

Material for Presentation of Financial Results and New Medium-Term Management Plan

# Medium-Term Management Plan [SG-2026]

May 17, 2024

ShinMaywa Industries, Ltd.

**ShinMaywa**  
VISION WITH INSIGHT

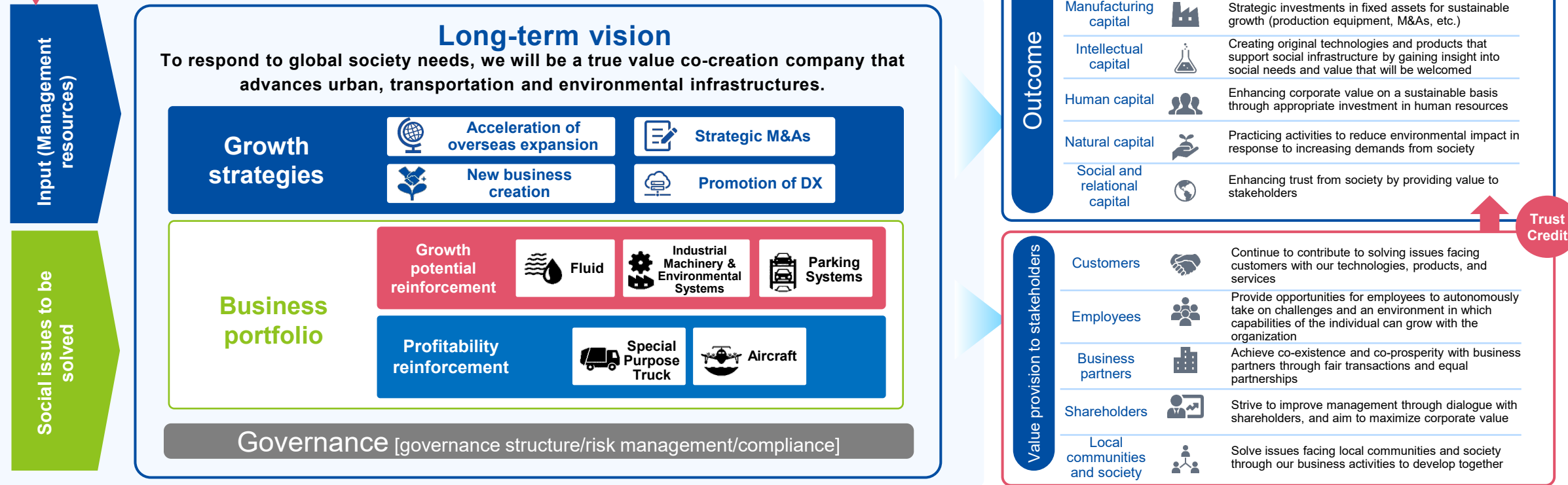
# I. Long-Term Management Plan and Review of the Previous Medium-Term Management Plan

# [SG-Vision2030]: Management Strategy Towards Fiscal Year 2030

## Management philosophy

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

Business activities [Risks and Opportunities/Strategies and Resource Allocation/Business Model]



Changes in the external environment/megatrends

Corporate principles, Code of conduct, and Action guidelines ⇒ Corporate culture

# [SG-Vision2030]: Promotion Plan and Management Indices for Fiscal Year 2030

[SG-Vision2030]

We aim to achieve the Long-Term Vision and each management indicator by dividing the 10 years of the Long-term management plan (from FY2021 to FY2030) into three phases and periods and formulating and promoting a medium-term management plan for each period.

## Sustainable Growth with Vision 2030 [SG-Vision2030]



# [SG-2023] Achievement Status towards Business Performance Targets (Fiscal Year 2021 to 2023)

Net sales and overseas sales targets under the Medium-term management plan [SG-2023] were achieved but operating profit, ROE, and ROIC plan targets were not achieved.

Management indicator	[SG-2023] (Target standard)	FY2021 (Results)	FY2022 (Results)	FY2023 (Results)
Net sales	250.0 billion yen	216.8 billion yen	225.1 billion yen	257.0 billion yen
Overseas sales	45.0 billion yen	31.0 billion yen	46.3 billion yen	53.2 billion yen
Operating profit	15.0 billion yen	10.5 billion yen	9.2 billion yen	11.7 billion yen
ROE (%)	10% or more	7.7%	7.6%	7.1%
ROIC (%)	7% or more	5.1%	4.4%	5.3%
Exchange rate (USD 1)	108 yen	111.9 yen	135.5 yen	144.8 yen

\* ROIC = Operating profit x (1 - effective tax rate) / average of invested capital (= interest-bearing debt + equity) at the beginning and end of the period

# [SG-2023] Details of Profit Increases and Decreases (Planned vs. Results)

## By factor

Failed to achieve the planned figure because of delayed impacts of sales price revisions (+8.3 billion yen) due to long delivery times as well as impacts of spikes in the raw material costs including the part cost (-13.2 billion yen) despite implementation of cost-cutting plan.

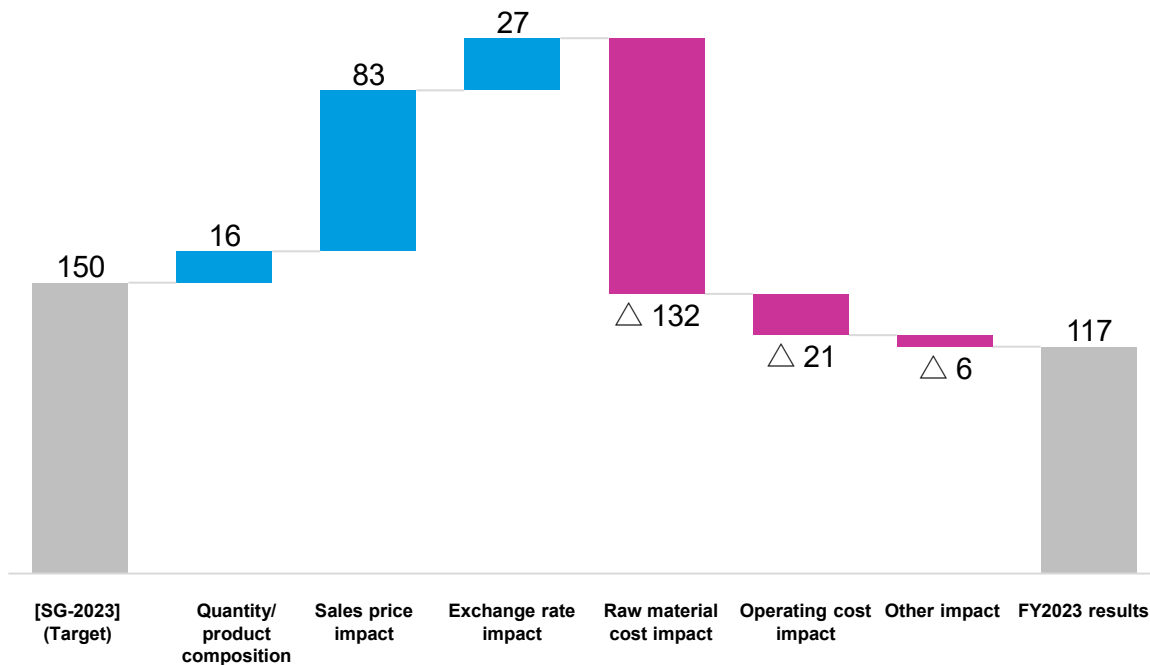
## By business

The extended delivery brought the largest impact to the special purpose truck business, recording -4.6 billion yen. The industrial machinery and environmental systems business recorded +1.5 billion yen due to growth of the vacuum drying equipment of KOREA VACUUM LIMITED. The aircraft business grew by 1.4 billion yen because of the recovery of overseas products after the COVID-19 pandemic and yen depreciation.

[SG-2023] Planned vs. results

By factor

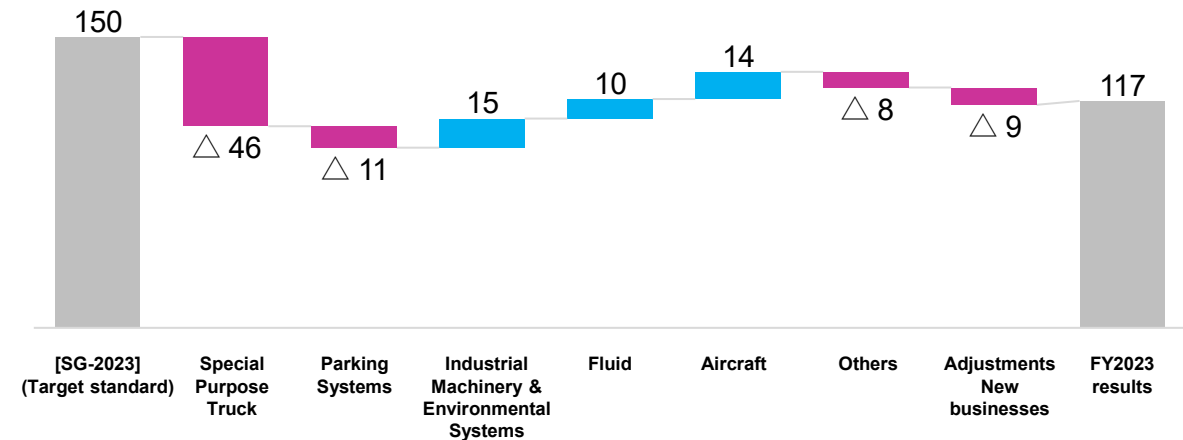
(100 million yen)



[SG-2023] Planned vs. results

By business

(100 million yen)



# [SG-2023] (Fiscal Year 2021 to 2023) Summary and Performance by Segment

## 1. Summary and performance by segment (FY2023)

(Billion yen)

Segment	Summary of key measures	Sales		Operating profit	
		Target standard	Result	Target standard	Result
Special Purpose Truck	<ul style="list-style-type: none"> <li>Although demand remained robust, there were long delivery times partly due to delays in procuring major parts. The ratio of revised price projects taken against spikes in raw material costs is increasing but is expected to be fully reflected in sales until the next fiscal year or later.</li> <li>Overseas sales grew due to high evaluation of components. Production system establishment and reinforcement were promoted.</li> </ul>	102.0	100.5	6.9	2.3
Parking Systems	<ul style="list-style-type: none"> <li>Mechanical car parking systems: The service business remained robust. Sales of the product business decreased due to delayed or postponed construction.</li> <li>Aircraft passenger boarding bridge: Sales decreased because of postponements of airport construction plans mainly in Southeast Asia, resulting from the impact of the COVID-19 pandemic.</li> <li>In addition to the sales decrease, the operating profit target was not achieved due to spikes in the prices of steel and other material as well as transportation costs.</li> </ul>	47.0	41.3	3.8	2.7
Industrial Machinery & Environmental Systems	<ul style="list-style-type: none"> <li>Mechatronics-related: Vacuum drying equipment net sales increased substantially against a background of increased EV-related demand. Although demand slowed down in the Chinese market, demand for automatic wire processors remained robust in North America and Asia, which led to profit.</li> <li>Environment-related business: Demand remained robust. Sales increased due to lump-sum contracting of new plant construction and its long-term operation.</li> </ul>	28.0	42.9	1.8	3.3
Fluid	<ul style="list-style-type: none"> <li>Consolidated TurboMAX Co., Ltd as a subsidiary through M&amp;A. Overseas sales of turbo blowers and other items expanded.</li> <li>The product lineup for North America was enriched and agent network was expanded. Production in Thailand was launched to reinforce sales in the Southeast Asia region.</li> <li>Acceptance of orders for torrential rain and flooding measures to address the national resilience plan, etc. were expanded. Sales of the sewage facility service domain increased.</li> </ul>	24.0	26.3	3.1	4.1
Aircraft	<ul style="list-style-type: none"> <li>Private demand-related: Passenger demand and other demand temporarily and drastically decreased due to COVID-19. Demand is recently on the recovery trend, with an increase in the number of aircraft produced. Yen depreciation dramatically improved profit.</li> <li>For the Ministry of Defense: The operation ratio and net sales improved due to the acceptance of orders for STOL Search and Rescue Amphibians.</li> </ul>	30.0	31.9	0.7	2.1

\* The Industrial Machinery & Environmental Systems and Fluid segments were separated into two segments from FY2022.

## II. New Medium-Term Management Plan

Setting FY2024 to FY2026 as Phase 2 [Expansion] towards the realization of the Long-Term Vision, we will endeavor to work on under the following six basic policies.

Basic policy

SG-2026

- 1 Realization of sustained growth**
  - A) Acceleration of overseas expansion: Strengthening of expansion in Southeast Asia, Oceania, and North America
  - B) Strategic M&As: Active utilization of M&As, aiming to expand overseas and create new businesses
  - C) Promotion of DX: Value creation and new business model development by utilizing data
  - D) New business creation: New business creation through generating synergies among businesses and value creation with external parties
- 2 Business portfolio management**
  - A) Classify the five businesses based on ROIC into a growth potential reinforcement business or profitability reinforcement business to manage the business portfolio
  - B) Investments and new business creation based on the portfolio classification to follow the [SG-Vision2030]
- 3 Penetration and promotion of ROIC management**
  - A) ROIC reverse tree implementation: Throughput increases, operating cost decreases, and substantial productivity improvements with all departments and group companies
  - B) Cash allocation: ROIC improvement through the investment strategy based on the business portfolio strategy and fund procurement in light of financial soundness
- 4 Human capital reinforcement**
  - A) Recruitment and development of human resources based on the growth strategies: Digital literacy education, global human resource education, recruitment of highly professional human resources, and strategic human resource portfolio
  - B) Improvement of employee engagement: D&I promotion, career path formulation support for employees, and female leader development
- 5 Contribution to the environment and society through products and services**
  - A) Environment: Deployment of GHG emissions calculation for Scopes 1 and 2 and introduction of Scope 3 to group companies. Consideration of an environmental product certificate system
  - B) Society: Improvement of corporate value through expansion of values provided to stakeholders
- 6 Strengthening of risk management and compliance**
  - A) Risk management: Monitoring of business risks arising from climate change and human rights issues and implementation of CSR, BCM/BCP measures, reinforcement of information security measures, etc.
  - B) Compliance: Compliance education, continuous implementation of the compliance awareness survey, reinforced utilization of internal whistleblower hotlines

	[Overseas]	[In Japan]
Demographics	<p><b>Shift of regions experiencing economic growth along with population increases</b></p> <p>Concentration of development investments centered around Southeast Asia and Global South, which enjoy population bonuses, inviting expectations for further growth.</p> <p>Issues including labor shortages are worsening in Europe, the U.S., and China due to the decreasing working-age populations.</p> <p>Key to sustainable growth is re-skilling, human resource development, and acquisition of highly professional human resources.</p>	<p><b>Urgent need to address issues that accompany the decreasing domestic population/working-age population</b></p> <p>Increasing social security costs.</p> <p>Issues include the upcoming amendment to the Labor Standards Act in 2024, and continuous provision of local public services.</p> <p>Securing labor of women, the elderly, and foreign nationals is indispensable.</p> <p>DX initiatives accelerated to invest in manpower-saving as well as to improve productivity.</p>
GX Sustainable society	<p><b>Rise and friction of initiatives towards the realization of a sustainable society</b></p> <p>Rules towards the realization of 2050 Carbon Neutrality and a sustainable society are being developed in regions, mainly in Europe. (EU Green Deal, SFDR, etc.)</p> <p>Skeptical views are also expanding because of the ESG washing issue and the effectiveness/lack of transparency of ESG assessments, among other reasons.</p>	<p><b>Solutions to the issues by pursuing global trends and with ideas unique to Japan</b></p> <p>Follow developed countries' trends by endorsing and participating in international frameworks such as TCFD and CDP.</p> <p>Increasing the number of companies striving to acquire global competitiveness utilizing GX technologies, such as renewable energy, green hydrogen, fuel cells, EVs, urban mines, nuclear fusion, biorefinery, green methane, etc.</p>
Inflation	<p><b>Estimated global economy growth*</b>: 3.1% in 2024 and 3.2% in 2025 <b>World inflation</b>: 5.8% in 2024 to 4.4% in 2025, on a decreasing trend</p>	<p><b>Core CPI year-on-year growth</b>: -0.26% in 2021, 2.51% in 2022, 3.25% in 2023, 2.6% in 2024, and 2.05% in 2025 The inflation rate turned positive in 2022, although, it has been decreasing since 2024.</p>

# [SG-2026] Key Management Indices

Management indicator	FY2023 (Results)	[SG-2026] (Target standard)
Net sales	257.0 billion yen	320.0 billion yen
Overseas sales	53.2 billion yen	80.0 billion yen
Operating profit	11.7 billion yen	18.0 billion yen
ROE (%)	7.1%	10% or more
ROIC (%)	5.3%	7% or more
Exchange rate (USD 1)	144.8 yen	140 yen (set value)

# [SG-2026] Key Management Indices (by Segment)

(Billion yen)

Segment	Net sales			Operating profit		
	FY2023 (Results)	[SG-2026] (Target standard)	Growth rate(%)	FY2023 (Results)	[SG-2026] (Target standard)	Growth rate(%)
Special Purpose Truck	100.5	132.2	<b>132%</b>	2.3	7.3	<b>315%</b>
Parking Systems	41.3	58.1	<b>141%</b>	2.7	4.5	<b>162%</b>
Industrial Machinery & Environmental Systems	42.9	43.5	<b>101%</b>	3.3	3.4	<b>101%</b>
Fluid	26.3	28.0	<b>106%</b>	4.1	4.5	<b>109%</b>
Aircraft	31.9	38.9	<b>122%</b>	2.1	2.7	<b>123%</b>
Others	13.9	18.3	<b>131%</b>	0.6	1.0	<b>149%</b>
New businesses		1.0	-	-0.5	-1.8	-
Adjustments	-	-	-	-3.1	-3.6	-
<b>Total</b>	<b>257.0</b>	<b>320.0</b>	<b>124%</b>	<b>11.7</b>	<b>18.0</b>	<b>152%</b>

# [SG-2026] Details of Profit Increases and Decreases (Planned for Fiscal Year 2026 vs. Results for Fiscal Year 2023)

## By factor

Although the impact of spikes in raw material costs including parts costs (-9.7 billion yen) that exceeded the level of cost-cutting will remain, the impact of price revisions (+13.8 billion yen) will be penetrated.

The impacts of sales expansion (+10.6 billion yen) and increases in the operating cost (labor and depreciation costs) (-8.5 billion yen) are expected.

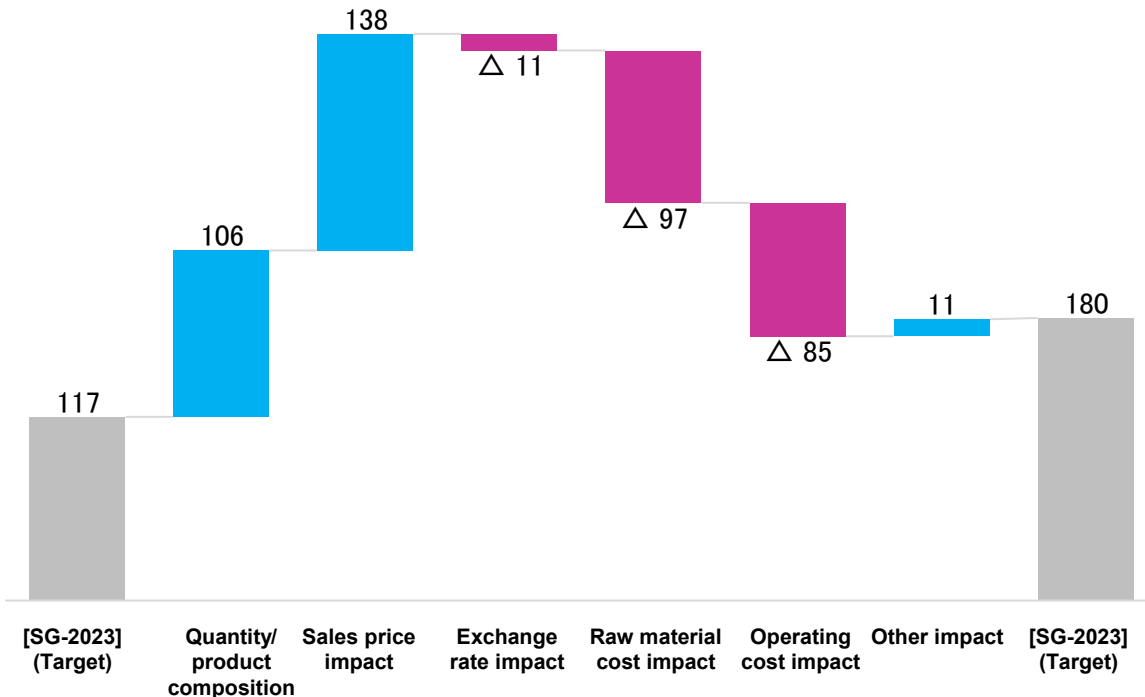
## By business

A substantial profit increase is expected due to the delayed price increase impact and sales increases with the special purpose truck business (+5 billion yen) and the parking system business (+1.8 billion yen). Nevertheless, the impact of increases in costs (-1.8 billion yen), such as the R&D cost for developing new businesses and the head office costs for reinforcing the management foundation, is estimated in the plan.

[SG-2026] Against FY2023 results

By factor

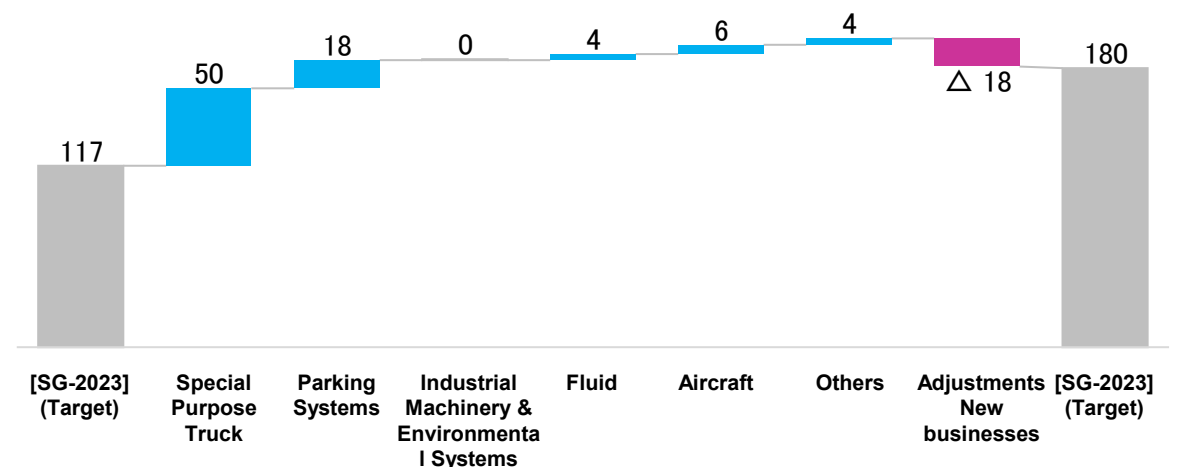
(100 million yen)



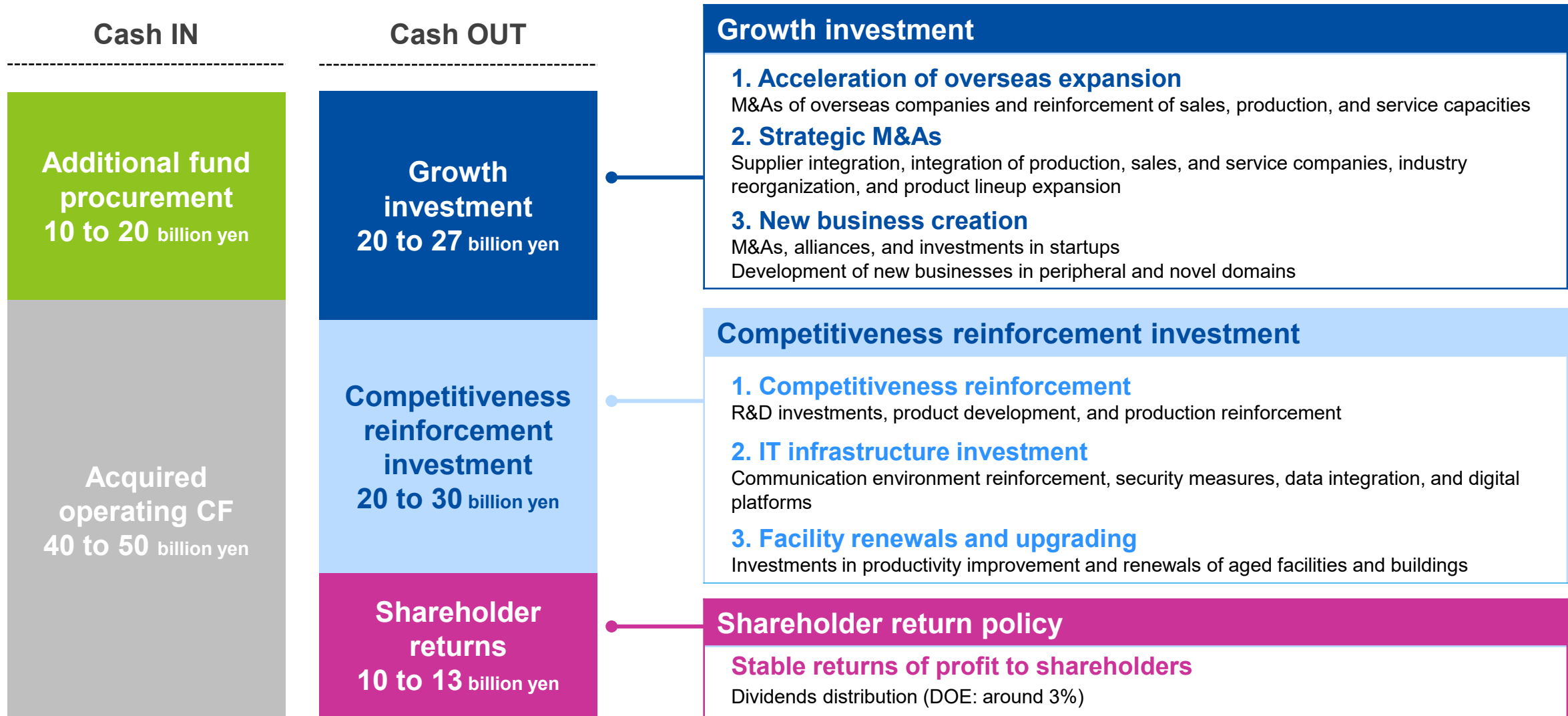
[SG-2026] Against FY2023 results

By business

(100 million yen)

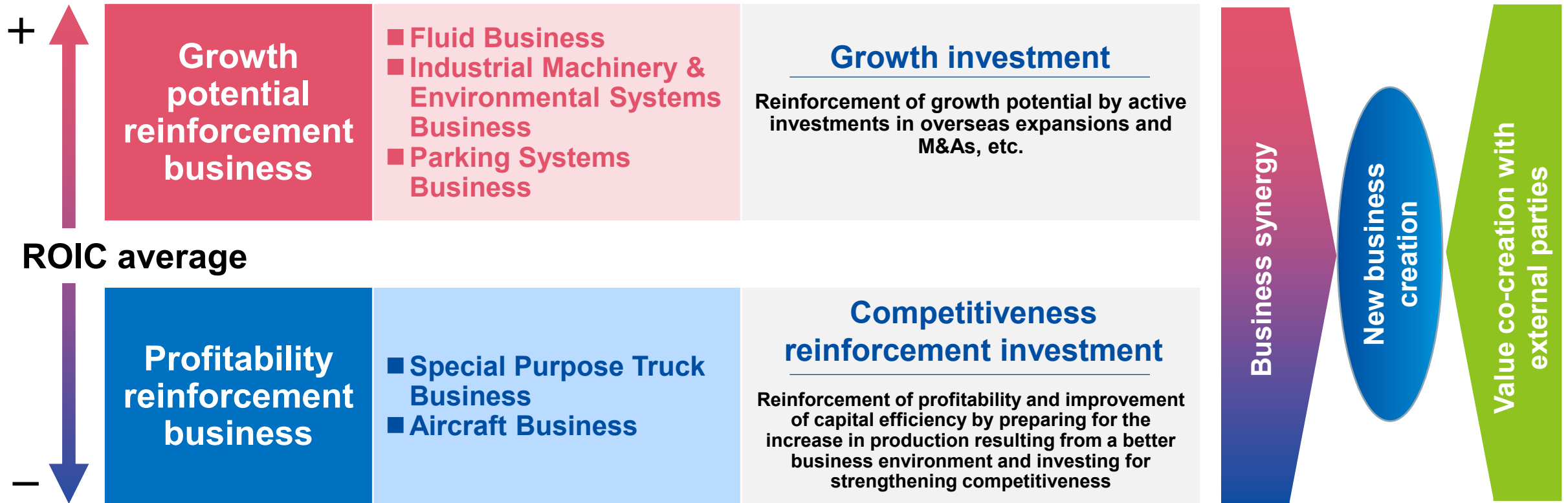


# [SG-2026] Cash Allocation (Three-Year Cumulative Total)



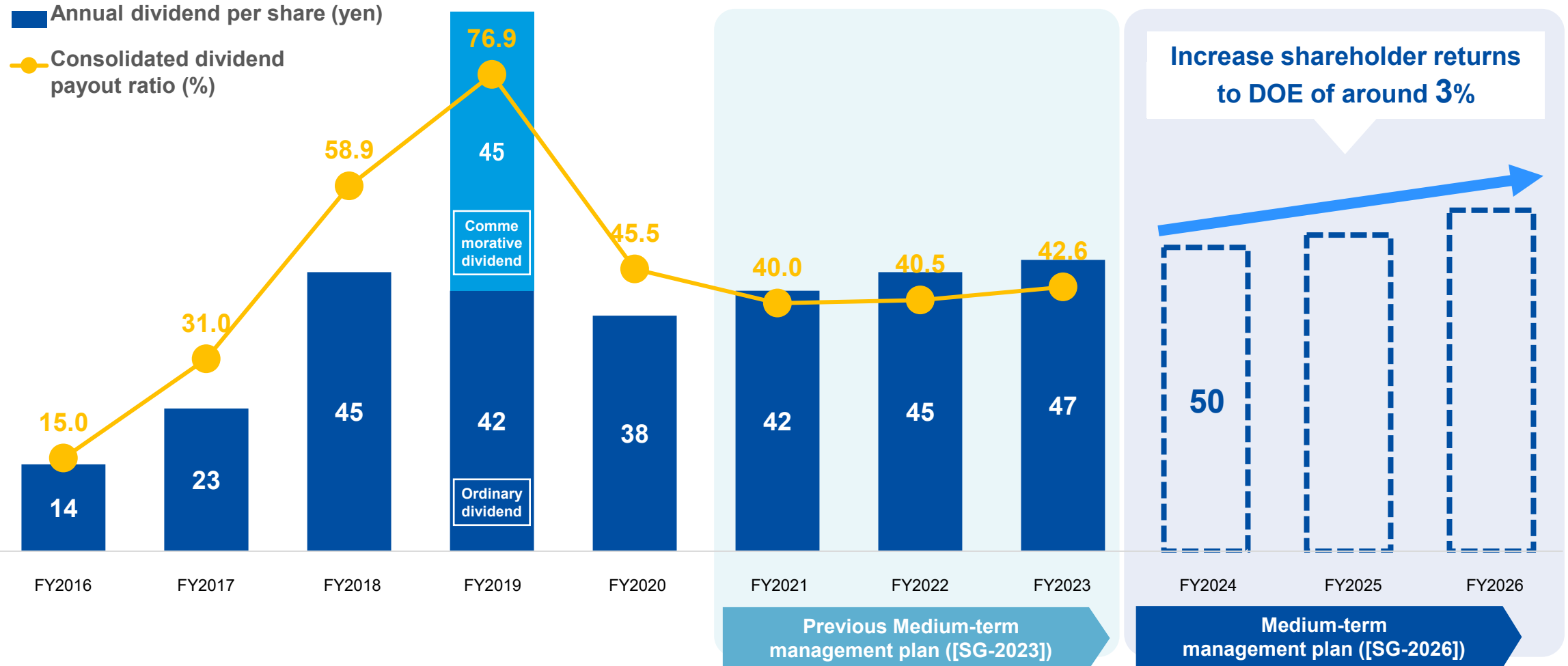
## Aiming to leap from FY2027 towards the [SG-Vision 2030] goal

We will classify the five businesses based on ROIC into a growth potential reinforcement business or profitability reinforcement business to promote investment strategies as well as create new businesses through the synergy of the five businesses and value co-creation with external parties.



# Shareholder Return Policy

Starting from [SG-2026], we will strive to stably and continuously increase dividends to DOE of around 3%.



# Overseas Business Review [SG-2023, SG-2026, and SG-Vision 2030] and Future Goals

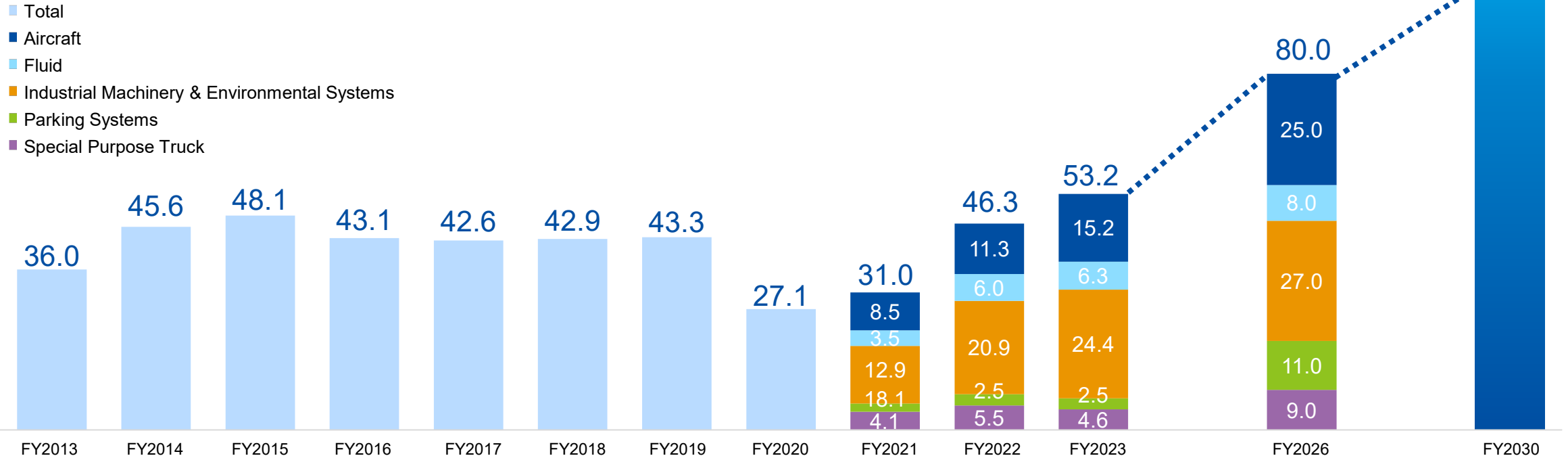
## [SG-2023] Review

- FY2023 overseas sales recorded 53.2 billion yen, achieving the planned target.
- Reinforced overseas business foundations with the expansion of the vacuum drying equipment business of KOREA VACUUM LIMITED consolidation of TurboMAX Co., Ltd., and development of production infrastructure in Thailand.
- Gradually expanded overseas sales routes through sales expansion and other efforts in Southeast Asian nations and North America and increased made-in-Japan product export.

## [SG-2026] Initiatives

- Actively promote M&As of overseas companies.
- Continuously reinforce production and sales foundations centering around KOREA VACUUM LIMITED, TurboMAX, and Thai ShinMaywa.
- Continuously reinforce sales channels in markets in Southeast Asia, Oceania, and North America.
- Develop markets in India and Europe.

(Billion yen)



## Business Policies

- I. Expand profitability through increased production capacity and higher value-added offerings
- II. Strengthen international operations to expand business scale
- III. Leverage high market share to boost profitability in stock business

## Market Environment

- **Truck Market:** Demand expected to return to pre-COVID-19 pandemic levels after fiscal year 2025
- **Trailer Market:** No significant surge in demand anticipated despite increasing number of licensed drivers; expecting a stable market
- **Forestry Machinery Market:**  
Increased domestic wood usage promoted through robust government policies
- **Construction Machinery Market:**  
Chinese market showing signs of recovery after hitting a low in fiscal year 2023  
  
Increased demand in the European market, though prolonged transport lead times due to avoidance of Red Sea are a concern

## Business Strategies

### Technology Strategy

- Acquired manufacturing technologies for reducers, gear pumps, and so on, advancing intelligent systems in component devices and creating new added value
- Collaborated with the Aircraft segment to enhance defense capabilities
- Implemented labor-saving through digital twins in the forestry industry. Developed additional remote-control technologies
- Regarding EV adaptation, achieved industry-first development of special purpose trucks. Plan to further expand SSC\* to uncover new added value
- \*ShinMaywa Smart Connect

### Product Strategy

- Enhanced penetration of utility-oriented business (G-SUB) has led to an increase in inquiries. Additionally, repeat business indicates growing recognition of G-SUB's value. In response, we are expanding the number of units and offering industry-specific menus to further enhance the service-based business for special purpose trucks

### Overseas Strategy

- Enhanced and expanded Thai ShinMaywa, improving production capacity. Leveraged increased supply capabilities to strengthen overseas expansion
- Expanded sales of component products

### Service Strategy

- Ongoing increase in maintenance contracts. Moreover, SSC expansion enables better real-time monitoring of installation conditions, allowing provision of greater safety and security than ever before
- Pursued efficiency in parts transportation in the wake of Integrated Parts Center becoming fully operational

## Service-Based Business G-SUB

- As a leading manufacturer of refuse compactors and detachable container systems, we propose smart functions and usages based on extensive data
- We offer services through an industry-first subscription model. We provide full support for shifting operations to the cloud in these rapidly changing times
- Our service offerings encompass everything from after-sales to taxes and insurance. Customers can not only always use work vehicles with the latest features in optimal condition for a fixed monthly fee, but are also guaranteed trade-ins by our company
- Setting short renewal periods ensures the use of the latest and best-condition vehicles, contributing to worker retention
- ShinMaywa Smart Connect (SSC) allows for implementation of preventive maintenance, leading to efficient services
- Quick delivery enhances support for user businesses
- Systematic acquisition of used vehicles contributes to the expansion of the used vehicle business

Refuse compactor



Detachable container system



## BEV, FCEV Adaptation

- Leading the industry in adaptation for electric vehicles to achieve carbon neutrality
- Offering a diverse chassis and power system range, with a variety of products supporting electrification
  - 3-ton FCEV Rotary Blade Type Refuse Compactor “G-RX”
  - 2- to 3-ton BEV Emission Board Type Refuse Compactors “G-PX/G-RX”
  - 2- to 4-ton BEV Rear Dump Body and Tipping Gear
  - 3-ton BEV Detachable Container System “Arm Roll”
  - 1-ton BEV Tail Lift “Vertical Gate”
  - Compact BEV Rear Dump Body and Tipping Gear

3-ton FCEV G-RX



3-ton BEV Arm Roll



2-ton BEV G-PX



Compact BEV Rear Dump Body and Tipping Gear



3-ton BEV Rear Dump Body and Tipping Gear



## Business Policies

- I. **Parking facilities: Strengthening product competitiveness and profitability through price rationalization**
- II. **Airport facilities: Establishing base and expanding operations in the rapidly growing Asian market**
- III. **Actively promoting DX and alliances towards creating new businesses**

## Market Environment

- **Robust construction market supports a steady market for parking facility products**
- **Airport facilities market, particularly in Asia, is expected to double due to surging passenger numbers**
- **Diverse needs such as CASE, DX, and ZEB are expanding business opportunities**
- **Increased demands for automation and unmanned operation for improved efficiency of airport management**
- **Expanding maintenance market for logistics and infrastructure facilities**

## Business Strategies

### Parking Facility Business Strategies

1. **Promoting CASE via "Spasa": Making things more convenient and comfortable**
  - Connected: Smarter integration with users, vehicles, and apartment apps
  - Autonomous: Fully automated operation of parking facilities
  - Shared: Shared charging facilities through sharing functions
  - Electric: Providing large-scale EV charging and charging services
2. **Actively addressing ZEB to contribute to achieving a carbon-neutral society**
3. **Expanding business in domestic and Southeast Asia markets through promotion of alliances**

### Airport Facility Business Strategies

1. **Providing products and services that satisfy customer needs**
  - Promoting sales of new world-first unmanned, autonomous driving products
  - Developing products that achieve unmanned, autonomous driving through remote control
  - Developing new service technologies for remote monitoring and automated inspections
2. **Expanding orders through stronger business activity coordination with international agents and local production promotion**
3. **Considering entering the European market and establishing a business foundation through alliances**

### Promoting New Business Creation Activities

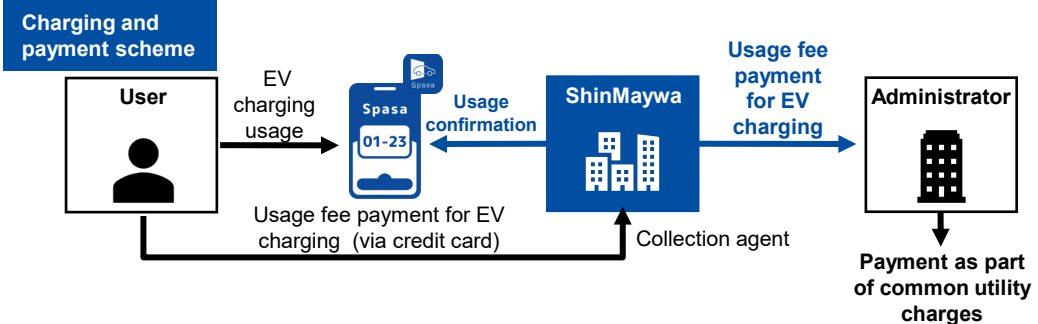
1. **Offering charging and payment services through "Spasa" to create new business**
2. **Promoting diversification of maintenance service business into social infrastructure and industrial equipment sectors**
3. **Exploring new market opportunities leveraging product, system, and service technological capabilities**  
(mobility stations, logistics-related, surveillance, and safety systems)

## EV Charging and Payment System Service

We added a charging and payment function to "Spasa" (ShinMaywa Parking Support App), our app that significantly enhances the convenience of ShinMaywa parking facilities. In addition to the existing charging reservation feature, registering a credit card in the app allows for monthly charging service fees to be paid automatically.



Furthermore, utilizing this app function, we have launched a service that manages charging fees not only in mechanical parking facilities, but also in various parking lots, making our entry into the charging business in preparation for the full-scale EV era.

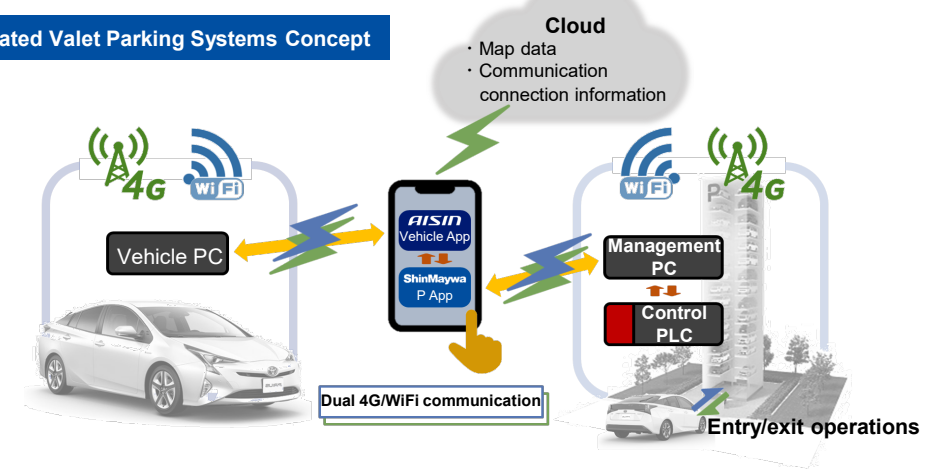


## Automated Valet Parking Systems for Mechanical Parking Equipment

Through joint research with AISIN CORPORATION, we successfully conducted a demonstration experiment of Automated Valet Parking Systems that operate without human intervention. Through the linking of automated driving vehicles and mechanical parking equipment, users can automatically navigate to and park in a parking space by simply operating the app. We are promoting technological developments in anticipation of the arrival of an autonomous driving society and aiming to create new businesses.



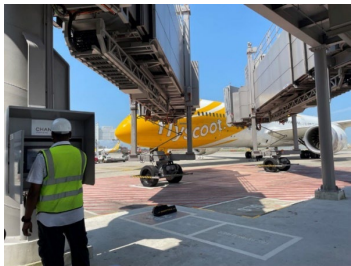
### Automated Valet Parking Systems Concept



## Autonomous Passenger Boarding Bridge (PBB)

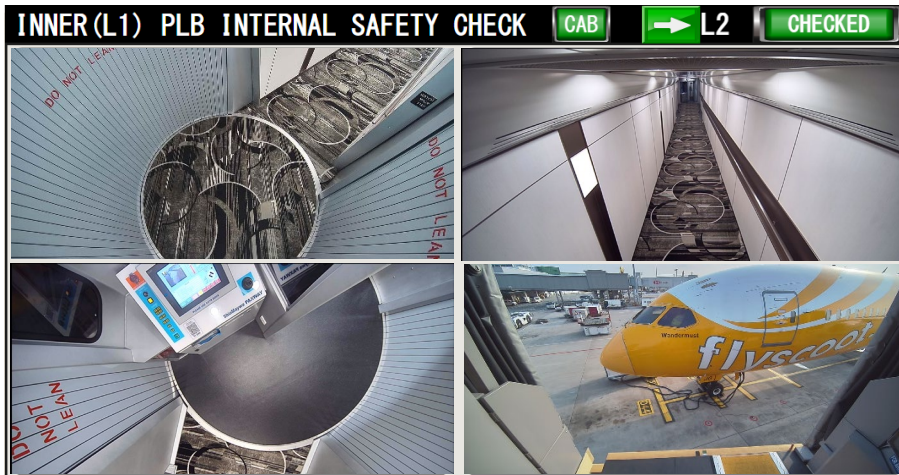
At Singapore Changi Airport, a leading global hub, we have successfully commercialized a remotely controlled PBB (Lv2\*1) that achieves autonomous full automation. This system utilizes AI image recognition technology and adopts a highly versatile selection method that works regardless of the model of aircraft to be installed, enhancing its utility across various aircraft types.

\*1) Lv2: Remote operation of PBB from the apron area near its base



◀ Remote control operations

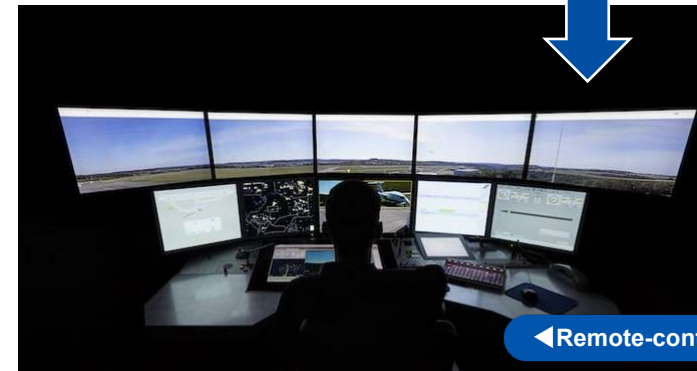
▼ PBB internal safety check screen



At Vietnam's Long Thanh International Airport, we have secured an order for 64 units, including 12 units equipped with Lv2. We aim to further develop remote-controlled PBBs (Lv3) in collaboration with CAG\*2, enabling a single operator from a remote location such as an airport control room to manage multiple PBBs.

\*2) CAG (Changi Airport Group: the operating company for Changi Airport)

Remote-controlled PBB (Lv2) ▶



◀ Remote-controlled PBB (Lv3) concept

## Business Policies

- I. **Wire Processing Business: Expanding business in high-speed communication wire automatic processing products**
- II. **Vacuum Business: Expanding the vacuum business area and establishing a new revenue base by shifting products to growth industry sectors using our proprietary technology and focusing resources**

## Market Environment

- The automotive market post-2024 is expected to grow, led by China, India, and Southeast Asia, increasing the demand for automatic wire processors as the number of wiring harness circuits per vehicle also increases due to automation
- There will be an increased demand for vacuum-related equipment in markets that are highly compatible with vacuum technology, such as in-vehicle secondary batteries and power semiconductors due to the acceleration of electrification, perovskite solar cells due to rising renewable energy needs, and high-frequency devices due to advancements in digital technologies such as Beyond5G, AI, and IoT

## Business Strategies

### Deploying automated products for high-speed communication cable processing within the automatic wire processor sector

- Concentrating development resources on automated processing equipment for high-speed communication cables and special wires in line with the advancement of autonomous driving spurred by the widespread adoption of CASE
- Reducing product costs through integrated design and component standardization optimized by model configuration
- Enhancing added value by applying IoT technology to predictive and preventive maintenance

### Expanding business scale through new business and product creation in growth industries utilizing vacuum technology

- Further development of drying equipment for in-vehicle secondary batteries, development of new peripheral equipment, and expansion of related product variations for solid-state batteries
- Expanding applications of diamond synthesis and plasma CVD technologies to power semiconductors, EVs, and the renewable energy sector
- Enhancing product/service value by reducing labor needs through full automation of equipment, energy savings/preventive maintenance using DX, and remote technical support through equipment IoTization

### Strengthening business foundation for motor products

- Increasing orders and sales for high-precision motor products suitable for semiconductor manufacturing equipment motors and HDD inspection air spindle precision equipment
- Applications for renewable energy equipment (actuators for hydroelectric power generation) and special environments, such as motors for fuel valves in H3 rocket engines
- Product development aimed at supporting the proliferation of BEVs

### Expansion in the Indian Market

We will aggressively introduce the TRD510 and TRD701 shearing machines, already widely deployed in India and Southeast Asia, to Chinese harness manufacturers currently entering the Indian market.

TRD510



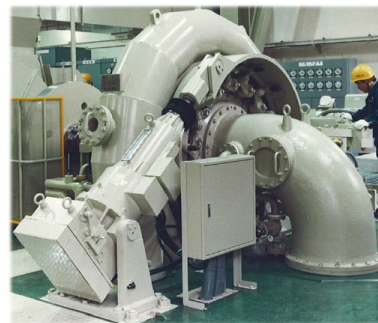
TRD701



### Enhancing Eco-friendly Products

With the growing focus on renewable energy, we are adding value to our products for the hydroelectric power industry, which we have been supplying for over 30 years, to enhance our product capabilities and secure additional orders.

Hydroelectric power actuators



### Examples of Vacuum-Related Products for Growth Industry Sectors

Vacuum drying systems for in-vehicle secondary batteries



- These systems are essential for electrode drying in the production process of in-vehicle secondary batteries, achieving high productivity
- Wide-ranging lineup, from batch type to in-line type, improves productivity

TRIADEO Mobile hazardous gas removal systems



- Remove hydrogen sulfide and organic solvents generated at manufacturing sites for in-vehicle secondary batteries and solid-state batteries, ensuring safety and security

Gloveboxes



- Enable a working environment with low oxygen and low dew points, essential for the research and manufacturing processes for in-vehicle secondary batteries, solid-state batteries, and next-generation semiconductors

Diamond thin film coating system



- Utilize the superior properties of diamonds to achieve longevity in cutting tools and molds
- Aim to expand applications of diamond synthesis technology in the semiconductor field

## Business Policies

- I. Expansion of plant and stock business profitability
- II. Improvement of the profit structure through the expansion of overseas/wastewater treatment-related businesses

## Market Environment

- Demand for new refuse transfer station systems is robust in conjunction with the regionalization of waste management, and formulation of long-term regionalization and consolidation plans led by the Ministry of the Environment is being promoted with local governments nationwide
- Aging and regionalization are increasing the demand for updates and major renovations of environmental facilities (refuse transfer station systems, refuse resources recycling centers)
- In China, the demand for advanced wastewater treatment facilities is growing due to stricter environmental regulations

## Business Strategies

### Enhancing ability to respond to the expanding plant business

- To prepare for increasing demand, we are enhancing organizational strength and building a production system to ensure adherence to schedules and stable quality
- Our own original AI and IoT technologies continue to evolve. Thorough efforts are being made to expand the scope of applications, add high value, and reduce labor

### Improving profit structure through strengthening of stock business

- Building organizational structures and training personnel to handle the rapid increase in operational sites
- Maximizing operational efficiency through application of digital tools and remote monitoring functions

### Expansion of overseas/wastewater treatment-related businesses

- In China, using our proprietary technology, we are meeting the increasing demand for wastewater treatment equipment that handles very difficult-to-treat effluents. In addition to wastewater treatment equipment for refuse treatment facilities, we are also focusing on providing wastewater and exhaust treatment technologies to private factories
- Plan to expand this business outside China

### Transfer Stations

Hub stations for the regional waste transport network, essential for the regionalization of general waste (hereafter “waste”) management. These stations compress, transfer, and temporarily store the waste collected by our refuse compactors. In addition, because we use large vehicles to transport the waste to waste treatment facilities, this not only maintains hygiene, but also contributes to reducing transportation costs and CO2 emissions.



### Recycling Facilities

At intermediate processing facilities, the collected waste is crushed, sorted, and compacted for volume reduction, and recyclable materials are then handed over to recycling businesses. Some facilities are also operated by our group company ShinMaywa Waste Technology, Ltd., becoming indispensable for a recycling-oriented society.



### Wastewater Treatment Facilities

ShinMaywa (Chongqing) Environmental Solutions Co., Ltd.

These facilities include equipment that purifies sewage from waste treatment facilities. They are characterized by their high technological expertise, which allows them to process high-concentration wastewater with high efficiency.



## Business Policies

- I. Sustainable growth in core business (submersible pumps and water treatment equipment)
- II. Continuous competitive strength and service enhancement through improved productivity and new product development
- III. New business creation and exploration of growth areas through alliances
- IV. New value creation through co-creation with partners via DX

## Market Environment

- **Rainwater:** Increase in demand for torrential rain and flooding measures for national resilience
- **Sewage:** Enhancement of carbon neutrality and energy self-sufficiency in sewage treatment facilities  
Expansion of the need for manpower reduction due to lack of workers and public-private partnership projects
- **Private demand:** Increase in needs to address decarbonization and rising energy prices
- **Overseas:** Expansion of new installation needs in underserved sewage regions (such as Asia) and renovation needs in established sewage regions (such as North America)

## Business Strategies

### (Domestic) Rainwater Management Market Strategy

- Expansion of sales in the torrential rain and flooding measures sector through core products and technologies
- Strengthening of the engineering framework through focused resource investment (including training of qualified personnel and enhancement of large pump testing facilities)

### (Domestic) Sewage Market Strategy

- Continued introduction of high value-added and energy-saving products to increase sales volume
- Deployment of after-sales services and DX solution products contributing to sustainable sewage infrastructure

### (Domestic) Private Demand Market Strategy

- Expansion of sales volume of high value-added and energy-saving products that contribute to reducing environmental impact of private plants

### Overseas Business Strategy

- Expansion of sales volume through aggressive marketing of high value-added and energy-saving products
- Enhancement of competitiveness in the Asian region using the Thai plant

## Rain and flood countermeasure solution products

Rainwater drainage facility construction (horizontal-shaft submersible pump)



Vertical wet dry pit pump with submersible motor (amphibious, water-resistant)



## High value-added, energy-saving solution products

High-efficiency and good passthrough performance submersible pumps



Vertical low-power mixer



Turbo blower

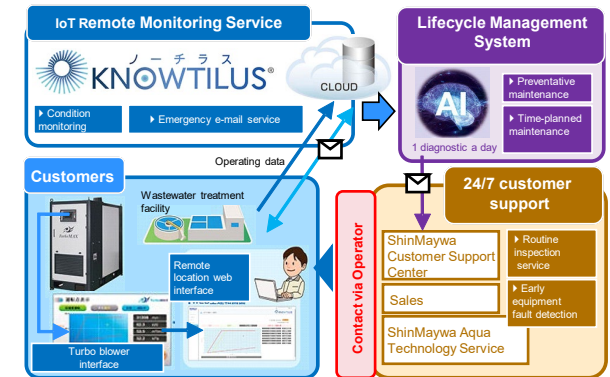


Roots type blower (4-blade helical type)

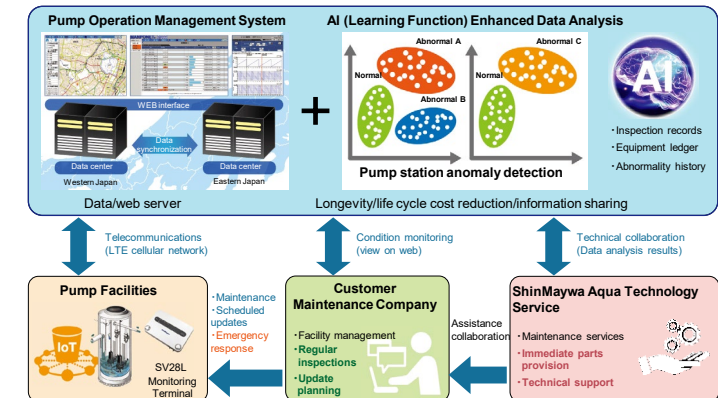
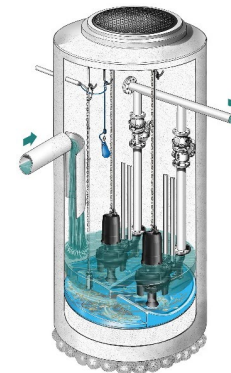


## DX solution products (reduced maintenance and labor)

- Turbo blower IoT remote monitoring service **KNOWTILUS**  
Support stable operation of turbo blowers, reducing facility downtime and maintenance labor.



- **MANPONET Cloud**  
Significantly reduce maintenance operations for pump facilities through centralized management, wireless communication, and AI diagnostics.



## Business Policies

- I. Capture new business opportunities aimed at solving societal issues and establish a robust business foundation
- II. Create compelling products and services utilizing STOL Flying Boat and unmanned aircraft technologies
- III. Enhance operational efficiency and expand business through collaborations and alliances with other companies
- IV. Optimize invested capital for ROIC improvement and sustain business development

## Market Environment

- Defense budgets are targeted to increase to 2% of GDP (over five-year period from fiscal year 2023, totaling 43 trillion yen)
- Strong civilian aircraft market due to rising passenger demand
- Promotion of unmanned aerial vehicle projects in cooperation with public and private sectors and growth in the unmanned aerial vehicle market
- Growing demand in the business jet market

## Business Strategies

### I. Civilian Aircraft Business Strategies

- Increase production of Boeing products and seize new project opportunities
- Research and product development in thermoplastic composites
- Product development leveraging recycled composites through collaborations with other companies

### II. STOL Flying Boat Business Strategies

- Maintain production base and secure profits through continuous orders of US-2 #10 aircraft and beyond
- Promote efficiency through design changes and digital transformation
- Stabilize business and strengthen operational support through the launch of PBL business
- Explore and uncover domestic and international demand for STOL Flying Boats, including collaborations with other companies

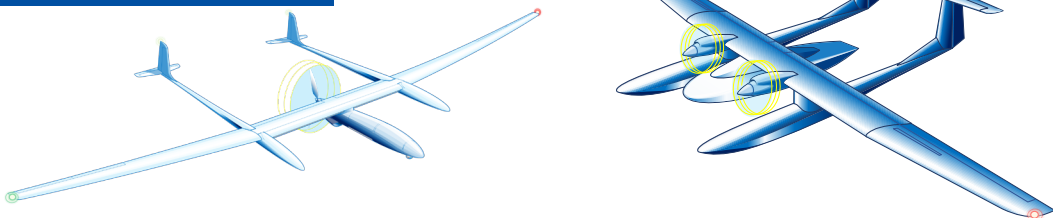
### III. Fixed-wing Unmanned Aerial Vehicle Business Strategies

- Attract future customers through test flights of multiple of our own developed fixed-wing unmanned aerial vehicle (UAV) "XU-S"
- Actively participate in government-led projects to promote research and development
- Advance research and development for societal implementation and promote commercialization through collaborations with other companies

## Fixed-Wing Unmanned Aerial Vehicle Research and Development

- ShinMaywa Industries, Ltd. has been engaged in this field of research and development since 2015. As a complete machine manufacturer, a rarity in Japan, and by leveraging technology accumulated from manufacturing state-of-the-art parts such as the main wing spar of the Boeing 787, we aim to develop fixed-wing unmanned aerial vehicle (UAV) "XU-S"
- We have prototyped and conducted demonstration tests with other companies for the XU-S, capable of long-duration flight, and the STOL Flying Boat UAV "XU-M" capable of taking off and landing on water just like the STOL Amphibian. These activities have evolved into a joint proposal with other companies to participate in the Economic Security Program (K-Program)
- Through the K-Program, we will accelerate research and development, accumulate technologies that contribute to solving various societal issues, and work not only to add value to STOL Flying Boats, but also expand new business areas utilizing unmanned technology
- We will also promote commercialization by actively participating in initiatives in the civilian service sector aimed at solving societal issues

Fixed-wing unmanned aerial vehicle (UAV) "XU-S" (concept)



## Carbon Fiber Reinforced Plastic Recycling

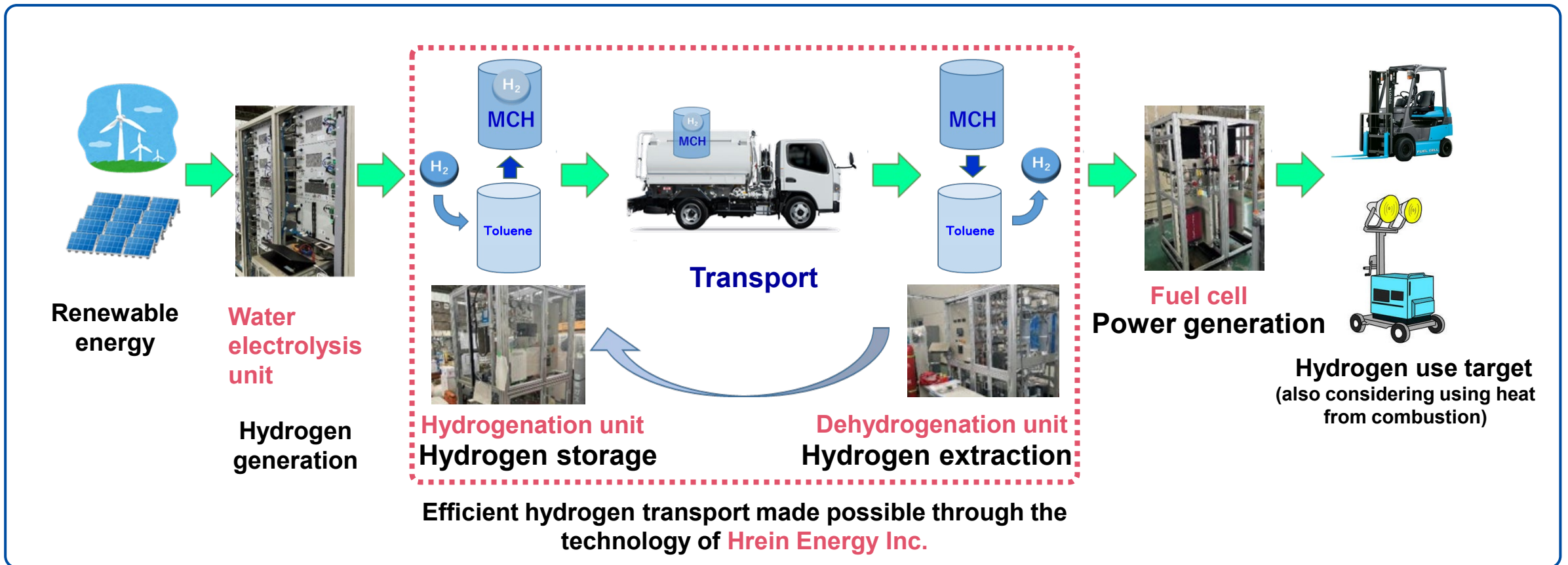
- Lightweight and strong, Carbon Fiber Reinforced Plastic (hereafter CFRP) is widely used in sports goods and as aircraft material. ShinMaywa Industries, Ltd.'s Aircraft Division manufactures large CFRP parts, such as the main wing spar (beam) for the Boeing 787. The automotive and wind power industries are expected to drive rapid demand growth in the future. However, there are issues, including the fact that the CFRP manufacturing process emits a significant amount of CO2 (more than 10 times that of steel production) and has traditionally had no effective disposal options other than landfill disposal
- Since 2020, ShinMaywa Industries, Ltd. has been working on CFRP recycling in collaboration with Fuji Kasai Co., Ltd. (Ono City, Hyogo Prefecture). In 2023, the CFRP recycling business of Fuji Design Co., Ltd. was spun off from Fuji Kasai in a joint investment with MITSUBISHI GAS CHEMICAL, strengthening our relationship with both companies
- At Fuji Design, supported by investments from MITSUBISHI GAS CHEMICAL and our company, a new plant was constructed and commenced operations in December 2023. This has significantly increased our production capacity
- CFRP recycling technology has been nearly completed, and the current focus is on product development using recycled CFRP

Molded product that imitates aircraft parts made from recycled CFRP



## Hydrogen Supply Chain Business

- Collaboration with Hrein Energy Inc. (hydrogen supply chain)
- Aim to decarbonize power usage off-grid, with various demonstration experiments under consideration
- Exhibited at H2 & FC EXPO - Hydrogen Fuel Cell Expo.



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