



ShinMaywa Industries, Ltd.

Presentation of Financial Results for the Second Quarter of FY2021

November 16, 2021

Event Summary

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[Participants]		
[Number of Speakers]	1	
	Tatsuyuki Isogawa	President and CEO

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Presentation

Summary of Consolidated Financial Results for the Second Quarter of FY2021

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(Million yen)

	FY2020 2Q	FY2021 2Q	Change (Rate of change)
Net sales	93,783	100,264	+6,481 (+6.9%)
Operating profit	3,807	4,438	+631 (+16.6%)
Ordinary profit	3,824	4,698	+874 (+22.9%)
Profit attributable to owners of parent	2,107	3,362	+1,255 (+59.6%)
Exchange rate (USD 1)	107.1 yen	110.0 yen	

Year-on-year change

- ✓ Revenue increased in all segments except aircraft and also increased overall.
- ✓ As a result of the increase in revenue, profit increased.

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.

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Isogawa: I'm Isogawa from ShinMaywa Industries, Ltd. I will now explain the financial results for the second quarter of the fiscal year ending 2022.

I will explain the summary of consolidated financial results.

Here is a table of key performance figures for the second quarter of the fiscal year ending 2022, compared with the same period of the previous year, respectively.

Net sales increased by JPY6.4 billion to JPY100.2 billion, due to higher sales in all segments except aircraft. In terms of profit, operating income increased by JPY0.6 billion to JPY4.4 billion due to the increase in sales. Ordinary income increased by JPY0.8 billion to JPY4.6 billion. Profit attributable to owners of parent company increased JPY1.2 billion to JPY3.3 billion.

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Consolidated Financial Results for the Second Quarter of FY2021, by Segment

(Billion yen)

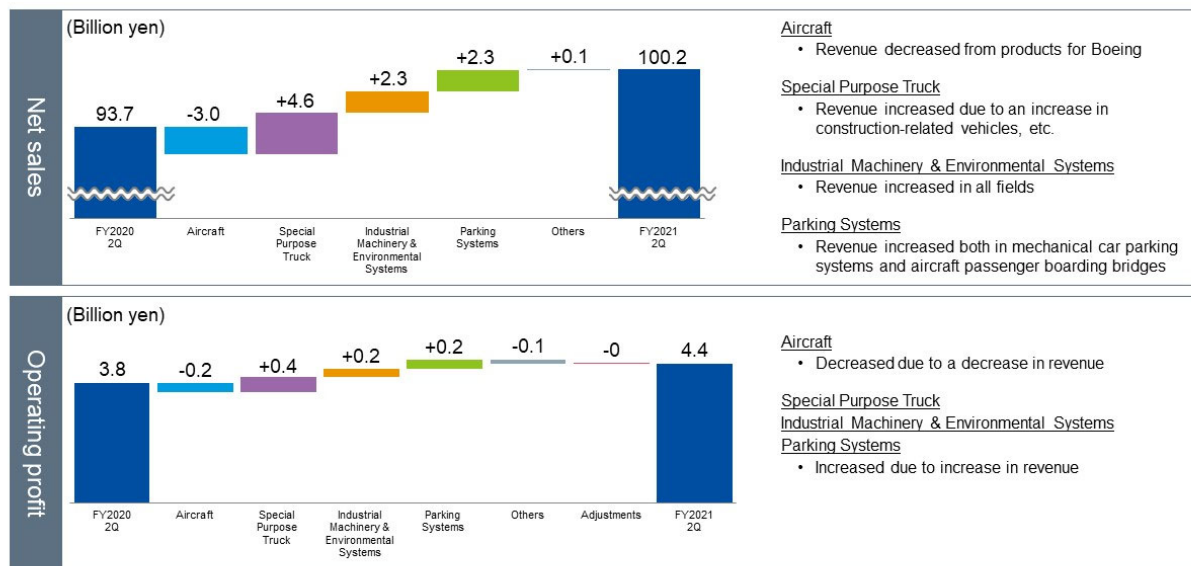
Segment	Net sales			Operating profit		
	FY2020 2Q	FY2021 2Q	Change	FY2020 2Q	FY2021 2Q	Change
Aircraft	13.2	10.1	-3.0	-0.1	-0.4	-0.2
Special Purpose Truck	43.6	48.3	+4.6	3.1	3.5	+0.4
Industrial Machinery & Environmental Systems	14.0	16.3	+2.3	-0	0.1	+0.2
Parking Systems	15.4	17.8	+2.3	1.6	1.9	+0.2
Others	7.3	7.5	+0.1	0.5	0.4	-0.1
Adjustments	-	-	-	-1.2	-1.2	-0
Total	93.7	100.2	+6.4	3.8	4.4	+0.6

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Net sales and operating profit by segment are shown in this table.

Analysis of Year-on-Year Change, by Segment



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Next, I will explain the reasons for the YoY changes by segment.

This shows the reasons for the increase/decrease in net sales in the upper row and operating income in the lower row.

First, with regard to net sales, in the Aircraft segment, net sales decreased by JPY3 billion, mainly due to a decrease in revenue of products for Boeing. On the other hand, revenues in the Special Purpose Truck

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segment increased by JPY4.6 billion due to an increase in revenue of construction-related vehicles and other products.

In addition, the Industrial Machinery & Environmental Systems segment reported an increase of JPY2.3 billion due to higher revenue in all areas, including water treatment equipment, mechatronics products, and environment-related businesses. In the Parking Systems segment, revenue of mechanical car parking systems and aircraft passenger boarding bridges both increased, resulting in an increase of JPY2.3 billion.

As for operating income, the Aircraft segment saw a decrease of JPY0.2 billion due to lower revenue, while the Special Purpose Truck segment saw an increase of JPY0.4 billion due to higher revenue. The Industrial Machinery & Environmental Systems segment and the Parking Systems segment also posted increases of JPY0.2 billion and JPY0.2 billion, respectively, on the back of higher revenue.

Summary of Consolidated Financial Results Forecast for FY2021

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(Million yen)

	FY2020 (actual)	FY2021 (forecast)		Change (Rate of change)	
		Announced in July	Announced in October	Year-on-year	Compared with figures announced in July
Net sales	209,226	215,000	215,000	+5,773 (+2.8%)	–
Operating profit	10,479	9,000	9,000	-1,479 (-14.1%)	–
Ordinary profit	11,182	9,400	9,400	-1,782 (-15.9%)	–
Profit attributable to owners of parent	5,487	5,500	5,500	+12 (+0.2%)	–
Exchange rate (USD 1)	106.2 yen	108.0 yen	108.0 yen*		

Year-on-year change

- ✓ Revenue is expected to increase in all segments except aircraft and also to increase overall.
- ✓ Operating profit and ordinary profit are expected to decrease, but profit attributable to owners of the parent is expected to remain at the same level as the previous year due to the decrease in extraordinary losses.

* The exchange rate announced in October is the assumed exchange rate applicable on and after the announcement date.

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I would like to move on to our full-year business forecast.

Here is a table comparing the full-year earnings forecast announced in October with the actual results for the previous fiscal year.

For your reference, the full-year earnings forecast announced in July is also included, but no changes have been made since the previous forecast.

Net sales are expected to increase in all segments except aircraft, and overall net sales are expected to increase by JPY5.7 billion YoY to JPY215 billion.

As for profits, operating income is expected to decrease by JPY1.4 billion to JPY9 billion and ordinary income is expected to decrease by JPY1.7 billion to JPY9.4 billion. Net income attributable to shareholders of the parent company is expected to be JPY5.5 billion, the same level as the previous fiscal year, due to a decrease in impairment loss on goodwill in the Parking System segment and loss from COVID-19, which were posted as extraordinary losses in the previous fiscal year.







This forecast assumes an exchange rate of JPY108 to USD1.

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Segment		Forecast	Business environment (outlook)
Aircraft			In civilian demand-related production volume, "777/777X" and "787" aircraft are still at a low levels. Production of 787 is expected to fall short of the initial plan due to the review of the production plan resulting from Boeing's suspension of receiving delivery. The market for medium- to large-size aircraft is expected to recover in FY2023 and beyond. ShinMaywa continues to work on cost reductions to minimize losses resulting from reduced revenue.
Special Purpose Truck			Demand remains firm and the segment has outstanding orders for 8 to 9 months (in the whole segment) as of the end of 2Q. However, uncertainty about future performance increased from the time of financial closing for 1Q due to rising steel prices and the delay in delivery of chassis caused by the COVID-19 pandemic at overseas suppliers and other factors.
Industrial Machinery & Environmental Systems	Water treatment equipment		Demand is expected to remain firm, centering on the domestic public demand. TurboMAX Co., Ltd., which manufactures and sells turbo blowers and of which shares were acquired additionally in the first half, is also expected to contribute to revenue increase.
	Mechatronics products		Equipment for the automotive industry makes up the majority of sales, and customers continued to reduce investment in recent years due to the U.S.-China trade friction and the COVID-19 pandemic. However, orders have recovered due to the improvement in the automotive industry's appetite for capital investment.
	Environment-related business		Demand (bidding projects) is increasing since one of our main businesses, refuse transfer station systems, which has become eligible for the Ministry of the Environment's "Subsidy for Promoting Establishment of a Recycling-based Society" from FY2021. Accordingly, stock business is expected to increase at next fiscal year and beyond.
Parking Systems			Construction demand for mid- to high-rise condominiums, which accounts for 70 to 80% of ShinMaywa's new construction projects, is expected to remain steady. The repair and maintenance service business, the mainstay of earnings, is also steady. As to aircraft passenger boarding bridges, which account for part of sales, ShinMaywa has remaining workload for the time being and the impact on performance in the current fiscal year is limited. However, the environment for orders remains severe, as some investment plans for airport facilities have been postponed.

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Here is a table showing our business environment by segment.

Due to the impact of COVID-19, the Aircraft segment is expected to continue to face a difficult order situation. In particular, the 787 is expected to fall further below the initial plan due to The Boeing Company's revised production plan, and we will continue our cost reduction efforts.

In the Special Purpose Truck segment, demand continues to be solid, and as of the end of the second quarter, we had an order backlog exceeding 6 months. On the other hand, in addition to the rise in the price of steel, a key material, some overseas suppliers have stagnated production due to the expansion of COVID-19, resulting in delays in delivery of chassis. Compared to the first quarter results, the outlook is more uncertain.

In the Industrial Machinery & Environmental Systems segment, first, in the water treatment equipment, we acquired additional shares in TurboMAX Co., Ltd., a Korean blower manufacturer, which will be explained in detail later, and we expect TurboMAX to contribute to our earnings from the second half of the fiscal year. In addition, orders for mechatronics products, which had been sluggish until the previous fiscal year, are picking up as the automotive industry's appetite for capital investment improves. In addition, the environment-related business is expected to remain strong overall due to factors such as an upward trend in demand for mainstay products.

In the Parking Systems segment, mechanical car parking systems, which account for about 90% of the segment's sales, construction demand for mid- to high-rise condominiums, to which the majority of new projects are delivered, remains strong, and is expected to remain firm, along with maintenance and repair business, which are the mainstay of earnings.

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Consolidated Financial Results Forecast for FY2021, by Segment

(Billion yen)

Segment	Net sales			Operating profit		
	FY2020 (actual)	FY2021 (forecast)	Change	FY2020 (actual)	FY2021 (forecast)	Change
Aircraft	25.9	18.5	-7.4	-0.8	-1.3	-0.4
Special Purpose Truck	94.7	98.0	+3.2	6.7	6.0	-0.7
Industrial Machinery & Environmental Systems	37.1	42.9	+5.7	2.9	3.5	+0.5
Parking Systems	35.2	38.7	+3.4	3.2	3.2	-0
Others	16.0	16.9	+0.8	1.4	0.8	-0.5
Adjustments	-	-	-	-3.0	-3.2	-0.1
Total	209.2	215.0	+5.7	10.4	9.0	-1.4

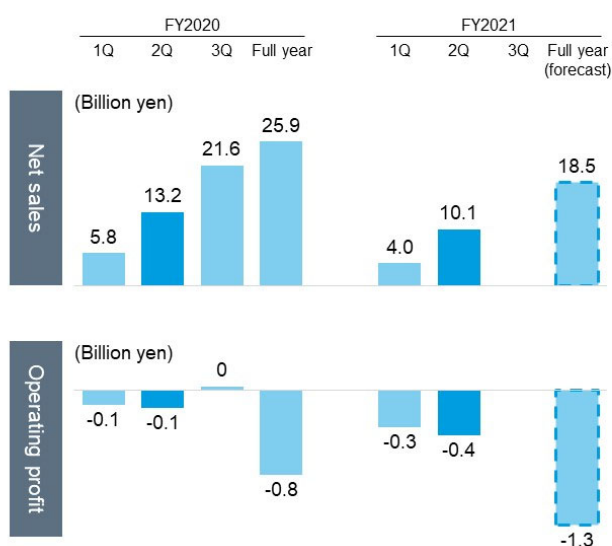
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The full-year forecast for net sales and operating income by segment, considering the business environment forecast I have just explained, is as shown.

Regarding the total amount of net sales and operating income, both are unchanged from the previous forecast, but the breakdown has been revised.

Aircraft Segment



FY2021-2Q results (year-on-year)

- Net sales
 - Sales to Ministry of Defense:
 - Increase in sales related to the repair of US-2 STOL Search and Rescue Amphibian
 - Civilian demand:
 - Decrease in production volume of 777/777X and 787 aircraft
- Operating profit
 - Profit decrease due to reduced production volume of 777/777X and 787 aircraft and lower operating rate

FY2021 financial results forecast (year-on-year)

- Net sales
 - Sales to Ministry of Defense:
 - Decrease in components for transport aircraft expected
 - Civilian demand:
 - Decrease in production volume of 777/777X and 787 aircraft expected
- Operating profit
 - Deterioration due to revenue decrease is expected

	FY2020-2Q	FY2021-2Q
777/777X	19	10
787	48	20
G7500	12	15

- Exchange rate sensitivity (After date of announcement)
 - Operating profit increases by approximately 30 million yen for each 1 yen of depreciation

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Now I will give an explanation of the second quarter results and full-year forecast by segment, with the second quarter results compared YoY and the full-year forecast compared YoY.

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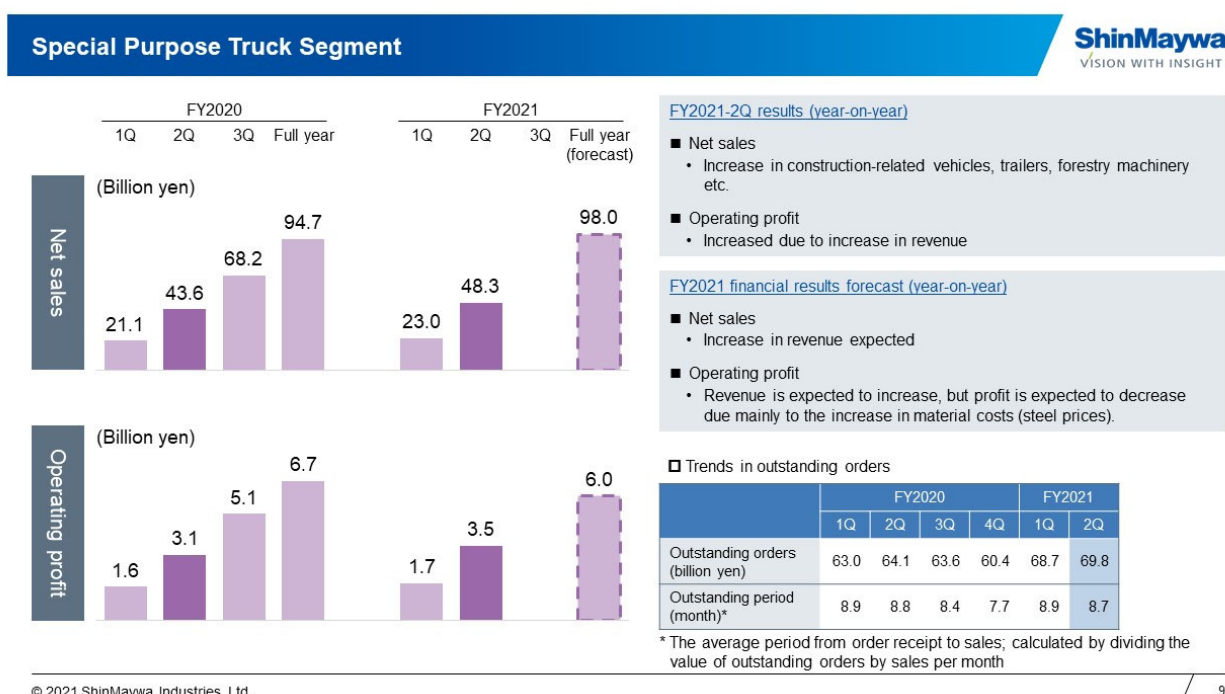
First is the Aircraft segment.

As for the results for the second quarter, sales to the Ministry of Defense increased due to the fact that repair work for the US-2 rescue aircraft was brought forward from the second half of the fiscal year, but overall sales decreased due to a decrease in the number of aircraft produced for Boeing in the civilian sector.

Operating loss of JPY0.4 billion was recorded due to the decrease in the number of aircraft produced for Boeing and the resulting decline in capacity utilization, despite our continuous efforts to reduce costs since the previous fiscal year.

As for the full-year forecast, net sales are expected to decrease in the Ministry of Defense due to an expected decrease in components for transport aircraft, and in the civilian sector as well, due to an expected decrease in the number of aircraft produced for Boeing.

As a result, we expect an operating loss of JPY1.3 billion in operating income.



Next is the Special Purpose Truck segment.

Regarding the results for the second quarter, overall sales increased as a result of an increase in revenue, mainly of construction-related vehicles, trailers, and forestry machinery.

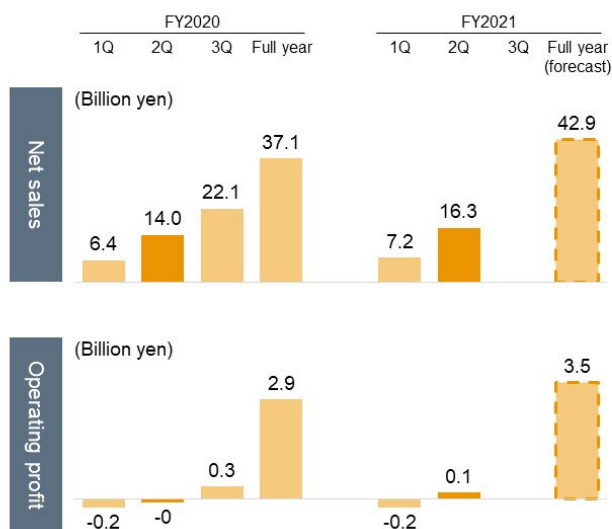
As for the full-year forecast, despite concerns about delays in the arrival of parts, we expect sales to increase for the full year, as demand itself will remain at a high level in the second half and beyond, and the order backlog for the segment as a whole is equivalent to 8 to 9 months of monthly revenue as of the end of the second quarter.

On the other hand, operating income is expected to decrease, taking into account the concern that the rising cost of materials, especially steel products, will put downward pressure on profits, as it is more severe than assumed at the beginning of the fiscal year.

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FY2021-2Q results (year-on-year)

- Net sales
 - Water treatment equipment: Increase in products for civilian demand and overseas markets
 - Mechatronics products: Increase in automatic wire processors and vacuum products
 - Environment-related business: Increase in works for new construction orders
- Operating profit
 - Increased due to increase in revenue

FY2021 financial results forecast (year-on-year)

- Net sales
 - Water treatment equipment: Increase in revenue expected from the effect of M&A
 - Mechatronics products: Increase in automatic wire processors and vacuum products expected
 - Environment-related business: Increase in revenue expected
- Operating profit
 - Expected to increase due to increase in revenue

Next is the Industrial Machinery & Environmental Systems segment.

In this segment, the ratio of sales of water treatment equipment to the public sector is high, and the timing of revenue recognition tends to be skewed toward the fourth quarter.

As for the results for the second quarter, sales of water treatment equipment increased due to a recovery in private sector demand and overseas demand, which had been affected by COVID-19. In mechatronics products, which are mainly used in the automobile industry, orders for mainstay automatic wire processing machines and vacuum products are both on a recovery trend compared to the previous fiscal year, when customers curbed their capital investments due to the effects of COVID-19. The environment-related business is also strong, leading to an overall increase in profit.

Operating income increased due to higher revenue.

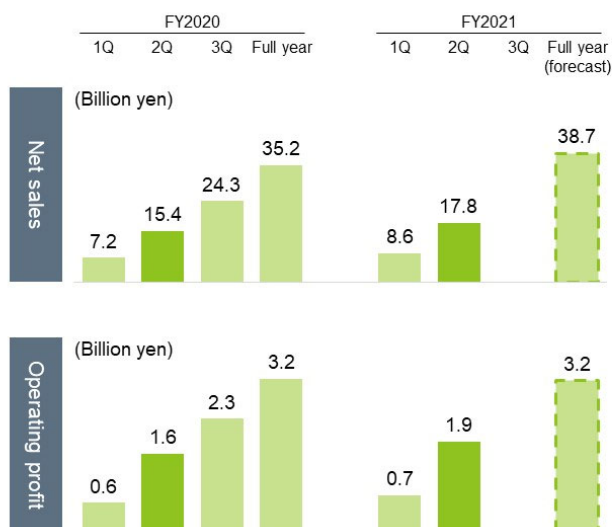
As for the forecast for the full fiscal year, we expect net sales of water treatment equipment to increase due to the acquisition of TurboMAX as a subsidiary, which will be added to the consolidated net sales from the second half of the fiscal year. In the mechatronics products, as capital investment is expected to continue to recover in the wire harness and vacuum-related fields, therefore, we expect a rise in revenue as a whole.

As a result, operating income is expected to increase as well.

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FY2021-2Q results (year-on-year)

- Net sales
 - Mechanical car parking systems: Increase in new construction orders and repair and maintenance.
 - Aircraft passenger boarding bridges: Increase in both domestic and overseas markets
- Operating profit
 - Increased due to increase in revenue

FY2021 financial results forecast (year-on-year)

- Net sales
 - Mechanical car parking systems: Increase in works for new construction orders expected
 - Aircraft passenger boarding bridges: Increase in domestic markets expected
- Operating profit
 - Despite an expected increase in operating cost, overall operating profit is expected to remain at the same level as the previous fiscal year due to revenue increase.

Finally, there is the Parking Systems segment.

As for the results for the second quarter, overall sales increased due to an increase in new installation projects and renovation and repair projects in the mainstay mechanical car parking systems.

As a result, operating income also increased.

As for the full-year forecast, net sales are expected to increase in the Parking Systems segment as a whole, due to an expected increase in new installation projects, continuing from the first half of the fiscal year.

Operating income is expected to be at the same level YoY due to the effect of increased revenue, although operating expenses are expected to increase YoY when operating activities were curtailed due to COVID-19.

The above was our explanation of the performance figures by segment.

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<p>1 Continue to implement and reap the benefits of “Measures for expanded scale and increased profit of key businesses” as set out in previous Medium-term management plan</p> <p>Previous Medium-term management plan</p> <p>Focus themes:</p> <ul style="list-style-type: none"> • Products & services • Overseas markets • M&A, alliances 	<p>2 Formulate and promote Long-term business strategies based on the Long-term vision</p> <ul style="list-style-type: none"> • Improving profitability of existing businesses • Accelerating expansion of overseas businesses • Development of new businesses • Optimizing business portfolios
<p>3 Strengthening management foundations</p> <ul style="list-style-type: none"> • E: Preventing global warming and contributing to a recycling society • S: Promoting diversity and inclusion • G: Enhancing corporate governance systems • Constructing an IT foundation for promoting DX 	<p>4 Create future value and share results with stakeholders</p> <ul style="list-style-type: none"> • practicing ROIC management • Share a certain level of profit with stakeholders (dividends)

* Abbreviated name of the new Medium-term management plan ending in FY2023

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I will now explain the overseas business development of our group.

First, I would like to explain the basic policies of our medium-term management plan, SG-2023, which started in April this year.

SG-2023 is the first step in our long-term management plan, SG-Vision2030, which aims to realize the long-term vision of the Group by 2030. We have 4 basic policies shown here.

As shown in section 1, we will strengthen our efforts in the overseas market, which was a key theme in the previous medium-term management plan, by considering it as an ongoing issue as well as reaping the benefits of SG-2023.

In addition, in the formulation and promotion of our long-term business strategy, which will be the pillar of our SG-Vision 2030 activities as shown in section 2, accelerating the expansion of our overseas business is a very important theme in reaching our target level of performance.

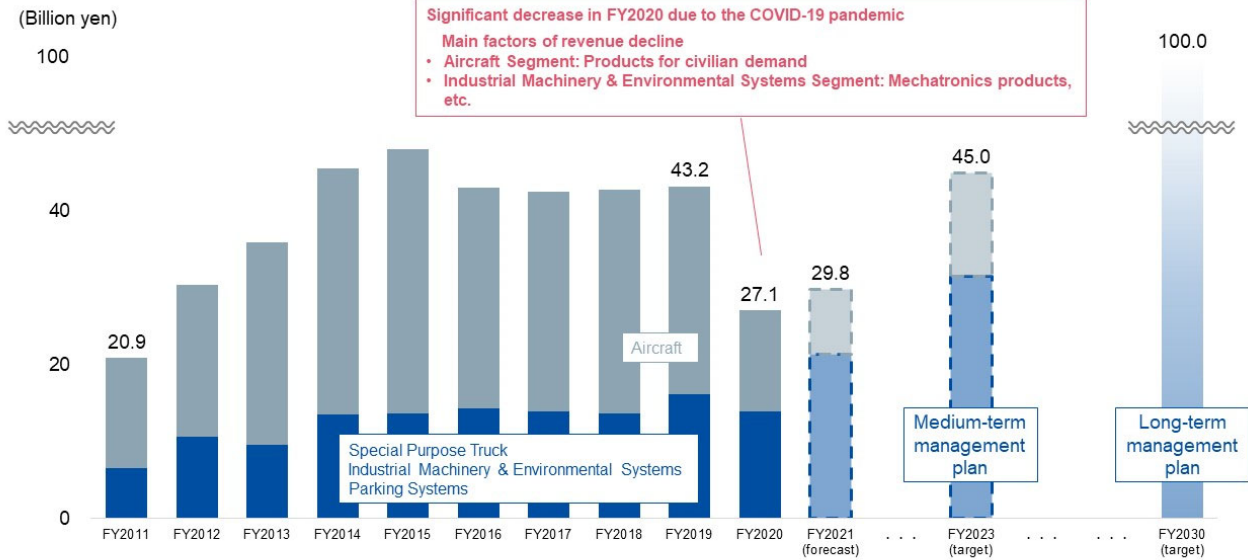
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Trends in Overseas Sales



Here is a graph showing the trend of our group's overseas sales.

In the Aircraft segment, shown in gray in the upper part of the bar graph, increased production of components for Boeing's 777 and 787 led to an increase of JPY43.2 billion in the fiscal year ending March 2020, just before the COVID-19 pandemic, more than doubling from the fiscal year ended March 2012. However, in the fiscal year ending March 31, 2021, the civilian demand-related business in the Aircraft segment was significantly affected by COVID-19, resulting in a significant decrease YoY.

In the medium-term management plan SG-2023, the Group has set a target of JPY45 billion in overseas sales for the fiscal year ending March 31, 2024, but in order to reach this target, it is essential to expand overseas business in other segments without relying on the civilian demand-related business in the Aircraft segment, where market recovery is not expected for the time being.

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Progress in Main Measures Aimed at Overseas Business Expansion by Segment

Segment		Main measures	Progress
Special Purpose Truck		<ol style="list-style-type: none"> Expand sales of cylinders for dump trucks mainly in the Thai market by utilizing the production base in Thailand. Sell components kits to target areas 	<ol style="list-style-type: none"> Constructed a plating plant to strengthen the production system. Acquired a high market share in Thailand (57% in the first half of FY2021) Continue market research in Asia and Oceania
Industrial Machinery & Environmental Systems	Water treatment equipment	<ol style="list-style-type: none"> Utilize the production and sales bases newly established in Thailand. Strengthen sales synergies with TurboMAX Co., Ltd. (TurboMAX) to expand business overseas. 	<ol style="list-style-type: none"> Constructed an assembly plant for pumps utilizing the Thai production base for special purpose trucks (first shipment in Feb. 2021) Completed the acquisition of shares in June 2021 to achieve consolidation as a subsidiary. (To be reflected in the consolidated income statement from 3Q of FY2021)
	Mechatronics products	Expand sales of KOREA VACUUM LIMITED vacuum drying equipment for lithium-ion secondary batteries for EVs	<ul style="list-style-type: none"> Despite the struggle due to the US-China trade friction and the COVID-19 pandemic until FY2020, orders have recovered in line with the improvement in the appetite of the automotive industry for capital investment, which is increasing from a medium-term perspective. Inquiries are increasing, including the acquisition of an order from an automotive battery manufacturer (in Europe), which newly entered the market.
Parking Systems	Mechanical car parking systems	Expand the mechanical car parking systems business in Southeast Asia through collaboration with General Automatic Cars Parking System Co., Ltd. ("G-PARK").	<ul style="list-style-type: none"> Opened a showroom in the head office of G-PARK with a variety of optional specifications. Inquiries are increasing as a result of sales activities for the elevator type car parking system in cooperation with G-PARK.

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Here is a table showing the main measures and progress in each segment, excluding the Aircraft segment, that are oriented toward expanding overseas business.

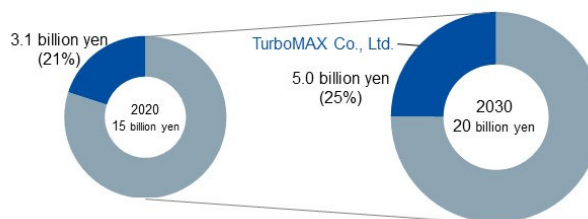
Among these companies, we will focus on 2 overseas subsidiaries in the Industrial Machinery & Environmental Systems segment, which have recently joined the Group and are expected to be drivers of earnings growth in the future and explain their company profiles and main business products.

Strengthen Sales Synergies with TurboMAX to Expand Business Overseas (1)

■ Company profile

Name	TurboMAX Co., Ltd.
Address	Cheongju-si, Chungcheongbuk-do, Republic of Korea
Founded	February 2007
Number of employees	81 (as of end of September 2021)
Main business	Design, manufacturing and sale of Turbo Blower
shareholding ratios	81%
scale of sales	3.1 billion yen (FY2020)

■ Global market size of single stage air-foil bearing turbo blowers (Estimate)



Source: Estimates by a private research firm (): share

■ Outline of turbo blower



Single stage air-foil bearing turbo blower

Applications

- ✓ Equipment used as "aeration" equipment in sewage treatment plants, etc. to promote water quality improvement.

Strengths of TurboMAX

- ✓ Has high-speed rotation technology using air-foil bearings that achieve high energy efficiency.

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The first company is TurboMAX Co., Ltd., which became a consolidated subsidiary in June of this year in the water treatment equipment business.

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TurboMAX is a Korean company that manufactures and sells turbo blowers that are highly energy-efficient, low-noise, space-saving, and low-maintenance.

Blowers are used in sewage treatment plants as aeration devices to pump air into the sewage to improve the water quality. About half of the electricity used in the treatment plant is consumed by this air and reducing this power consumption will lead to solving social issues.

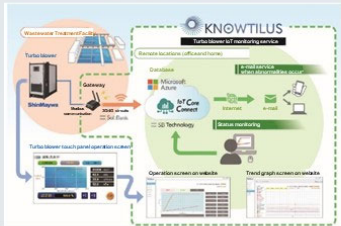


TurboMAX possesses the technology to rotate impellers at high-speed using air bearings, and the turbo blowers developed based on this technology are highly evaluated in the global market, including Korea and Japan, and boast the top share in the world.

The pie chart shown in the upper right is an estimate of the global market size for air bearing turbo blowers. The current market size of turbo blowers is about JPY15 billion, but it is expected to expand by about 30% to about JPY20 billion in the next 10 years.

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Strengthen Sales Synergies with TurboMAX to Expand Business Overseas (2)

■ Main Synergy Effects

Global expansion of "KNOWTILUS"	Expansion of the scope of after-sales service in Japan	Mutual use of commercial channels
 <p>KNOWTILUS (remote monitoring and fault notification function) has been sold by ShinMaywa only in Japan.</p>	 <p>Key components of turbo blowers need to be maintained by TurboMAX.</p>	 <p>ShinMaywa: Overseas expansion of submersible pumps mainly in North America and Southeast Asia.</p> <p>TurboMAX: In addition to Korea, sales in China, Europe, and India increased in recent years.</p>
<p>Strengthen product competitiveness in the global market through installation in products sold by TurboMAX.</p>	<p>Group companies in Japan will be able to acquire techniques and the quality of after-sales service in Japan will improve.</p>	<p>Mutual sales through the use of the two companies' commercial channels (distributors) will become possible.</p>

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We will further strengthen our product competitiveness in the global market, by installing KNOWTILUS, a remote monitoring system for turbo blowers developed by our company, in the products sold by TurboMAX, and focus on the after-sales service business, which we have not been able to handle in Japan.

By mutually utilizing the commercial channels of both companies and collaborating in sales, we aim to achieve a 25% share of the global market and sales of JPY5 billion by 2030.

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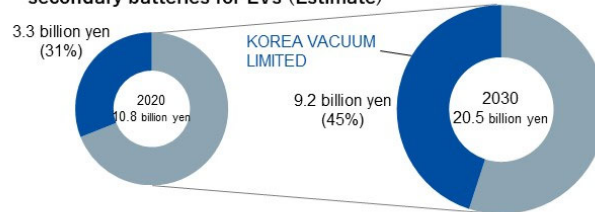


Expand Sales of KOREA VACUUM LIMITED Vacuum Drying Equipment for Lithium-ion Secondary Batteries for EVs

■ Company profile

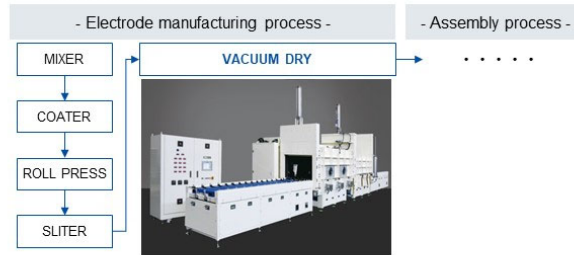
Name	KOREA VACUUM LIMITED
Address	Dalseong-gun, Daegu, Republic of Korea
Founded	December 1998
Number of employees	80 (as of end of September 2021)
Main business	Manufacturing of vacuum equipments, etc.
shareholding ratios	70%
scale of sales	4.1 billion yen (FY2020)

■ Global market size of vacuum drying equipment for lithium-ion secondary batteries for EVs (Estimate)



Source: Estimates by a private research firm () : share

■ Outline of vacuum drying equipment



Applications

- ✓ Main equipment used for electrode drying in the manufacturing process of lithium-ion secondary batteries

Strengths of KOREA VACUUM LIMITED

- ✓ Has original vacuum drying technology and know-how cultivated over 20 years

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The second company is KOREA VACUUM LIMITED.

Since delivering vacuum drying equipment for lithium-ion secondary batteries for cell phones in 1999, the Company has developed its own vacuum drying technology and know-how over the past 20 years.

Currently, the Company's main product is vacuum drying equipment used in the process of drying electrodes in the manufacture of lithium-ion rechargeable batteries for EVs.

As shown in the pie chart on the upper right, with the further spread of EVs, the global market for vacuum drying equipment is expected to double in size to JPY20 billion over the next 10 years.

The Company boasts an overwhelming share of the domestic market in South Korea, but in addition to this, it will expand its sales activities mainly in Europe, where many automobile development companies are located, and strengthen sales collaboration with the Group with the aim of achieving a 45% share of the global market and sales of JPY9 billion by 2030.

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Implement the following initiatives to achieve the overseas sales target values set forth in the Long-term and Medium-term management plans

- Themes for formulating and promoting the Long-term business strategies based on the Long-term vision

Accelerating expansion of overseas businesses

- Strengthening production / sales links between segments especially in Southeast Asia
- Expanding orders by strengthening alliances with local businesses and trading companies

As examples of specific initiatives, the following items are being implemented or considered:

- ✓ Efficient operation and production system enhancement for the businesses of special purpose truck and fluid by utilizing the production base in Thailand
- ✓ Developing new markets by strengthening alliances with local businesses, trading companies, etc., mainly in the businesses of special purpose truck, fluid, and parking systems.
- ✓ Consideration and investigation of new M&A partners from which synergy effects are expected

Lastly, I would like to explain our future efforts to achieve the overseas sales targets set forth in our long-term and medium-term management plans.

In our medium-term management plan SG-2023, as I explained earlier, one of the 4 basic policies is to formulate and promote long-term business strategies, and we have positioned the acceleration of overseas business expansion as a major theme.

We have designated Southeast Asia as a priority area, and we will work to increase orders by strengthening production and sales collaboration among segments, as well as by strengthening alliances with local companies and trading companies.

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- Efficient operation and production system enhancement for the businesses of special purpose truck and fluid by utilizing the production base in Thailand



Production base in Thailand (Thai ShinMaywa Co., Ltd.)

- Developing new markets by strengthening alliances with local businesses, trading companies, etc., mainly in the businesses of special purpose truck, fluid, and parking systems



Showroom-specification parking facility completed on the premises of G-PARK "G-PARK & ShinMaywa Tower"

Here is an example of a specific initiative that we are currently working on.

The photo on the left shows the production base in Thailand. In recent years, we have built a new assembly plant for submersible pumps of fluid business on the premises of our Thai production base for special purpose truck. From now on, we will strengthen cooperation among our business units and utilize this base to strengthen our production system and operate it more efficiently.

The photo on the right shows the G-PARK & ShinMaywa Tower, a glass-walled, showroom-style facility installed on the premises of GENERAL AUTOMATIC CARS PARKING SYSTEM CO., LTD. (G-PARK). This is a local company with whom Parking Systems segment has formed a business alliance for the sale of elevator-type car parking systems in Thailand. By strengthening our alliance with the Company, we have already received orders for 9 systems, and the number of inquiries is increasing.

In addition to utilizing these means to develop new markets, the business units and the head office divisions will work together to study and investigate new M&A partners that can be expected to generate synergies.

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Management indices	FY2020 (actual)	Medium-term management plan FY2023 (target)	Long-term management plan FY2030 (target)
Net sales	209.2 billion yen	250 billion yen	400 billion yen or more
Overseas sales	27.1 billion yen	45 billion yen	100 billion yen or more
Operating profit	10.4 billion yen	15 billion yen	—
ROE	6.4%	10% or more	12% or more
ROIC	5.1%	7% or more	10% or more

Through the progress and fruition of the series of initiatives described here, we will be able to achieve the overseas sales target of JPY45 billion in our medium-term management plan SG-2023 and set a milestone for the overseas sales target of JPY100 billion in our long-term management plan SG-Vision 2030.

This concludes the financial results briefing for the fiscal year ending March 31, 2022. Thank you.

[END]

Document Notes

1. Portions of the document where the audio is unclear are marked with [Inaudible].
2. Portions of the document where the audio is obscured by technical difficulty are marked with [TD].
3. This document has been translated by SCRIPTS Asia.

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