

**YAMAZEN CORPORATION**

**FY3/24**

# **Financial Results Briefing**



**May 23, 2024**

**Koji Kishida**  
President and CEO

Stock Code: 8051

 **YAMAZEN CORPORATION**

## **AGENDA**

**I. Outline and Our Business Models**

**II. FY3/24 Financial Highlights**

**III. Earnings Forecast for FY3/25**

**IV. Medium-Term Management Plan “CROSSING YAMAZEN 2024”**

**V. Shareholder Returns and Capital Policy**

**Appendix**

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### Appendix



## Founder Takeo Yamamoto

Founded Yamazen Tool Manufacturing & Sales Co., Ltd. in May 1947. Expanded the company's business domain from machinery tools to machine tools, housing equipment, and home products. The company's rapid growth through unique management attracted attention and became the model for the novel Doterai Yatsu. He died in 1991 (aged 70).

## Management of Fostering Personnel

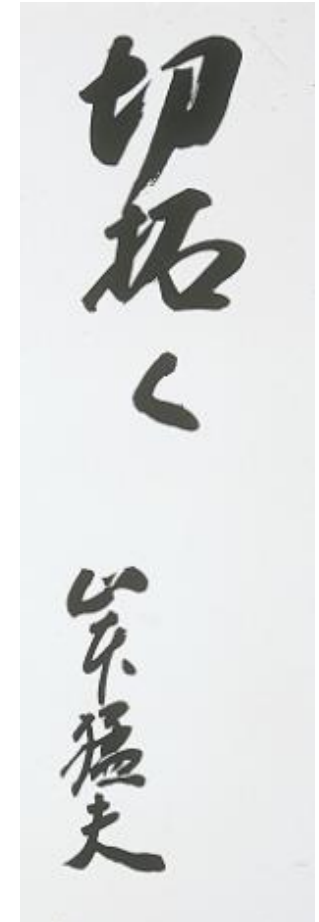
To make active use of personnel, and to foster independent and virtuous employees

## Management of Breaking Through

To challenge, innovate and create

## Management of Trust

To respond to the needs and expectations of society and contribute to them



Suppliers



Distributors

Users

Production equipment  
(domestic and overseas)

About 3,000 companies

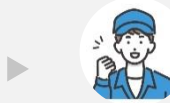


**Machine Tools Business (Domestic)**  
(Machine tools, etc.)

**Industrial Solution Business (Domestic)**  
(Equipment related to production facilities, etc.)

**Tools & Engineering Business (Domestic)**  
(Industrial tools, consumables, etc.)

About 5,000 companies



Manufacturer customers in Japan



Export

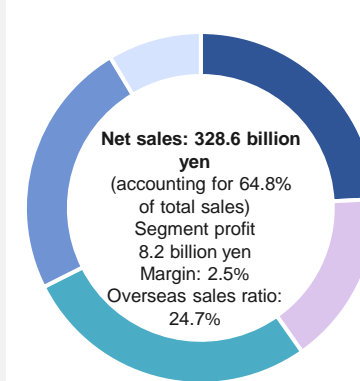


16 overseas subsidiaries and 65 business locations\*

Engineering and maintenance services



Manufacturer customers overseas



FY3/24

Domestic Machine Tools	79.5 billion yen
Overseas Machine Tools	52.7 billion yen
Domestic Industrial Solution	89.8 billion yen
Domestic T&E	78.2 billion yen
Overseas Industrial Solution + T&E	28.3 billion yen

Consumer goods (domestic)

Building materials

Home products

About 900 companies



**Building Materials Business**  
(Building materials and equipment)

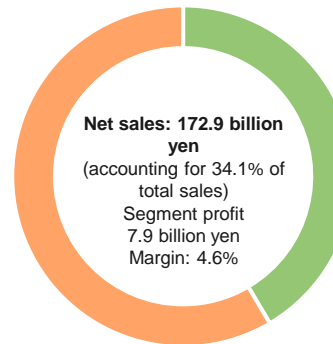
About 2,900 companies



House-builders



General customers



FY3/24

Building materials	71.8 billion yen
Home products	101.1 billion yen

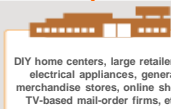
About 600 companies



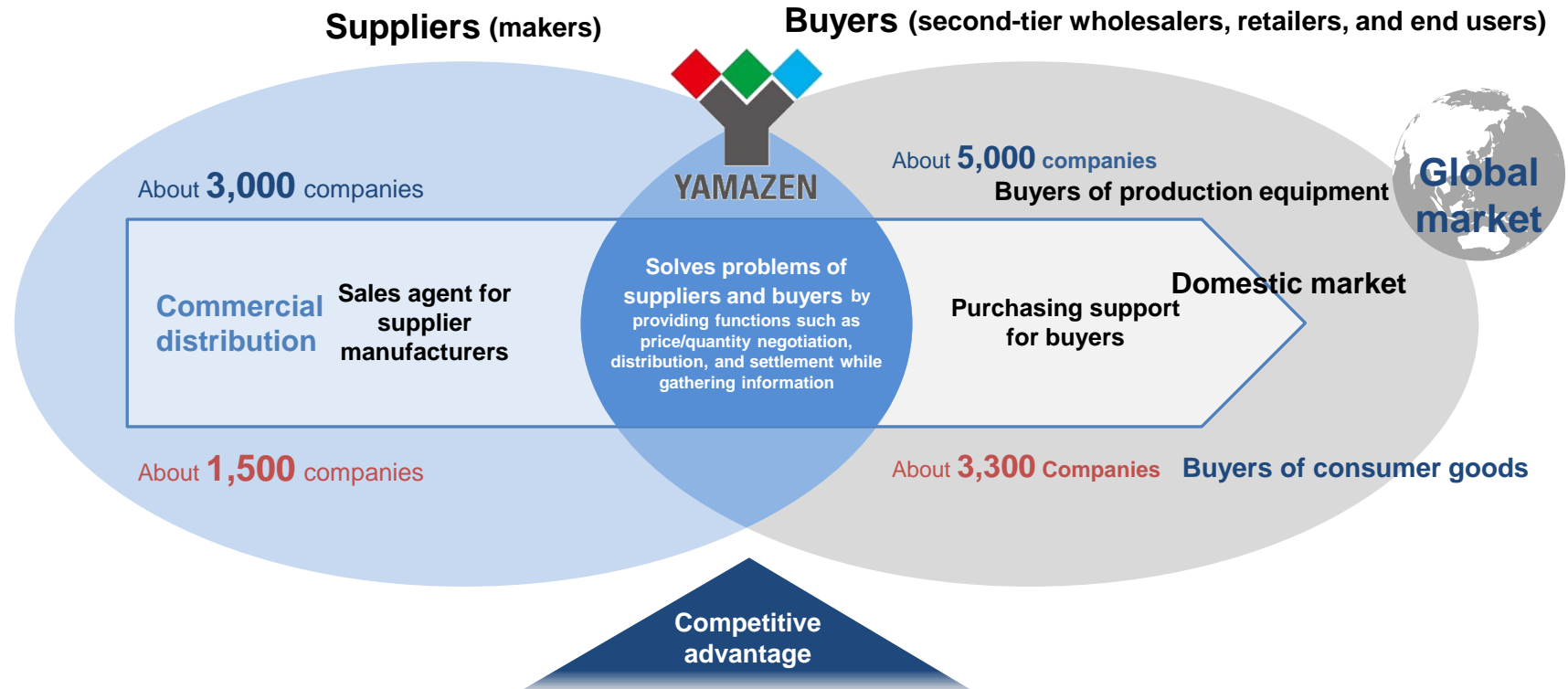
**Home Products Business**  
(Home appliances, interior, exterior and leisure products, etc.)

\*Our private brand (PB) products account for about 60% of sales.

About 400 companies



\*As of April 30, 2024; figures for the Production Equipment Business only



## Solid relationships with business partners and significant presence we fostered as a wholesaler in our long history in this industry

- Strong relationships with many continuous suppliers and buyers cultivated over 70 years
- Worldwide network (16 local subsidiaries and 66 offices in 14 countries/regions\*)

## Flexible business operation with low risks

- With minimum invested capital, we can change or increase product categories flexibly and approach various markets
- To stick to the “procurement process while expecting order receipt”

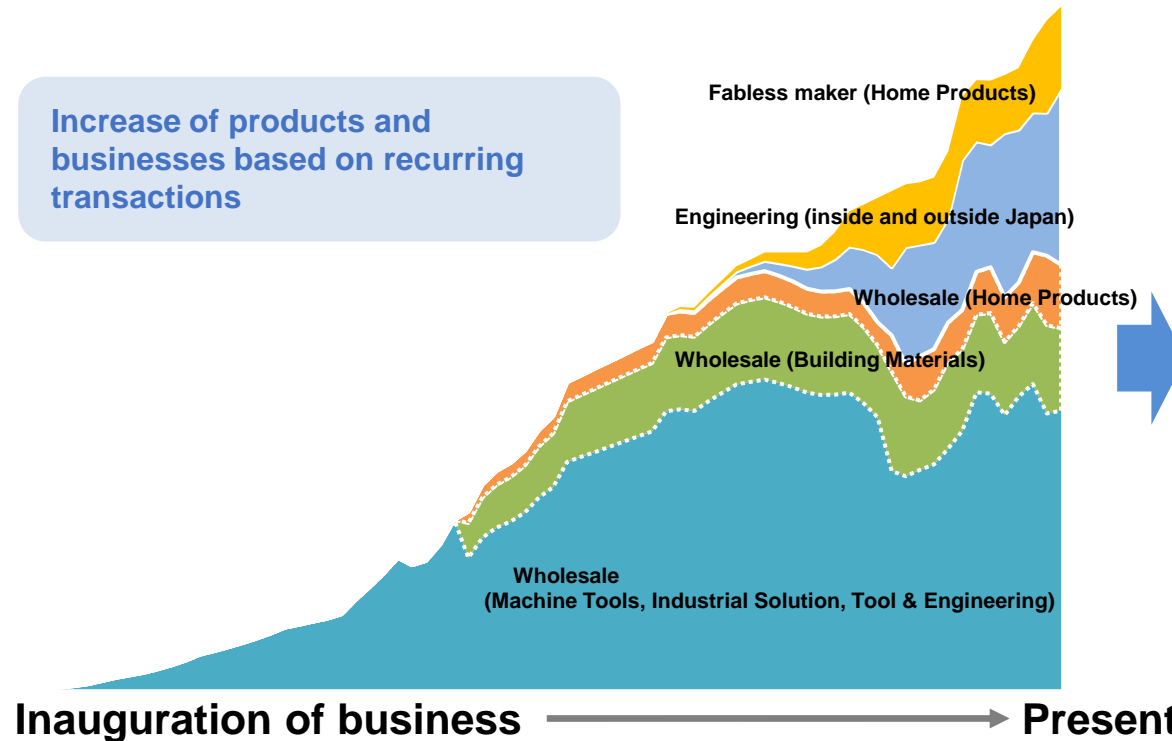
## Human resources for attaining our Management Philosophy

- Marketing staff's capabilities of gathering information, proposing plans, and negotiating tenaciously, which follow the ambition of the founder

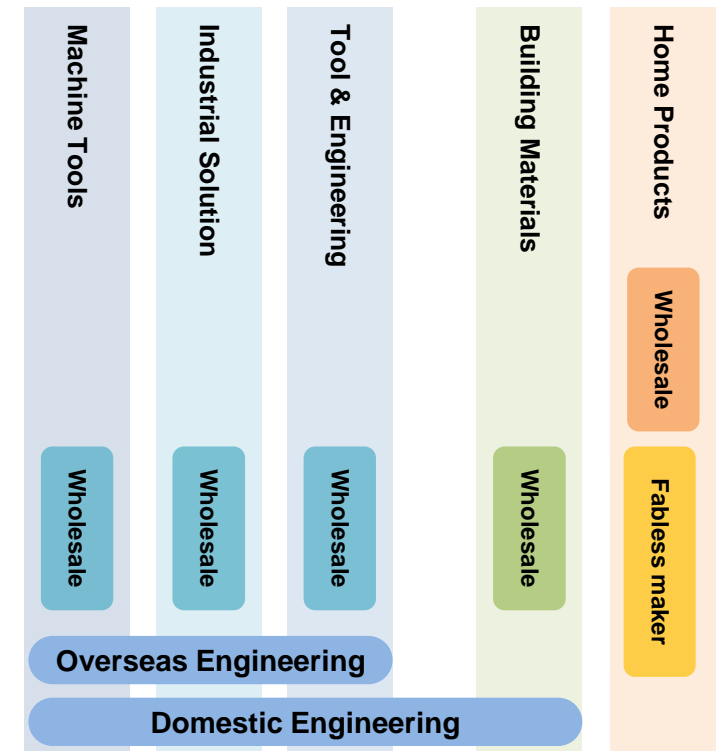
We started business with wholesale of production equipment, **developed a revenue base with recurring transactions with many clients, added some spot transactions, transformed them into recurring ones, and expanded our business domain and scale**

## Business operation of YAMAZEN (schematic diagram)

Increase of products and businesses based on recurring transactions



## Business and Organizational Relationships



## ■ Production Equipment Business

### Business outline

### Major items handled

### Business model and strengths

#### Machine Tools Domestic/Overseas

• In collaboration with top makers inside and outside Japan, **we offer production and processing systems (cutting-edge hardware and software)** with machine tools for on-site operation, to support "manufacturing" inside and outside Japan.

• Outside Japan, we have community-based **sales systems and an advanced engineering function** in major industrial cities, and **comprehensively support** the design of production lines, the installation of machine tools, and maintenance.

Machine tools (machining centers, CNC lathes, CNC grinding machines, CNC milling machines, electric discharge machines, conventional machine tools, 3D printers, etc.), metal forming machines, plate processing machines, injection molding machines, die-casting machines, CAD/CAM, etc.

#### Wholesale (Machine Tools)

**Profit margin is low but there is no stock and extremely high return on capital**

#### Industrial Solution Domestic/Overseas

We **meet a variety of needs (consumables, ancillary facilities, etc.)** at production sites, and provide an **integrated system** for improving production efficiency through automation and labor-saving, and the environment of each production site, and adopting cutting-edge technologies.

Material handling (devices for distribution), mechatronics (mechatronic devices, robots, labor-saving equipment), aids for environmental improvement, etc.

#### Wholesale (Industrial Solution, Tool & Engineering)

• **To grasp latent needs from users and propose solutions**  
• **Inventory control** for swift delivery

#### Tool & Engineering Domestic/Overseas

The on-site engineering section automates production lines and selects machines and blades that constitute the production lines. **After the delivery of equipment, we support the procurement of supplies and maintenance consistently.**

Cutting tools, auxiliary tools, hand tools, electric tools, measuring equipment, fluid machinery, etc.

#### Engineering (inside and outside Japan)

We directly sell products to factories while adding engineering functions, achieving a **high profit margin**

## ■ Consumer Goods Business

#### Building Materials Domestic

To comprehensively propose new products and systems aimed at realizing society and living space that are friendly to people and the earth, including environment-conscious, decarbonized, healthy, and barrier-free ones.

In detail, we procure and stably supply processed wooden products and primarily and secondarily processed industrial products, propose and sell building materials, equipment, devices, etc., and also concentrate on renovation business.

Kitchens, cooking appliances, kitchen-related appliances, bathroom appliances, washbasin appliances, Water boiling equipment, Sanitary appliances, air-conditioning/ventilation equipment, solar power generation, storage batteries, floor heating, solar thermal water heating equipment, stored-heat heating systems, plumbing equipment & materials, interior architectural materials, electrical equipment & materials, etc.

#### Wholesale

A wholesale model for building materials and equipment to house builders, etc., with an immediate delivery system through distribution bases nationwide, **with extremely high return on capital through a model that holds almost no stock**

#### Home Products Domestic

We deal in familiar and useful products that are used in daily life, such as home appliances, interior, exterior, leisure, and anti-disaster goods, and possess functions as a trading company in the field of distribution and logistics and as a maker that plans and develops original products.



Planning, development, and sale of home appliances (electric fans, heating equipment, cooking equipment, audiovisual equipment, lifestyle appliances), furniture, products for outdoor and leisure activities, kitchen utensils, daily goods, exteriors, gardening products, agriculture products, Healthcare goods, sanitary goods, industrial tools, goods for automobiles and motorcycles, anti-disaster goods, etc.

#### Wholesale

**Stable cashflow generation through a wide assortment of national brand and private brand products**

#### Fabless maker

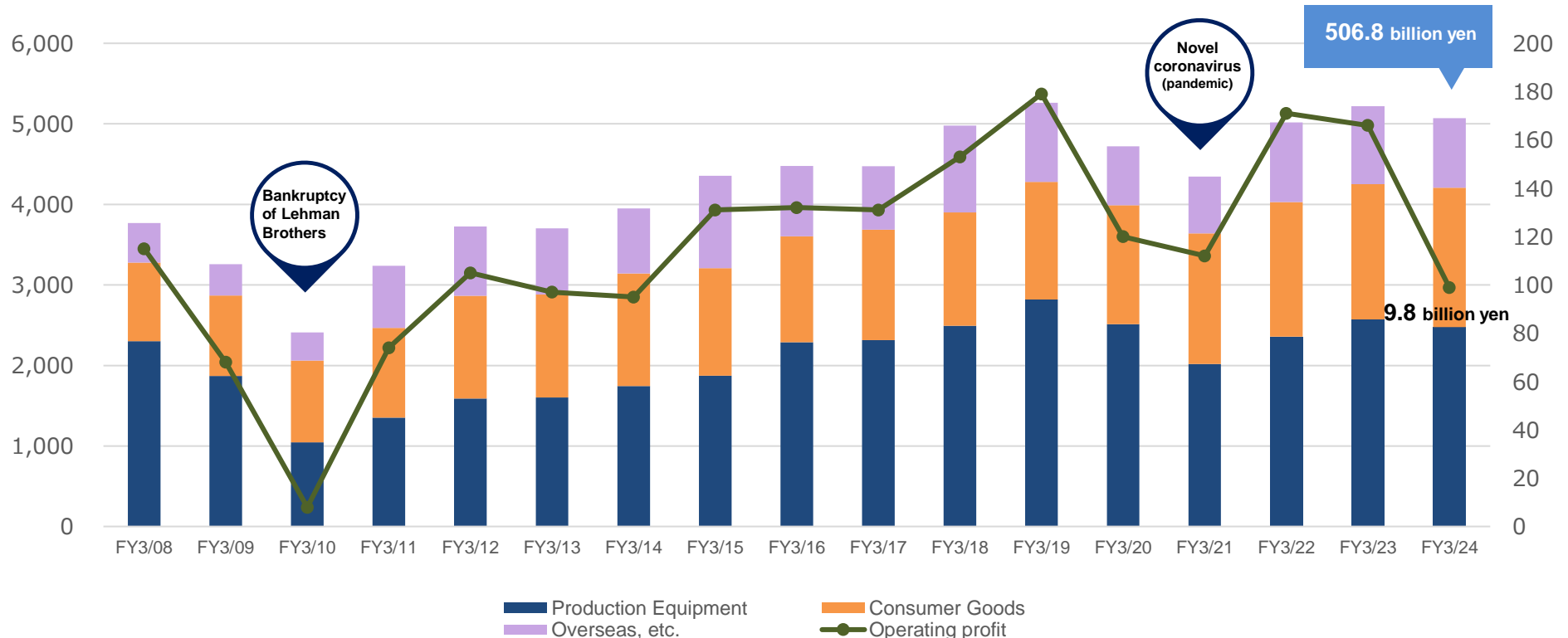
**High profit margin** through the sale of private brand products that meet consumer needs



**Net sales and operating profit remained healthy thanks to robust business despite the changes in the external environment**

**However, sales and income declined in FY3/24 due to the impact on sales from a delayed recovery in capital investment in Japan and overseas, and an increase in depreciation and amortization and other SG&A expenses due to accelerated growth investment**

Variations in net sales and operating profit [100 million yen]



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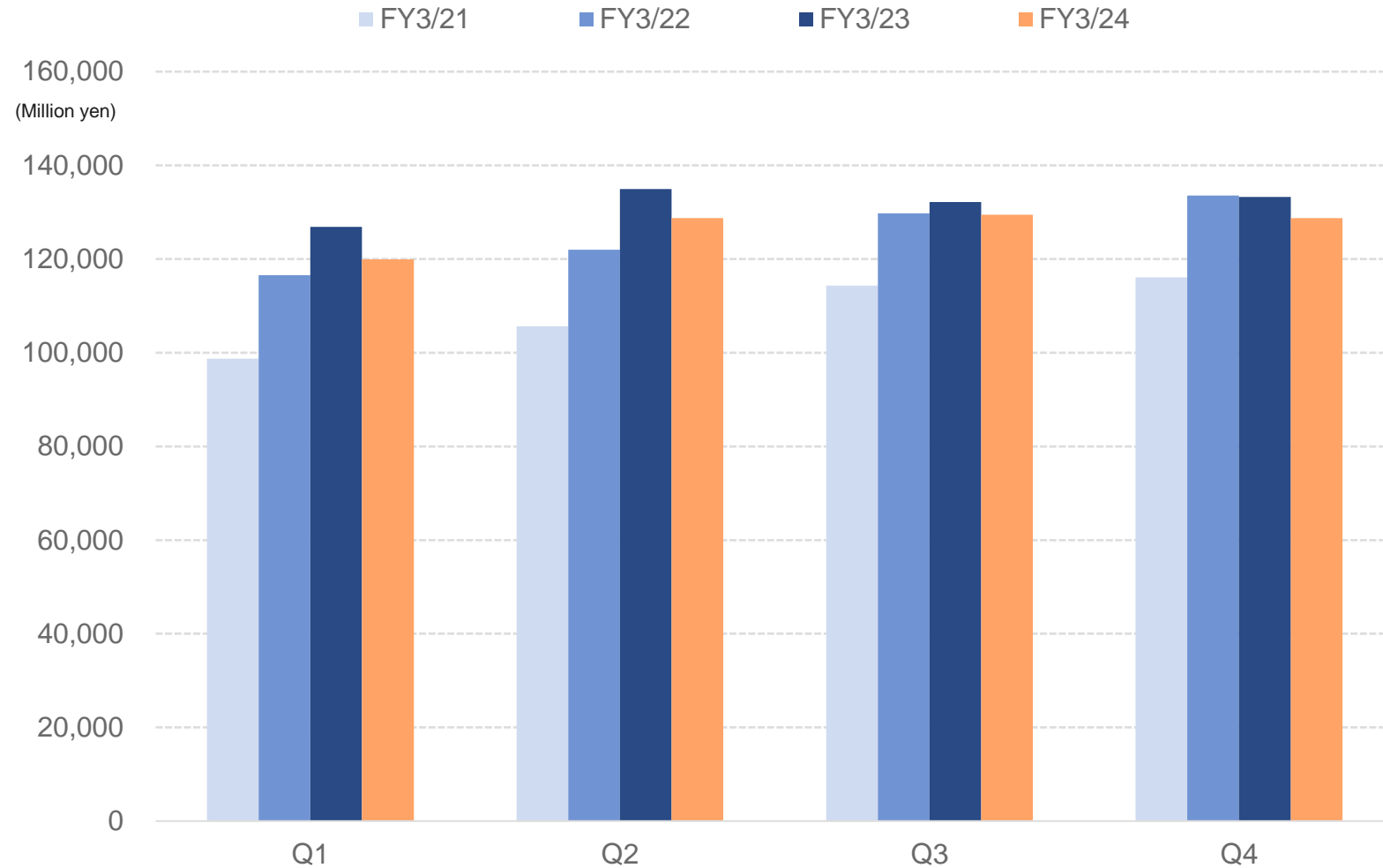
Appendix

# FY3/24 Consolidated Profit and Loss Results

(Million yen)	FY3/23	FY3/24	Percentage change YoY	Full Year Plan (Revised Sept. 13, 2023)	Achievement Rate
Net sales	527,263	<b>506,866</b>	<b>-3.9%</b>	500,000	101.4%
Gross profit	78,279	<b>74,397</b>	<b>-5.0%</b>	-	-
(Gross profit margin)	14.8%	<b>14.7%</b>	<b>-0.2ppt</b>	-	-
SG&A expenses	61,716	<b>64,509</b>	<b>+4.5%</b>	-	-
Operating profit	16,563	<b>9,887</b>	<b>-40.3%</b>	10,000	98.9%
(Operating profit margin)	3.1%	<b>2.0%</b>	<b>-1.2ppt</b>	2.0%	-
Non-operating profit/loss	717	<b>548</b>	<b>-23.5%</b>	-	-
Ordinary profit	17,280	<b>10,435</b>	<b>-39.6%</b>	10,000	104.4%
Extraordinary gain/loss	53	<b>-57</b>	-	-	-
Profit attributable to owners of parent	12,527	<b>6,488</b>	<b>-48.2%</b>	6,700	96.8%

Net sales decreased -3.9% YoY due to slowing in domestic and overseas capital investment trends. Gross profit decreased -5.0% due to the effect of decreased income, etc. On the other hand, operating profit decreased by 40.3% YoY due to a decrease in gross profit, an increase in depreciation and amortization and other expenses associated with the introduction of the SAP ERP system that is a growth investment, and an increase in activity expenses for aggressive sales promotion.

# Quarterly Trend in Consolidated Net Sales



# FY3/24 Net Sales by Business Segment

(Million yen)	FY3/23	FY3/24	Percentage change YoY
Machine Tools Division	151,214	132,284	-12.5%
Industrial Solution Division	96,315	93,189	-3.2%
Tool & Engineering Division	105,673	103,188	-2.4%
(Total for Production Equipment Business)	353,203	328,662	-6.9%
Building Materials Division	68,031	71,842	+5.6%
Home Products Division	100,711	101,119	+0.4%
(Total for Consumer Goods Business)	168,742	172,962	+2.5%
Other	5,317	5,241	-1.4%
Total	527,263	506,866	-3.9%

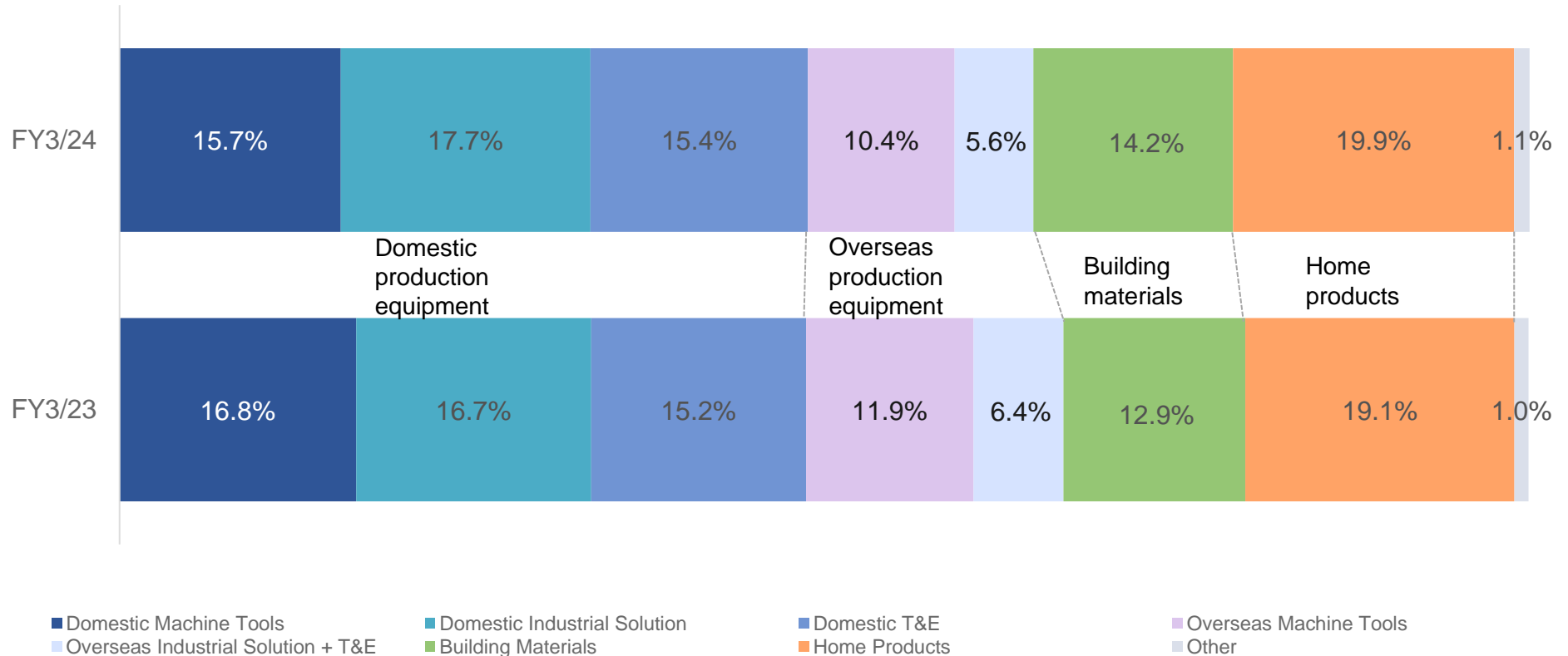
# Net Sales Composition by Business (YoY Comparison)

Domestic production equipment: 48.7% → 48.9% (+0.1ppt)  
 Overseas production equipment: 18.3% → 16.0% (-2.3ppt)

Building Materials Business: 12.9% → 14.2% (+1.3ppt)  
 Home Products Business: 19.1% → 19.9% (+0.8ppt)

**Production equipment total: 67.0% → 64.8% (-2.1ppt)**

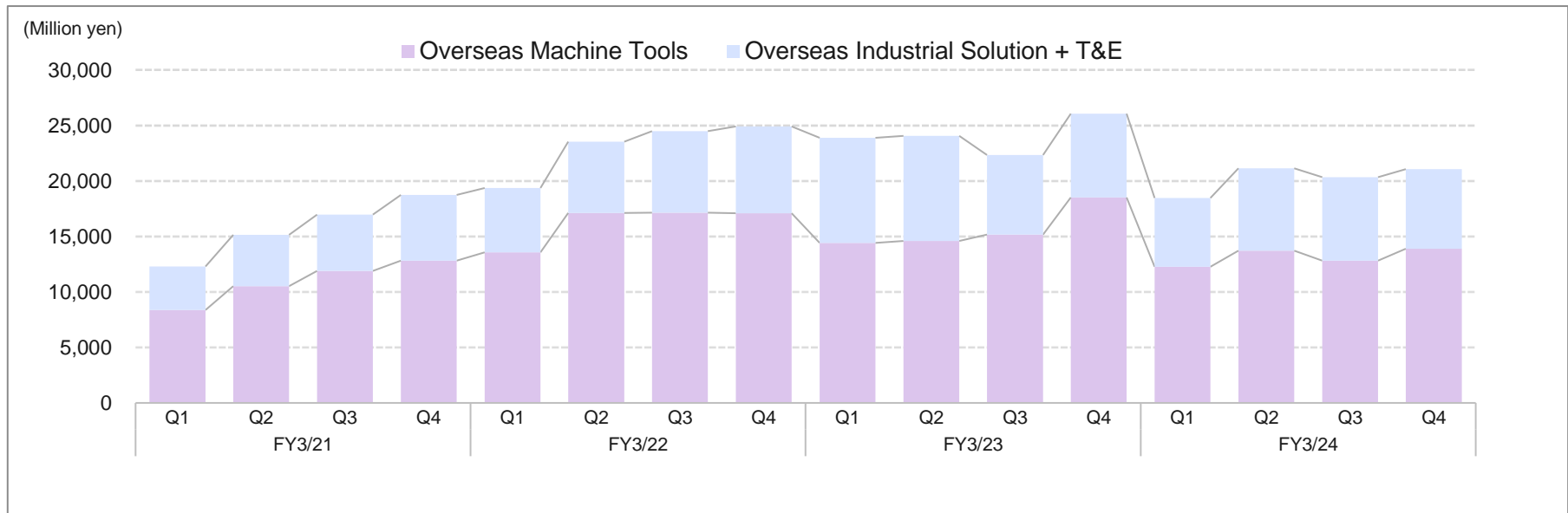
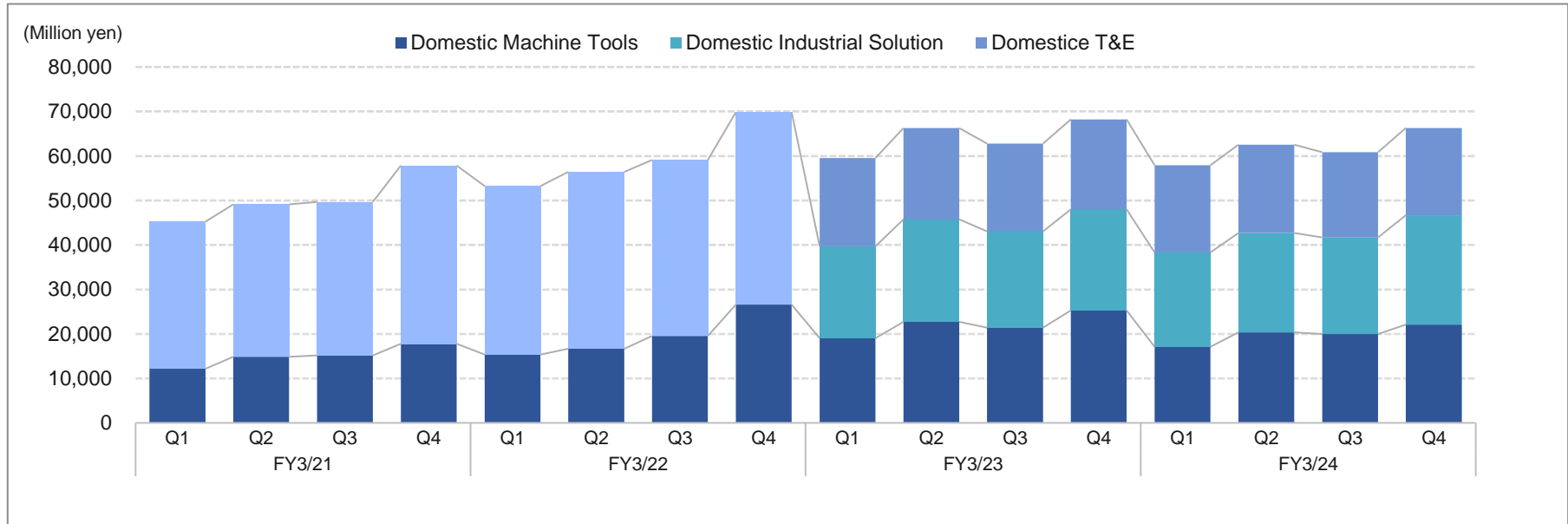
**Consumer goods total: 32.0% → 34.1% (+2.1ppt)**



**Domestic Production Equipment Business:** Sales of machine tools, etc. were weak, due to the lack of new investment activity in the semiconductor and automobile industries. Overall, sales of consumables such as industrial tools were also down compared to the previous year. Meanwhile, sales of infrastructure-related equipment remained strong and the introduction of high-priced, fully-automated machines in the steel processing industry increased, due to demand from urban redevelopment and the renewal of public infrastructure, as well as the increased needs for automation and saving labor.

**Overseas Production Equipment Business:** In the North America Regional Headquarters, sales of machine tools to parts processing users for the medical and aviation industries were strong, and in Mexico, sales were strong due to the response to the relocation of production bases from other regions. In the Taiwan Regional Headquarters, sales of machine tools continued to be sluggish due to declining demand from the electronics and semiconductor industries. In the China Regional Headquarters, the results were lower than the previous fiscal year due to sales to export-oriented industries being weak, the end of capital investment for EVs, which was strong last year, and a slowdown in the growth in sales to the renewable energy industry. At the ASEAN Regional Headquarters, while some areas saw the effects of the delayed recovery in demand for semiconductors, sales to various fields such as automobiles were strong in Indonesia and India.

Net sales (Millions of yen)			FY3/23	FY3/24	Percentage change YoY
Production equipment	Domestic	Machine Tools	88,498	79,559	-10.1%
		Industrial Solutions + T&E Business Total	168,338	168,051	-0.2%
		Industrial Solution Business	88,001	89,817	+2.1%
		Tool & Engineering Business	80,337	78,234	-2.6%
		Total	256,837	247,611	-3.6%
	Overseas	Machine Tools	62,715	52,724	-15.9%
		Industrial Solutions + T&E Businesses Total	33,650	28,326	-15.8%
		Total	96,365	81,051	-15.9%
	Total	Net sales	353,203	328,662	-6.9%
		Segment profit	13,965	8,219	-41.1%
		Segment profit margin	4.0%	2.5%	-1.5ppt

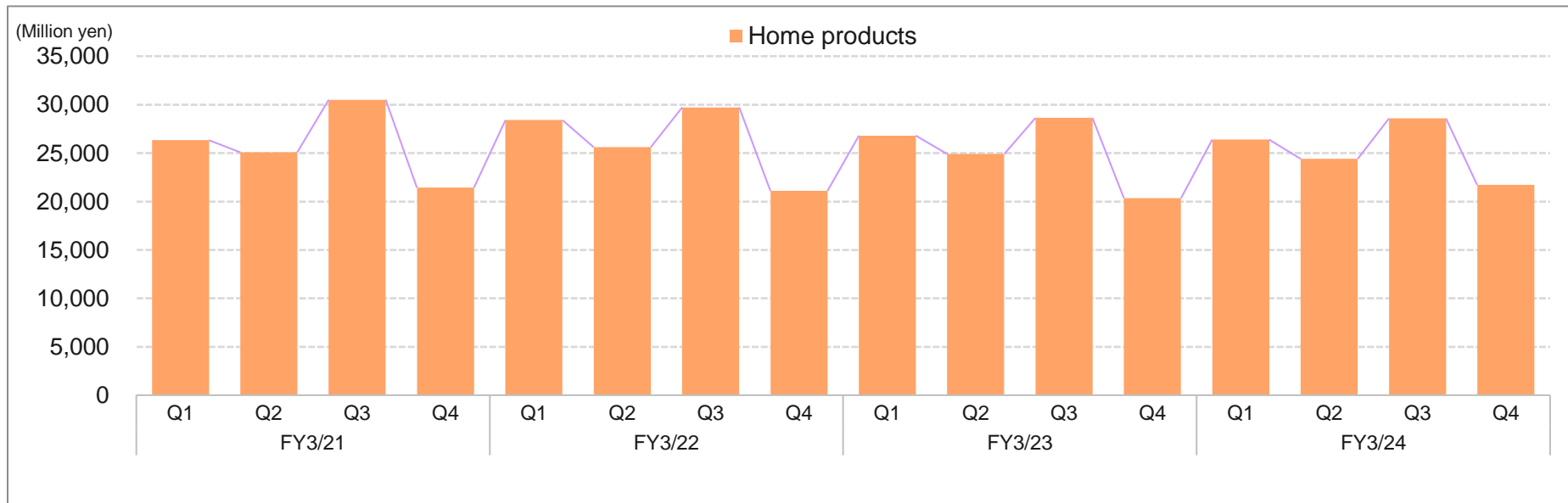
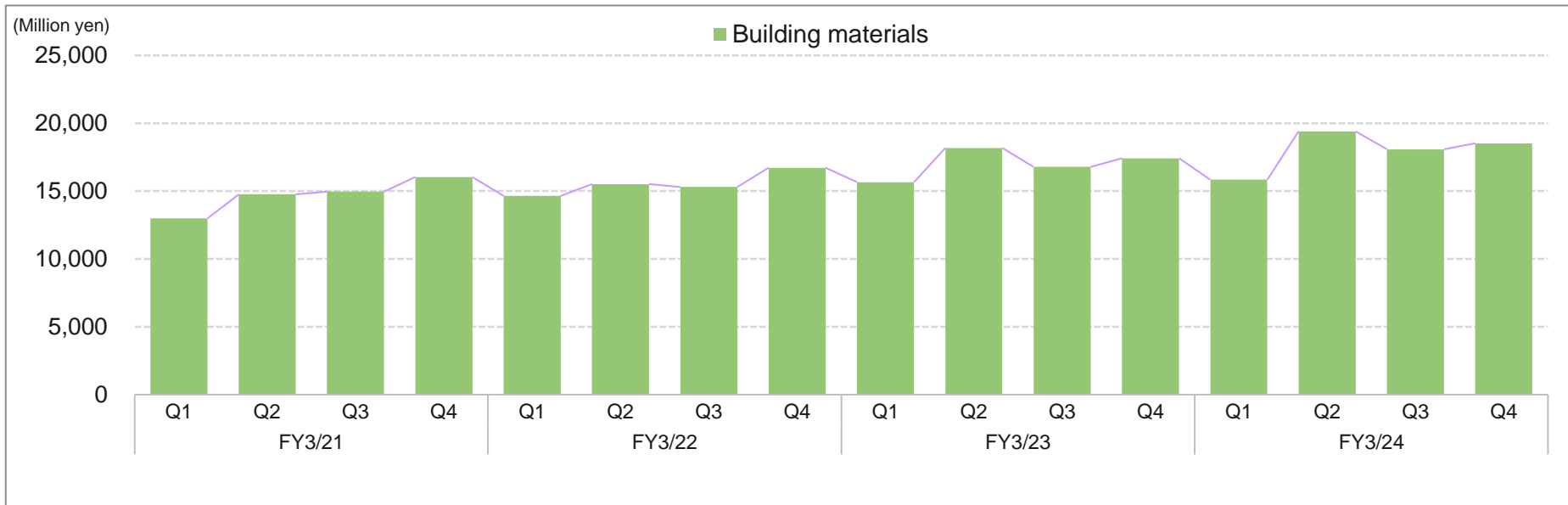




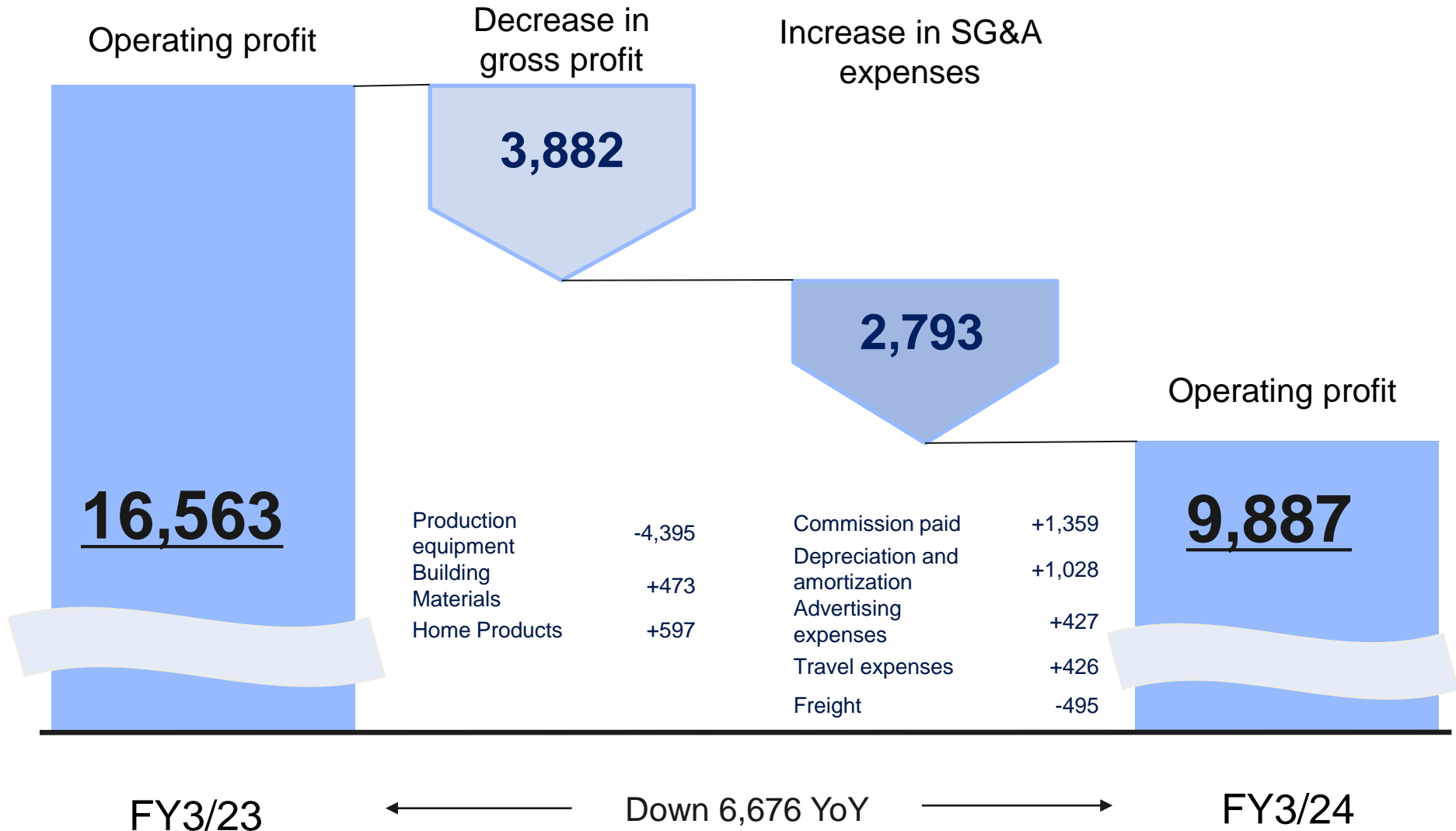
**Building Materials Business:** Amid stagnant demand, sales of solar power generation systems, storage batteries, etc. remained strong due to proposals of high-value-added products in response to consumers' desire to reduce spending due to soaring utility costs. The company is also actively developing the non-residential sector and proposals for facility renovations that combine environmental products and installation were successful in helping SMEs respond to carbon neutrality. In particular, we are aggressively developing proposals for sets of solar power generation and storage batteries for self-consumption, and also addressing companies' needs for decarbonization and energy cost reduction.

**Home Products Business:** Sales of private-brand products remained strong, although there was a negative impact on consumer demand for lifestyle products, due to factors including the demand generated by "staying at home", refraining from going out and increased remote working coming to an end, the rise in prices due to the soaring cost of raw materials, electricity and gas, and the continued depreciation of the yen. The performance of unique home appliances with added value, such as electric fans, circulators, cooking machines and audiovisual equipment, improved from the previous term. Yamazen Bizcom, our own e-commerce site aimed at corporations and sole proprietors that was launched in May 2022, also showed steady growth in sales and members.

(Million yen)			FY3/23	FY3/24	Percentage change YoY
Consumer goods	Building Materials Division	Net sales	68,031	71,842	+5.6%
		Segment profit	2,341	2,653	+13.3%
		Segment profit margin	3.4%	3.7%	+0.3ppt
	Home Products Division	Net sales	100,711	101,119	+0.4%
		Segment profit	4,960	5,274	+6.3%
		Segment profit margin	4.9%	5.2%	+0.3ppt
	Total for Consumer Goods Business	Net sales	168,742	172,962	+2.5%
		Segment profit	7,301	7,927	+8.6%
		Segment profit margin	4.3%	4.6%	+0.3ppt



(Million yen)



Assets		Liabilities and Total Assets	
(End of Mar. 2023)	(End of Mar. 2024)	(End of Mar. 2024)	(End of Mar. 2023)
2,385	Current assets 2,414	Current liabilities 1,401	1,441
	+28		
503	Noncurrent assets and deferred tax assets 535	Long-term liabilities: 222	209
	+32		
		Net assets 1,326	1,237
		Total assets: 2,949	2,888
		+60	

End of Mar. 2023	Item	End of Mar. 2024
10.6%	ROE	5.1%
42.6%	Shareholders' equity ratio	44.6%
1,383.65 yen	Net assets per share	1,480.16 yen
90.3 billion yen	Market cap	119.5 billion yen
14.4 billion yen	Basic operating cash flow	10.6 billion yen

(Unit: 100 million yen)

\*ROE, shareholders' equity ratio and net assets per share are taken from the financial results summary.

\*Market capitalization is calculated by multiplying the closing price at the end of the fiscal year by the number of shares outstanding (excluding treasury shares) on the same date.

\*Basic operating cash flow is calculated by deducting the increase/decrease in working capital from operating cash flow.

\*Amounts less than 100 million yen have been rounded.

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(Million yen)	FY3/24 Results	FY3/25 Plan	Percentage change YoY
Net sales	<b>506,866</b>	<b>530,000</b>	+4.6%
Operating profit	<b>9,887</b>	<b>12,000</b>	+21.4%
Operating profit margin	<b>2.0%</b>	<b>2.3%</b>	+0.3ppt
Ordinary profit	<b>10,435</b>	<b>12,000</b>	+15.0%
Profit attributable to owners of parent	<b>6,488</b>	<b>7,600</b>	+17.1%

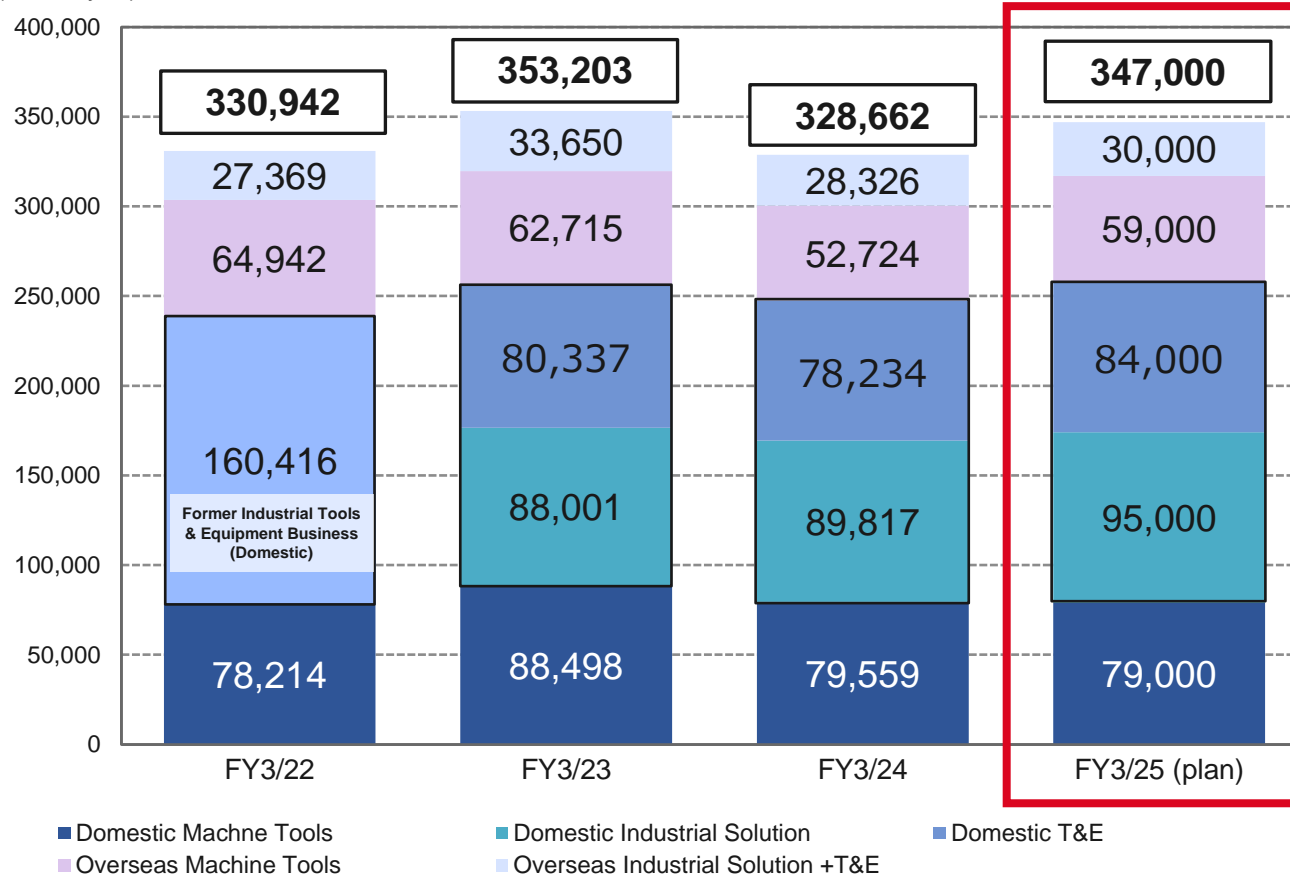
**Although the environment surrounding the Production Equipment business remains uncertain, domestic and overseas demand for capital investment is expected to recover in the second half of the fiscal year, and therefore, net sales are projected to increase by 4.6% YoY and operating income by 21.4% YoY in FY3/25.**

(Million yen)	FY3/24 Results	FY3/25 Plan	Percentage change YoY
Machine Tools Division	<b>132,284</b>	<b>138,000</b>	+4.3%
Industrial Solution Division	<b>93,189</b>	<b>98,600</b>	+5.8%
Tool & Engineering Division	<b>103,188</b>	<b>110,400</b>	+7.0%
(Total for Production Equipment Business)	<b>328,662</b>	<b>347,000</b>	+5.6%
Building Materials Division	<b>71,842</b>	<b>75,000</b>	+4.4%
Home Products Division	<b>101,119</b>	<b>104,000</b>	+2.8%
(Total for Consumer Goods Business)	<b>172,962</b>	<b>179,000</b>	+3.5%
Other	<b>5,241</b>	<b>4,000</b>	-23.7%
Total	<b>506,866</b>	<b>530,000</b>	+4.6%

(Million yen)		Net sales plan	Percentage change YoY	Segment profit plan	Percentage change YoY	Segment profit margin
Production Equipment Business Total	Full-year	347,000	+5.6%	9,200	+11.9%	2.7%

## Production Equipment Business: 3-year sales trends and full-year forecasts

(Million yen)



- ✓ Each division will **brush up expertise**, and **provide solutions** to meet the needs in production sites, such as “**automation and labor saving**” and “**decarbonization**” at an accelerated pace.
- ✓ Approach to new domains of **semiconductors, logistics, 3 major product industries (food, medical and cosmetics), etc.**
- ✓ **A new business that provides total support to manufacturing sites** will be started
- ✓ Outside Japan, we will **geographically expand and restructure target markets**, and enhance **borderless marketing and initiatives in growing industries.**



## Strength

- The Domestic Production Equipment Business has established a top-class presence in the industry and has roles in identifying and providing information on numerous manufacturers' products and services and a market-in role of capturing user needs through a large number of stores

## Opportunity

- Promotes value-added sales by enhancing expertise in each business to promote solution proposals for social issues such as automation, labor saving, and decarbonization

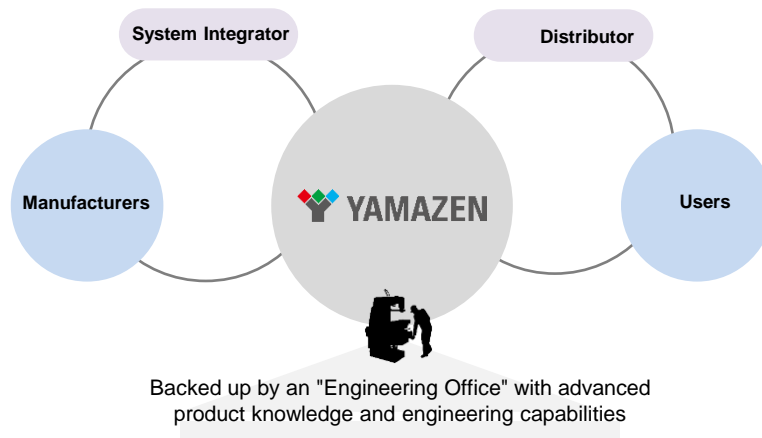
## Opportunity

- The market for production equipment manufacturers is an area with room for expansion for the Company, such as semiconductors, distribution, and the three major product industries (food, medicine, and cosmetics)

### Strengthening Expertise: Machine Tools Business

Establish an "Engineering Office" to develop a system to respond to issues faced by each player

Will work on fostering engineering capabilities in order to provide more benefits to each player and to solidify YAMAZEN's value of existence. As a part of this, an "Engineering Office" will be established to provide engineering expertise and establish a function of connecting all players, including manufacturers, stores, and users, in collaboration with system integrators.



### Strengthening Expertise: T&E Business

Contribute to users' productivity improvement by strengthening proposals for process improvement, jigs, etc. by "technical sales representatives"

We are strengthening our services to customers, such as process improvement and product proposals, by assigning "technical sales representatives" with technical expertise throughout Japan and collaborating with stores and manufacturers as partners. We are also participating in product development of peripheral equipment for machine tools, planning original products from the user's point of view and contributing to productivity improvement and cost reduction.



Five representatives are assigned to Osaka, Nagoya, Tokyo, Kitakanto, and Kyushu to handle projects nationwide



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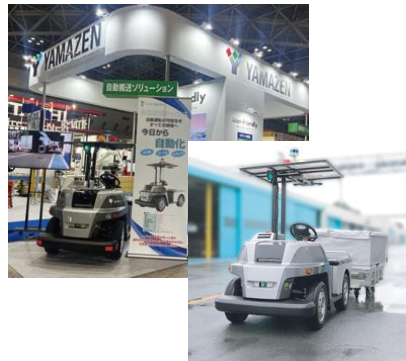
### Strengthening Expertise: Industrial Solution Business

Strengthen "solution proposals for social issues" such as decarbonization, automation, labor saving

In the Industrial Solution Business, we are developing and building a system to propose solutions to users' individual needs in order to provide comprehensive solutions to the challenges faced by small, medium, and regional users, such as "personnel shortages," "decarbonization," and "digitalization," and focusing on developing new industries and approaching users directly. We are also working on developing original commercial products.



Business meetings on the theme of "decarbonization" were held in various locations to acquire orders for aids for environmental improvement



Enhanced technical support in order to focus especially on automated system proposals, including the "eve auto" automated carrying system

### Strengthen development of new fields: TFS Division HQ

Strengthen "development of new fields" such as the three major product categories, distribution and semiconductors

Centered on the TFS Division Headquarters, our specialist engineering organization that covers across business divisions, we are focusing on proposing automated lines, etc. that utilize cooperative robots to users not only in the machinery and metal-related manufacturing industries, but also the three major product category (food, medicine, and cosmetics) industries, distribution, warehousing, etc. In addition, a "New Business Development Department" was newly established to strengthen sales development to semiconductor manufacturers and semiconductor material manufacturers.

**Case Study of Entry into Three Major Product Categories Industry:** Mishima Factory, FANCL Biken Corporation

Automated system in the manufacturing process of age-specific supplements series

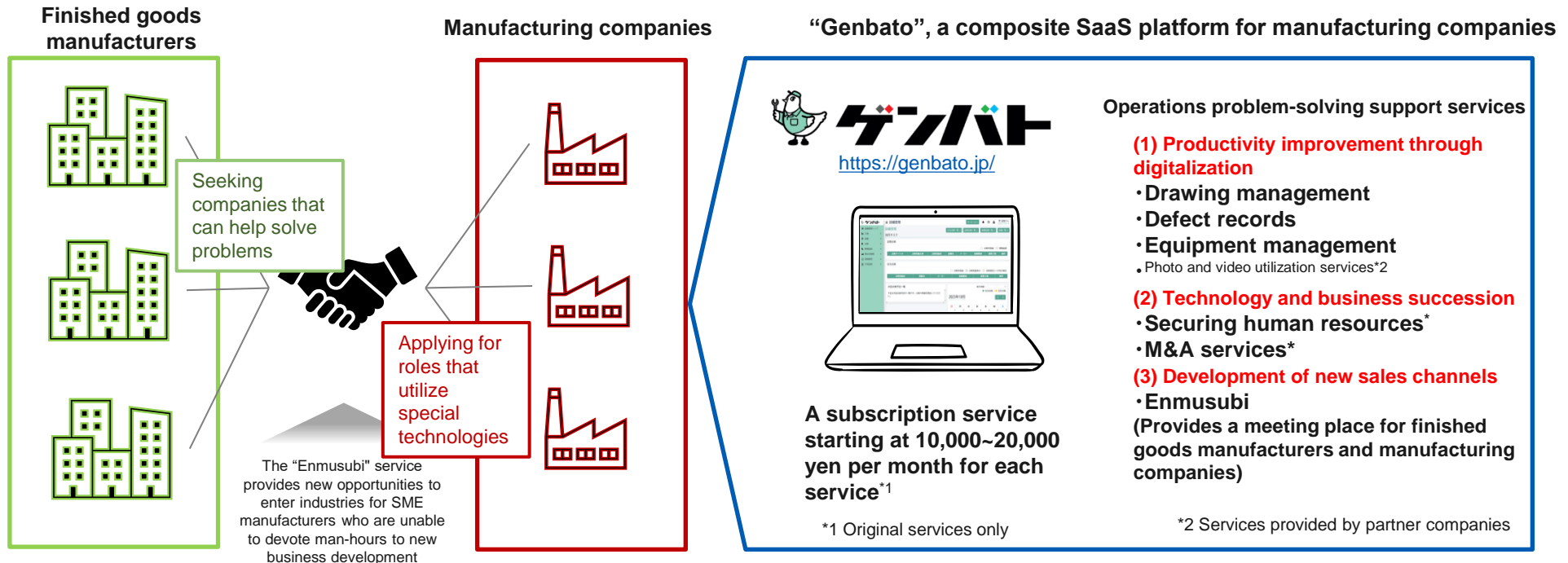
Introduced an automated system to the individual-package feeding and packaging line for the company's "age-specific supplement series," which are single-packs of carefully selected ingredients according to age and gender

▶ Case study video:  
<https://youtu.be/JYfaBC9eUik>



## New Business

Started a new business to support manufacturing companies with (1) productivity improvement through digitalization, (2) technology and business succession, and (3) development of new sales channels



### Benefits for manufacturing companies

By utilizing digital services that are easy to adopt, operational issues can be solved, productivity can be increased, new customer contacts can be made, and new sales channels can be developed

### Benefits to the Company

Realize monetization as a new business and establish an "eco-cycle" starting from Genbato

Eco-cycle: A cycle that starts with Genbato and leads to productivity improvement at manufacturing companies → more profit-earning opportunities → increased willingness to invest → delivery of necessary products to worksites → further revitalization of manufacturing companies and growth of the industry as a whole

**Launched service on February 21, 2024**

**Aiming for 7,000 contracts and 1 billion yen in service usage value in FY3/28**

## Strength

- **65 offices<sup>\*1</sup> in 14 overseas countries and regions, covering a wide range of regions** (about 330 engineers out of about 1,270 overseas personnel<sup>\*2</sup>)
- The scale of our global network, built up over our long history since 1963, is **one of the largest among trading companies specializing in production equipment**, and the **barrier to entry is high**

## Strength

## Strength

- Our **localized sales structures** and **advanced engineering function** allows us to **sell directly** to Japanese-affiliated and local users, which achieves **strong relationships of trust and high gross profit margins**

## Opportunity

- Changes in the structure of global trade are driving users to relocate their production bases

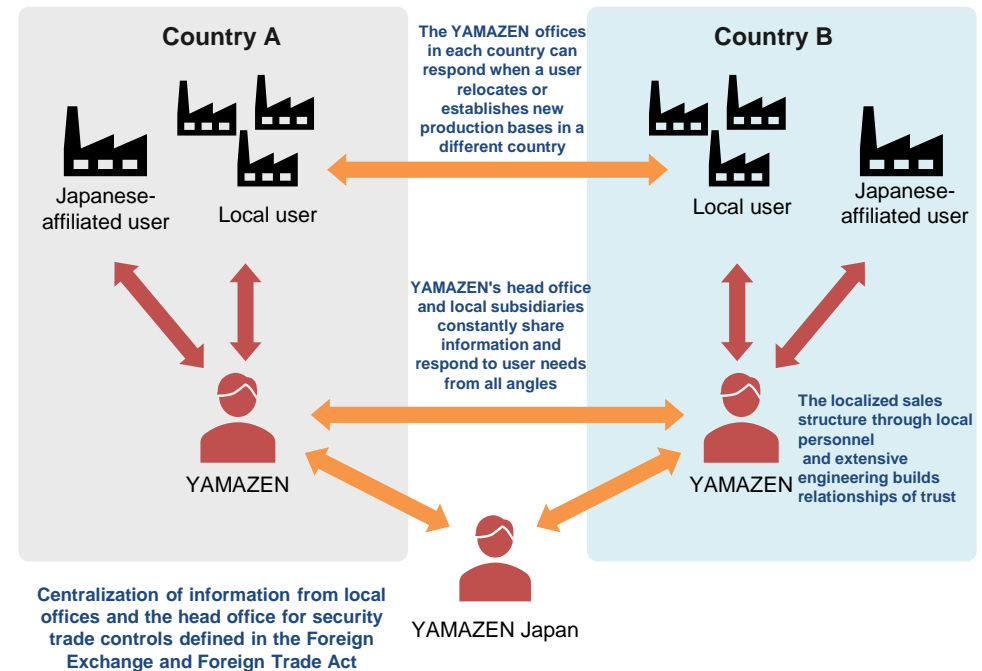
## Geographic expansion and restructuring of target markets

**Aggressive expansion into the Global South, especially India, to further expand our "broad global network"**



## Borderless sales activities: Strengthening "cross-border marketing strategies"

**Response to users' global investment strategies, which have become increasingly active in recent years, by leveraging our locally-based engineering capabilities**



## Advanced engineering function

YAMAZEN's engineers provide total support for manufacturing by offering a one-stop service that includes design, sales, installation, testing, after-sales service, and maintenance in response to user needs



## Promotion of localization of management

James E. Hansen, a local employee, became an officer and President of the North America Regional Headquarters on October 1, 2023, and will supervise and direct us in the North American market

Further accelerate the localization and growth of the Overseas Production Equipment Business through management by personnel familiar with the market

## Promote a new model of base development in North America

The scale and roles of bases will be reorganized into four types: (1) Headquarters building, (2) Support & Technical Centers, (3) Micro Centers, and (4) Satellite Offices, with the aim of **efficiently improving market coverage** by **complementing each other's functions while reducing investment costs** according to the market to be targeted



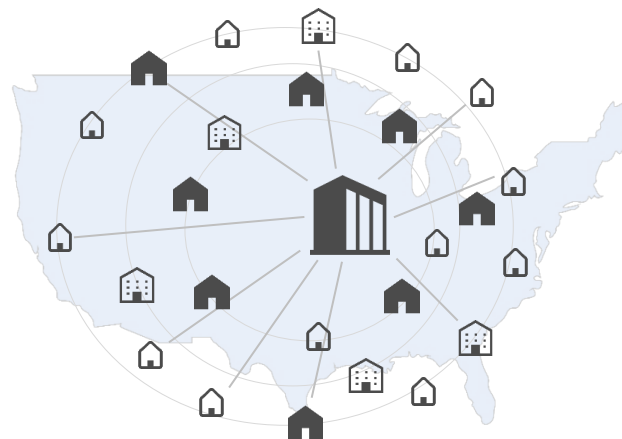
**Officer James E. Hansen**  
President of North America Regional Headquarters,  
President of YAMAZEN, INC.,  
President of PLUSTECH INC.

### Image of base development (current)

Headquarters building and Support & Technical Centers only  
⇒ **High cost makes it difficult to expand market area**



### Image of base development (future)



#### Headquarters building

Conduct business management operations and sales support for each base, display more than 30 machine tools in a showroom and provide remote live demonstrations



#### Support & Technical Centers (high cost)

Existing office style with a showroom, turnkey area and office space  
⇒ **Improve efficiency, such as converting to Micro Centers as necessary**



#### Micro Centers (medium cost)

A small showroom with one or two units and simple demonstrations of actual equipment. Live demonstrations can also be viewed from the Headquarters building



#### Satellite Offices (low cost)

Have only meeting rooms for viewing live demonstrations from the Headquarters building

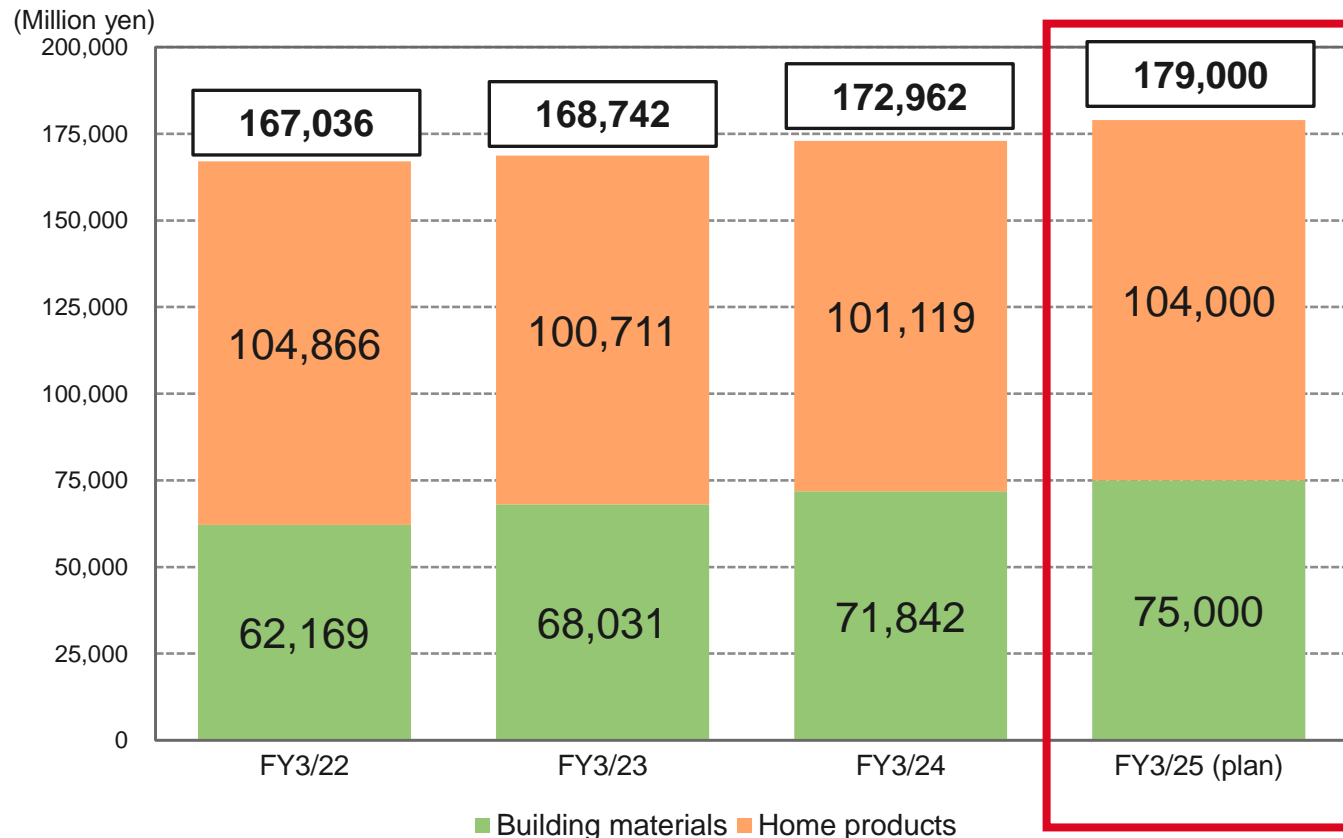
⇒ **Flexible placement in accordance with the market**

**Aiming to further promote overseas business strategies, the “Global Strategy Dept.” was launched as an organization directly under the jurisdiction of the President\***

**Address the creation of detailed overseas measures and accelerate their implementation**

(Million yen)		Net sales plan	Percentage change YoY	Segment profit plan	Percentage change YoY	Segment profit margin
Building Materials Division	Full-year	75,000	+4.4%	2,700	+1.8%	3.6%
Home Products Division	Full-year	104,000	+2.8%	6,300	+19.4%	6.1%

## Consumer Goods Business: 3-year sales trends and full-year forecasts



### ■ Building Materials Division

Continue proposal-based sales of high-value-added products

- ✓ Expand sales of new energy equipment for decarbonization (solar power generation, storage batteries, etc.)
- ✓ Strengthen the system for managing orders and construction for facility renovation projects in non-residential sector

### ■ Home Products Division

Develop new products that meet consumer needs and popularize own brands

- ✓ Expansion of Yamazen Bizcom, our own e-commerce site aimed at corporations and sole proprietors, etc.

## Strength

## Strength

## Strength

## Opportunity

## Opportunity

- Top-class distribution volume in Japan for housing equipment, air conditioning equipment, and smart energy equipment
- Has a nationwide-level proposal sales system and construction network through the assignment of engineers to sales offices in accordance with the Construction Business Act
- Promoting sales through an organized sales force consisting of business promotion teams dedicated to wide-area builders and volume retailers and line sales, and steadily increasing market share in the industry even when there is decline in housing starts
- Establish a specialized team to propose equipment upgrades that combine environmental products and construction in response to companies' initiatives towards carbon neutrality and the demand for energy-saving equipment upgrades due to soaring electricity costs
- Further growth is expected due to increased market share in solar power generation, V2H, and non-residential business, which are markets that are expected to expand

## Strengthening of proposals to companies for solar power generation for in-house consumption

Strengthen proposals for facility renovations that combine environmental products and installation to help companies respond to carbon neutrality and rising utility costs

PPA or private ownership are both possible depending on customer needs

Expand tie-up companies through new initiatives such as collaboration with financial institutions, proposals for sets with industrial storage batteries centered on reused batteries, and support for SME companies to acquire SBT<sup>\*1</sup> certification



## Strengthening of proposals of "ZePlus", our original ZEH<sup>\*2</sup>

Deploying our original concept housing "ZePlus" nationwide

Contribute to the reduction of national energy consumption by supporting local construction companies to introduce ZEH by providing support for soft aspects that are difficult for local construction companies to handle, such as simple calculations for ZEH standards and earthquake resistance standards, warranty services for housing equipment, support for subsidy applications, and sales promotion activities



<sup>\*1</sup> SBT (Science Based Targets) : Greenhouse gas emission reduction targets set by companies that are consistent with the levels required by the Paris Agreement

<sup>\*2</sup> ZEH (net Zero Energy House) : Housing that achieves an annual primary energy consumption balance of plus-minus "zero" by improving the insulation and energy-saving performance of the house and generating energy through solar power generation, etc.

Strength

Strength

Strength

Strength

Strength

Opportunity

Opportunity

- Has a product line (electric fans, electric blankets, etc.) that is **top-class in its category**
- Has the **ability to offer a variety of sales floor proposals** by handling both private brand and national brand products
- **Sales representatives actively negotiate with and make proposals to a variety of sales channels**, including home appliance retailers, GMS, discount stores, home centers, mail-order companies, and e-commerce companies (both YAMAZEN's site and platform sellers), and have the **discretionary authority to respond to the needs of each channel**
- **The speed of market launch and the number of products available are high thanks to the discerning and agile product development system of the MD**, who has experience in sales and understands the needs of buyers and consumers
- **Sales of private brand products account for almost 60% of total sales, and the profit margin is relatively high compared to other segments**
- **Fabless structure enables the growth of sales and profit while minimizing investment risk**
- **There are sales channels and markets that the Company can enter, such as B-to-B and local governments**

## Strengthen marketing capabilities and accelerate private brand product development

- To achieve further growth of private brands, we will establish a marketing system to accurately grasp the needs of buyers and consumers, develop and deploy YAMAZEN's original private-brand products, and offer an extensive lineup of products
- We will aim to increase product turnover by improving development speed and small-lot production to constantly reap returns, and promote initiatives such as in-house production of design functions and localization of inspection functions



Folding bed that does not require tools  
"Wooden Pattant Bed"



Hands-free electric blanket



[New Products]  
"ELEIN" series of lithium-ion  
battery-powered  
home appliances

## Focus on developing new markets such as B-to-B and local governments

- In response to diversifying consumer needs and an increasingly competitive environment, we will expand "Yamazen Bizcom", YAMAZEN's own e-commerce site, to cultivate new corporate customers, and strengthen corporate sales to local governments and other entities, with a focus on making it one of the pillars of the business
- In addition to expanding sales of consumer products to corporate channels, strengthen product development for B-to-B, aiming to secure sales and profits that will add on to existing sales



YAMAZEN's own e-commerce site, "Yamazen Bizcom"  
As of March 31, 2024: Number of members: approx. 82,000  
Sales target for FY3/25: 2.0 billion yen



Disaster Preparedness Bag  
Meets demand for office stockpiles



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II. FY3/24 Financial Highlights

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**IV. Medium-Term Management Plan “CROSSING YAMAZEN 2024”**

V. Shareholder Returns and Capital Policy

Appendix

## PURPOSE

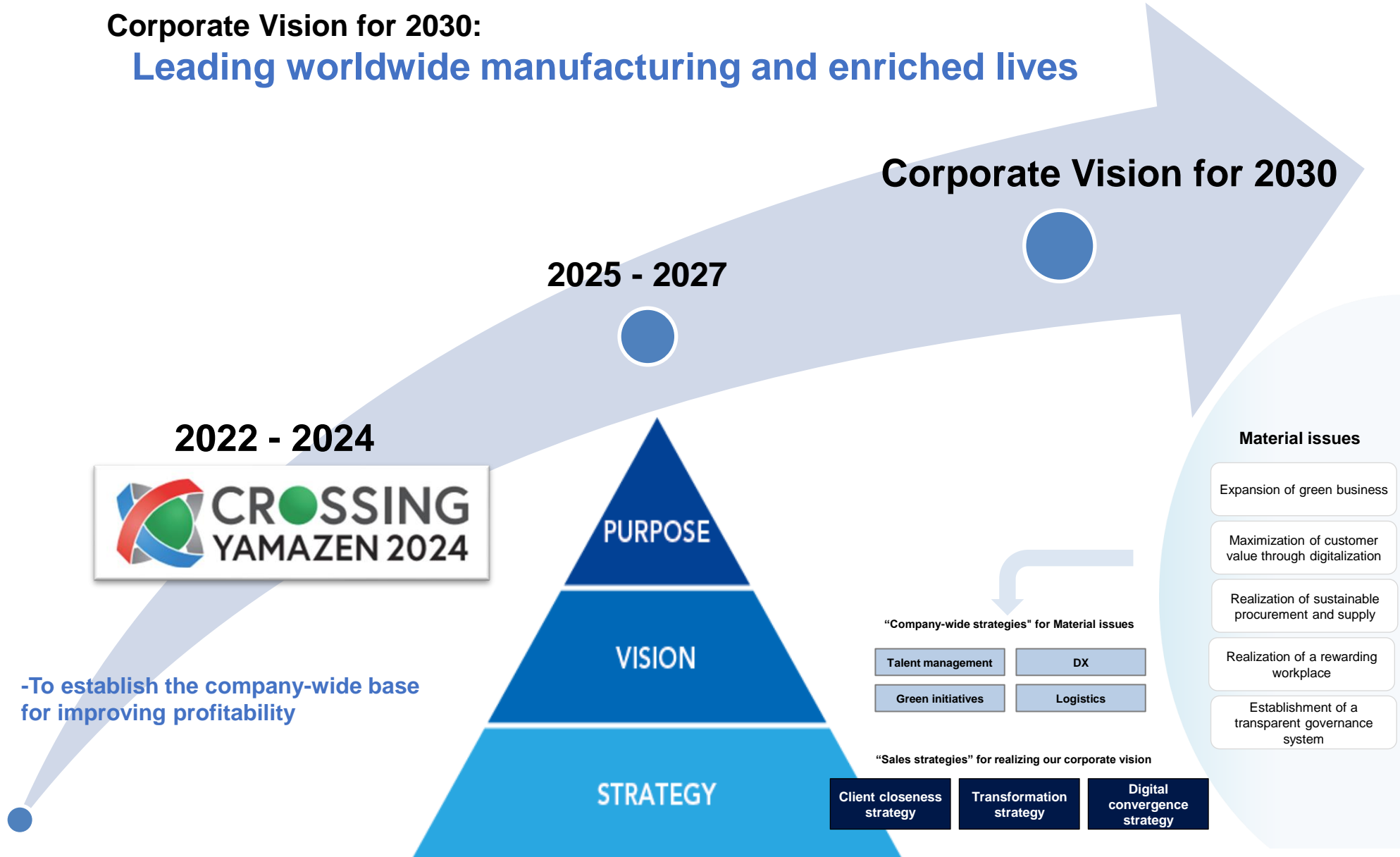
Pioneering a new future, with you all

## VISION

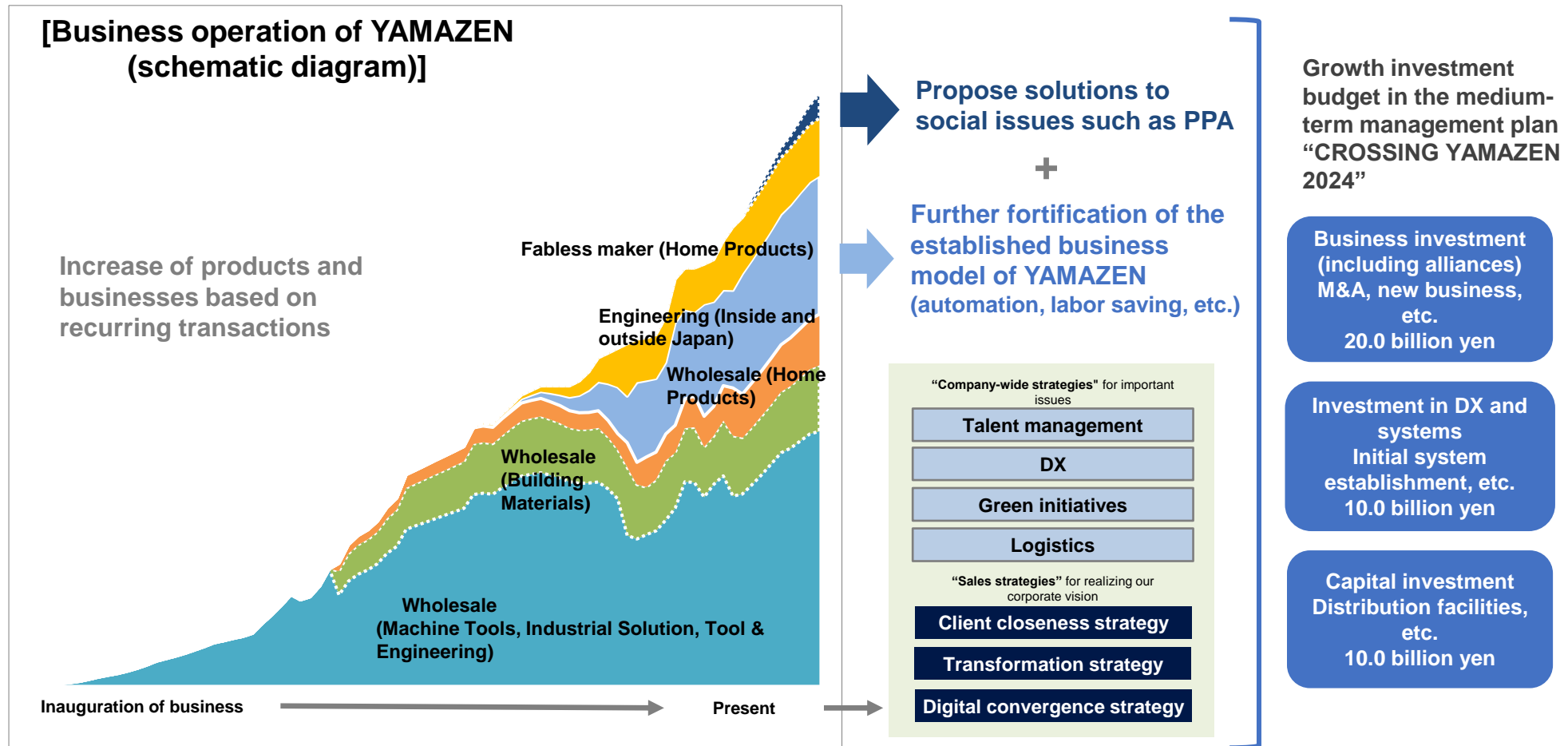
Leading worldwide manufacturing and enriched lives

Corporate Vision for 2030:



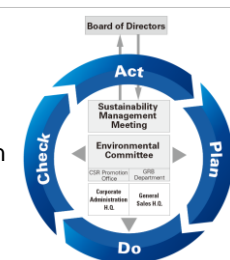
**Leading worldwide manufacturing and enriched lives**



We will create stable cash flows by fortifying the “recurring revenue base,” which is our forte, conducting investment for maintaining competitive advantages, and adding sales from solutions to meet demand in each theme





Important issues	Company-wide strategies	Overview	Key Measures
Expansion of green business	Talent management	Strengthen human capital by focusing on <b>developing human resources</b> , which are our <b>core competence</b> , <b>promoting diversity and inclusion</b> , and <b>conducting management that fosters personnel</b>	<div> <div> <b>■ Diversity &amp; Inclusion</b> <ul style="list-style-type: none"> <li>Abolition of seniority system</li> <li>Active participation of women</li> <li>Training of professional human capital</li> </ul> </div> <div> <b>■ Fostering personnel</b> <ul style="list-style-type: none"> <li>Introduction of YAMAZEN-style target management system</li> </ul> </div> </div> 
Maximization of customer value through digitalization	DX	Enhance the intellectual capital of the organization by <b>formalizing the individual sales and product development know-how</b> that are our <b>strengths</b> , leading to <b>improved productivity</b> and the creation of new added value	<div> <b>■ Strengthen DX strategy promotion system</b> <ul style="list-style-type: none"> <li>Establish a DX Strategy Department and DX strategy methodology</li> <li>Secure and develop digital human capital</li> </ul> </div> <div> <b>■ Improve productivity of existing business processes</b> <ul style="list-style-type: none"> <li>Integrate core business system (SAP ERP) implementation</li> </ul> </div> <div> <b>■ Realization of productivity improvement measures to cope with increased workload</b> <ul style="list-style-type: none"> <li>Company-wide BPR promotion (AI/RPA/EDI, etc.)</li> </ul> </div> 
Realization of sustainable procurement and supply	Green initiatives	Contribute to the <b>decarbonization of the entire value chain</b> through the introduction and deployment of <b>energy-saving equipment and renewable energies</b> that we propose, and through <b>services such as the visualization of CO<sub>2</sub> emissions</b>	<div> <b>■ Strengthen green strategy promotion system</b> <ul style="list-style-type: none"> <li>Establish a governance structure to promote efforts to address issues such as climate change</li> </ul> </div> <div> <b>■ Promote green business</b> <ul style="list-style-type: none"> <li>Cooperate with suppliers and clients to develop decarbonization activities as a business in the three fields of "development business," "sales promotion planning," and "branding"</li> </ul> <p>Example: Development business "Corporate PPA business" and sales promotion planning "Green Ball Project"</p> </div> 
Realization of a rewarding workplace			
Establishment of a transparent governance system	Logistics	Reorganize domestic and overseas business bases and <b>strengthen relationships with business partners</b> , including <b>local suppliers</b> , to ensure <b>sustainable procurement and supply lines</b>	<div> <b>■ Contribute to the efficiency and sustainability of distribution operations</b> <ul style="list-style-type: none"> <li>Formulated a three-term, nine-year distribution strategy with the aim to become a transportation and delivery platformer for specific industries by 2030</li> </ul> </div> <div> <b>■ Initiatives for Term 1 (2022 - 2024)</b> <ul style="list-style-type: none"> <li>Developed and introduced LMS/WMS* to realize cross-divisional distribution operations</li> <li>Opened Logis New Tokyo (Kitamoto City) in January 2023 as a comprehensive distribution base, and also developed and linked small warehouses with area delivery functions in parallel</li> </ul> </div>

Sales Strategies	Overview	Key Measures
Close customer relationship strategy	We will work to understand the issues faced by customers worldwide from their perspective, and implement measures to resolve these issues and realize a win-win relationship.	<ul style="list-style-type: none"> <li>■ <b>Segment-specific strategies:</b> Clarify targets, strengthen expertise, and implement proposal activities strategically</li> <li>■ <b>Organization of sales:</b> Formalize the strong sales know-how of individuals and build a sales structure that is also strong as an organization</li> <li>■ <b>Strengthen sales support system:</b> Strengthen marketing, remote sales, and other systems</li> <li>■ <b>Strengthen digital channels:</b> Strengthen information provision sites, e-commerce sites, etc. that serve as points of contact with customers</li> <li>■ <b>Promote localization of overseas subsidiaries (glocal):</b> Strengthen local structure through development of local staff, etc.</li> </ul>
Transformation strategy	In addition to selling products, we will also provide total solutions for issues related to product manufacturing, engineering and green businesses.	<ul style="list-style-type: none"> <li>■ <b>Acquisition of engineering capabilities:</b> Acquisition of engineering and construction capabilities that contribute to the production line and construction sites as a whole</li> <li>■ <b>Focus on green business:</b> Expand green business that will solve social issues while also leading to increased corporate value</li> <li>■ <b>Establish new business models:</b> Establish new revenue structures such as recurring billing businesses</li> <li>■ <b>Strengthen product development:</b> Strengthen the system for developing new products and services that provide high added value</li> <li>■ <b>Strengthen distribution system:</b> Strengthen the distribution system so it can withstand significant future growth</li> </ul>
Digital integration strategy	We will strengthen customer contact points utilizing digital technology, provide new solutions, connect the knowledge obtained to human resources, and create new added value.	<ul style="list-style-type: none"> <li>■ <b>Fusion of real and online through a production equipment online platform:</b> Build a next-generation B-to-B website, etc.</li> <li>■ <b>Develop in-house commerce through home products website:</b> Gradual expansion of Yamazen Bizcom</li> <li>■ <b>Strengthen data-driven product development and sales force:</b> Build a data-driven management infrastructure</li> </ul>

## Development business

### ■ Corporate PPA

**Installation completed at 3 companies and 3 locations**  
**79th term: Installation planned at three Nippon Paper Crecia locations**



[Results]

Nippon Paper Crecia, Kaisei Plant  
Okudaya Giken, Headquarters Plant  
Toyo Koken, Yamanashi Office



Plant name	Site name	Annual electricity sales	Operation commenced (planned)
DayZ-1	Crecia, Kaisei	500,000 kWh	Commenced March 2023
DayZ-2	Okudaya, Sakai	110,000 kWh	Commenced June 2023
DayZ-3	Toyo Koken, Yamanashi	130,000 kWh	Commenced April 2024
DayZ-4	Crecia, Tokyo	380,000 kWh	Planned for Aug. 2024
DayZ-5	Crecia, Koyo	350,000 kWh	Planned for Sept. 2024
DayZ-6	Crecia, Kyoto	4,230,000 kWh	Planned for Dec. 2024
Total annual electricity sales / CO2 reduction		5,700,000 kWh	CO2 reduction 2,500t-CO2

## Sales Promotion Business

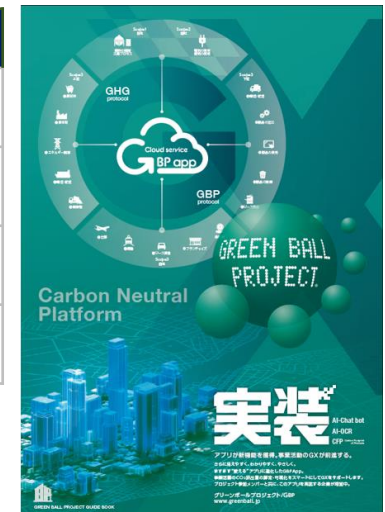
### ■ GBP App

**Provided free of charge to companies participating in GBP and approximately 280 clients**



GBPAp		Present	Target
GBP participants	Production Equipment	211 companies	250 companies
	Building materials	67 companies	80 companies
	Subtotal	278 companies	330 companies
Total		278 companies	330 companies

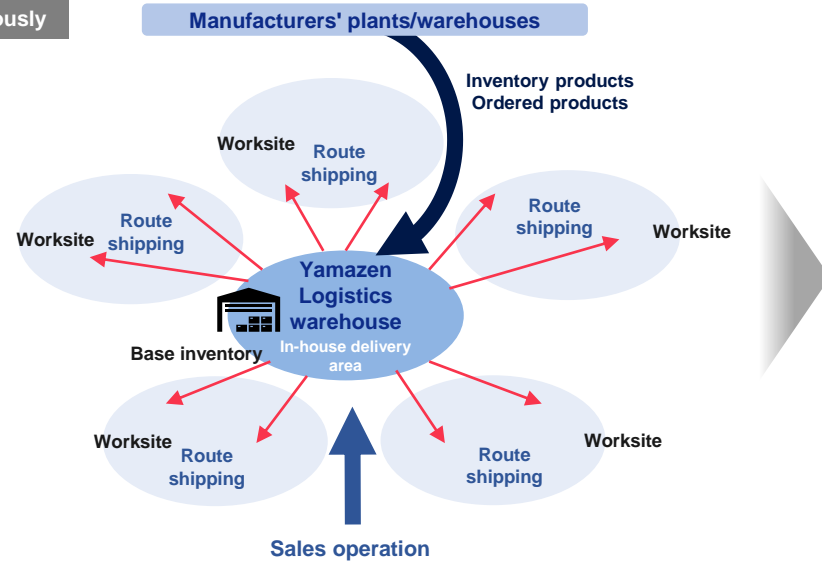
**GBP App**  
**Started sale of fee-based services**



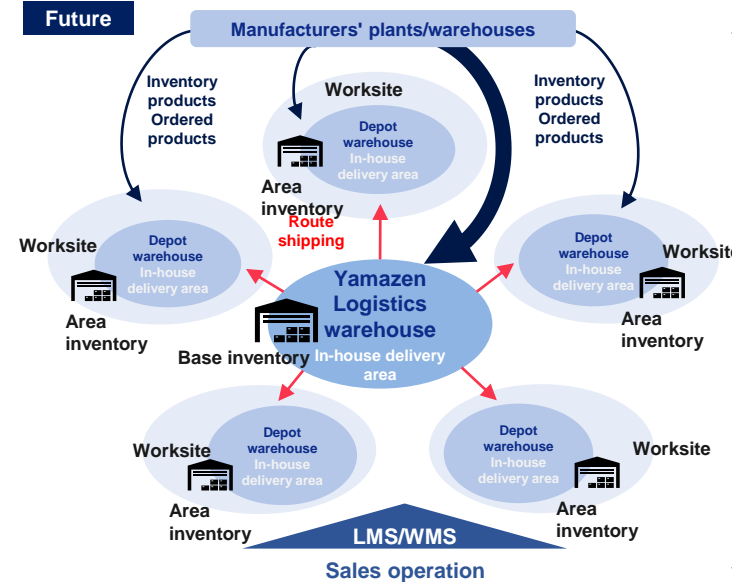
Share distribution assets across business units by implementing LMS/WMS, increase efficiency through distribution DX, and achieve the following:

1. Response to the "2024 problem"
2. Control of "transportation and delivery costs"
3. Service improvement through "expansion of same-day/next-day delivery areas" and "optimization of dispersed inventory according to area demand"

Previously



Future



[Aim]  
Promote joint utilization of distribution bases across the Production Equipment, Building Materials, and Home Products businesses, which already have more than 100 locations nationwide

↓  
Improve the level of service by sharing the strengths of each business

(e.g., utilizing the delivery and installation skills of the Building Materials Business for large home products)

Key Measures

State of progress

Introduce LMS/WMS	Sequentially introduced at Logis New Tokyo, Logis Fukuoka, and Logis Ashikaga from January 2023
Share distribution assets between businesses	Building Materials Business distribution bases are also being used as small distribution bases for production equipment (Started at Okayama Depot in January 2023, Kanazawa Depot and Sendai Depot in March 2024)
Expand and reorganize distribution bases	"Logis Tokyo" fully operational from January 2023, "New Logis Osaka" to be fully operational in January 2025

Achieve "company-wide distribution optimization" with the current Medium-Term Management Plan as the first term, and link it to the medium- to long-term strategies of "profitization" and "establishing a scheme for joint transportation and delivery in specific industries".



(Million yen)	FY3/22 results	FY3/23 results (First year of Medium-Term Management Plan)	FY3/24 results	FY3/25 plan (Revised May 2024)	*For reference FY3/25 plan (Announced in the first year of the Medium-Term Management Plan)
Net sales	501,872	527,263	506,866	<b>530,000</b>	<b>600,000</b>
Operating profit	17,133	16,563	9,887	<b>12,000</b>	<b>21,000</b>
Operating profit margin	3.4%	3.1%	2.0%	<b>2.3%</b>	<b>3.5%</b>
Ordinary profit	17,093	17,280	10,435	<b>12,000</b>	<b>21,000</b>
Profit	12,023	12,527	6,488	<b>7,600</b>	<b>14,000</b>

Indicators (Million yen)	FY3/22 results	FY3/23 results (First year of Medium-Term Management Plan)	FY3/24 results	FY3/25 plan (Revised May 2024)	*For reference FY3/25 plan (Final year of Medium-Term Management Plan)
Return on equity (ROE)	10.9%	10.6%	5.1%	<b>5.8%</b>	<b>10.0%</b>
Basic operating cash flow	12,052	14,427	10,626	<b>12,000</b>	<b>18,000</b>
Shareholders' equity ratio	39.9%	42.6%	44.6%	<b>40-45%</b>	<b>40-45%</b>

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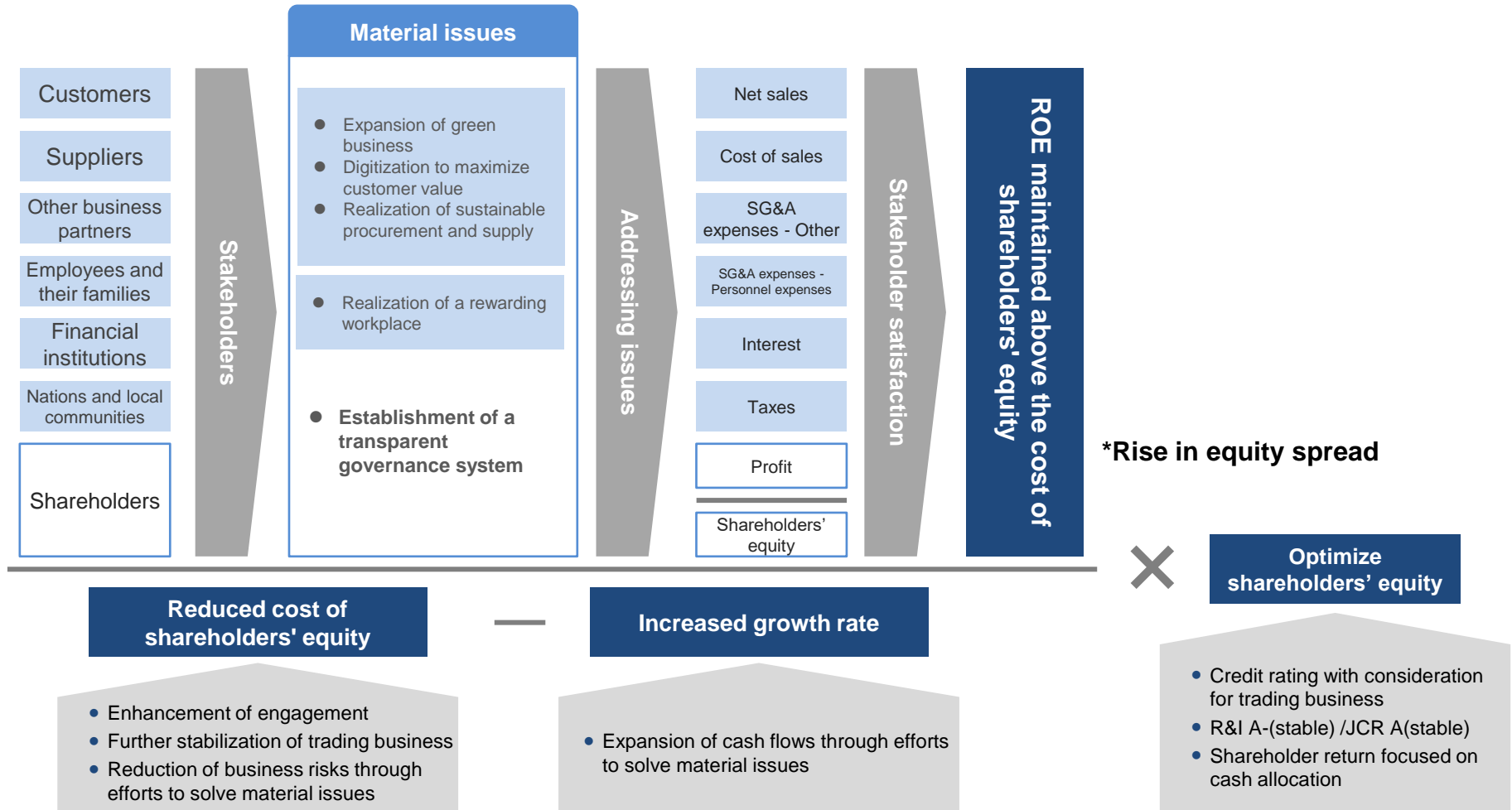
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Appendix

We aim to improve our corporate value by pursuing all of “earning capacity,” “yield of capital,” and “financial soundness.”

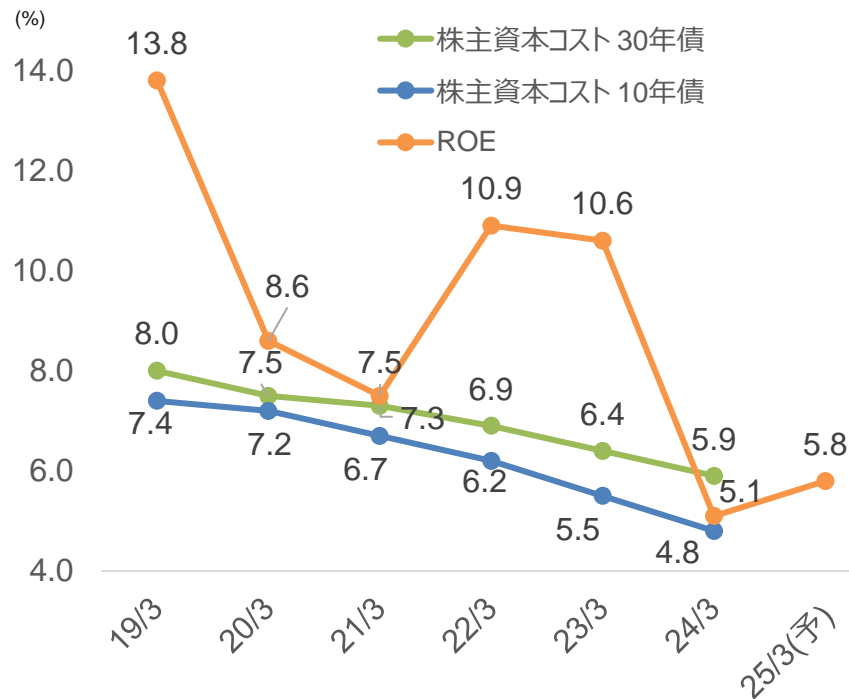


Boost sustainable growth potential by improving dialogue and reducing business risks

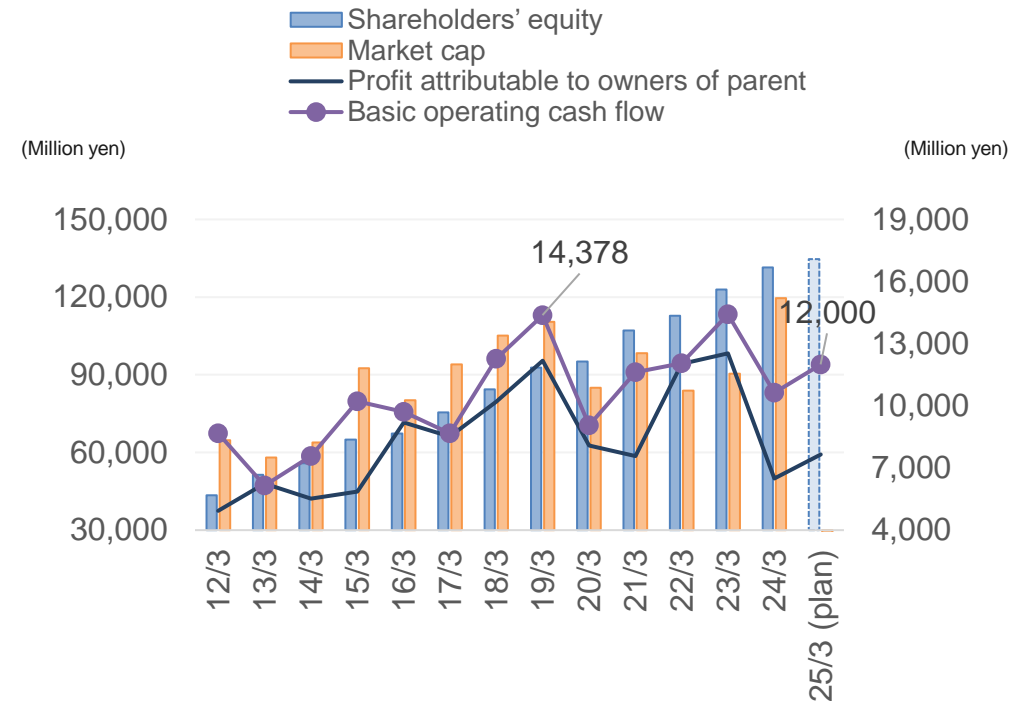
Capital and shareholder returns policy

- Cost of shareholders' equity assumed to be around 7% (range of 3.39%-8.78% estimated via CAPM as of March 31, 2024)
- We will strive to reduce the cost of shareholders' equity by continuously enhancing dialogue with the market, and promote investment in business fields with excellent capital efficiency and synergy effects with our existing distribution business to realize sustainable improvement in profitability and growth and increase corporate value over the medium to long term.

## ROE/cost of shareholders' equity



## Market cap/basic operating cash flow



## Background

Timing	Corporate Action	Number of shares held	Destination	Reduction of policy stockholdings	Market liquidity	Ratio of floating shares	EPS	ROE
April 2021	Acquisition of Euro-yen CBs* & treasury shares	3,870,900	Treasury shares	○	—	—	○	○
September 2021	Acquisition of treasury shares	1,652,900	Treasury shares	○	—	—	○	○
December 2023	Secondary sale of shares held by financial institutions	6,711,100	Mainly individual shareholders	○	○	○	—	—
		Total: 12,234,900	(12.8%)					

## Objective

Fluidization of closely-held shares	1	Realize <b>diversification of shareholder base</b> through fluidization of closely-held shares
	2	Plan to <b>increase the TOPIX inclusion ratio</b> through increasing the ratio of floating shares
Establishment of a transparent governance system	3	Strengthen our <b>response to social demands from</b> shareholders, investors, etc.
	4	Realize increased trust in the stock market and <b>improved brand value</b>

Reduced cost of shareholders' equity

## Objective

- **Provide to financial institutions, who hold a high percentage of the Company's shares** among our trading partner shareholders, a **fair opportunity to sell and to mitigate the impact on the market price**
- Realize **diversification of shareholder base through fluidization of closely-held shares**
- Plan to **increase the TOPIX inclusion ratio** through increasing the ratio of floating shares

## issuing company

**YAMAZEN CORPORATION**

## Offering structure

Secondary sale by way of purchase and underwriting	5,835,800
Secondary sale by way of over-allotment	875,300
Total	6,711,100

## Amount sold

**Approx. 8 billion yen**

## Seller and number of shares sold

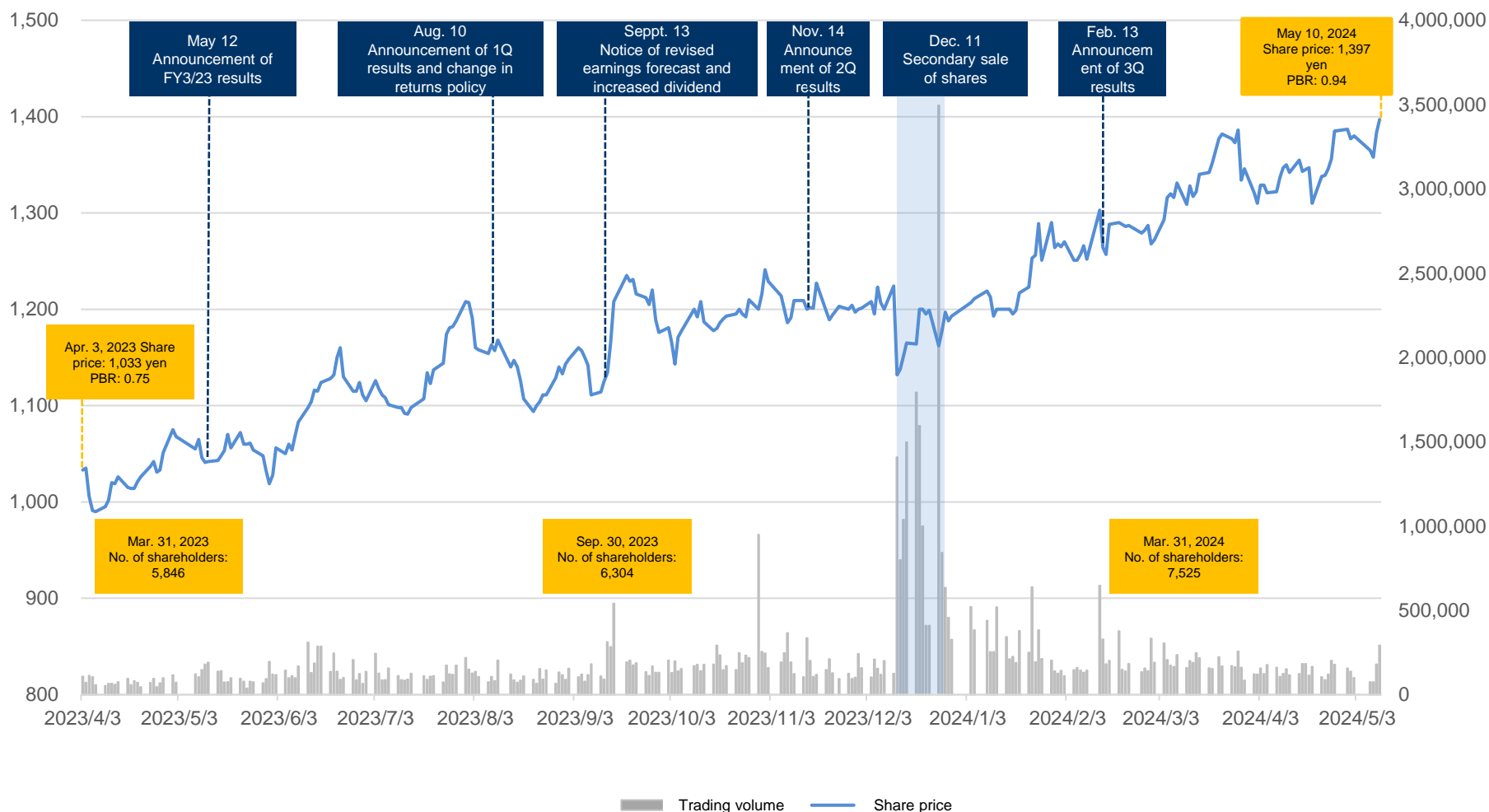
Mizuho Bank	1,890,600
Resona Bank	1,866,900
Mizuho Trust & Banking	774,900
MUFG Bank	694,700
Sumitomo Mitsui Banking Corporation	608,700

## Main schedule

Date of resolution to sell	Monday, December 11, 2023
Book building period	Friday, December 15, 2023 - Terms-setting date
Terms-setting period	Monday, December 18 - Thursday, December 21, 2023
Delivery date	5 business days after the terms-setting date

Recent share price level PBR 1.0; Stock price 1,480.16 yen; Volume increased after announcement of dividend increase on September 13, 2023

YAMAZEN Share Price and Trading Volume  
(April 1, 2023 to May 10, 2024)



## Objective

- Improve capital efficiency by implementing a **flexible capital policy** that is responsive to changes in the business environment
- Promote the **reduction of policy shareholdings**
- Realize **shareholder returns**

### Type of Shares to be Acquired:

Common shares

### Total Number of Shares that may be Acquired:

6,000,000 shares (upper limit)  
(Percentage of issued shares (excluding treasury shares) 6.74%)

### Total Amount of Acquisition of Shares:

JPY 5.0 billion (upper limit)

### Period of Acquisition:

May 14, 2024 - March 31, 2025

### Method of Acquisition:

Purchase on the Tokyo Stock Exchange

(Note) Some or all of the orders may not be executed due to market trends or other factors.



✓ A new growth investment phase after the capital enhancement phase

Basic operating cash flow revised to 37.0 billion yen in the revised Medium-Term Management Plan

Medium-Term Management Plan				FY3/23	FY3/24	FY3/25	Total	(billion yen)
Basic operating cash flow  3-year Total Approx. 37.0	Growth investment	Business investment 20.0		0.79	1.02	-	1.81	
		DX/Systems Investment 10.0		3.13	2.05	-	5.18	
		Logistics and other investments 10.0		1.87	1.62	-	3.49	
	Shareholder Returns	Dividend 13.5		3.56	*Year-end dividend Including estimated cashflow 4.45	9.35	17.36	
	Optimum capital	Retained earnings -		-	-	-	-	
Cash on hand and borrowings 16.5								

The current Medium-Term Management Plan incorporates an increase in depreciation and amortization due to business investments and capital expenditures, and **there is a possibility that shareholder returns will be at an inadequate level based on the progress of the investment plan and a short-term downturn in earnings**, we have therefore revised our shareholder return policy **to ensure stable and continuous shareholder returns**.

## Before change

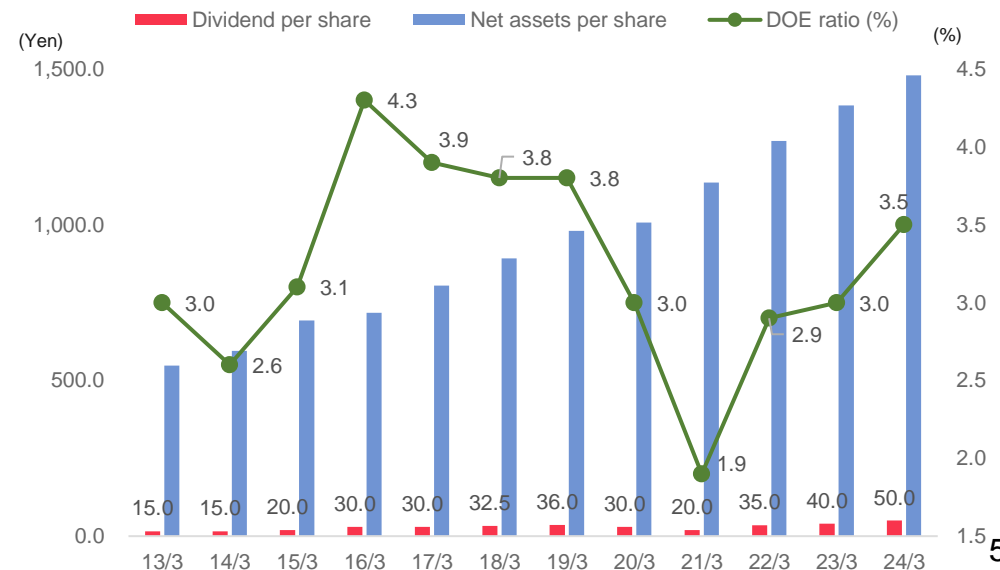
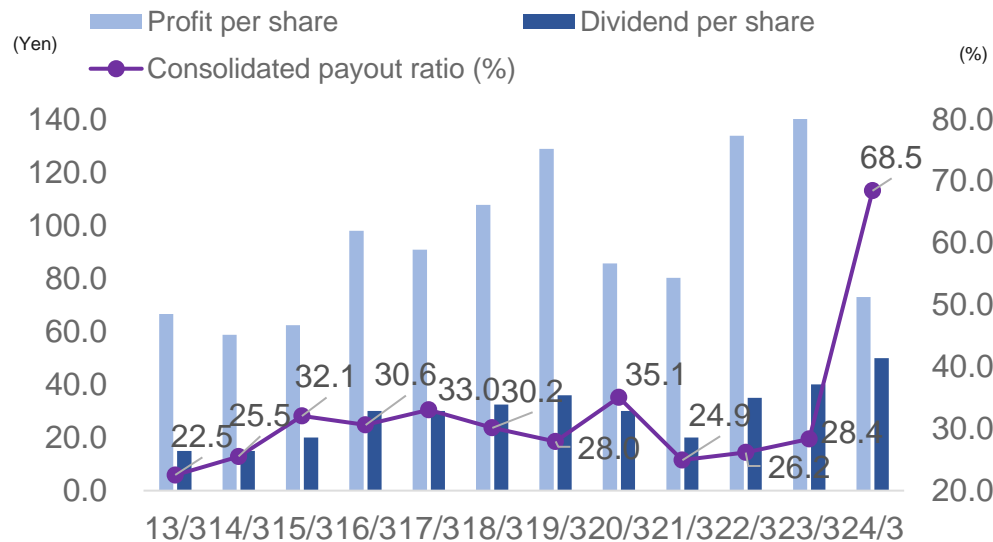
Target payout ratio of 30%

## After change

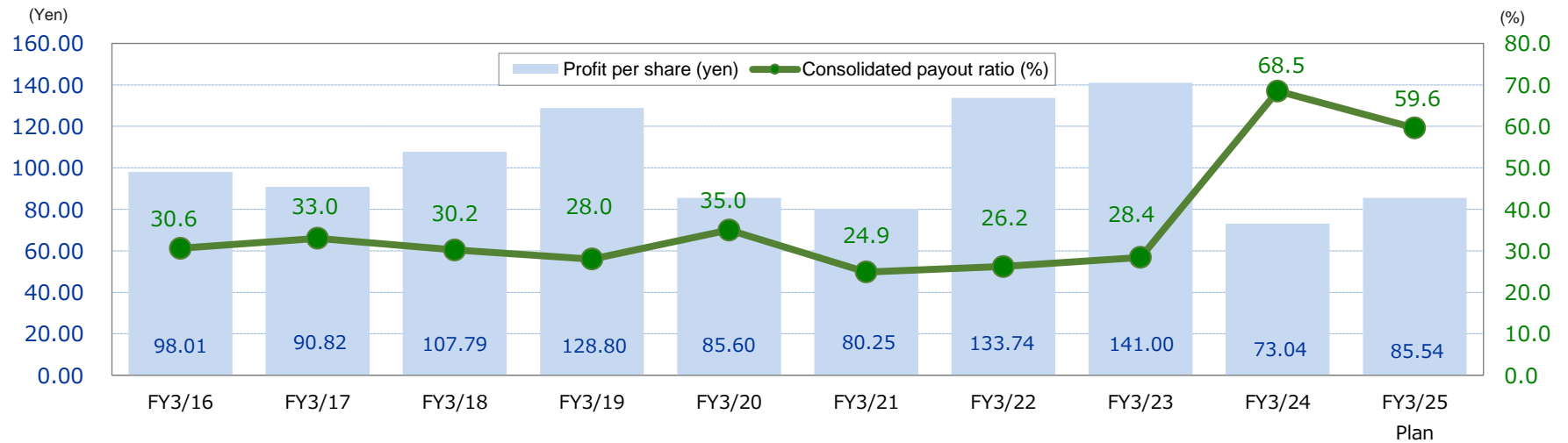
Consolidated payout ratio of 40%  
or dividend on equity (DOE) ratio  
of 3.5%, whichever is higher

Applicable period: FY3/24 and FY3/25

(During the period of the Medium-Term Management Plan "CROSSING YAMAZEN 2024")



- FY3/24: Paid an interim dividend of 20 yen per share and a year-end dividend of 30 yen per share, for an annual dividend of 50 yen per share.
- FY3/25: Plan to pay an interim dividend of 20 yen per share and a year-end dividend of 31 yen per share, for an annual dividend of 51 yen per share.



		FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25 plan
Dividend per share (yen)	Mid-year	13.0	15.0	16.0	10.0	10.0	20.0	20.0	20.0
	End of year	*19.5	*21.0	14.0	10.0	*25.0	20.0	30.0	31.0
	Annual	*32.5	*36.0	30.0	20.0	35.0	40.0	50.0	51.0
Payout ratio (%)		30.2	28.0	35.0	24.9	26.2	28.4	68.5	59.6
Dividend on equity ratio (DOE) (%)		3.8	3.8	3.0	1.9	2.9	3.0	3.5	3.5
Dividend paid (Million yen)		3,074	3,405	2,837	1,891	3,115	3,560	4,451	4,540
Amount of treasury stock acquired (Million yen)		733	-	-	-	5,999	-	-	5,000
Total return ratio (%)		37.3	28.0	35.0	24.9	75.8	28.4	68.5	125.5

ともに、未来を切拓く



[Note on forward-looking information]

"The forward-looking statements in this document, including the Medium-Term Management Plan and forecasts, are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and are not intended to be a promise by the Company that they will be achieved. Actual results may differ significantly due to various factors. Factors that may affect future forecasts include the economic environment in which the Company operates, competitive pressures, relevant laws and regulations, changes in product development status, and exchange rate fluctuations. However, factors that may affect the future forecasts are not limited to these."

# Appendix

# [Reference] List of Full-year Business Plans for FY3/25

(Million yen)

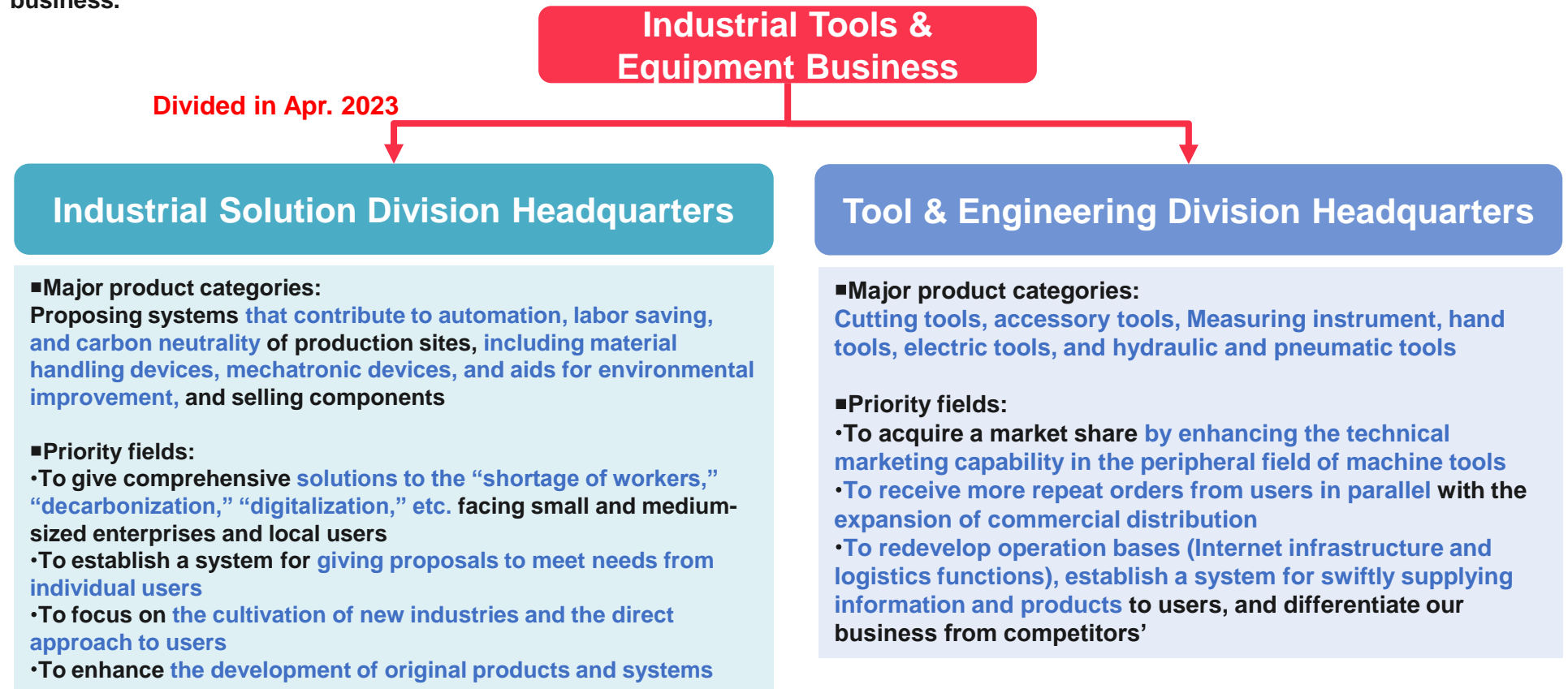
Segment	Business		FY3/24 results	FY3/25 plan	Percentage change
Production equipment	Domestic Machine Tools	Net sales	79,559	79,000	-0.7%
	Domestic Industrial Solutions	Net sales	89,817	95,000	+5.8%
	Domestic T&E	Net sales	78,234	84,000	+7.4%
	Domestic production equipment total	Net sales	247,611	258,000	+4.2%
	Overseas Machine Tools	Net sales	52,724	59,000	+11.9%
	Overseas Industrial Solutions + T&E	Net sales	28,326	30,000	+5.9%
	Overseas production equipment total	Net sales	81,051	89,000	+9.8%
	Production equipment total	Net sales	328,662	347,000	+5.6%
		Segment profit	8,219	9,200	+11.9%
		Segment profit margin	2.5%	2.7%	(+0.2ppt)
Consumer goods	Building materials	Net sales	71,842	75,000	+4.4%
		Segment profit	2,653	2,700	+1.8%
		Segment profit margin	3.7%	3.6%	(-0.1ppt)
	Home products	Net sales	101,119	104,000	+2.8%
		Segment profit	5,274	6,300	+19.4%
		Segment profit margin	5.2%	6.1%	(+0.8ppt)
	Consumer goods total	Net sales	172,962	179,000	+3.5%
		Segment profit	7,927	9,000	+13.5%
		Segment profit margin	4.6%	5.0%	(+0.4ppt)
Other		Net sales	5,241	4,000	- 23.7%
		Segment profit	-6,259	-6,200	—
		Segment profit margin	-	—	—
Consolidated		Net sales	506,866	530,000	+4.6%
		Operating profit	9,887	12,000	+21.4%
		Operating profit margin	2.0%	2.3%	(+0.3ppt)

In addition to the trends of development of **EVs** in the automobile field and **automation and labor saving** to cope with the decrease of the workforce, the initiatives for **carbon neutrality** and **digitalization** of business changed the flow of information. **In particular, commerce sites and logistics systems evolved** remarkably.



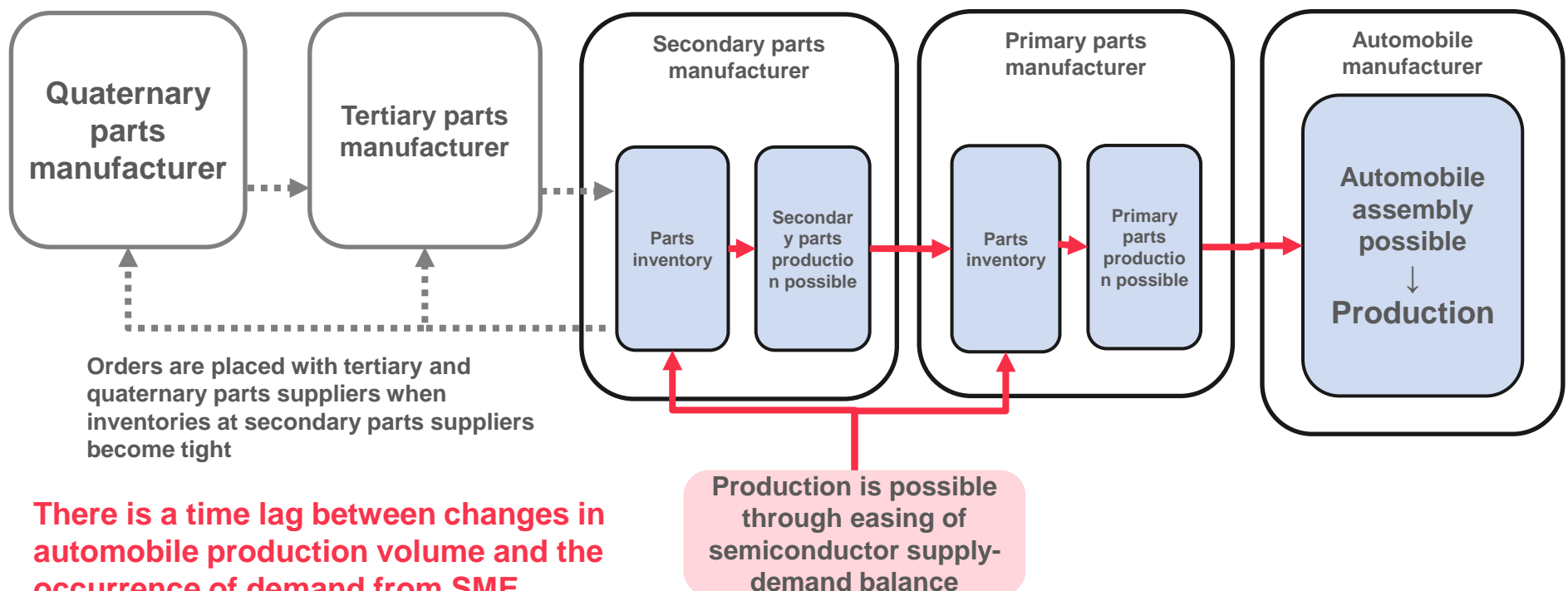
In order to actualize the corporate vision for 2030, YAMAZEN will **maximize “expertise,”** which is demanded and recognized in the market, **and differentiate our products from competitors’**. To do so, we divided **Industrial Tools & Equipment Business** into **“Industrial Solution Division Headquarters”** and **“Tools & Engineering Division Headquarters”** in April 2023.

We will extract and summarize the characteristics of each product category and issues with them, conduct investment based on growth strategies for each category, and swiftly implement business strategies while expecting profitability and potential as specialized business.



## Regarding the discrepancies between the market environment and the production status of SME manufacturers (Machinery, Industrial Solutions and T&E Business)

The supply-demand balance for semiconductors has eased and automobile production is on the road to recovery, but the impact on SME manufacturers that produce tertiary and quaternary components, who are our main end users, is currently limited



There is a time lag between changes in automobile production volume and the occurrence of demand from SME manufacturers, who are our main end users



# [FAQ] Euro-yen Convertible Bonds Expiring in 2026

Issue price	10.0 billion yen
Terms-setting date	April 14, 2021
Redemption date	April 30, 2026
Interest rate	0.00% (zero coupon)

Closing price on resolution date	1,050 yen
Conversion price	Initial: 1,292 yen / Current: 1,218.1 yen
Conversion restriction clauses	(i) <b>Until April 30, 2024: Conversion price x 150</b> (ii) <b>May 1, 2024 to January 30, 2026: Conversion price x 130</b>

Higher than normal **150% conversion restriction clauses** adopted for the first three years in order to **limit dilution**

