

**Second Quarter of the Fiscal Year  
Ending March 2024**

# **Financial Results Briefing**

**RYODEN CORPORATION**

November 13, 2023

TSE Prime Market

Securities code: 8084



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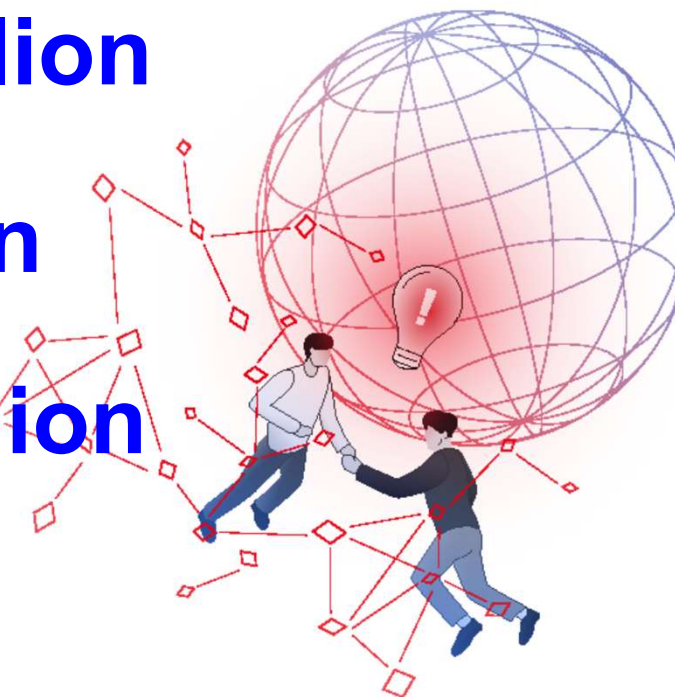
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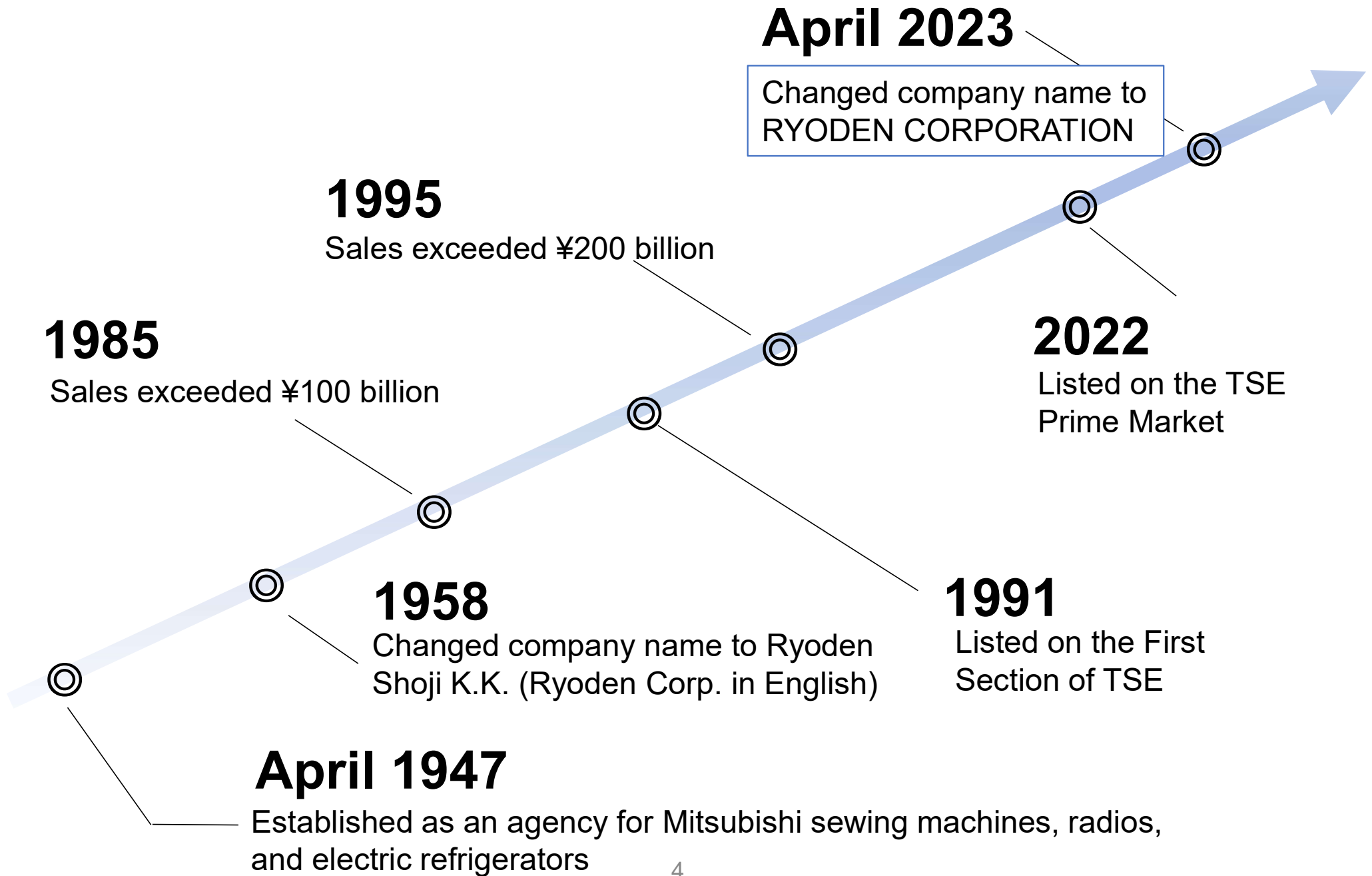
# 1. About RYODEN

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Establishment:	<b>1947</b>
Number of business sites:	<b>28 bases in Japan and 21 overseas</b>
Number of employees:	<b>1,242</b>
Net sales:	<b>¥260.3 billion</b>
Net income:	<b>¥5.3 billion</b>
Total assets:	<b>¥151.0 billion</b>
Net worth ratio:	<b>52.8%</b>





# Business Domains

\*Results in FYE2023



## FA Systems



Collaborative robots of Mitsubishi Electric Corp. (MELFA ASSISTA)



Sequencers of Mitsubishi Electric Corp.



Laser processor 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



Indoor unit of the area air-conditioning system of Kubota Air Conditioner Co., Ltd.

## X-Tech



Next-generation Plant Factory "Block FARM"



Medical information systems (examples)



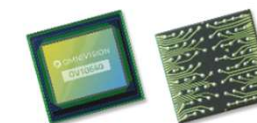
Video camera solutions (FlaRevo)



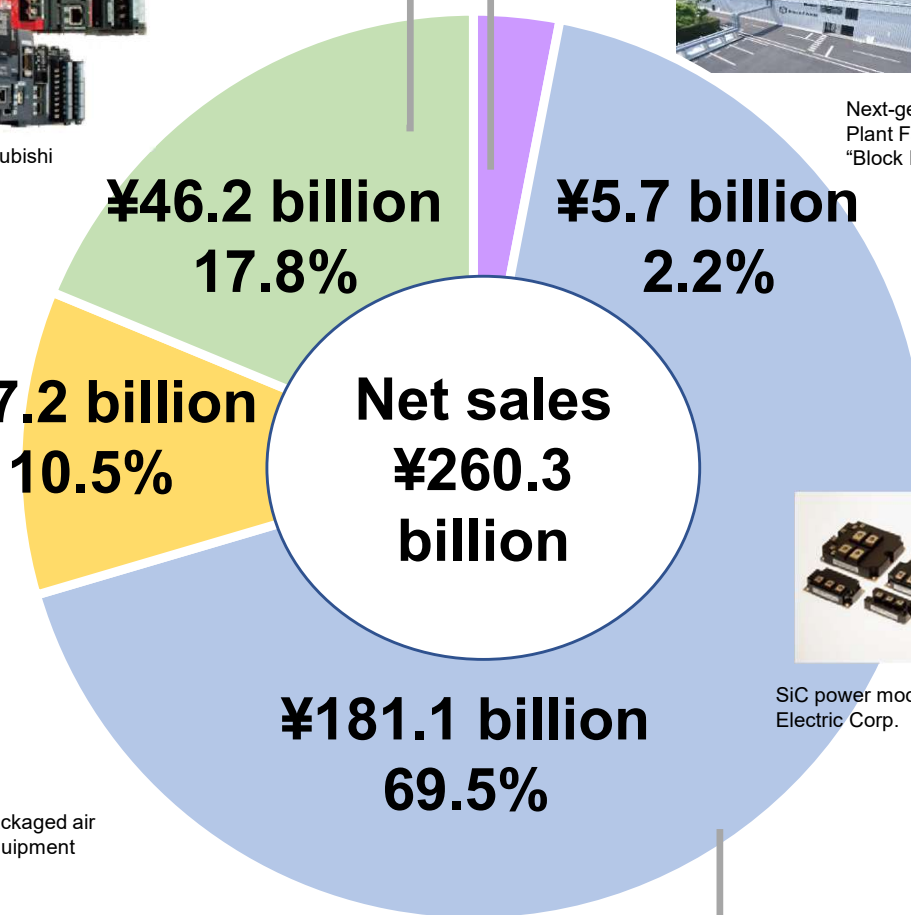
SiC power modules of Mitsubishi Electric Corp.



Analog semiconductors of Nisshinbo Micro Devices Inc.



CMOS sensor of OMNIVISION



## Electronics

## Cooling & Heating and Building Systems



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## **2. Summary of Financial Results for the Second Quarter of FYE2024**

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# Summary of Financial Results for the Second Quarter of FYE2024



(Millions of yen)	Results for 2Q of FYE2023	Results for 2Q of FYE2024	Increase/decrease	Forecasts at the beginning of FYE2024	Revised forecasts for FYE2024
<b>Net sales</b>	127,033	<b>129,843</b>	+2,810	263,000	<b>263,000</b>
<b>Operating profit</b>	4,765	<b>4,236</b>	(528)	7,000	<b>7,300</b>
<b>Ordinary profit</b>	4,714	<b>4,313</b>	(400)	7,000	<b>7,300</b>
<b>Net income</b>	3,170	<b>2,900</b>	(269)	4,800	<b>5,000</b>
			<b>Dividend</b>	¥ 80	<b>¥ 92</b>

( ¥46 for interim,  
¥46 for year end )

- During 2Q, net sales rose and profits fell compared to in the same period of the previous year, but **they exceeded the initial forecasts**
- During the term to March 2024, demand for FA systems used in semiconductor production equipment has started to decline, and dark signs have begun to be seen in the demand for electronics in the industrial equipment market, but **we have still upwardly revised the forecasts for profits at each level** as we continue to strive for higher profitability
- The annual dividend forecast has been **revised to 92 yen per share** (an increase of 6 yen for both the interim and year-end dividends)



# Financial Conditions



(Millions of yen)	FYE2023	2Q of FYE2024	Increase/ decrease
<b>Total assets</b>	151,049	<b>165,742</b>	+14,692
<b>Total liabilities</b>	71,150	<b>82,488</b>	+11,337
<b>Net assets</b>	79,898	<b>83,253</b>	+3,354
<b>Equity ratio (%)</b>	52.8%	<b>50.1%</b>	(2.7)pt

(Millions of yen)	2Q of FYE2023	2Q of FYE2024	Increase/ decrease
<b>Cash flows from operating activities</b>	(3,699)	<b>7,863</b>	+11,562
<b>Cash flows from investing activities</b>	(1,331)	<b>224</b>	+1,555
<b>Cash flows from financing activities</b>	742	<b>470</b>	(272)
<b>Cash and cash equivalents</b>	8,451	<b>20,012</b>	+11,561



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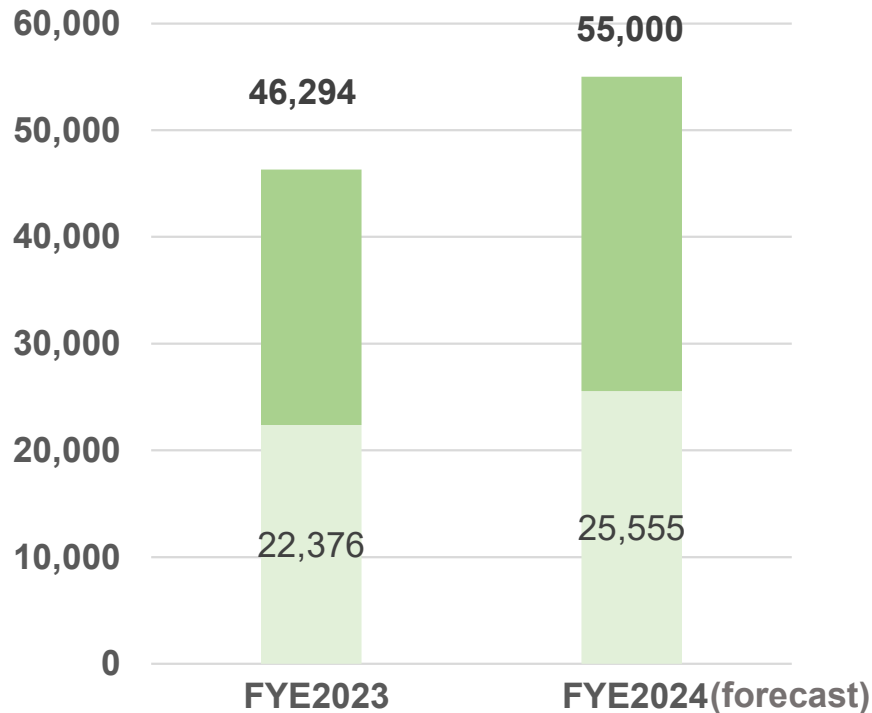
# **3. Results and Forecasts by Segment**

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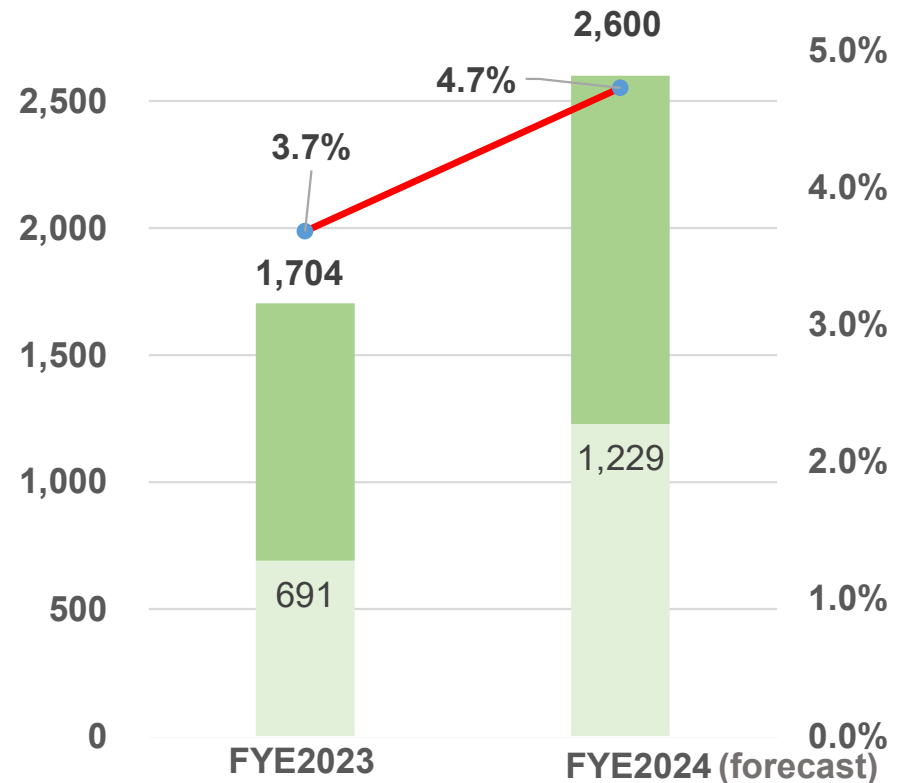
2Q 4Q

## Net sales (Millions of yen)



## Operating profit (Millions of yen)

## Operating profit margin (%)



## Main points

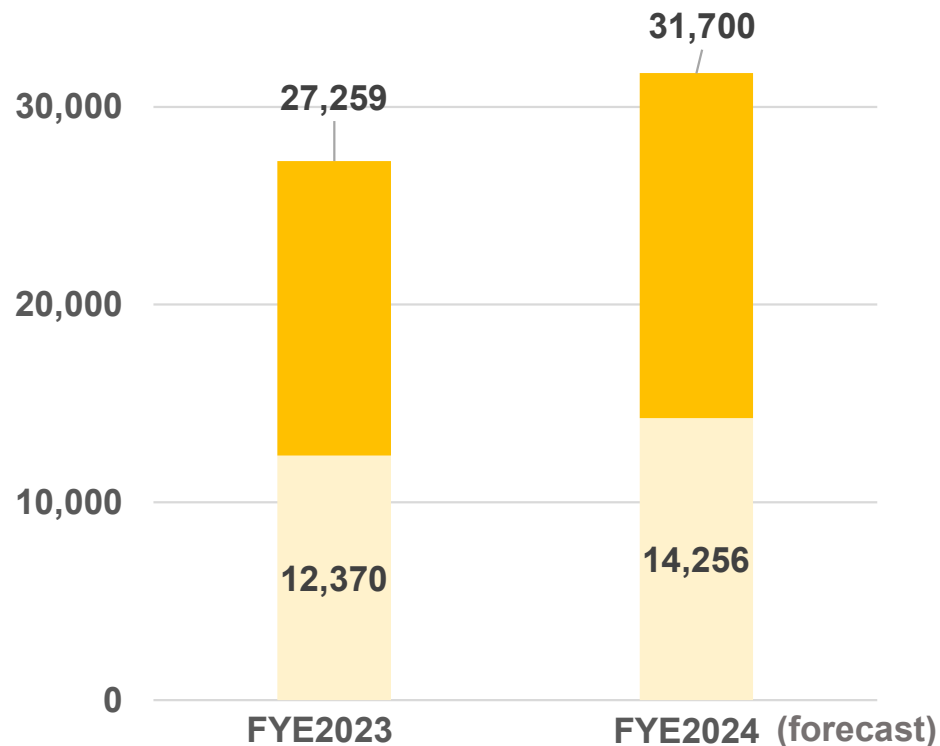
- ◆ 1H: Sales of FA systems for semiconductor production equipment continued to be sluggish, but overall sales continued to be strong, mainly because the supply chain has recovered and we met demand for new capital investments as automobile-related systems shifted to vehicle electrification
- ◆ 2H: It is difficult to predict whether demand for FA systems used in semiconductor production equipment will recover, but partly because backlogs of unfilled orders remain at a high level and the supply chain has recovered, sales are expected to continue to be strong

# Cooling & Heating and Building Systems

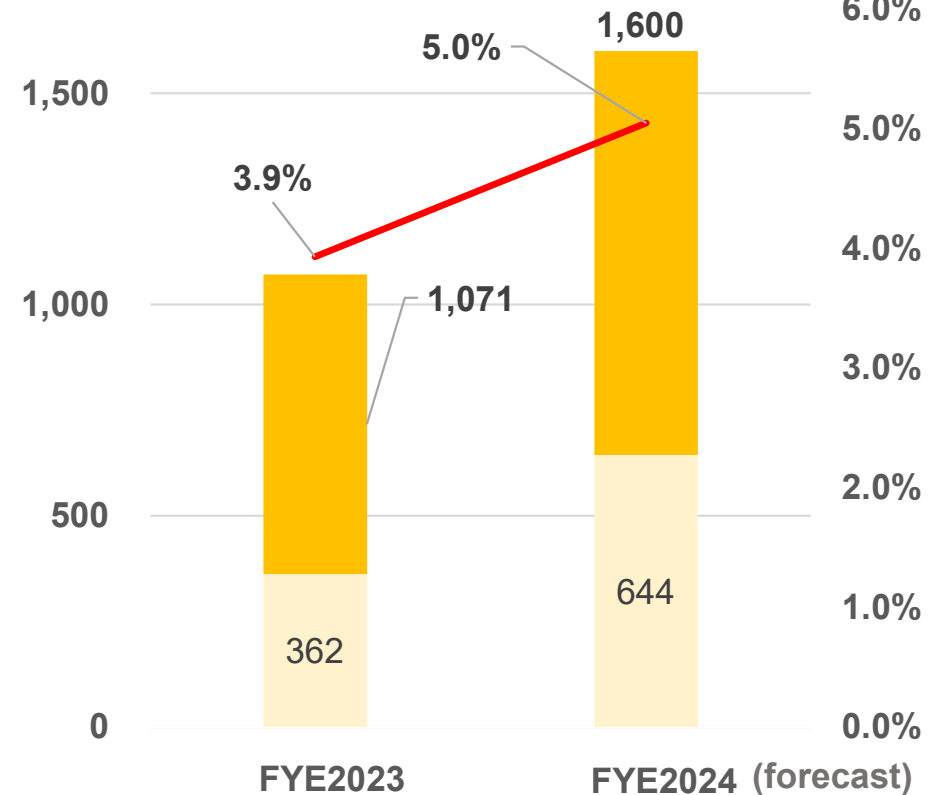


2Q 4Q

## Net sales (Millions of yen)



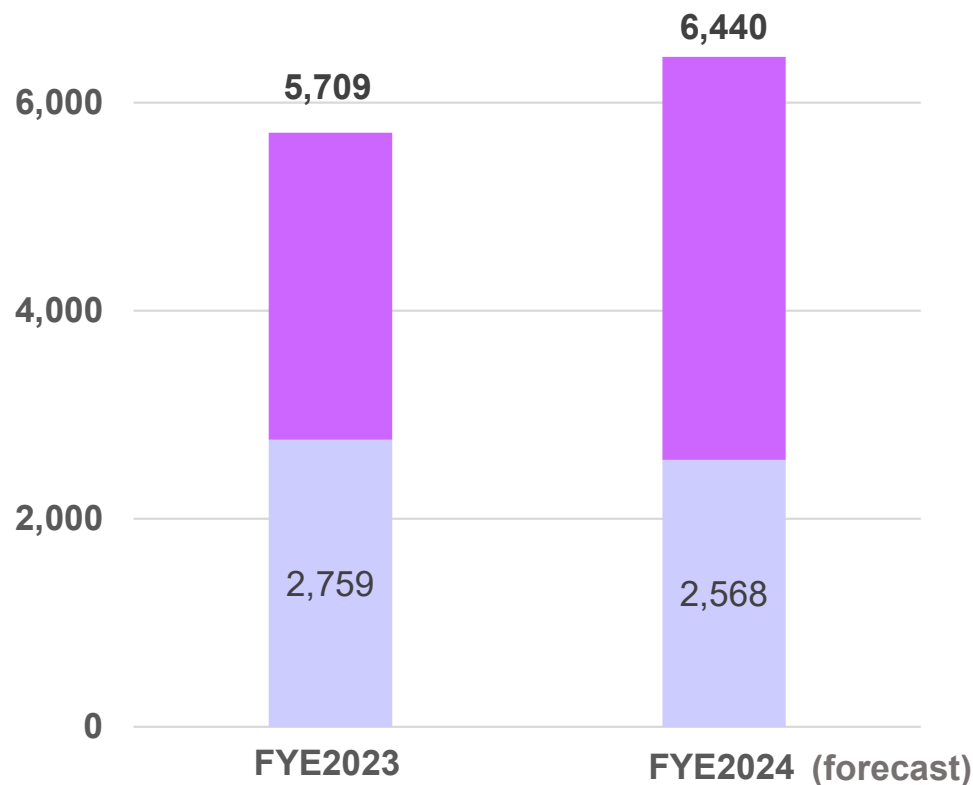
## Operating profit (Millions of yen)



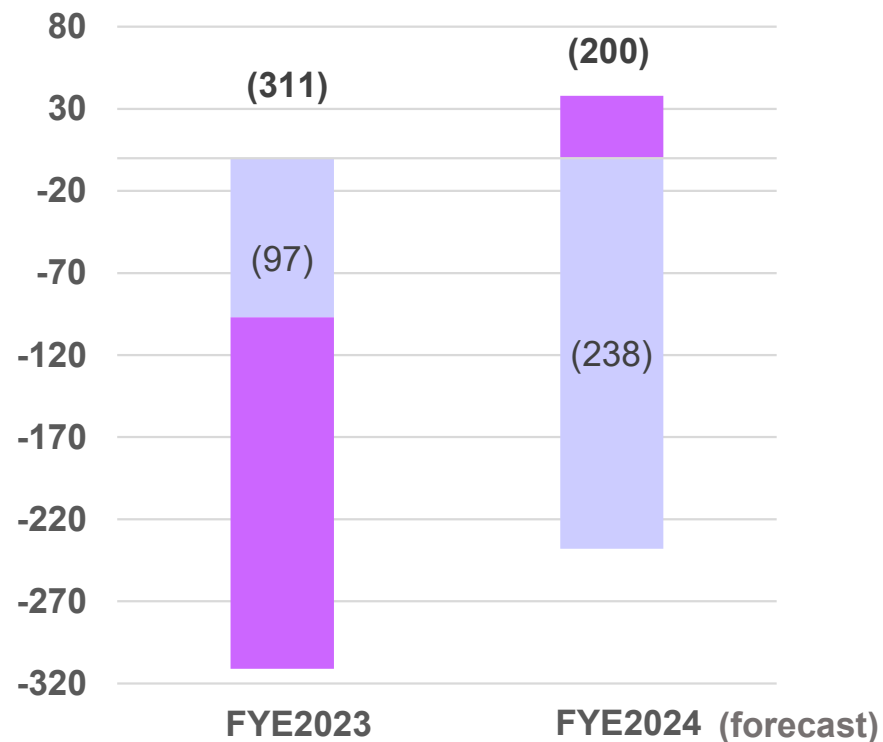
## Main points

- ◆ 1H: In cooling & heating systems, sales of business-use air-conditioning systems and low-temperature equipment and machinery continued to be strong due to the recovery of capital investment and consumption in the private sector. Building systems, such as elevators and power-source equipment, continued to sell well.
- ◆ 2H: In the air-conditioning market, it is expected that investments in offices, etc., will continue to be strong and that demand will grow due to the restructuring of cold-chain (low-temperature distribution) systems. In the construction market, there continues to be concern about the sharp rises in the prices of materials and the delays in construction periods, but investments of a certain amount will be made.

## Net sales (Millions of yen)



## Operating loss (Millions of yen)



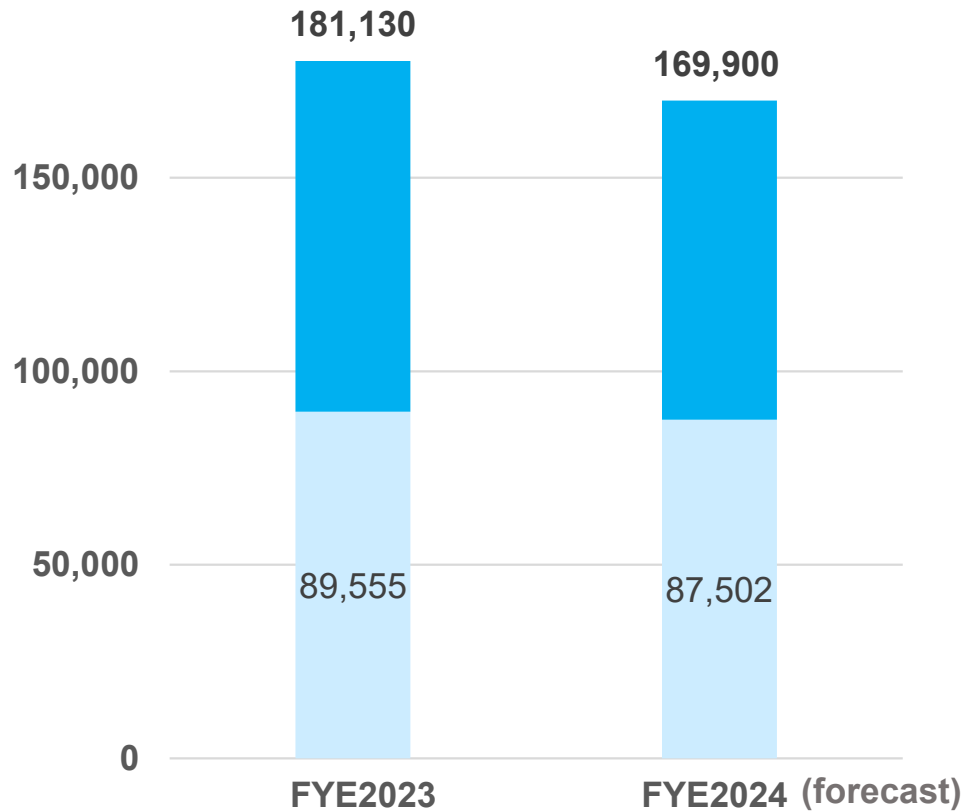
## Main points

- ◆ 1H: In the healthcare segment, sales remained sluggish due to a decrease in capital investment related to medical services. The ICT segment saw sales of the FlaRevo video management system and other products continue to be weak, but sales of IT-related equipment remained strong. Due to the effects of soaring electric charges, smart agriculture sales remained stagnant, but the company established a system that enabled the plant factory to engage in operations such as research and development, production, sales, and branding for its vegetables.
- ◆ 2H: In the healthcare segment, demand for capital investment for DX is projected to be weaker than expected. Investments utilizing ICT, including computerization, quality improvements, and enhanced security mainly in manufacturing, are expected to expand. Customers will continue to curb investments in smart agriculture. We expect that investments will recover in 2025 and thereafter.

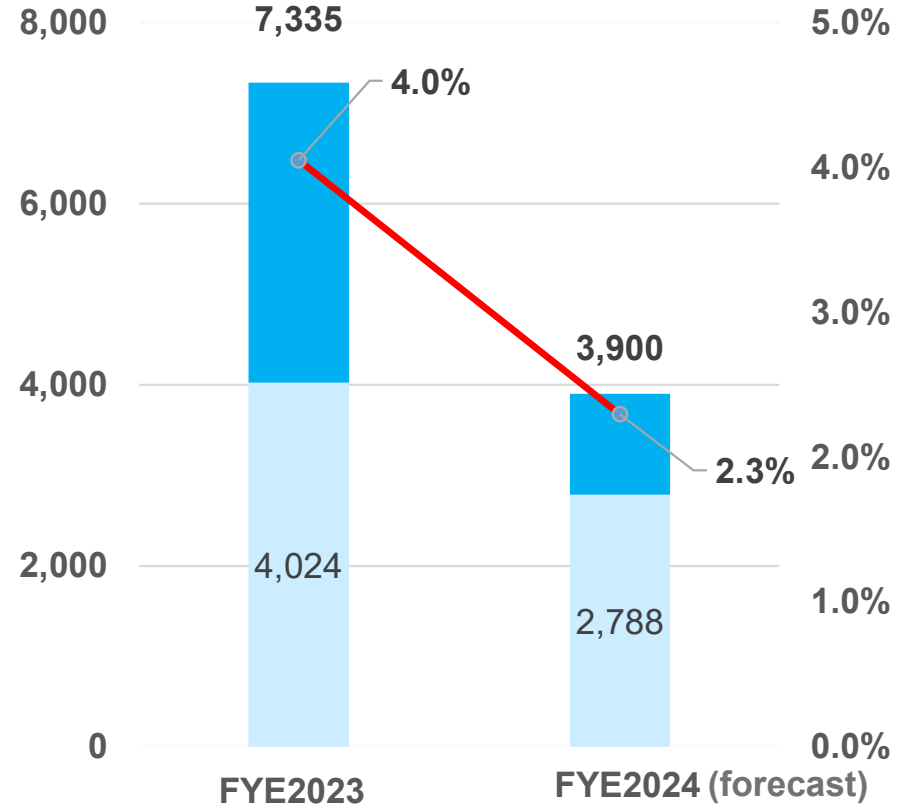


2Q 4Q

## Net sales (Millions of yen)



## Operating profit (Millions of yen)



## Operating profit margin (%)

### Main points

- ◆ 1H: In Japan, sales of products such as SoC and memory chips for infotainment equipment continued to be strong. In the industrial equipment market, sales of power devices and other products continued to be strong. In overseas markets, sales of analog semiconductors, power semiconductors, and memory chips for industrial equipment also continued to be strong.
- ◆ 2H: The market for in-vehicle electronics is expected to continue to be strong, but the future of the industrial equipment market is uncertain because dark signs are starting to be seen for demand.

# Summary of Results and Forecasts of FYE2024 by Segment



Net sales (Million of yen)	Results of 2Q of FYE2024	Forecasts of 2H of FYE2024	Forecasts of the whole year of FYE2024
FA System	25,555	29,445	<b>55,000</b>
Cooling & Heating and Building Systems	14,256	17,444	<b>31,700</b>
X-Tech	2,568	3,872	<b>6,440</b>
Electronics	87,502	82,398	<b>169,900</b>
<b>Total*1</b>	<b>129,843</b>	<b>133,157</b>	<b>263,000</b>

Operating profit (Million of yen)	Results of 2Q of FYE2024	Forecasts of 2H of FYE2024	Forecasts of the whole year of FYE2024
FA System	1,229	1,371	<b>2,600</b>
Cooling & Heating and Building Systems	644	956	<b>1,600</b>
X-Tech	(238)	38	<b>(200)</b>
Electronics	2,788	1,112	<b>3,900</b>
<b>Total*1</b>	<b>4,236</b>	<b>3,064</b>	<b>7,300</b>

\*1 Including company-wide expenses



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## **4. Initiatives to Achieve Management Focused on Cost of Capital and Share Price**

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# Medium- to Long-Term Vision



Purpose: Our guide as we move forward

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

Vision: Our target state in 2050

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

Target state: RYODEN in 2024

**Continuously create new value as a business-creating company that exceeds the traditional boundaries of dealerships and trading companies**



## Strategic themes

## Promotion of digital transformation (DX)

- Establish business models for growth businesses and create next-generation new businesses
- Improve productivity of mission-critical core businesses
- Strengthen platform for business advancement

## Focus areas

## Management targets

Environment,  
safety,  
security

Operating profit

¥10.0 billion or more

Sales from new businesses

¥22.0 billion or more

Gross profit margin for  
new businesses

18%

ROE

8.0%

# Progress with Medium-Term Management Plan



Management indicator	Forecasts for FYE2024	Targets for FYE2025
Operating profit	¥7.3 billion	¥10.0 billion
Operating profit margin	2.8%	3.8%
Sales from new businesses	¥12.3 billion	¥22.0 billion
Gross profit margin for new businesses	14.5%	18.0%
ROE	6.1%	8.0%

## [Issues to be addressed]

- ✓ In FYE2024, we forecast a decline in profit due to factors such as the electronics industry entering a correction phase.
- ✓ **Seeds for new businesses are steadily emerging, but profit generation from related operations has been slow.**

# Analysis of Current Market Valuation and Return on Capital



[Market valuation] Share price and P/B trend (last five years)



## [Issues to be addressed]

- ✓ **P/B is trending below 1x.**
- ✓ **RYODEN's future potential and growth prospects have not been sufficiently communicated to investors.**

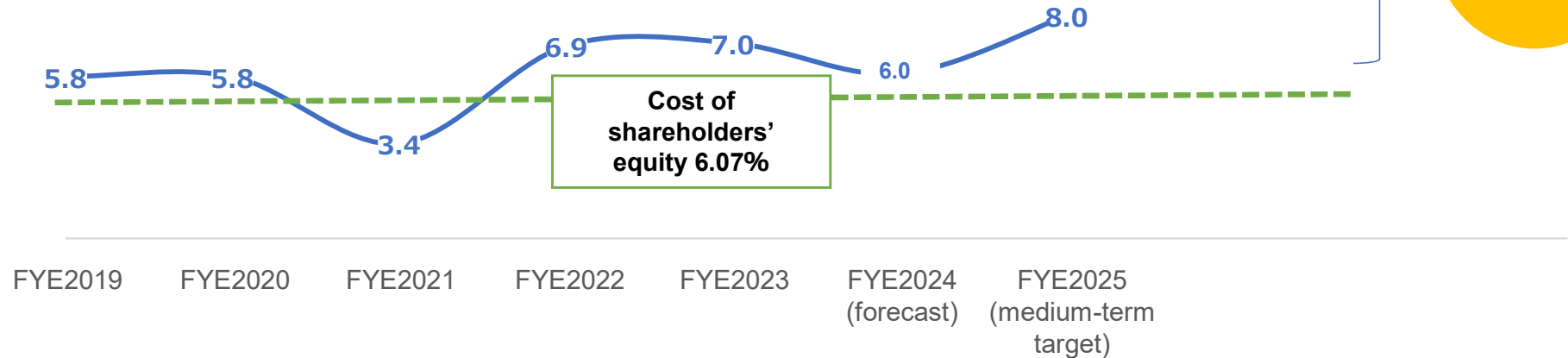
# Analysis of Current Market Valuation and Return on Capital



[Target ROE and cost of capital]

$$\begin{array}{ccccccc}
 6.07\% & & 0.774 & & 0.882 & & 6.00\% \\
 \text{Cost of} & = & \text{Risk-free} & + & \beta & \times & \text{Market} \\
 \text{shareholders'} & & \text{rate} & & & & \text{risk premium} \\
 \text{equity} & & & & & & 
 \end{array}$$

— ROE (%)



[Issues to be addressed]

- ✓ ROE has remained below the target of 8% in recent years.



## Strengthen earnings power (1)

**Steadily implement growth strategy** outlined in medium-term management plan

### FA Systems

Use manufacturing digital transformation (DX) as an approach to **provide total solutions** that cover all aspects from processing and assembly to transport and inspection in an integrated manner. In addition, expand sales of integrated surveillance control system (Remces).

### Cooling & Heating and Building Systems

**Expand business domains** by growing the industrial cooling/heating business (including clean rooms and environmental testing equipment) and implementing heat control measures.

### X-Tech

- ✓ **Establish a unique recurring business** (smart agriculture) by providing consulting, engineering, and data services to companies that are considering entering the next-generation agriculture field.
- ✓ **Expand sales of Total Pack IT, a package of IT equipment and systems for small and medium-sized medical institutions, and integrated image delivery systems** (healthcare) to contribute to DX at such institutions and reduce their management burdens.

### Electronics

Strengthen relationships with new business partners such as Omnivision and Allegro. Expand sales of products such as power and analog semiconductors and sensors, **focusing particularly on the electric vehicle (EV) market** where demand is projected to grow.

# Measures to Improve Medium- to Long-Term Corporate Value



## Management targets by segment

(Millions of yen)

<b>FA Systems</b>	<b>FYE2023 results</b>	<b>FYE2024 forecasts</b>	<b>FYE2025 targets</b>
Net sales	46,294	55,000	60,130
Operating profit	1,704	2,600	2,760
<b>Cooling &amp; Heating and Building Systems</b>	<b>FYE2023 results</b>	<b>FYE2024 forecasts</b>	<b>FYE2025 targets</b>
Net sales	27,259	31,710	37,230
Operating profit	1,071	1,600	2,380
<b>X-Tech</b>	<b>FYE2023 results</b>	<b>FYE2024 forecasts</b>	<b>FYE2025 targets</b>
Net sales	5,709	6,440	11,900
Operating profit	(311)	(200)	1,140
<b>Electronics</b>	<b>FYE2023 results</b>	<b>FYE2024 forecasts</b>	<b>FYE2025 targets</b>
Net sales	181,130	169,900	172,340
Operating profit	7,335	3,900	4,870



## Strengthen earnings power (2)

### ● Expand sales in high-margin new businesses

X-Tech

Sales of ¥11.9 billion

+

New businesses in the following mission-critical core businesses

FA Systems

Cooling & Heating and  
Building Systems

Electronics

Sales of ¥10.1 billion

- Expand system solutions business from narrow to broad solutions
- Increase sales of new commercial products for EV market
- Expand provision of air conditioning equipment to control heat, etc.

Target new business sales of ¥22.0 billion in FYE2025

- In addition to the previous investments to create new businesses (such as the establishment of the New Business Promotion Department in 2019 and the construction of the closed plant factory Block FARM in 2022), **RYODEN has set a new framework for new business development and investments to start in the second half of FYE2023 (400 million yen annually).**

The company will invest mainly to **build an IoT platform, which will provide the foundation for the data recurring business**, and strengthen solutions for image recognition technology.



# Measures to Improve Medium- to Long-Term Corporate Value



## Strengthen earnings power (3)

Established Strategic Technology Center that oversees technology to support business creation (April 2023). The new center **aims to laterally expand existing technologies, and discover and streamline new technologies by concentrating development resources.**

### Strategic Technology Center

Electronics FA Cooling & Heating and Building New businesses

Advanced development

#### IoT platform technologies



Business applications

#### Technologies to integrate and control devices and equipment (field application engineers [FAE])

Foundations

#### AI, cloud, and communication technologies

Research

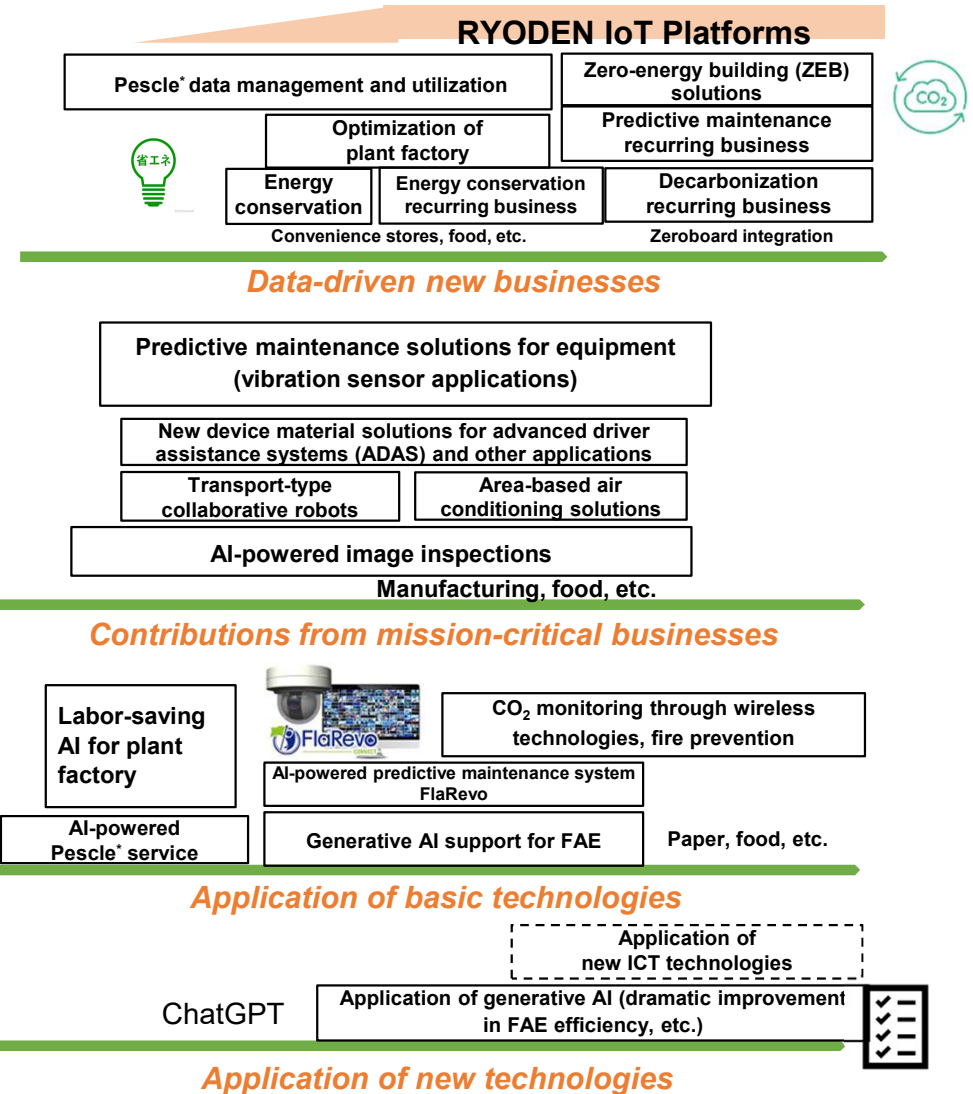
#### New technologies

## Business exits

Short term  
2024

Medium term  
2026

Long term  
2028



\* Harmful animal surveillance service for companies that engage in pest control.



## Strengthen shareholder returns

### Review of shareholder return policy

**“Dividend payout ratio target of 40–60%” added to shareholder return policy**

\* Maintain and continue stable dividends in the medium and long term

## Strengthen IR activities

- ◆ We will continue to hold company briefings for individual investors and financial results briefings for institutional investors, led by our President and CEO and officers in charge of IR activities.
- ◆ We will continue to engage in constructive dialogue with shareholders and investors (through IR meetings and other events). In addition to pursuing active dialogue, we will report the opinions and feedback received through such dialogue to our Board of Directors as appropriate, and **utilize them in our management strategy review** and other areas.
- ◆ We will establish a dedicated IR department (August 2023). **We will strengthen our IR functions, and actively implement related activities.**



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

Achieve P/B of above 1x

Achieve medium-term targets

- **Strengthen earnings power**
- **Strengthen shareholder returns**
- **Strengthen IR activities**



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# 5. Shareholder Returns

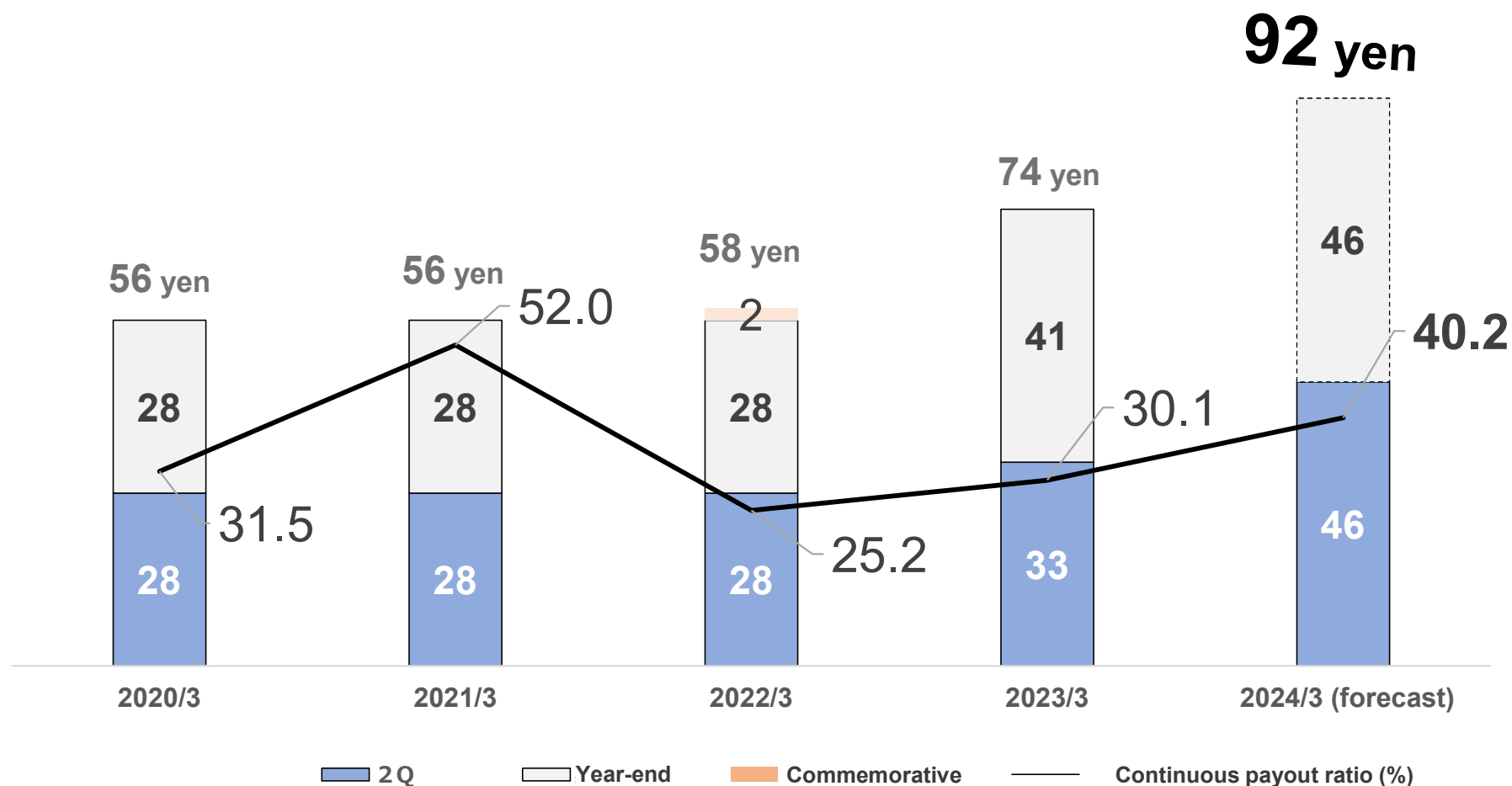
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# Changes in Dividend and Payout Ratio



- ◆ Past: Maintained and continued stable dividends over the medium to long term without linking them to short-term financial results
- ◆ Future: **Will return profits to shareholders with a payout ratio of 40-60% as the guideline**

\*Will maintain and continue stable dividends over the medium to long term





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## **6. Presentation of the New Business “Waku-Waku (Excitement)”**

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# Waku-Waku (1): Smart Agriculture Business

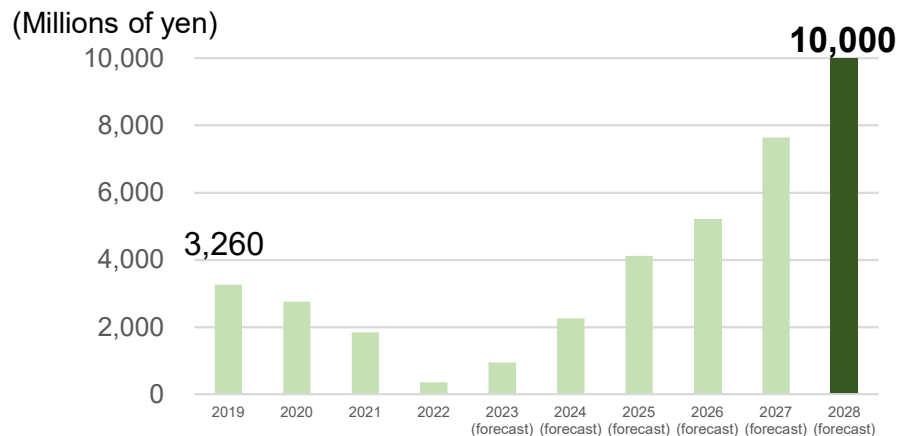


- Realizing the addition of high value through high-mix, variable-volume production and branding
- Establishing services for new entrants by accumulating sales and operational know-how



New product developed jointly with House Foods Group Inc.

**Over 10%** in planned (sales) operating profit



- In FYE2022 and FYE2023, RYODEN stopped accepting new orders and restructured the business by launching its own factory Block FARM and acquiring sales and logistic companies.
- In the future, the company will **contribute to realizing a sustainable society in terms of food supply and agricultural production** by establishing a **data-driven, highly profitable agricultural model** and developing new service models.

(FYE)



# Waku-Waku (2): Digital Transformation (DX) in Manufacturing



- Providing total solutions to realize DX in manufacturing



Supporting DX at companies that work on pest control\*  
Subscription-type AI services

## Further expanding the business domain

**Aiming to achieve 1 billion yen** in sales and **over 20%** in operating profit in **FYE2028** (with advancement into overseas markets scheduled for FYE2025)

\* Pest control refers to technologies to control the activities of organisms harmful to people at the level at which they do not harm the lives of people  
Source: Japan Pest Control Association (<https://www.pestcontrol.or.jp/>)



Offering realizations to customers by proposing FlaRevo and other solutions for visualization

Market for the extermination of insect pests and noxious animals  
FYE2023 ▶▶ 1.5 trillion yen  
FYE2028 ▶▶ Expected to grow to be a market worth 2 trillion yen (by a RYODEN survey)

**Aiming to achieve 1.5 billion yen** in sales and **over 20%** in operating profit **in FYE2028** as the company strives for higher profitability



An integrated monitoring and control system to realize the optimization of production efficiency, energy efficiency, and environmental management by visualizing, analyzing, and controlling data gathered through open protocols

**Aiming to achieve 3 billion yen\*** in sales and **over 10%** in operating profit **in FYE2028** as the company strives for higher profitability

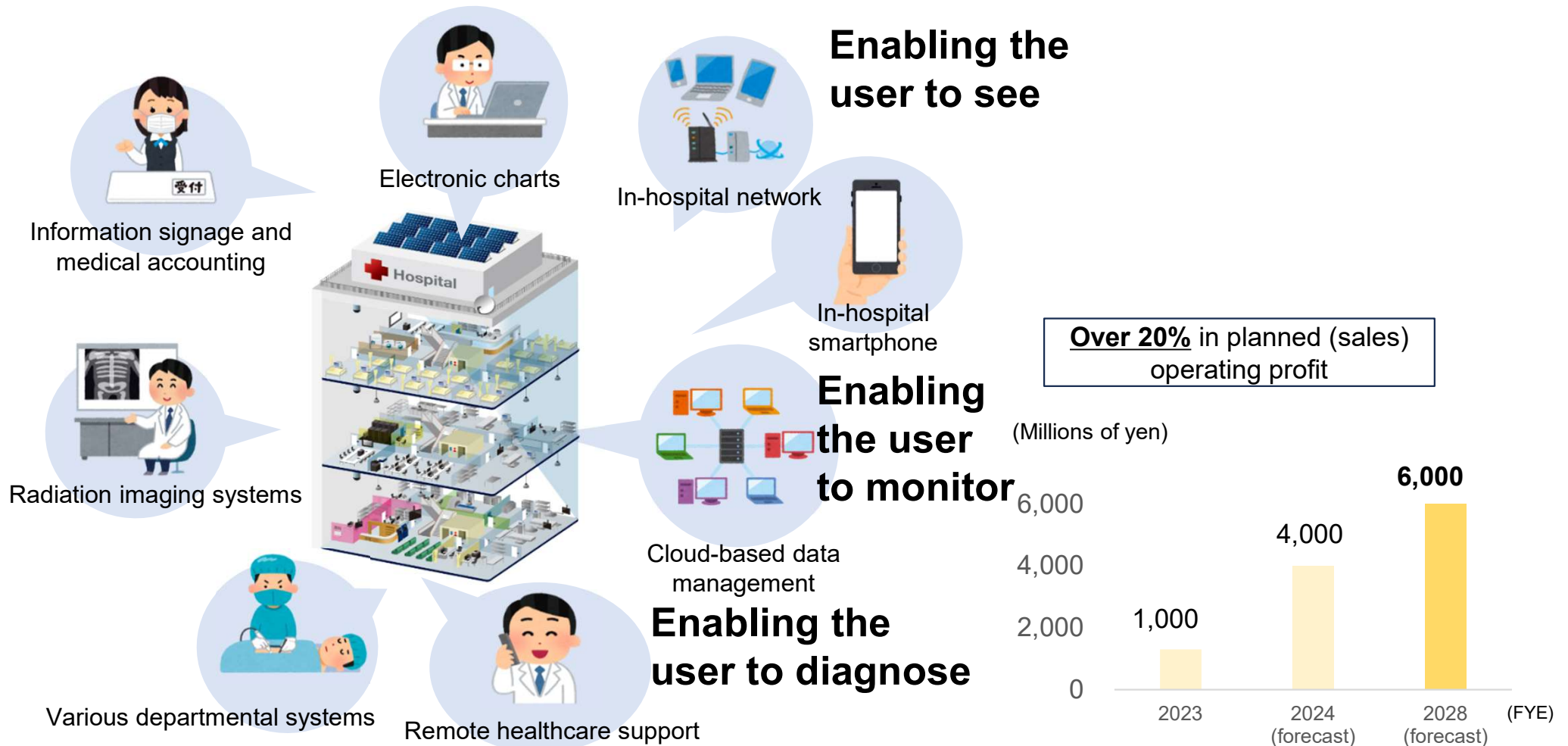
\* Including related products whose sales expand alongside the provision of Remces



# Waku-Waku (3): Healthcare Business

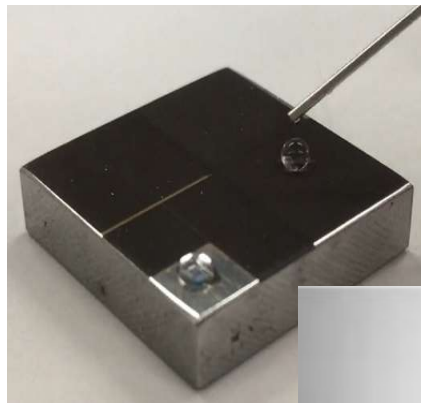


- Providing in-hospital IT systems in a single package for ten years (Total Pack IT)



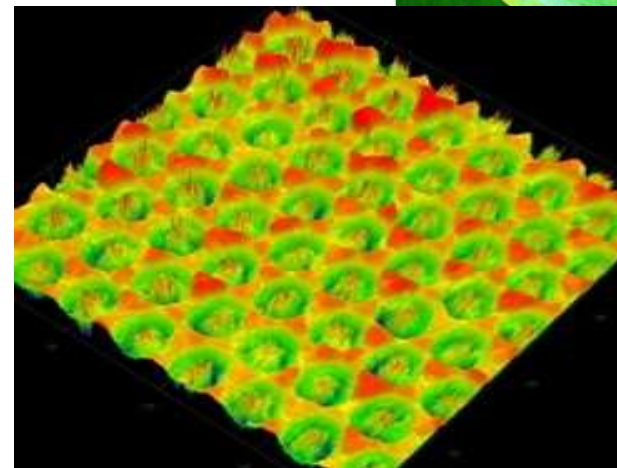
Contributing to reducing hospitals' management burdens by utilizing cloud computing to support hospitals' DX

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



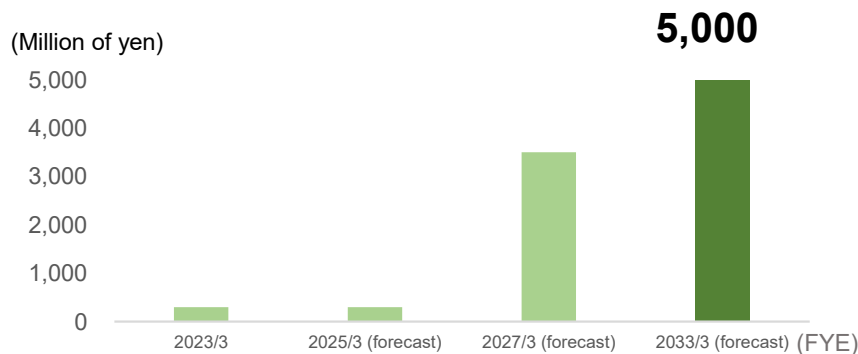
**Water repellent**

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

**Over 15% in planned (sales) operating profit**



# Direction RYODEN Will Take in the Future



Aiming to go beyond the framework of a trading firm and becoming a business creation company

Pursuing profitability rather than business scale

Aiming to change the quality of the company rather than to seek differentiation

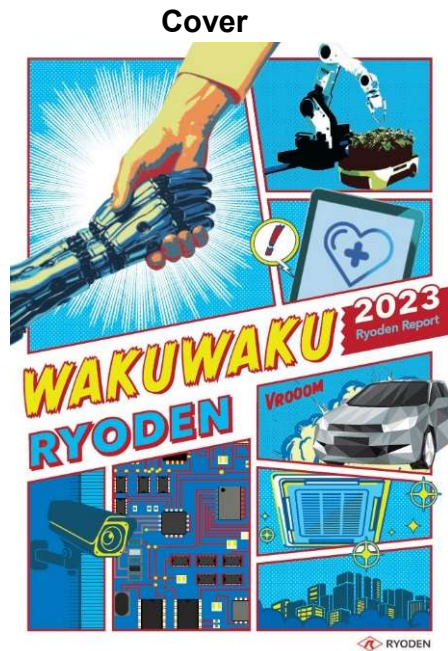
**As a company that contributes to the realization of an environmentally friendly, safe, secure, and sustainable society and continued green development that supports such a society, RYODEN will share the same values with all its stakeholders and fulfill its corporate responsibilities.**



## ■ The integrated report “Ryoden Report 2023” was published in October 2023

Ryoden’s purpose is to “Give shape to ‘Waku-Waku (Excitement)’ by connecting people and technology.” With this purpose as its theme, this year’s Ryoden Report saw the President, independent outside directors, division heads, persons in charge, and other personnel communicate even more substantial messages to the readers to have them understand the current status of Ryoden, which is in the process of changing to become a business-creation company.

Ryoden entered the contest for the third Nikkei Integrated Report Award.



Top manager’s message (page 5-10)



Independent outside directors’ message (page 13-18)



\* An English version of the report will be published at the end of November

**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

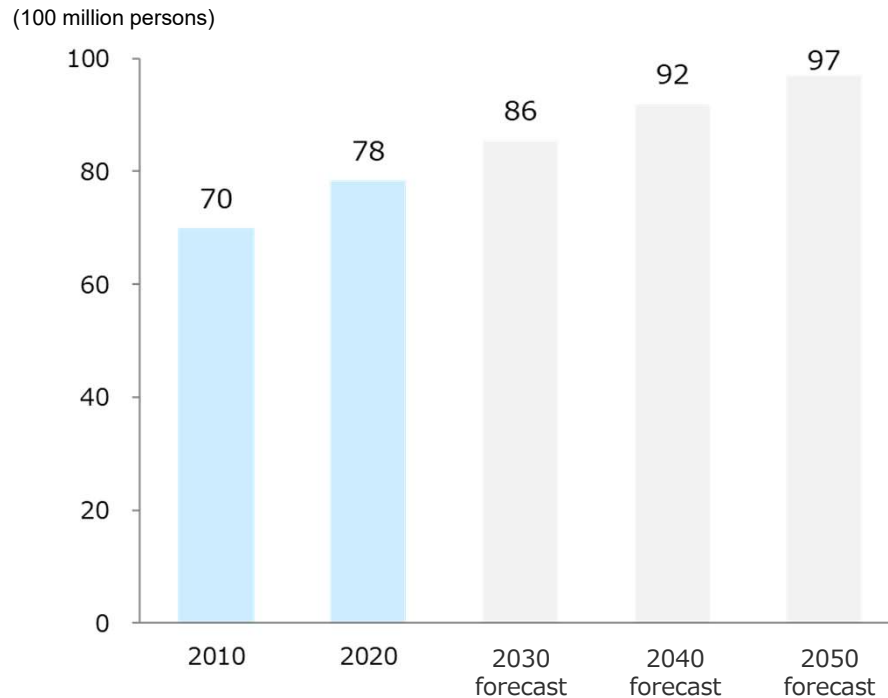
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# REFERENCE: GROWTH OF GLOBAL FOOD DEMAND

Both the world's population and calorie consumption per person are continuing to grow, and global food demand is expected to increase in the future

Changes in the World's Population

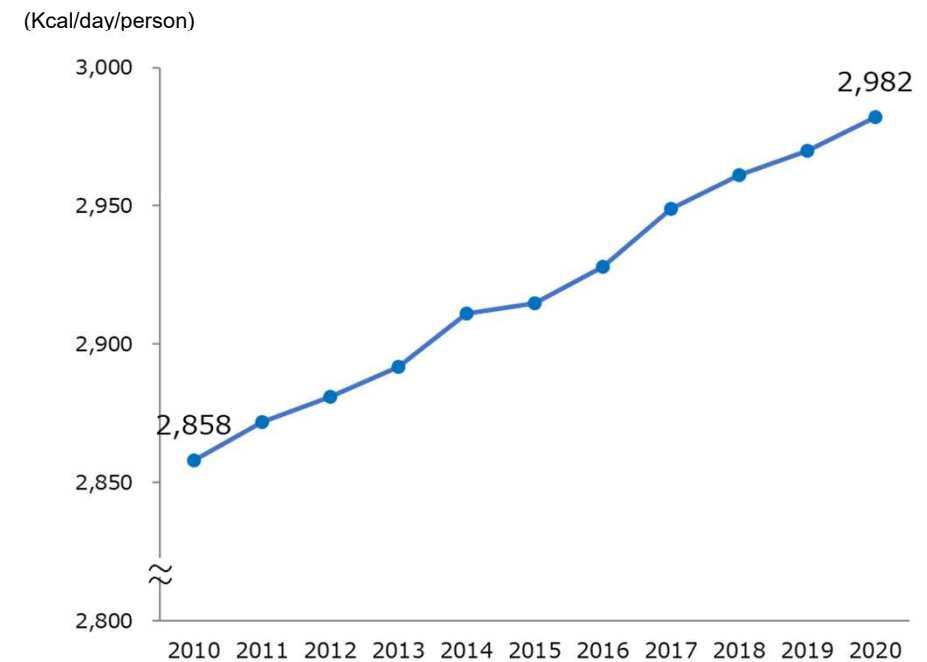
- The world's population is continuing to grow slowly and is expected to be approximately 10 billion in 2050



\*These materials have been prepared by Globe-ing Inc.

Changes in Calorie Consumption per Person per Day in the World

- Globally, calorie consumption per person per day is continuing to grow



Source: The left figure has been created using UN's [World Population Prospects](#) and the right one has been quoted from FAO's [Food Balances \(2010-\)](#).



# REFERENCE: CURRENT STATUS OF THE WORLD'S AGRICULTURE TO CULTIVATE CROPS OUTDOORS

- The area cultivated per person is decreasing and the yield per unit area is increasing, but the rate of growth of yield per unit area is continuing to fall while the number of cases of abnormal weather is increasing.
- The limits of productivity are starting to be seen as the instability of food supplied by cultivating crops outside grows.

Changes in the Area Cultivated per Person in the World

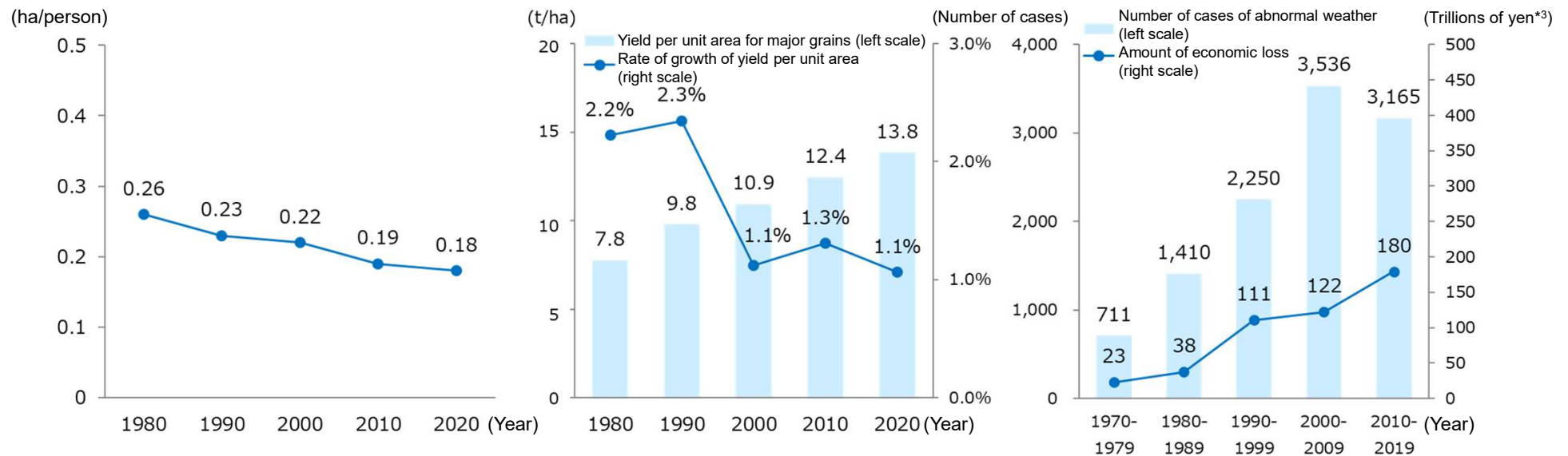
- The area cultivated per person is continuing to decrease

Yield per Unit Area for and the Rate of Growth\*1 in Yield per Unit Area for Major Grains in the World

- The yield per unit area is increasing and productivity is improving, but the rate of growth in yield per unit area is continuing to decrease

Number of Cases of Abnormal Weather in the World and the Amount of Economic Loss\*2

- The number of cases of abnormal weather and the amount of economic loss caused by abnormal weather are continuing to increase



\*1: The CAGR of yields per unit area for major grains (rice/wheat/corn) during the past decade has been calculated as a rate of growth in yield per unit area

\*2: The number of droughts, abnormal temperatures, floods, landslides, storms, and forest fires that occurred in the world and the amount of economic loss caused thereby

\*3: One dollar is converted to 130 yen

Source: The left figure has been quoted from the World Bank's [Arable land \(hectares per person\)](#). The center figure has been created by extracting data on yields per unit area for major grains (rice, wheat, and corn) in the world from Our World in Data's [Crop yields, World, 1961 to 2020](#). The right figure has been created using WMO's [WMO ATLAS OF MORTALITY AND ECONOMIC LOSSES FROM WEATHER, CLIMATE AND WATER EXTREMES \(1970-2019\)](#).



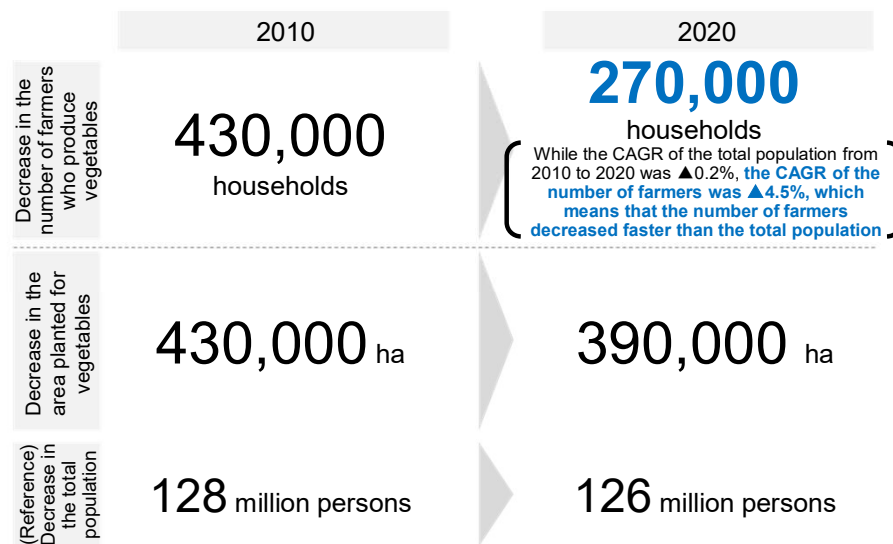
# Reference: Current Status of Vegetable Agriculture in Japan



- The number of vegetable farmers in Japan is continuing to decrease, and alongside this trend, the area planted is also decreasing.
- Furthermore, while the ageing of the farming population is becoming increasingly serious, the number of persons newly engaged in agriculture is not increasing, so it is expected that the volume of vegetables produced in Japan will decline in the future.

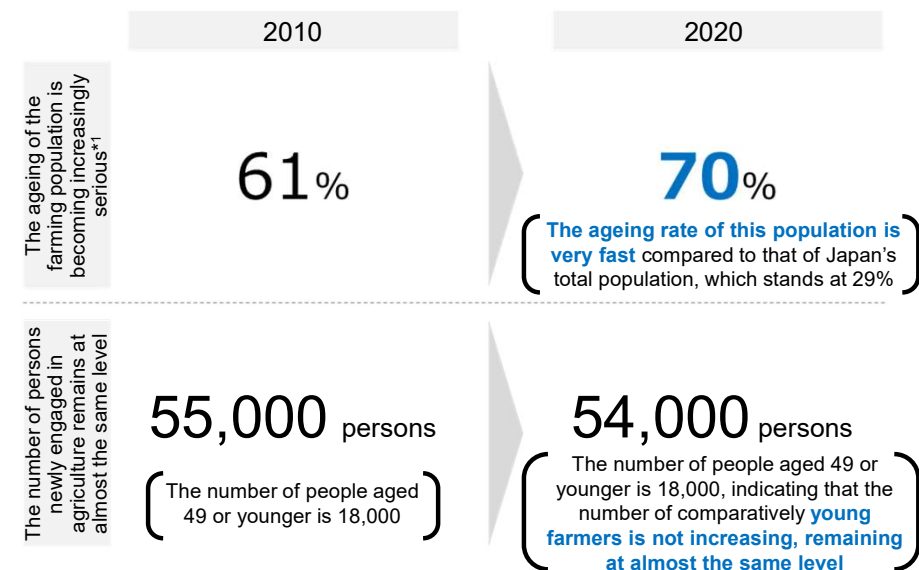
## Decrease in the Ability to Supply Vegetables in Japan

- The number of farmers who produce vegetables and the area planted for vegetables are continuing to decrease, indicating that the ability to supply vegetables is declining



## The Ageing of Farmers in Japan and the Lack of Successors

- While the ageing of the farming population is becoming increasingly serious, the number of persons newly engaged in agriculture is not growing, and there is the concern that the ability to supply vegetables will further decline in the future



It is inferred that the need for sustainable food production systems is growing in Japan and abroad

\*1: The percentage of key persons engaged in agriculture (15-year-old or older members of a household who are independently engaged in agriculture on a daily basis) who are aged 65 or older has been counted

Source: Data on the total population have been quoted from the Ministry of Internal Affairs and Communications' [Summary of the Results of Population Estimates \(as of October 1, 2021\)](#). Data on the number of farmers who produce vegetables, the area planted, and the ageing of the farming population have been quoted from the Ministry of Agriculture, Forestry and Fisheries' [World Agriculture and Forestry Census 2010](#) and [Agriculture and Forestry Census 2020](#).

Data on the number of persons newly engaged in agriculture have been quoted from the Ministry of Agriculture, Forestry and Fisheries' [Survey of Persons Newly Engaged in Agriculture](#).

# REFERENCE: EXPECTATIONS FOR PLANT FACTORIES



- There are expectations for plant factories as one of the food production systems whose necessity is growing globally.

## New Food Production Systems/New Foods

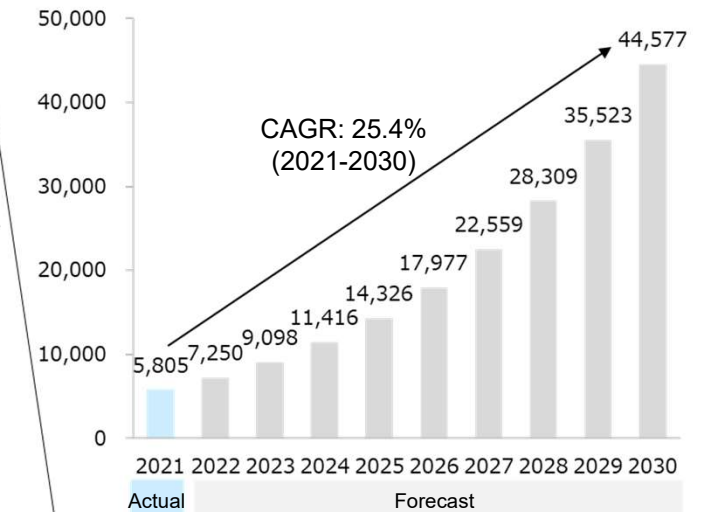
- Due to new technologies, there are a growing number of food production systems that are different from the previous ones

		Outline	Expected benefits	Predictions of global market size*1
Alternative production methods	Plant factory	Vegetable	System/factory to <b>stably produce</b> vegetables and other plants in a closed or semi-closed space	<b>Makes possible stable cultivation not affected by land conditions and weather</b> 580.5 billion yen (2021) → 4.5 trillion yen (2030)
	Cell culture	Meat, etc.	Technology to <b>extract and cultivate cells</b> from edible portions of animals and plants, including cultured meat	Environmentally friendly and hygienic 3.5 trillion yen (2021) → 8 trillion yen (2028)
	Ground culture	Marine culture	Technology to breed fish and cultivate seaweed in a <b>ground factory</b>	Reduced workload and higher productivity N/A Domestic ground culture system 12 billion yen (2022) → 20 billion yen (2030)
Alternative foods for consumption	Alternative plant meat	Animal protein	<b>Substituting plants and other ingredients</b> for animal meat	Less environmental impact and healthy 1 trillion yen (2022) → 2 trillion yen (2027)
	New food ingredients (such as insects)	Meat, etc.	<b>Using for food ingredients</b> <i>Euglena</i> , insects, and other organisms <b>that have not been</b> widely eaten	Less environmental impact and highly nutritious Eating of insects: 7 billion yen (2019) → 100 billion yen (2025)

## Predictions of Changes in the Global Plant Factory Market\*2

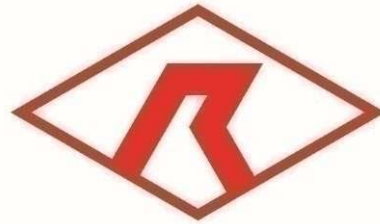
- Expectations for closed plant factories, which enable the user to cultivate crops in a stable manner without being affected by weather and land conditions, are growing

(100 millions of yen)



\*1: One dollar has been converted to 135 yen \*2: The market size is the total of sales of crops from factories and containers and those of hardware (such as lighting and sensors)

Source: Information on plant factories has been quoted from the materials provided by XXX which are entitled "The Current Status of the Plant Factory Industry and the Effects of Changes in the External Environment on Business Administration."  
Information on predictions of the size of the global market has been quoted from Global Information's [Press Release \(October 27, 2022\)](#) for cell culture, Minato Daily's [Article \(October 19, 2022\)](#) for ground culture, Jacom's [Article \(August 23, 2022\)](#) for alternative plant meat, and JMA Research Institute's [Press Release \(December 21, 2020\)](#) for insect eating.



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## Note

The earnings forecasts and other forward-looking statements included in this presentation are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual financial results, etc., may differ significantly from these statements due to various factors. Key such factors include:

- Rapid changes in economic conditions in major markets (such as Japan and other countries in 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 and other currencies
- Sharp volatility in the capital markets, etc.