Presentation of Financial Results for Fiscal Year 2021

May 19, 2022

ShinMaywa Industries, Ltd.

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Summary of Consolidated Financial Results

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 FY2021

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(Million yen)

	FY2020 (actual)	FY2021		Change (Rate of change)	
		Announced in February	Results	Year-on-year	Compared with figures announced in February
Net sales	209,226	215,000	216,823	+7,597 (+3.6%)	+1,823 (+0.8%)
Operating profit	10,479	9,000	10,569	+90 (+0.9%)	+1,569 (+17.4%)
Ordinary profit	11,182	9,400	11,821	+639 (+5.7%)	+2,421 (+25.8%)
Profit attributable to owners of parent	5,487	5,500	6,907	+1,419 (+25.9%)	+1,407 (+25.6%)
Overseas sales	27,108	—	31,022	+3,914 (+14.4%)	—
ROE	6.4%	—	7.7%	+1.3pt	—
ROIC*	5.1%	—	5.1%	0pt	—

Exchange rate (USD 1)	106.2 yen	—	111.9 yen

Year-on-year change

- ✓ Revenue increased in Industrial Machinery & Environmental Systems, Parking Systems, and Special Purpose Truck Segments, and also increased overall.
- ✓ Operating profit increased from the previous fiscal year, and ordinary profit also increased due to recording foreign exchange gains because of a weaker yen. Profit attributable to owners of parent also increased due to a decrease in extraordinary losses.
- ✓ As a result of the above, ROE increased, and ROIC remained at the same percentage as the previous fiscal year.

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

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Consolidated Financial Results for FY2021, by Segment

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(Billion yen)

Segment	Net sales			Operating profit		
	FY2020	FY2021	Change	FY2020	FY2021	Change
Aircraft	25.9	19.1	-6.8	-0.8	-0.8	-0
Special Purpose Truck	94.7	97.1	+2.4	6.7	5.3	-1.3
Industrial Machinery & Environmental Systems	37.1	46.3	+9.1	2.9	4.8	+1.8
Parking Systems	35.2	38.0	+2.8	3.2	3.0	-0.1
Others	16.0	16.0	-0	1.4	0.9	-0.4
Adjustments	—	—	—	-3.0	-2.8	+0.2
Total	209.2	216.8	+7.5	10.4	10.5	+0

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Analysis of Year-on-Year Change, by Segment

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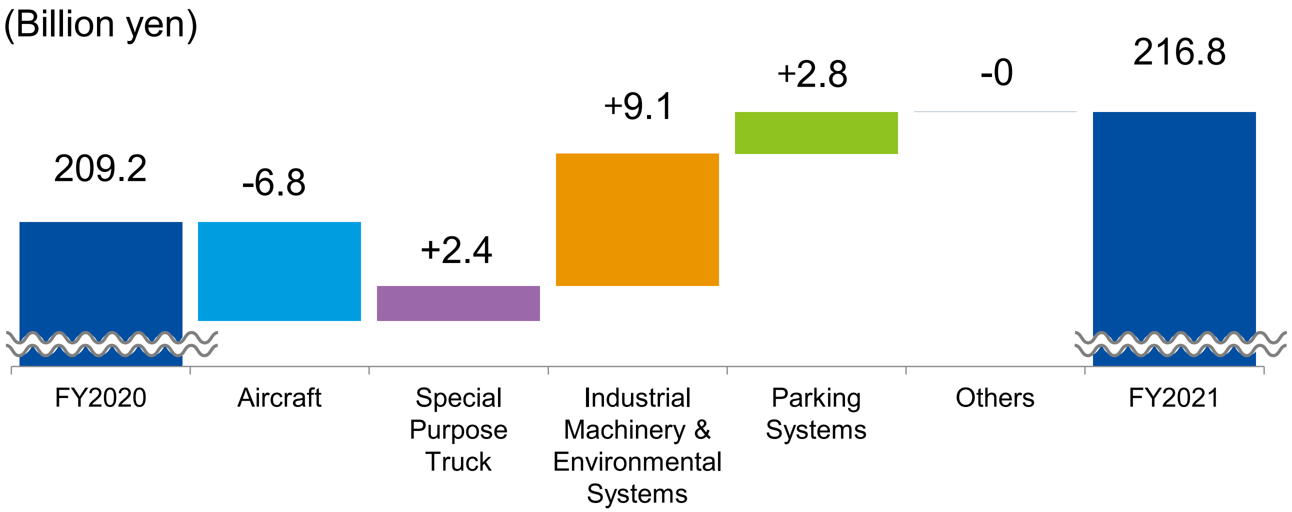
Net sales



Aircraft

- Revenue decreased from products for Boeing

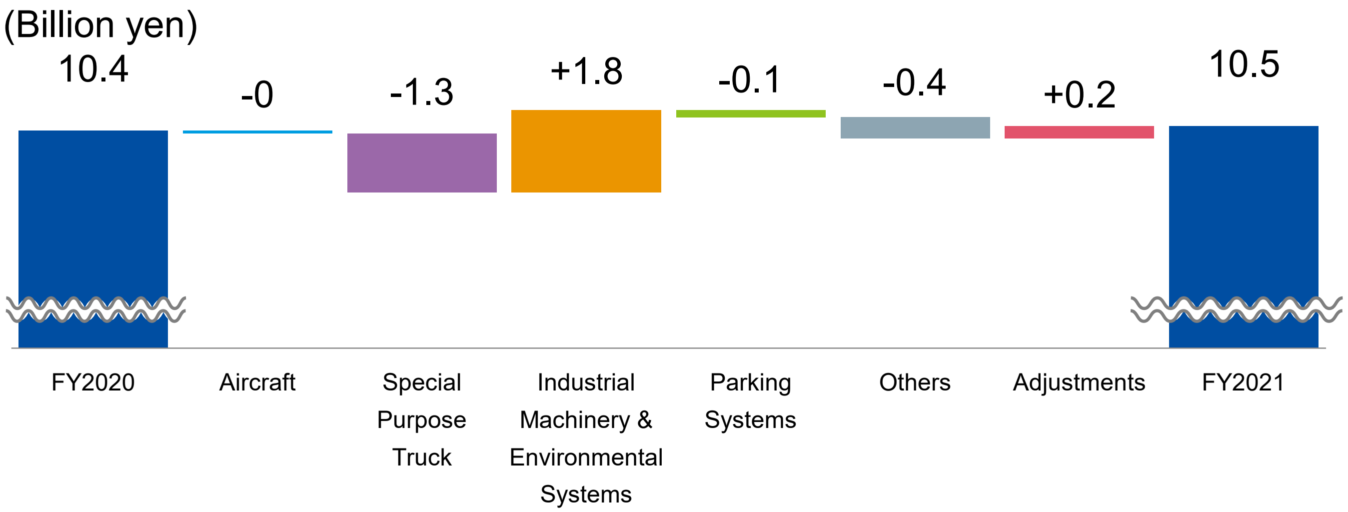
Industrial Machinery & Environmental Systems

- Revenue increased in all fields (water treatment equipment, mechatronics, environment)

Parking Systems

- Revenue increased both in mechanical car parking systems and aircraft passenger boarding bridges

Operating profit



Special Purpose Truck

- Revenue decreased due to soaring steel prices, etc.

Industrial Machinery & Environmental Systems

- Increased due to increase in revenue

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Summary of Consolidated Financial Results Forecast for FY2022

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(Million yen)

	FY2021 (actual)	FY2022 (forecast)	Change (Rate of change)
Net sales	216,823	225,000	+8,176 (+3.8%)
Operating profit	10,569	9,000	-1,569 (-14.9%)
Ordinary profit	11,821	9,200	-2,621 (-22.2%)
Profit attributable to owners of parent	6,907	6,000	-907 (-13.1%)

Exchange rate (USD 1)	111.9 yen	120.0 yen*

Year-on-year change

- ✓ **Net sales are expected to increase in all segments, except Special Purpose Truck, and also to increase overall.**
- ✓ **Profit is expected to decrease overall due to a significant decrease in profit forecast in the Special Purpose Truck segment associated with persistently high steel prices, etc.**

(Reference) Performance targets in the Medium-term management plan [SG-2023]

(Million yen)

	FY2023 (target)
Net sales	250,000
Operating profit	15,000

* The exchange rate for FY2022 (forecast) is the assumed exchange rate applicable on and after the announcement date.

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Business environment (reportable segments)

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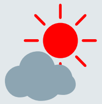
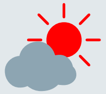
Segment		Forecast	Business environment (outlook)
Aircraft			In the civilian demand-related production volume, demand for aircraft continues to be sluggish due to the decline in passenger demand attributable to the COVID-19 pandemic. The market for medium- to large-size aircraft is expected to recover in FY2023 and beyond. Meanwhile, in terms of sales to the Ministry of Defense, workload is expected to increase as a consequence of the order for US-2 STOL Search and Rescue Amphibian (No. 9), and the operating rate is expected to improve.
Special Purpose Truck		 → 	The slowdown in production due to delays in procuring key parts, which became evident in the second half of FY2021, is expected to continue for some time in FY2022. In addition, steel prices and other material costs are continuing to trend upward, and profitability is deteriorating. Although price revision measures will be taken in FY2022, there was still a backlog of more than 10 months of orders at the old prices (across the segment), as of the end of the previous fiscal year, and profits are not expected to improve until at least the second half of FY2022.
Industrial Machinery & Environmental Systems	**Water treatment equipment**		In addition to recovery in civilian demand-related production volume, renewal demand, such as for zero-emission, stock management, and waterproofing for floods, as well as maintenance/service business for public demand are also expected to remain firm. Overseas, sales of turbo blowers by consolidated subsidiary TurboMAX Co., Ltd. are growing in India, Europe, and China. With turbo blowers also expected to contribute to the development of new customers in Japan, the overall business environment is expected to remain strong.
	Mechatronics products		With equipment for the automotive industry making up the majority of sales, this segment has been recovering as customer's appetite for investment returns. In particular, KOREA VACUUM LIMITED, a consolidated subsidiary that manufactures and sells vacuum drying equipment for lithium-ion secondary batteries for EVs, has been receiving an increasing number of inquiries as the market expands to supply not only Korean battery manufacturers but also, more recently, overseas automakers and new battery manufacturers entering the market.
	Environment-related business		In the previous fiscal year, demand for plant projects was strong, including a package contract for construction of a new plant and operation of the facilities for 25 years after its completion (Tenri Project, Nara Prefecture, order amount: 11.3 billion yen). The increase in the related stock business will also support performance in this segment.
Parking Systems			Although the environment for orders for aircraft passenger boarding bridges, which account for part of sales, has remained challenging amid the COVID-19 pandemic, in the key business of mechanical car parking systems, new construction projects, and the maintenance and renovation business, which is the main drivers of earnings, are expected to remain strong.

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Consolidated Financial Results Forecast for FY2022, by Segment

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(Billion yen)

Segment	Net sales			Operating profit		
	FY2021 (actual)	FY2022 (forecast)	Change	FY2021 (actual)	FY2022 (forecast)	Change
Aircraft	19.1	22.5	+3.3	-0.8	0	+0.8
Special Purpose Truck	97.1	93.0	-4.1	5.3	2.6	-2.7
Industrial Machinery & Environmental Systems	46.3	52.0	+5.6	4.8	4.9	+0
Parking Systems	38.0	40.5	+2.4	3.0	3.3	+0.2
Others	16.0	17.0	+0.9	0.9	1.1	+0.1
Adjustments	—	—	—	-2.8	-2.9	-0
Total	216.8	225.0	+8.1	10.5	9.0	-1.5

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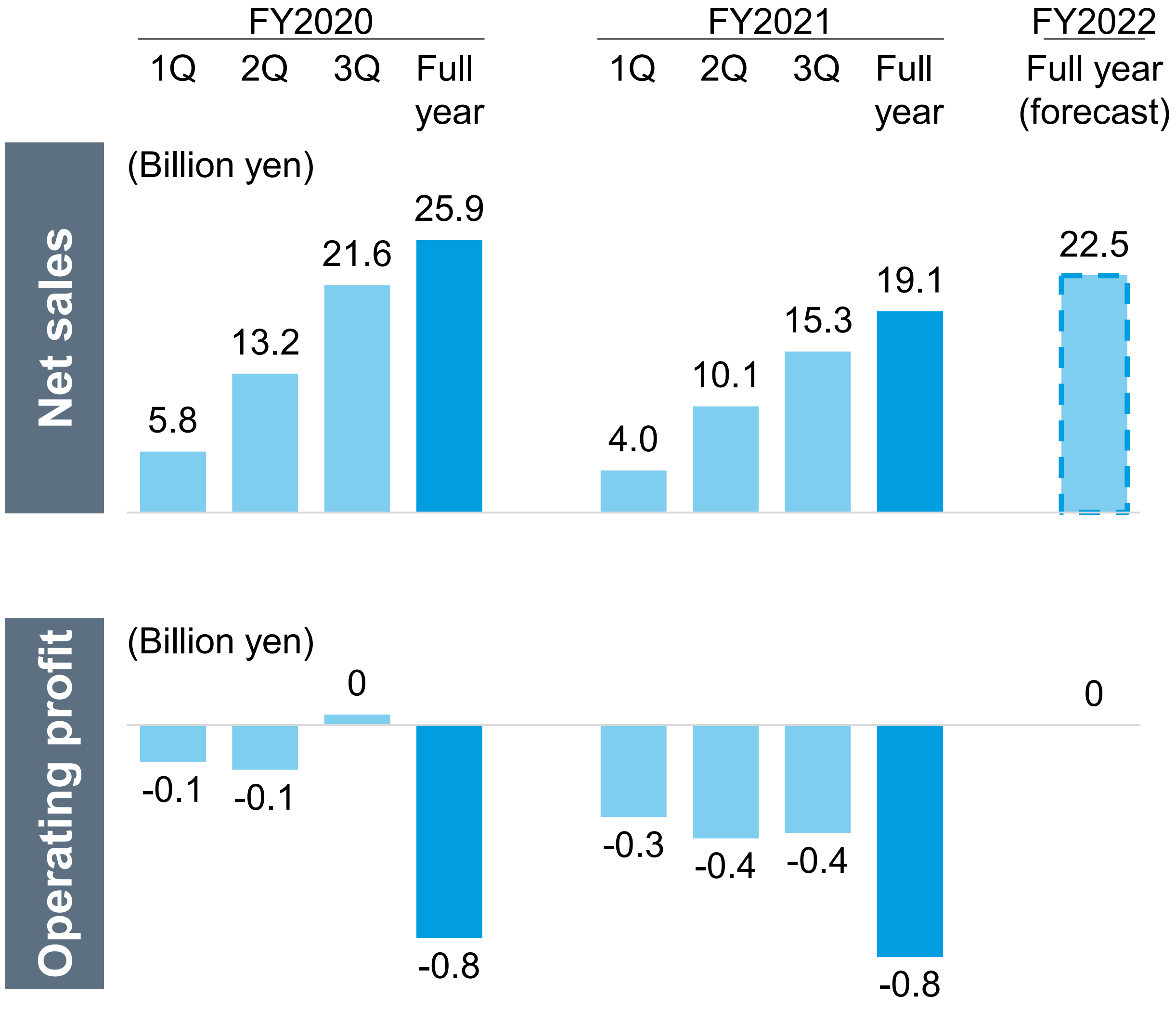
Aircraft Segment



FY2021 financial results (year-on-year)

■ **Net sales**

Sales to Ministry of Defense: Decrease in components for transport aircraft
Civilian demand: Decrease in production volume of 777/777X and 787 aircraft

■ **Operating profit**

- Despite the decrease in production volume of 777/777X and 787 aircraft, operating profit remained at the same level as the previous fiscal year as a result of the yen's depreciation

FY2022 financial results forecast (year-on-year)

■ **Net sales**

Sales to Ministry of Defense: Increase in components for transport aircraft expected
Civilian demand: Increase in production volume of 777/777X aircraft expected

■ **Operating profit**

- Improvement is expected due to revenue increase, higher operating rate, depreciation of the yen, etc.

□ Civilian demand-related production volume

(Unit)

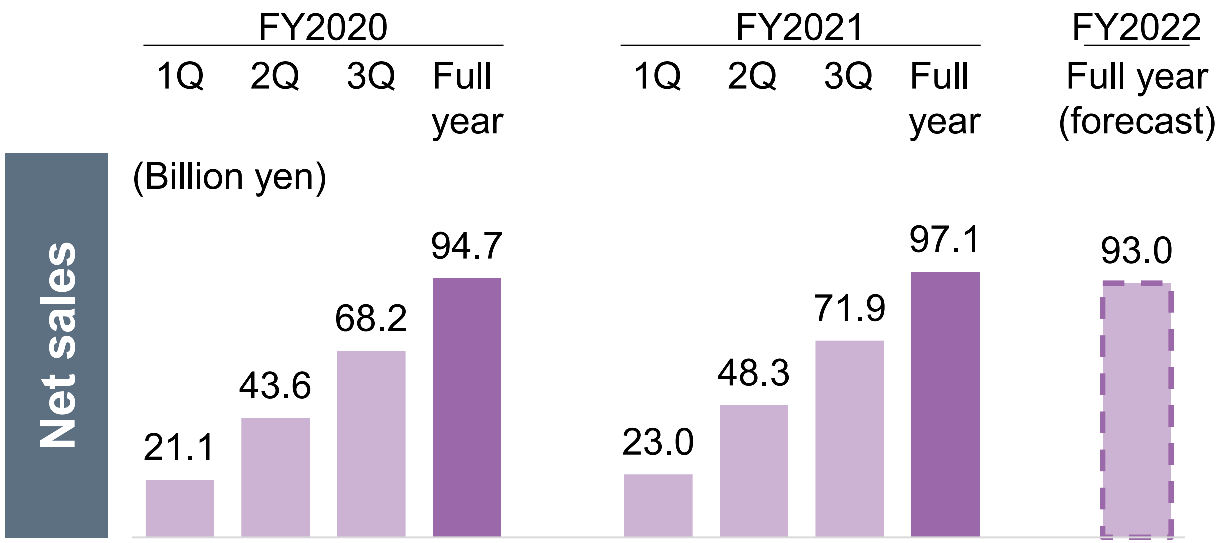
	FY2020	FY2021
777/777X	35	22
787	77	30
G7500	26	36

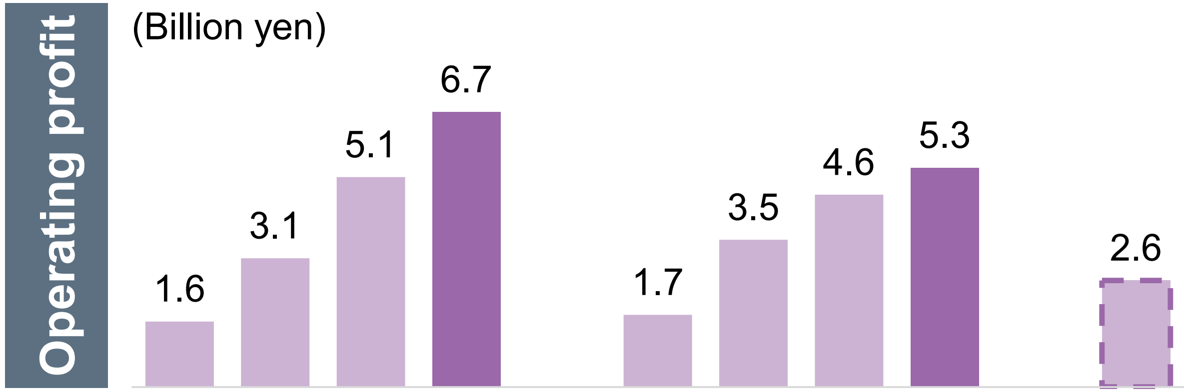
□ Exchange rate sensitivity

(After date of announcement)

Operating profit increases by approximately 30 million yen for each 1 yen of depreciation

Special Purpose Truck Segment





FY2021 financial results (year-on-year)

■ **Net sales**
- Increase in forestry machinery, etc.
- Increase in revenue due to the effects of M&A

■ **Operating profit**
- Decreased due to soaring steel prices, etc.

FY2022 financial results forecast (year-on-year)

■ **Net sales**
- Decrease in revenue is expected due to delays in procuring key parts, etc.

■ **Operating profit**
- Profit is expected to decrease due to decrease in revenue and persistently high steel prices, etc.

□ Trends in outstanding orders

	FY2020				FY2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Outstanding orders (billion yen)	63.0	64.1	63.6	60.4	68.7	69.8	74.5	81.9
Outstanding period (month)*	8.9	8.8	8.4	7.7	8.9	8.7	9.3	10.1

* The average period from order receipt to sales; calculated by dividing the value of outstanding orders by sales per month

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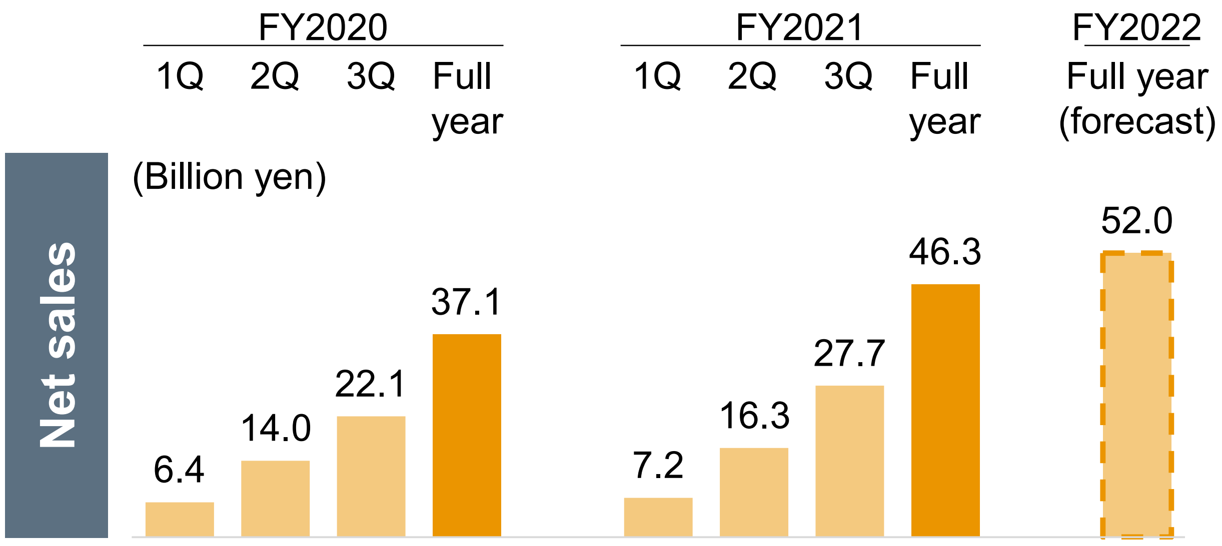
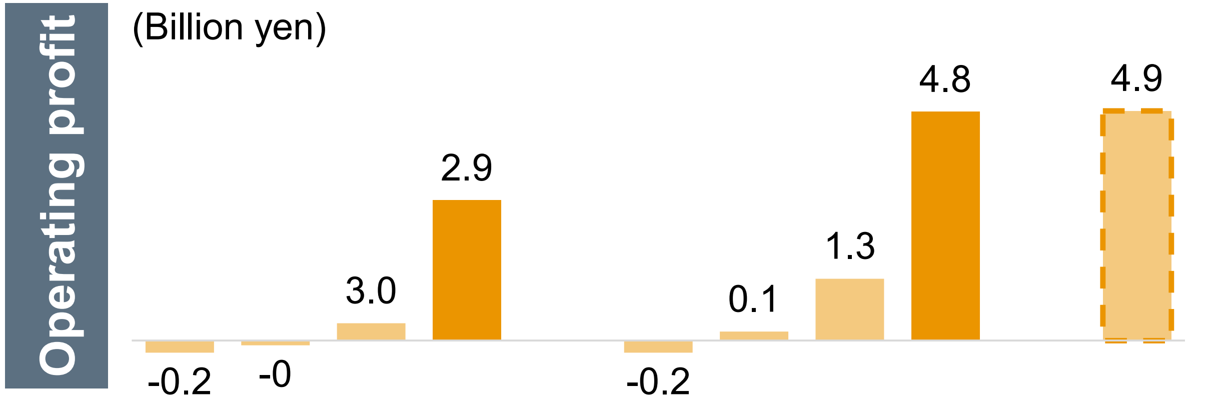
Industrial Machinery & Environmental Systems Segment





FY2021 financial results (year-on-year)

■ Net sales

Water treatment equipment:	Increase in revenue due to increase in civilian demand and effects of M&A
Mechatronics products:	Increase in automatic wire processors and vacuum products
Environment-related business:	Increase in plant projects

■ Operating profit

- Increased due to increase in revenue

FY2022 financial results forecast (year-on-year)

■ Net sales

Water treatment equipment:	Increase in revenue expected from the effects of M&A implemented in the previous fiscal year (reflected in PL from 3Q in the previous fiscal year)
Mechatronics products:	Increase in vacuum products (vacuum drying equipment for secondary batteries for EVs) expected
Environment-related business:	Increase in plant projects is expected

■ Operating profit

- Expected to remain at the same level as the previous fiscal year

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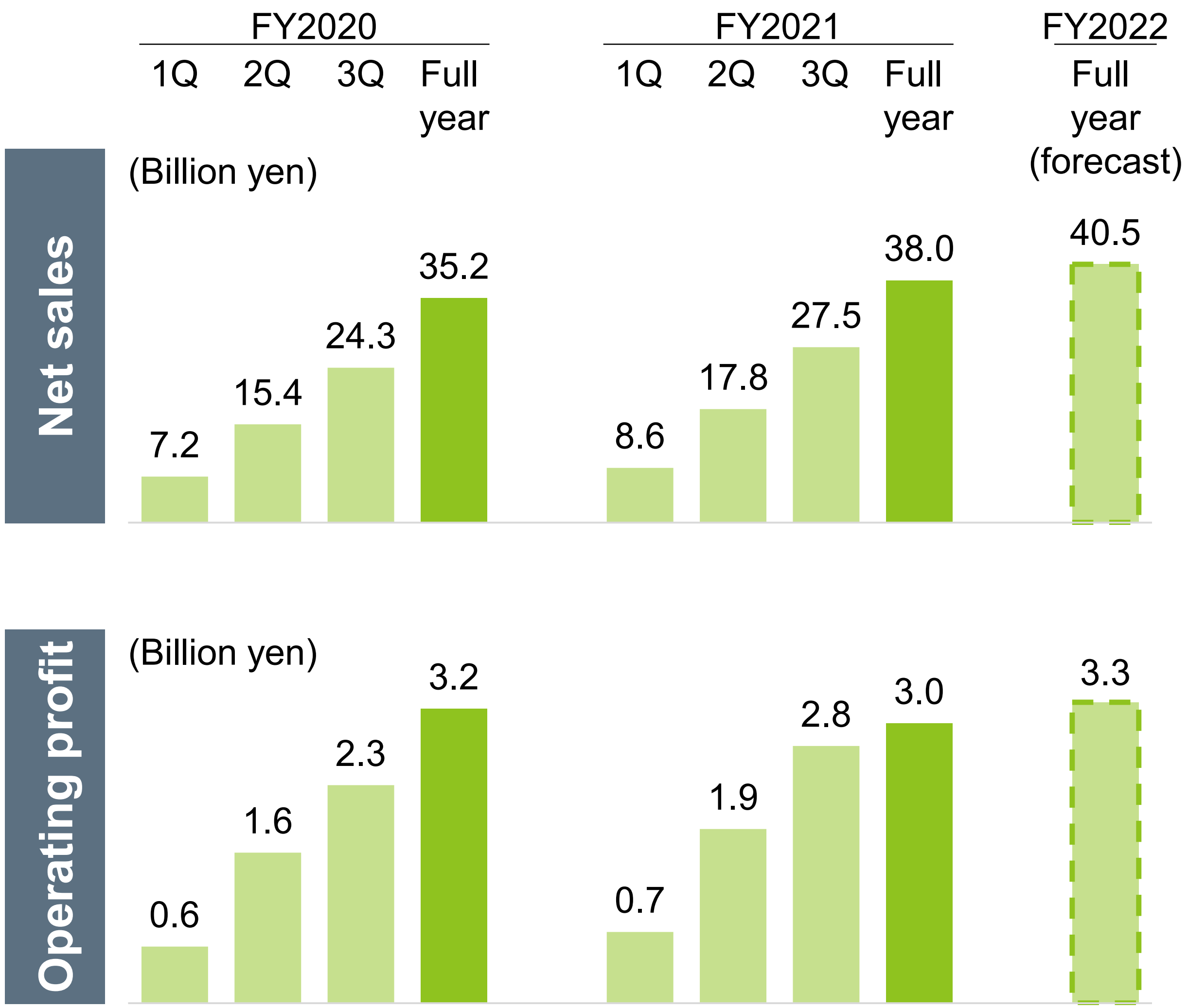
Parking Systems Segment



FY2021 financial results (year-on-year)

■ **Net sales**

Mechanical car parking systems:	Increase in new construction orders
Aircraft passenger boarding bridges:	Increase in domestic market

■ **Operating profit**

- Decreased due to provision for loss on construction contracts (associated with soaring steel prices)

FY2022 financial results forecast (year-on-year)

■ **Net sales**

Mechanical car parking systems:	Increase in revenue expected for consolidated subsidiary
Aircraft passenger boarding bridges:	Increase in revenue expected overseas

■ **Operating profit**

- Expected to increase due to increase in revenue

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Supplementary Materials

Company Profile

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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 5,783 / Non-consolidated 2,932 (as of end of March, 2022)
Consolidated Subsidiaries	31

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Distribution Ratios of Net Sales by Segment (FY2021)

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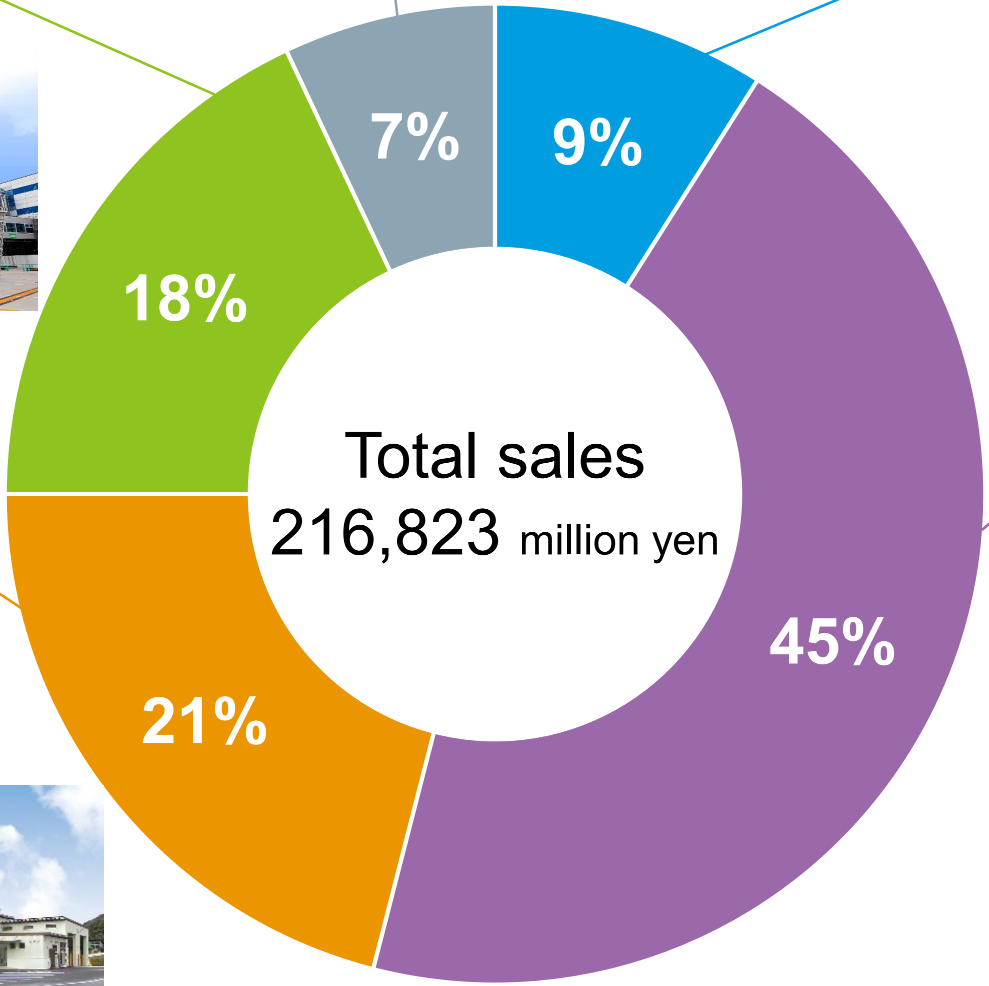

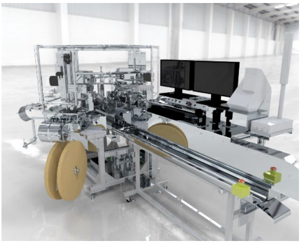

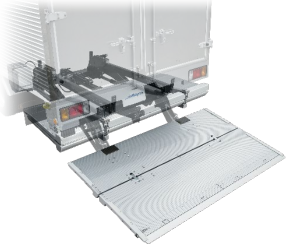

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Business Performance

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(Billion yen)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales	150.9	174.0	193.1	203.9	201.2	207.3	217.2	227.2	209.2	216.8
Operating profit	5.8	10.8	13.6	15.2	13.0	10.5	10.7	12.8	10.4	10.5
Operating profit ratio (%)	3.9	6.2	7.1	7.5	6.5	5.1	4.9	5.6	5.0	4.9
Ordinary profit	6.4	11.4	14.3	15.5	13.2	10.7	10.4	12.3	11.1	11.8
Profit attributable to owners of parent	11.3	7.4	9.1	10.2	8.9	7.0	6.9	7.3	5.4	6.9
Overseas sales	30.4	36.0	45.6	48.1	43.0	42.5	42.8	43.2	27.1	31.0
Interest-bearing debt	8.0	6.0	4.1	2.0	0.1	0	49.8	57.5	54.5	52.2
Equity	88.9	95.1	105.8	112.9	118.2	124.8	82.3	82.9	87.9	92.4
ROE (%)	13.6	8.1	9.1	9.4	7.7	5.8	6.8	8.9	6.4	7.7
ROIC* (%)	3.9	6.8	8.3	9.1	7.7	6.0	5.8	6.5	5.1	5.1

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

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Business Performance by Segment

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(Million yen)

Segment	Account	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Aircraft	Net sales	26,123	34,067	41,143	47,262	39,028	40,699	43,635	38,950	25,957	19,137
	Operating profit	1,360	4,665	5,263	6,546	2,000	1,368	649	1,551	-808	-875
	Operating profit ratio (%)	5.2	13.7	12.8	13.9	5.1	3.4	1.5	4.0	-3.1	-4.6
Special Purpose Truck	Net sales	65,826	77,328	84,775	87,462	89,304	90,317	92,333	94,627	94,777	97,190
	Operating profit	3,774	5,009	6,929	6,748	8,348	6,313	6,544	6,802	6,707	5,354
	Operating profit ratio (%)	5.7	6.5	8.2	7.7	9.3	7.0	7.1	7.2	7.1	5.5
Industrial Machinery & Environmental Systems	Net sales	23,287	24,371	27,928	30,155	29,451	30,099	33,810	38,370	37,195	46,348
	Operating profit	1,272	2,037	1,878	1,985	2,219	2,468	2,474	2,748	2,989	4,876
	Operating profit ratio (%)	5.5	8.4	6.7	6.6	7.5	8.2	7.3	7.2	8.0	10.5
Parking Systems	Net sales	27,194	28,301	27,440	29,359	31,145	31,979	33,863	37,805	35,228	38,099
	Operating profit	1,474	899	1,330	1,814	1,850	1,780	2,343	3,223	3,228	3,066
	Operating profit ratio (%)	5.4	3.2	4.8	6.2	5.9	5.6	6.9	8.5	9.2	8.0
Others	Net sales	8,486	9,941	11,843	9,677	12,274	14,239	13,654	17,476	16,066	16,047
	Operating profit	285	318	439	796	960	1,049	1,037	1,193	1,445	955
	Operating profit ratio (%)	3.4	3.2	3.7	8.2	7.8	7.4	7.6	6.8	9.0	6.0

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Consolidated Balance Sheets / Consolidated Statements of Cash Flows

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■ Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022	Change
Cash and deposits	23,045	26,600	+3,555
Trade receivables	73,747	70,945	-2,802
Inventories	43,307	46,925	+3,617
Total fixed assets	41,730	45,306	+3,576
Others assets	30,229	31,429	+1,200
Total assets	212,060	221,206	+9,146
Trade payables	24,383	25,898	+1,515
Interest-bearing debt	54,539	52,254	-2,284
Other liabilities	44,299	48,792	+4,493
Total liabilities	123,221	126,945	+3,724
Equity	87,945	92,465	+4,519
Other net assets	893	1,795	+902
Total net assets	88,838	94,261	+5,422
Total liabilities and net assets	212,060	221,206	+9,146

Equity ratio	41.5%	41.8%

■ Consolidated Statements of Cash Flows

(Million yen)

	FY2020	FY2021	Change
Cash flows from operating activities	18,120	15,998	-2,121
Cash flows from investing activities	-9,133	-7,221	+1,911
Free cash flows	8,986	8,777	-209
Cash flows from financing activities	-5,972	-5,203	+768

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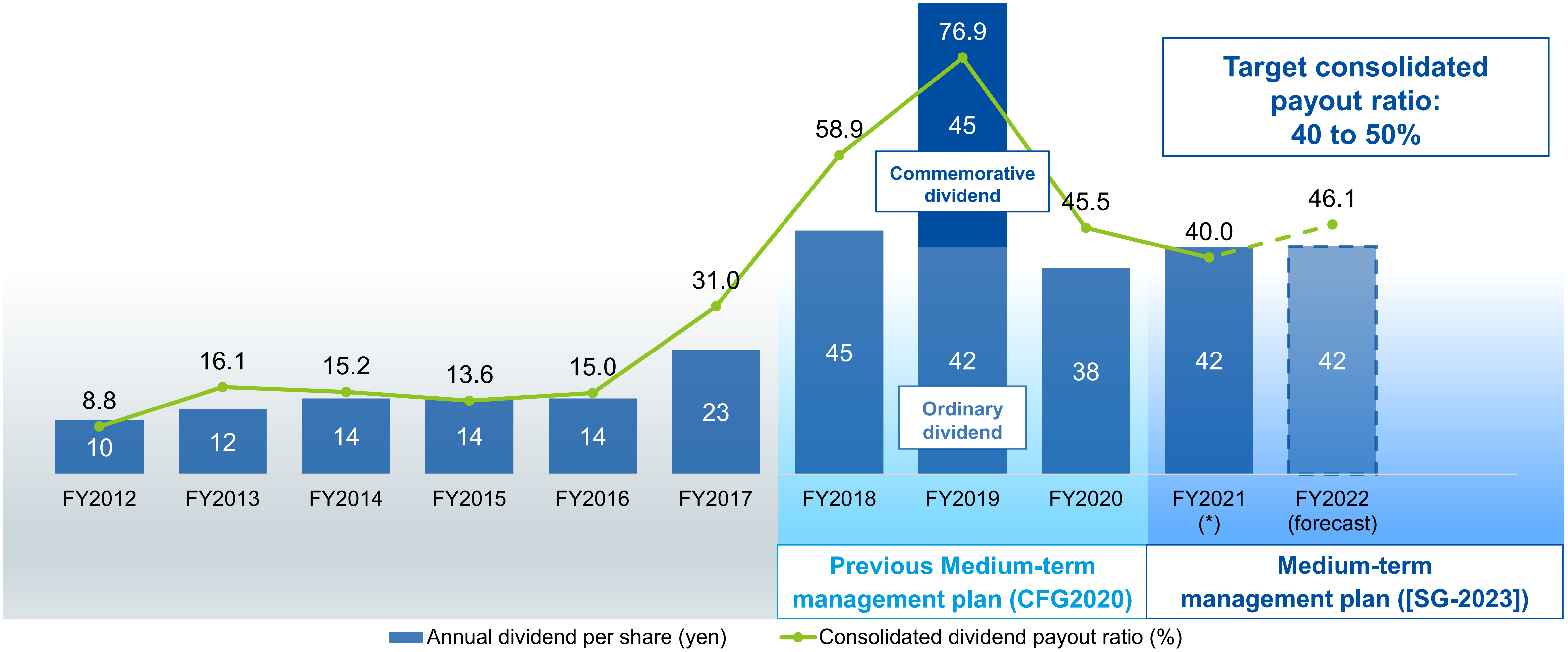
Dividend per Share and Consolidated Dividend Payout Ratio



* To be formally decided by resolution at a general meeting of shareholders.

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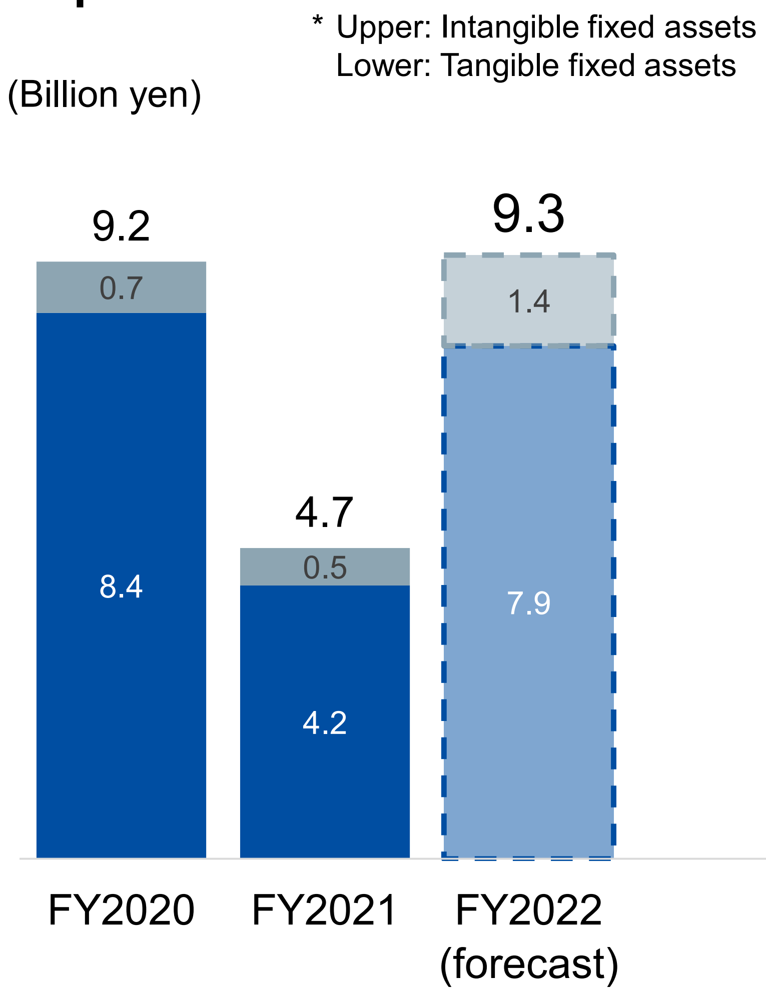
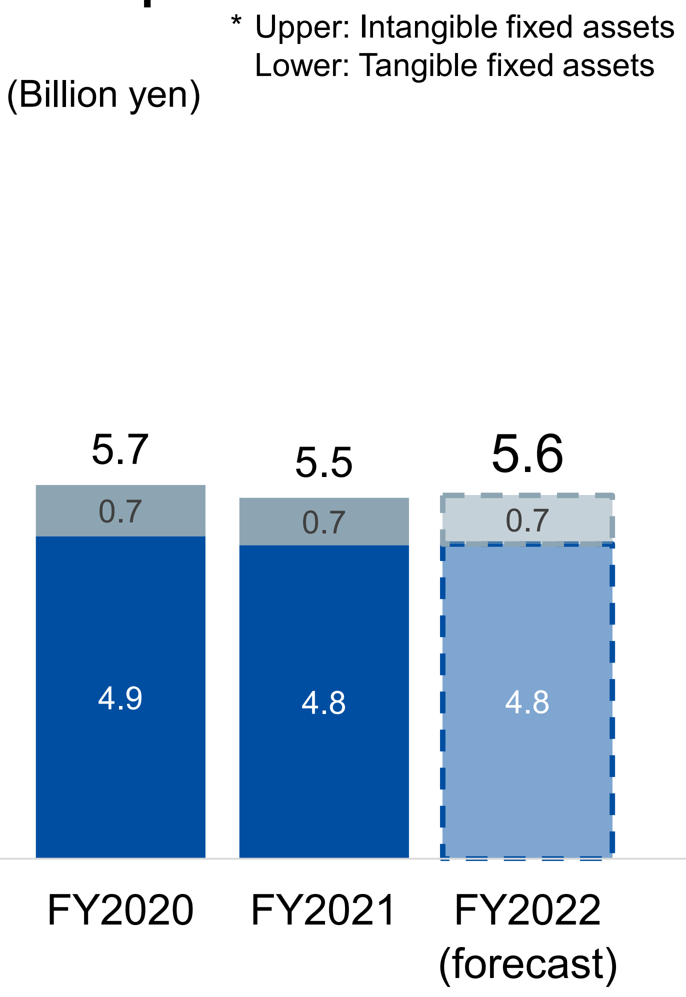
Capital Investments / Depreciation / Research and Development Costs

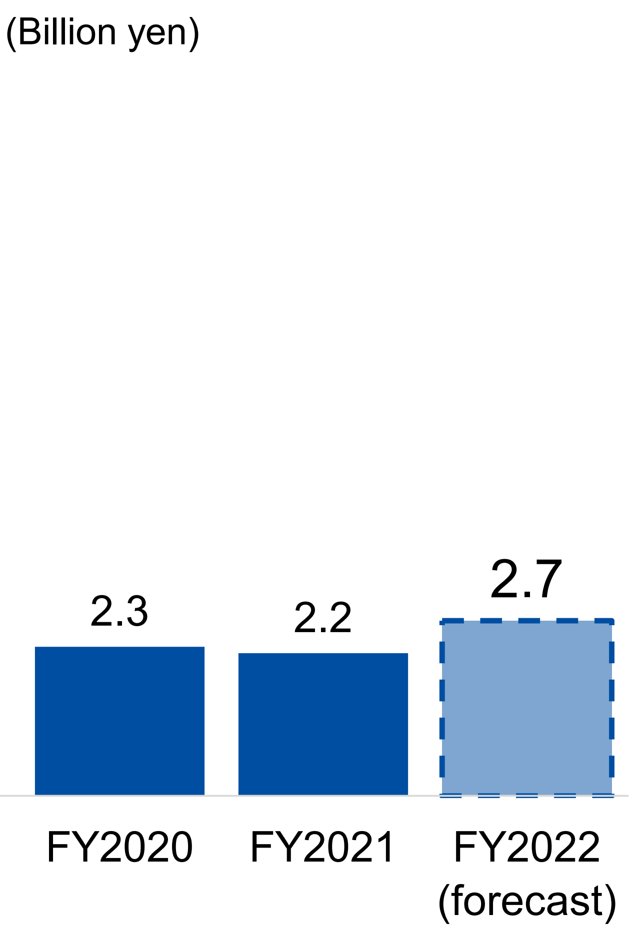
■ Capital investments



■ Depreciation



■ Research and development cost



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

Furthermore, as described above, statements on forward-looking information contained in this document are as of the date of this document (or the date otherwise specified herein). It should be noted that, even if there have been changes to the forward-looking information due to circumstances arising after the date on which this document is prepared, the Company is under no obligation to continually update this information to the latest information.

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