

Long-term management plan, Sustainable Growth with Vision 2030

May 19, 2022

ShinMaywa Industries, Ltd.

ShinMaywa
VISION WITH INSIGHT

Long-term management plan: Overview

Create a new 100-year history by clarifying and implementing “tradition” and “innovation”

Corporate principles

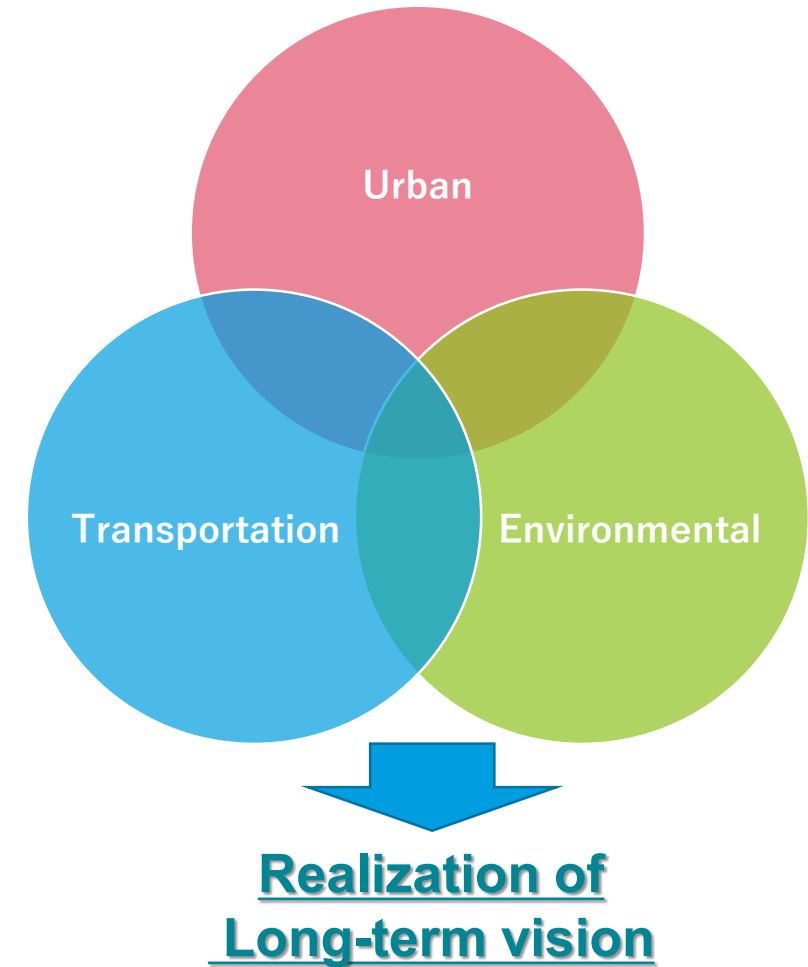
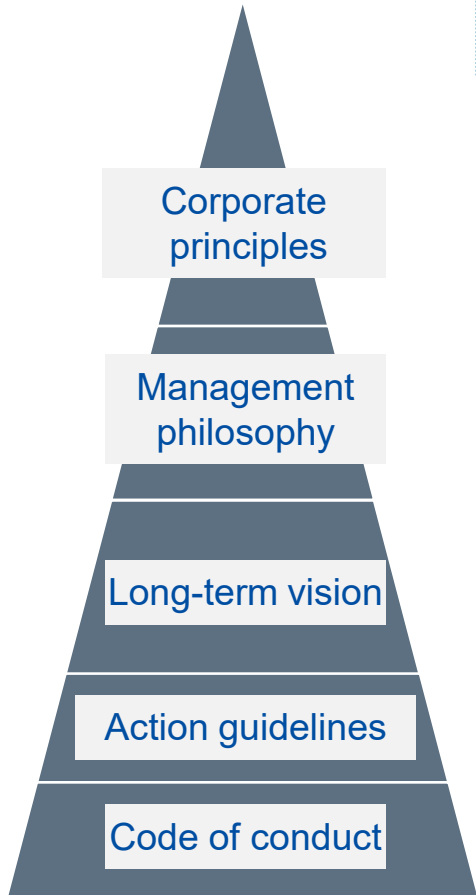
Clean Sincere Steady Enterprising

Management philosophy

ShinMaywa Group will contribute to the overall well-being of humanity, bringing unstinting innovation for a stable society and positive living environment.

Long-term vision

To respond to global society needs, we will be a true value co-creation company that advances urban, transportation and environmental infrastructures.



Strengths of the ShinMaywa Group

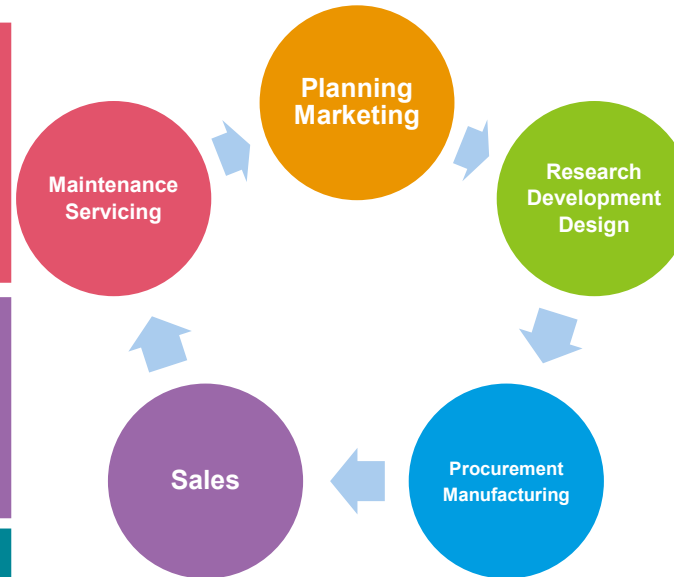
For more than 100 years since our founding, a proven record of supporting people's lives and social infrastructure with our technologies, products and services, and the trust that comes with this experience

- High market share for main products
- Ability to gather information from government agencies and industry associations, obtained via business opportunities
- Understanding of market information and customer issues through business activities in close cooperation with customers

- Independent ownership of maintenance/servicing (including domestic and overseas subsidiaries)
- Provision of advanced maintenance technologies in cooperation with design department (fault diagnosis, preventive maintenance, extending useful life, etc.)
- Domestic and overseas service bases that cover all customers (about 800 bases, including affiliated service stations, etc.)

- Ability to propose products/services tailored to customer needs
- Arrangement of domestic business bases (20) close to customers
- Expansion of global sales/service network (arrangement of 13 overseas subsidiaries in Asia, China, Korea, North America, etc.)

- "Challenging spirit" and "spirit of venture" that have developed product groups with strong market shares in many niche markets since founding
- A deeply rooted corporate culture of diligence, sense of mission and loyalty
- Implementation of the ShinMaywa Group Philosophy and demonstration of each individual's abilities to pioneer the next generation



- Design skills capable of meeting individual customer specifications and relevant complex regulations
- Ability to develop technologies that optimally integrate core technologies with external advanced technologies
- Technologies, knowledge and know-how accumulated over many years of business activities

- Procurement network and production processes that accommodate individual customer specifications and small-lot production of diverse products
- Supply chain that supports BCP and distribution of products/materials (12 domestic production bases, 5 overseas and approx. 2,500 procurement partners)
- Certification of skilled technicians with extensive experience, knowledge and advanced skills (93 technicians certified in internal certification system)

- Technologies to construct mechanical structures using precise material processing and molding, and to control hydraulic, pneumatic and electrical power precisely
- Number of rights held (patents, utility models, designs): 1,236
(as of March 31, 2022)

Core technologies

Human resources

Changes in the External Environment (Megatrends and Environmental Changes)

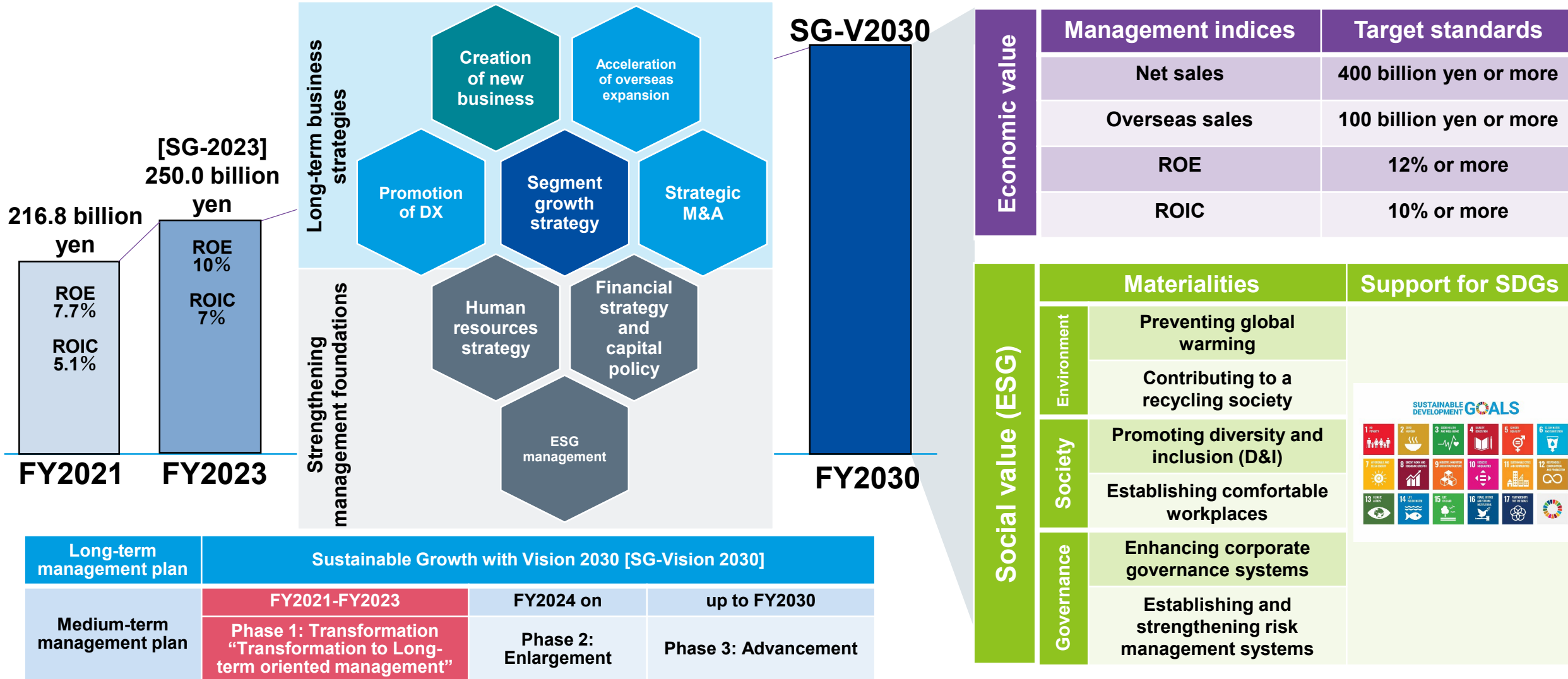
Demographic changes	<ul style="list-style-type: none">• Lower birth rate, aging population and labor shortages• Diversity and work style reforms• Increase in mobility-impaired persons because of aging• Increase in foreign workers
Advancement of urbanization	<ul style="list-style-type: none">• Urban concentration of population, transportation and logistics• Increase in logistics volume, including waste• Increased polarization of urban/rural areas
Climate change and resource shortages	<ul style="list-style-type: none">• Increase in natural disasters due to global warming• Increase in CO₂ emissions• Phase-out of fossil fuels and shift to renewable energy
Technological evolution	<ul style="list-style-type: none">• Acceleration of digitization technology and expansion of IoT• Shift toward electrification, automation, labor-saving• Increase in security risks, such as cyberterrorism
Social/economic changes	<ul style="list-style-type: none">• Evolution of mobility and diversification of means of transport• Transformation of business model through DX• Pursuit of economic value and social value• Contribution to SDGs and promotion of ESG management• Expansion of global market• Restructuring of supply chains in wake of economic security• Addressing human rights issues, such as forced labor and child labor



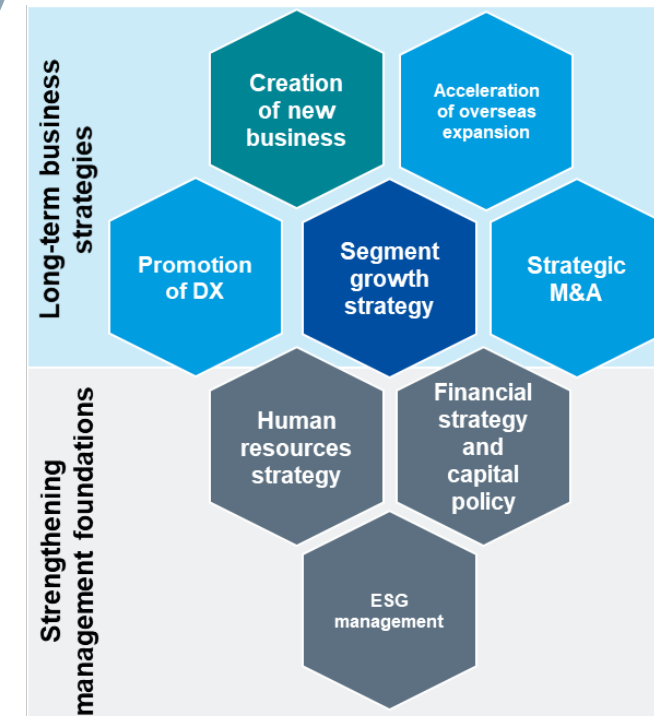
Identify environmental changes that present major opportunities for the ShinMaywa Group, and formulate a Long-term management plan

Long-term management plan [SG-Vision 2030]: Strategies and Targets

Achieve [SG-Vision 2030] management targets by promoting Long-term business strategies and Strengthening management foundations



Long-term business strategies



Creation of new business

Expansion of existing business areas

Deepening of existing businesses



Special Purpose Truck



Aircraft



Parking Systems



[Fluid/environment]
Industrial Machinery & Environmental



[Mechatronics]
Systems

↑ New
Markets/Customers
Existing

Existing Technology/capability → New

Promote the deepening and expansion of existing business areas and the creation of new businesses, through creating new value

Segment growth strategies

Deepening of existing businesses

Improve productivity through ICT and expand product lineup by developing high value-added products
Cost reduction, stable procurement and stable production through strengthening procurement capability

Expansion of existing business areas

Expand business areas by acquiring new customers and markets, including overseas, acquiring new technologies and capability, enhancing the functionality of products and services, adding higher value, and providing advanced solutions

Creation of new business

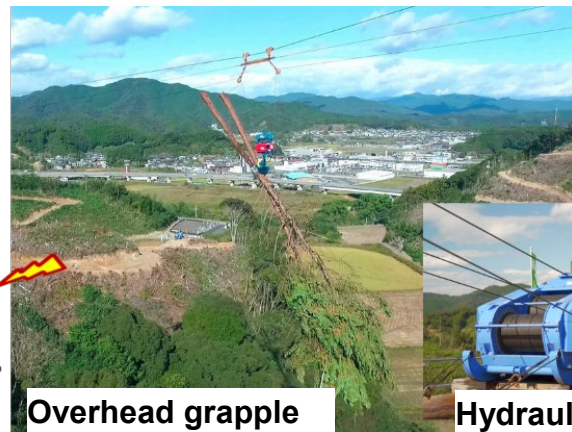
Established New Business Strategic Division on April 1
Strongly promote the creation of new business through the active use of co-creation, both internally and externally

Long-term business strategies: Segment growth strategy [Deepening/Expanding existing businesses]

(1) Expansion of business areas by using ICT to make products/services smarter (environmental measurement, remote operation)



Marine observation and monitoring of floatage using fixed-wing drones
⇒ Creation of new business through the use and application of drones



Overhead grapple



Hydraulic yarder

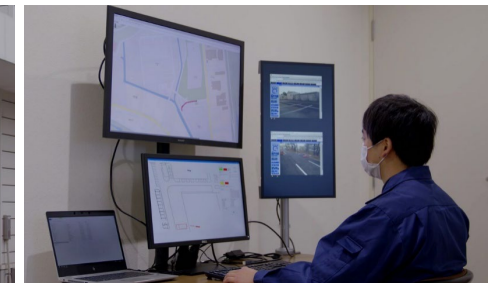
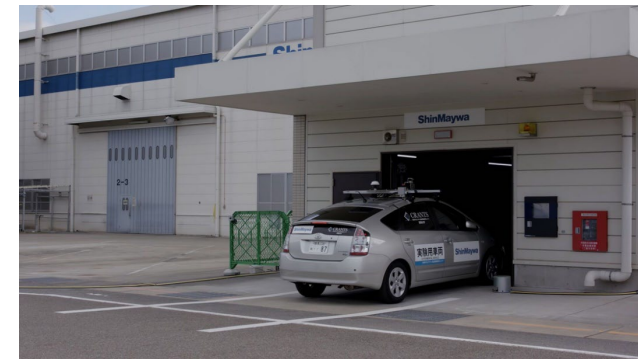
Remote collection of logs in steep terrain
⇒ Expansion of business areas by proposing operational innovations



(2) Provision of new value in response to evolution of mobility (EVs, autonomous driving)



EV compatibility of special purpose trucks
⇒ Development of next-generation special purpose trucks that support the evolution of mobility, such as CASE



Development of mechanical parking systems that support self-driving vehicles
⇒ Establishment of automated valet parking systems

Long-term business strategies: Segment growth strategy

[Expansion of overseas markets]

(3) Expansion of overseas markets: Positioning the Asian market as the growth engine, aim for overseas net sales of 100 billion yen in FY2030 (31 billion yen in FY2021) through collaboration between all segments and subsidiaries and alliances with local companies



Vacuum driers for secondary batteries for automobiles market

Asia, Oceania
Aim to triple sales, including in China and Oceania, with a focus on Southeast Asia

[Industrial Machinery & Environmental Systems]

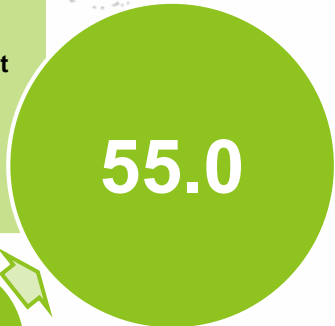
- Expansion of sales routes for vacuum driers for secondary batteries for automobiles and wire harness processing machines
- Development of markets for pumps, blowers and mixers
- Expansion of sales routes for refuse treatment facilities and wastewater treatment facilities

[Special Purpose Truck]

- Expansion of sales routes for kits and components, strengthening of collaboration with local automotive equipment manufacturers

[Parking Systems]

- Market expansion through collaboration with G-PARK in Thailand, and expansion of parking solutions business
- Expansion throughout Southeast Asia based in Singapore (aircraft passenger boarding bridges)



North America
Accelerate expansion in areas other than passenger aircraft components

[Aircraft]

- Expansion of passenger aircraft components following recovery from the COVID-19 pandemic (Boeing, Bombardier)

[Industrial Machinery & Environmental Systems]

- Expansion of sales routes for wire harness processing machines
- Acquisition of new customers for vacuum driers for secondary batteries for automobiles
- Expansion of sales routes for pumps, blowers and mixers

[Parking systems, special purpose trucks, etc.]

- Entry into North American market for aircraft passenger boarding bridges, expansion of sales routes for kits and components mounted on special purpose trucks, and supply of flying car related components



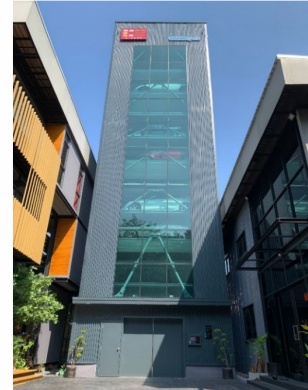
Europe
Develop the European market by Harnessing the trend toward Evs

[Industrial Machinery & Environmental Systems]

- Acquisition of new customers for Vacuum driers for secondary batteries for automobiles and wire harness processing machines
- Expansion of sales routes for pumps and blowers

[Special purpose trucks, parking systems, aircraft]

- Received order from Airbus for passenger aircraft components, entry into the Middle East markets for aircraft passenger boarding bridges, and expansion of sales routes for kits and components mounted on special purpose trucks



Mechanical parking equipment delivered to collaborating customer in Bangkok, Thailand



Wastewater treatment equipment (Wuhan, China)



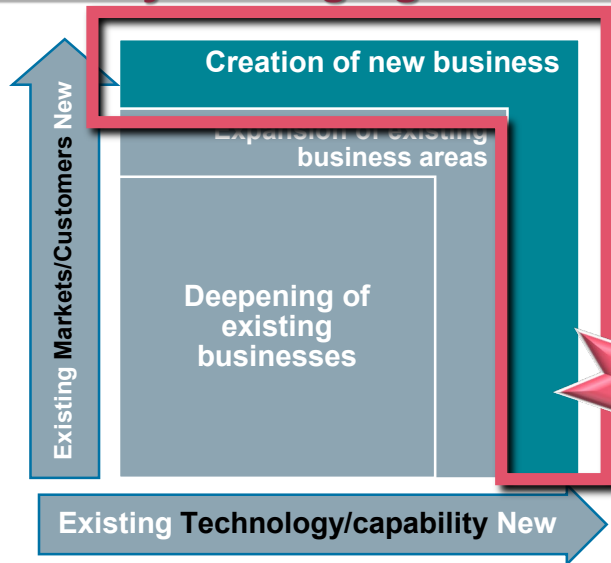
Turbo blower



Unit: billion yen

Long-term business strategies: Creation of new business

Mass-produce new business ideas that address environmental changes and solve social issues by leveraging our strengths



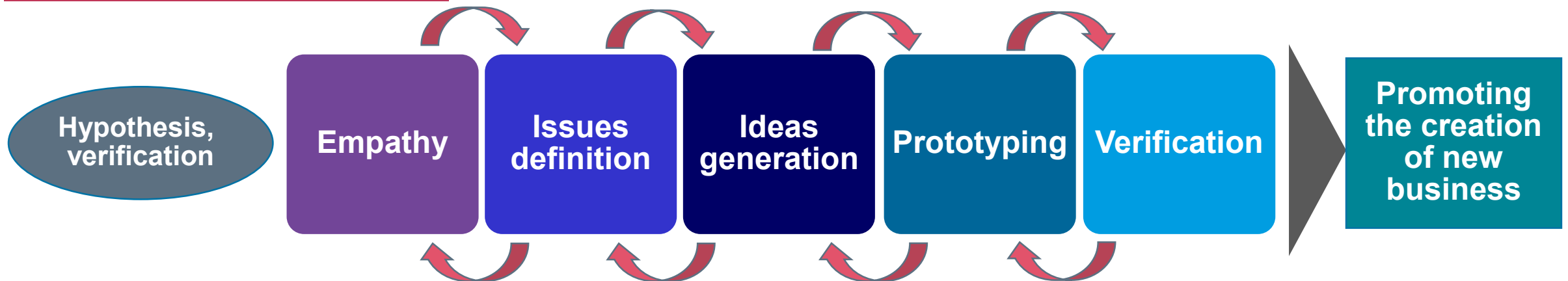
Direction of new business creation for 2030
Exploratory themes (examples):

- New business centered on making transportation more diverse and smarter
- Businesses around 3Rs and sewage/wastewater treatment
- New business areas related to carbon neutrality

Established the New Business Strategic Division on April 1, 2022

- Establishment of process for creating new business
- Promotion/stimulation of company-wide activities for generating business ideas

Process for creating new business

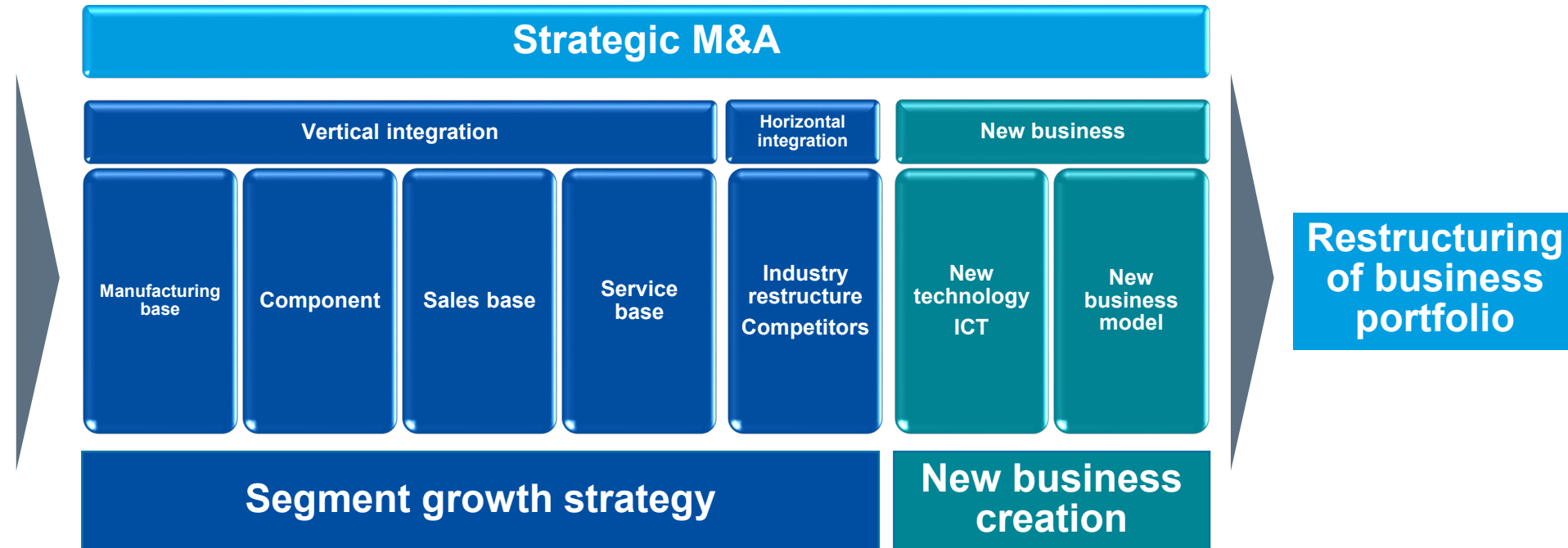


Long-term business strategies: Promotion of strategic M&A

Implement strategic M&A in areas where the ShinMaywa Group's strengths can be leveraged

Increase in consolidated subsidiaries, by segment, through M&A since 2018

Special Purpose Truck	3
Industrial Machinery & Environmental Systems	5
Parking Systems	2
Aircraft	1
Total	11



TurboMAX Co., Ltd.
[Industrial Machinery & Environmental Systems]



KOREA VACUUM LIMITED
[Industrial Machinery & Environmental Systems]



ShinMaywa Aerobridge Singapore Pte. Ltd.
[Parking Systems]

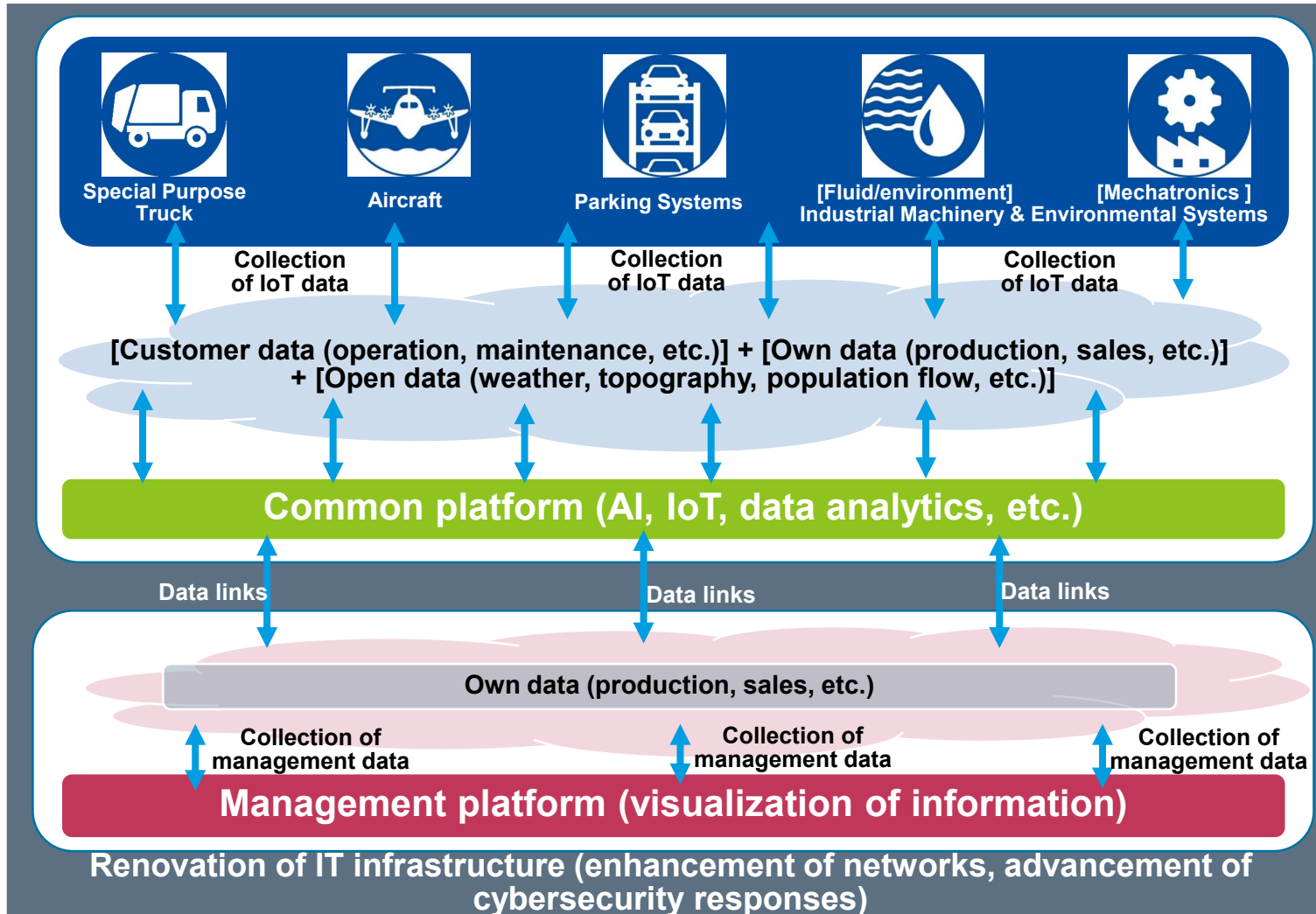


OSK, Ltd.
[Special Purpose Truck]



Tenryu Aero Component Co., Ltd.
[Aircraft]

Creation of new value through effective use of data and visualization of information via management platform



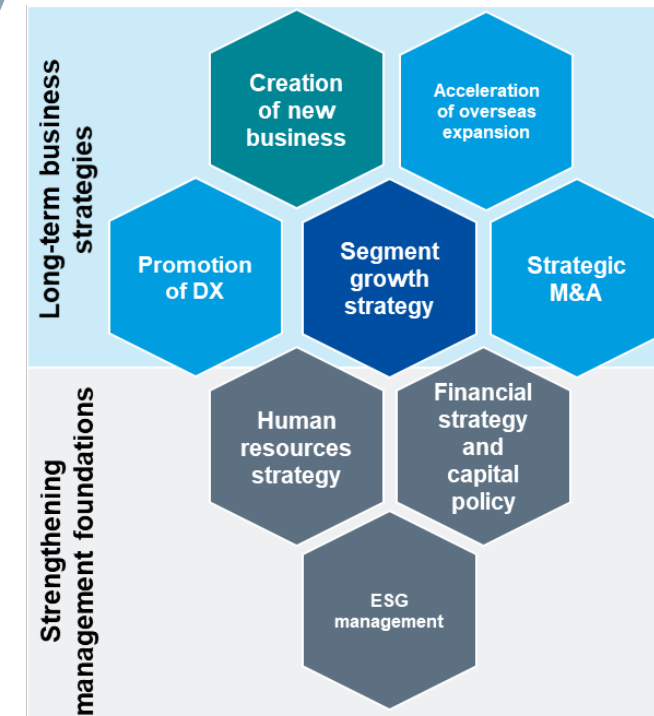
Transformation of business model

- Create new value by effectively using “Customer data + Own data + Open data” and “AI, IoT and data analytics”
- Promote transformation to a “business model based on the provision of solutions”

Reform of business processes

- Standardize/uniformalize value-chain data
- Make operations smarter, aggregate data
- Utilize “management platform” to visualize information and for quick decision-making

Strengthening management foundations



Long-term financial strategies (policy)

- Prioritize allocation of acquired cash to sustainable growth investments (capital investments, M&A, R&D, etc.)
- Procure funds necessary for growth investments while maintaining financial soundness with a target net D/E ratio of approximately 50%
- Make shareholder returns while maintaining a balance between sustainable growth investment and financial soundness

Current Medium-term management plan: [SG-2023] Cash allocation

Type		Planned
Growth investment (capital investments, M&A)		30 to 40 billion yen
Shareholder return	Dividend payout ratio	40 to 50%
	Acquisition of treasury shares	Consideration of flexible acquisition

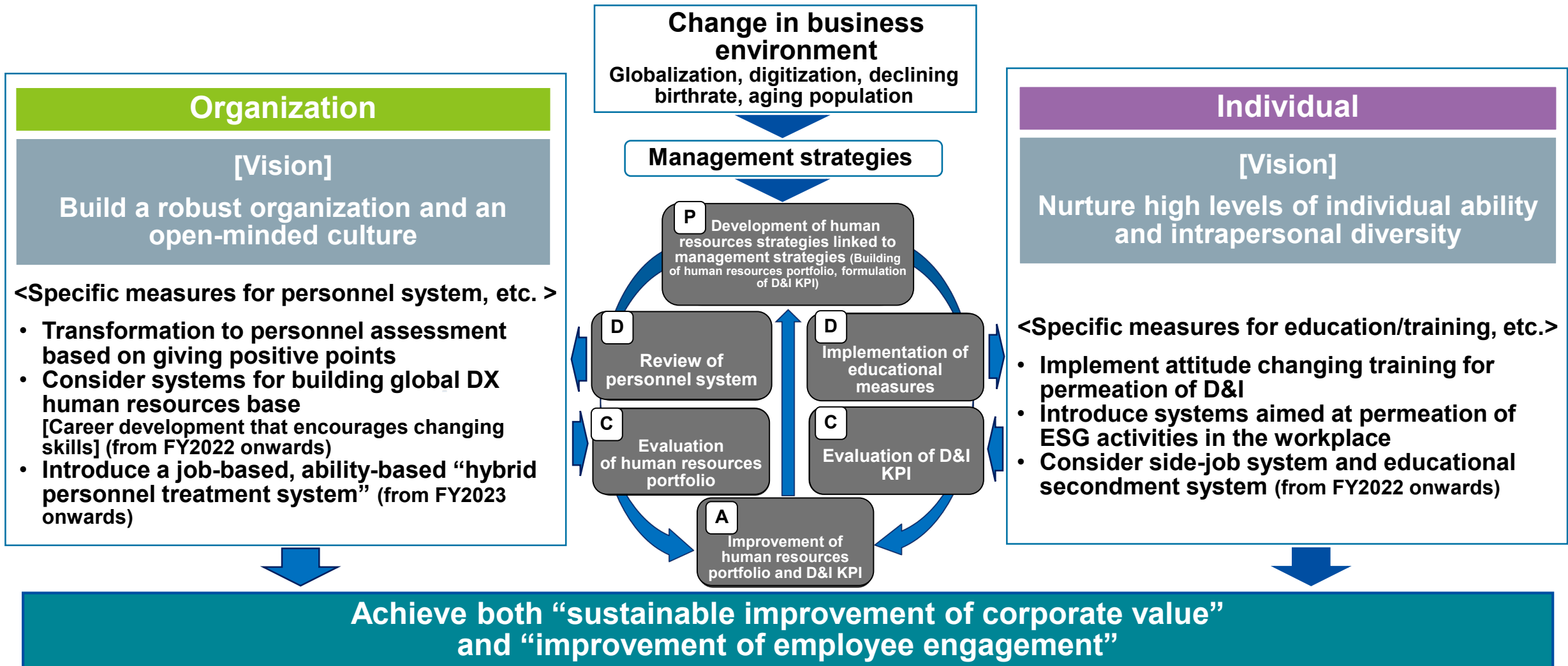
Business portfolio management

Net sales growth rate	New growth businesses <ul style="list-style-type: none"> • Growth strategies • Investment of management resources • Active investment 	Current main businesses <ul style="list-style-type: none"> • Growth strategies • Profitability improvement • Active investment
	Low-growth, low-profit businesses <ul style="list-style-type: none"> • Reduced investment • Transformation to high-profit structure • Determination of growth potential 	Low-growth mature businesses <ul style="list-style-type: none"> • Consideration of regrowth • Reduced investment • Focus on high-profit businesses
	ROIC	

Aim for optimal business portfolio by increasing business segment growth rates and improving ROICs

- Nurture new growth businesses, strengthen main businesses, and promote business renewal
- Continuously improve business segment ROIC and allocate resources optimally based on financial strategies

From “human resources management” to “human resources value improvement”

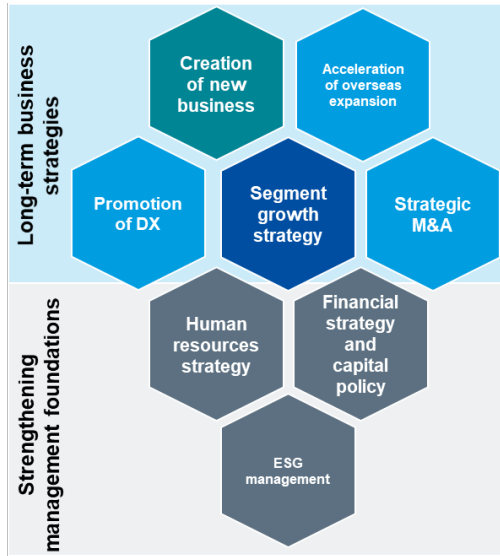


Environment	<p>1. Preventing global warming</p>	<ul style="list-style-type: none"> ● Reduction of greenhouse gas emissions from production activities (Scope 1, Scope 2) <p>Total CO₂ emissions from energy use: 38% reduction (Achieve by FY2030, compared to FY2017)</p> <p>Total emissions: 42,720 tons (FY2017) ⇒ 26,486 tons (FY2030)</p> <ul style="list-style-type: none"> ● Provision of products and services with less environmental impact <p>Develop/sell energy-saving, low-carbon products, provide low-carbon services and businesses</p> <p>Conduct scenario analysis of climate change based on TCFD (FY2022)</p>
	<p>2. Contributing to a recycling society</p>	<ul style="list-style-type: none"> ● Reduction of waste <p>Total waste generated: Reduce by 10% (Achieve by FY2030, compared to FY2020)</p> <p>Total generated: 8,111 tons (FY2020) ⇒ 7,300 tons (FY2030)</p>

Society	1. Promoting diversity and inclusion	<ul style="list-style-type: none">● Nurturing of organizational culture that respects and supports diversity Build systems, raise awareness, improve environment Conduct employee survey (to identify issues) Obtain certification as a Health & Productivity Management Organization Conduct human rights due diligence based on a human rights policy (commence from FY2023)
	2. Establishing comfortable workplaces	<ul style="list-style-type: none">● Acquisition of diversity inherent in individuals Human resources training, human resources development and recruitment of diverse human resources Number of female managers: 30 [2%] (FY2023) ⇒ 60 [3%] (FY2030) Acquire national “Eruboshi” certification (from FY2023 onwards)● Creation of opportunities for individuals to make use of their diversity and “Will” Improve business competitiveness (strengthen management base) and integrate with long-term business strategies

Governance	1. Enhancing corporate governance systems	<ul style="list-style-type: none"> ● Strengthening the supervisory function of the Board of Directors Clarify the skills and experience required of board members and ensure the systematic development and diversity of management personnel
		<ul style="list-style-type: none"> ● Ensuring legitimacy in execution of duties Instill awareness for compliance among executives and employees and develop a control environment that includes subsidiaries
	2. Establishing and strengthening risk management systems	<ul style="list-style-type: none"> ● Establishing and strengthening company-wide risk management systems Develop a risk management system that includes subsidiaries and monitor important risks ● Develop business continuity plans (BCPs) for natural disasters, infectious diseases, etc.
		<ul style="list-style-type: none"> ● Strengthening electronic information management systems Review wide area networks (WANs), reform security regulations, and strengthen incident responses
		<ul style="list-style-type: none"> ● Ensuring quality and safety Understand and support the status of quality control and product safety risk information, including subsidiaries
		<ul style="list-style-type: none"> ● Promotion of CSR procurement Formulate CSR requirements and build systems to execute CSR procurement rationally/effectively/continuously

Long-term management plan [SG-Vision 2030]



Sustainable Growth

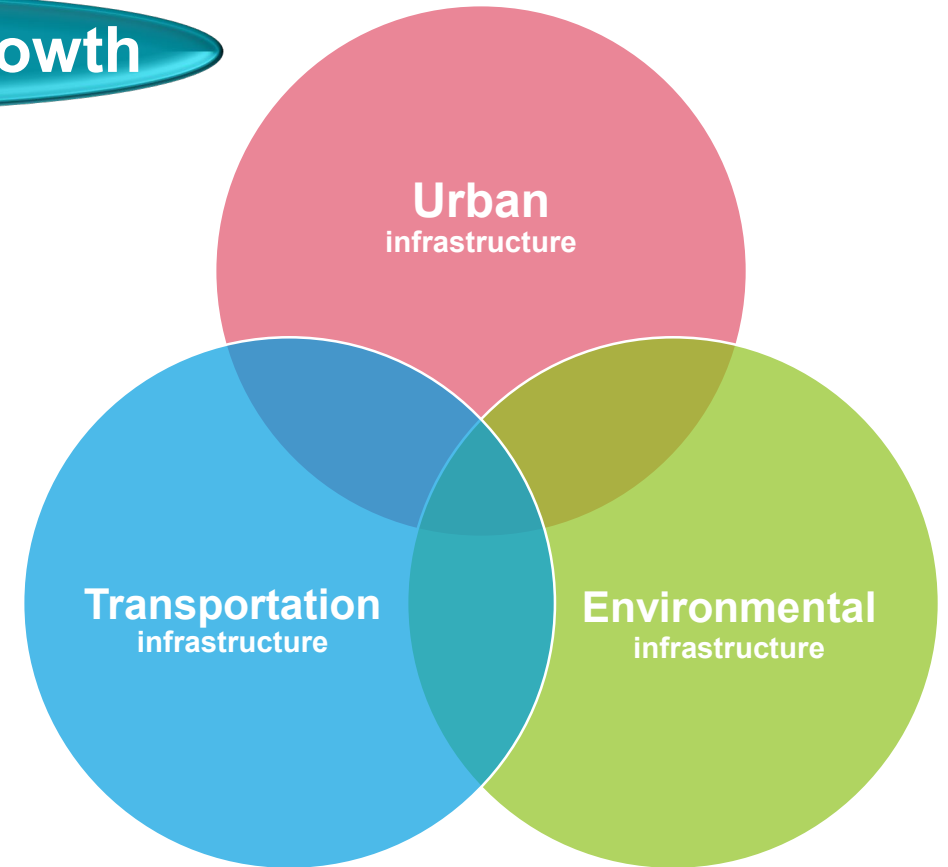
FY2030
Sales: 400 billion yen or more
[SG-Vision 2030]

FY2023
Sales: 250.0 billion yen
[SG-2023]

FY2021
Sales: 216.8 billion yen

ShinMaywa
VISION WITH INSIGHT

Our tagline means “viewing the future from a broad perspective and insight to continue satisfying the true needs of society and customers.”



We have continued to create a wide variety of products that support social infrastructures. We will continue to provide creative value that contributes to the advancement of global social infrastructure.

**Thank you for attending our
presentation of financial
results today.**

ShinMaywa Industries, Ltd.

ShinMaywa
VISION WITH INSIGHT

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Accordingly, it should be noted that forward-looking information needs to be considered in conjunction with uncertainties and risk factors. Reference should also be made to the numerous important risk factors that could have a significant negative impact on the Company’s actual business operations and results, additional information on which is described in detail in the Company’s quarterly financial results, annual securities report and various other documents disclosed by the Company.

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