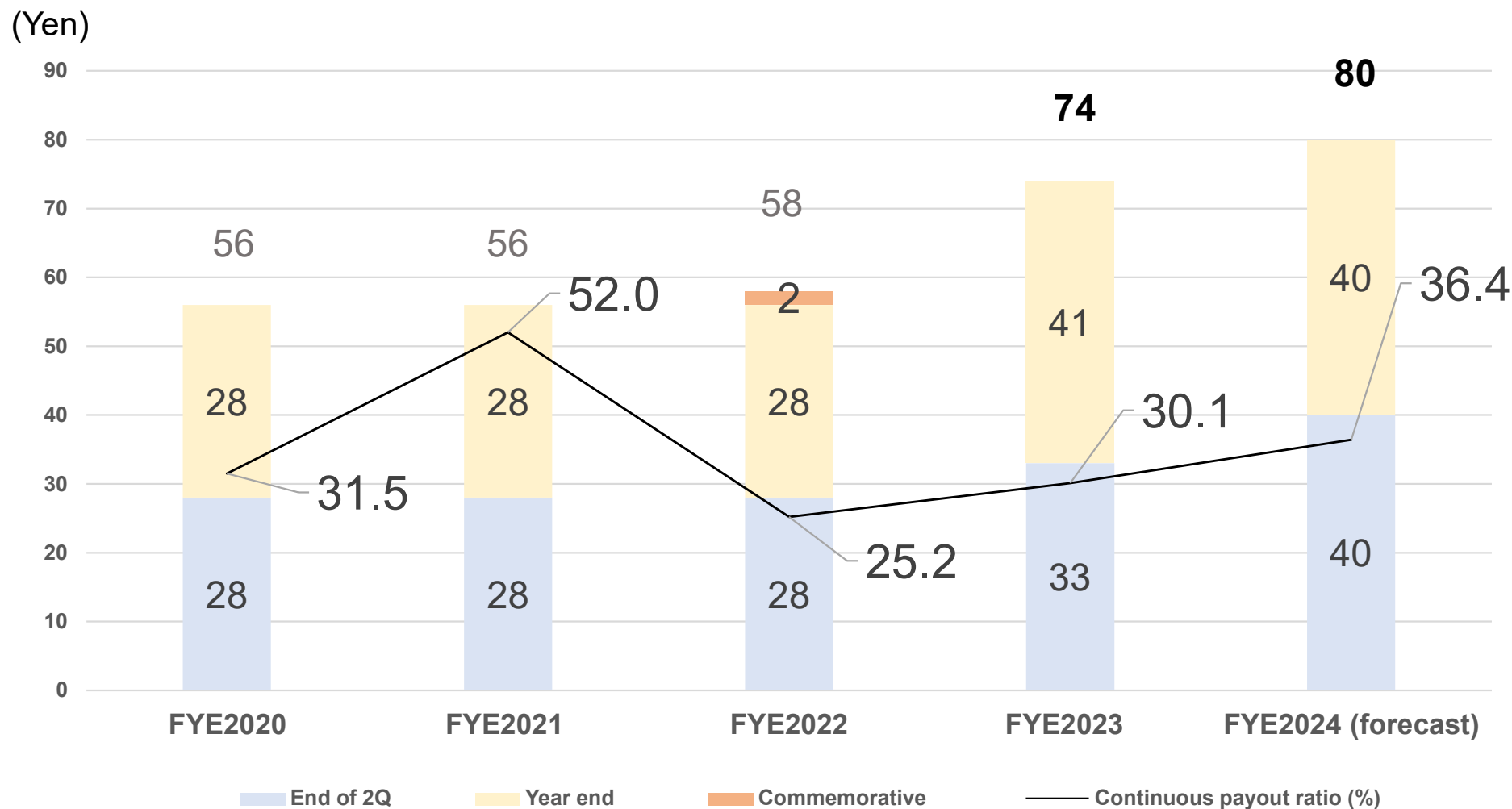


5. Shareholder Returns

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.
- ◆ The year-end dividend for FYE2023 was increased by ¥8 to ¥41 per share.
- ◆ The dividend for all FYE2024 is expected to be ¥80. RYODEN will continue to increase shareholder returns.



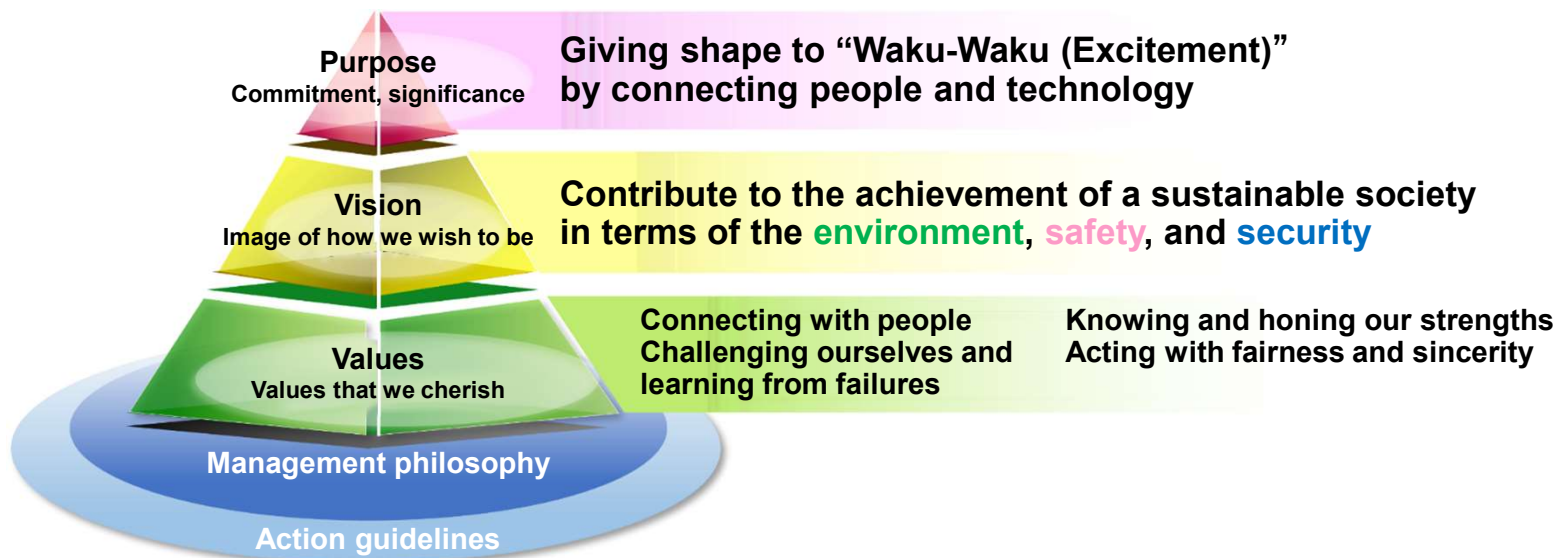


6. Progress in the Medium-term Management Plan



Giving shape to “Waku-Waku (Excitement)” by connecting people and technology

In December 2022, we defined the purpose that will guide us as we move forward.



Changing the Company Name



In April 2023, we changed the company name from Ryoden Shoji K.K. (Ryoden Corp. in English) to RYODEN CORPORATION



Please watch the video in which Director & President Tomizawa explains the idea behind the change of company name.

Progress in the Medium-term Management Plan



Medium-term management plan: ICHIGAN 2024

(From FYE2020 to FYE2024)

2050

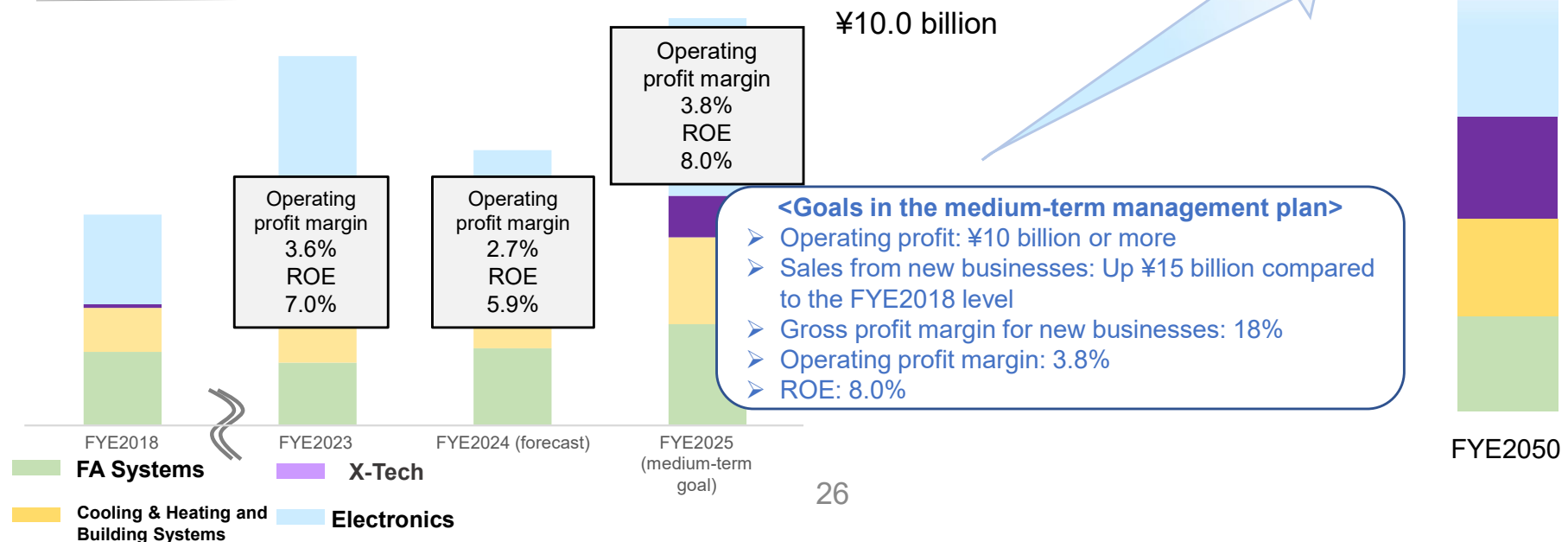
Succession and evolution

- ✓ In FYE2023, the company was delayed in progressing new businesses, but the electronics business drove financial results. As a result, RYODEN achieved its highest-ever operating profit.
- ✓ The new businesses were delayed in contributing to overall financial results, but the buds of the subscription and other businesses in the healthcare sector are growing steadily, and the company concentrated on launching such businesses early.

Toward a business creation company

As a 100-year company, RYODEN is aiming to contribute to the realization of an environmentally friendly, safe, secure, and sustainable society.

Changes in operating profit



Growth Strategy



Aiming to achieve the goals in the medium-term management plan while supporting the company's business by FA systems, cooling & heating and building systems, and electronics and making the data recurring business that goes beyond the framework of these business segments a major pillar of the new businesses

Creation of new businesses

Launching the cloud-based, integrated management system Remces

- Completing the next-generation plant factory Block FARM and starting the world's first mass-production and shipments of spinach
- Starting to build a next-generation value chain by entering not only production but also distribution and sales business in earnest

Starting to provide subscription services for small and medium-sized medical institutions

Starting to provide cloud-based AI services to support the pest controls that contribute to food safety and security

Establishing the video management system FlaRevo, a laser processing technology based on biomimetics, which is being developed through an industry-academia partnership, etc.

Toward provision of new value

Realizing three types of visualization (enabling the user to see, monitor, and diagnose) to optimize production efficiency and the environment in all areas

As a top runner in the plant factory business, RYODEN will:

- ✓ Shift plant factories from the production of a single item to high-mix, variable-volume production to enable them to respond to logistic and demand fluctuations
- ✓ Add to plant factory vegetables high value, which is different from the value given to those grown outdoors (such as long preserved freshness and high nutritional value)
- ✓ Provide value not given before by turning the business into one that provides service data and offers experiences rather than things

Supporting small and medium-sized medical institutions in DX and contributing to reducing their management burdens by providing a Total Pack IT, a package of IT equipment and systems for such institutions with a long-term guarantee (10 years). Thus, RYODEN will work to help medical institutions to shift to smart technologies.

Supporting food factories and other establishments in DX through HACCP*-based harmful animal surveillance services and contributing to the establishment of labor-saving sanitation management systems, thereby eliminating anxiety and giving a sense of security (*HACCP refers to an initiative to manage particularly important processes to prevent the occurrence of food safety hazards)

- ✓ Realizing visualization of worksites in the manufacturing industry by utilizing ICT (imagery and data), thus contributing to achieving greater operational efficiency
- ✓ Adding new functions such as water repellency to metals and resin by processing their surfaces so that they have water repellency like that of living creatures. These new functions will be applied to medical instruments (such as stents), too, through micromachining technology.

The Direction RYODEN Will Take in the Future



Aiming at going beyond the framework of a trading firm and becoming a business creation company

Pursuing profitability rather than business scale

Aiming at changing the quality of the company rather than seeking differentiation

As a company that contributes to the realization of an environmentally friendly, safe, secure, and sustainable society and continued green development that supports such a society, RYODEN will share the same values with all its stakeholders and fulfill its corporate responsibilities.

**As a 100-year company, the
RYODEN Group will contribute to
the realization of an
environmentally friendly, safe,
secure, and sustainable society**

This represents a vision of the company RYODEN aims at becoming in 2050 as stated in the medium-term management plan “ICHIGAN2024.”



7. Appendix

Waku-Waku (1): Next-generation Plant Factory (Block FARM)



- Shifting from the production of a single product item to high-mix, variable-volume production
- Adding high value to vegetables in a way so that they do not compete with those grown outdoors
- As a top runner in the plant factory business, RYODEN provides value not seen before by bringing together all the knowledge that it has accumulated in the past

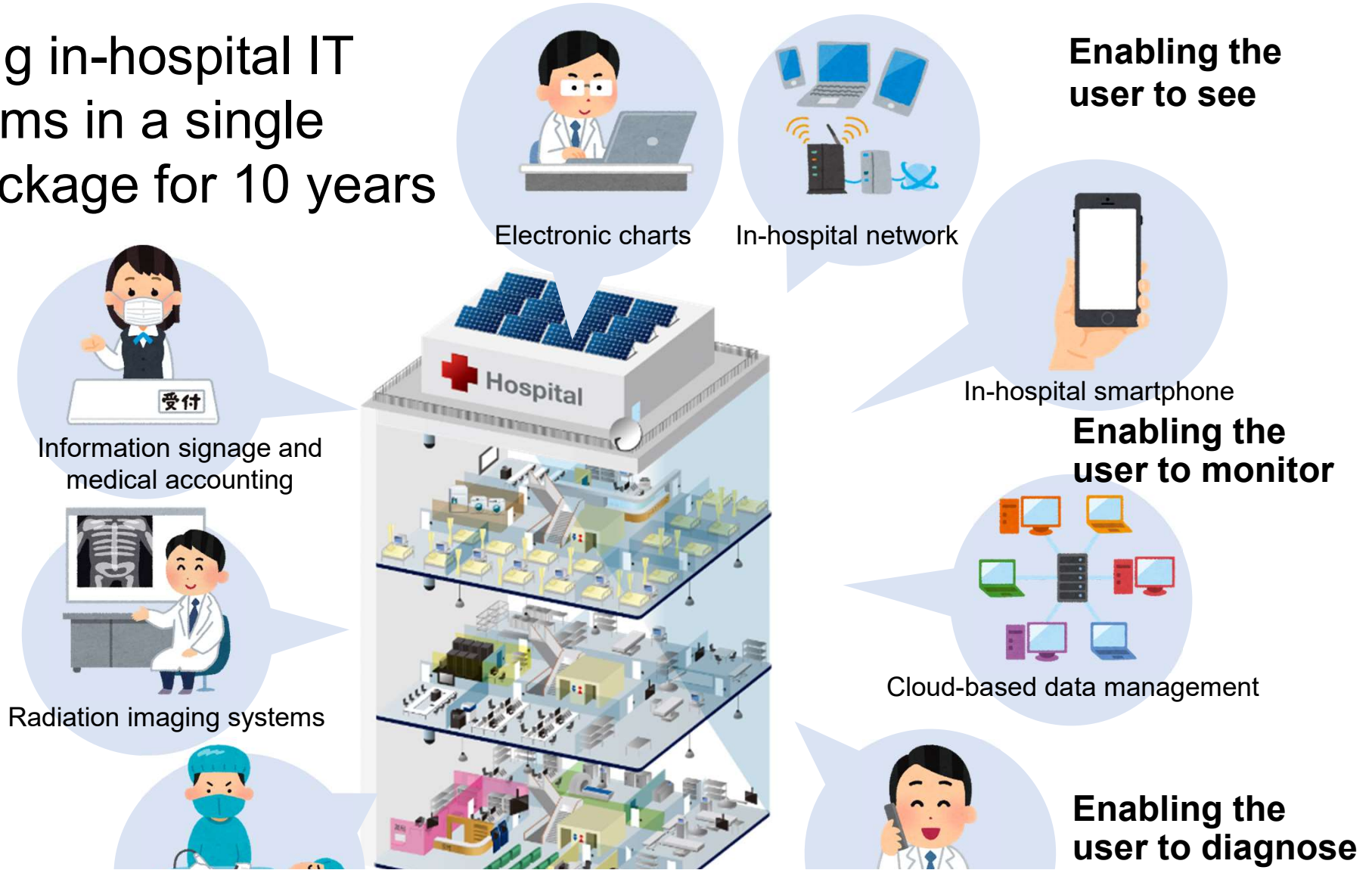


Closed plant factory that produces high-value-added vegetables

Waku-Waku (2): Total Pack IT (Healthcare)



Providing in-hospital IT systems in a single package for 10 years



Contributing to reducing hospitals' management burdens by utilizing cloud computing to support hospitals' DX

Waku-Waku (3): FlaRevo



A business camera that provides precisely 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

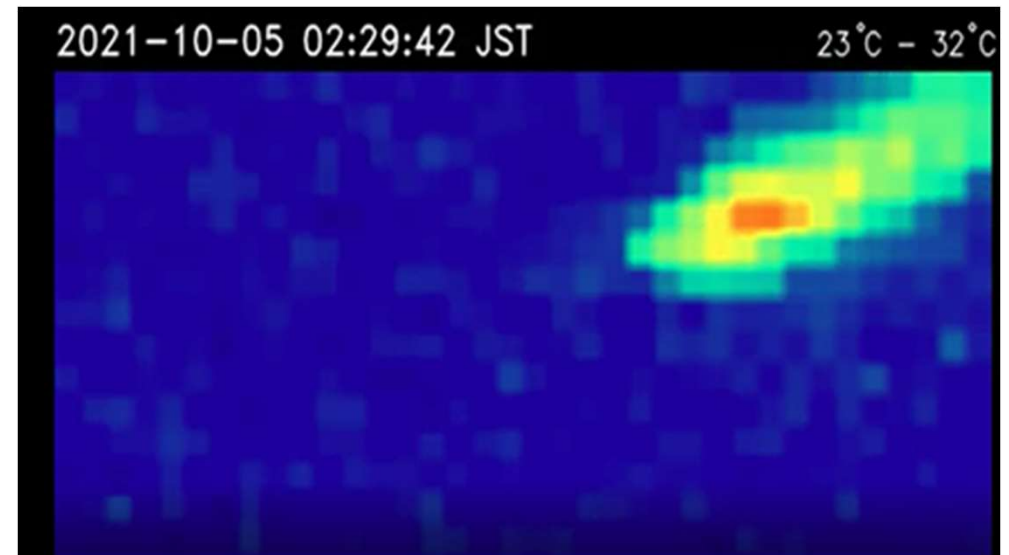
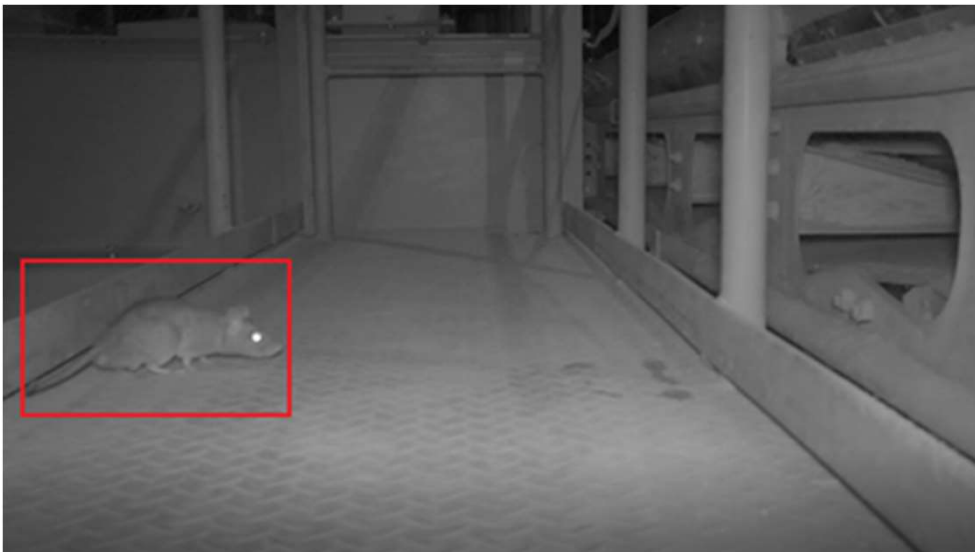
Sharing and storing of images automatically



Harmful animal
surveillance service

Subscription-type AI service to support DX at
businesses that work on pest control

Supporting food factories and other facilities in DX through a HACCP-based harmful animal surveillance service, thereby contributing to establishing a labor-saving sanitation management system. Thus, Pescle eliminates anxiety and gives a sense of security.



Waku-Waku (5): Remces



An integrated surveillance control system to achieve greater **production and energy efficiency** and **environmental optimization** by visualizing, analyzing, and controlling the data collected through open protocol



- Enabling the user to see
- Enabling the user to monitor
- Enabling the user to diagnose



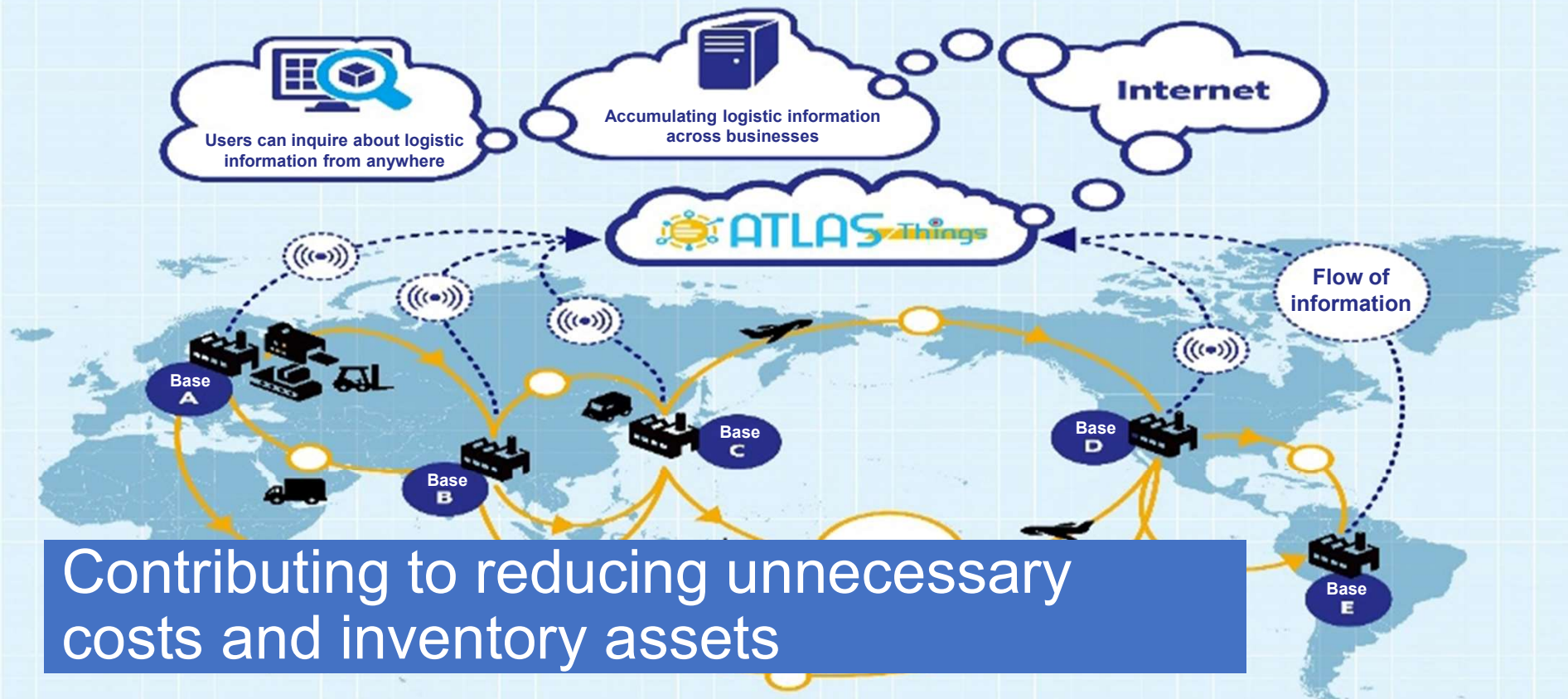
Waku-Waku (6): ATLAS Things



Making it simple to record the warehousing and shipment of things



Ascertains inventories at each base by recording the warehousing and shipment of things using automatic recognition technology

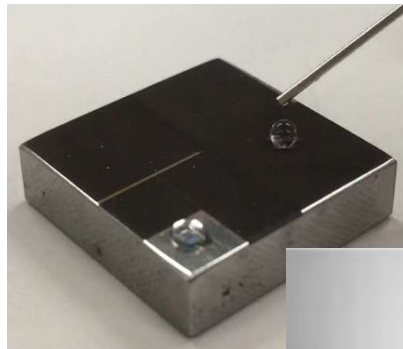


Contributing to reducing unnecessary costs and inventory assets

Waku-Waku (7): Biomimetics

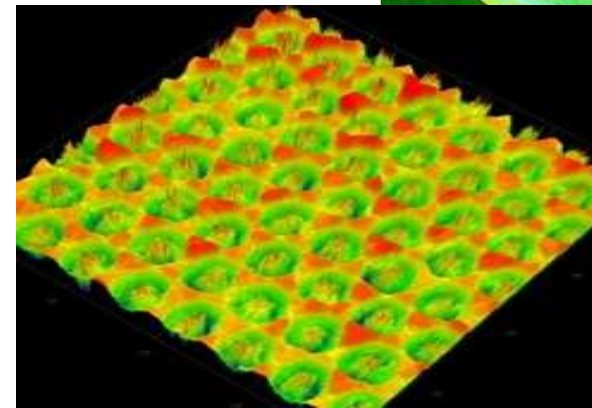
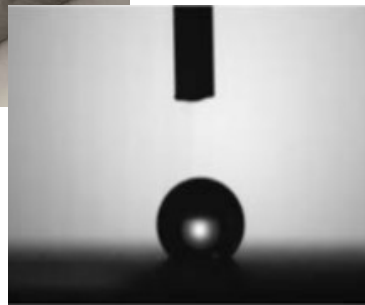


Using a micromachining laser technology to physically solve problems that were previously solved chemically



Liquid repellent

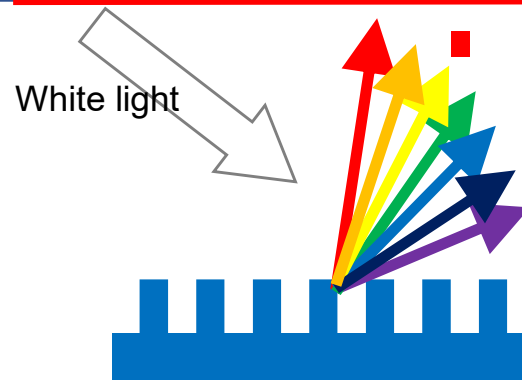
Controlling the contact angle of water by producing fine periodic structures (uneven shapes), thus realizing water-repellent surfaces



Three-dimensional image of the processed surface



Decoration



The colors of the light seen change depending on the angle

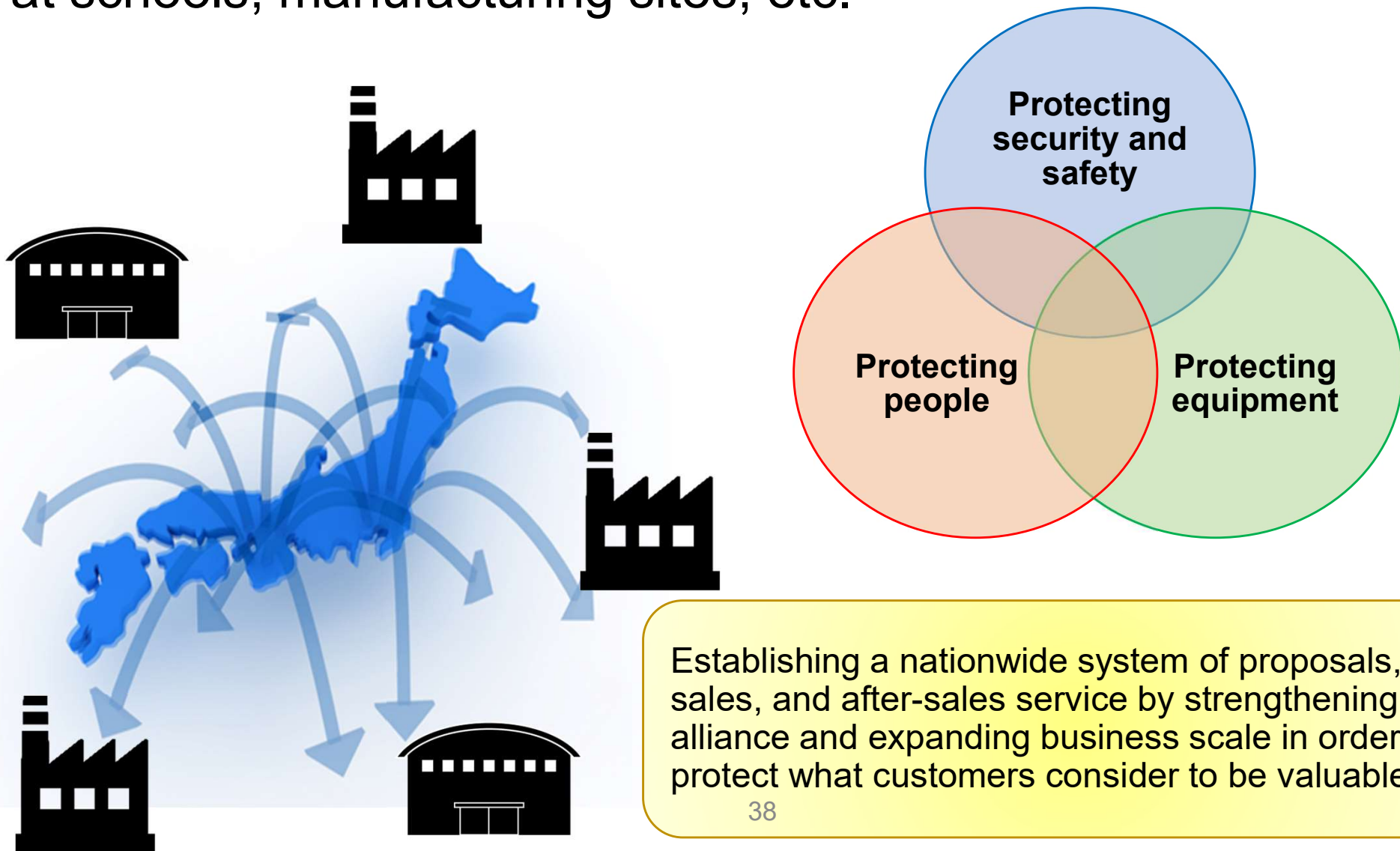
A diffraction grating (a fine uneven shape) is formed on the surface of the processed thing.

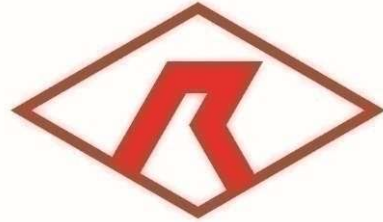
Rainbow colors can be seen because the reflection angle of the light from the surface differs.

Waku-Waku (8): Strengthening the alliance between RYODEN, Kubota Air Conditioner, and Techno Fort



Nationwide, one-stop sales and after-sales services for area air-conditioning systems as a countermeasure against intense heat at schools, manufacturing sites, etc.





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Note

Statements of plans for financial results and other prospects for 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 these 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 rates of the yen against the U.S. dollar and other currencies
- Substantial changes in quotations in the capital market