

YAMAZEN CORPORATION

FY3/24

**Supplementary
Materials for
Financial Results**



AGENDA

I. FY3/24 Financial Highlights

II. Earnings Forecast for FY3/25, Medium-Term Management Plan

III. Shareholder Returns and Capital Policy

Appendix

AGENDA

I. FY3/24 Financial Highlights

II. Earnings Forecast for FY3/25, Medium-Term Management Plan

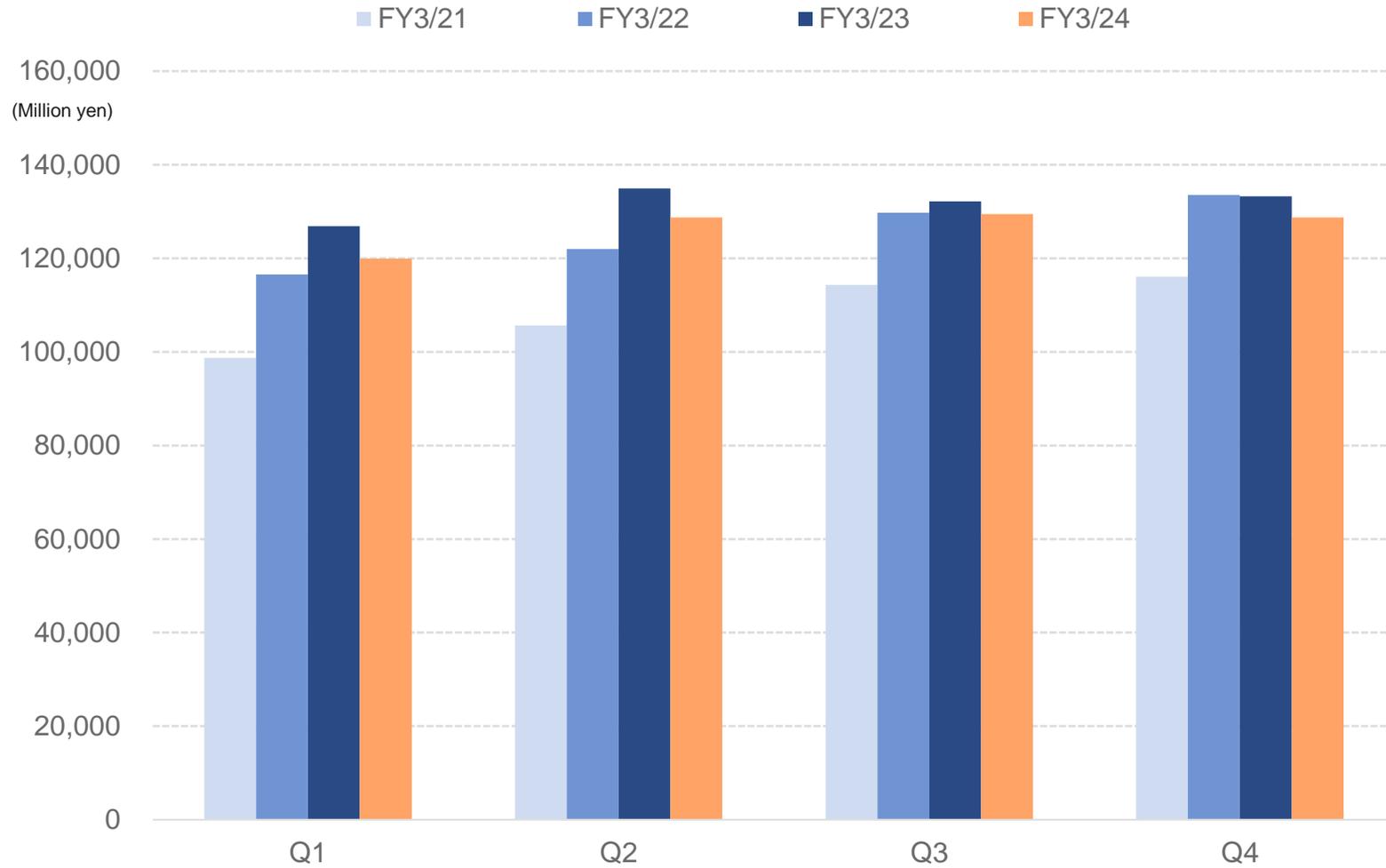
III. Shareholder Returns and Capital Policy

Appendix

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



Suppliers



Clients

Users

Production equipment
(domestic and overseas)

About 3,000 companies



Machine Tools Division H.Q.
(Machine tools, etc.)

Industrial Solution Division H.Q.
(Equipment related to production facilities, etc.)

Tool & Engineering Division H.Q.
(Industrial tools, consumables, etc.)

About 5,000 companies



Manufacturers in Japan



Export

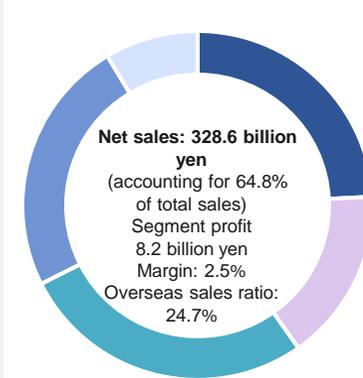


16 overseas subsidiaries and 65 overseas offices*

Engineering and maintenance services



Overseas manufacturers



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 Division H.Q.
(Building materials and equipment)

About 2,900 companies



House-builders



General customers

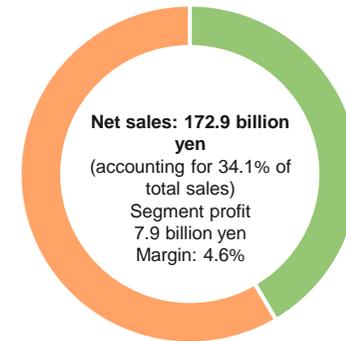
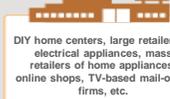


About 600 companies



Home Products Division H.Q.
(Home appliances, interior, exterior and leisure products, etc.)
*Our private brand (PB) products account for about 60% of sales.

About 400 companies



FY3/24

- Building materials 71.8 billion yen
- Home products 101.1 billion yen

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

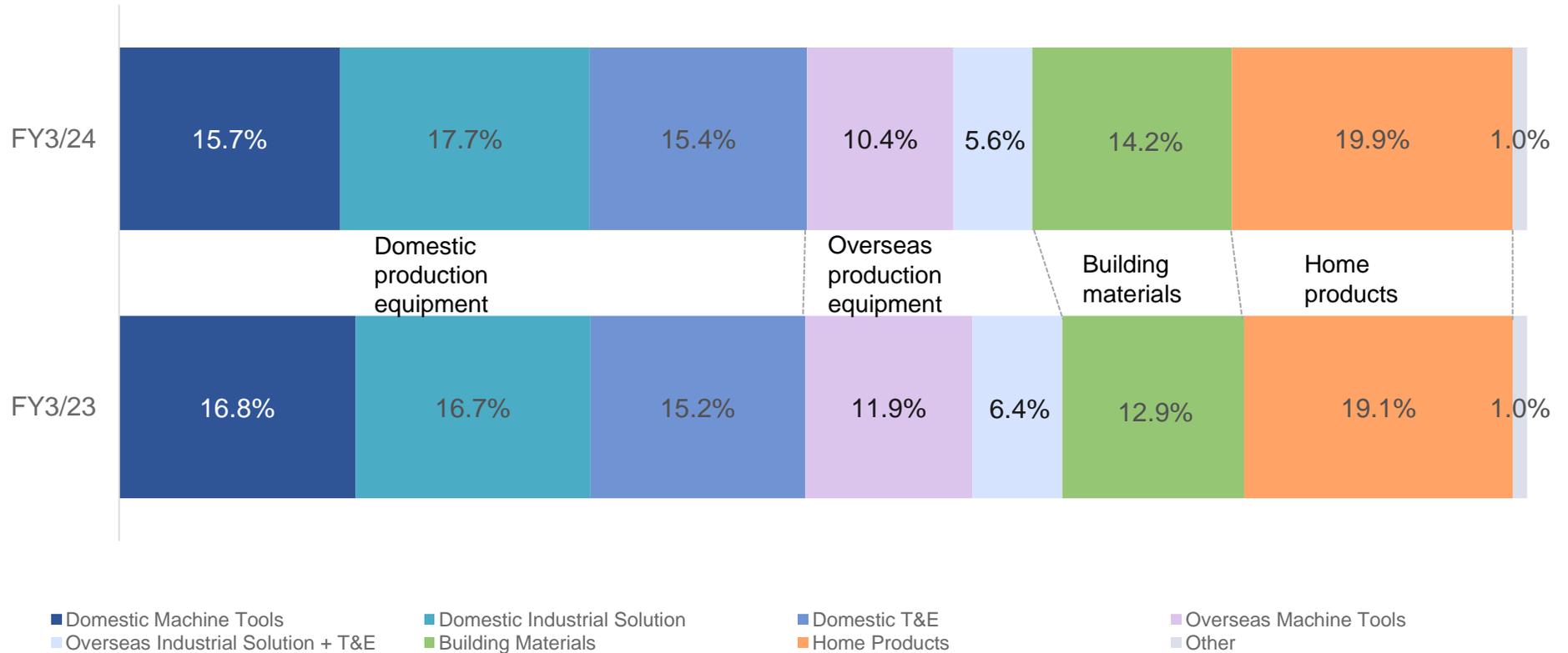
(Million yen)	FY3/23	FY3/24	Percentage change YoY
Machine Tools Division	151,214	132,284	-12.5%
Industrial Solution Division	96,315	93,189	-3.2%
Tool & Engineering Division	105,673	103,188	-2.4%
(Total for Production Equipment Business)	353,203	328,662	-6.9%
Building Materials Division	68,031	71,842	+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%

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

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

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

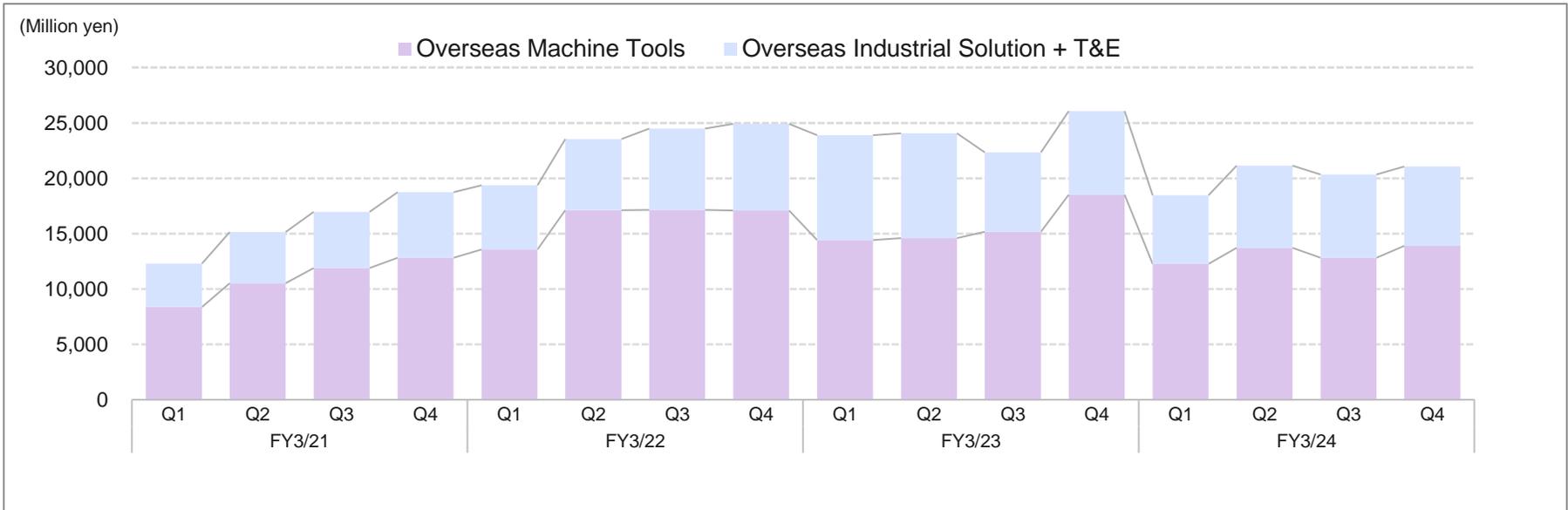
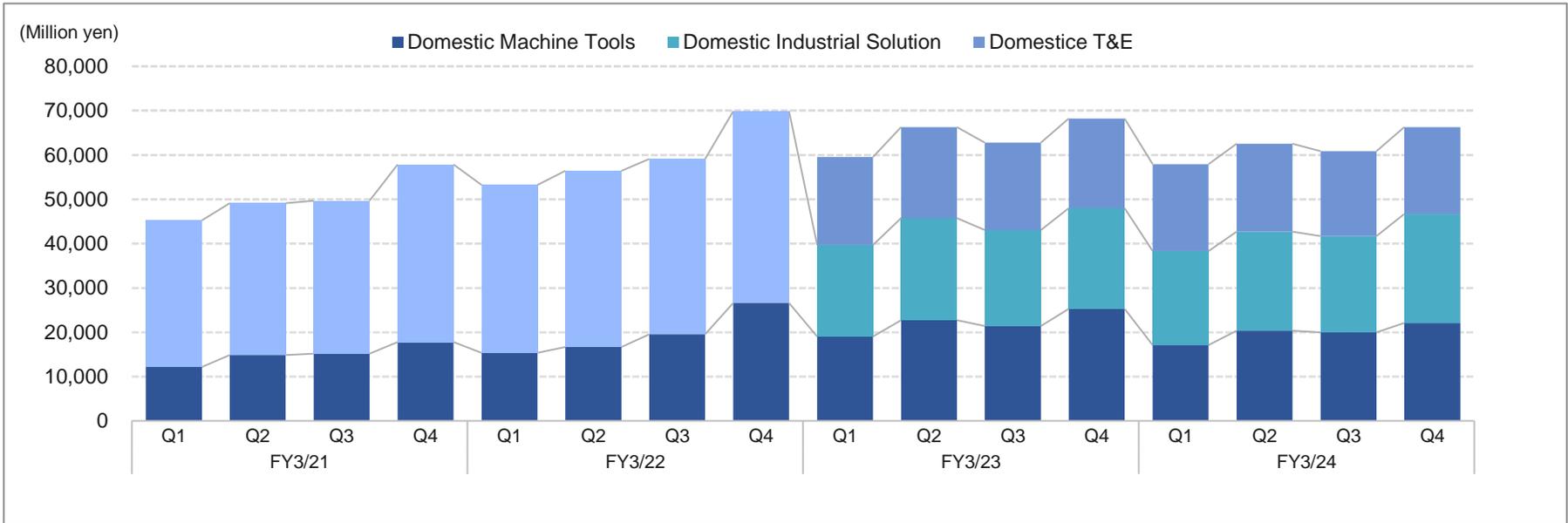
Consumer goods total: 32.0% → 34.1% (+2.1ppt)



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.

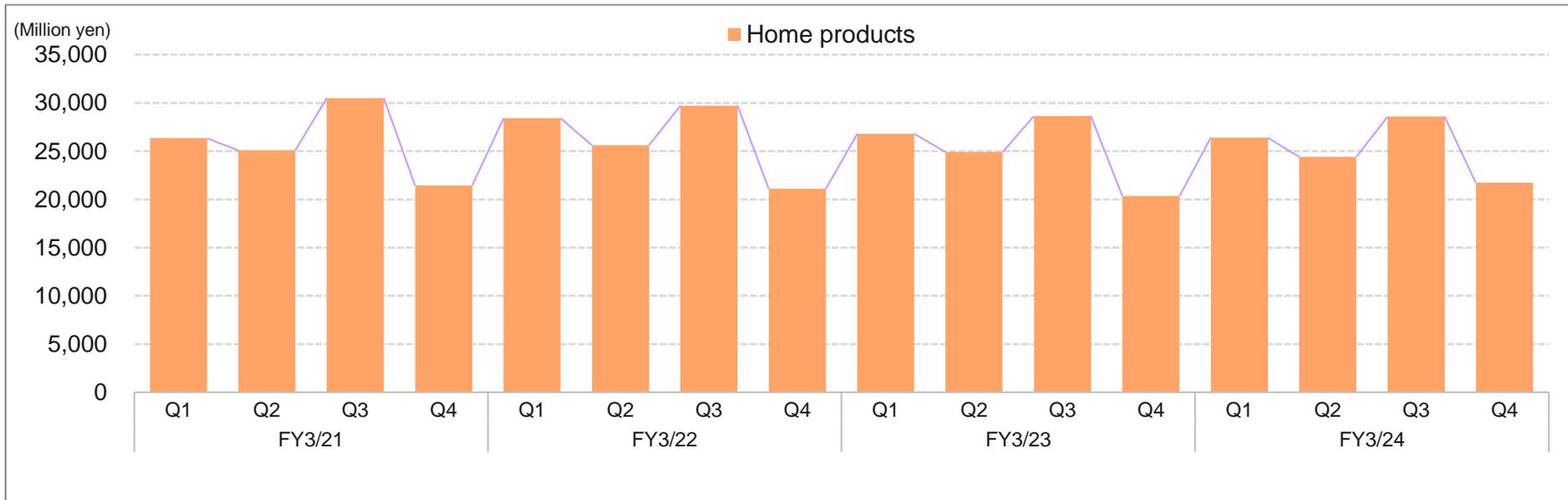
		Net sales (Millions of yen)	FY3/23	FY3/24	Percentage change YoY
Production equipment	Domestic	Machine Tools	88,498	79,559	-10.1%
		Industrial Solutions + T&E Business Total	168,338	168,051	-0.2%
		Industrial Solution Business	88,001	89,817	+2.1%
		Tool & Engineering Business	80,337	78,234	-2.6%
		Total	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)	



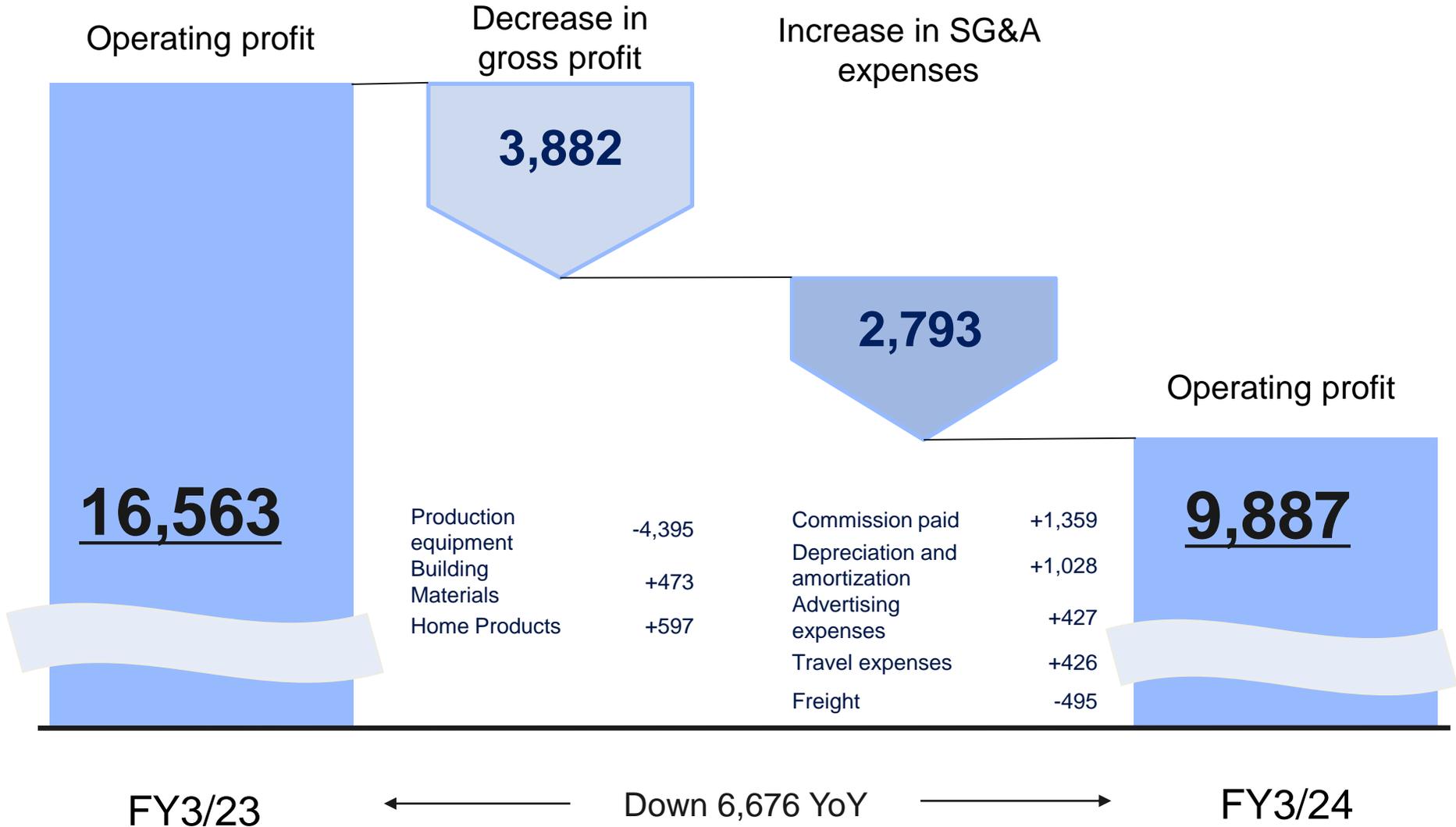
Building Materials Business: Amid stagnant demand, sales of solar power generation systems, storage batteries, etc. remained strong due to proposals of high-value-added products in response to consumers' desire to reduce spending due to soaring utility costs. The company is also actively developing the 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.

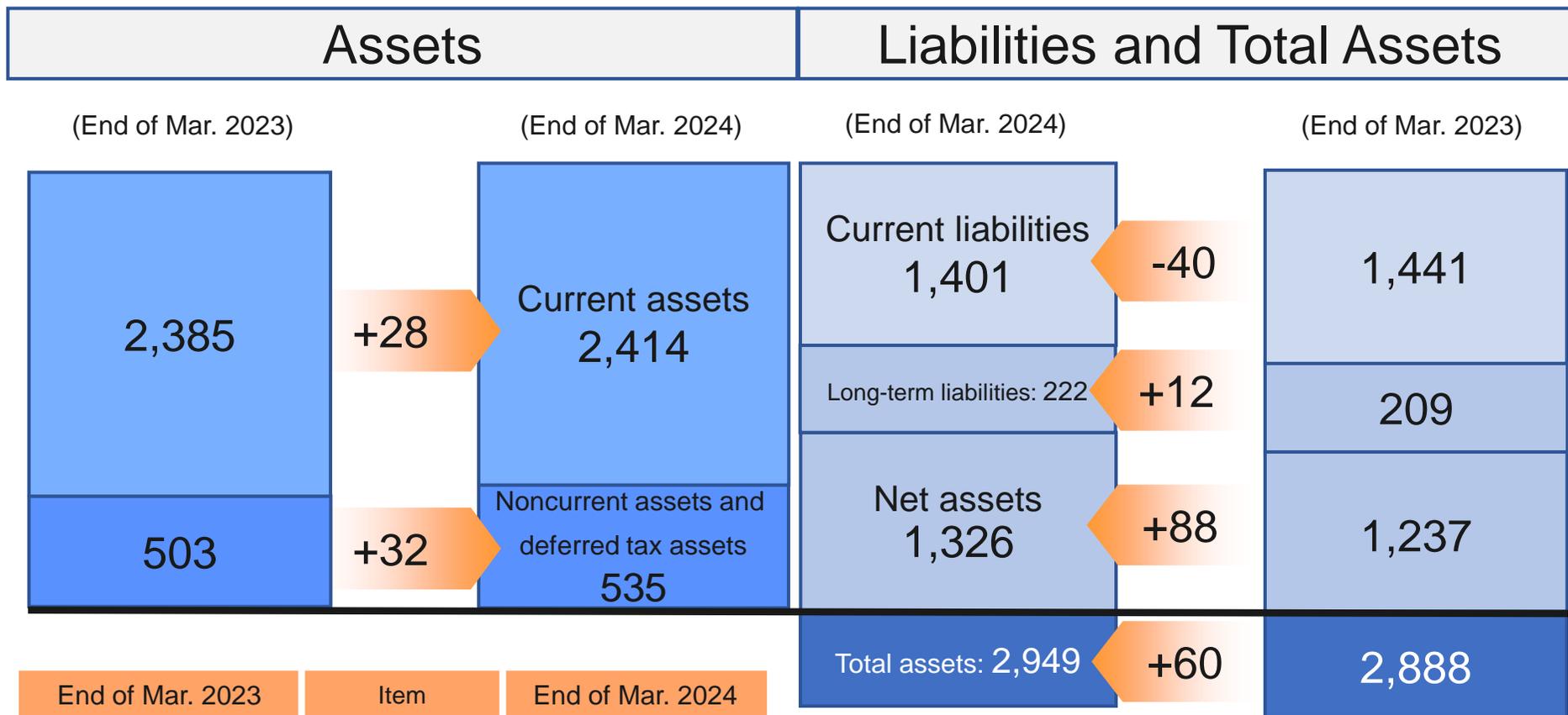
Home Products Business: Sales of private-brand products remained strong, although there was a negative impact on consumer demand for lifestyle products, due to factors including the demand generated by “staying at home”, refraining from going out and increased remote working coming to an end, the rise 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)





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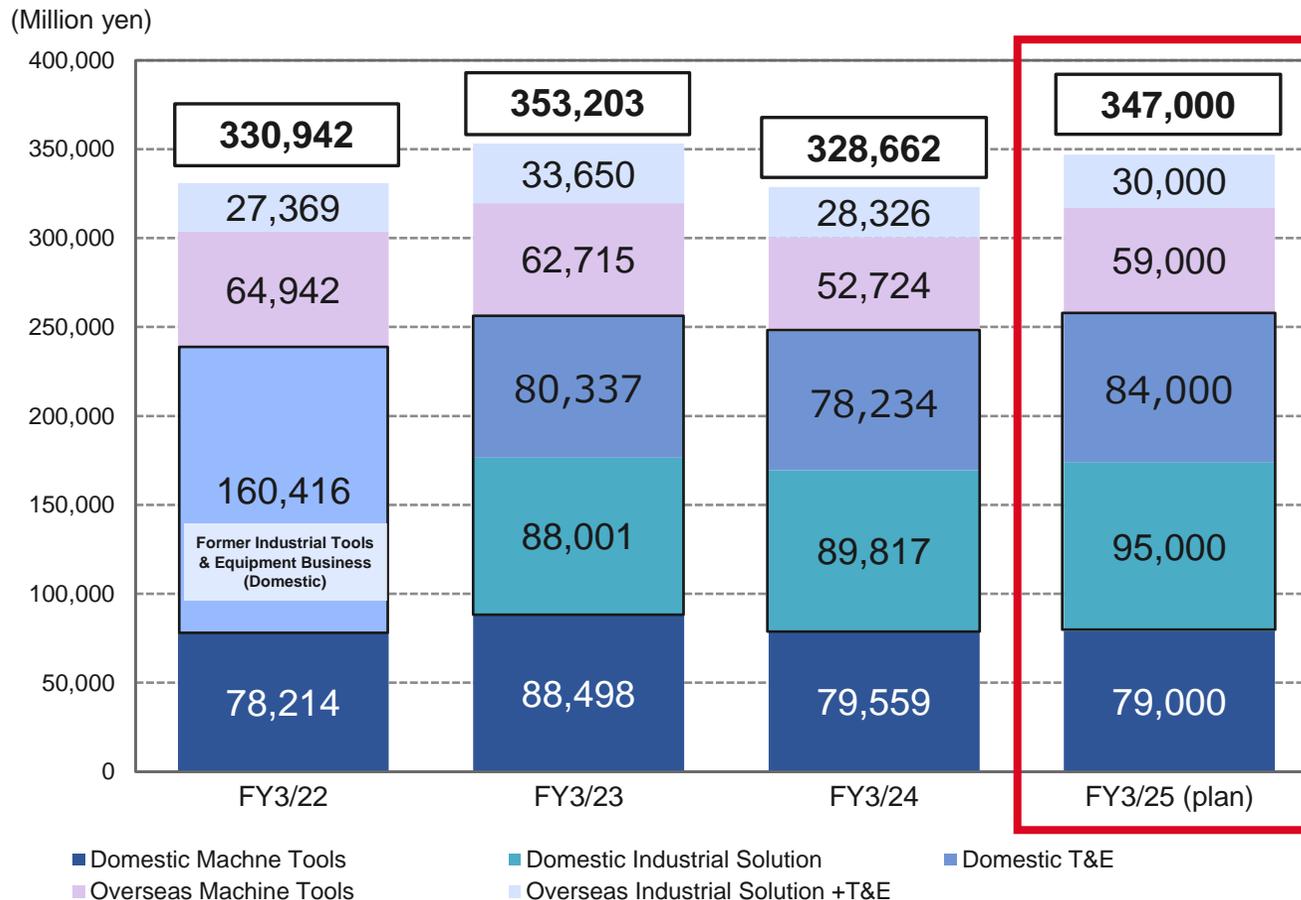
(Million yen)	FY3/24 Results	FY3/25 Plan	Percentage change YoY
Net sales	506,866	530,000	+4.6%
Operating profit	9,887	12,000	+21.4%
Operating profit margin	2.0%	2.3%	(+0.3ppt)
Ordinary profit	10,435	12,000	+15.0%
Profit attributable to owners of parent	6,488	7,600	+17.1%

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	132,284	138,000	+4.3%
Industrial Solution Division	93,189	98,600	+5.8%
Tool & Engineering Division	103,188	110,400	+7.0%
(Total for Production Equipment Business)	328,662	347,000	+5.6%
Building Materials Division	71,842	75,000	+4.4%
Home Products Division	101,119	104,000	+2.8%
(Total for Consumer Goods Business)	172,962	179,000	+3.5%
Other	5,241	4,000	-23.7%
Total	506,866	530,000	+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%

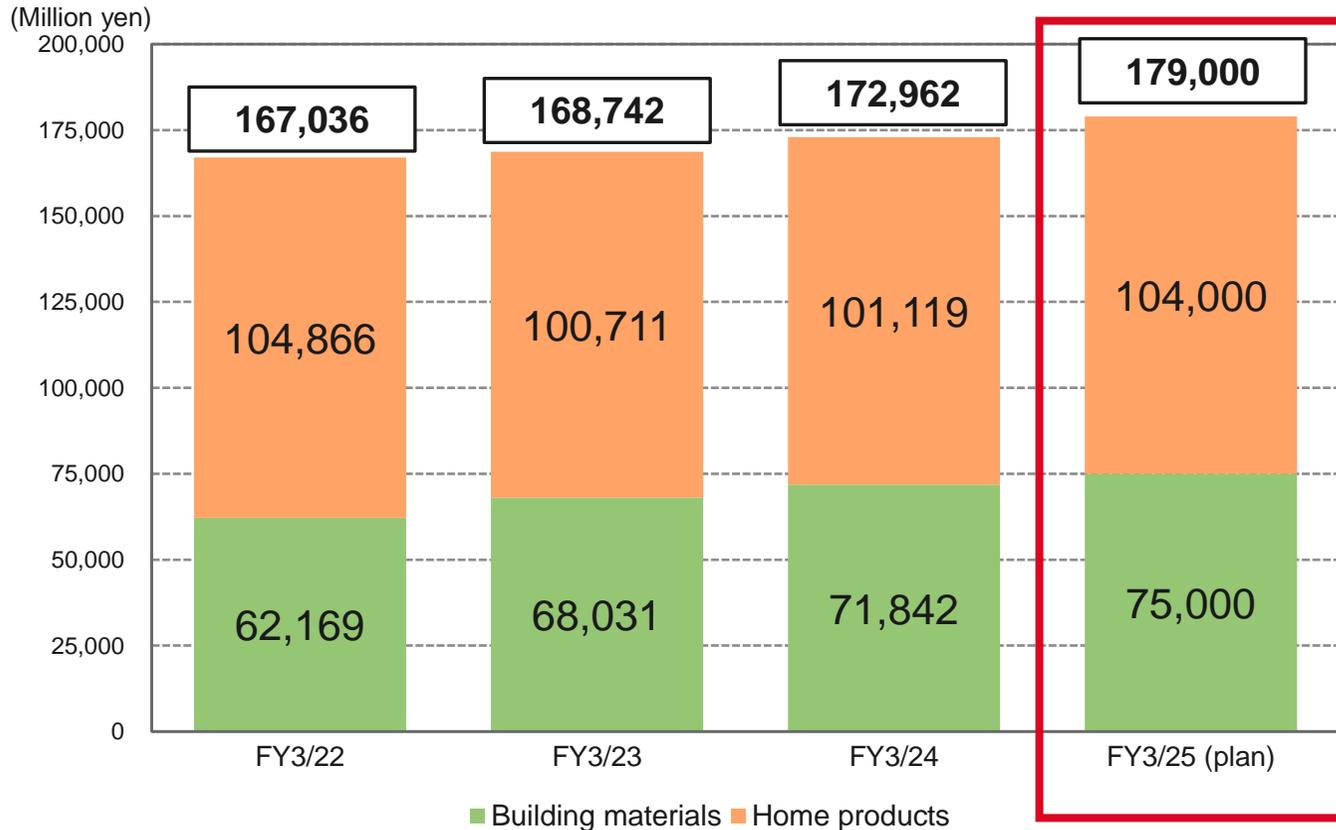
Production Equipment Business: 3-year sales trends and full-year forecasts



- ✓ 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.**

(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 **Yamazén Bizcom, our own e-commerce site aimed at corporations and sole proprietors, etc.**

(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	530,000	600,000
Operating profit	17,133	16,563	9,887	12,000	21,000
Operating profit margin	3.4%	3.1%	2.0%	2.3%	3.5%
Ordinary profit	17,093	17,280	10,435	12,000	21,000
Profit	12,023	12,527	6,488	7,600	14,000

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%	5.8%	10.0%
Basic operating cash flow	12,052	14,427	10,626	12,000	18,000
Shareholders' equity ratio	39.9%	42.6%	44.6%	40-45%	40-45%

AGENDA

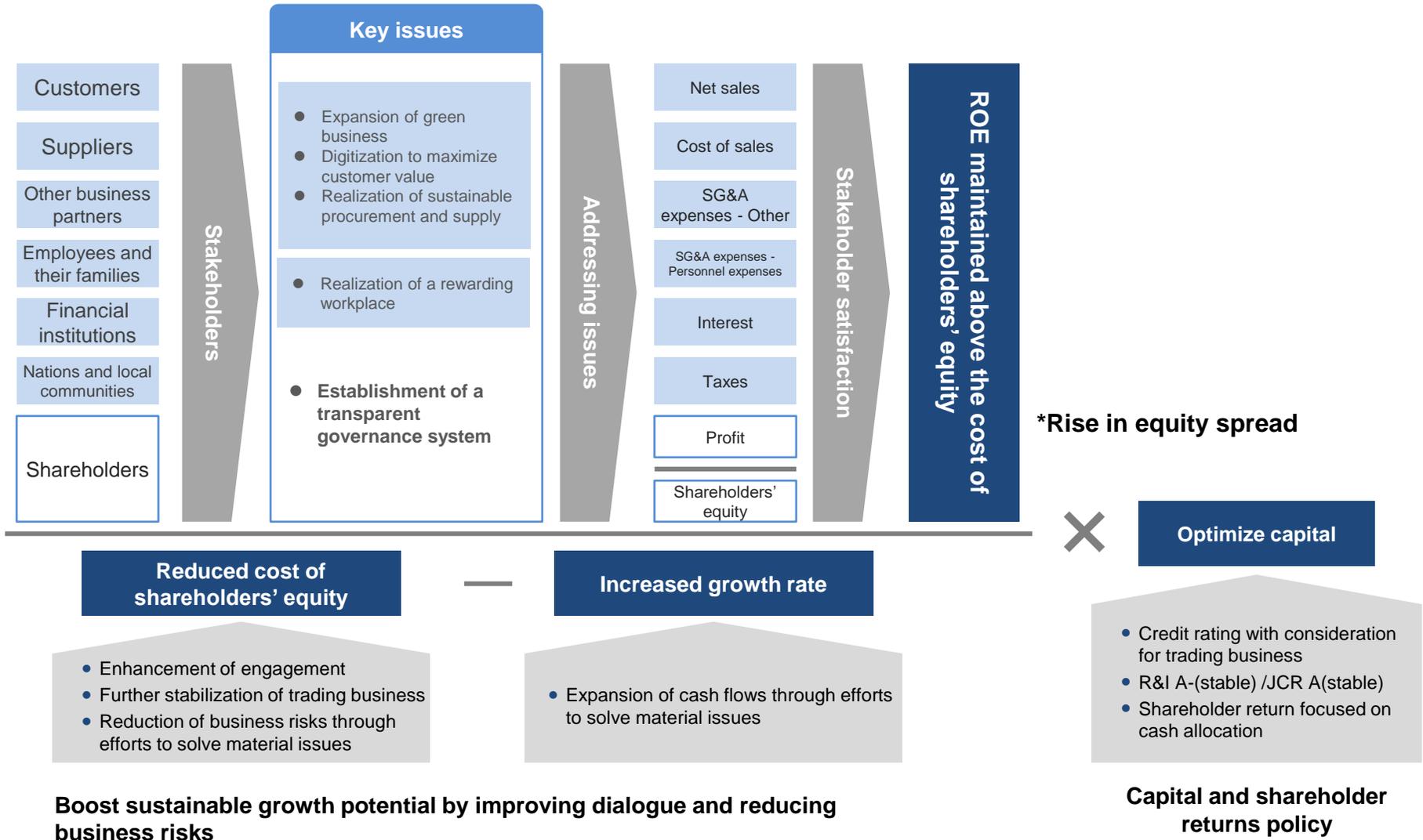
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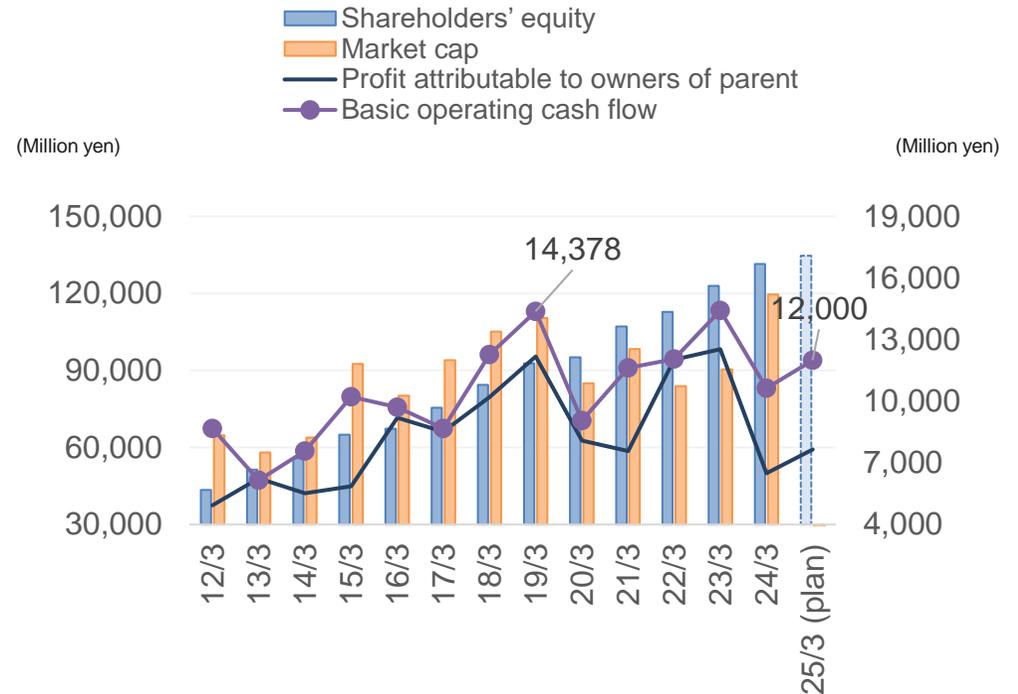
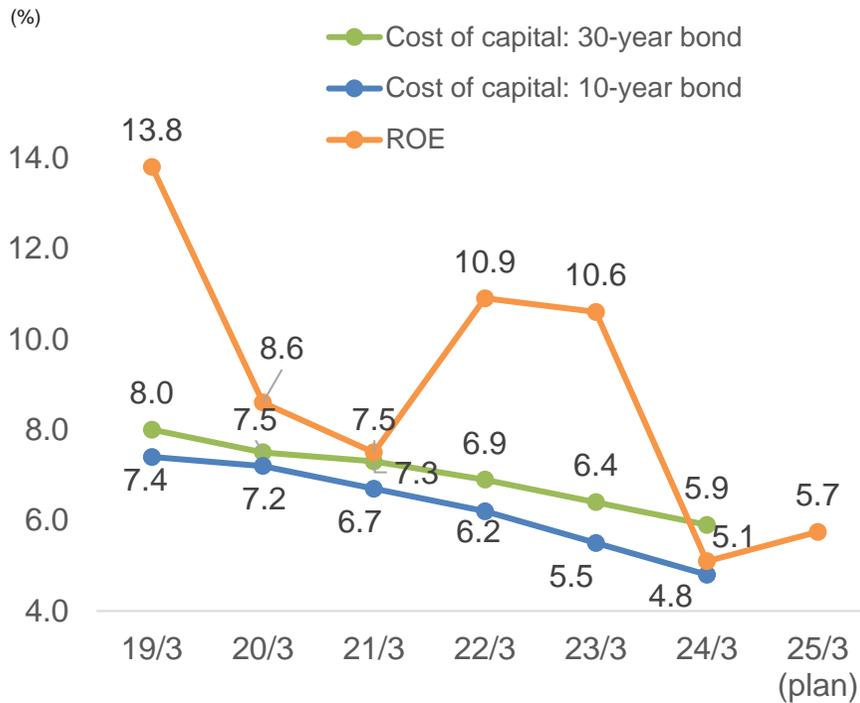
We aim to improve our corporate value by pursuing all of “earning capacity,” “yield of capital,” and “financial soundness.”



- 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 **diversification of shareholder base** through fluidization of closely-held shares

2

Plan to **increase the TOPIX inclusion ratio** through increasing the ratio of floating shares

Establishment of a transparent governance system

3

Strengthen our **response to social demands from** shareholders, investors, etc.

4

Realize increased trust in the stock market and **improved brand value**

Reduced cost of shareholders' equity

* An overview is explained in the Appendix

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

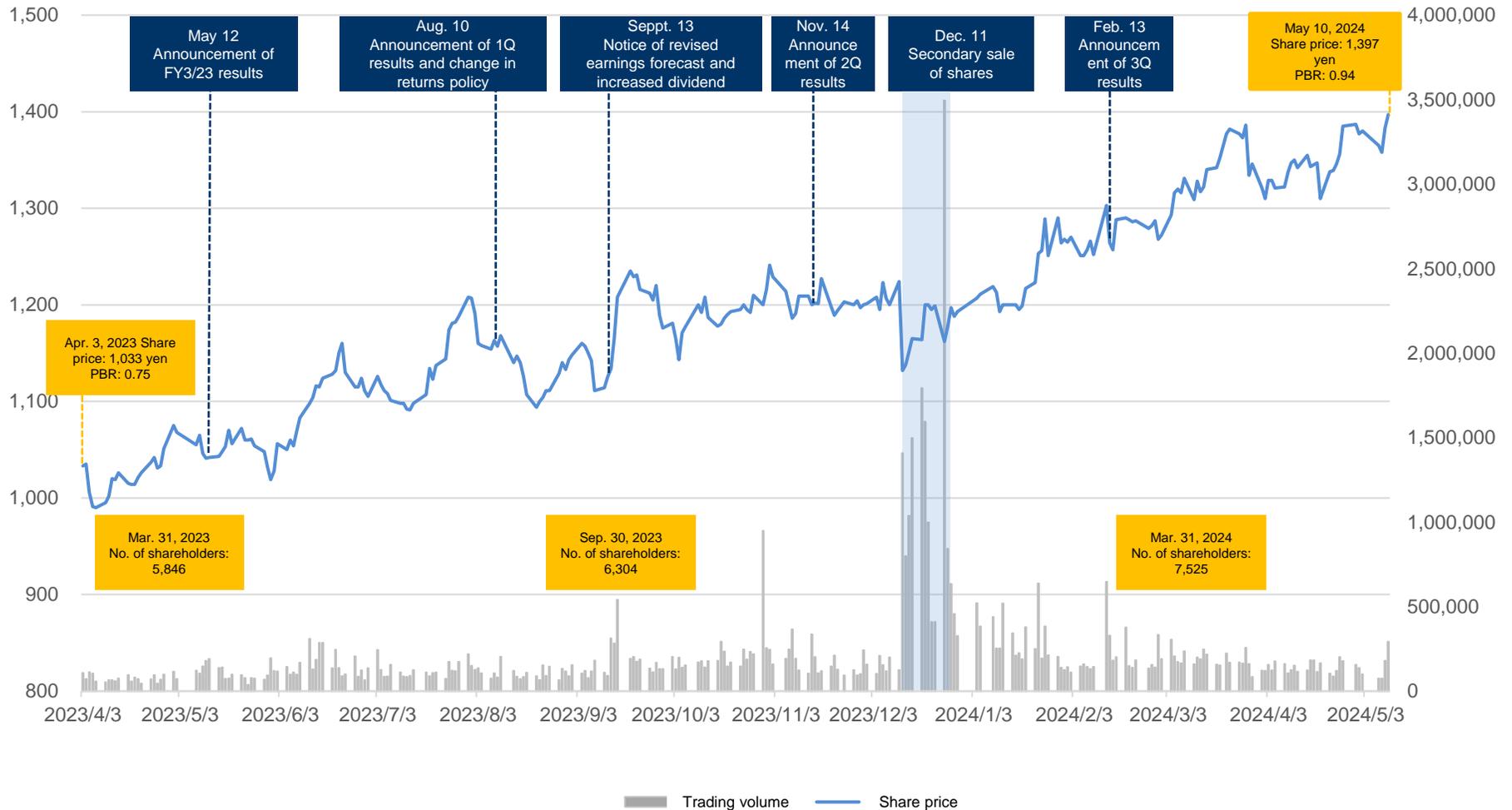
Mizuho Bank	1,890,600
Resona Bank	1,866,900
Mizuho Trust & Banking	774,900
MUFG Bank	694,700
Sumitomo Mitsui Banking Corporation	608,700

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	
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
		Retained earnings -	-	-	-	-
Cash on hand and borrowings 16.5	Optimum capital					

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

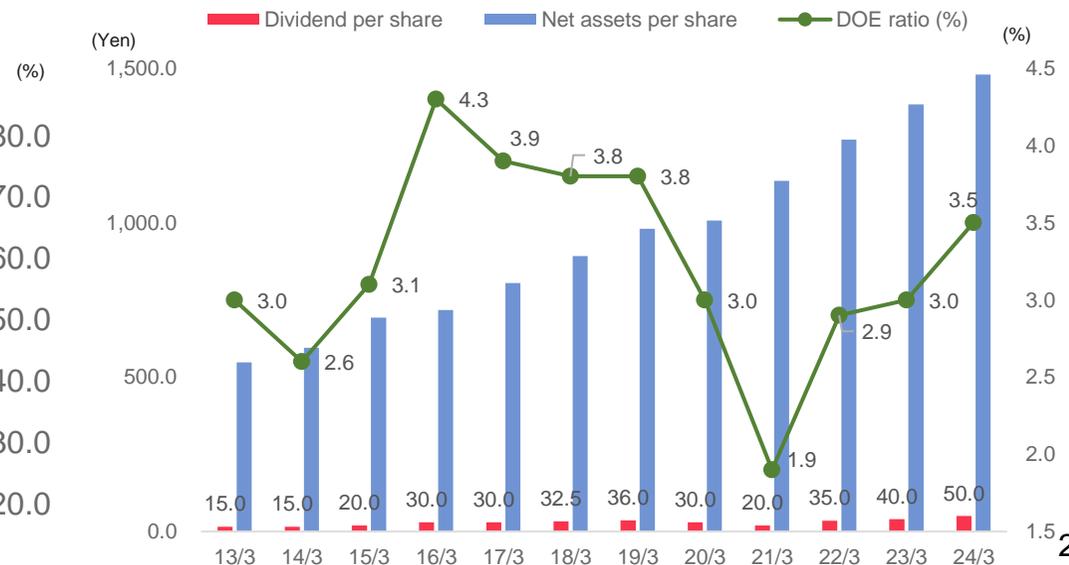
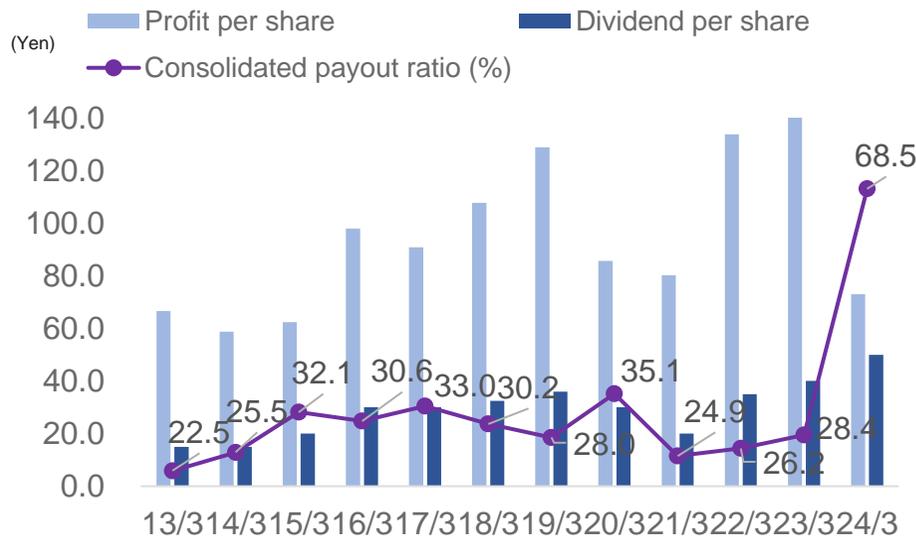
Target payout ratio of 30%

After change

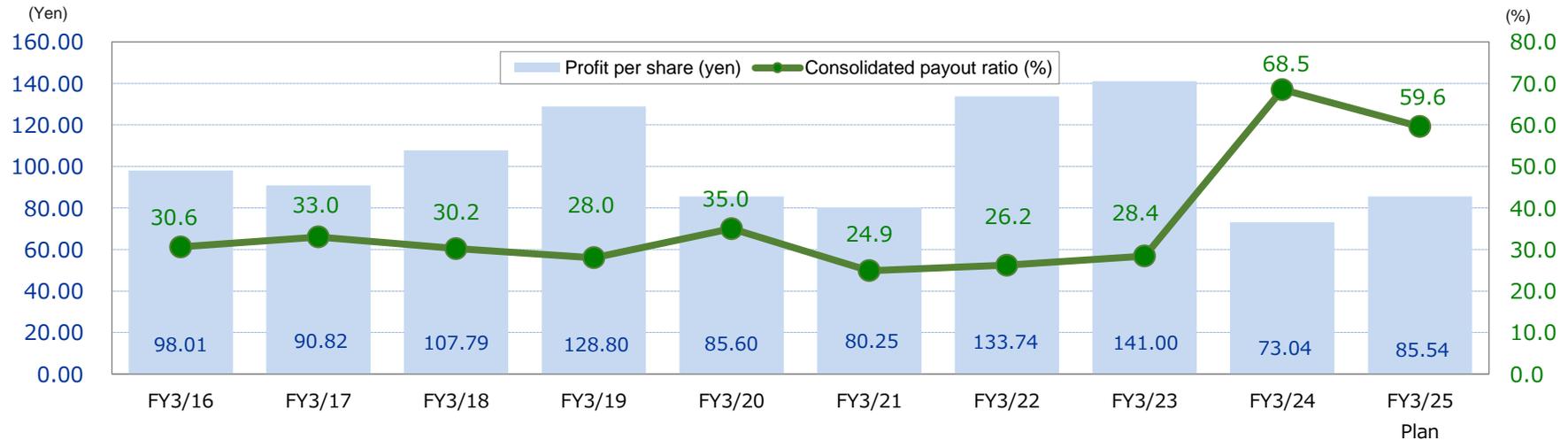
Consolidated payout ratio of 40%
or dividend on equity (DOE) ratio
of 3.5%, whichever is higher

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

Appendix

(Million yen)

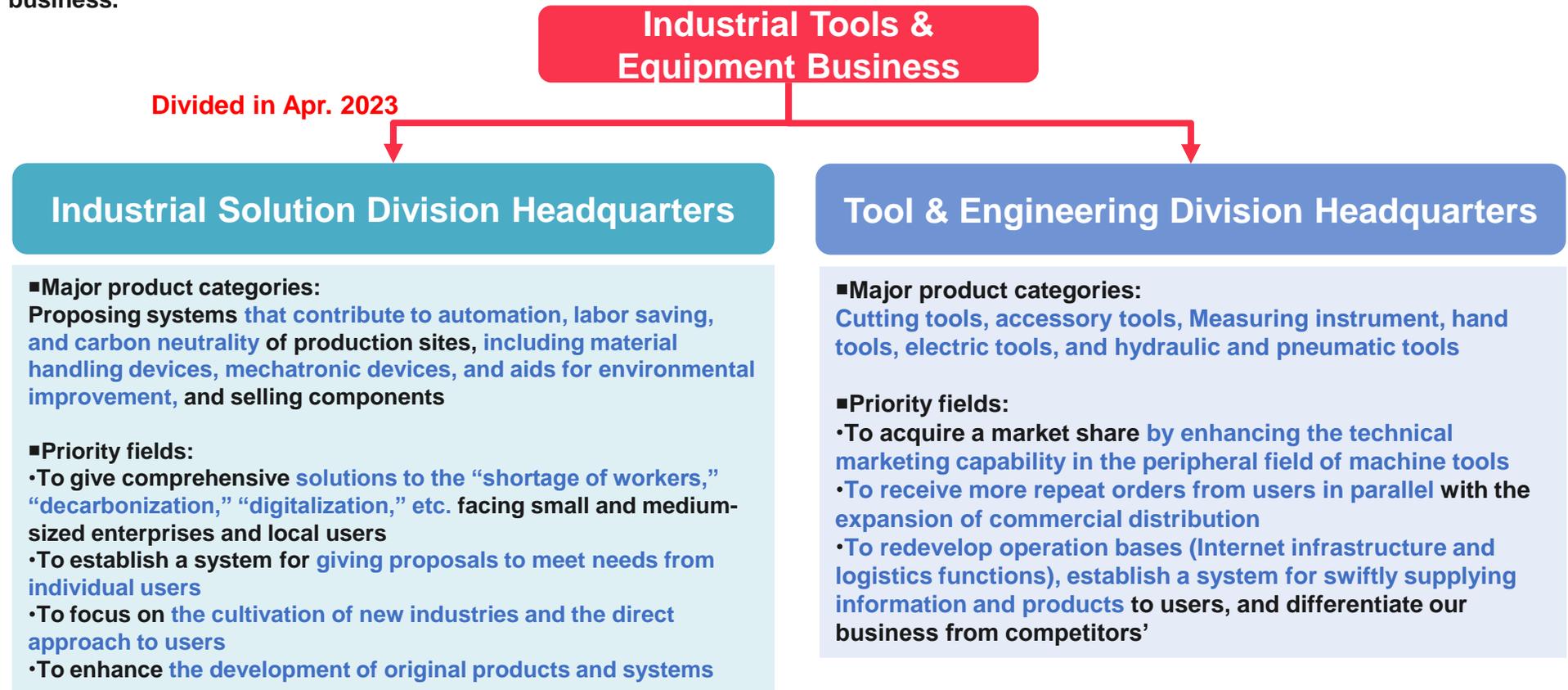
Segment	Business		FY3/24 results	FY3/25 plan	Percentage change
Production equipment	Domestic Machine Tools	Net sales	79,559	79,000	-0.7%
	Domestic Industrial Solutions	Net sales	89,817	95,000	+5.8%
	Domestic T&E	Net sales	78,234	84,000	+7.4%
	Domestic production equipment total	Net sales	247,611	258,000	+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.



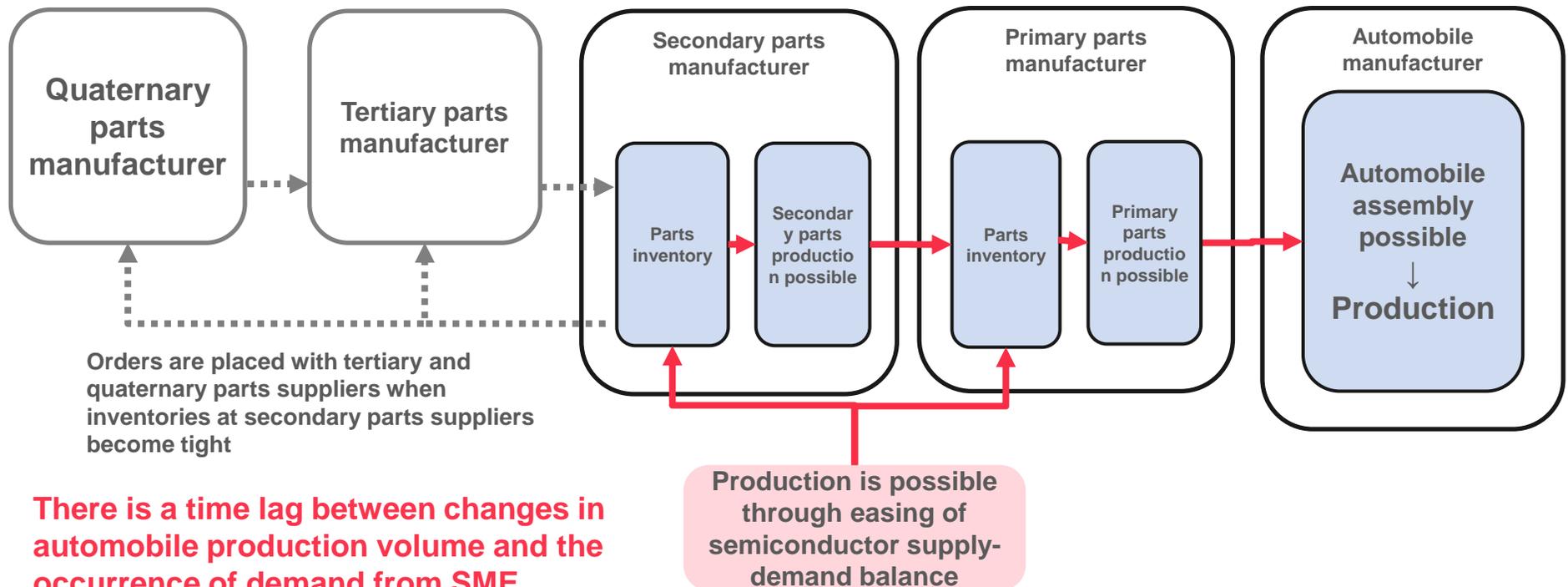
In order to actualize the corporate vision for 2030, YAMAZEN will **maximize “expertise,”** which is demanded and recognized in the market, **and differentiate our products from competitors’**. To do so, we divided **Industrial Tools & Equipment Business** into **“Industrial Solution Division Headquarters”**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

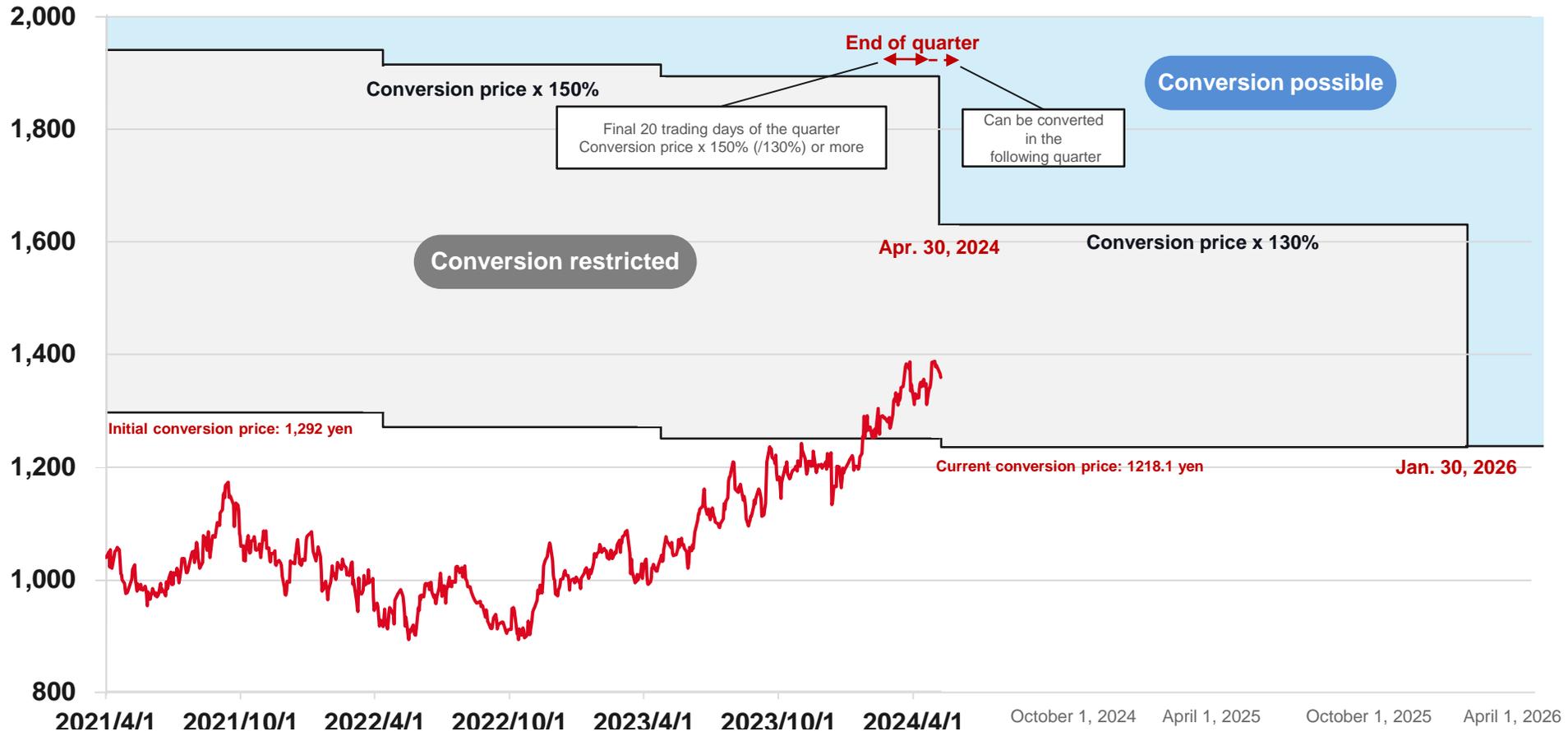


There is a time lag between changes in automobile production volume and the occurrence of demand from SME manufacturers, who are our main end users

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) Until April 30, 2024: Conversion price x 150 (ii) May 1, 2024 to January 30, 2026: Conversion price x 130

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



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.”