

Presentation of Financial Results for Second Quarter of Fiscal Year 2023

October 31, 2023

ShinMaywa Industries, Ltd.

ShinMaywa
VISION WITH INSIGHT

Consolidated Financial Results for Second Quarter of Fiscal Year 2023

Note 1: Numerical values appearing in this document have been rounded down to the nearest unit, while ratios are shown in round figures.

Note 2: In this document, “1Q” signifies the cumulative 3-month period, “2Q” signifies the cumulative 6-month period, “3Q” signifies the cumulative 9-month period, and “full year” signifies the cumulative 12-month period.

Summary of Consolidated Financial Results for the Second Quarter of FY2023

(Million yen)

	FY2022 2Q	FY2023 2Q	Change (Rate of change)	
Orders received	133,910	128,631	-5,278	(-3.9%)
Net sales	104,001	116,464	+12,462	(+12.0%)
Operating profit	3,206	4,431	+1,225	(+38.2%)
Ordinary profit	4,168	4,858	+690	(+16.6%)
Profit attributable to owners of parent	2,871	2,974	+102	(+3.6%)
Outstanding orders	243,764	269,205	+25,441	(+10.4%)
Exchange rate (USD 1)	132.5 yen	140.3 yen		

Year-on-year change

Orders received

- Orders received decreased overall as a result of decreases in the Industrial Machinery & Environmental Systems and Special Purpose Truck segments.

Net sales

- Sales increased in all segments except the Others segment, and increased overall.
- Highest 2Q on record.

Profits

- Increase due to an increase in revenue.

Consolidated Financial Results for the Second Quarter of FY2023, by Segment

(Billion yen)

Segment	Orders received			Net sales			Operating profit		
	FY2022 2Q	FY2023 2Q	Change	FY2022 2Q	FY2023 2Q	Change	FY2022 2Q	FY2023 2Q	Change
Special Purpose Truck	57.0	53.8	-3.2	43.7	48.2	+4.4	0.7	1.1	+0.3
Parking Systems	20.6	23.6	+2.9	18.3	18.4	+0	1.1	1.4	+0.2
Industrial Machinery & Environmental Systems	24.1	16.4	-7.6	15.4	19.6	+4.2	1.2	1.7	+0.5
Fluid	13.8	14.3	+0.4	8.7	9.2	+0.5	0.3	0.3	+0
Aircraft	9.8	11.9	+2.0	11.5	14.7	+3.1	0.7	1.0	+0.3
Others	8.2	8.4	+0.1	6.3	6.1	-0.1	0.3	0.2	-0
Adjustments	—	—	—	—	—	—	-1.3	-1.5	-0.2
Total	133.9	128.6	-5.2	104.0	116.4	+12.4	3.2	4.4	+1.2

Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of September 30, 2023	Change
Cash and deposits	22,745	21,199	-1,546
Trade receivables	71,417	86,169	+14,751
Inventories	53,802	60,357	+6,555
Total fixed assets	45,191	45,198	+7
Other assets	33,749	35,722	+1,972
Total assets	226,907	248,647	+21,740
Trade payables	27,310	30,699	+3,388
Interest-bearing debt	52,417	70,635	+18,218
Other liabilities	46,739	43,556	-3,183
Total liabilities	126,467	144,891	+18,423
Equity	98,747	102,191	+3,444
Other net assets	1,692	1,564	-127
Total net assets	100,439	103,756	+3,316
Total liabilities and net assets	226,907	248,647	+21,740
Equity ratio	43.5%	41.1%	

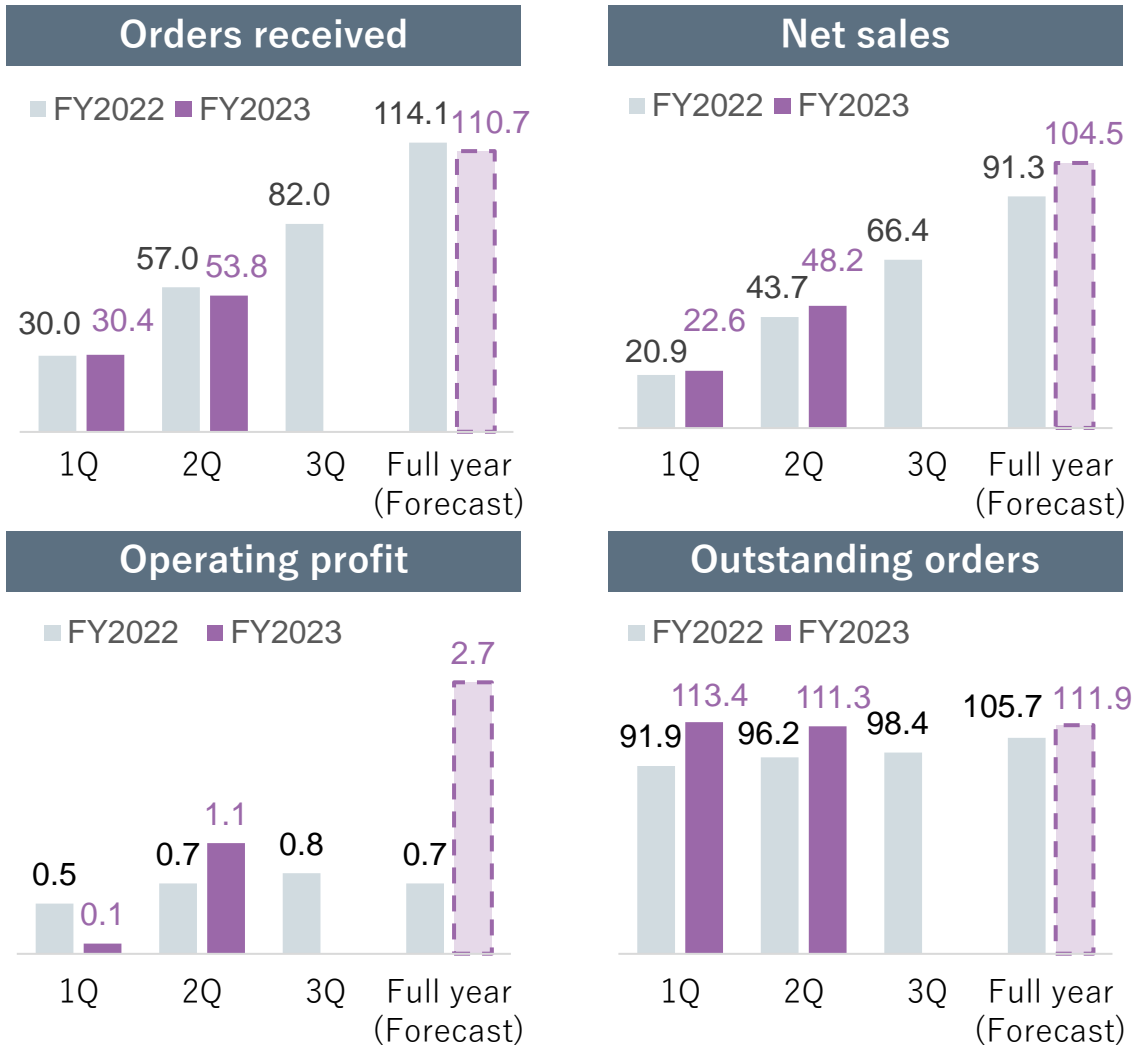
Consolidated Statements of Cash Flows

(Million yen)

	FY2022 2Q	FY2023 2Q	Change
Cash flows from operating activities	-6,137	-14,676	-8,539
Cash flows from investing activities	-4,074	-3,028	+1,046
Free cash flows	-10,211	-17,704	-7,492
Cash flows from financing activities	-121	15,797	+15,919

Special Purpose Truck Segment

Trends in financial results (Billion yen)



FY2023-2Q results (year-on-year)

Orders received

- Increase in forestry machinery, etc.
- Decrease in construction-related vehicles, environment-related vehicles, and trailers

Net sales

- Increase in construction-related vehicles, logistics-related vehicles, and environment-related vehicles

Operating profit

- Increase due to an increase in revenue (Including the impact of price revisions)

Trends in outstanding period (month)*

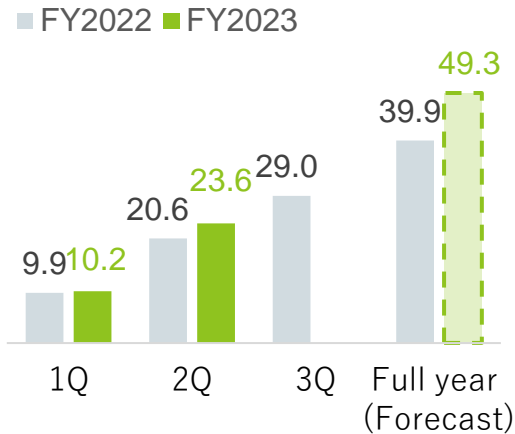
FY2022				FY2023			
1Q	2Q	3Q	Full year	1Q	2Q	3Q	Full year (Forecast)
11.9	12.6	13.0	13.9	12.7	12.8		12.9

* Calculated by dividing the order backlog by sales per month (1Q to 3Q calculated based on the full-year earnings forecast)

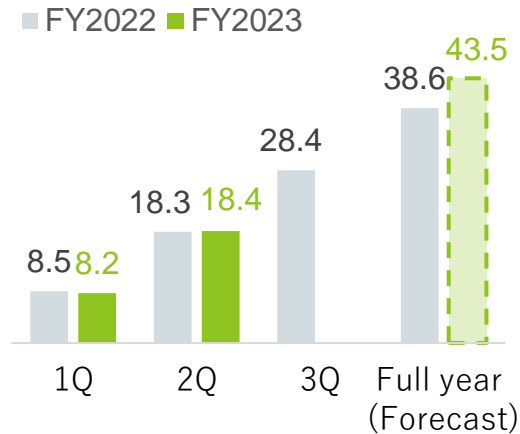
Parking Systems Segment

Trends in financial results (Billion yen)

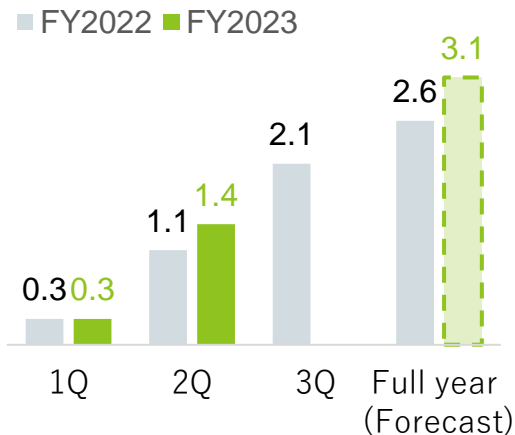
Orders received



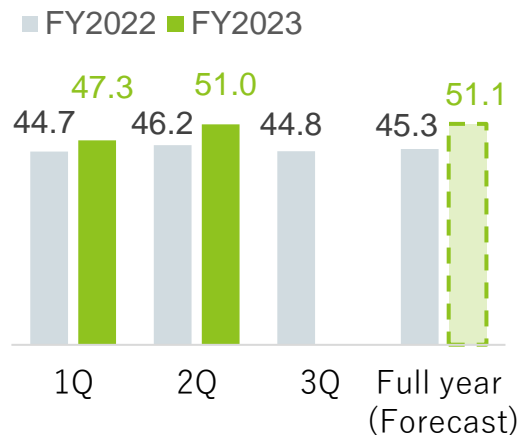
Net sales



Operating profit



Outstanding orders



FY2023-2Q results (year-on-year)

Orders received

Mechanical car parking systems:
Increase in service business
Aircraft passenger boarding bridges:
Increase in overseas market

Net sales

Mechanical car parking systems:
Decrease in products
Increase in service business
Aircraft passenger boarding bridges:
Decrease both in domestic and overseas markets

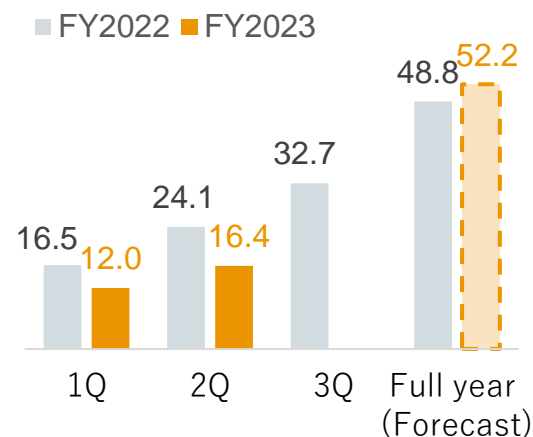
Operating profit

Mechanical car parking systems:
Increase due to higher service business
Aircraft passenger boarding bridges:
Decrease due to a decrease in revenue

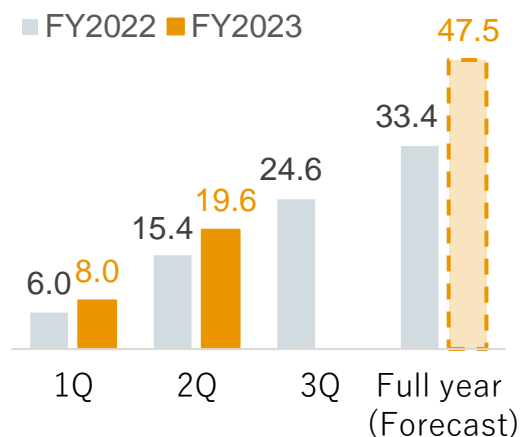
Industrial Machinery & Environmental Systems Segment

Trends in financial results (Billion yen)

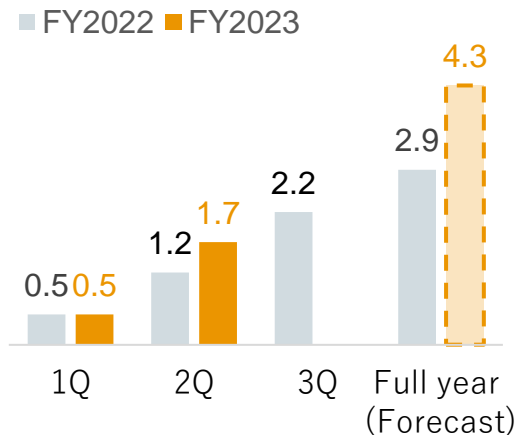
Orders received



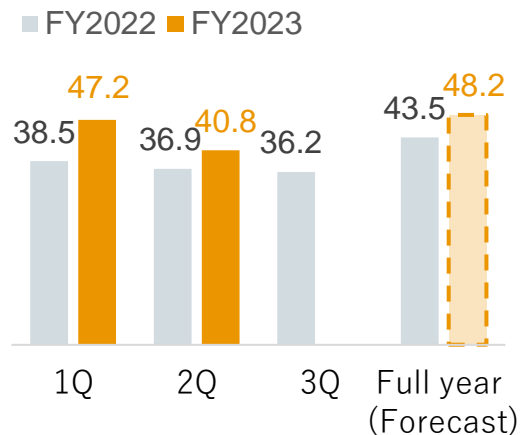
Net sales



Operating profit



Outstanding orders



FY2023-2Q results (year-on-year)

Orders received

Mechatronics products:
Decrease in vacuum products
Environment- related business:
Increase in plant projects

Net sales

Mechatronics products:
Increase in vacuum products
Environment- related business:
Increase in plant projects

Operating profit

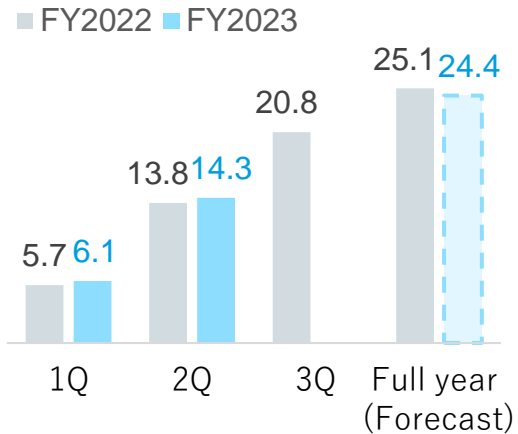
Mechatronics products:
Increase due to an increase in revenue
Environment- related business:
Increase due to an increase in revenue

Trends in orders received and net sales by sub-segment (Billion yen)

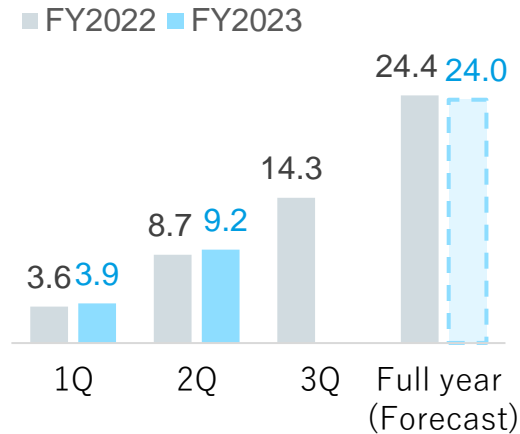
Sub-segment		FY2022				FY2023			
		1Q	2Q	3Q	Full year	1Q	2Q	3Q	Full year (Forecast)
Mechatronics products	Orders received	12.5	16.3	19.7	34.1	4.1	6.9		25.8
	Net sales	4.4	11.7	18.3	23.6	6.1	14.9		32.7
Environment-related business	Orders received	3.9	7.7	13.0	14.6	7.8	9.5		26.4
	Net sales	1.6	3.6	6.2	9.7	1.9	4.7		14.8

Trends in financial results (Billion yen)

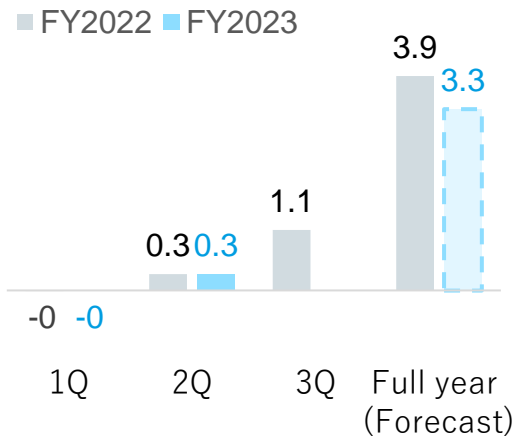
Orders received



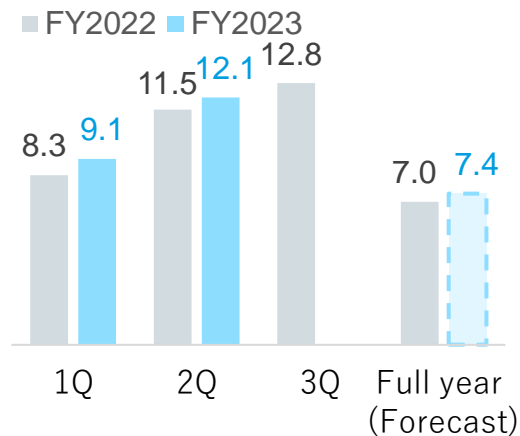
Net sales



Operating profit



Outstanding orders



FY2023-2Q results (year-on-year)

Orders received

- Increase due to steady demand

Net sales

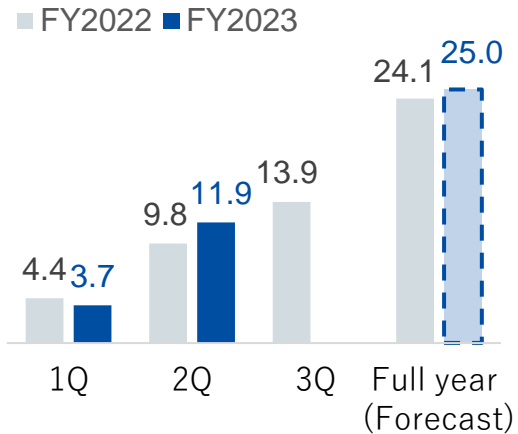
- Increase in system products
- Increase in service business

Operating profit

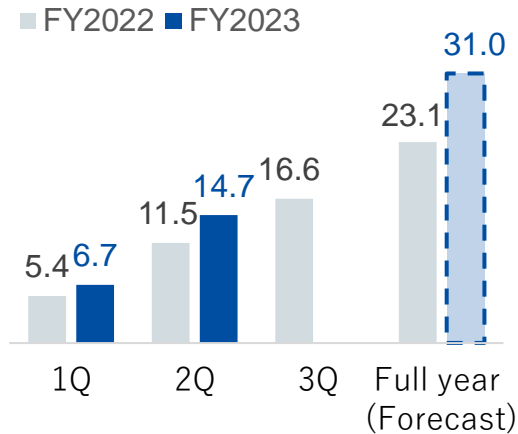
- Increase due to an increase in revenue

Trends in financial results (Billion yen)

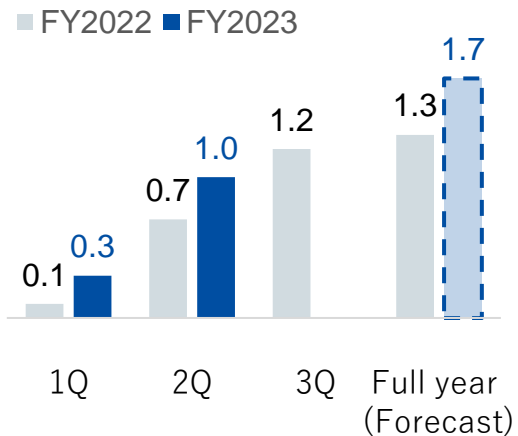
Orders received



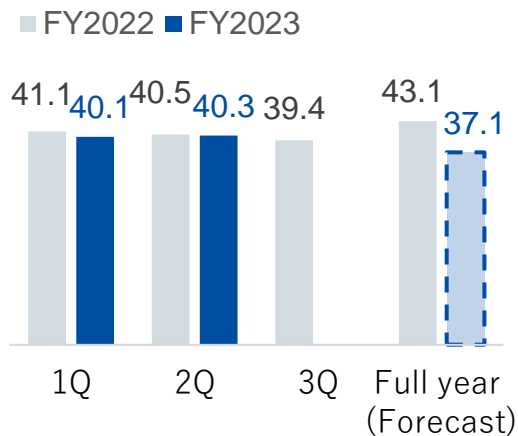
Net sales



Operating profit



Outstanding orders



FY2023-2Q results (year-on-year)

Orders received

Orders from Ministry of Defense:
Increase in components for transport aircraft
Civilian demand:
Decrease in number of orders for G7500

Net sales

Sales to Ministry of Defense:
Increase in US-2 rescue amphibian manufacturing work
Civilian demand:
Increase in production volume of 777/777X and 787 aircraft
Increase in revenue as a result of yen depreciation

Operating profit

Increase due to higher sales and yen depreciation, etc.

Civilian demand-related production volume

	(Unit)	
	FY2022-2Q	FY2023-2Q
777/777X	14	17
787	11	15
G7500	21	18

Exchange rate sensitivity (In and after October)

Each one- yen of depreciation against the U.S. dollar increases operating profit by approximately 40 million yen.

Consolidated Financial Results Forecast for Fiscal Year 2023

Summary of Consolidated Financial Results Forecast for FY2023






(Million yen)

	FY2022 (actual)	FY2023 (forecast)		Change (Rate of change)			
		Old forecast	New forecast	Year-on-year change		Compared with old forecast	
Orders received	267,159	271,000	275,000	+7,840	(+2.9%)	+4,000	(+1.5%)
Net sales	225,175	270,000	265,000	+39,824	(+17.7%)	-5,000	(-1.9%)
Operating profit	9,293	12,000	12,000	+2,706	(+29.1%)	—	(—)
Ordinary profit	9,902	11,700	11,700	+1,797	(+18.2%)	—	(—)
Profit attributable to owners of parent	7,313	7,300	7,300	-13	(-0.2%)	—	(—)
Outstanding orders	255,859	256,859	265,859	+10,000	(+3.9%)	+9,000	(+3.5%)
Annual dividend per share	45 yen	45 yen	45 yen	—		—	
Dividend payout ratio	40.5%	40.6%	40.7%	+0.2pt		+0.1pt	
Exchange rate (USD 1)	135.5 yen	130.0 yen	135.0 yen*				

Compared with old forecast

- Financial results forecasts are revised from those previously announced: orders received are revised upward, and net sales are revised downward.
- As for profits, the forecasts previously announced remain unchanged. However, the segment breakdown of operating profit is under review. (see slide 14)

* The exchange rate of new forecast is the assumed exchange rate applicable in and after October.

Segment	Forecast	Business Environment (Outlook)
Special Purpose Truck		<ul style="list-style-type: none"> ➤ Delay in procurement of key components and other factors affecting stagnation of production activities are on a recovery trend, but the condition remains uncertain. Although it was estimated to normalize in early 2024, it is predicted to be prolonged over the long-term. ➤ Steel prices remaining at a high level and rising operating costs including processing costs, logistics costs, energy costs, etc., have been higher cost factors. On the other hand, the impact of the first price revisions that were implemented at the beginning of the previous period has fully materialized in the current period as a higher revenue factor. ➤ At the beginning of the current period, price revisions were undertaken for the second time. While orders are being received steadily, as we have outstanding orders over 13 months at the beginning of period, the impact is expected to be fully reflected in sales in the next period onwards.
Parking Systems		<ul style="list-style-type: none"> ➤ Product demand for mechanical car parking systems continued to be strong. The service business, which caused lower revenue in the previous period, has recovered and is expected to increase sales and profits. The shortage of semiconductors is expected to fully resolve in FY2024. ➤ Orders for Aircraft passenger boarding bridges that were postponed or suspended during the COVID-19 era, are back in the pipeline and the market is expected to recover rapidly.
Industrial Machinery & Environmental Systems		<ul style="list-style-type: none"> ➤ With regard to the mechatronics business, wire processors are not selling well in Chinese market due to real estate slump, but the demand is strong in North American market. Sales of vacuum drying systems is expected to increase in a larger scale against the backdrop of accelerated investments in facilities related to secondary batteries used in EVs that are linked to the growth of EV market. Customer demand for capital investments in vacuum drying systems is estimated to peak between the current period and the next period. ➤ In the environment-related business, demand for plant projects is strong. The accompanying increase in stock business also support the performance of the segment.
Fluid		<ul style="list-style-type: none"> ➤ Domestic public sector demand is expected to continue to grow in the field of heavy rain and flood countermeasures due to measures such as the Plan for National Resilience and in the field of renewals and servicing due to the wide-area expansion and joint operation of sewage treatment facilities and the promotion of stock management. ➤ In the domestic civilian demand area, we saw stronger demand mainly for turbo blowers and received strong interest in energy saving products, including those for food factories. Overseas-related demand is expected to stay firm mainly in North American market and Southeast Asian market.
Aircraft		<ul style="list-style-type: none"> ➤ We are hopeful for future demand growth of orders from the Ministry of Defense based on policies of the Ministry of Defense. Sales are expected to increase for the current period mainly due to progress in manufacturing work of the mainstay product, US-2 rescue amphibian. ➤ Orders related to civilian demand are also estimated to increase in production volume from the previous period because products for Boeing are on a recovery trend.

Consolidated Financial Results Forecast for FY2023 by Segment (Year-on-year)

(Billion yen)

Segment	Orders received			Net sales			Operating profit		
	FY2022 (actual)	FY2023 (forecast)	Change	FY2022 (actual)	FY2023 (forecast)	Change	FY2022 (actual)	FY2023 (forecast)	Change
Special Purpose Truck	114.1	110.7	-3.4	91.3	104.5	+13.1	0.7	2.7	+1.9
Parking Systems	39.9	49.3	+9.3	38.6	43.5	+4.8	2.6	3.1	+0.4
Industrial Machinery & Environmental Systems	48.8	52.2	+3.3	33.4	47.5	+14.0	2.9	4.3	+1.3
Fluid	25.1	24.4	-0.7	24.4	24.0	-0.4	3.9	3.3	-0.6
Aircraft	24.1	25.0	+0.8	23.1	31.0	+7.8	1.3	1.7	+0.3
Others	14.9	13.4	-1.5	14.1	14.5	+0.3	0.7	0.5	-0.2
Adjustments	—	—	—	—	—	—	-3.0	-3.6	-0.5
Total	267.1	275.0	+7.8	225.1	265.0	+39.8	9.2	12.0	+2.7

Consolidated Financial Results Forecast for FY2023 by Segment (In Comparison with Old Forecast)

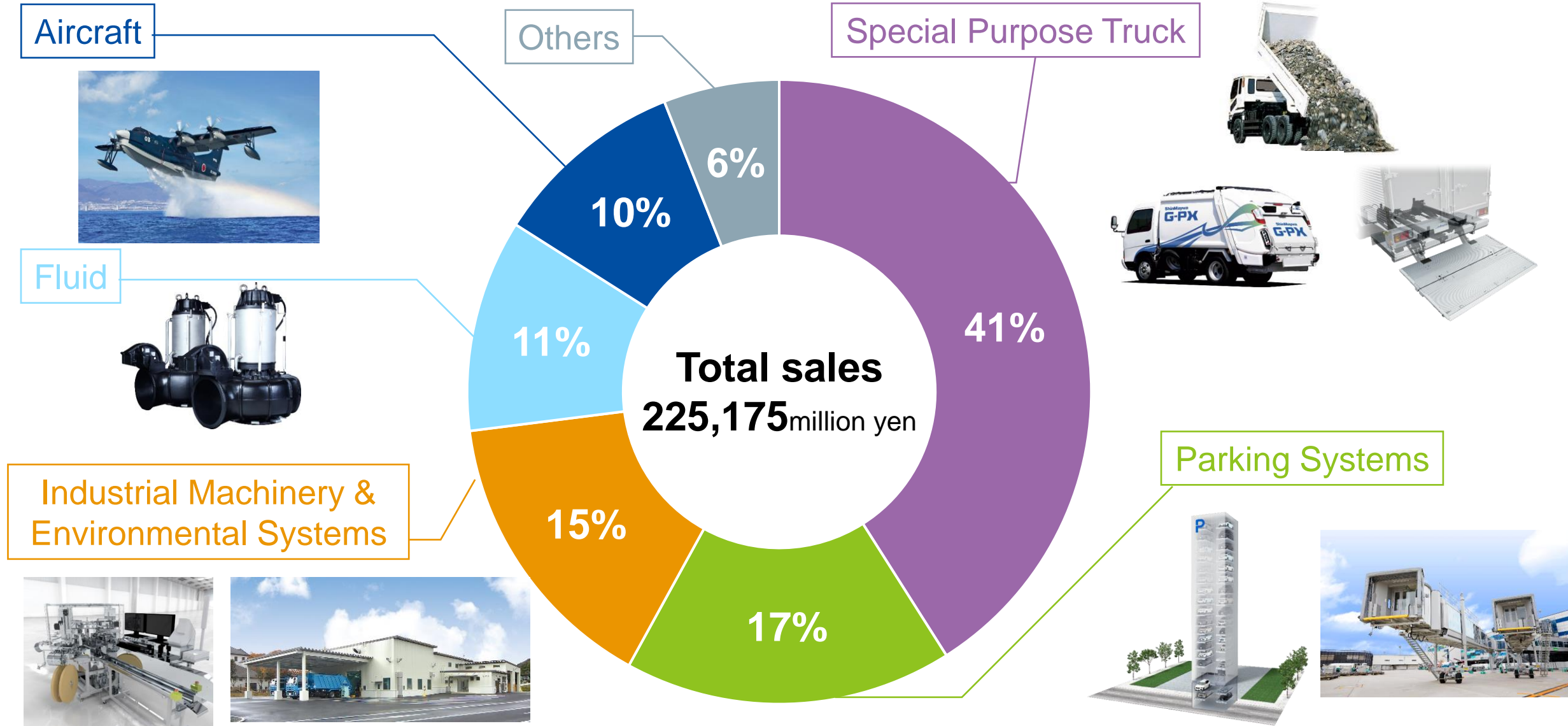
(Billion yen)

Segment	Orders received			Net sales			Operating profit		
	FY2023 (old forecast)	FY2023 (new forecast)	Change	FY2023 (old forecast)	FY2023 (new forecast)	Change	FY2023 (old forecast)	FY2023 (new forecast)	Change
Special Purpose Truck	107.9	110.7	+2.8	106.8	104.5	-2.3	2.9	2.7	-0.2
Parking Systems	49.0	49.3	+0.3	43.6	43.5	-0.1	3.1	3.1	—
Industrial Machinery & Environmental Systems	49.6	52.2	+2.6	47.5	47.5	—	3.7	4.3	+0.6
Fluid	24.2	24.4	+0.2	24.2	24.0	-0.2	3.3	3.3	—
Aircraft	27.0	25.0	-2.0	31.3	31.0	-0.3	1.7	1.7	—
Others	13.3	13.4	+0.1	16.6	14.5	-2.1	0.8	0.5	-0.3
Adjustments	—	—	—	—	—	—	-3.5	-3.6	-0.1
Total	271.0	275.0	+4.0	270.0	265.0	-5.0	12.0	12.0	—

Supplementary Materials

Corporate Name	ShinMaywa Industries, Ltd.
Head Office	1-1 Shinmeiwa-cho, Takarazuka, Hyogo 665-8550, Japan
Founded	November 5, 1949
Paid-up Capital	15,981,967,991 yen
President	Tatsuyuki Isogawa, President & CEO
Number of Employees	Consolidated 6,128 / Non-consolidated 3,144 (as of end of September, 2023)
Consolidated Subsidiaries	29

Distribution Ratios of Net Sales by Segment (FY2022)



Business Performance

(Billion yen)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Orders received	214.8	203.9	210.0	209.7	230.5	237.9	221.8	199.3	263.1	267.1
Net sales	174.0	193.1	203.9	201.2	207.3	217.2	227.2	209.2	216.8	225.1
Operating profit	10.8	13.6	15.2	13.0	10.5	10.7	12.8	10.4	10.5	9.2
Operating profit ratio (%)	6.2	7.1	7.5	6.5	5.1	4.9	5.6	5.0	4.9	4.1
Ordinary profit	11.4	14.3	15.5	13.2	10.7	10.4	12.3	11.1	11.8	9.9
Profit attributable to owners of parent	7.4	9.1	10.2	8.9	7.0	6.9	7.3	5.4	6.9	7.3
Outstanding orders	107.2	118.7	124.5	132.7	156.1	177.3	171.9	161.6	210.3	255.8
Overseas sales	36.0	45.6	48.1	43.0	42.5	42.8	43.2	27.1	31.0	46.3
Interest-bearing debt	6.0	4.1	2.0	0.1	0	49.8	57.5	54.5	52.2	52.4
Equity	95.1	105.8	112.9	118.2	124.8	82.3	82.9	87.9	92.4	98.7
ROE(%)	8.1	9.1	9.4	7.7	5.8	6.8	8.9	6.4	7.7	7.6
ROIC*(%)	6.8	8.3	9.1	7.7	6.0	5.8	6.5	5.1	5.1	4.4

* ROIC = Operating profit x (1 - Effective tax rate) / Average of invested capital (= Interest - bearing debt + Equity) at the beginning and end of the period

Business Performance by Segment ①

(Million yen)

Segment	Account	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Special Purpose Truck	Orders received	93,965	91,006	79,649	89,722	91,303	107,463	101,012	94,246	118,662	114,151
	Net sales	77,328	84,775	87,462	89,304	90,317	92,333	94,627	94,777	97,190	91,311
	Operating profit	5,009	6,929	6,748	8,348	6,313	6,544	6,802	6,707	5,354	707
	Operating profit ratio (%)	6.5	8.2	7.7	9.3	7.0	7.1	7.2	7.1	5.5	0.8
Parking Systems	Orders received	32,292	29,805	30,674	31,561	55,017	35,797	36,275	37,332	38,133	39,901
	Net sales	28,301	27,440	29,359	31,145	31,979	33,863	37,805	35,228	38,099	38,627
	Operating profit	899	1,330	1,814	1,850	1,780	2,343	3,223	3,228	3,066	2,686
	Operating profit ratio (%)	3.2	4.8	6.2	5.9	5.6	6.9	8.5	9.2	8.0	7.0
Industrial Machinery & Environmental Systems	Orders received	26,712	28,583	31,899	29,209	30,424	38,533	42,685	36,980	37,052	48,805
	Net sales	24,371	27,928	30,155	29,451	30,099	33,810	38,370	37,195	25,560	33,425
	Operating profit	2,037	1,878	1,985	2,219	2,468	2,474	2,748	2,989	1,724	2,923
	Operating profit ratio (%)	8.4	6.7	6.6	7.5	8.2	7.3	7.2	8.0	6.7	8.7

*The Company realigned its reportable segments effective as of the first quarter of FY2022, repositioning the Fluid business, which was included in Industrial Machinery & Environmental Systems, as a reportable segment.

In connection with the realignment, the figures presented for FY2021 have been restated to conform to the current presentation.

Business Performance by Segment ②

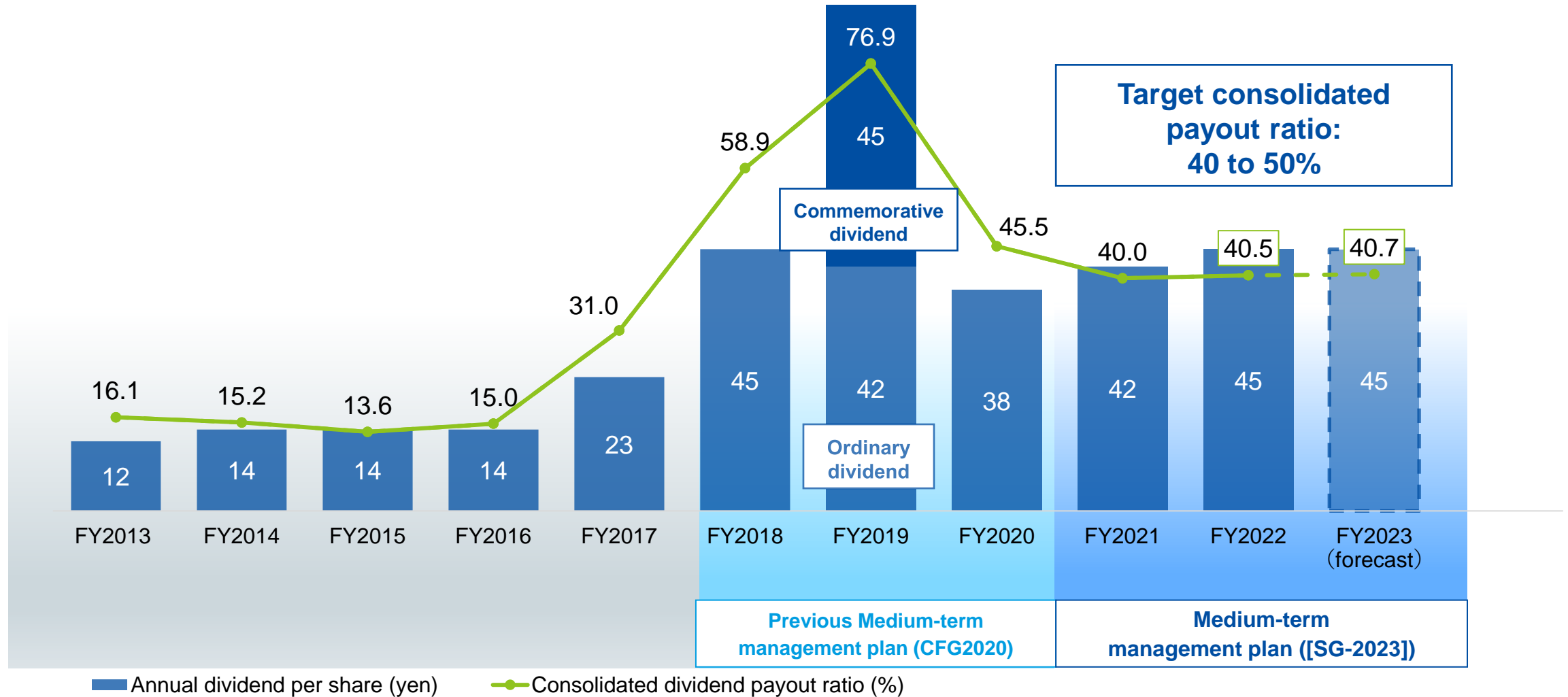
(Million yen)

Segment	Account	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Fluid	Orders received									22,130	25,165
	Net sales									20,787	24,485
	Operating profit									3,151	3,916
	Operating profit ratio (%)									15.2	16.0
Aircraft	Orders received	52,556	44,068	55,502	43,741	40,803	35,772	30,393	13,378	31,711	24,187
	Net sales	34,067	41,143	47,262	39,028	40,699	43,635	38,950	25,957	19,137	23,136
	Operating profit	4,665	5,263	6,546	2,000	1,368	649	1,551	-808	-875	1,397
	Operating profit ratio (%)	13.7	12.8	13.9	5.1	3.4	1.5	4.0	-3.1	-4.6	6.0
Others	Orders received	9,338	10,505	12,340	15,498	13,005	20,336	11,511	17,371	15,472	14,945
	Net sales	9,941	11,843	9,677	12,274	14,239	13,654	17,476	16,066	16,047	14,188
	Operating profit	318	439	796	960	1,049	1,037	1,193	1,445	955	739
	Operating profit ratio (%)	3.2	3.7	8.2	7.8	7.4	7.6	6.8	9.0	6.0	5.2

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In connection with the realignment, the figures presented for FY2021 have been restated to conform to the current presentation.

Dividend per Share and Consolidated Dividend Payout Ratio



Capital Investments / Depreciation / Research and Development Expenses

Capital investments (Billion yen)

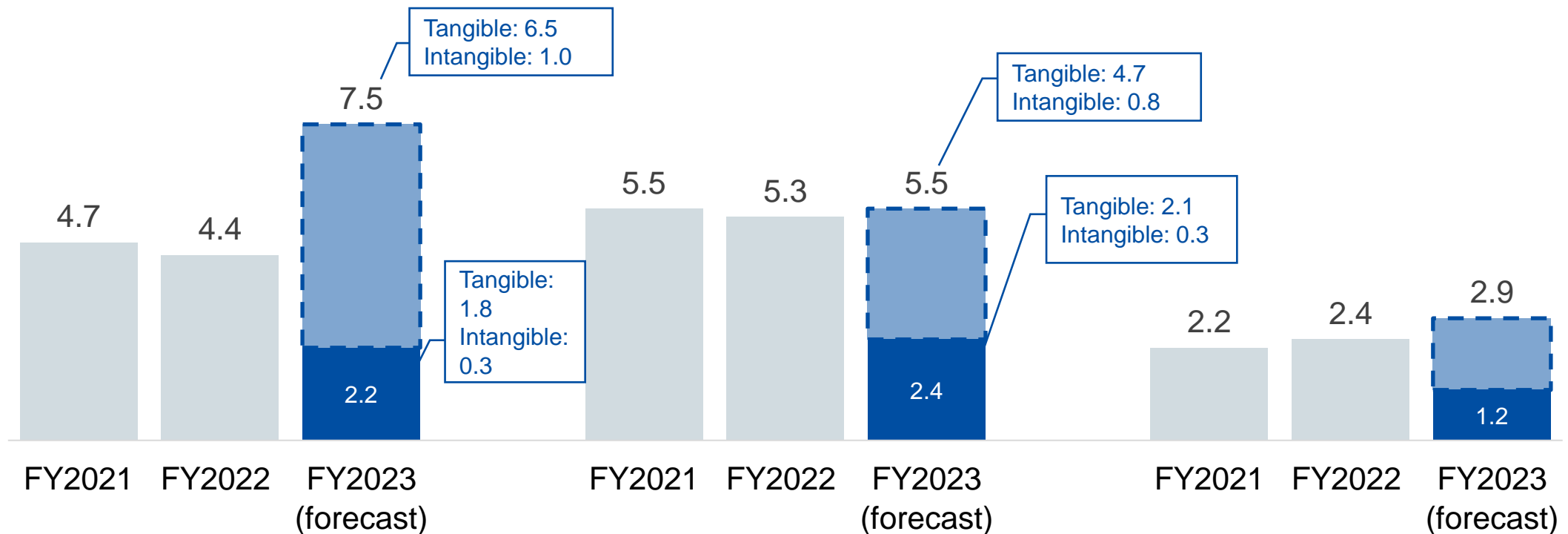
* Lower: 2Q Results

Depreciation (Billion yen)

* Lower: 2Q Results

Research and development expenses (Billion yen)

* Lower: 2Q Results



Overseas Sales, by Segment

(Billion yen)

	Special Purpose Truck			Parking Systems			Industrial Machinery & Environmental Systems			Fluid			Aircraft			Others			Total		
	FY2022 2Q	FY2023 2Q	Change	FY2022 2Q	FY2023 2Q	Change	FY2022 2Q	FY2023 2Q	Change	FY2022 2Q	FY2023 2Q	Change	FY2022 2Q	FY2023 2Q	Change	FY2022 2Q	FY2023 2Q	Change	FY2022 2Q	FY2023 2Q	Change
Japan	40.8	45.8	+5.0	16.7	17.3	+0.5	5.0	6.2	+1.2	5.9	6.7	+0.7	6.1	8.2	+2.0	6.3	6.1	-0.1	81.2	90.6	+9.3
Asia	1.0	0.8	-0.1	1.5	1.0	-0.4	5.9	3.6	-2.2	1.9	1.7	-0.2	—	—	—	—	—	—	10.4	7.3	-3.1
North America	0	—	-0	—	—	—	1.0	8.9	+7.9	0.4	0.4	-0	4.8	6.1	+1.3	—	—	—	6.3	15.5	+9.2
Others	1.7	1.4	-0.3	—	—	—	3.3	0.7	-2.6	0.2	0.3	+0	0.5	0.3	-0.1	—	—	—	5.9	2.9	-3.0
Total sales	43.7	48.2	+4.4	18.3	18.4	+0	15.4	19.6	+4.2	8.7	9.2	+0.5	11.5	14.7	+3.1	6.3	6.1	-0.1	104.0	116.4	+12.4
Ratio of overseas sales to total sales (%)	6.5	4.8	-1.7 pt	8.3	5.8	-2.6 pt	67.1	68.0	+1.0 pt	31.3	27.5	-3.9 pt	46.3	44.3	-2.0 pt	0	0	—	21.9	22.2	+0.3 pt



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report by Shared Research**

ShinMaywa has commissioned Shared Research, Inc. to prepare a research report covering all the necessary information for investment with the aim of providing investors with a deeper understanding of the ShinMaywa Group.

The research report is prepared neutrally and objectively from an investor's perspective, based on corporate analysis and information obtained through interviews with the ShinMaywa Group, and is updated as appropriate based on earnings announcements and press releases.

<https://sharedresearch.jp/en/companies/7224>



We hope this report helps foster an understanding of our business.

This document may contain statements about the future or other information aside from historical facts regarding ShinMaywa Industries, Ltd. (hereinafter referred to as the “Company”) or its group companies (hereinafter referred to as the “Group”), such as outlooks, policies, management strategies, targets, plans and recognition or evaluation of facts (hereinafter referred to as “forward-looking information”). Furthermore, management of the Company may also remark on forward-looking information. Statements on forward-looking information are made entirely on the basis of projections of the Company as of the date of this document (or the date otherwise specified herein), based on information obtained by the Company. In addition, apart from historical facts, certain assumptions have been made when formulating outlooks, targets and so on. By their nature, there is no guarantee that these statements, or facts or assumptions, are objectively accurate, nor is there any guarantee that they will come to pass in the future as presented.

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ShinMaywa Industries, Ltd.