

Review of Fiscal Year 2022 and Forecast for Fiscal Year 2023

Review of Fiscal Year 2022

The Group's orders, net sales, and operating income all increased year on year for the fiscal year 2022. Orders increased by 23.3% year on year (up 12.6% excluding the impact of foreign exchange rates), mainly due to the continued strong willingness of customers to invest against the backdrop of a full-fledged recovery in economic activity from COVID-19 since the latter half of the previous fiscal year and the impact of foreign exchange fluctuations. Net sales increased by 17.1% year on year (up 6.7% excluding the impact of foreign exchange rates). Operating income increased by 44.8% year on year (down 0.8% excluding the impact of foreign exchange rates), mainly due to an increase in net sales and the impact of foreign exchange fluctuations, despite the impact of lower gross margin and an increase in SG&A, and return on sales (ROS) was 9.7%.

Ordinary profit increased by 36.0% year on year. Profit attributable to owners of parent increased by 82.9% year on year, due to an increase in extraordinary income mainly owing to the reaction to the decrease in the previous fiscal year's recording of business restructuring expenses and loss on valuation of investment securities, and a decrease in tax expenses owing to the recoding of deferred tax assets. As a result, earnings per share (EPS) growth was 83.0% per year and return on equity (ROE) was 10.9%. Operating cash flow was approximately ¥40.4 billion.

Forecast for Fiscal Year 2023

The future world affairs and the global economy are becoming increasingly uncertain amidst advance of inflation around the world, and prolonged situation in Russia and Ukraine causing stressed energy supply-and-demand, surging prices for resources and raw materials, and heightened geopolitical tensions.

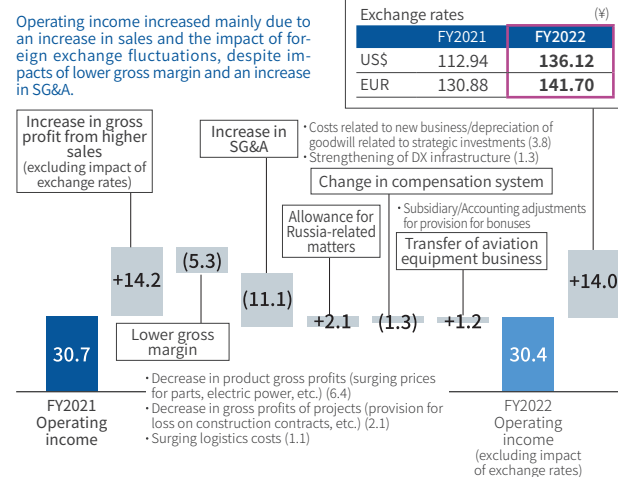
The Group's consolidated earnings forecast for the coming fiscal year is projected to a decrease in orders based on an expectation of slow growth for the global economy as a whole, a perception that the cycle of orders received for large-scale projects restarted after COVID-19 was coming to an end, and the expectation of a slowdown in investment in the materials industry. Net sales and operating income are expected to grow to a limited extent due to ongoing difficulties in procuring production parts, including semiconductors, etc., and project-procured products. As a result, ordinary profit is expected to increase slightly, while profit attributable to owners of parent is expected to increase due to gains on sales of investment securities.

■ Review of Fiscal Year 2022 and Forecast for Fiscal Year 2023

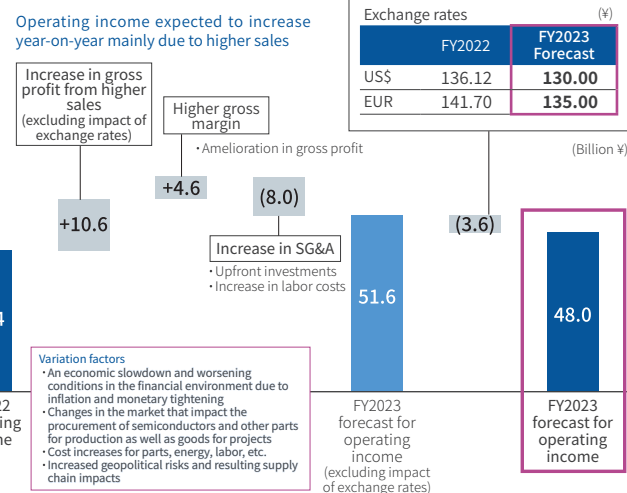
	FY2021 Results (A)	FY2022 Results (B)	FY2023 Forecast (C)	Difference (B-A)	% change (B/A-1)	Difference (C-B)	% change (C/B-1)
Orders (Billions of yen)	420.5	518.4	490.0	+97.9	+23.3%	(28.4)	(5.5%)
Net sales (Billions of yen)	389.9	456.5	470.0	+66.6	+17.1%	+13.5	+3.0%
Operating income (Billions of yen)	30.7	44.4	48.0	+13.7	+44.8%	+3.6	+8.1%
ROS (%)	7.9	9.7	10.2	+1.9 pt	—	+0.5 pt	—
Ordinary income (Billions of yen)	35.7	48.6	49.0	+12.9	+36.0%	+0.4	+0.8%
Profit attributable to owners of parent (Billions of yen)	21.3	38.9	44.0	+17.7	+82.9%	+5.1	+13.1%
EPS (yen)	79.67	145.81	164.84*	+66.14	+82.9%	+19.03	+13.1%
ROE (%)	6.6	10.9	—	+4.3 pt	—	—	—
Exchange rate to 1 U.S. dollar (Yen)	112.94	136.12	130.00	+23.18	—	(6.12)	—

*At the meeting of the Board of Directors held on May 9, 2023, we made a resolution on the acquisition of own shares (acquisition period: From May 22, 2023, to December 29, 2023). EPS (¥) in the forecast for fiscal year 2023 does not reflect the impact of this acquisition of own shares. Accordingly, the forecast may change, depending on status of the future acquisition of own shares.

■ Factors accounting for increase/decrease in operating income (result)



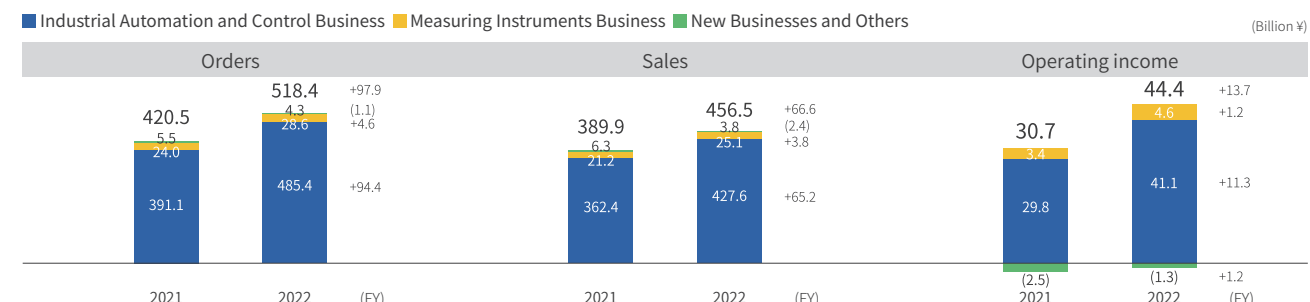
■ Factors accounting for increase/decrease in operating income (forecast)



Fiscal Year 2022 Results by Segment

Please see Financial Highlights on page 98

Both orders and net sales of the Industrial Automation and Control Business increased year on year. Orders increased by 24.1% year on year (up 13.4% excluding the impact of foreign exchange rates) and net sales increased by 18.0% year on year (up 7.5% excluding the impact of foreign exchange rates). Operating income increased by 38.1% year on year (down 2.1% excluding the impact of foreign exchange rates) mainly due to increased net sales and foreign exchange fluctuations. Net sales and operating income of the Measuring Instruments Business increased 18.1% and 35.5% year on year respectively, mainly due to the impact of foreign exchange fluctuations. Net sales of New Businesses and Others decreased 38.7% year on year due to the transfer of the aviation equipment business and operating loss shrunk.



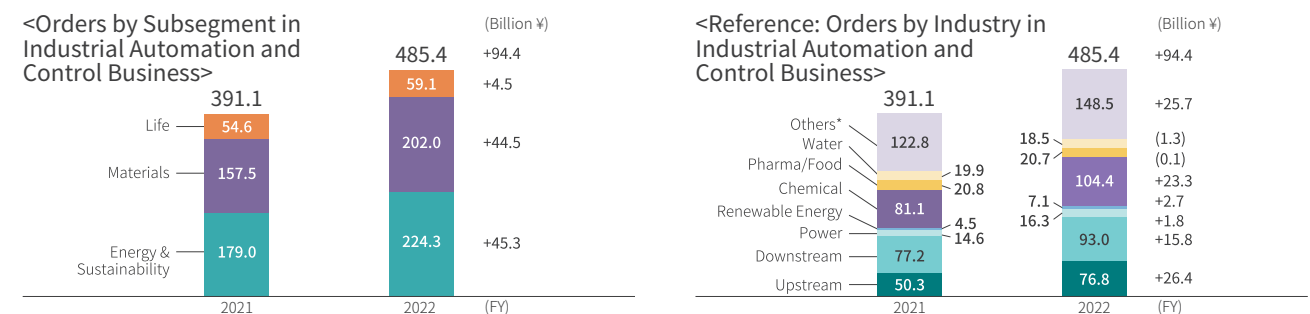
* Due to the transfer of the aviation equipment business, the name of the reportable segment previously known as the Aviation and Other Businesses has been changed to the New Businesses and Others from fiscal year 2022.

■ Orders by Subsegment in Industrial Automation and Control Business (Actual)

The Energy & Sustainability business increased by 25.3% year on year (up 12.8% excluding the impact of foreign exchange rates). Mainly, Upstream, Downstream, and Renewable energy have grown.

The Materials business increased by 28.3% (up 18.9% excluding the impact of foreign exchange rates). Mainly, Chemical industry has significantly grown and orders such as for steel materials and the battery industry also remained solid.

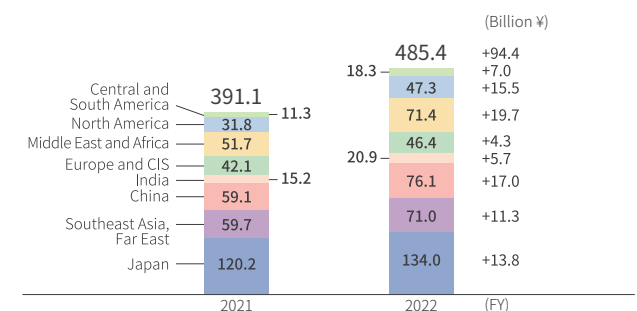
The Life business increased by 8.3% year on year (up 3.6% excluding the impact of foreign exchange rates).



* Main industry in Others: Electrical & electronic, iron & steel, pulp & paper, etc.

■ Orders by Region in Industrial Automation and Control Business (Actual)

Orders by region were up from the previous year in most regions. Orders in the Middle East and Africa, Central and South America, India, and North America remained strong. Orders in Japan and China also continued to be solid.



Balance Sheet

In comparison to March 31, 2022, total assets as of March 31, 2023, were up ¥62.7 billion to ¥618.6 billion, mainly due to increases in accounts receivable – trade, contract assets, and investment securities. In addition, total liabilities were ¥231.8 billion, up ¥16.2 billion compared to March 31, 2022, mainly due to increases in commercial papers and contract liabilities. As of March 31, 2023, net assets were ¥386.8 billion, up ¥46.5 billion compared to March 31, 2022, mainly due to the recognition of profit attributable to owners of parent and an increase in foreign currency translation adjustment. As a result, the shareholders' equity ratio was 61.4%, up 1.4 percentage points from the end of the previous fiscal year.

