

Kanadevia IR Day

Machinery & Infrastructure Business Headquarters

19 December, 2024

Kanadevia Corporation

Background

Shinji Shimamura

- APR.1984 Joined Hitachi Zosen Information Systems
(currently NTT Data Engineering Systems Corporation)
- SEP.1989 Transferred to the Company's Electronics & Control Equipment Division
- APR.2010 VTEX Corporation, Korea Branch Manager
- APR.2015 President, VTEX Corporation
- APR.2021 Executive Officer, General Manager of System Machinery Business Unit,
Machinery & Infrastructure Business Division of the Company
- APR.2022 Managing Executive Officer, General Manager, Machinery & Infrastructure
Business HQ of the Company
- APR.2024 Senior Managing Executive Officer, General Manager, Machinery &
Infrastructure Business Division of the Company

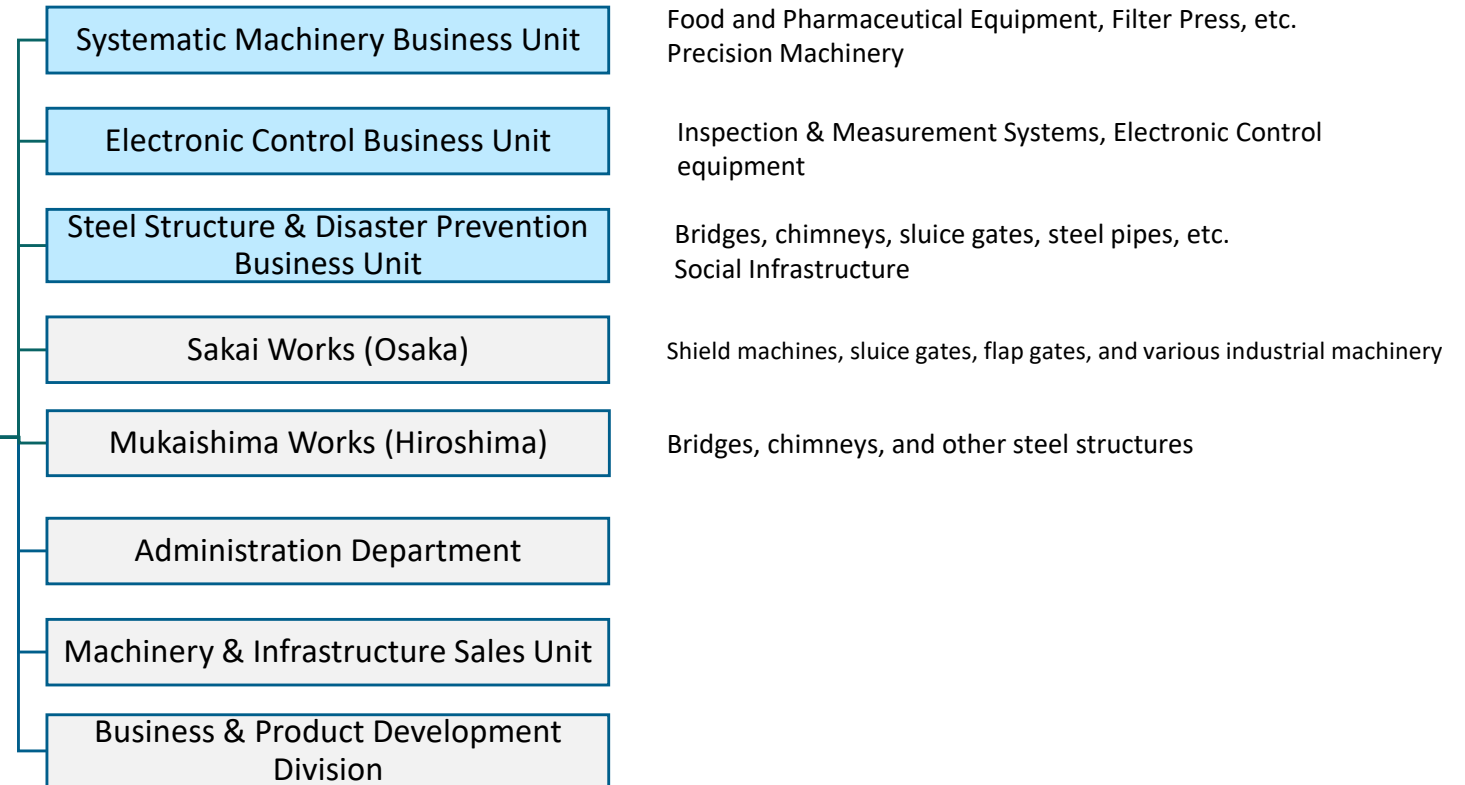
Business Overview

Business Overview - Organisation



Machinery & Infrastructure

Machinery & Infrastructure
Business HQ



Major group companies

Japan

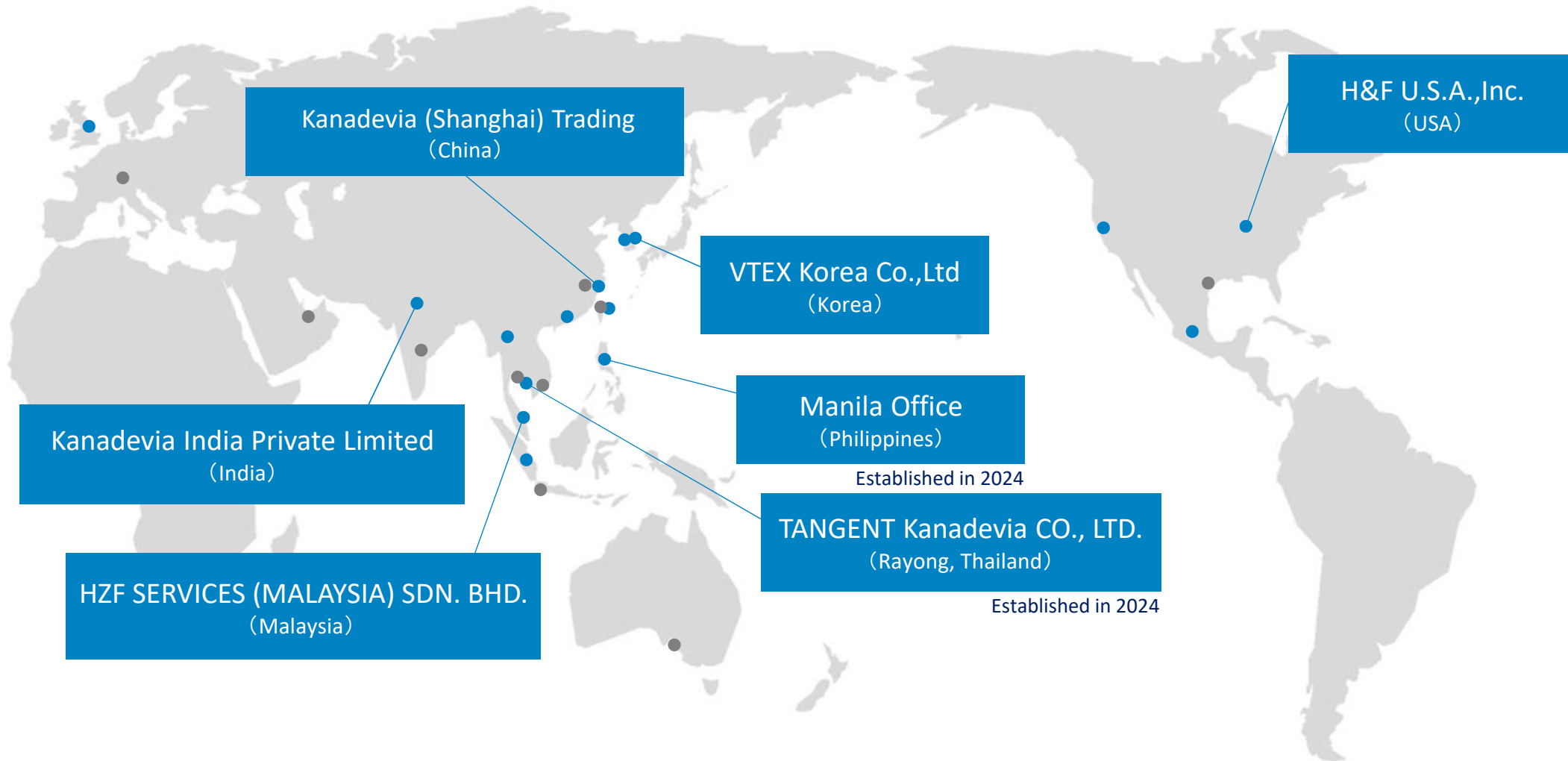
【Press】 H&F
【Precision】 VTEX

Overseas

【Infrastructure】 TANGENT Kanadevia (Thailand)

Business Overview – Global Network

- Overseas offices and affiliates related to Machinery and Infrastructure businesses
- Other group entities



Business Overview - Products

Precision Machinery

Roll to Roll deposition



Filling machine



Filter press machine



Lapping plate



Electronic Reference Point



Infrastructure

Bridge



Sluice gate



Flap gate



H&F

Press machine



VTEX

Vacuum slit valve



Divisional Policy

- ① Promote development of products and businesses that contribute to SDGs, decarbonized society, and circular economy
- ② Solution provider for safety and security
- ③ Indispensable presence for customers by providing products and services that apply digital technologies such as ICT and AI
- ④ Improve profitability through business transformation

Sustainable growth of existing businesses

- Promotion of A/S business and growth of repeat products
- Overseas expansion with a foothold in sluice gates, filter presses, and semiconductor-related products
- Trouble reduction by standardization

Sustainable growth of existing businesses

- Life science-related business
- Inspection, measurement, monitoring and remote support
- Alliance and M&A considerations

Promoting sustainable management

- Strengthening human capital
- Promoting the DX strategy
- Thorough risk management

Medium-Term Management Plan 'Forward 25'

Forward 25 Financial Goal

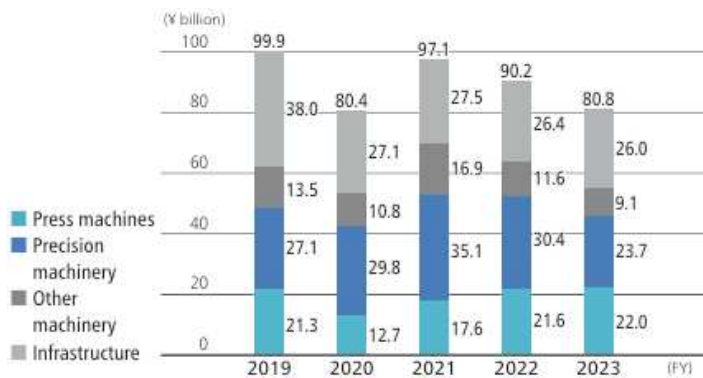
(Billions of JPY)

	FY2023 Results	FY2024 Forecast	FY2025 Goal(※)
Order received	80.8	84.0	
Sales	91.0	80.0	Sales 95.0
Operating income (OI margin)	3.0 (3.3%)	0.9 (1.1%)	

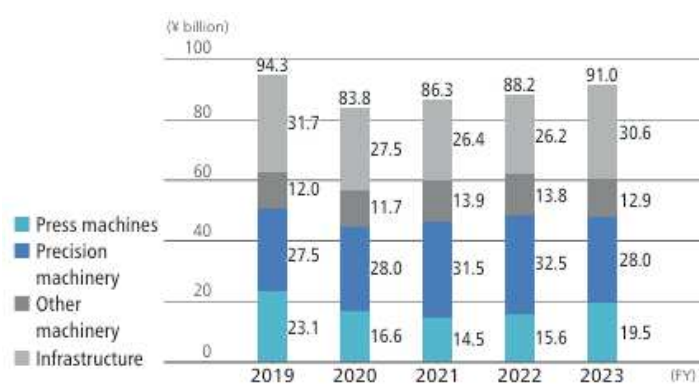
※ Initial plan

■ Press ■ Precision ■ Other machinery ■ Infrastructure ● OI margin (Right axis)

Order received



Sales



Operating income/margin



Business Strategy, Initiatives, etc.

Press Machine - Business Environment

Main services and products: manufacturing, sale, and after service of Press machine, FA, control equipment, etc.

Market

- Customers are mainly automotive companies
- Demand returns to pre-COVID levels
- Cautious to investment due to international uncertainty, while O&M demand grows
- EV shift diversified the way cars are made and the customer needs. Material changes (high-tensile steel and aluminum) to reduce weight, and larger parts are required to reduce weight. GIGACAST technology emerges, aiming for one-piece molding

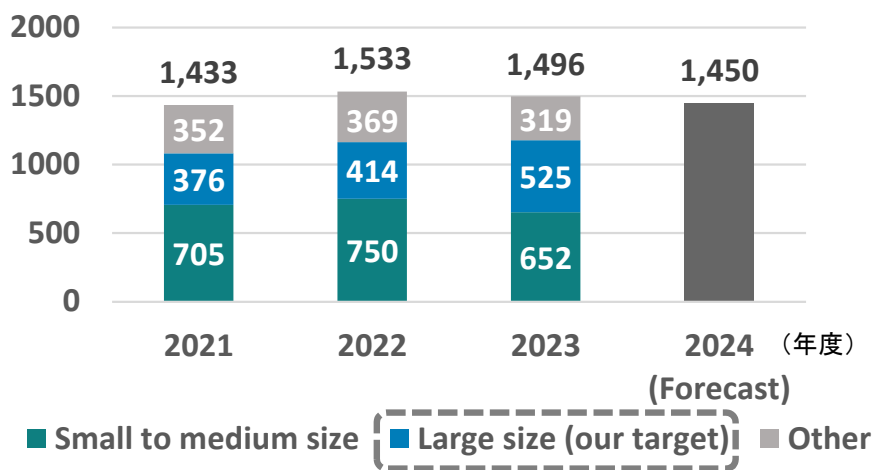
Our strength

- Total coordination of press shop to meet customer needs, including press machine peripheral equipment such as dynamic equipment
- Integrated system from development to design, manufacturing and after-sales service
- After-sales service centres widely in Japan and overseas to provide a global and speedy customer support system.

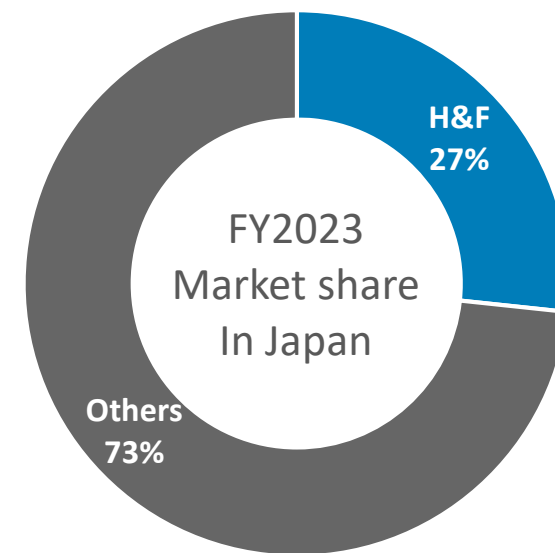
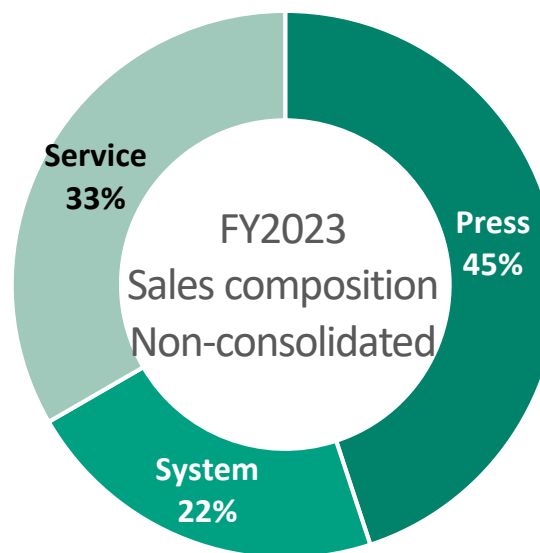
Competition

- Aida Engineering
- Komatsu Industries

(JPY100m) Press machinery market order trends



(Source: Japan Forming Machinery Association)



Press Machine - Business Strategy

Development of products differentiated from competitors

- Development of new materials (high-tensile steel, aluminium), larger parts, and new parts to reduce weight for Evs
 - ✂Laser blanking line has advantages for high-tensile materials
- Sales promotion of energy-saving lines (laser blanking, servo presses) that contribute to carbon neutrality.
Also, promotion of energy saving on existing lines (review of the structure of retrofitted servo presses).
- Development and functional improvement of manpower-saving and automation-compatible products (FA products)

Growth and strengthening of the after-sales service business

- Tracking of existing machines and increased door-to-door sales
- Service Department staffing strengthened to improve efficiency in responding to quotations
- Promote weekend construction (excluding consecutive holidays) to increase construction volume
- Maintenance proposals based on simple diagnosis of existing equipment (IoT solution HFMAPS)
- Promotion of longer service life, improved functionality, partial renewal and improved repair techniques for existing machines

Press Machine – Initiatives

Development of products differentiated from competitors

Laser blanking line Overview

[Carbon neutral contributing model]



Features

- High-speed cutting using high-power fibre lasers
- Reduced machining time with high-acceleration H-gantry
- High-availability material transfer with V-shift conveyor
- Improved quality through the use of a single head

Functions and benefits

- Material cost reduction through free-form layout
- Reduced tooling investment/maintenance costs due to tool-less tooling
- Mass production start-up by creating simple processing data
- Improved press formability due to better cut section quality

Laser blanking demand

FY2023 results		FY2030 target	Status
Number of orders	0	2 lines per year ※Annual production capacity	<ul style="list-style-type: none"> • Test machine installed at Kumasaka plant, improved machine under development May 2024. • Changing customer needs have led to a focus on cutting blanks with lasers
Cumulative orders	3 lines		

Press Machine – Initiatives

Growth and strengthening of the after-sales service business (Contributing to the circular economy towards the demands of the times, improving profitability)

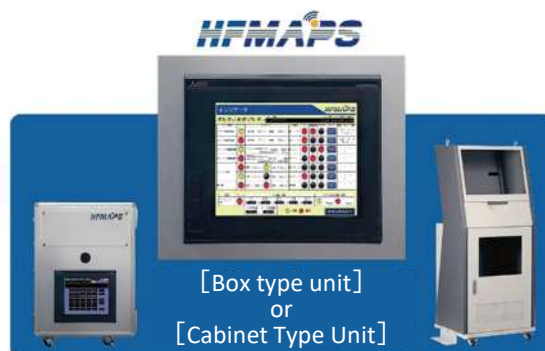
HFMAPS Outline

Features

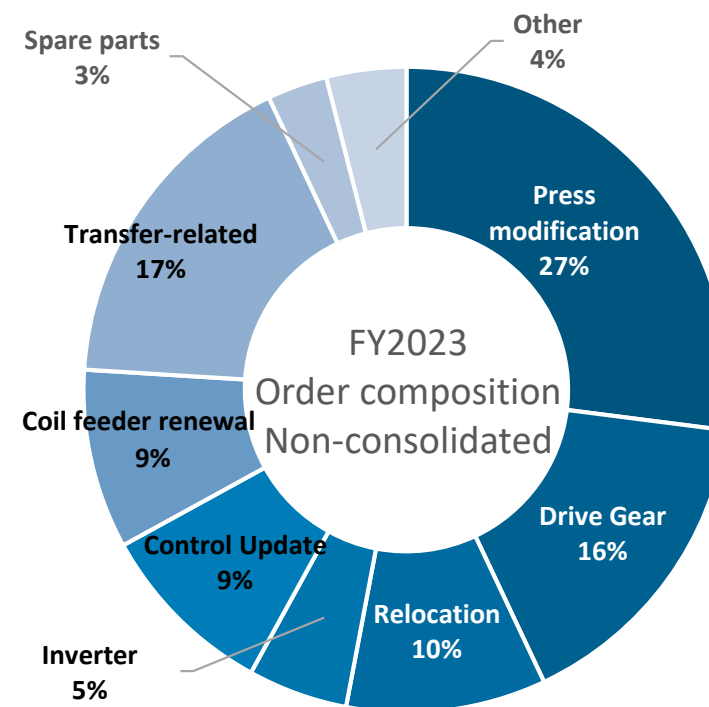
- Leveraging IoT solutions
- Easy to retrofit to existing products.
- Remote monitoring of press operation status

Functions and benefits

- Remote monitoring of press operation
- Preventive maintenance
- Recovery support
- Quality maintenance support



After service business composition (Order basis)



After-sales service business % to total sales

Sales	FY2023 results	FY2024 forecast	Future target
H&F group	19.8	20.2	Over 25.0
A/S share	40%	40%	50%

Billions of JPY

Precision Machinery/Semiconductor Related – Business Environment

Main services and products: (1) Vacuum valve (2) Rupture disk

Market

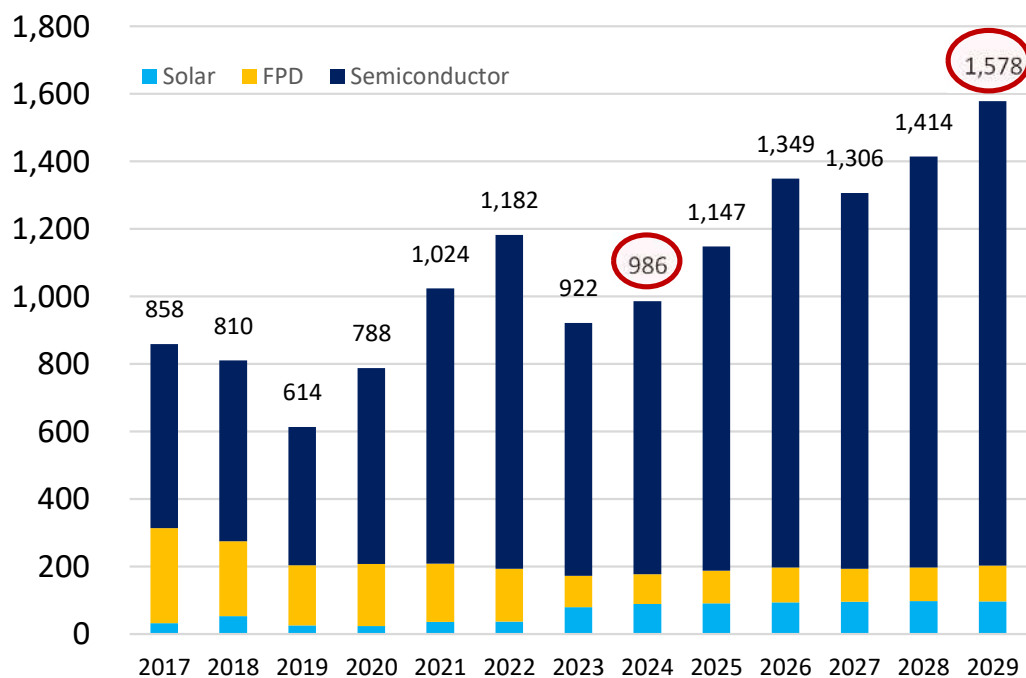
Vacuum valves are mainly used in SPE and the market is expected to grow. Sales in 2029 are projected to increase 160% over 2024. Each company will expand production capacity to meet future increases in demand.

Our strength

High quality, high durability, many delivery records. (VV, RD)
 Customization to meet customer requirements. (VV, RD)
 No. 2 market share in sales of vacuum slit valves and strong relationships with SPE manufacturers. (VV)

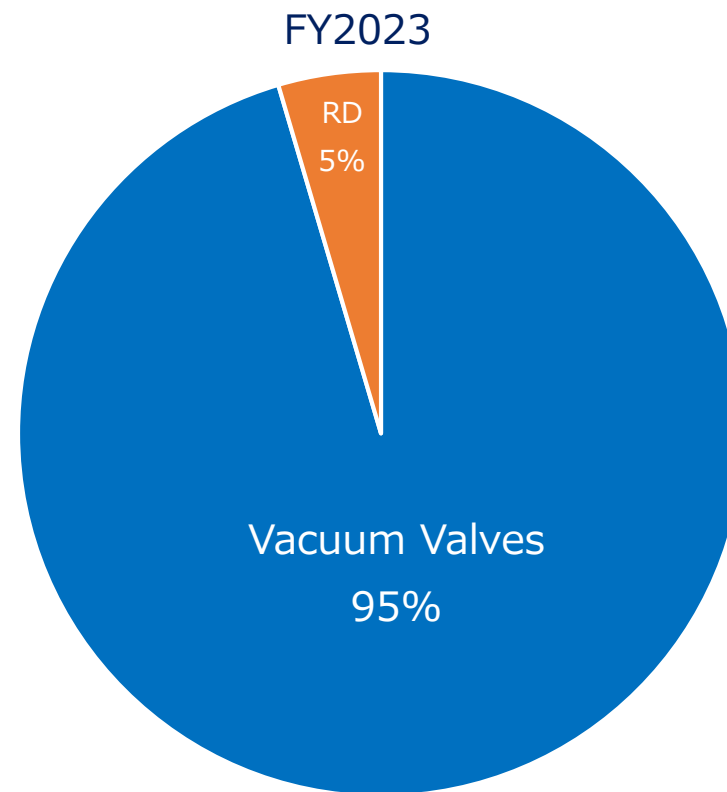
- Market size (order volume, outlook, etc.)

(\$M) Vacuum Valve Sales Forecast by Industry



TI Critical Subsystem forecast – September 26, 2024よりVTEX作成

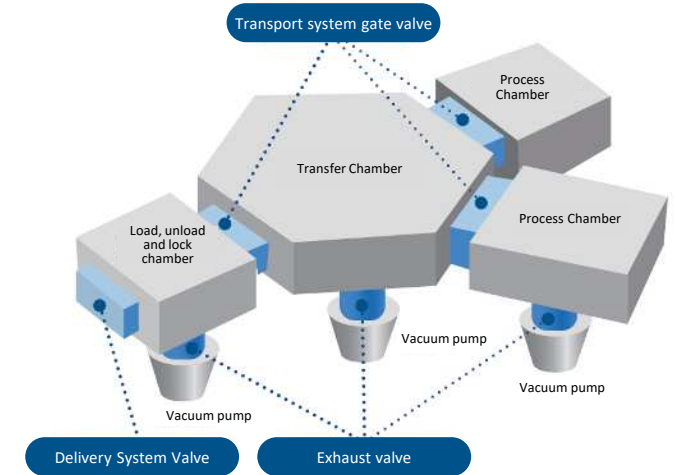
- Our sales composition



Precision Machinery/Semiconductor Related – Business Strategy

Vacuum Valves

- ① Increase production capacity and efficiency
- ② Develop vacuum valves adapted to customer new product platforms.



Rupture disk

- Increase production capacity and efficiency



Precision Machinery/Semiconductor Related – Business Strategy

Expansion of production capacity

VTEX Korea (VKC)

Capacity • FY24
**1,600 units
per month**



Tokai Works

Capacity • FY24
**2,400 units
per month**



VTEX Suzhou (VST)

Capacity • FY24
**100 units
per month**



Higashi Maizuru Works

Capacity • FY24
**400 units
per month**



Production capacity expansion (2030 target)

Japan : Increase production capacity by approx. 1.6x compared to 2024 thru expansion of the Higashi Maizuru Works.

Overseas : Increase production capacity by approx. 1.3x compared to 2024 thru expansion of VKC and VST.

Precision Machinery/Semiconductor Related – Initiatives

Development of vacuum valves adapted to customer new product platforms

linewidth

3nm

Electric True-L Motion Gate Valve

Valves developed to meet miniaturisation and IoT

Low vibration

Low Particle

Optimisation of sealing materials, etc.

5nm

True-L motion gate valve

L-motion valve with valve plug locus changed to "L"

Low vibration

Low Particle

Prevention of sealant twisting, etc.

7nm

10/14nm

Roll Cam Gate Valve

Conventional valves

Extensive use record, etc.

20/28nm

Miniaturization



2000

2016

2017

2018

2020

2022

2024-

年

Infrastructure – Business Environment

Main services and products: sluices, bridges, marine and other steel structures, steel stacks

Market	<p>Sluice: Rise in dam renovations and repairs/Growing disaster mitigation funds due to severe disasters/High demand for flood control and power in Southeast Asia.</p> <p>Bridge: Stable new installations, but growth in maintenance and upgrades for aging facilities.</p> <p>Marine: Rising demand from enhanced port and defense capabilities.</p> <p>Stack: Increased inquiries for repairs and seismic reinforcements for life extension.</p>	Our strength	<p>Sluice: Proprietary technology for dam redevelopment equipment/ICT utilization hub, including monitoring (A.I/TEC)/Factory in Thailand (TANGENT Kanadevia)</p> <p>Bridge: Long-span bridge construction technology, seismic upgrades, and 3D modeling technology.</p> <p>Marine: Owns a dock for large-scale marine structures (Sakai Factory).</p> <p>Stack: Extensive experience in constructing and reinforcing high-rise stacks.</p>
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	Market size	Our share	Competition	Remarks
Sluice	JPY60~80bn+	10~15%	6 majors incl IIK、Hokoku Many SMEs	The market size is expected to expand to JPY100 bn by 2030.
Bridge	JPY300~400bn	3~5%	20 companies incl Yokogawa、IIS、JFE 10 for preservation and renewal.	Shifting from new installations to a focus on preservation and renewal.
Marine	JPY10~20bn	20~30%	JFE, MMB, Mitsui, Nippon Steel	Only our company and JFE own large docks. Companies are strengthening their response to the increase in the defense budget.
Stack	JPY5~10bn	30~50%	Mitsubishi Heavy	Only our company and Mitsubishi can construct high-rise stacks. Rise in alternative fuel projects due to CN efforts.

Infrastructure – Business Strategy

Sluice 【Challenge】 Increase in orders and expansion of business areas

Strategy

- Meeting demand surge from dam and hydropower renewal
- Using TANGENT Kanadevia for Southeast Asia projects
- Boosting infrastructure checks and diagnostics using ICT, like the Shinemon system

Bridge 【Challenge】 Strengthen response to large-scale repair, maintenance, and renewal work

Strategy

- Increasing orders and boosting profits primarily from highway corporations
- Advancing "inspection, diagnosis, construction" orders in one package using ICT

Marine 【Challenge】 Increase order opportunities by expanding the business areas

Strategy

- Improving profits through selective orders leveraging the strength of owning marine docks
- Ensuring orders and profits for proprietary technologies such as steel cell and GPS wave meter

Stack 【Challenge】 Response to CN with new builds, repairs, and seismic upgrades

Strategy

- Advancing repair, longevity, reinforcement, remote monitoring, and decay diagnosis of existing stacks
- Responding to facilities converted to alternative fuels (LNG, Ammonia)

Infrastructure - Initiatives

Addressing dam renewal demand and disaster measures using proprietary technology.
Establishment of a manufacturing base in Southeast Asia.

Temporary closing facility for dam renewal construction

Our proprietary technology for adding discharge facilities to operational dams.



Flap gate type sea wall

- Two seabed units installed in Iwate and Hyogo.
- Over 200 land-based units installed, primarily in the Pacific side of Tohoku.



Seabed type (Iwate)



Land-based type (Tokushima)

Opening of an overseas manufacturing factory.

Company outline

Name : TANGENT Kanadevia

of employees : 90

Business activities : Production of water gates and steel structures, machinery maintenance

- Addressing the surge in water gate demand due to the growth of flood control and hydropower projects in Southeast Asia
- Currently manufacturing water gate facilities for domestic power companies, with plans to manufacture for the Philippines in the future
- Aiming to establish a continuous contracting construction system from design to installation, positioning Southeast Asia as a manufacturing and engineering hub.



Factory



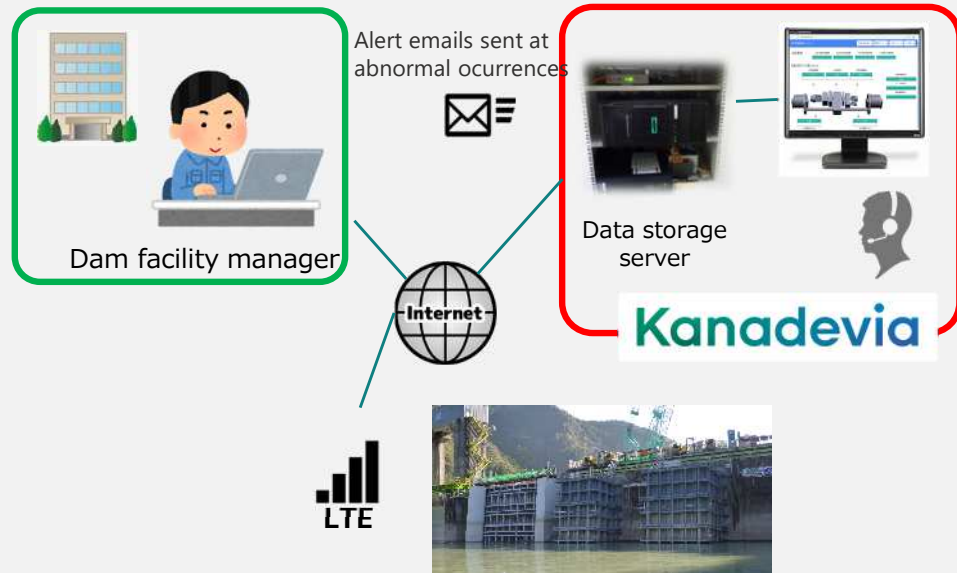
Business expansion view

Infrastructure - Initiatives

Maintenance support utilizing ICT technology for social infrastructure facilities incorporating DX

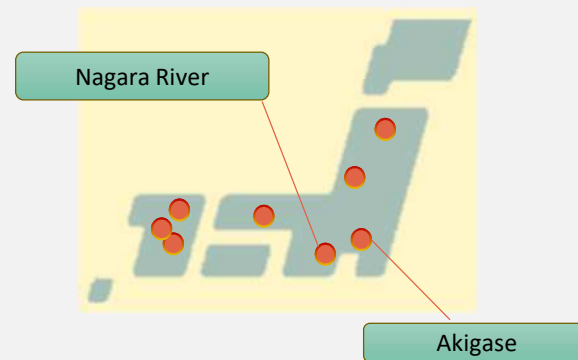
Advancing decay diagnosis and maintenance proposals through remote equipment monitoring and data analysis

Water gate condition monitoring system "Shinemon"

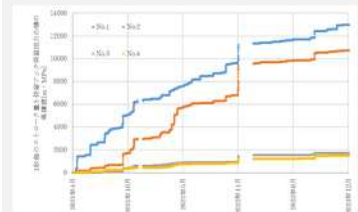


Monitoring of various equipment inside the water gate

Operating at eight locations across Japan, including Nagara River Estuary Weir and Akigase Intake Weir.

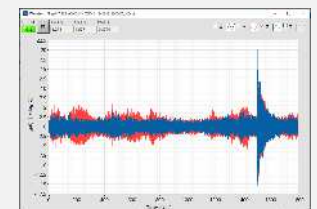


Seabed flap gate



Measurement of bush wear amount

Stack

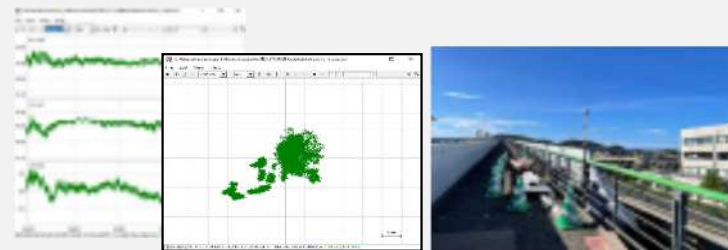


Vibration analysis

Bridge

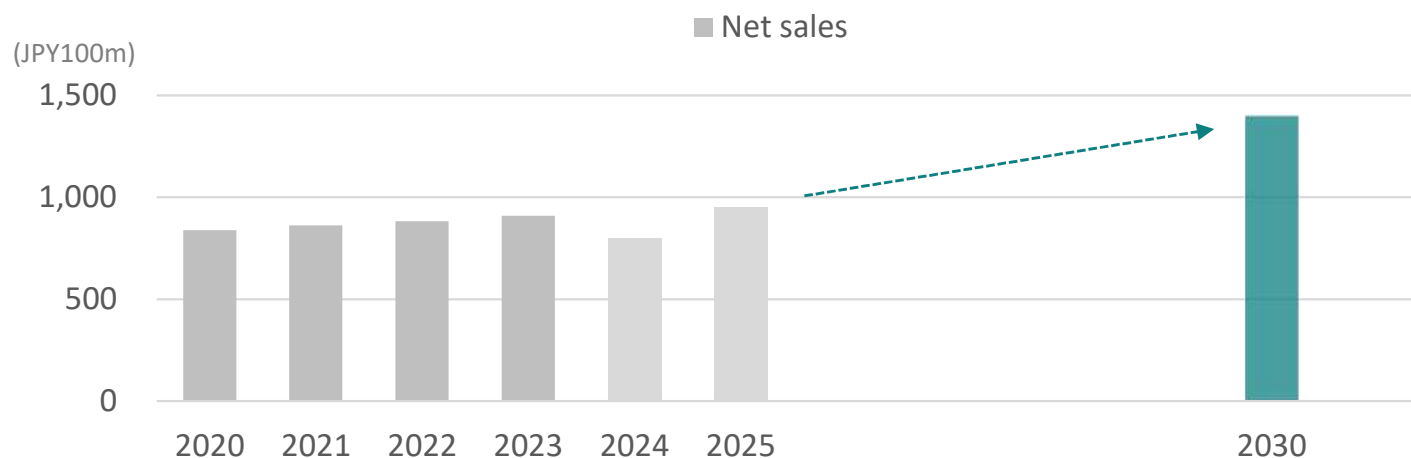


Measurement of bearing part and bridge pier displacement



Continuous displacement measurement by GNSS instruments

Growth View



	Forward 25 (FY2023 – 2025)	2030 Vision (- FY2030)
Press Machine	<ul style="list-style-type: none"> Strengthening profitability through the growth of the after-sales service business. 	<ul style="list-style-type: none"> Development and expansion of products in response to the demand for electrification and decarbonization.
Precision (Semiconductor related, etc.)	<ul style="list-style-type: none"> Development of vacuum valves that adapt to the customer's new product platform. 	<ul style="list-style-type: none"> Strengthening domestic and overseas production facilities in anticipation of future demand increase.
Infrastructure	<ul style="list-style-type: none"> Establishment of a manufacturing base in anticipation of increasing demand for water gates in Southeast Asia. Strengthening response to large-scale repair, preservation, and renewal works of bridges. 	<ul style="list-style-type: none"> Establishment of a consistent contracting construction system from design to installation of TANGENT Kanadevia. Maintenance response for various infrastructure facilities utilizing ICT technology.



Cautionary Statement

Forward-looking statements are based on information currently available to Kanadevia Corporation. Therefore, those forward looking statements include unknown risks and uncertainties. Accordingly, you should note that the actual results could differ materially from those forward-looking statements. Risks and uncertainties that could influence the ultimate outcome include, but are not limited to, the economic conditions surrounding Kanadevia Corporation and/or exchange rate fluctuation.