

YAMABIKO (6250)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY12/2021		142,328	9,330	9,913	7,500	180.58	45.00	1,657.43
FY12/2022		156,159	8,688	9,217	6,299	151.45	52.00	1,859.47
FY12/2023CoE		157,000	13,500	12,800	8,300	199.55	52.00	-
FY12/2022		YoY	9.7%	(6.9%)	(7.0%)	(16.0%)	-	-
FY12/2023CoE		YoY	0.5%	55.4%	38.9%	31.8%	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY12/2022		79,640	6,367	7,568	5,850	-	-	-
Q3 to Q4 FY12/2022		76,519	2,321	1,649	449	-	-	-
Q1 to Q2 FY12/2023CoE		84,000	8,400	8,000	5,400	-	-	-
Q3 to Q4 FY12/2023CoE		73,000	5,100	4,800	2,900	-	-	-
Q1 to Q2 FY12/2023CoE		YoY	5.5%	31.9%	5.7%	(7.7%)	-	-
Q3 to Q4 FY12/2023CoE		YoY	(4.6%)	119.7%	191.1%	545.9%	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (11 April 2023)

Outdoor Power Equipment


YAMABIKO, developing, manufacturing and selling outdoor power equipment (OPE) on a global basis as the mainstay, plans to achieve performance ever-increasing from a long-term perspective. In the market of North America, which is the largest for OPE, so-called lawn and garden care culture is well established and there is a need for operating machines to take care of with. The Company has a capability to develop the world's most compact, lightweight and high-power engines which are the most suitable for handheld operating machines, i.e., trimmers, chain saws and power blowers. With this capability, the Company manufactures and sells those products, all high-quality as well as environmentally compliant, for the sake of meeting a need in the market for OPE, which is expected to enlarge from a long-term perspective. At the same time, the Company is also keen on so-called battery-powered products with motors as the source of power. For FY12/2023, the Company is going for sales to consumers to decline in North America, assuming stay-at-home demand in the wake of Corona disaster continues falling off, but for a strength in sales to professional users across the board, looking to successful launch of news products and sales promotions. Meanwhile, Midterm Management Plan 2025 is calling for prospective sales of ¥170,000m and ROE of 10.0% (versus 8.6% for FY12/2022) for FY12/2025, the final year of the plan. For FY12/2026 and thereafter, the Company is looking to an advent of contributions from new business domains associated with existing ones, currently in the process of creation, while calling for prospective sales of ¥250,000m for FY12/2030, which implies a CAGR of 6.1%, when taking the FY12/2022 results as the point of origin.

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2.0 Company Profile

Create the Bridge that Bonds People and Nature with the Future

Company Name	<p>YAMABIKO CORPORATION</p> <p>Company HP</p> <p>IR Information</p> <p>Share Price (Japanese)</p> 
Established	1 December 2008
Listing	<p>4 April 2022: Tokyo Stock Exchange Prime Market (ticker: 6250)</p> <p>1 December 2008: Tokyo Stock Exchange 1st section</p>
Capital	¥6,000m (as of the end of December 2022)
No. of Shares	44,108,428 shares, including 2,498,222 treasury shares (as of the end of Dec. 2022)
Main Features	<ul style="list-style-type: none"> ● Leading the market for OPE in Japan and one of the largest in North America ● Established by the merger of KIORITZ and Shin-Daiwa Kogyo ● Heavily involved with the OPE market in North America
Segments	<p>I . Outdoor Power Equipment (trimmers, chain saws, power blowers, etc.)</p> <p>II . Agricultural Machinery (pest control equipment, sloop mowers, etc.)</p> <p>III . Industrial Machinery (generators, welders, lighting equipment, etc.)</p>
Representative	Representative Director President & CEO: Hiroshi Kubo
Shareholders	Master Trust Bank of Japan, T. 9.79%, YAMABIKO Business Association 4.17%, Custody Bank of Japan, T. (Mizuho Bank) 4.07%, Sumitomo Mitsui Trust 3.85% (as of the end of December 2022, but for treasury shares)
Head Office	Ohme-city, Tokyo, JAPAN
No. of Personnel	Consolidated: 3,354, Parent: 1,140 (as of the end of December 2022)

Source: Company Data

3.0 Operating Principle and History

Create the Bridge that Bonds People and Nature with the Future

The Company has adopted the name "YAMABIKO," the god of the mountains, as a symbol of its corporate stance with its operating principle of contributing to the cultivation and maintenance of nature and environment. At the same time, the principle also goes “we will earn trust from society and people, provide them with a positive impression, and raise their hopes with our world-leading environmental technologies, our innovative, safe, and reliable professional equipment, and our services, thus contributing to creating a bright future built on harmonious co-existence with a rich natural environment.”

Significance of Existence for YAMABIKO

— Create the Bridge that Bonds People and Nature with the Future —



Source: Company Data

Meanwhile, on the Outdoor Power Equipment side (trimmers, chain saws, power blowers, etc.), the mainstay, the Company is advocating the cultivation and management of greenery and efforts to regenerate and create the environment, while being ahead of the needs of the times as products that cultivate blessing on the Agricultural Machinery side (pest control equipment, sloop mowers, etc.) and supporting the foundation of urban structures with new earth-friendly technologies on the Industrial Machinery side (generators, welders, lighting equipment, etc.)

Management Integration between KIORITZ CORPORATION and Shin Daiwa Kogyo Co., Ltd

In the 2000s, the tightening of emission regulations, etc. led to a consolidation in the market, while it was on 1 December 2008 that the Company was formed by management integration between KIORITZ CORPORATION and Shin Daiwa Kogyo Co., Ltd. Both of the two companies relevant in this agreement were developing and manufacturing compact engines used as source of power for handheld products represented by trimmers, chain saws, power blowers as the key earnings pillar, while each was respectively working on developing engines to meet stricter emission regulations. Meanwhile, the Company has been making progress in the management integration to date, including the above-mentioned issue of developing engines and thus it has realized synergy beyond a certain level. Further, the Company has also made progress in strengthening of its management base and the foundation for sustainable growth has been laid.

ECHO Incorporated (ECHO)

The market for OPE in North America has been developed by ECHO Incorporated (ECHO), the Company's subsidiary based in the United States. In 1972, ECHO was established as the footing of KIORITZ CORPORATION in the United States (Northbrook, Illinois), i.e., the Company has a long history of more than 50 years, having begun development of the local market for OPE since then. In 1973, the year after ECHO was founded, the oil crisis triggered by the outbreak of war in the Middle East led to a reevaluation of heating with firewood and the demand for chain saws for firewood production increased dramatically. ECHO steadily captured such demand, which was followed by launch of the world's first handheld power blower in 1978. This is still the prototype for power blowers used around the world today. At the same time, ECHO has continued to offer many innovative products to the market for OPE in North America to date.

Company History

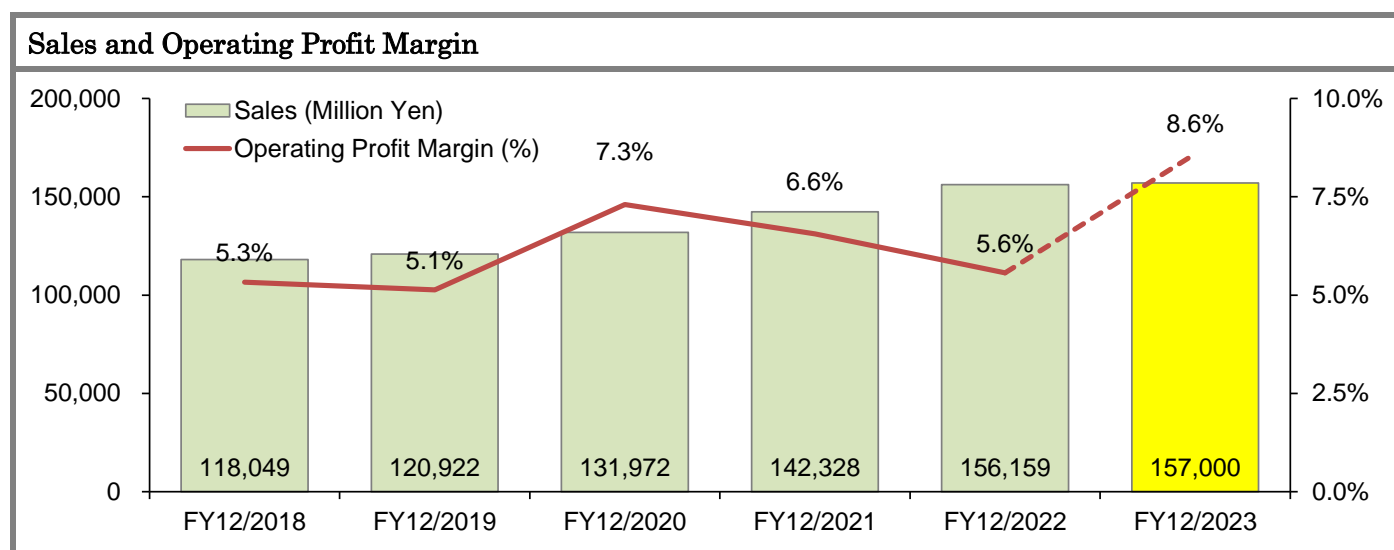
Date	Events
April 2008	KIORITZ CORPORATION and Shin Daiwa Kogyo Co., Ltd. (Both Companies) agreed to establish a joint holding company (the Company), which will become the wholly owning parent company, through a share transfer, subject to the approval of their respective shareholders' meetings and the relevant authorities, for the sake of integrating their management.
June 2008	The general meetings of shareholders of Both Companies approved the incorporation of the Company by means of a share transfer and that Both Companies will become wholly owned subsidiaries of the Company.
December 2008	The Company was established and listed on the Tokyo Stock Exchange 1st section.
May 2009	Both Companies entered into an absorption-type merger agreement (scheduled merger date: 1 October 2009), under which the Company will be the surviving company and Both Companies will be dissolved.
October 2009	The Company merged Both Companies and transitioned from a holding company to an operating company.
April 2011	YAMABIKO Sangyo Kikai Co., Ltd. and YAMABIKO Rentex Co., Ltd. merged, with YAMABIKO Sangyo Kikai Co., Ltd. (now merged into YAMABIKO JAPAN Co., Ltd.) as the surviving company.
July 2011	Liquidated Shin Daiwa Property LLC.

September 2011	Established a joint company 寧波奧浜動力科技有限公司 in Zhejiang, China
March 2012	ECHO Incorporated merged with Shin Daiwa Incorporated.
November 2012	Crary Agri-Cultural Solutions, LLC was established as a subsidiary of Crary Industries, Inc. to take over operations from a company to manufacture and sell machinery to bury agricultural drainpipes.
January 2013	Electronic Control Laboratory was established in Hiroshima-city, Hiroshima-prefecture.
January 2014	YAMABIKO VIETNAM Co., Ltd. was established in Vietnam as a subsidiary to manufacture parts for industrial machinery.
November 2014	The Company subscribed to a third-party allotment of new shares by Belrobotics SA (currently YAMABIKO Europe SA), a Belgian robotic lawnmower manufacturer, to make it a consolidated subsidiary.
December 2016	Transferred all shares of Iwami Echo Co., Ltd..
January 2017	Sales function for outdoor power equipment in the market of Europe was transferred to Belrobotics SA, whose company name was changed to YAMABIKO Europe SA at the same time.
April 2017	Seven domestic sales companies, i.e., YAMABIKO Tobu Co., Ltd., YAMABIKO Hokkaido Co., Ltd., YAMABIKO Tohoku Co., Ltd., YAMABIKO Chubu Co., Ltd., YAMABIKO Seibu Co., Ltd., YAMABIKO Kyushu Co., Ltd. and YAMABIKO Sangyo Kikai Co., Ltd., merged, with YAMABIKO Tobu Co., Ltd. as the surviving company (post-merger company name: YAMABIKO JAPAN Co., Ltd.).
June 2017	Established 蘇州山彥農機有限公司 in Jiangsu, China
January 2018	Echo Sangyo Co., Ltd. and YAMABIKO Logistics Co., Ltd. merged with Echo Sangyo Co., Ltd. as the surviving company.
December 2019	Acquired shares of Quimesis SRL and made it an equity method affiliate. Liquidated Crary Agri-Cultural Solutions, LLC.
December 2021	Concluded a capital investment and business alliance agreement with MIRAI-LABO Co., Ltd.
July 2022	Excluded Quimesis SRL out of equity method affiliates.
December 2022	Liquidated 蘇州山彥農機有限公司.

4.0 Recent Trading and Prospects

FY12/2022

For FY12/2022, sales came in at ¥156,159m (up 9.7% YoY), operating profit ¥8,688m (down 6.9%), recurring profit ¥9,217m (down 7.0%) and profit attributable to owners of parent ¥6,299m (down 16.0%). Meanwhile, gross profit came in at ¥40,495m (up 2.7%) and SG&A expenses ¥31,806m (up 5.6%), implying gross profit margin of 25.9% (down 1.8% points) and SG&A ratio of 20.4% (down 0.8% points), having resulted in operating profit margin of 5.6% (down 1.0% point). Meanwhile, FY12/2023 Company forecasts (announced on 13 February 2023) are going for prospective sales of ¥157,000m (up 0.5% YoY), operating profit of ¥13,500m (up 55.4%) and operating profit margin of 8.6% (up 3.0%).



Source: Company Data, WRJ Calculation

For FY12/2022, both sales and operating profit have additionally increased by yen's depreciation to a corresponding extent. Sales have increased considerably due to yen's depreciation and the Company suggests that sales on a local currency basis have marginally declined over the previous year. For FY12/2022, the Company saw exchange rate of ¥128 per US\$ (versus ¥110 for FY12/2021) and ¥138 per euro (¥130), while depreciation of ¥1 against US\$ would increase sales by ¥730m and operating profit by ¥90m, according to the Company. It is taken for granted that vice versa is also true and ¥120m and ¥90m, respectively, with respect to euro.

Sales associated with the OPE market in North America (the United States and Canada) are exposed to US dollar to a large extent and the same applies to expenses, resulting in a rather smaller impact from changes in exchange rate for earnings in this perspective. With respect to euro, meanwhile, the Company's exposure is rather small in sales and its exposure is almost nothing for expenses, resulting in a rather larger impact from changes in exchange rate for earnings in this perspective.

Factor for Net Changes of Operating Profit

(Million Yen)	FY12/2021	FY12/2022	FY12/2023
Sales	142,328	156,159	157,000
Operating Profit	9,330	8,688	13,500
Operating Profit (Net Changes YoY)		(642)	+4,812
Changes of Sales		(800)	+500
Changes of Exchange Rate		+4,700	+500
Changes of Unrealized Gain		(1,800)	+6,600
Changes of Gross Profit Margin		(3,200)	+100
Changes of SG&A Expenses		+300	(2,800)
Yen per US\$	110	128	130
Yen per Euro	130	138	140
Yen per US\$ (YoY)		+16.4%	+1.6%
Yen per Euro (YoY)		+6.2%	+1.4%
Gross Unrealized Gain	(1,890)	(3,660)	+2,930

Source: Company Data, WRJ Calculation

Factors for Net Changes of Operating Profit

According to the Company, changes of sales brought in net decrease by ¥800m for operating profit, while changes of exchange rate net increase by ¥4,700m, changes of unrealized gain net decrease by ¥1,800m, changes in gross profit margin net decrease by ¥3,200m and changes of SG&A expenses net increase by ¥300m, having resulted in net decrease by ¥642m for operating profit as a whole.

(changes of sales)

For FY12/2022, sales came in at ¥156,159m, having increased by 9.7% over the previous year, but marginally declined, when excluding the impact of changes in exchange rate. The Company suggests that changes of sales have brought in net decrease by ¥800m to operating profit in this respect. Meanwhile, the Company is going for net increase by ¥500m for FY12/2023 due to the increase in sales.

(changes of exchange rate)

Due to yen's depreciation against both US dollar and euro, the Company saw net increase by ¥4,700m. Meanwhile, the Company assumes that yen's depreciation is to slow down for FY12/2023, going for net increase by ¥500m from changes of exchange rate, assuming ¥130 per US\$ and ¥140 per euro. By the way, Midterm Management Plan 2025 (FY12/2023 to FY12/2025), announced on 13 February 2023, assumes the same for exchange rate.

(changes of unrealized gain)

Changes of unrealized gain are expected to bring in a major impact to short-term changes of operating profit for the Company as a whole. In North America, the Company's subsidiary based in the United States imports compact engines manufactured by the parent company in Japan to locally assemble finished products with them for local sale, inevitably leading to a situation that the said subsidiary always sees some unrealized gain associated with its inventory held. As of the end of FY12/2021, unrealized gain stood at ¥1,890m (minus) versus ¥3,660m (minus) as of the end of FY12/2022, while the Company is going for ¥2,930m (plus) as of the end of FY12/2023. By the way, the Company's accounts recognize the gap of unrealized gain between the beginning of the fiscal year and the end of fiscal year as gain or loss at the operating level during the relevant fiscal year, having brought in net decrease by ¥1,800m to operating profit as a whole for FY12/2022 and net increase by ¥6,600m expected for FY12/2023.

With respect to the market for OPE in North America, the Company saw stay-at-home demand in the wake of Corona disaster beginning to fall off for FY12/2022, after having had been emerging for some time, which resulted in sales having been short of assumptions. Consequently, the Company suffered from local inventory accumulated more than assumed. On top of this, yen's depreciation against US\$ significantly drove the increase in unrealized gain. According to the Company, the former accounted for some 20% of increase in unrealized gain and the latter some 80%. For FY12/2023, the Company is implementing measures to substantially cut back on inventory towards the end of the fiscal year, which is expected to create a substantial impact from changes of unrealized gain as above-mentioned. More importantly, all those issues are basically attributable to the impact of Corona disaster and drastic changes of exchange rate, while the Company is going for a normalization for FY12/2024 and thereafter with respect to the impact of unrealized gain.

(changes of gross profit margin)

For FY12/2022, changes of gross profit margin brought in net decrease by ¥3,200m. This is due mainly to the impact of the sharp rise in raw material prices, according to the Company. However, the Company has largely passed on the increased cost of raw materials to selling prices to date and thus currently going for changes of gross profit margin to bring in net increase by ¥100m for FY12/2023, i.e., a changeover from net decrease to net increase, albeit not much in terms of the amount of net increase.

(changes of SG&A expenses)

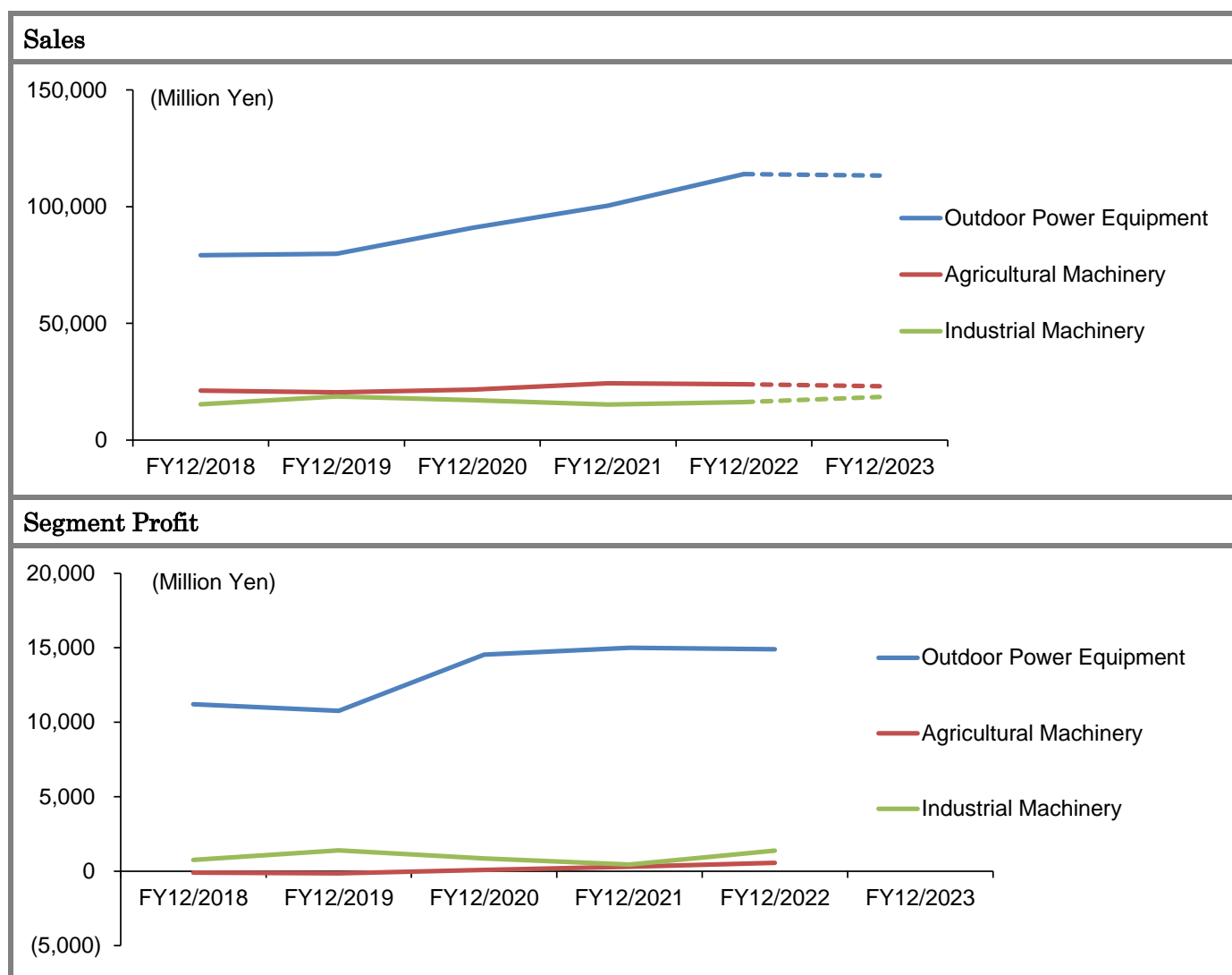
For FY12/2022, SG&A expenses came in at ¥31,806m (up 5.6%), but changes of SG&A expenses brought in net increase by ¥300m after subtracting the impact of changes in exchange rate. According to the Company, there is an aspect that it has cut back on personnel and overhead costs. Meanwhile, the Company is going for net decrease by ¥2,800m for FY12/2023. Cited as a reason for this is the increase in personnel costs in Japan and North America as well as higher development and IT-related expenses. In particular, the Company expects a large increase in expenses resulting from the aggressive hiring of new personnel at ECHO, the subsidiary based in the United States..

Midterm Management Plan 2025 (FY12/2023 to FY12/2025)

Meanwhile, Midterm Management Plan 2025 (FY12/2023 to FY12/2025) defines the relevant period as that of “transform”, during which the Company plans to establish new business domains that will become pillars of its earnings for the future. The Company expects that such measures will not make a full-scale contribution to the Company's performance until FY12/2026 and beyond, but there is a possibility that they will make a certain contribution for FY12/2023 as well. The Company has already begun to incur expenses for this purpose, which is reflected in the above-mentioned analysis of changes in operating profit.

Outdoor Power Equipment (73.0% of sales, 87.1% of segment profit)

On the mainstay Outdoor Power Equipment side (trimmers, chain saws, power blowers, etc.), sales came in at ¥113,946m (up 13.4%), segment profit ¥14,897m (down 0.7%) and segment profit margin 13.1% (down 1.9% points), having accounted for 73.0% of sales for the Company as a whole and 87.1% in segment profit. In light of this, the Company's performance is largely determined by the performance on the Outdoor Power Equipment side (trimmers, chainsaws, power blowers, etc.). For FY12/2023, the Company is going for prospective sales of ¥113,300m (down 0.6%). According to the Company, prospective sales are to stagnate as it assumes that a decline of stay-at-home demand in North America is to persist for the time being.



Source: Company Data, WRJ Calculation

Agricultural Machinery (15.3% of sales, 3.2% of segment profit)

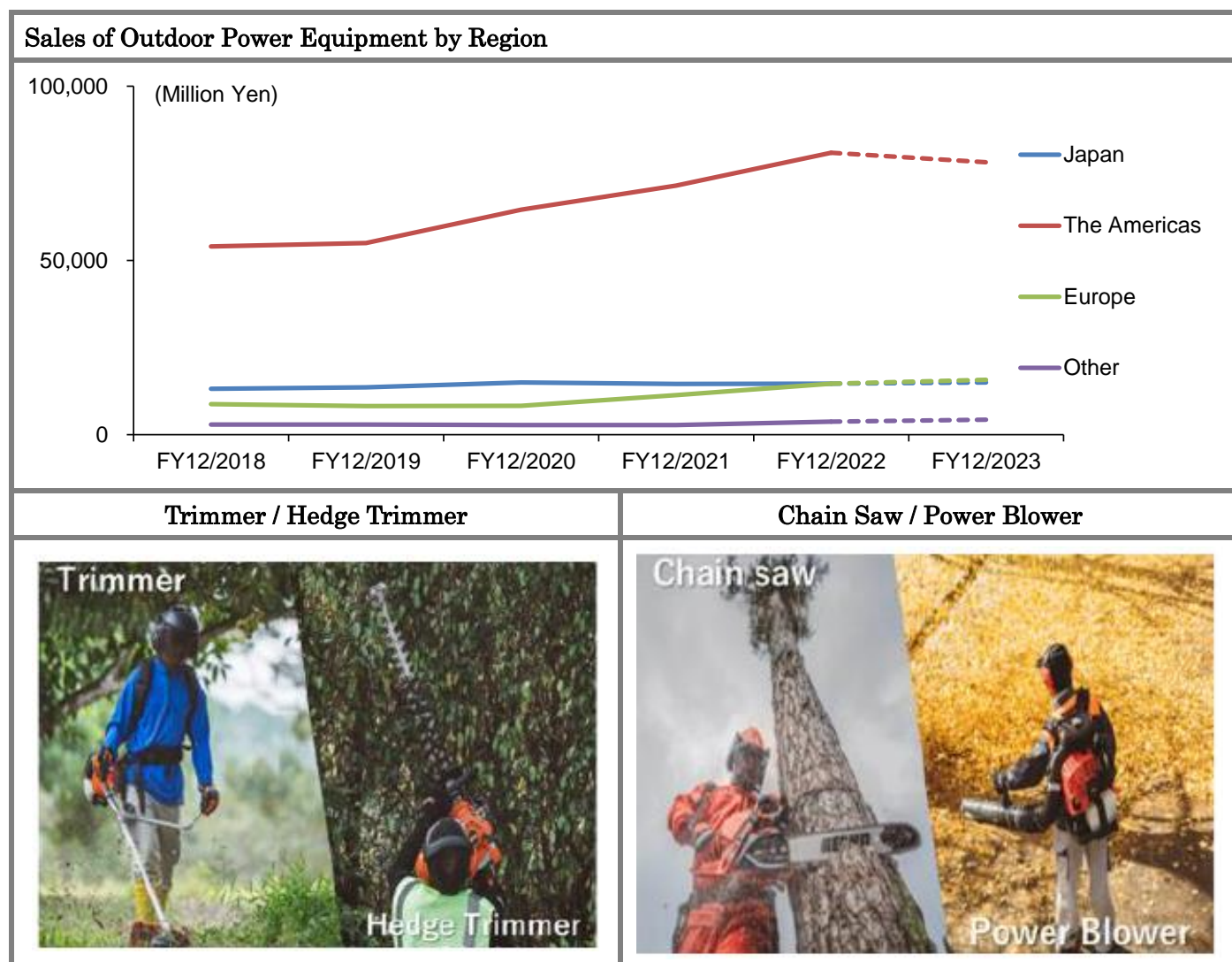
On the Agricultural Machinery side (pest control equipment, sloop mowers, etc.), sales came in at ¥23,877m (down 1.6%), segment profit ¥555m (up 87.5%) and segment profit margin 2.3% (up 1.1 % points). The Company notes that sales in Japan, mainly comprising pest control equipment, have declined, but strengths in sales overseas, mainly driven by those of harvesting machinery for agricultural crops in North America, have been more than compensating in terms of earnings. For FY12/2023, the Company is going for prospective sales of ¥23,100m (down 3.3%) on the Agricultural Machinery side (pest control equipment, sloop mowers, etc.), i.e., a decline in sales for this segment as a whole is to persist.

Industrial Machinery (10.4% of sales, 8.1% of segment profit)

On the Industrial Machinery side (generators, welders, lighting equipment, etc.), sales came in at ¥16,257m (up 7.2%), segment profit ¥1,381m (up 207.6%) and segment profit margin 8.5% (up 5.5 % points). The Company cites that strengths in sales overseas contributed to earnings also here on the Industrial Machinery side (generators, welders, lighting equipment, etc.) in charge of the manufacture and sale of machinery for construction work and disaster prevention / mitigation as well as used at resource extraction sites and event venues. Sales in Japan have been also buoyant and thus the Company has nicely benefited from an effect on increased sales. For FY12/2023, the Company is going for prospective sales of ¥18,400m (up 13.2%) and it appears that further improvement in profitability is likely. In fact, Midterm Management Plan 2025 (FY12/2023 to FY12/2025) is looking to successful measures to enhance sales in the market of North America, the mainstay by region, on the Industrial Machinery side (generators, welders, lighting equipment, etc.), which is expected to be one of the factors to meet prospective sales in the plan.

Outdoor Power Equipment / Sales by Region

On the Outdoor Power Equipment side (trimmers, chain saws, power blowers, etc.) to drive the Company's performance as a whole to a large extent, sales in Japan came in at ¥14,628m (up 0.2%), sales in the Americas ¥80,885m (up 13.1%), sales in Europe ¥14,684m (up 28.8%) and sales in other areas ¥3,748m (up 33.9%). Sales in Japan have only edged up as demand following the government stimulus package to have had occurred for FY12/2021 did not reappear. The Company cites that sales of trimmers and power blowers have increased, but not sufficient enough to fully compensate for a factor that the impact of the said demand has run its course. Meanwhile, sales in Europe have grown fast due to yen's depreciation and firm demand from professional users.



Source: Company Data, WRJ Calculation

Landscapers



Source: Company Data

In the Americas, the mainstay by region, sales have grown fast. However, this is due largely to yen's depreciation and sales in North America (United States and Canada), accounting for the bulk of sales in the Americas, were just stagnating on a local currency basis. According to the Company, sales associated with professional users have been buoyant, but sales to consumers having been declining to an extent to be rather offsetting. Professional users are so-called landscapers, who are contracted to manage various types of green spaces. Demand from all those landscapers has been traditionally not affected by economic fluctuations very much. In fact, sales trends have remained firm, according to the Company. Meanwhile, sales to professional users have been firm even in Latin America, being plagued by political instability and economic problems, although the local sales are small as a part of the Americas. Anyhow, the Company cites that the local sales have grown fast on a local currency basis in Latin America.

Meanwhile, consumers are "homeowners" in the Company's context. For example, in the market of North America (United States and Canada), so-called lawn and garden care culture is well established and there are many "homeowners" who purchase outdoor power equipment (trimmers, chain saws, power blowers, etc.) for their own use with an objective of practicing lawn and garden care at home. According to the Company, all those "homeowners" were once focusing more than ever on implementation of lawn and garden care with the additional leisure time created by the spread of Corona disaster, having had created stay-at-home demand for trimmers, chain saws, power blowers, etc. However, stay-at-home demand has been falling off for some time now. On top of this, the Company also cites that the impact of prevailing inflation has been causing them to hold off on purchases for some time, having resulted in sales to consumers declined on a local currency basis for FY12/2022. At the beginning of the year, it was not foreseeable that sales to consumers were to adjust that much, which is the key reason why the subsidiary based in the United States suffered from excess inventory.

For FY12/2023, the Company is going for prospective sales of ¥113,300m (down 0.6%) on the Outdoor Power Equipment side (trimmers, chain saws, power blowers, etc.) as mentioned earlier, sales in Japan ¥15,000m (up 2.5%), sales in the Americas ¥78,200m (down 3.3%), sales in Europe ¥15,800m (up 7.6%) and sales in other areas ¥4,300m (up 14.7%) by region. Sales to professional users are expected to remain buoyant across the board, but sales in the Americas, the mainstay by region, are to decline as sales to consumers are to decline in the United States, accounting for the bulk of sales in the Americas. In other words, as the impact of the Corona disaster is easing, stay-at-home demand is to continue falling off.

FY12/2022 Company Forecasts and Actual Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY12/2022CoE	14-Feb-22	Q4 Results	150,000	11,700	11,400	8,500
FY12/2022CoE	12-May-22	Q1 Results	150,000	11,700	11,400	8,500
FY12/2022CoE	10-Aug-22	Q2 Results	148,000	9,700	10,300	8,000
		Amount of Gap	(2,000)	(2,000)	(1,100)	(500)
		Rate of Gap	(1.4%)	(17.1%)	(9.6%)	(5.9%)
FY12/2022CoE	14-Nov-22	Q3 Results	150,000	9,100	10,300	8,000
		Amount of Gap	2,000	(600)	0	0
		Rate of Gap	1.4%	(6.2%)	0.0%	0.0%
FY12/2022Act	13-Feb-23	Q4 Results	156,159	8,688	9,217	6,299
		Amount of Gap	6,159	(412)	(1,083)	(1,701)
		Rate of Gap	4.1%	(4.5%)	(10.5%)	(21.3%)
FY12/2022CoE	14-Feb-22	Q4 Results	150,000	11,700	11,400	8,500
FY12/2022Act	13-Feb-23	Q4 Results	156,159	8,688	9,217	6,299
		Amount of Gap	6,159	(3,012)	(2,183)	(2,201)
		Rate of Gap	4.1%	(25.7%)	(19.1%)	(25.9%)
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY12/2022CoE	14-Feb-22	Q4 Results	82,000	8,800	8,500	6,400
Q1 to Q2 FY12/2022CoE	12-May-22	Q1 Results	82,000	8,800	8,500	6,400
Q1 to Q2 FY12/2022Act	10-Aug-22	Q2 Results	79,640	6,367	7,568	5,850
		Amount of Gap	(2,360)	(2,433)	(932)	(550)
		Rate of Gap	(2.9%)	(27.6%)	(11.0%)	(8.6%)
Q1 to Q2 FY12/2022CoE	14-Feb-22	Q4 Results	82,000	8,800	8,500	6,400
Q1 to Q2 FY12/2022Act	10-Aug-22	Q2 Results	79,640	6,367	7,568	5,850
		Amount of Gap	(2,360)	(2,433)	(932)	(550)
		Rate of Gap	(2.9%)	(27.6%)	(11.0%)	(8.6%)
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY12/2022CoE	14-Feb-22	Q4 Results	68,000	2,900	2,900	2,100
Q3 to Q4 FY12/2022CoE	12-May-22	Q1 Results	68,000	2,900	2,900	2,100
Q3 to Q4 FY12/2022CoE	10-Aug-22	Q2 Results	68,360	3,333	2,732	2,150
		Amount of Gap	360	433	(168)	50
		Rate of Gap	0.5%	14.9%	(5.8%)	2.4%
Q3 to Q4 FY12/2022CoE	14-Nov-22	Q3 Results	70,360	2,733	2,732	2,150
		Amount of Gap	2,000	(600)	0	0
		Rate of Gap	2.9%	(18.0%)	0.0%	0.0%
Q3 to Q4 FY12/2022Act	13-Feb-23	Q4 Results	76,519	2,321	1,649	449
		Amount of Gap	6,159	(412)	(1,083)	(1,701)
		Rate of Gap	8.8%	(15.1%)	(39.6%)	(79.1%)
Q3 to Q4 FY12/2022CoE	14-Feb-22	Q4 Results	68,000	2,900	2,900	2,100
Q3 to Q4 FY12/2022Act	13-Feb-23	Q4 Results	76,519	2,321	1,649	449
		Amount of Gap	8,519	(579)	(1,251)	(1,651)
		Rate of Gap	12.5%	(20.0%)	(43.1%)	(78.6%)

Source: Company Data, WRJ Calculation

Income Statement (Cumulative/Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	12/2021	12/2021	12/2021	12/2021	12/2022	12/2022	12/2022	12/2022	12/2022	
Sales	38,153	76,398	112,435	142,328	35,348	79,640	121,610	156,159	156,159	+13,831
Cost of Sales	27,801	55,127	80,559	102,881	25,139	58,067	88,576	115,664	115,664	+12,783
Gross Profit	10,352	21,270	31,876	39,447	10,208	21,573	33,034	40,495	40,495	+1,048
SG&A Expenses	6,885	14,407	22,037	30,117	7,237	15,205	23,558	31,806	31,806	+1,689
Operating Profit	3,466	6,863	9,838	9,330	2,970	6,367	9,475	8,688	8,688	(642)
Non Operating Balance	482	401	448	583	573	1,201	1,547	529	529	(54)
Recurring Profit	3,948	7,264	10,286	9,913	3,543	7,568	11,022	9,217	9,217	(696)
Extraordinary Balance	(1)	(10)	(16)	(75)	13	14	15	(457)	(457)	(382)
Profit before Income Taxes	3,947	7,254	10,270	9,838	3,556	7,582	11,037	8,760	8,760	(1,078)
Total Income Taxes	1,081	1,860	2,544	2,337	758	1,731	2,838	2,461	2,461	+124
Profit Attributable to Owners of Parent	2,866	5,393	7,726	7,500	2,798	5,850	8,198	6,299	6,299	(1,201)
Sales YoY	+19.7%	+12.4%	+8.1%	+7.8%	(7.4%)	+4.2%	+8.2%	+9.7%	+9.7%	-
Operating Profit YoY	+45.0%	+13.6%	+0.6%	(3.2%)	(14.3%)	(7.2%)	(3.7%)	(6.9%)	(6.9%)	-
Recurring Profit YoY	+72.0%	+21.2%	+5.6%	+5.4%	(10.2%)	+4.2%	+7.2%	(7.0%)	(7.0%)	-
Profit Attributable to Owners of Parent YoY	+128.6%	+30.7%	+6.7%	+13.0%	(2.4%)	+8.5%	+6.1%	(16.0%)	(16.0%)	-
Gross Profit Margin	27.1%	27.8%	28.4%	27.7%	28.9%	27.1%	27.2%	25.9%	25.9%	(1.8%)
SG&A Ratio	18.0%	18.9%	19.6%	21.2%	20.5%	19.1%	19.4%	20.4%	20.4%	(0.8%)
Operating Profit Margin	9.1%	9.0%	8.7%	6.6%	8.4%	8.0%	7.8%	5.6%	5.6%	(1.0%)
Recurring Profit Margin	10.3%	9.5%	9.1%	7.0%	10.0%	9.5%	9.1%	5.9%	5.9%	(1.1%)
Profit Attributable to Owners of Parent Margin	7.5%	7.1%	6.9%	5.3%	7.9%	7.3%	6.7%	4.0%	4.0%	(1.2%)
Total Income Taxes / Profit before Income Taxes	27.4%	25.6%	24.8%	23.8%	21.3%	22.8%	25.7%	28.1%	28.1%	+4.3%

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
	12/2021	12/2021	12/2021	12/2021	12/2022	12/2022	12/2022	12/2022	12/2022	
Sales	38,153	38,245	36,037	29,893	35,348	44,292	41,970	34,549	34,549	+4,656
Cost of Sales	27,801	27,326	25,432	22,322	25,139	32,928	30,509	27,088	27,088	+4,766
Gross Profit	10,352	10,918	10,606	7,571	10,208	11,365	11,461	7,461	7,461	(110)
SG&A Expenses	6,885	7,522	7,630	8,080	7,237	7,968	8,353	8,248	8,248	+168
Operating Profit	3,466	3,397	2,975	(508)	2,970	3,397	3,108	(787)	(787)	(279)
Non Operating Balance	482	(81)	47	135	573	628	346	(1,018)	(1,018)	(1,153)
Recurring Profit	3,948	3,316	3,022	(373)	3,543	4,025	3,454	(1,805)	(1,805)	(1,432)
Extraordinary Balance	(1)	(9)	(6)	(59)	13	1	1	(472)	(472)	(413)
Profit before Income Taxes	3,947	3,307	3,016	(432)	3,556	4,026	3,455	(2,277)	(2,277)	(1,845)
Total Income Taxes	1,081	779	684	(207)	758	973	1,107	(377)	(377)	(170)
Profit Attributable to Owners of Parent	2,866	2,527	2,333	(226)	2,798	3,052	2,348	(1,899)	(1,899)	(1,673)
Sales YoY	+19.7%	+5.9%	(0.0%)	+7.0%	(7.4%)	+15.8%	+16.5%	+15.6%	+15.6%	-
Operating Profit YoY	+45.0%	(7.0%)	(20.3%)	-	(14.3%)	+0.0%	+4.5%	-	-	-
Recurring Profit YoY	+72.0%	(10.3%)	(19.3%)	-	(10.2%)	+21.4%	+14.3%	-	-	-
Profit Attributable to Owners of Parent YoY	+128.6%	(12.1%)	(25.0%)	-	(2.4%)	+20.8%	+0.6%	-	-	-
Gross Profit Margin	27.1%	28.5%	29.4%	25.3%	28.9%	25.7%	27.3%	21.6%	21.6%	(3.7%)
SG&A Ratio	18.0%	19.7%	21.2%	27.0%	20.5%	18.0%	19.9%	23.9%	23.9%	(3.2%)
Operating Profit Margin	9.1%	8.9%	8.3%	(1.7%)	8.4%	7.7%	7.4%	(2.3%)	(2.3%)	(0.6%)
Recurring Profit Margin	10.3%	8.7%	8.4%	(1.2%)	10.0%	9.1%	8.2%	(5.2%)	(5.2%)	(4.0%)
Profit Attributable to Owners of Parent Margin	7.5%	6.6%	6.5%	(0.8%)	7.9%	6.9%	5.6%	(5.5%)	(5.5%)	(4.7%)
Total Income Taxes / Profit before Income Taxes	27.4%	23.6%	22.7%	47.9%	21.3%	24.2%	32.0%	16.6%	16.6%	(31.4%)

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative/Quarterly)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY	
(Million Yen)	12/2021	12/2021	12/2021	12/2021	12/2022	12/2022	12/2022	12/2022	12/2022	Net Chg.
Outdoor Power Equipment	26,858	54,358	79,475	100,485	25,300	58,350	88,730	113,946		+13,461
Agricultural Machinery	6,681	13,488	20,341	24,276	5,807	13,009	19,802	23,877		(399)
Industrial Machinery	4,060	7,406	10,892	15,159	3,785	7,309	11,634	16,257		+1,098
Other	552	1,145	1,726	2,408	454	969	1,443	2,077		(331)
Sales	38,153	76,398	112,435	142,328	35,348	79,640	121,610	156,159		+13,831
Outdoor Power Equipment	4,551	9,224	13,332	15,001	4,380	9,128	13,539	14,897		(104)
Agricultural Machinery	111	254	610	296	168	468	861	555		+259
Industrial Machinery	224	339	449	449	288	555	931	1,381		+932
Other	116	211	380	462	99	173	266	268		(194)
Segment Profit	5,002	10,028	14,771	16,208	4,935	10,324	15,597	17,101		+893
Common Expenses	(1,536)	(3,166)	(4,934)	(6,879)	(1,965)	(3,957)	(6,124)	(8,413)		(1,534)
Operating Profit	3,466	6,863	9,838	9,330	2,970	6,367	9,475	8,688		(642)
Outdoor Power Equipment	16.9%	17.0%	16.8%	14.9%	17.3%	15.6%	15.3%	13.1%		(1.9%)
Agricultural Machinery	1.7%	1.9%	3.0%	1.2%	2.9%	3.6%	4.3%	2.3%		+1.1%
Industrial Machinery	5.5%	4.6%	4.1%	3.0%	7.6%	7.6%	8.0%	8.5%		+5.5%
Other	21.0%	18.4%	22.0%	19.2%	21.8%	17.9%	18.4%	12.9%		(6.3%)
Common Expenses	(4.0%)	(4.1%)	(4.4%)	(4.8%)	(5.6%)	(5.0%)	(5.0%)	(5.4%)		(0.6%)
Operating Profit Margin	9.1%	9.0%	8.7%	6.6%	8.4%	8.0%	7.8%	5.6%		(1.0%)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY	
(Million Yen)	12/2021	12/2021	12/2021	12/2021	12/2022	12/2022	12/2022	12/2022	12/2022	Net Chg.
Outdoor Power Equipment	26,858	27,500	25,117	21,010	25,300	33,050	30,380	25,216		+4,206
Agricultural Machinery	6,681	6,807	6,853	3,935	5,807	7,202	6,793	4,075		+140
Industrial Machinery	4,060	3,346	3,486	4,267	3,785	3,524	4,325	4,623		+356
Other	552	593	581	682	454	515	474	634		(48)
Sales	38,153	38,245	36,037	29,893	35,348	44,292	41,970	34,549		+4,656
Outdoor Power Equipment	4,551	4,673	4,108	1,669	4,380	4,748	4,411	1,358		(311)
Agricultural Machinery	111	143	356	(314)	168	300	393	(306)		+8
Industrial Machinery	224	115	110	0	288	267	376	450		+450
Other	116	95	169	82	99	74	93	2		(80)
Segment Profit	5,002	5,026	4,743	1,437	4,935	5,389	5,273	1,504		+67
Common Expenses	(1,536)	(1,630)	(1,768)	(1,945)	(1,965)	(1,992)	(2,167)	(2,289)		(344)
Operating Profit	3,466	3,397	2,975	(508)	2,970	3,397	3,108	(787)		(279)
Outdoor Power Equipment	16.9%	17.0%	16.4%	7.9%	17.3%	14.4%	14.5%	5.4%		(2.6%)
Agricultural Machinery	1.7%	2.1%	5.2%	(8.0%)	2.9%	4.2%	5.8%	(7.5%)		+0.5%
Industrial Machinery	5.5%	3.4%	3.2%	0.0%	7.6%	7.6%	8.7%	9.7%		+9.7%
Other	21.0%	16.0%	29.1%	12.0%	21.8%	14.4%	19.6%	0.3%		(11.7%)
Common Expenses	(4.0%)	(4.3%)	(4.9%)	(6.5%)	(5.6%)	(4.5%)	(5.2%)	(6.6%)		(0.1%)
Operating Profit Margin	9.1%	8.9%	8.3%	(1.7%)	8.4%	7.7%	7.4%	(2.3%)		(0.6%)

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1 12/2021	Q2 12/2021	Q3 12/2021	Q4 12/2021	Q1 12/2022	Q2 12/2022	Q3 12/2022	Q4 12/2022	Q4 12/2022	Net Chg.
Cash and Deposit	11,923	10,653	13,297	12,167	11,512	13,593	15,636	14,404	14,404	+2,237
Accounts Receivables	36,358	39,600	33,145	27,937	37,690	44,299	41,949	31,742	31,742	+3,805
Merchandise and Finished Goods	23,931	20,569	23,884	27,700	30,970	33,446	32,349	31,752	31,752	+4,052
Work in Process	2,269	1,996	1,976	2,017	2,562	3,089	3,430	4,642	4,642	+2,625
Raw Materials and Supplies	11,406	14,956	14,719	16,629	21,212	23,150	23,746	19,359	19,359	+2,730
Other	1,147	1,787	2,422	3,325	1,511	2,333	2,853	3,660	3,660	+335
Current Assets	87,034	89,561	89,443	89,775	105,457	119,910	119,963	105,559	105,559	+15,784
Tangible Assets	22,904	22,980	23,750	24,169	25,648	26,470	26,838	25,975	25,975	+1,806
Intangible Assets	463	558	630	587	578	670	845	996	996	+409
Investments and Other Assets	6,699	7,233	7,103	8,042	8,667	9,221	8,561	8,667	8,667	+625
Fixed Assets	30,068	30,772	31,483	32,799	34,894	36,362	36,245	35,639	35,639	+2,840
Total Assets	117,102	120,334	120,927	122,574	140,352	156,273	156,208	141,198	141,198	+18,624
Accounts Payables	26,563	27,511	26,731	26,246	28,846	29,427	23,975	21,288	21,288	(4,958)
Short Term Debt	2,987	2,044	1,604	2,781	13,172	18,289	21,912	17,019	17,019	+14,238
Current Portion of Long-term Debt	634	800	1,200	1,003	903	3,637	4,299	4,257	4,257	+3,254
Other	9,904	11,090	9,907	10,429	11,957	15,052	13,254	10,969	10,969	+540
Current Liabilities	40,088	41,445	39,442	40,459	54,878	66,405	63,440	53,533	53,533	+13,074
Long Term Debt	11,417	11,115	10,742	11,000	11,247	8,800	8,300	8,100	8,100	(2,900)
Other	2,781	2,683	2,922	2,236	2,504	2,402	2,506	2,191	2,191	(45)
Fixed Liabilities	14,198	13,798	13,664	13,236	13,751	11,202	10,806	10,291	10,291	(2,945)
Total Liabilities	54,286	55,243	53,107	53,695	68,630	77,608	74,246	63,825	63,825	+10,130
Shareholders' Equity	61,149	63,303	65,635	65,421	66,342	69,483	70,747	68,847	68,847	+3,426
Other	1,666	1,788	2,185	3,458	5,379	9,181	11,215	8,526	8,526	+5,068
Net Assets	62,815	65,091	67,820	68,879	71,721	78,664	81,962	77,373	77,373	+8,494
Total Liabilities & Net Assets	117,102	120,334	120,927	122,574	140,352	156,273	156,208	141,198	141,198	+18,624
Equity Capital	62,815	65,091	67,820	68,879	71,721	78,664	81,962	77,373	77,373	+8,494
Interest Bearing Debt	15,038	13,959	13,546	14,784	25,322	30,726	34,511	29,376	29,376	+14,592
Net Debt	3,115	3,306	249	2,617	13,810	17,133	18,875	14,972	14,972	+12,355
Equity Ratio	53.6%	54.1%	56.1%	56.2%	51.1%	50.3%	52.5%	54.8%	54.8%	-
Net Debt Equity Ratio	5.0%	5.1%	0.4%	3.8%	19.3%	21.8%	23.0%	19.4%	19.4%	-
ROE (12 months)	14.0%	12.8%	11.0%	11.7%	11.0%	11.1%	10.6%	8.6%	8.6%	-
ROA (12 months)	9.8%	9.3%	8.6%	8.6%	7.4%	7.4%	7.7%	7.0%	7.0%	-
Days for Inventory Turnover	123	125	145	189	198	165	178	187	187	-
Quick Ratio	120%	121%	118%	99%	90%	87%	91%	86%	86%	-
Current Ratio	217%	216%	227%	222%	192%	181%	189%	197%	197%	-

Source: Company Data, WRJ Calculation

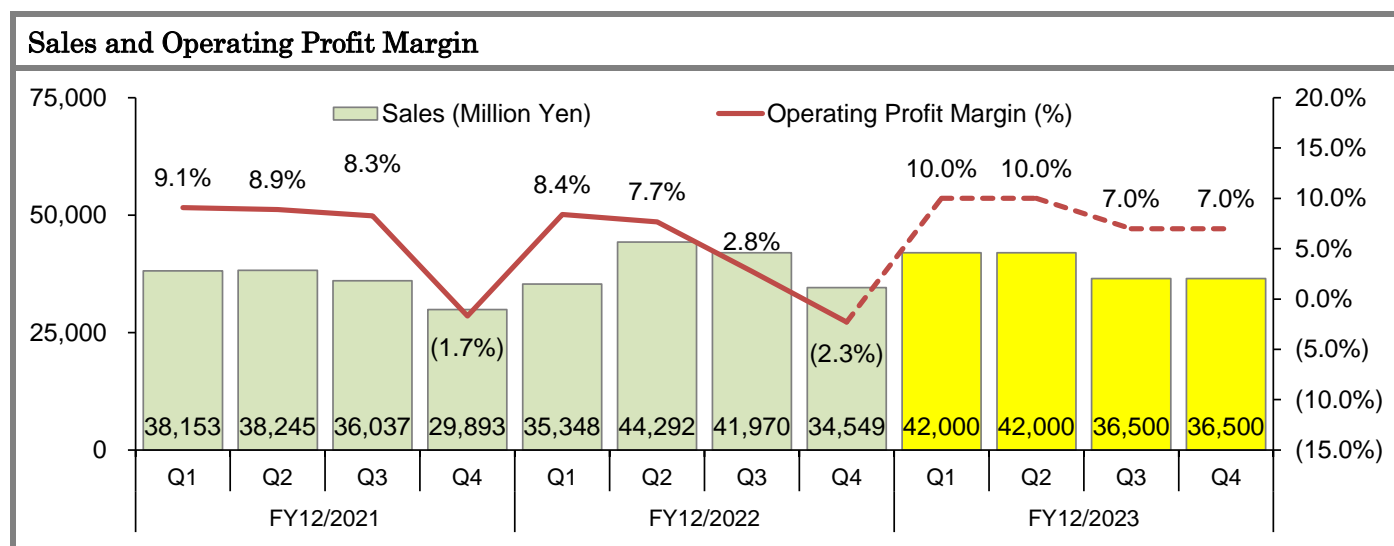
Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1 12/2021	Q1 to Q2 12/2021	Q1 to Q3 12/2021	Q1 to Q4 12/2021	Q1 12/2022	Q1 to Q2 12/2022	Q1 to Q3 12/2022	Q1 to Q4 12/2022	Q4 12/2022	Net Chg.
Operating Cash Flow	356	1,686	6,418	5,916	(7,872)	(9,333)	(8,853)	(5,150)	(5,150)	(11,066)
Investing Cash Flow	(477)	(1,358)	(2,920)	(4,647)	(917)	(1,989)	(2,755)	(3,753)	(3,753)	+894
Operating Cash Flow and Investing Cash Flow	(121)	328	3,498	1,269	(8,789)	(11,322)	(11,608)	(8,903)	(8,903)	(10,172)
Financing Cash Flow	(1,442)	(3,139)	(3,632)	(2,507)	8,034	12,005	14,102	10,546	10,546	+13,053
Cash Flow Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
Operating Cash Flow	356	1,330	4,732	(502)	(7,872)	(1,461)	480	3,703	3,703	(4,252)
Investing Cash Flow	(477)	(881)	(1,562)	(1,727)	(917)	(1,072)	(766)	(998)	(998)	+796
Operating Cash Flow and Investing Cash Flow	(121)	449	3,170	(2,229)	(8,789)	(2,533)	(286)	2,705	2,705	(3,456)
Financing Cash Flow	(1,442)	(1,697)	(493)	1,125	8,034	3,971	2,097	(3,556)	(3,556)	+2,590

Source: Company Data, WRJ Calculation

FY12/2023 Company Forecasts

FY12/2023 Company forecasts (announced on 13 February 2023) are going for prospective sales of ¥157,000m (up 0.5% YoY), operating profit of ¥13,500m (up 55.4%), recurring profit of ¥12,800m (up 38.9%) and profit attributable to owners of parent of ¥8,300m (up 31.8%), while operating profit margin of 8.6% (up 3.0% points). On a quarterly basis, the Company's performance is significantly affected by seasonal factors. In general, sales tend to be concentrated for the first half of the year (January to June) and sales for the second half (July to December) are usually marked by a reversal of the said tendency. In particular, the Company is inclined to suffer from a large correction for Q4 (October to December), usually resulting in some operating loss.

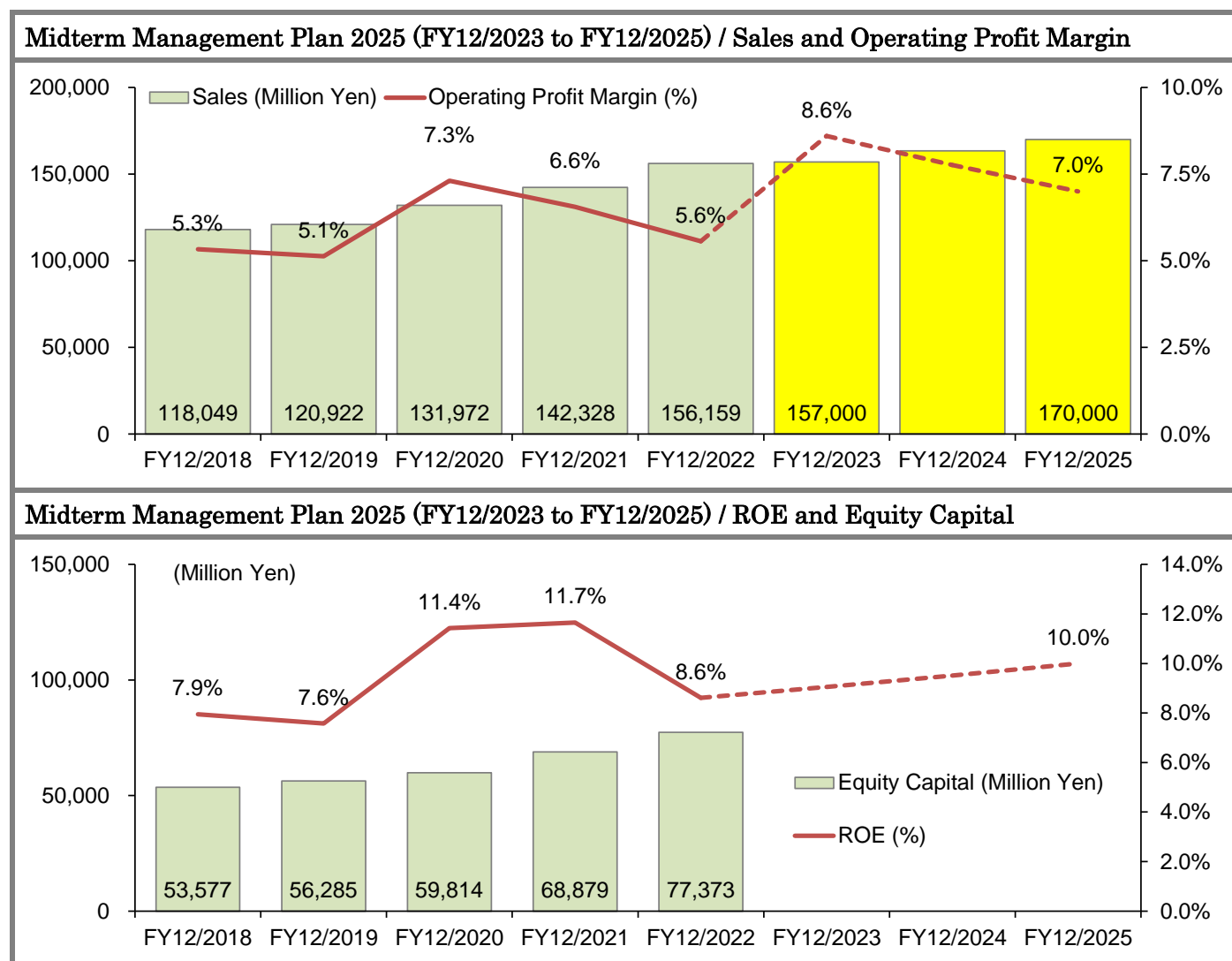


Source: Company Data, WRJ Calculation (quarters in FY12/2023: half-year Company forecasts pro rata)

Meanwhile, FY12/2023 Company forecasts are going for planned annual dividend of ¥52.00 per share, implying payout ratio of 26.1%. In light of the fact that annual dividend was ¥52.00 per share for FY12/2022, implying payout ratio of 34.4%, the Company is to maintain the absolute level of annual dividend from the previous year. The Company considers providing stable shareholder returns to be one of its most important management issues and its basic policy is to continue to pay stable dividend based on the results of the past years. However, the Company has also revealed its policy of returning earnings to shareholders based on a comprehensive perspective, taking into consideration the management circumstances, performance and financial condition as well as trends in the stock market.

Long-Term Prospects

The Company plans to achieve performance ever-increasing from a long-term perspective. Midterm Management Plan 2025 (FY12/2023 to FY12/2025), announced on 13 February 2023, is calling for prospective sales of ¥170,000m, operating profit margin of 7.0% and ROE of 10.0% for FY12/2025, the final year of the plan. When taking the FY12/2022 results as the point of origin, the Company is calling for CAGR of 2.9% in sales and 11.1% in operating profit, while an improvement by 1.4% points in operating profit margin and also by 1.4% points in ROE, during the three year period towards FY12/2025.

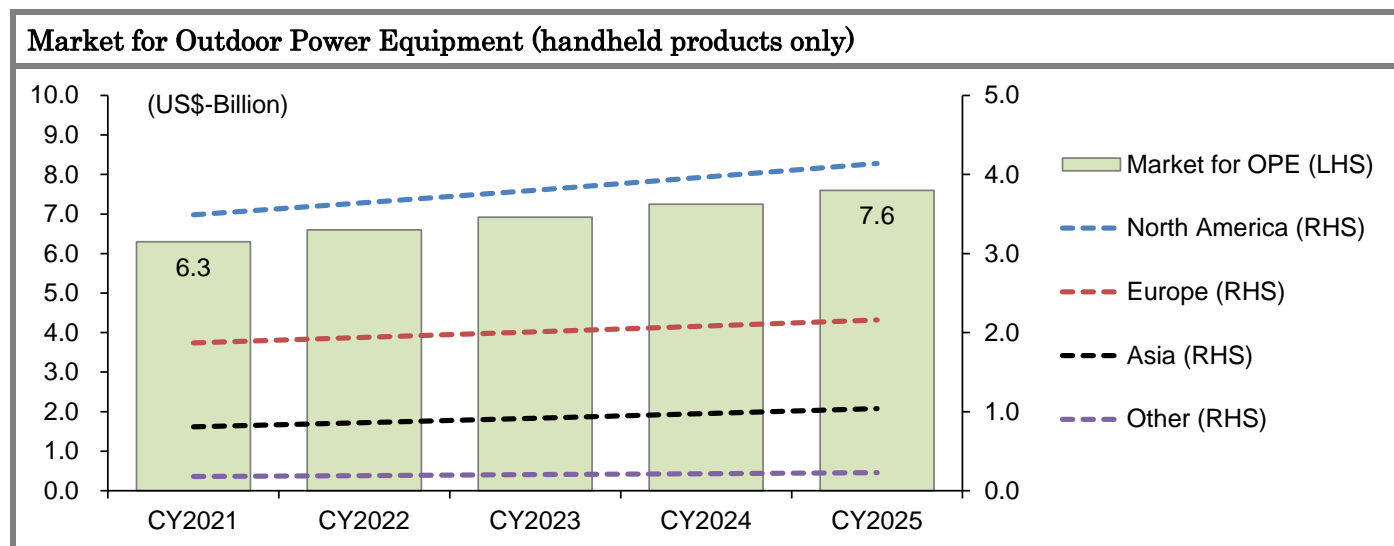


Source: Company Data, WRJ Calculation

At the same time, the Company has also indicated that it is calling for prospective sales of ¥250,000m for FY12/2030, implying CAGR of no less than 6.1%, when taking the FY12/2022 results as the point of origin. Midterm Management Plan 2025 (FY12/2023 to FY12/2025) assumes the relevant period as that of “transform” with an expectation to create new domains of business to become new earnings pillars. Thus, for FY12/2026 and thereafter, the Company is looking to an advent of contributions from new business domains associated with existing ones, which is expected to accelerate own growth rate in sales.

Expansion of the Scale of Business (existing business domains)

The Company is calling for CAGR of 6.1% for prospective sales from a long-term perspective, while the market for OPE to which it is facing is estimated to see CAGR of some 5%, going forward, which was worth some US\$ 6.3 billion for CY2021 and is estimated to expand to some US\$ 7.6 billion for CY 2025. Growth is expected to continue in North America, Europe, Asia and other areas, while it appears that the rate of growth is to be rather higher for Asia and other areas due to the factor of a large room remaining for lawn and garden care culture to spread from now on.



Source: Company Data (compiled by the Company based on data of Markets and Markets), WRJ Calculation

Midterm Management Plan 2025 (FY12/2023 to FY12/2025) is calling for CAGR of only 2.9% for prospective sales during the relevant period, which is largely attributable to an assumption adopted that the impact of stay-at-home demand in the United States will continue falling off. It appears that prospective sales are expected to perform roughly in line with the rate of growth in the market for OPE, if it were not for the impact stemming from here. Meanwhile, there is an increasing need for so-called battery-powered products with motors as the source of power, on which the Company is also keen. Midterm Management Plan 2025 (FY12/2023 to FY12/2025) is targeting to achieve the ratio of 20% to total for battery-powered products in terms of shipment volume for FY12/2025, the final year of the plan. At the same time, the Company argues that the battery-powered products are sometimes rather inferior to the existing engine-powered products in an aspect of meeting a heavy-duty need by professional users, which implies a rapid shift from the latter to the former being unlikely to take place in the near future.

Profitability Improvement (existing business domains)

The Company has stated that it will strategically reallocate its production bases on a global basis for the sake of improving profitability. In other words, the Company intends to improve its production efficiency through this strategy. The Company, which was established through the merger of two companies in the same industry on the occasion of consolidation, has benefited greatly from the various aspects of the management integration, but there is still room for further improvement in terms of production bases. On top of this, the Company is currently beginning to reform the delivery channels in its subsidiary based in the United States, which is also expected to improve profitability. This subsidiary runs a local distributor as its subordinate company, which is in charge of directly delivering products to some 2,000 retail stores located in the United States out of some 6,500 in total, while the Company is promoting sales via this channel. Going forward, however, this subsidiary itself will be able to directly deliver products to all those retail stores by means of leveraging DX technology, according to the Company. In other words, the Company is to benefit from improved efficiency in line with the simplification of the delivery channel.

Initiatives for New Business Creation

The Company is looking to GX of society as an opportunity for growth: GX stands for Green Transformation to transform the entire economic and social system through efforts to realize a decarbonized society. For example, the Company has established development bases in all the major markets of Japan, North America and Europe, respectively, for the sake of realizing the creation of new domains of business by means of actively propelling new development themes as well as joint development projects through collaboration amongst the three bases. The Company presents some specific development themes such as “power generation and storage systems,” “CN energy,” “DX & IoT” and “Robots.”

Implementation of ESG Management

The Company places a high priority on sustainability and aims to increase its corporate value from a long-term perspective by focusing on ESG management practices. In other words, the Company is trying to contribute to solutions to social issues such as environmental problems and the shortage of workers through own business activities. With respect to Environment, the Company has set GHG emission reduction target and is steadily implementing measures to reduce GHG emissions, contributing to the reduction of environmental impact in the market through the development and sale of products with a low environmental impact. With respect to Social, the Company will leverage diverse human resources and continue to invest in human capital, including human resources development and the improvement of the in-house environment, while reducing work accidents through safe and secure manufacturing. Further, the Company is trying to contribute to the development of agriculture and forestry by means of supporting the nurturing of the subsequent generation. With respect to Governance, the Company will propel and deepen operation of governance system, while enhancing ESG information disclosures and the information security system at the same time.

5.0 Financial Statements

Income Statement

Income Statement	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.CoE FY	YoY
(Million Yen)	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023	Net Chg.
Sales	118,049	120,922	131,972	142,328	156,159	157,000	+841
Cost of Sales	84,783	86,928	94,331	102,881	115,664	-	-
Gross Profit	33,266	33,994	37,640	39,447	40,495	-	-
SG&A Expenses	26,976	27,791	27,997	30,117	31,806	-	-
Operating Profit	6,290	6,203	9,643	9,330	8,688	13,500	+4,812
Non Operating Balance	(333)	(286)	(241)	583	529	(700)	(1,229)
Recurring Profit	5,957	5,917	9,402	9,913	9,217	12,800	+3,583
Extraordinary Balance	(118)	(196)	(506)	(75)	(457)	-	-
Profit before Income Taxes	5,839	5,721	8,896	9,838	8,760	-	-
Total Income Taxes	1,650	1,557	2,260	2,337	2,461	-	-
Profit Attributable to Owners of Parent	4,188	4,164	6,635	7,500	6,299	8,300	+2,001
Sales YoY	-	+2.4%	+9.1%	+7.8%	+9.7%	+0.5%	-
Operating Profit YoY	-	(1.4%)	+55.5%	(3.2%)	(6.9%)	+55.4%	-
Recurring Profit YoY	-	(0.7%)	+58.9%	+5.4%	(7.0%)	+38.9%	-
Profit Attributable to Owners of Parent YoY	-	(0.6%)	+59.3%	+13.0%	(16.0%)	+31.8%	-
Gross Profit Margin	28.2%	28.1%	28.5%	27.7%	25.9%	-	-
SG&A Ratio	22.9%	23.0%	21.2%	21.2%	20.4%	-	-
Operating Profit Margin	5.3%	5.1%	7.3%	6.6%	5.6%	8.6%	+3.0%
Recurring Profit Margin	5.0%	4.9%	7.1%	7.0%	5.9%	8.2%	+2.3%
Profit Attributable to Owners of Parent Margin	3.5%	3.4%	5.0%	5.3%	4.0%	5.3%	+1.3%
Total Income Taxes / Profit before Income Taxes	28.3%	27.2%	25.4%	23.8%	28.1%	-	-

Source: Company Data, WRJ Calculation

Segmented Information

Segmented Information	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.CoE FY	YoY
(Million Yen)	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023	Net Chg.
Outdoor Power Equipment	79,231	79,840	90,954	100,485	113,946	113,300	(646)
Agricultural Machinery	21,206	20,390	21,629	24,276	23,877	23,100	(777)
Industrial Machinery	15,248	18,681	17,108	15,159	16,257	18,400	+2,143
Other	2,362	2,011	2,280	2,408	2,077	2,200	+123
Sales	118,049	120,922	131,972	142,328	156,159	157,000	+841
Outdoor Power Equipment	11,204	10,769	14,546	15,001	14,897	-	-
Agricultural Machinery	(100)	(144)	86	296	555	-	-
Industrial Machinery	756	1,397	860	449	1,381	-	-
Other	399	350	441	462	268	-	-
Segment Profit	12,259	12,372	15,933	16,208	17,101	-	-
Common Expenses	(5,969)	(6,169)	(6,290)	(6,879)	(8,413)	-	-
Operating Profit	6,290	6,203	9,643	9,330	8,688	13,500	+4,812
Outdoor Power Equipment	14.1%	13.5%	16.0%	14.9%	13.1%	-	-
Agricultural Machinery	(0.5%)	(0.7%)	0.4%	1.2%	2.3%	-	-
Industrial Machinery	5.0%	7.5%	5.0%	3.0%	8.5%	-	-
Other	16.9%	17.4%	19.3%	19.2%	12.9%	-	-
Common Expenses	(5.1%)	(5.1%)	(4.8%)	(4.8%)	(5.4%)	-	-
Operating Profit Margin	5.3%	5.1%	7.3%	6.6%	5.6%	8.6%	+3.0%

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2018	FY 12/2019	FY 12/2020	FY 12/2021	FY 12/2022	FY 12/2023	YoY Net Chg.
Cash and Deposit	4,641	6,262	13,243	12,167	14,404	-	-
Accounts Receivables	25,228	25,693	27,294	27,937	31,742	-	-
Merchandise and Finished Goods	22,248	23,434	21,824	27,700	31,752	-	-
Work in Process	2,834	3,103	2,011	2,017	4,642	-	-
Raw Materials and Supplies	10,568	10,797	11,306	16,629	19,359	-	-
Other	2,118	1,981	2,118	3,325	3,660	-	-
Current Assets	67,637	71,270	77,796	89,775	105,559	-	-
Tangible Assets	24,994	24,208	22,635	24,169	25,975	-	-
Intangible Assets	896	668	428	587	996	-	-
Investments and Other Assets	5,784	6,697	6,291	8,042	8,667	-	-
Fixed Assets	31,676	31,575	29,355	32,799	35,639	-	-
Total Assets	99,313	102,845	107,152	122,574	141,198	-	-
Accounts Payables	19,439	20,922	21,849	26,246	21,288	-	-
Short Term Debt	4,804	2,972	2,794	2,781	17,019	-	-
Current Portion of Long-term Debt	5,892	2,578	536	1,003	4,257	-	-
Other	6,443	7,380	7,938	10,429	10,969	-	-
Current Liabilities	36,578	33,852	33,117	40,459	53,533	-	-
Long Term Debt	5,756	9,837	11,374	11,000	8,100	-	-
Other	3,400	2,869	2,847	2,236	2,191	-	-
Fixed Liabilities	9,156	12,706	14,221	13,236	10,291	-	-
Total Liabilities	45,735	46,559	47,338	53,695	63,825	-	-
Shareholders' Equity	52,108	54,771	59,951	65,421	68,847	-	-
Other	1,469	1,514	(137)	3,458	8,526	-	-
Net Assets	53,577	56,285	59,814	68,879	77,373	-	-
Total Liabilities & Net Assets	99,313	102,845	107,152	122,574	141,198	-	-
Equity Capital	53,577	56,285	59,814	68,879	77,373	-	-
Interest Bearing Debt	16,452	15,387	14,704	14,784	29,376	-	-
Net Debt	11,811	9,125	1,461	2,617	14,972	-	-
Equity Ratio	53.9%	54.7%	55.8%	56.2%	54.8%	-	-
Net Debt Equity Ratio	22.0%	16.2%	2.4%	3.8%	19.4%	-	-
ROE (12 months)	7.9%	7.6%	11.4%	11.7%	8.6%	-	-
ROA (12 months)	5.9%	5.8%	9.0%	8.6%	7.0%	-	-
Days for Inventory Turnover	153	156	135	164	175	-	-
Quick Ratio	82%	94%	122%	99%	86%	-	-
Current Ratio	185%	211%	235%	222%	197%	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2018	FY 12/2019	FY 12/2020	FY 12/2021	FY 12/2022	FY 12/2023	YoY Net Chg.
Operating Cash Flow	4,433	7,654	11,883	5,916	(5,150)	-	-
Investing Cash Flow	(3,172)	(3,083)	(2,724)	(4,647)	(3,753)	-	-
Operating Cash Flow and Investing Cash Flow	1,261	4,571	9,159	1,269	(8,903)	-	-
Financing Cash Flow	(2,254)	(2,889)	(2,127)	(2,507)	10,546	-	-

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2018	FY 12/2019	FY 12/2020	FY 12/2021	FY 12/2022	FY 12/2023	YoY Net Chg.
No. of Shares FY End (thousand shares)	44,108	44,108	44,108	44,108	44,108	-	-
Net Profit / EPS (thousand shares)	41,306	41,449	41,495	41,533	41,591	-	-
Treasury Shares FY End (thousand shares)	2,794	2,616	2,609	2,551	2,498	-	-
Earnings Per Share	101.39	100.46	159.90	180.58	151.45	199.55	-
Earnings Per Share (Fully Diluted)	-	-	-	-	-	-	-
Book Value Per Share	1,296.82	1,356.54	1,441.32	1,657.43	1,859.47	-	-
Dividend Per Share	40.00	35.00	40.00	45.00	52.00	52.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2018	FY 12/2019	FY 12/2020	FY 12/2021	FY 12/2022	FY 12/2023	YoY Net Chg.
Share Split Factor	1	1	1	1	1	1	-
Earnings Per Share	101.39	100.46	159.90	180.58	151.45	199.55	-
Book Value Per Share	1,296.82	1,356.54	1,441.32	1,657.43	1,859.47	-	-
Dividend Per Share	40.00	35.00	40.00	45.00	52.00	52.00	-
Payout Ratio	39.5%	34.8%	25.0%	25.0%	34.4%	26.1%	-

Source: Company Data, WRJ Calculation

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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