



(Reference Translation)

Financial Results Briefing



for the Fiscal Year ended March 2021



May 27, 2021

Securities Code: 7247

MIKUNI CORPORATION

Financial Results Briefing

May 27, 2021 Thursday 14:00-15:00 at Mikuni Building

Agenda

1. Consolidated Financial Results for the Fiscal Year ended March 31, 2021

Hideki TAKAHASHI

Director, Senior Executive Officer, CFO

(15 minutes)

2. Outline of the Mid-term Vision

Hisataka IKUTA

President, CEO & COO

(15 minutes)

3. Q&A session

(30 minutes)

Consolidated Financial Results for the Fiscal Year ended March 31, 2021

Net Sales and Composition Ratio by Business Segment

Other Business



2%

Welfare vehicles, nursing care equipment and consumer products

Turf-Care Equipment



3%

Sales of Turf-care equipment etc.

Aircraft Parts Import and Sale



19%

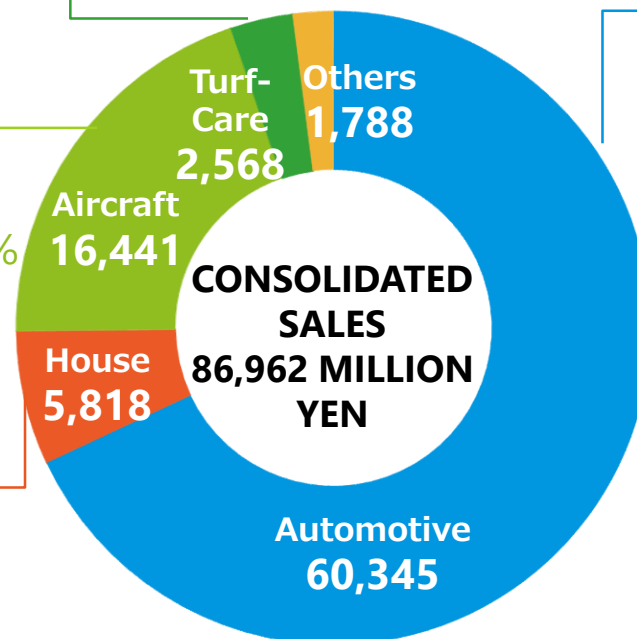
Precision forged products, etc.

Household Appliances Device Products



7%

Safety shut-off devices for gas appliances, gas control devices and other various flow control devices



Automotive-related Products

69%

» for Four-wheelers
AUTOMOBILE



» for Two-wheelers
MOTORCYCLE



Electronic Fuel Injection Systems
Carburetors, Pumps

FY ended March 2021 (April 2020 - March 2021)

Net sales down 21.3%, but operating income and ordinary income remain in the black.

- The rapid decline in demand due to the spread of COVID-19 bottomed out in the second quarter.
- Profit level exceeded the forecast due to the effect of reduction of COGS (cost of goods sold) and fixed costs.

OPERATING RESULTS BY SEGMENT (Year-on-Year changes)

Automotive Products Business (decrease in sales and profit)

- Demand for products for automobiles and motorcycles recovered after the summer following a sharp drop.
- In India, after the lockdown was lifted, sales were very favorable mainly for products for motorcycles that comply with exhaust gas regulations, and earnings were significantly higher than the previous year.

Household Appliances Device Products Business (sales flat, operating loss narrowed)

- As a result of reviewing the product strategy, operating loss decreased while sales remained flat.

Aircraft Component Import and Sales Business (decrease in sales and profit)

- Sales and profits decreased due to a significant drop in air passenger demand.

Turf-Care Equipment, etc. Sales Business (decrease in sales, operating loss narrowed)

- Sales decreased due to reluctant capital expenditure by customers, but operating loss decreased due to a review of the product mix.

Summary of Income Statement



	FY2019	FY2020	Year-on-Year Change	FY2022 Forecast
(Millions of yen)				
Net sales	110,499	86,962	(23,537)	84,400
Net sales operating income	2,410	569	(1,840)	3,000
Ordinary income	1,858	597	(1,261)	2,200
Net income attributable to owners of the parent	(4,014)	(125)	3,889	800
Net income per share (yen)	(119.30)	(3.73)	115.57	23.82
Dividend per share (yen)	10.00	5.00	(5.00)	10.00
Exchange rate against the U.S. dollar (yen)				
Average rate for the period	109.03	106.76		(Assumed rate for the full year: US\$ = 108 yen)
Year-end	109.56	103.50		

- (Note) 1. Amounts less than one million yen are discarded.
 2. Annual dividend of 5.00 yen for FY2020 will be proposed at the ordinary general meeting of shareholders to be held on June 29, 2021.
 3. In order to apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) from the beginning of the fiscal year ending March 31, 2022, the above consolidated earnings forecasts are forecasts after applying the Accounting Standard.

Net Sales and Operating Income by Business Segment (FY2019 and FY2020)

(Millions of Yen)	FY2019		FY2020		Change in Net Sales		Change in Operating Income	
	Net Sales (Sales ratio)	Operating Income (Operating income ratio)	Net Sales (Sales ratio)	Operating income (Operating income ratio)	Amount	Ratio	Amount	Ratio
Automotive Products	70,200 63.5%	2,736 3.9%	60,345 69.4%	772 1.3%	(9,855)	(14.0)%	(1,963)	(71.8)%
Household Appliances	5,819 5.3%	(345) —	5,818 6.7%	(221) (—)	(0)	(0.0)%	124	—
Aircraft Component	28,733 26.0%	346 1.2%	16,441 18.9%	190 1.2%	(12,292)	(42.8)%	(156)	(45.1)%
Turf-Care Equipment	3,462 3.1%	(386) —	2,568 3.0%	(169) (—)	(893)	(25.8)%	216	—
Other Business	2,284 2.1%	59 2.6%	1,788 2.1%	(2) (—)	(495)	(21.7)%	(61)	—
Total	110,499 2.2%	2,410 0.7%	86,962	569	(23,537)	(21.3)%	(1,840)	(76.4)%

(Note) Amounts less than one million yen are discarded.

Net Sales and Operating Income by Business Segment



Forecast for the FY ending March 31, 2022

Net Sales and Operating Income by Business Segment (FY2020 and FY2021)

(Millions of Yen)	FY2020		FY2021 Est.		Change in Net Sales		Change in Operating Income	
	Net Sales (Sales ratio)	Operating Income (Operating income ratio)	Net Sales (Sales ratio)	Operating income (Operating income ratio)	Amount	Ratio	Amount	Ratio
Automotive Products	60,345 69.4%	772 1.3%	69,000 81.8%	2,660 3.9%	8,654	14.3%	1,887	244.2%
Household Appliances	5,818 6.7%	(221) —	7,100 8.4%	30 0.4%	1,282	22.0%	251	—
Aircraft Component	16,441 18.9%	190 1.2%	1,700 2.0%	160 9.4%	(14,741)	(89.7)%	(30)	(15.8)%
Turf-Care Equipment	2,568 3.1%	(169) —	4,200 5.0%	60 1.4%	1,631	63.5%	229	—
Other Business	1,788 2.1%	(2) —	2,400 2.8%	90 3.8%	611	34.2%	92	—
Total	86,962 0.7%	569 0.7%	84,400 3.6%	3,000 3.6%	(2,562)	(2.9)%	2,430	427.0%

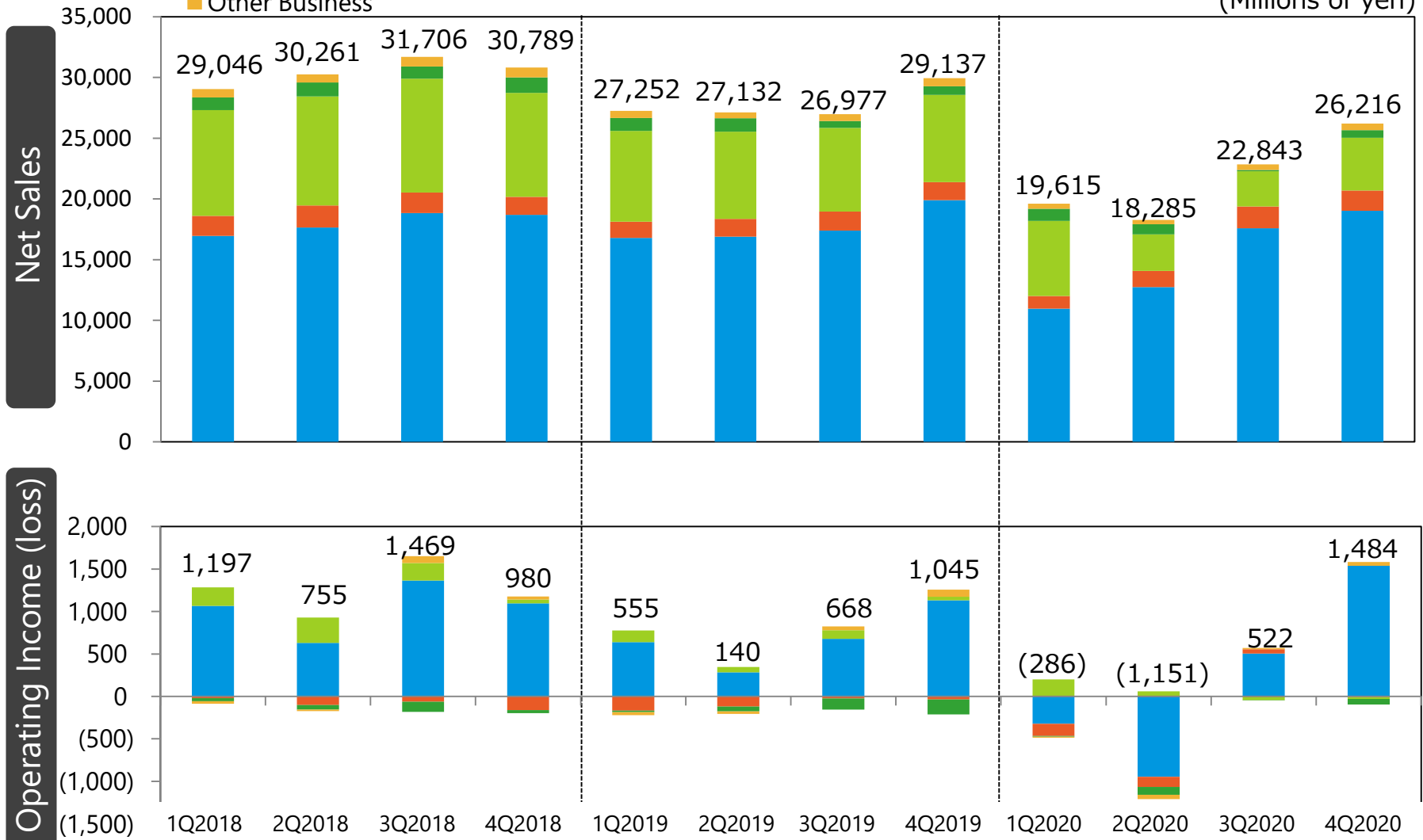
(Note)1. Amounts less than one million yen are discarded.

2. Adoption of "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the FY ending March 2022 (Changes in net sales are for reference only)

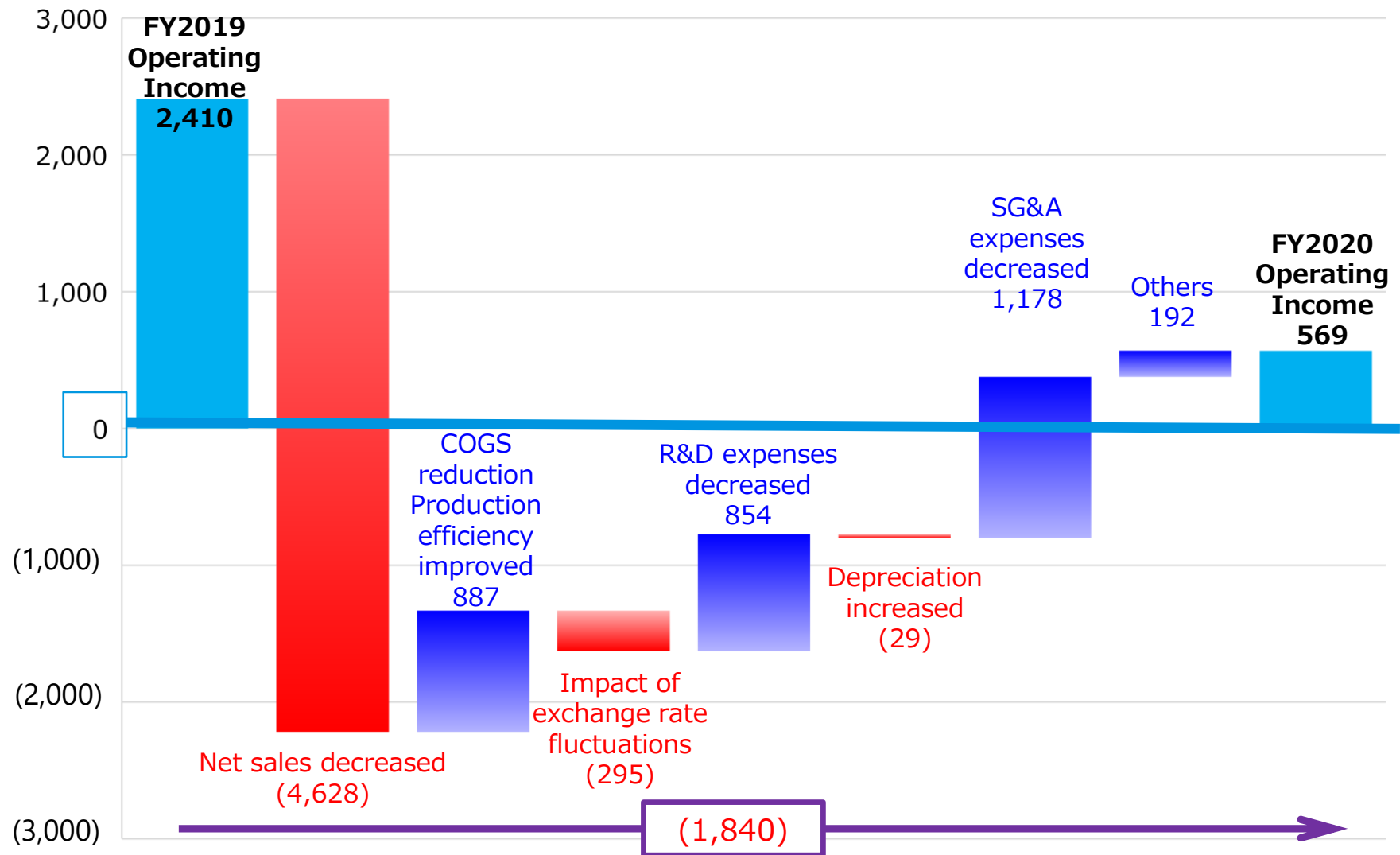
Transition of Quarterly Net Sales and Operating Income

- Automotive Products Business
- Household Appliances Device Products Business
- Aircraft Parts Import and Sales Business
- Turf-Care Equipment Sales Business
- Other Business

(Millions of yen)



(Millions of yen)



(Note) The figures inside the parentheses indicate negative values.

Summary of Balance Sheet

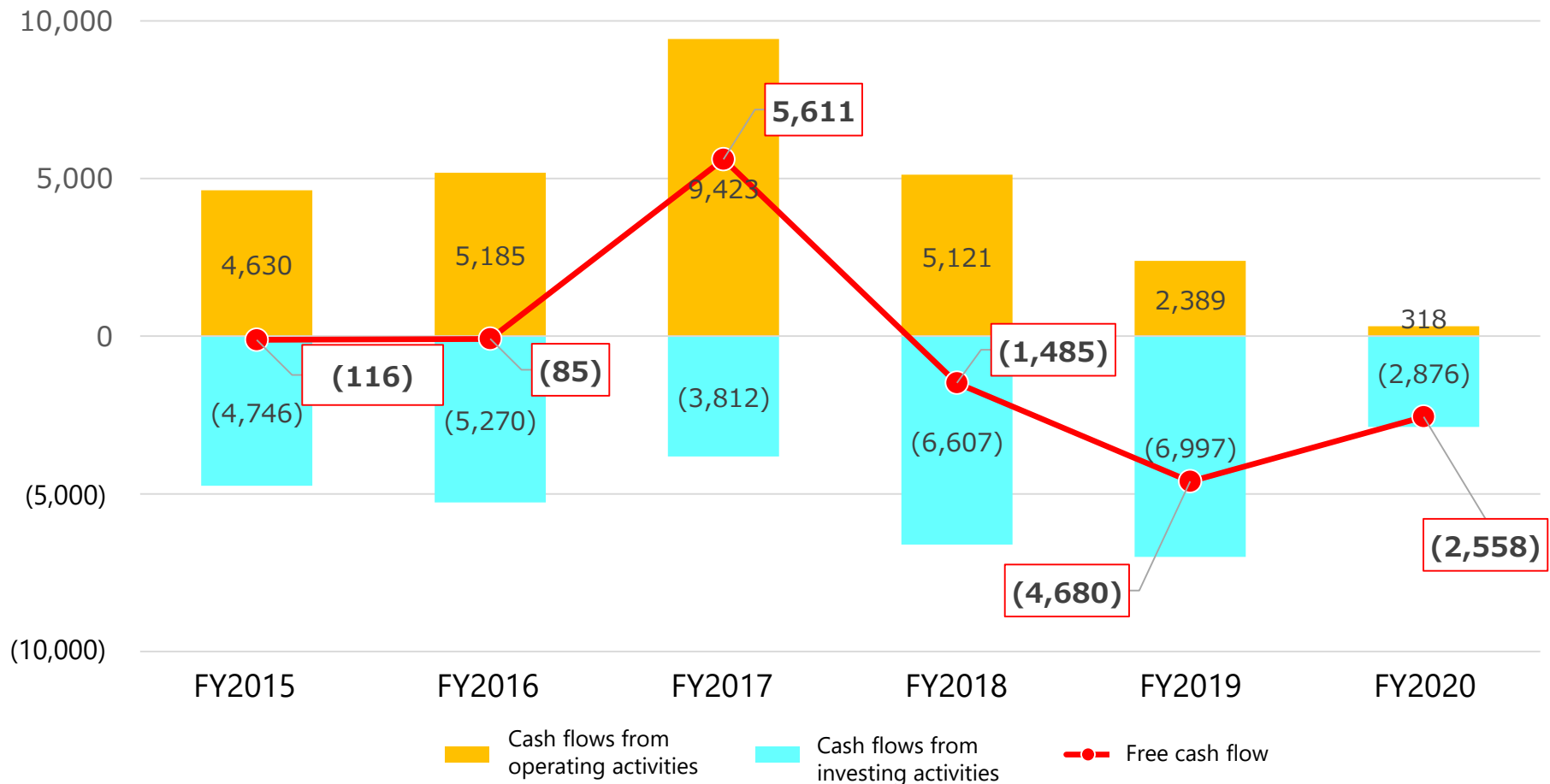


(Millions of yen)	End of March 2020	End of March 2021	Change in amount
Current assets	43,178	46,474	3,295
Fixed assets	47,217	47,417	199
Total assets	90,396	93,891	3,495
Current liabilities	31,206	31,218	11
Fixed liabilities	32,462	34,276	1,814
Net assets	26,726	28,396	1,669
Total liabilities and net assets	90,396	93,891	3,495
Shareholders' equity ratio	28.6%	29.4%	—
Net assets per share	767.72Yen	822.12Yen	—

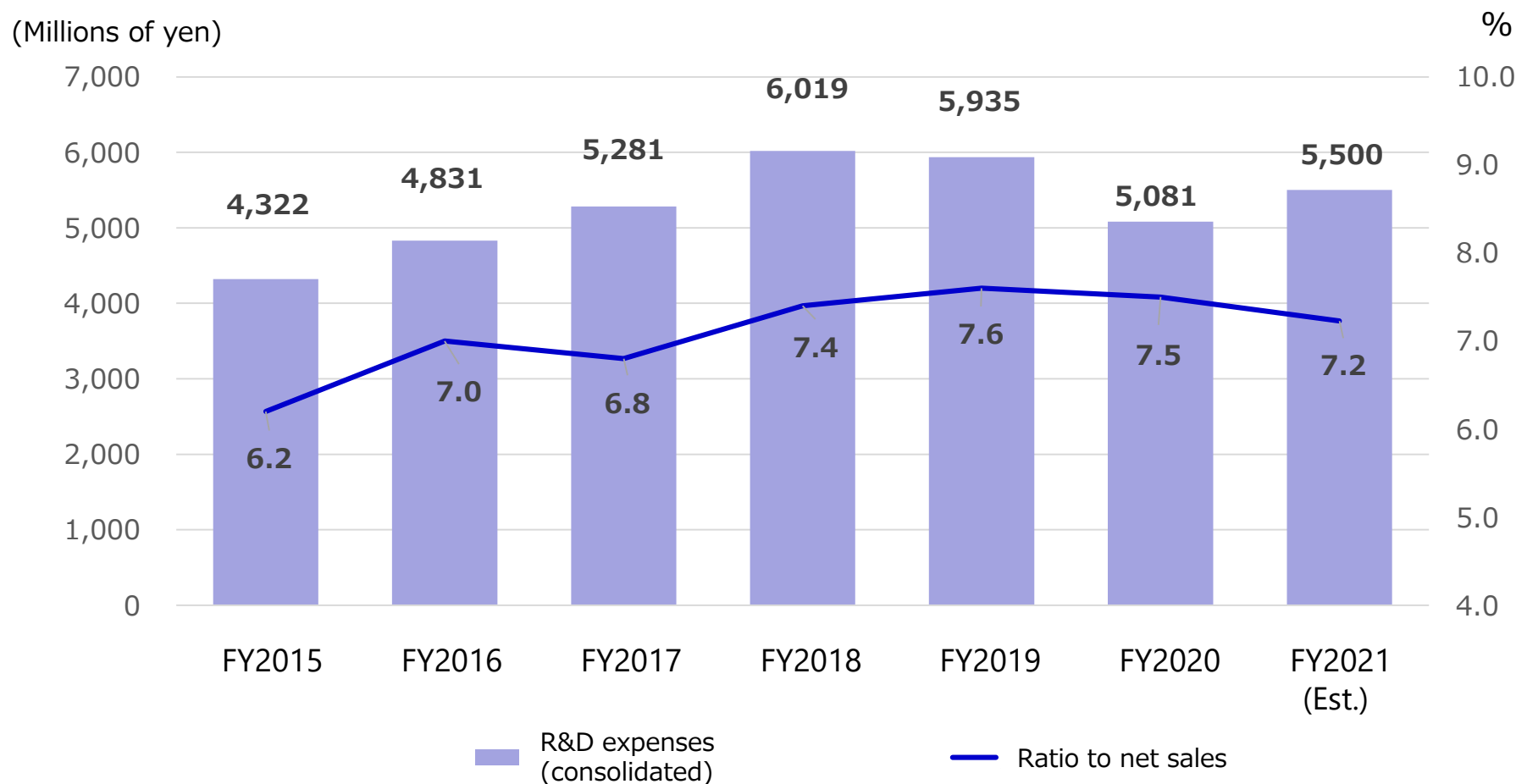
(Note) Amounts less than one million yen are discarded.

In addition to the 5.4 billion yen positive cash flow attributable to income statement (profit + depreciation), the negative investment cash flow narrowed due to reduced capital expenditures and the sale of shares. Despite a decrease in operating cash flow due to an increase in inventory, the company managed to keep free cash flow negative to 2.5 billion yen.

(Millions of yen)



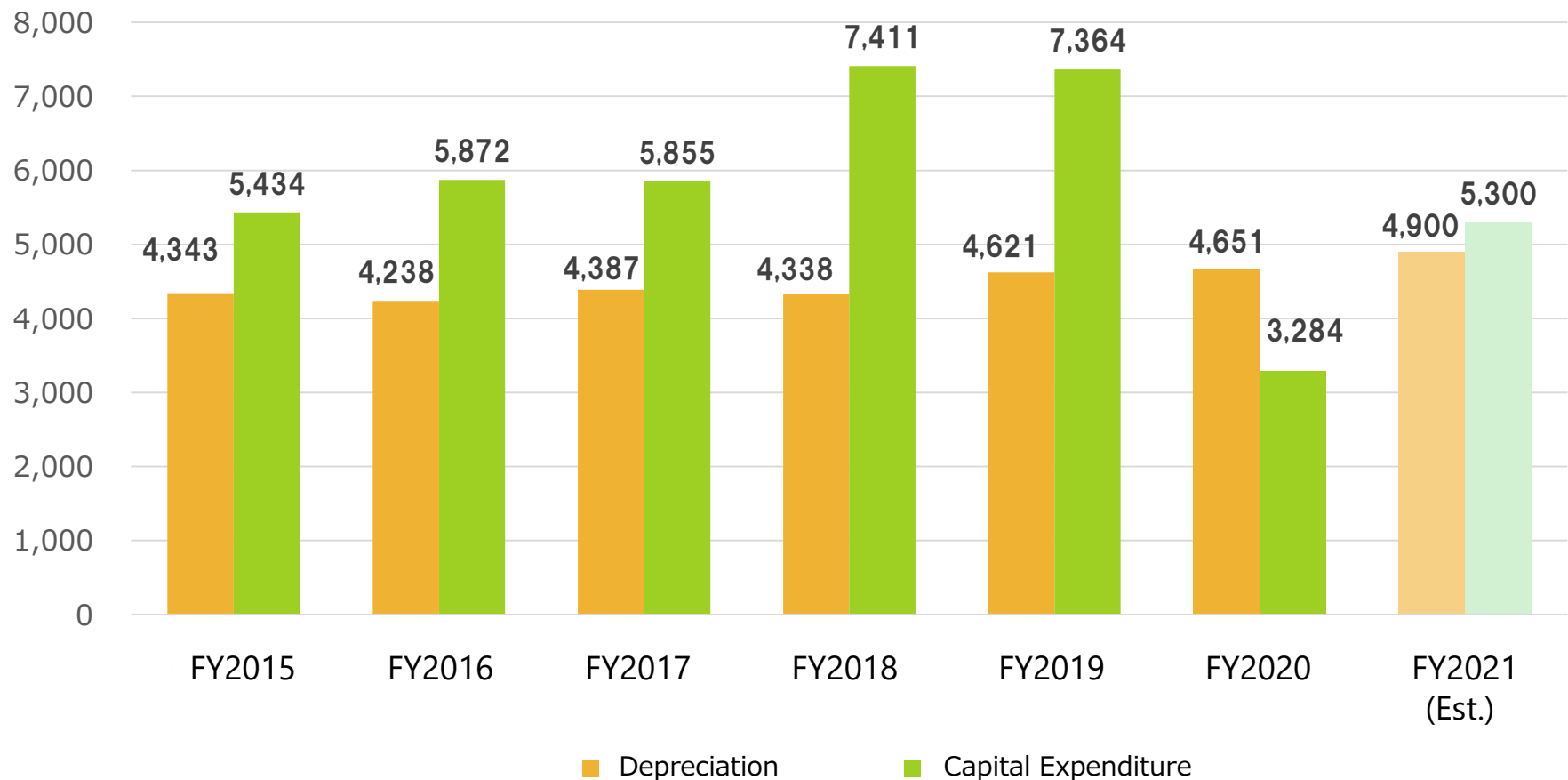
The actual R&D expenses for FY2020 were 5.08 billion yen against the projected amount of 5.3 billion yen. Continuing activities to improve development efficiency resulted in a decrease of 0.8 billion yen from the previous fiscal year.



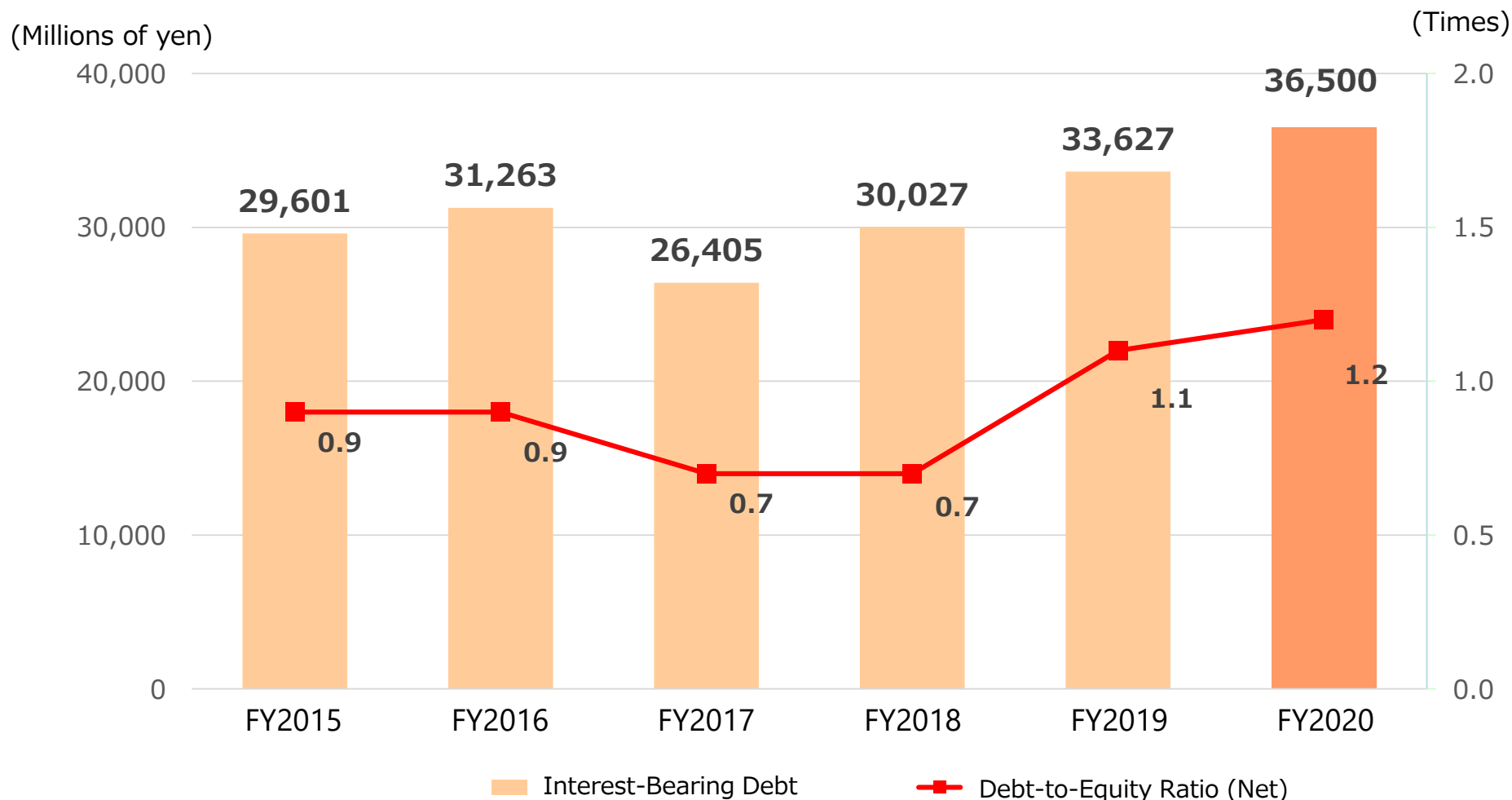
(Note) The above net sales do not include the net sales of the aircraft component import and sales business, the turf-care equipment sales business, and other businesses.

In addition to the fact that capital expenditure was pushed back due to the COVID-19 pandemic, the entire Group assessed investment efficiency, timing, and priority from the perspective of cash conservation, and as a result, capital expenditure for FY2020 was -55% compared to the previous fiscal year, which was within the scope of depreciation.

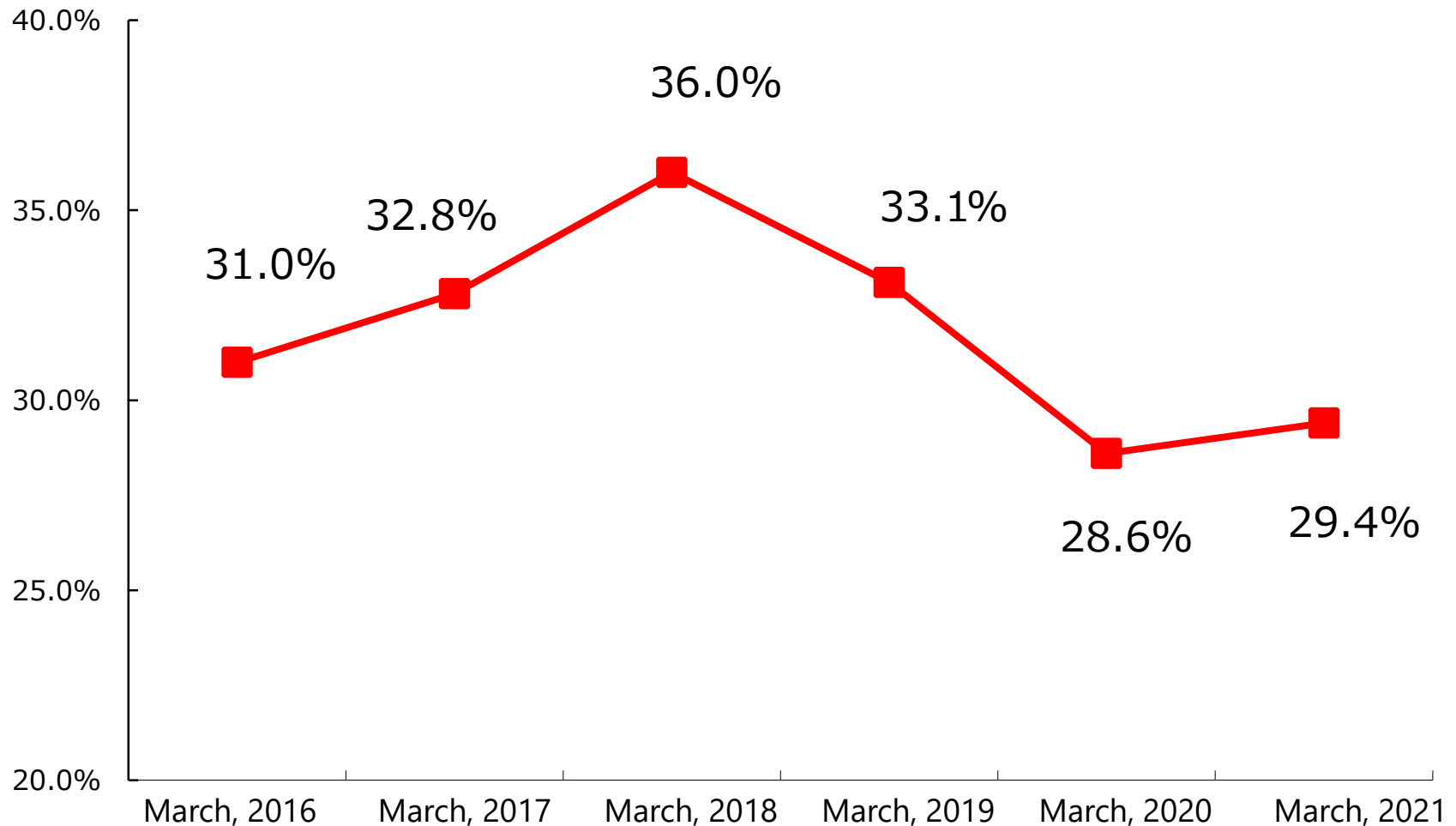
(Millions of yen)



Interest-bearing debt increased by 2.9 billion yen due to the negative free cash flow. Net debt-to-equity ratio increased to 1.2 times.



Although there were losses and dividends for the fiscal year, as well as the depreciation of local currencies (which reduced the value of assets and liabilities of overseas subsidiaries), net assets increased due to the rise in the share prices of listed stocks held by the company, and the equity ratio rose.



Mid-term Vision

The revised “Vision2023 Final STAGE”

Changes from the Previous Plan

- Responding to the movement toward solving global social issues
 - Strengthen specific initiatives for climate change and digitalization
- Review market trend forecasts after the COVID-19 pandemic
 - Re-establishment of quantitative management targets



2nd STAGE
FY2016-18

1st STAGE
FY2013-15

FY2019-23

Final STAGE

**VISION
2023**

突破力 × 誇 hokori
BREAK THROUGH

(The power to break through and pride)

Corporate Philosophy

With a global perspective, Mikuni will contribute to the realization of an affluent society by making full use of our human resources and technology.

Long-term Environmental Vision

We will continue to be a valuable entity in solving the environmental issues of countries, regions, and customers.

2030

Toward the achievement of the Paris Agreement and SDGs

2050

Toward the Carbon Neutral



We will realize a cycle of improving the sustainability of the earth and society, as well as our own development, by carrying out activities in accordance with our corporate philosophy.

SUSTAINABLE DEVELOPMENT GOALS



Three goals that are closely related to our business activities



Targets to be focused on

- Strengthen R&D capabilities
- Environmentally friendly manufacturing with clean technology
- Increasing the efficiency of resource use
- Improving knowledge and capabilities to cope with climate change
- Reduce emissions of chemical substances and waste throughout the product life cycle

in Production Plants

Energy-efficient factories



Reduction of GHG
(Greenhouse Gases)

Fuels with low CO2 emission factors



LNG storage facility in
Kikugawa plant (Shizuoka
Prefecture)

Use of Renewable Energy



Efforts to increase CO2
absorption

to Our Customers

Through our business activities, we contribute to improving the environmental performance of the products that our customers provide to society.

Automotive-related
Products



Household
Appliances
Device
Products



Aircraft Component
Import and Sales



Turf-Care Equipment, etc
Sales



Life & Support



Three key drivers of growth in business strategy, regional strategy, and HR strategy

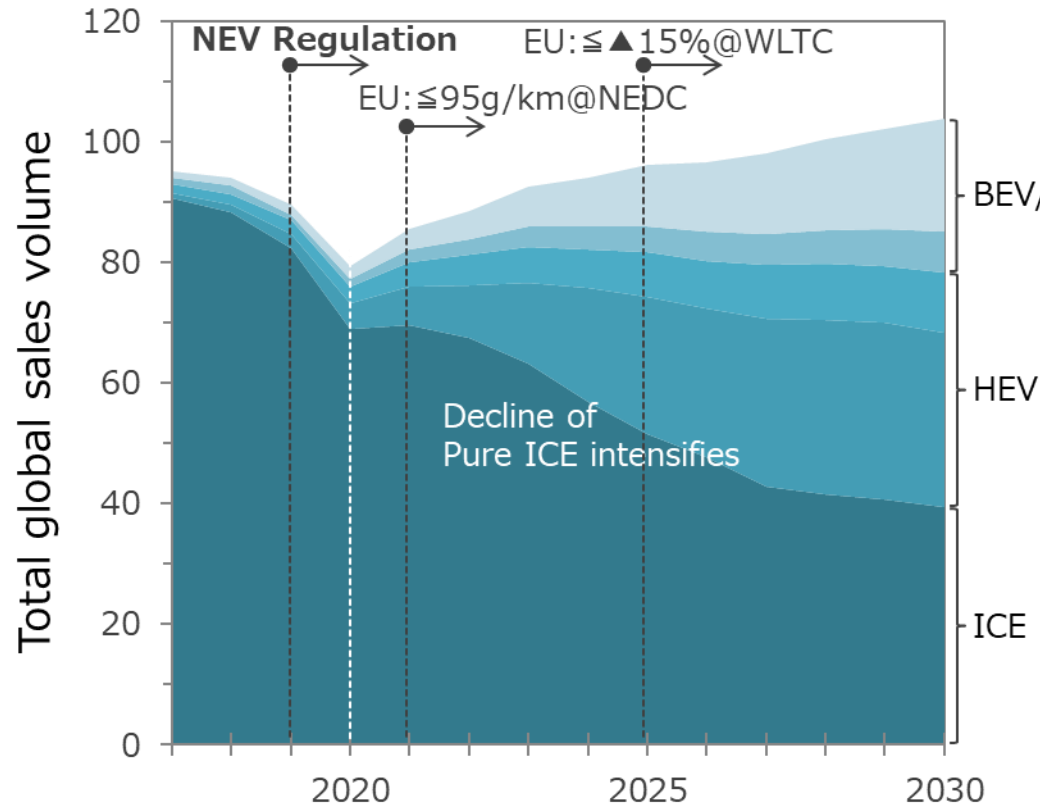
1. Optimal allocation of firm resources (people, goods, and money)
2. Improve competitiveness
3. Promotion of human capital management

Promotion of business strategy (5 business domains)

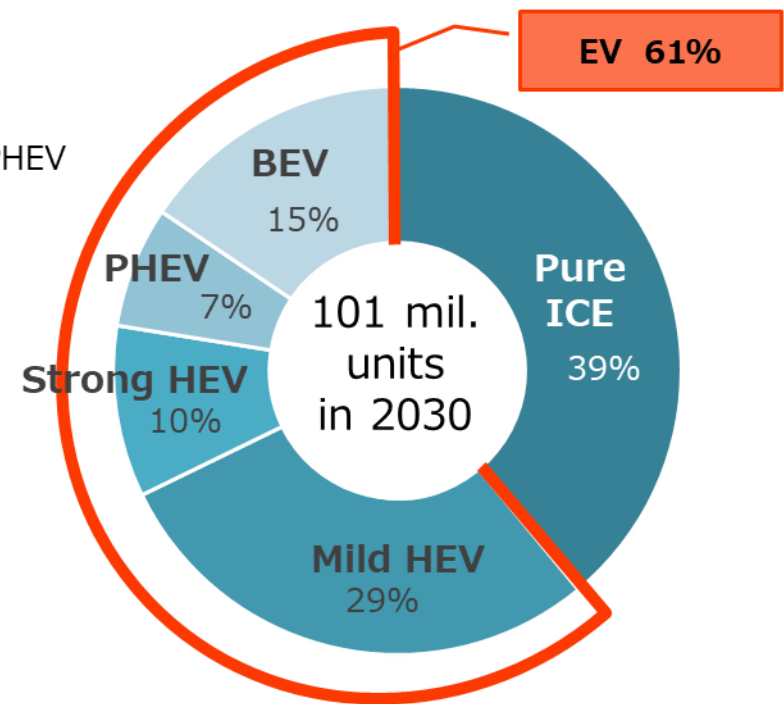


- After the coronavirus disaster, the annual sales volume will not recover to 90 million units until 2023 or later.
- Stricter environmental regulations will be enforced worldwide, and the ratio of electric vehicles will exceed 60%.

Forecast of Automobile Trends



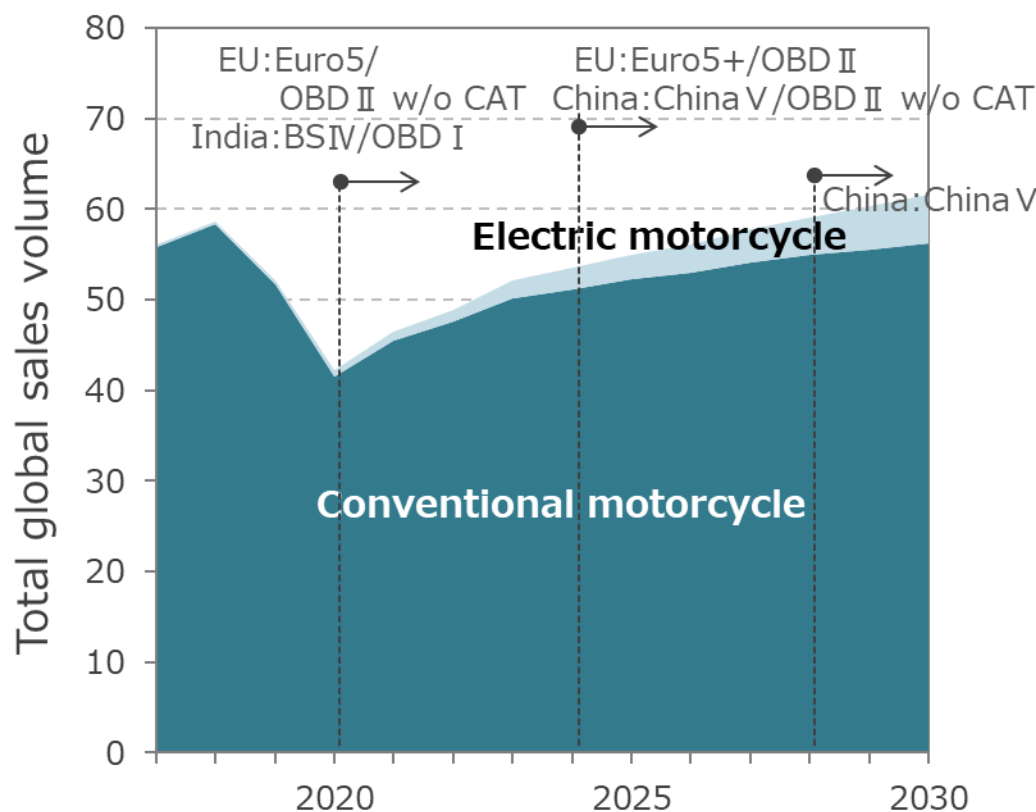
Market Share by Powertrain in 2030



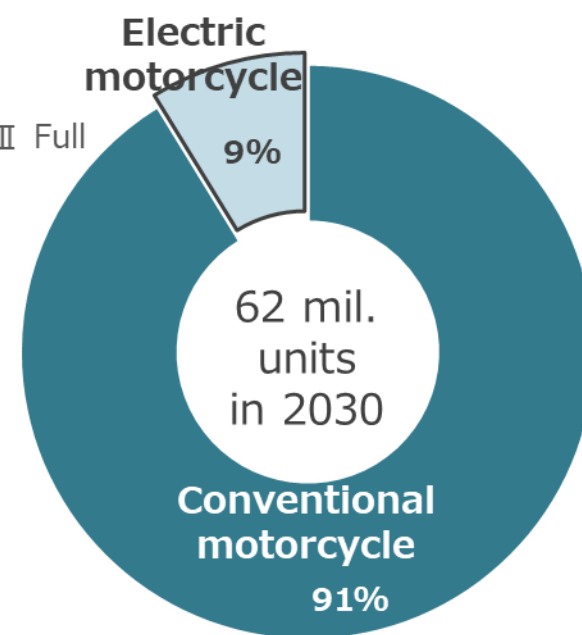
Source:
Prepared based on IHS Markit Fall 2020 Briefing Database.

- After the corona virus disaster, demand will expand mainly in India, and the global motorcycle production volume will increase to 62 million units in 2030.
- Environmental regulations will be tightened in each country and region, but progress in electrification will be slow.

Forecast of Motorcycle Trends

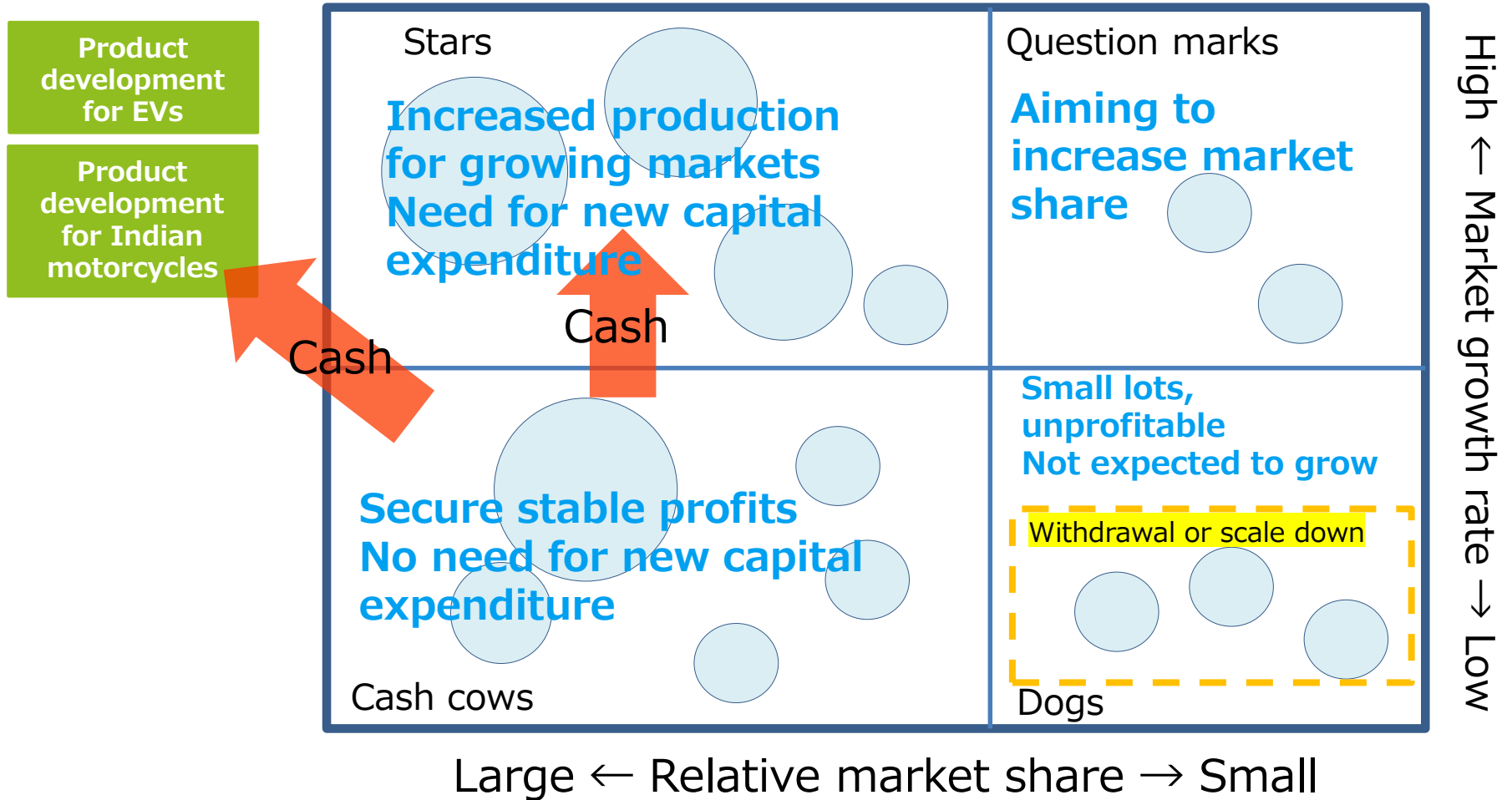


Market Share of Electric Motorcycle in 2030

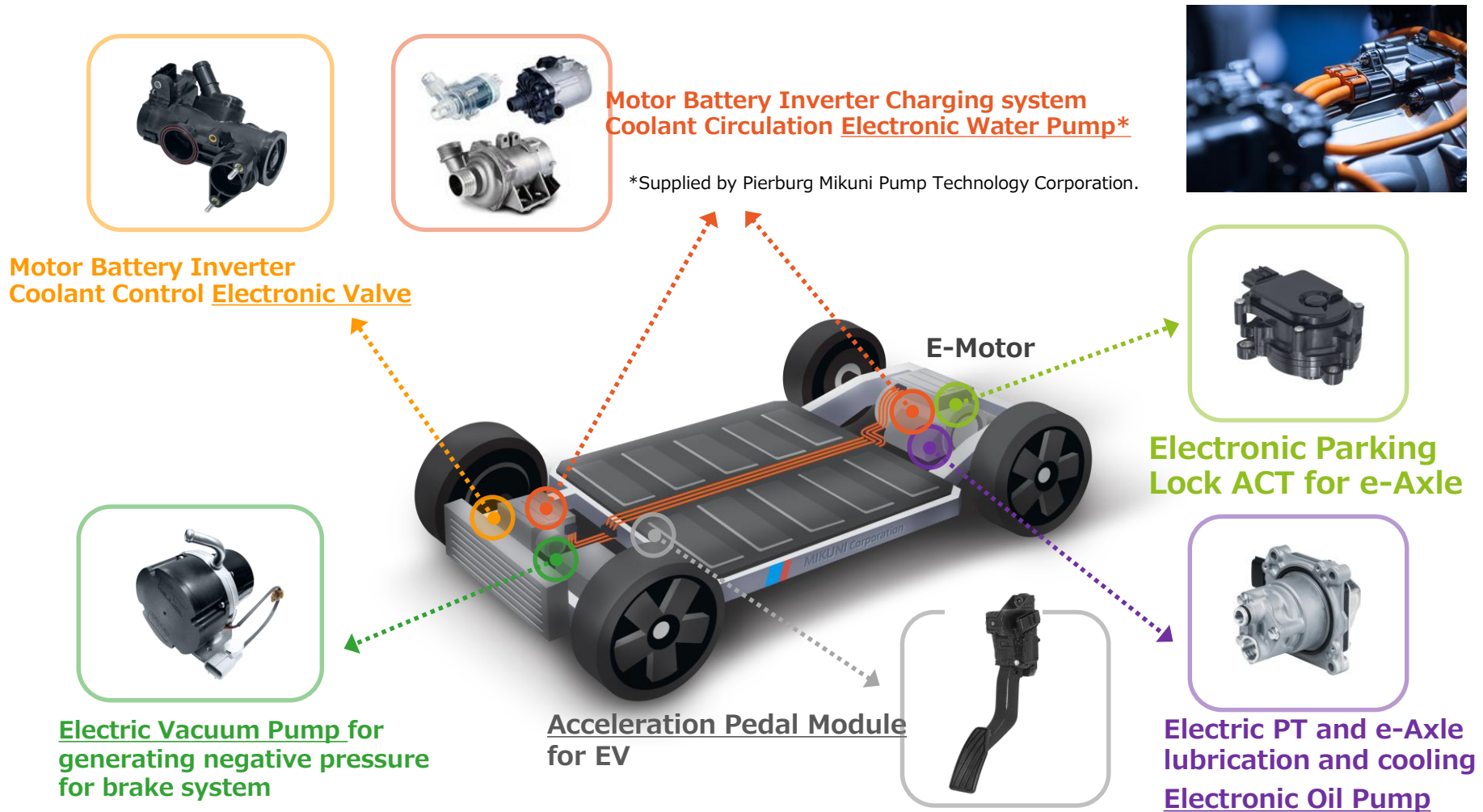


Source:
Current Status and Future Prospects of the Global
Motorcycle Industry (FOURIN)

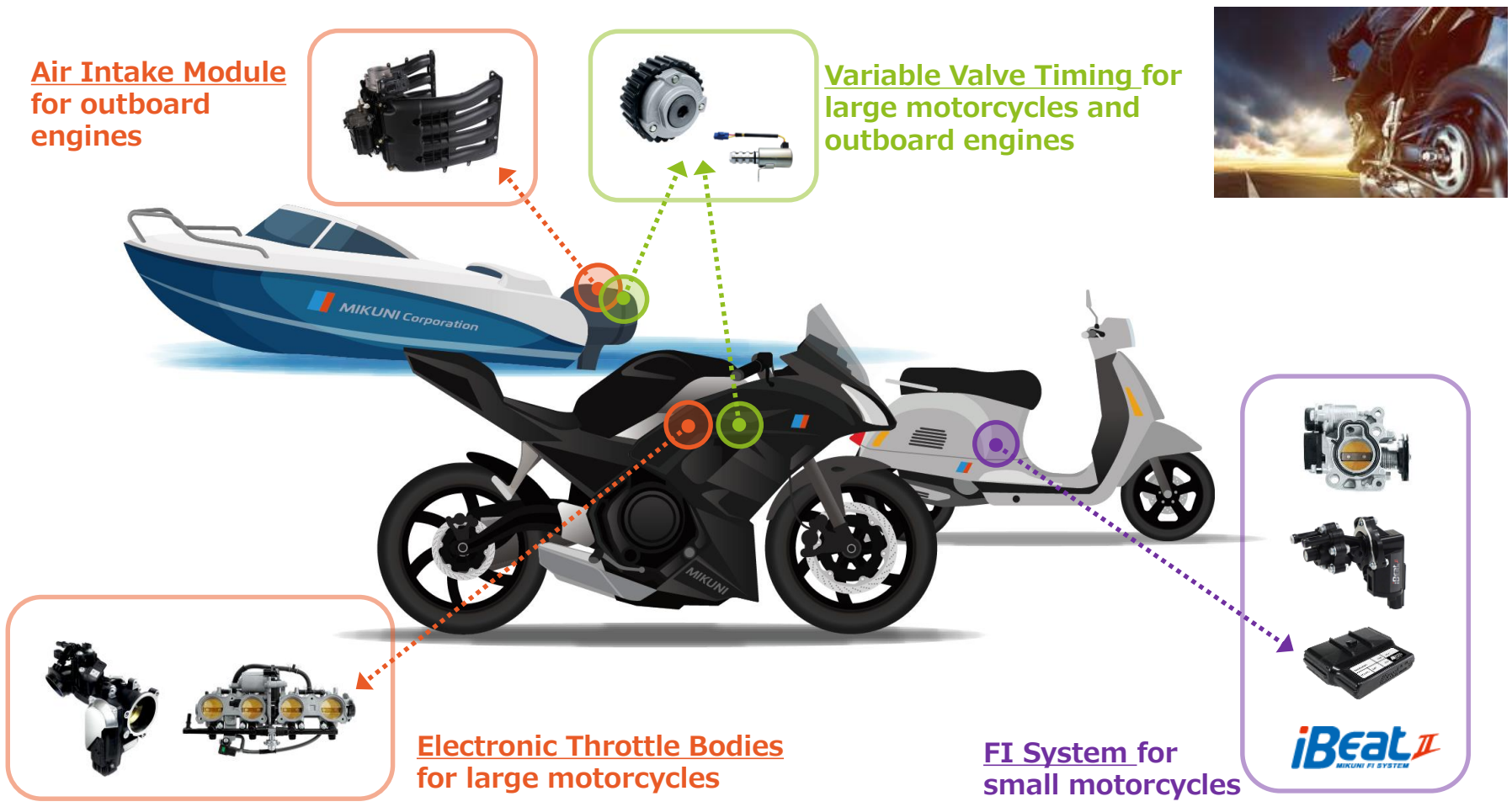
Allocate firm resources (people, goods, and money) from the perspective of total optimization



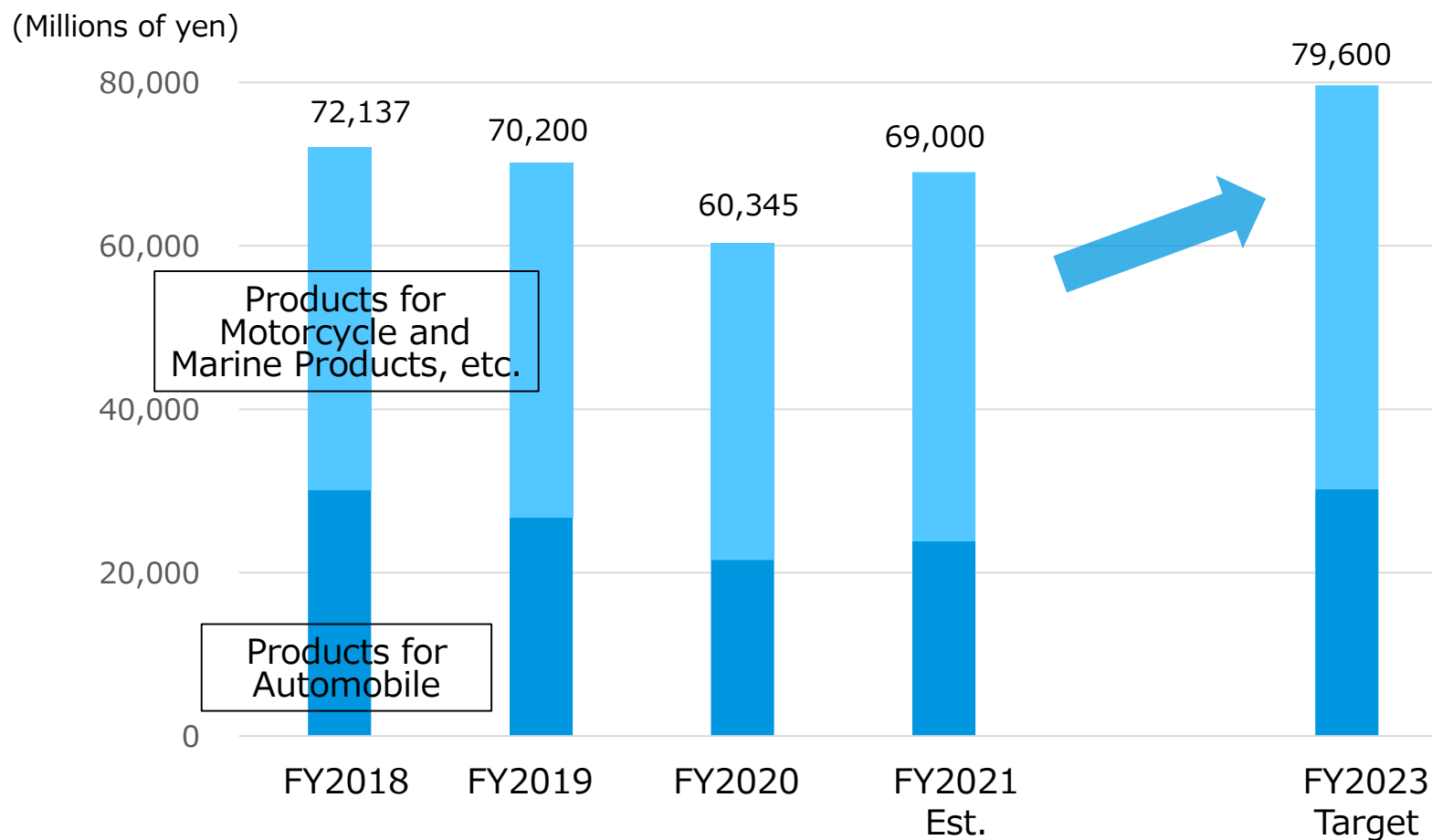
Actively invest management resources in the strategic development of products that utilize Mikuni's elemental technologies for electric vehicles.



Improving environmental performance of motorcycle and marine products around the world by introducing Mikuni's technologies and further enhancing our presence in the market.



Automotive-related Products

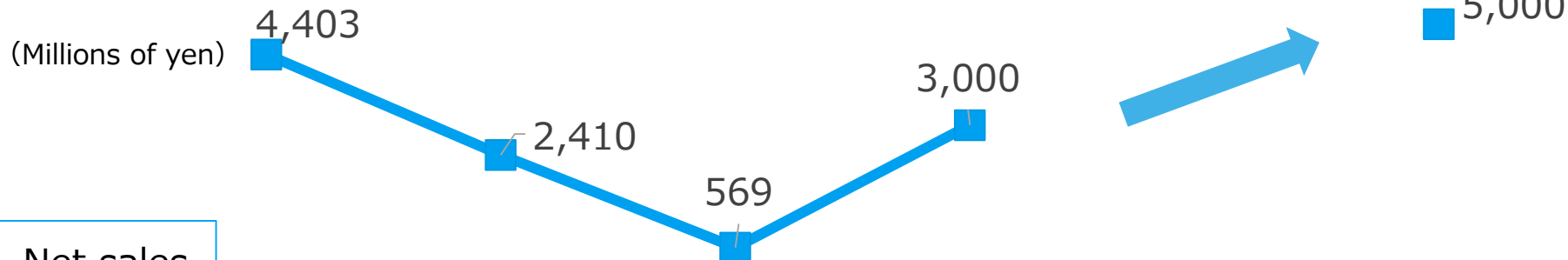


Mid-term Vision (KGI/KPI)

Targets of the Mid-term Vision

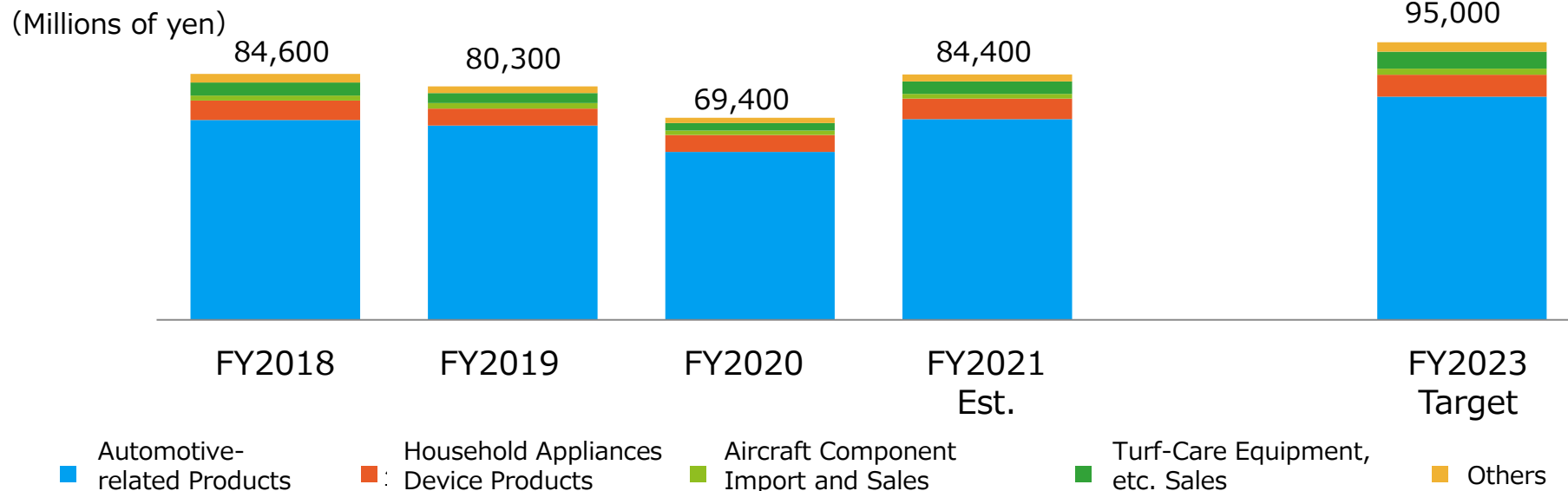
FY2023	Net Sales	: 95 billion yen
	Operating Income	: 5 billion yen
	Profit Margin	: 5.0% or higher

Operating income



Net sales

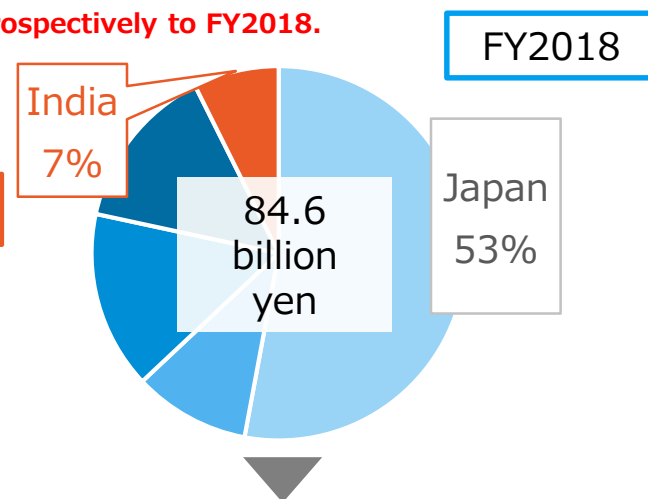
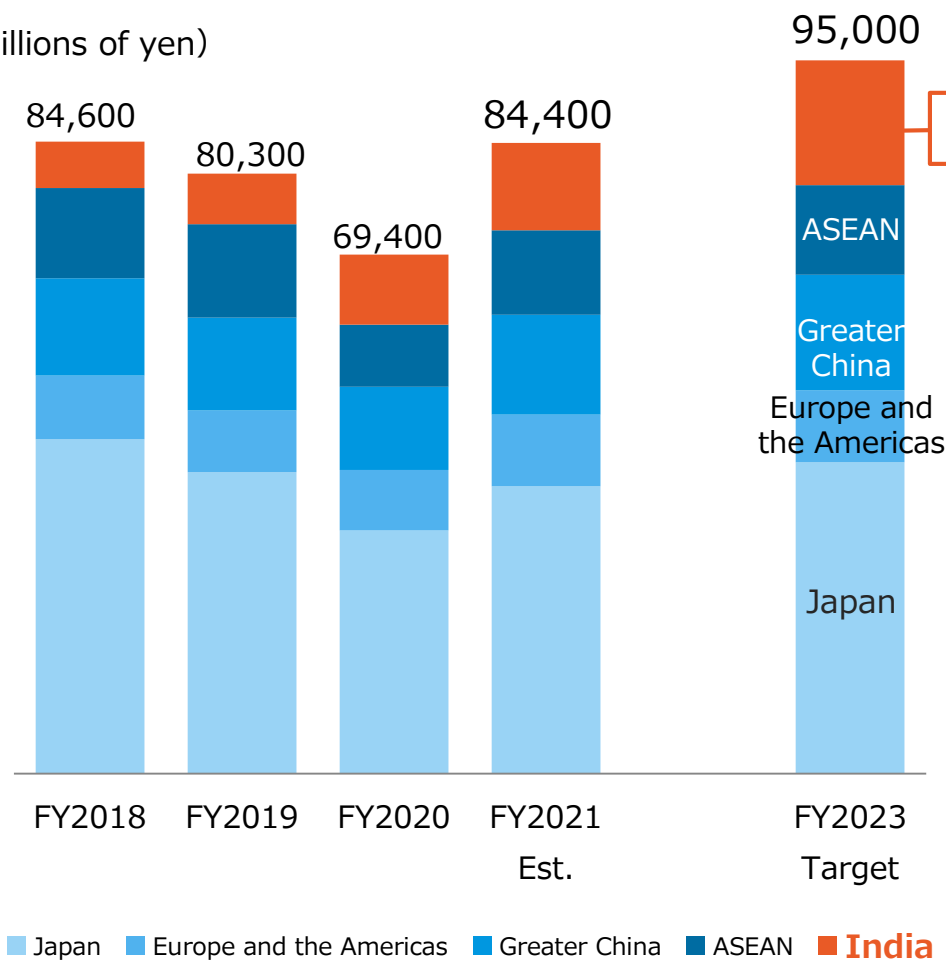
Figures based on the application of the accounting standard for revenue recognition **retrospectively to FY2018.**



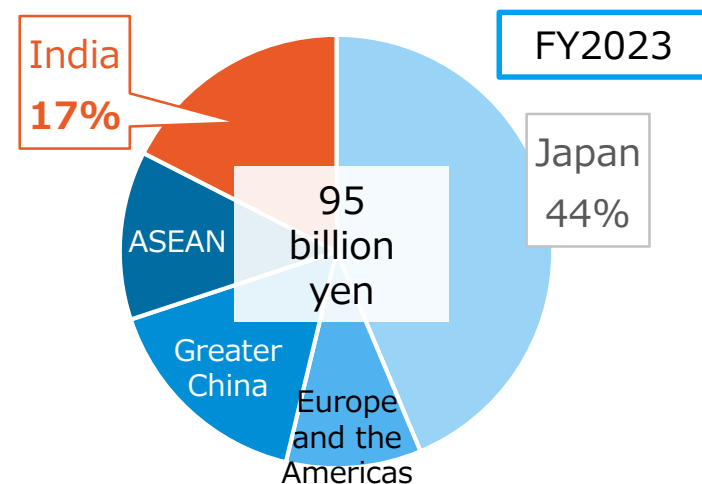
The automotive related business in India will be the driving force for growth of the entire Mikuni Group.

Figures based on the application of the accounting standard for revenue recognition **retrospectively to FY2018**.

(Millions of yen)

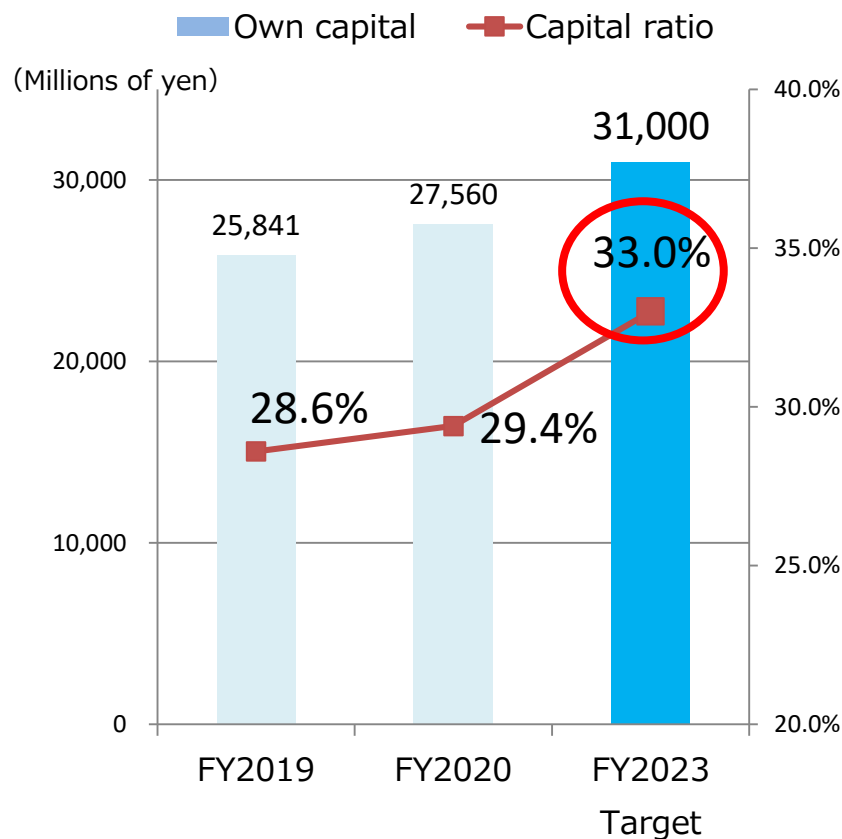


10 billion yen increase from India

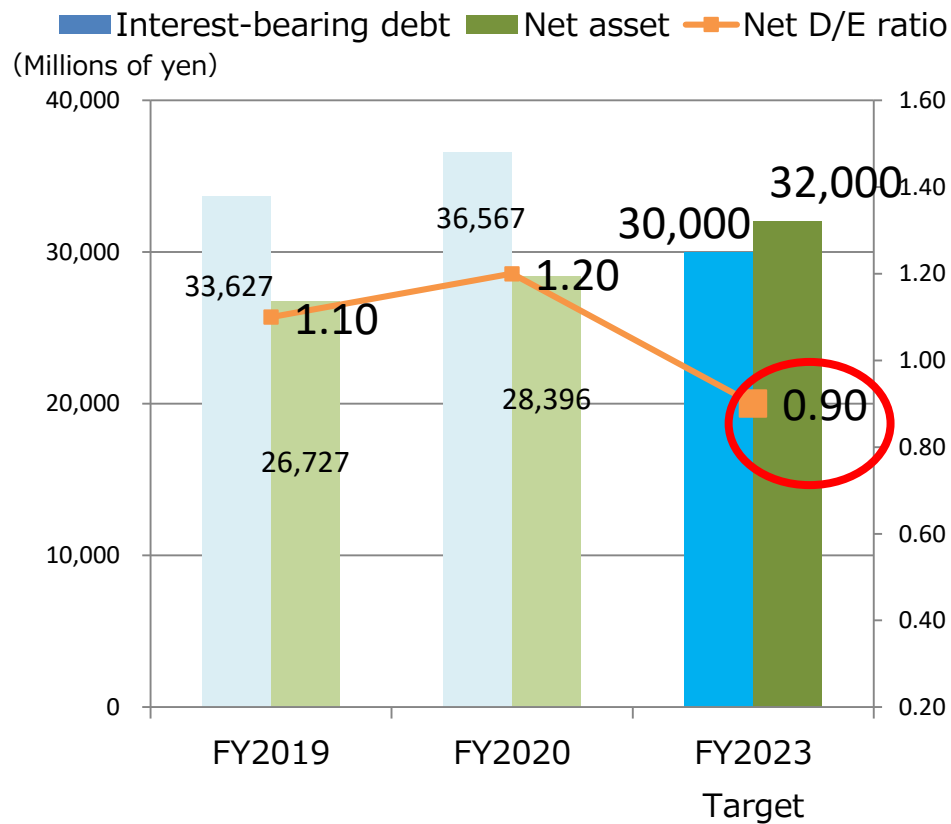


Recover capital ratio and debt-to-equity ratio to appropriate levels

Capital ratio
33% or higher



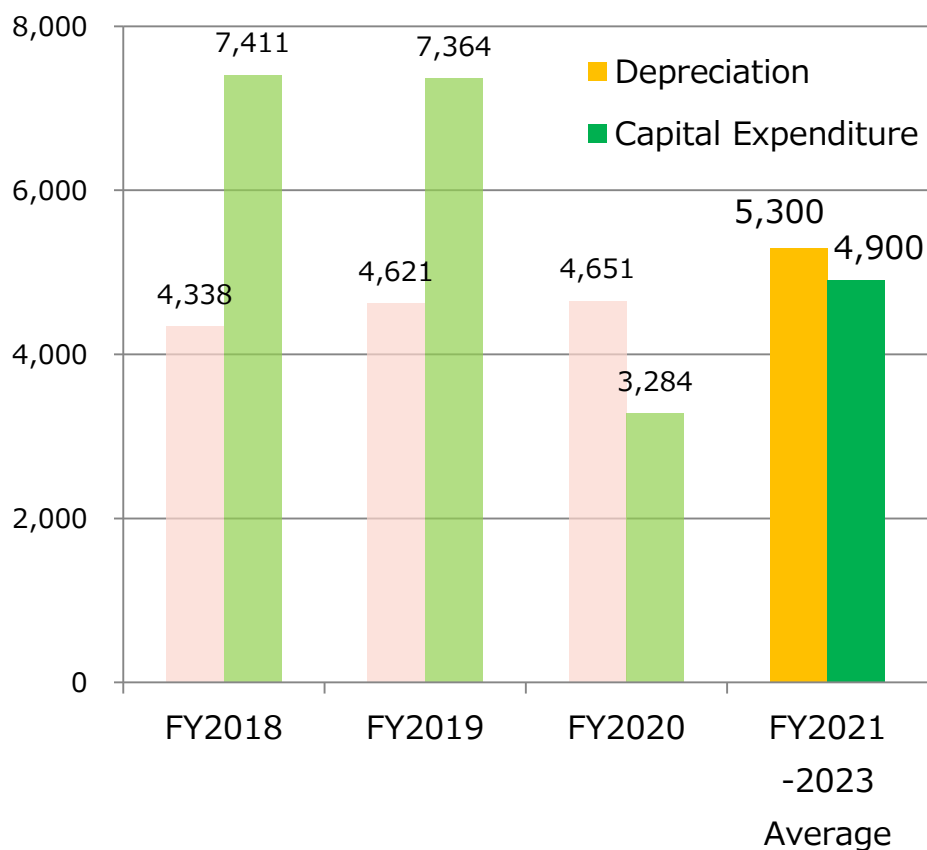
Net D/E ratio
less than 0.9



Investment in research stage shall be kept at a certain level. Improve the efficiency of development activities for mass production. And increase the ratio of investment in advanced development.

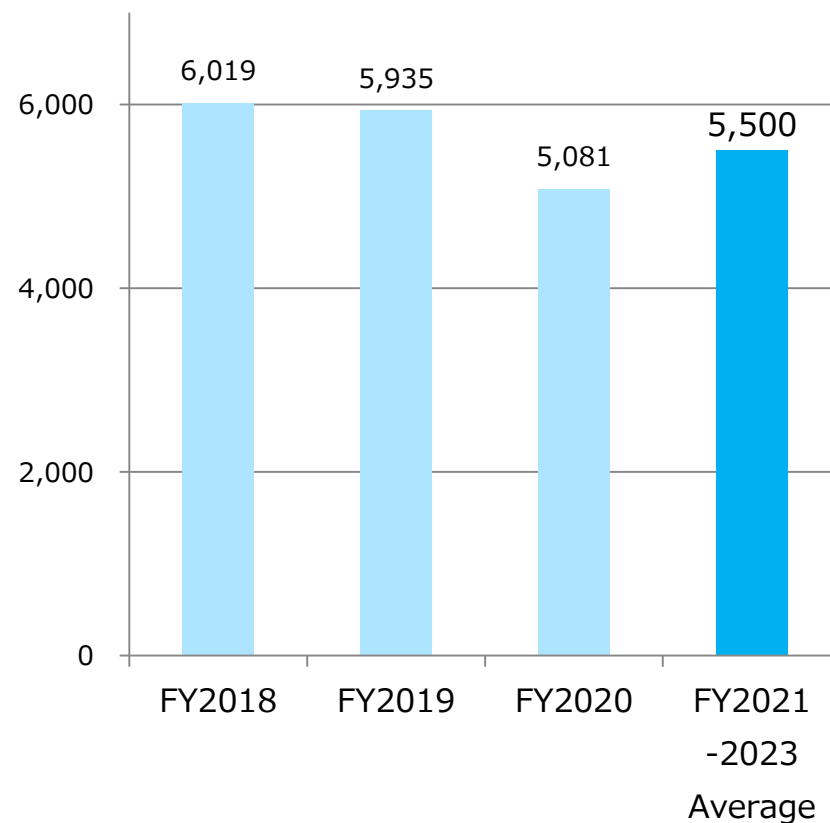
Capital Expenditure and Depreciation

(Millions of yen)



R&D Expenses

(Millions of yen)



Disclaimer

1. This document has been prepared on a consolidated basis.
2. This document summarizes the financial results and earnings forecasts that have already been announced, and is provided solely for the purpose of providing information to investors, and is not intended as a solicitation to buy or sell.
3. The forward-looking statements, including earnings forecasts, contained in this document are based on information available as of the date of the announcement, and actual results may differ from these forecasts due to various factors.
4. Statements regarding business performance, etc., have been prepared based on various data that are believed to be reliable, but we do not guarantee their accuracy.

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