



ShinMaywa Industries, Ltd.

Presentation of Financial Results for the Second Quarter of FY2022

November 17, 2022

Event Summary

[Company Name]	ShinMaywa Industries, Ltd.	
[Company ID]	7224-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Presentation of Financial Results for the Second Quarter of FY2022	
[Fiscal Period]	FY2022 Q2	
[Date]	November 17, 2022	
[Number of Pages]	30	
[Time]	10:30 – 11:11 (Total: 41 minutes, Presentation: 38 minutes, Q&A: 3 minutes)	
[Venue]	Webcast	
[Number of Speakers]	6	
	Tatsuyuki Isogawa	President and Chief Executive Officer
	Kanji Ishimaru	Director, Member of the Board, Deputy Chief Executive Officer
	Katsuyuki Tanuma	Director, Member of the Board, Senior Managing Executive Officer
	Akira Nishioka	Director, Member of the Board, Managing Executive Officer
	Toshiki Kume	Director, Member of the Board, Managing Executive Officer
	Takashi Kuniyara	Director, Member of the Board, Managing Executive Officer

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Presentation

Summary of Consolidated Financial Results for the Second Quarter of FY2022

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(Million yen)

	FY2021 2Q	FY2022 2Q	Change (Rate of change)	
Orders received	119,992	133,910	+ 13,917	(+ 11.6%)
Net sales	100,264	104,001	+ 3,737	(+ 3.7%)
Operating profit	4,438	3,206	-1,232	(-27.8%)
Ordinary profit	4,698	4,168	-530	(-11.3%)
Profit attributable to owners of parent	3,362	2,871	-490	(-14.6%)
Outstanding orders	182,858	243,764	+ 60,906	(+ 33.3%)
Exchange rate (USD 1)	110.0 yen	132.5 yen		

Year-on-year change

Orders received

- Orders received increased in all segments except Special Purpose Truck and Others, with Industrial Machinery & Environmental Systems in particular experiencing substantial growth, resulting in an increase in overall orders received.
- A record high for the second quarter

Net sales

- Revenue increased in all segments except Special Purpose Truck and Others, resulting in an increase in overall revenue.

Profits

- Profits decreased due to a rise in steel prices, despite the effects of yen depreciation.

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Isogawa: Hello, my name is Isogawa of ShinMaywa Industries. I will now present the financial results for Q2 of the fiscal year ending March 31, 2023. First, I would like to explain the financial results for Q2.

This is a table that compares each of the major performance figures for Q2 of the current fiscal year with those for the same period of the previous year. Orders increased in all segments except for special purpose trucks and others, including a large increase in industrial machinery and environmental systems, resulting in an overall increase of 11.6% YoY to JPY133.9 billion, a record high for Q2.

As for net sales, as with orders, all segments except for special purpose trucks and others reported higher sales, resulting in an overall increase of 3.7% to JPY104 billion.

As for profits, despite the positive effect of yen depreciation, higher manufacturing costs, such as steel prices, were a negative factor, resulting in operating profit of JPY3.2 billion, minus 27.8% YoY; ordinary profit of JPY4.1 billion, minus 11.3% YoY; and net income attributable to owners of the parent of JPY2.8 billion, minus 14.6% YoY.

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Consolidated Financial Results for the Second Quarter of FY2022, by Segment

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(Billion yen)

Segment	Orders received			Net sales			Operating profit		
	FY2021 2Q	FY2022 2Q	Change	FY2021 2Q	FY2022 2Q	Change	FY2021 2Q	FY2022 2Q	Change
Special Purpose Truck	57.7	57.0	-0.6	48.3	43.7	-4.6	3.5	0.7	-2.8
Parking Systems	19.0	20.6	+1.6	17.8	18.3	+0.5	1.9	1.1	-0.7
Industrial Machinery & Environmental Systems	14.2	24.1	+9.9	10.1	15.4	+5.2	0.2	1.2	+1.0
Fluid	10.5	13.8	+3.3	6.2	8.7	+2.4	-0	0.3	+0.3
Aircraft	9.3	9.8	+0.5	10.1	11.5	+1.3	-0.4	0.7	+1.1
Others	9.1	8.2	-0.8	7.5	6.3	-1.2	0.4	0.3	-0
Adjustments	—	—	—	—	—	—	-1.2	-1.3	-0.1
Total	119.9	133.9	+13.9	100.2	104.0	+3.7	4.4	3.2	-1.2

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

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Orders, sales, and operating profit by segment are as shown below. The main reasons for the YoY changes in each segment will be explained later.

Effective from Q1 of this year, we have revised the classification of reportable segments and disclosed the water treatment equipment, previously included in industrial machinery and environmental systems, as an independent segment.

The consolidated balance sheet and consolidated statement of cash flows for Q2 are shown below.

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Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of September 30, 2022	Change
Cash and deposits	26,600	17,239	-9,361
Trade receivables	70,945	72,768	+1,823
Inventories	46,925	52,610	+5,685
Total fixed assets	45,306	45,319	+13
Others assets	31,429	33,181	+1,751
Total assets	221,206	221,118	-87
Trade payables	25,898	26,237	+338
Interest-bearing debt	52,254	54,860	+2,605
Other liabilities	48,792	42,940	-5,851
Total liabilities	126,945	124,038	-2,907
Equity	92,465	95,434	+2,969
Other net assets	1,795	1,646	-149
Total net assets	94,261	97,080	+2,819
Total liabilities and net assets	221,206	221,118	-87
Equity ratio	41.8%	43.2%	

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Consolidated Statements of Cash Flows

(Million yen)

	FY2021 2Q	FY2022 2Q	Change
Cash flows from operating activities	-1,092	-6,137	-5,044
Cash flows from investing activities	-3,507	-4,074	-567
Free cash flows	-4,599	-10,211	-5,611
Cash flows from financing activities	-62	-121	-59

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Assets at the end of Q2 amounted to JPY221.1 billion, down JPY80 million from the end of the previous year, mainly due to a decrease in cash and deposits, despite an increase in trade receivables and inventories.

Liabilities amounted to JPY124 billion, down JPY2.9 billion from the end of the previous fiscal year, mainly due to income tax payments, despite an increase in short-term loans payable.

Net assets increased by JPY2.8 billion from the end of the previous fiscal year to JPY97 billion, mainly due to the recording of profit attributable to parent company shareholders for the quarter, despite the payment of dividends. As a result, the equity ratio rose to 43.2%, from 41.8%, from the end of the previous fiscal year.

As for consolidated cash flows, operating cash flow decreased JPY5 billion to JPY6.1 billion, investing cash flow decreased JPY0.5 billion to JPY4 billion, free cash flow decreased JPY5.6 billion to JPY10.2 billion, and financing cash flow decreased JPY50 million to JPY10.2 billion.

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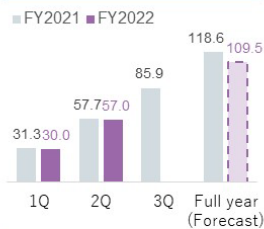
Special Purpose Truck Segment

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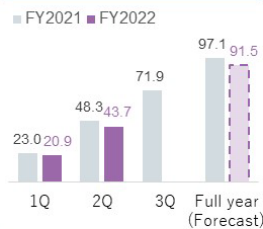
Trends in financial results

(Billion yen)

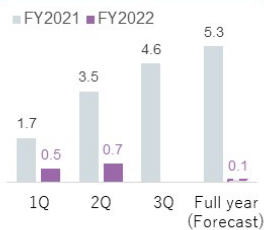
Orders received



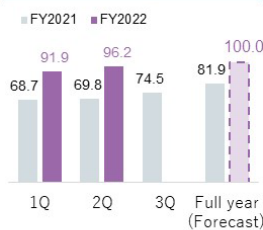
Net sales



Operating profit



Outstanding orders



FY2022-2Q results (year-on-year)

Orders received

- Decrease in construction-related vehicles and transportation vehicles

Net sales

- Decrease in construction-related vehicles, transportation vehicles, and environment-related vehicles

Operating profit

- Decreased due to a drop in revenue
- Decreased due to a rise in steel prices

Trends in outstanding period (month)*

FY2021				FY2022			
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q (Forecast)
8.9	8.7	9.3	10.1	13.2	13.2	-	13.1

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

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We will continue with a YoY comparison of Q2 results by segment.

First is the special purpose truck segment. Order intake decreased mainly in construction-related and logistics-related vehicles.

Overall sales decreased due to the continued stagnation of production activities caused by delays in procurement of key components and other factors, resulting in a decline in sales of construction-related vehicles, logistics-related vehicles, environment-related vehicles, and other products.

Operating profit also decreased due to lower sales and higher steel prices.

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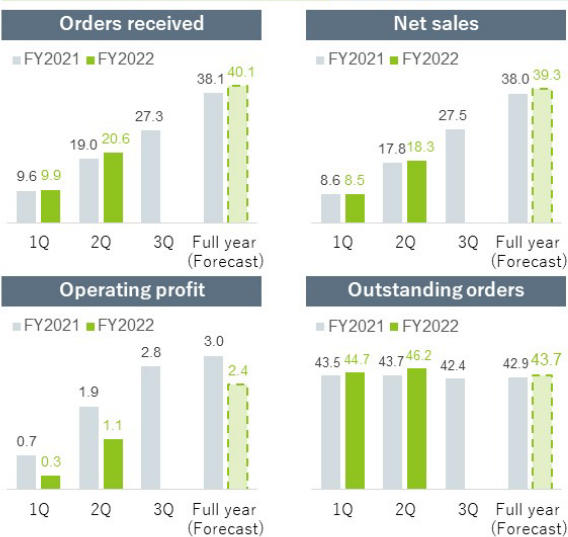
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Parking Systems Segment

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Trends in financial results (Billion yen)



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FY2022-2Q results (year-on-year)

Orders received

- Mechanical car parking systems:
Increase in product orders (new construction of two- and multiple-level systems)
- Aircraft passenger boarding bridges:
Increase in both domestic and overseas markets

Net sales

- Mechanical car parking systems:
Decrease in revenue from repair and maintenance
- Aircraft passenger boarding bridges:
Increase in both domestic and overseas markets

Operating profit

- Mechanical car parking systems:
Decreased due to a decrease in revenue from repair and maintenance
- Aircraft passenger boarding bridges:
Increased due to an increase in revenue

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Parking system segment. Orders received increased in mechanical parking systems, with an increase in orders for two- and multi-stage mechanical parking systems, which are subsidiary products, as well as in air passenger boarding bridges, both in Japan and overseas.

Overall sales increased due to an increase in sales at air passenger boarding bridges, despite a decrease in the repair and refurbishment business for mechanical parking facilities due to longer delivery times for electrical components.

Operating profit increased for air passenger boarding bridges, but overall operating profit decreased due to a decline in revenues from renovation and repair at mechanical parking facilities, the main earnings driver.

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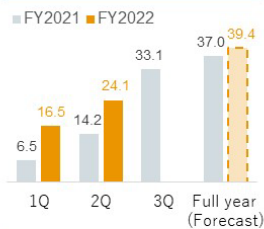
Industrial Machinery & Environmental Systems Segment

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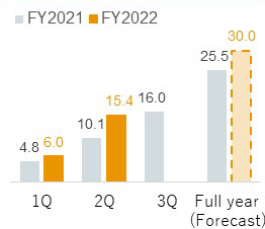
Trends in financial results

(Billion yen)

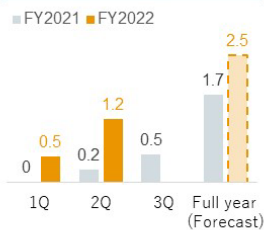
Orders received



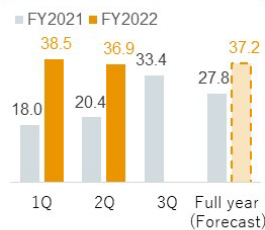
Net sales



Operating profit



Outstanding orders



FY2022-2Q results

(year-on-year)

Orders received

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

Net sales

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

Operating profit

- Mechatronics products: Increased due to increase in revenue
- Environment-related business: Decreased due to a rise in provision for loss on construction contracts

Trends in orders received and net sales by sub-segment

(Billion yen)

Sub-segment		FY2021				FY2022			
		1Q	2Q	3Q	Full year	1Q	2Q	3Q	Full year (Forecast)
Mechatronics products	Orders received	3.0	7.7	13.0	16.6	12.5	16.3		25.1
	Net sales	3.3	6.8	10.8	15.9	4.4	11.7		20.1
Environment-related business	Orders received	3.4	6.5	20.0	20.4	3.9	7.7		14.3
	Net sales	1.5	3.2	5.1	9.5	1.6	3.6		9.9

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Industrial machinery and environmental systems segment. Order intake increased significantly in mechatronics products for rechargeable batteries for EVs and from KOREA VACUUM, which manufactures and sells vacuum drying equipment. In the environment-related business, orders for plant projects and service business also increased.

Sales increased in both mechatronics products and environment-related businesses on the back of strong orders.

Operating profit decreased due to an increase in the allowance for construction losses in the environment-related business, but increased income from increased sales in mechatronics products resulted in a significant increase in overall operating profit.

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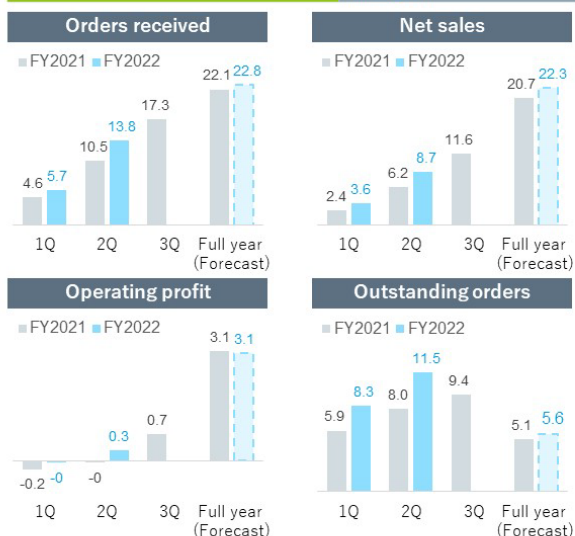
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Trends in financial results

(Billion yen)



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FY2022-2Q results (year-on-year)

Orders received

- Increased due to the effects of M&A implemented in the previous fiscal year
- Increase in domestic public demand, domestic civilian demand and overseas projects

Net sales

- Increase in revenue owing to the effects of M&A implemented in the previous fiscal year
- Increase in revenue associated with a rise in orders received

Operating profit

- Increased due to the effects of M&A implemented in the previous fiscal year
- Increased due to an increase in revenue

Water treatment equipment segment. Order intake increased largely due to the performance of TurboMAX, which was acquired through M&A in H2 of the previous fiscal year. In addition to this, public sector and private sector demand in Japan and overseas-related demand all remained strong, resulting in an overall increase in orders.

As with orders received, net sales increased because of the contribution of M&A effects and the favorable order environment, which also provided a tailwind, and operating profit increased accordingly.

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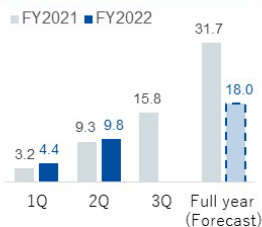
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Aircraft Segment

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Trends in financial results (Billion yen)

Orders received



Net sales



Operating profit



Outstanding orders



FY2022-2Q results (year-on-year)

Orders received

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

Net sales

Sales to Ministry of Defense: Remained at the same level as the previous fiscal year
Civilian demand: Increase in production volume of 777/777X and G7500 aircraft
Increase in revenue as a result of yen depreciation

Operating profit

Increased as a result of several factors such as cost reductions and yen depreciation

Civilian demand-related production volume

	(Unit)	
	FY2021-2Q	FY2022-2Q
777/777X	10	14
787	20	11
G7500	15	21

Exchange rate sensitivity (After date of announcement)

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

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Aircraft segment. Order intake from the Ministry of Defense decreased for components for transport aircraft, but increased overall from an increase in the number of Global 7500 aircraft ordered for civilian demand.

Net sales increased due to an increase in the number of Boeing 777 and Global 7500 aircraft produced for civilian demand, as well as the depreciation of the yen against other currencies.

Operating profit also increased due to cost reductions and yen depreciation.

Summary of Consolidated Financial Results Forecast for FY2022

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(Million yen)

	FY2021 (actual)	FY2022 (forecast)		Change (Rate of change)	
		Announced in July	Announced in October	Year-on-year change	Compared with figures announced in July
Orders received	263,163	234,300	245,600	-17,563 (-6.7%)	+11,300 (+4.8%)
Net sales	216,823	225,000	222,000	+5,176 (+2.4%)	-3,000 (-1.3%)
Operating profit	10,569	9,000	7,000	-3,569 (-33.8%)	-2,000 (-22.2%)
Ordinary profit	11,821	9,200	8,200	-3,621 (-30.6%)	-1,000 (-10.9%)
Profit attributable to owners of parent	6,907	6,000	5,600	-1,307 (-18.9%)	-400 (-6.7%)
Outstanding orders	210,338	219,638	233,938	+23,600 (+11.2%)	+14,300 (+6.5%)
Annual dividend per share	42 yen	42 yen	42 yen	—	—
Dividend payout ratio	40.0%	46.1%	49.4%	+9.4 pt	+3.3 pt
Exchange rate (USD 1)	111.9 yen	130.0 yen	135.0 yen*		

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

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Year-on-year change

Orders received

- Orders are expected to decrease in Aircraft and Special Purpose Truck segments and to decrease overall.

Net sales

- Revenue is expected to increase in all segments except Special Purpose Truck and Others and to increase overall.

Profit

- Expected to decrease due to factors such as soaring steel prices despite the expected effects of yen depreciation.

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

(Million yen)

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

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I would like to explain the consolidated earnings forecast for FY2023/03.

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This chart compares the forecast for FY2023/03, announced in October, with the previous year's results and the July forecast.

To explain YoY comparison, order intake is expected to decrease by JPY17.5 billion to JPY245.6 billion overall, due to declines in the aircraft and special purpose truck segments.

Sales are expected to increase in all segments, except special purpose trucks and others, following Q2 results, and overall sales are expected to increase by JPY5.1 billion to JPY222 billion.

Although a certain amount of profit increase is expected due to the continued depreciation of the yen, operating profit is expected to decrease by JPY3.5 billion to JPY7 billion, ordinary profit by JPY3.6 billion to JPY8.2 billion, and net income attributable to owners of the parent by JPY1.3 billion to JPY5.6 billion, due to soaring steel material prices.

Compared to the figures announced in July, both net sales and income have been revised downward because the business environment in special purpose trucks and parking system is expected to be worse than initially expected.

The annual dividend forecast per share remains unchanged at JPY42, although net income attributable to shareholders of the parent company is expected to decrease compared with the previous fiscal year and the July announcement. Under the SG-2023 mid-term management plan, we have set a target consolidated dividend payout ratio of 40% to 50%, and we expect to pay a dividend of JPY42 per share, which would result in a payout ratio of 49.4%.

This forecast assumes an exchange rate of JPY135 to the US dollar in Q3 and thereafter.

Business environment (reportable segments)

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Segment	Forecast	Business environment (outlook)
Special Purpose Truck		➢ Demand is firm, but the slowdown in production due to factors such as delays in procuring key parts is expected to last longer than anticipated. Outstanding orders as of the end of FY2022 are expected to increase to 1.2 times greater than as of the end of FY2021. ➢ Steel prices remain higher than anticipated. Although some raw materials are recently undergoing a downward trend, key material prices are still expected to continue rising until the first half of FY2023 and remain high in and after the second half. ➢ Price revisions effective from FY2022 contributed to certain favorable results in orders received. However, as 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, the price revisions will not affect sales soon, and thus profit growth will be limited for FY2022.
Parking Systems		➢ In the of mechanical car parking systems business, orders received will remain firm. Price revisions were implemented in response to soaring steel prices. ➢ In the service business, one of the main drivers of earnings, orders received are firm, but sales are expected to decrease due to longer delivery times for electric components resulting from semiconductor shortages. ➢ In the business of aircraft passenger boarding bridges, which are airport facilities, it is expected that a recovery of market conditions in Southeast Asia will not take place until FY2023.
Industrial Machinery & Environmental Systems		➢ Demand for automatic wire processors is showing recovery. In the long term, demand for wire harnesses is expected to soar with the advancement of CASE in the future. ➢ Inquiries have been increasing for vacuum drying equipment for lithium-ion secondary batteries for EVs that KOREA VACUUM LIMITED manufactures backed by rapid growth in the automotive battery market. ➢ In the environment-related business, demand for plant projects is strong. The increase in the related stock business will also support performance in this segment.
Fluid		➢ In domestic public sector demand, business for measures against heavy rain/flooding is growing and expected to remain firm, along with the renewal and service business. ➢ In domestic private sector demand, capital investment in carbon neutral initiatives is booming, thereby boosting sales of turbo blowers, etc. ➢ For overseas, orders received are increasing owing to favorable performance of TurboMAX Co., Ltd., which became a consolidated subsidiary in FY2021, as well as market recovery with the COVID-19 pandemic subsiding.
Aircraft		➢ In terms of sales to the Ministry of Defense, US-2 STOL Search and Rescue Amphibian (No. 9) is now under production. ➢ With regard to private sector demand-related production volume, the market for medium- to large-size aircraft is expected to recover in FY2023 and beyond. ➢ This segment is expected to be profitable for the first time in three years owing to recent cost reduction and fixed expense reduction efforts, in addition to the effects of depreciation of the yen against the U.S. dollar.

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This is a table showing the business environment of our group by segment.

Production of special purpose trucks is expected to take longer than expected due to stagnation in production activities caused by delays in the procurement of key parts. In addition, prices of steel and other major materials continued to rise.

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Looking at the current fiscal year alone, the business environment is severe. However, if production activities normalize and the results of price revisions implemented are reflected in sales in this fiscal year, we expect a recovery in the next fiscal year and beyond.

In the service business, which is the main earnings driver for parking systems, sales are expected to decline temporarily this fiscal year due to long delivery times for electrical components because of the shortage of semiconductors. However, orders are firm and the decline in the business environment is expected to be temporary.

In industrial machinery and environmental systems, demand for automatic wire processing machines is recovering, and inquiries for vacuum drying equipment for lithium-ion rechargeable batteries for EVs are on the rise. In the environment-related business, the segment is expected to perform well, with a strong demand for plant projects.

Demand for water treatment equipment is expected to remain strong in both the domestic public sector and private sector in Japan and overseas.

Aircraft is expected to return to profitability for the first time in three years, thanks to recent cost reduction and fixed-cost reduction efforts.

Consolidated Financial Results Forecast for FY2022 by Segment (Year-on-year)

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(Billion yen)

Segment	Orders received			Net sales			Operating profit		
	FY2021 (actual)	FY2022 (forecast)	Change	FY2021 (actual)	FY2022 (forecast)	Change	FY2021 (actual)	FY2022 (forecast)	Change
Special Purpose Truck	118.6	109.5	-9.1	97.1	91.5	-5.6	5.3	0.1	-5.2
Parking Systems	38.1	40.1	+1.9	38.0	39.3	+1.2	3.0	2.4	-0.6
Industrial Machinery & Environmental Systems	37.0	39.4	+2.3	25.5	30.0	+4.4	1.7	2.5	+0.7
Fluid	22.1	22.8	+0.6	20.7	22.3	+1.5	3.1	3.1	-0
Aircraft	31.7	18.0	-13.7	19.1	23.3	+4.1	-0.8	0.9	+1.7
Others	15.4	15.8	+0.3	16.0	15.6	-0.4	0.9	1.0	+0
Adjustments	—	—	—	—	—	—	-2.8	-3.0	-0.1
Total	263.1	245.6	-17.5	216.8	222.0	+5.1	10.5	7.0	-3.5

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

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The full-year forecasts for orders, sales, and operating profit by segment, considering the business environment forecast just explained, are as shown.

The main reasons for the YoY changes are as follows: orders for aircraft, for which we received an order for the ninth US-2 rescue amphibian in the previous fiscal year, are expected to decrease by JPY13.7 billion. Orders for specially purposed trucks, which were at high levels last year, are expected to decrease by JPY9.1 billion, resulting in an overall decrease of JPY17.5 billion to JPY245.6 billion.

Although sales of special purpose trucks are expected to decline by JPY5.6 billion due to stagnant production activities, sales of industrial machinery and environmental systems, which are performing well, are expected

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to increase by JPY4.4 billion, and sales of aircraft are also expected to increase by JPY4.1 billion, for an overall increase of JPY5.1 billion to JPY222 billion.

Operating profit is expected to increase by JPY1.7 billion due to increased sales in aircraft and the effect of yen depreciation, while operating profit is expected to decrease by JPY5.2 billion due to decreased sales in special purpose trucks and soaring steel prices, resulting in an overall decrease of JPY3.5 billion to JPY7 billion.

Consolidated Financial Results Forecast for FY2022 by Segment (In comparison with figures announced in July)

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(Billion yen)

Segment	Orders received			Net sales			Operating profit		
	FY2022 (announced in July)	FY2022 (announced in October)	Change	FY2022 (announced in July)	FY2022 (announced in October)	Change	FY2022 (announced in July)	FY2022 (announced in October)	Change
Special Purpose Truck	106.0	109.5	+3.5	93.0	91.5	-1.5	1.6	0.1	-1.5
Parking Systems	43.3	40.1	-3.2	40.5	39.3	-1.2	3.3	2.4	-0.9
Industrial Machinery & Environmental Systems	28.0	39.4	+11.4	29.5	30.0	+0.5	2.2	2.5	+0.3
Fluid	23.5	22.8	-0.7	22.5	22.3	-0.2	3.2	3.1	-0.1
Aircraft	16.3	18.0	+1.7	22.5	23.3	+0.8	0.5	0.9	+0.4
Others	17.2	15.8	-1.4	17.0	15.6	-1.4	1.1	1.0	-0.1
Adjustments	—	—	—	—	—	—	-2.9	-3.0	-0.1
Total	234.3	245.6	+11.3	225.0	222.0	-3.0	9.0	7.0	-2.0

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

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For your reference, we have provided a table comparing our full-year forecasts with those announced in July.

Due in part to the revision of the assumed exchange rate from JPY130 to JPY135, aircraft operating profit is expected to increase. However, the outlook is worse than initially expected due to soaring steel prices for special purpose trucks and delays in the procurement of parts for parking systems, caused by the shortage of semiconductors.

Due to these and other factors, both net sales and income have been revised downward compared to the figures announced in July.

This is an explanation of the financial results for Q2 and the consolidated earnings forecast for FY2022/FY2023.

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Toward the Achievement of Medium-term Management Plan [Sustainable Growth-2023]

I will continue with an overview of SG-Vision 2030, our long-term management plan for 2030, and the progress of the main strategies set in Phase I of SG-2023, as well as an overview of the water treatment equipment business, which was made a separate segment this fiscal year due to scale expansion.

Progress of Medium-term Management Plan [SG-2023] – Targets and Progress Status

[SG-2023] Target values (End March 2024)

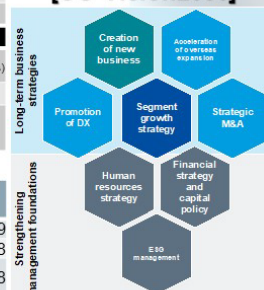
Management indices	Target standards
Net sales	250 billion yen
Operating profit	15 billion yen
Overseas sales	45 billion yen
ROE	10% or more
ROIC	7% or more
Cash allocation	Target standards
Growth investment (Capital investment, M&A)	30 to 40 billion yen (Over 3 years)
Dividend payout ratio	40 to 50%
Acquisition of treasury shares	Consideration of flexible acquisition

Segment targets (Unit: Billion yen)

Segment	Net sales	Operating profit
Special Purpose Truck	102	6.9
Parking Systems	47	3.8
Industrial Machinery & Environmental Systems	28	1.8
Fluid	24	3.1
Aircraft	30	0.7
Other*	19	1.4
Adjustments	—	-2.7

* "Other" include construction, real estate, software, and other businesses.

Long-term Management Plan [SG-Vision2030]



[SG-2023] Progress status

Segment growth strategy	Progress status	Enhancement
M&A	Significant growth in automatic wire terminating machines and vacuum equipment areas accompanying the shift toward EVs. The Fluid Segment, which has achieved a certain standard, has been regarded as an independent segment from this fiscal year. Its further growth is anticipated.	
Overseas	- TurboMAX Co., Ltd. (hereafter, TurboMAX), TENRYU AERO COMPONENT Co. Ltd., OSK Co., Ltd., and WAKO, Ltd. absorbed as Group companies. - Special Purpose Truck segment: Growth in kit exports to Asia and Oceania, as well as growth in the sale of components in Thailand - Steady sales performance by KOREA VACUUM LIMITED and TurboMAX. - Expansion of sales area with a focus on Asia for other businesses including mechanical car parking systems, fluid equipment, and automatic wire terminating machines	
DX	Establishment of the DX Promotion Committee → Accelerated introduction of DX into business activities	
New business	- New establishment of the New Business Strategic Division (April 2022) - Investment in, and alliances with, WOTA CORP. and FUJI DESIGN Co., Ltd. - Establishment of new business development process within the company	Exploration
Financial strategy	- Carried out M&A, updating of production facilities, and investments in IT infrastructure - Promotion of ROIC management - Maintained target standard of dividend payout ratio	
Human resources strategy	- Building and promotion of human resources strategy based on management strategy - Conducted surveys toward the promotion of D&I → Continued with improvement activities	
ESG management	- Decided on ESG materiality and promoted improvement measures - Published Integrated Report (September 2022)	

SG-2023 is a three-year medium-term management plan from April 2021 to the end of March 2024. Our goals are to achieve net sales of JPY250 billion, operating profit of JPY15 billion, ROE of 10% or more, and ROIC of 7% or more.

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In addition, SG-2023 is positioned as Phase I of SG-Vision 2030, a long-term management plan that will serve as a road map to realize our long-term vision of where we want to be in 2030. We are implementing initiatives with a particular awareness of the need to shift to long-term oriented management.

The long-term management plan, SG-Vision 2030, promotes eight themes of change, indicated by the hexagon in the center of the screen.

The five themes of the long-term business strategy include automatic wire processing machines, which is the core business of the industrial machinery and environmental systems segment, and the vacuum equipment business of KOREA VACUUM, which was acquired through M&A. Both businesses are experiencing significant sales growth in overseas expansion amid accelerating demand associated with the shift to electric vehicles.

The water treatment equipment business has also been growing steadily in recent years, and as we accelerate our overseas expansion in North America and Southeast Asia with TurboMAX, a Korean company that we acquired through M&A last year, we have decided to separate it from the industrial equipment and environmental systems segment and disclose it as a separate segment starting this fiscal year.

In addition to these M&As, we are working to expand our business domain throughout our entire operations, including the consolidation of Tenryu Aero Component in the aircraft segment, and OSK and Wako in the special purpose truck segment, into one group.

In terms of overseas development, we are strengthening our business in the special purpose trucks segment, exporting kits and components for chassis and equipment, which we expect will contribute to our business performance in the future.

In addition, both KOREA VACUUM and TurboMAX have already become important players in expanding business performance due to their strong global markets and high product added value.

In terms of DX initiatives, the DX Promotion Committee was established this fall, with the aim of promoting DX from the client point of view. Here, we are working on the steady penetration of DX through measures such as training DX personnel and examining measures to improve the digital skills of employees.

Regarding the creation of new businesses, which is the key to expanding the scale of sales, the new business strategy division was established this spring. The division is playing a central role in promoting alliances with startup companies and strengthening cooperation among business divisions, as well as establishing processes related to the development of new businesses.

In addition to promoting the initiatives described here for each of the three themes to strengthen the management foundation that supports the fruition of our long-term business strategy, we issued the first integrated report as a group and enhanced the disclosure of non-financial information this fall. I would like to explain these in detail.

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Introduction of the Fluid Segment

[Shift toward independent disclosure based on the management approach]

Toward becoming a fluid equipment manufacturer recognized by the world

First, I would like to reintroduce the water treatment equipment, which has been disclosed as an independent segment from this fiscal year.

As we aim to become a globally recognized manufacturer of water treatment equipment, we would like to present an overview of our business to attract the attention of a diverse group of stakeholders.

Introduction of the Fluid Segment [History of the Fluid Business]

History of the Fluid Business	
1954	Developed the first self-priming pump Launched sales under the product name "Pointer Pump"
1964	Launched sales of submersible pumps (technical partnership with overseas manufacturer) Expanded sales with Japan's first automatic connection equipment
1973	Started design and construction of rainwater pump stations
1978	Launch of sales overseas Introduction of designated service plant system across Japan
1984	Started taking orders for manhole pump systems
1992	Alongside business expansion, opened Ono Plant as specialized base
2003	Established ShinMaywa Aqua Technology Service, Ltd.
2008	Developed high efficiency and high solid passage submersible pump, the "CNWX series" Achieved top market share in the domestic manhole pump market
2012	Fluid Division developmentally and became independent of the Industrial Machinery Systems Division
2018	Absorption of high-pressure washer manufacturer, FLUTECH Co., Ltd., into the Group
2020	Started pump production at Thai ShinMaywa Co., Ltd.
2021	Absorption of turbo blower manufacturer, TurboMAX Co., Ltd. (Korea)



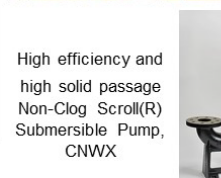
Self-priming pump, "Pointer Pump"



Lineup of fluid products



Ono Plant
(Ono City, Hyogo Prefecture)



High efficiency and high solid passage Non-Clog Scroll(R) Submersible Pump, CNWX



ShinMaywa Aqua Technology Service, Ltd. is responsible for maintenance

The origins of our water treatment equipment business date back to 1954. Subsequently, we entered a technical tie-up with an overseas manufacturer in 1964, and our product and sales capabilities increased. The increase in the domestic sewage system penetration rate became a tailwind, and we steadily expanded our

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market share. In 1992, we opened the Ono Plant in Ono City, Hyogo Prefecture, and have since expanded our product lineup.

In 2003, we established ShinMaywa Aqua Technology Service, a group company which is responsible for the installation and maintenance of water treatment products. This has further strengthened the quality of maintenance and management, and the system to link customer feedback to new product development and improvement.

In 2008, we also developed a high-value-added product that solidified our position in the industry: the CNWX, a high-efficiency, high-passage, non-clog submersible pump. Subsequently, we are accelerating our overseas expansion by establishing a submersible pump assembly plant in Thailand in 2020 and acquiring TurboMAX in Korea through M&A in 2021.

Introduction of the Fluid Segment: Areas of Focus [Rainwater Drainage Pumps]

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◆ **Fundamental Plan for National Resilience** (from government materials)
Flood control measures that take the impact of climate change into consideration



[Social issue that should be addressed]
Flood damage from torrential rain and typhoons, etc., which Japan has increasingly experienced in recent years

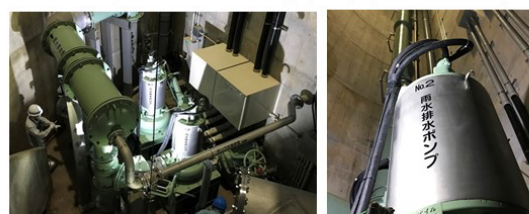
[Business opportunities]
Expansion of demand for rainwater flood countermeasures and sewage facilities that employ submersible pump technology for increased water resistance

[Initiatives]
Provision of equipment/systems and services in line with the Fundamental Plan for National Resilience



K City Rainwater drainage pumps (horizontal axial-flow)

N City Rainwater drainage pumps (water-resistant)



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Here are some of the areas we are focusing on under the water treatment equipment segment.

The first one is a rainwater drainage pump system. In recent years, there has been an urgent need for countermeasures against sudden downpours and typhoon damage, which have caused extensive damage in many parts of Japan. We provide a variety of water treatment equipment, systems, and services in accordance with the Building National Resilience Basic Plan.

The photo above shows an example of a horizontal-shaft axial flow pump installed in a drainage channel underground to prevent road flooding. The photo below shows an example of a replacement of a land-based pump installed at a drainage pumping station and a water-resistant pump that can maintain drainage function even if submerged.

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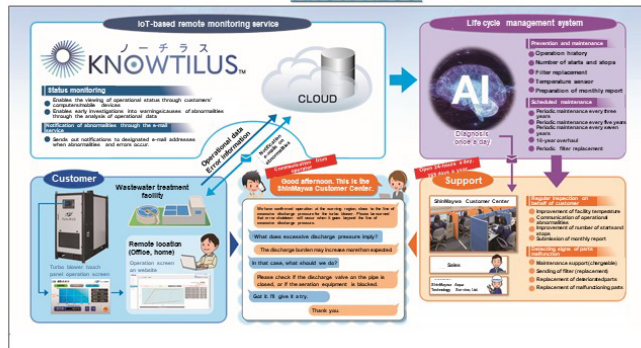
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Turbo blower remote monitoring system that utilizes AI/IoT

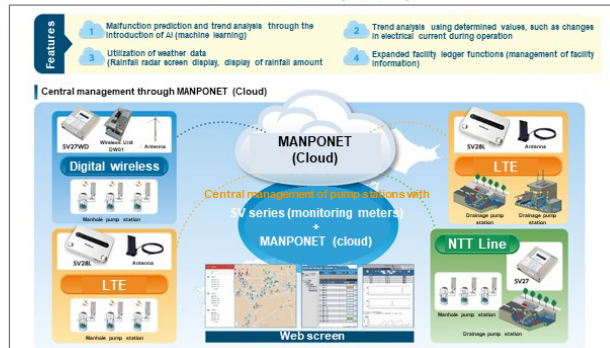
KNOWTILUS



The KNOWTILUS system enables remote monitoring via smartphones or computers. When alerts or errors occur, it automatically notifies the person-in-charge of the error contents and workaround by email, thereby reducing downtime through early detection. By utilizing AI to analyze operational data, it realizes stable operation through prevention and maintenance, as well as by supporting facility management work.

Enables malfunction prediction, remote monitoring, and sound facility operation of manhole pumps through AI

MANPONET (Cloud)



The MANPONET (Cloud) system contributes to reducing life cycle costs by extending the lifespan of equipment. This is achieved through the digitization of technologies and knowhow we have built up to date, and further, through the introduction of AI that enables malfunction prediction, trend analysis, and other functions. It can also be used to support less experienced and knowledgeable technicians, and to assist with human resource development, such as through verification of inspection methods and inferred causes.

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Next, we will introduce a remote monitoring system that utilizes AI and IoT. We are working to make the water treatment equipment systems that we deliver safer and more convenient to use and are also aiming to promote technology development to compensate for the shortage of labor, which has become a social issue.

Shown on the left of the document is KNOWTILUS, a turbo blower remote monitoring system, and on the right is MANPONET, a manhole pump failure prediction and remote monitoring system. All these services utilize AI and IoT to support facility management operations based on collected operational data, reduce downtime, and extend the life of equipment, thereby contributing to lower lifecycle costs.

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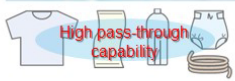
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Introduction of Fluid Segment: Areas of Focus [Overseas Expansion]

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◆North American market



[High efficiency and high solid passage capability submersible pump (Explosion-proof)] Strikes a balance between high efficiency and high pass-through capability while reducing power consumption and maintenance and inspection costs.

◆Global market



[Turbo blower (Aeration equipment)]
Reduces power consumption and CO₂ emissions through the fusion of high-efficiency motor with air-foil bearing and high-efficiency impeller.

Mutual utilization of sales routes



ShinMaywa Industries:
Overseas expansion for fluid equipment such as submersible pumps, with a focus on North America and Southeast Asia.

TurboMAX :
Increase in the sales volume of turbo blowers not only in the home country (Korea), but also in China, Europe, and India.

Enables cross-selling through the utilization of the sales routes of both companies.

Aiming to become a fluid equipment manufacturer recognized by the world

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Finally, I will explain the overseas expansion of the water treatment equipment segment. Currently, sales in the North American market are growing for the CNWX, a high-efficiency, high-transmission, non-clog submersible pump. Sewage may contain foreign objects, such as clothes and diapers that are larger than we can imagine, and submersible sewage pumps must be able to allow these foreign objects to pass through.

CNWX's major strength is its combination of high passing performance and energy-saving performance, which has been highly evaluated by the market. Currently, together with TurboMAX's highly efficient aerator equipment and turbo blowers, we are expanding our business globally and will strengthen our efforts to grow our business so that we can be recognized worldwide as a water treatment equipment manufacturer.

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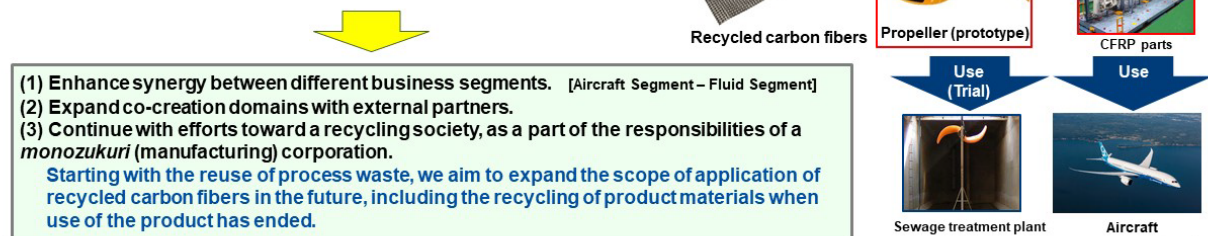
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Examples of Initiatives (1): Collaboration Between Fluid/Aircraft Segments and External Corporations

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Exhibition of prototype that uses recycled carbon fibers at Sewage Works Exhibition '22 Tokyo

- Important issues (Materiality)
Preventing global warming, contributing to a recycling society.
- CFRP (carbon-fiber-reinforced polymers) place a great burden on the environment when they are disposed of. Carbon fibers also generate a high volume of CO₂ during production.
- In cooperation with FUJII DESIGN Co. Ltd., we produced a prototype for a propeller (ShinMaywa's fluid equipment product), by using carbon fibers recycled from waste material produced in the aircraft manufacturing process.
- FUJII DESIGN Co., Ltd.'s recycling technology enables the recovery of carbon fibers in a mostly undeteriorated state from molded CFRP and the intermediate materials (pre-preg), and the reuse of these carbon fibers for the same uses as new products. We have recently trialed the application to ShinMaywa's products as a part of our efforts to develop applications for recycled carbon fibers.



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From here, we will introduce the key initiatives to reach the target level of our long-term management plan, SG-Vision 2030, the status of new business creation, and our efforts to create value through the use of digital technology.

Some progress has been made in the past six months, including collaborations across business divisions and efforts to expand business areas through alliances with startups and other companies.

First, we would like to introduce our efforts to recycle CFRP, carbon fiber reinforced plastic. CFRP has a large environmental impact at the time of disposal and has been considered a difficult material to reuse with conventional technologies. In recent years, the use of CFRP has been increasing, especially in aircraft, for the purpose of weight reduction. Therefore, CFRP recycling is one of the challenges to realize a recycling-oriented society.

Fuji Design's technology can recover carbon fiber from molded CFRP, its intermediate materials, and prepreg with virtually no deterioration, and recycle them into materials equivalent to new ones. We believe that this product has the potential to expand the use of carbon fiber, which has been disposed of in the past, and contribute to the reduction of CO₂ emissions.

Utilizing this technology, we exhibited a prototype of an underwater mixer propeller molded from materials recycled from waste in the aircraft manufacturing process at the Sewage Works Exhibition held in August.

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Examples of Initiatives (2): Expansion of Business Domains Through Investments in Start-ups

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Decision and implementation of investment in WOTA CORP., a start-up that is taking up the challenge of solving the water problem

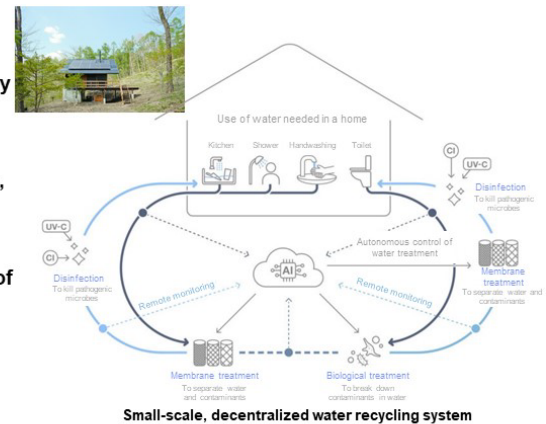
- WOTA CORP. is a Japanese start-up that has set out the mission of “seeking structural solutions to the world’s water crisis.” It develops autonomous control system for water treatment and small-scale, decentralized water recycling systems with the aim of solving various problems arising from the uneven distribution, shortage, and pollution of water resources around the world.

[Aims of investment]

- ShinMaywa believes that water supply and sewage infrastructure suitable for regions with low population densities will become necessary alongside social changes.
- The vision of WOTA CORP. to promote new water supply and sewage infrastructure that is off-grid (autonomous operation of water infrastructure) and environmentally-friendly, resonates with ShinMaywa, and we have assessed that there is potential for co-creation.

[Future initiatives]

- Japan: Cooperate with WOTA CORP. toward the social implementation of small-scale, decentralized treatment systems corresponding to the population density, in areas where large-scale, intensive treatment systems for water supply and sewage infrastructure are difficult to maintain.
- Global: Review the implementation of the above in countries that lack water resources.



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In addition, we have formed a capital and business alliance with WOTA, with the aim of commercializing solutions to global water issues. In Japan, WOTA is addressing water issues in regions where it is difficult to maintain water supply and sewage infrastructure. WOTA is expanding into regions with scarce water resources globally, and we believe there is a high affinity with WOTA's approach to solving water issues from a structural point of view.

Although it will take some time to commercialize this project, we would like to support WOTA's development of a small-scale decentralized water recycling system and contribute to solving social issues, such as the uneven distribution and depletion of water resources, by increasing the use of domestic wastewater for reuse.

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Launch of demonstration experiments with Nealle Inc. on the installation of EV chargers at car parks operated by ShinMaywa

- Since September 2022, we have started to conduct demonstration experiments on the installation of EV chargers at “Park Net” hourly car parks in Chiba City, operated by ShinMaywa, in cooperation with Nealle Inc. which operates the “Park Direct” mobility SaaS system (business partnership commenced in March 2021).

[Background to the launch of demonstration experiments]

- With the establishment of the Japanese government’s policy to achieve 100% EV ratio for new vehicle sales by 2035, the nationwide popularization of EVs has become a pressing task.
- To promote the abovementioned policy, the Japanese government plans to install a large number of EV fast-charging stations at highway service areas and public facilities.

[Future initiatives]

- Through this demonstration experiment, we aim to engage in co-creation with Nealle Inc. and expand the EV charging station business based on the validation results of the experiment.



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From here, we will introduce our value creation efforts using digital technology.

First, I would like to talk about our new initiatives with Nealle Inc., with whom we have already invested and contracted as an alliance. Nealle operates Park Direct, a web-based contracting system technology for monthly parking and is a start-up company with a leading track record in the industry.

The Government of Japan has announced that it will increase the percentage of electric vehicles in new car sales to 100% by 2035. One of the challenges for the spread of EVs is the significant lack of recharging facilities. Therefore, this has led to a policy of installing many EV quick rechargers in highway service areas and public facilities, and rapid proliferation of recharging facilities is expected in the future.

Given this situation, together with Nealle, we are conducting a demonstration test of a recharging service using Parknet, a pay-by-the-hour parking facility operated by us. We plan to collect and analyze the data obtained there, such as usage frequency and user attributes. Then we will use the data in our pay parking and mechanical parking facilities in the future.

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**Development of the smartphone app “Spasa” (ShinMaywa Parking Support App)
to enhance the convenience, comfort, and safety of mechanical car parking systems**

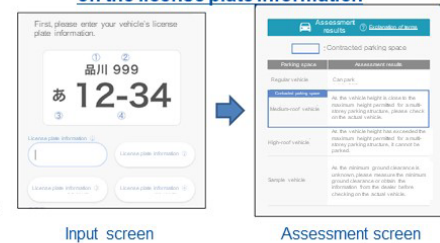
• ShinMaywa has developed “Spasa,” the smartphone app for solving various issues, including determining if a car can be parked and all car park system operations as well as EV charging functions, and raising alerts for safe use. Sale of the app was launched on October 20, 2022.

■ Solving all issues related to mechanical car parking systems just by using “Spasa”!

- By inputting the license plate information, the car parking facility can determine if the car can be parked based on vehicle inspection information provided by organizations that provide registration information, as well as ShinMaywa’s proprietary databases.
- License plate information is registered beforehand, and the license plate is photographed by cameras is read by the AI when the car is stopped at the designated position. The system then automatically summons a pallet with a size that the car can be parked on.
- While explanations of use are needed when using a mechanical car parking system for the first time, the app supports user safety by drawing their attention to precautions, etc. displayed on the app’s screen, and allowing them to read the instruction manual at any time.
- We have developed a rotating charging system with a view to popularizing EVs. It is equipped with mechanisms that enable users to check their charger reservations, charging completion time, and other information on the app, and owners to support the charging of multiple vehicles on contracts with low power receiving capacity.



**Determines if a car can be parked based
on the license plate information**



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Introducing Spasa, an application that enables the operation of mechanical parking via smartphone. Features are to determine whether a vehicle is acceptable or not based on license plate information, vehicle inspection information from the Registration Information Provider System, and our proprietary database.

The AI quickly determines the image of the vehicle captured by the camera in front of the parking facility and automatically calls up an available parking pallet, allowing the driver to enter the garage without having to get off the vehicle. In addition, as a function to encourage the spread of EVs, the system has various advantages: drivers can register and confirm charging reservations and charging completion times on the app, and owners can charge multiple vehicles with a smaller electronic capacity contract through a rotational charging system.

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Examples of Initiatives (5): Concrete Measures to Ensure the Safety and Strengthen the Maintenance of Special Purpose Trucks

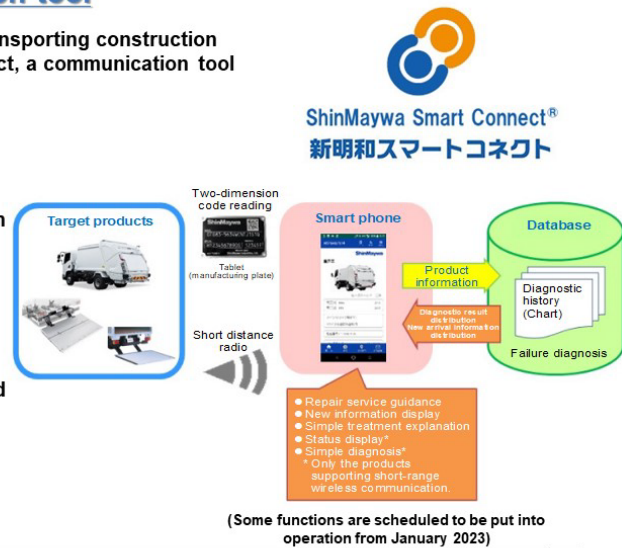
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“ShinMaywa Smart Connect” communication tool

- Addition of loader dump (a dump truck that is also used for transporting construction machinery) to the target products for ShinMaywa Smart Connect, a communication tool for grasping the operating status of special purpose trucks.

■ What is “ShinMaywa Smart Connect?”

- It is a communication tool that enables, via smartphones, the easy confirmation of the operating status of the special purpose truck that has been purchased, through the operation of the dedicated app.
- By scanning the 2D code displayed on the nameplate of the target product, users can register as a member to use the app's functions.
- Users can also view the instruction manual for the product and support information provided by the repair service counter, etc. when any malfunctions or breakdowns occur.
- With products that support short-range radio, it enables the early detection of problems, such as real-time verification of operating status and simple diagnosis functions.



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This is ShinMaywa Smart Connect, a communications tool that enhances convenience and maintenance for customers using specially equipped vehicles.

ShinMaywa Smart Connect is a system that allows customers to easily check the operational status of their special purpose vehicles via a dedicated app on their smartphones. By launching this application, you can quickly learn the operating status and information about the product. This information is then sent to our server, which determines the problem status and notifies the customer, enabling the prevention of vehicle problems and early identification of problems.

In addition to the existing tailgate lifters and dust control trucks, loader dump trucks have now been added to the list of applicable vehicle types. We will continue to strive to expand the number of eligible vehicle types.

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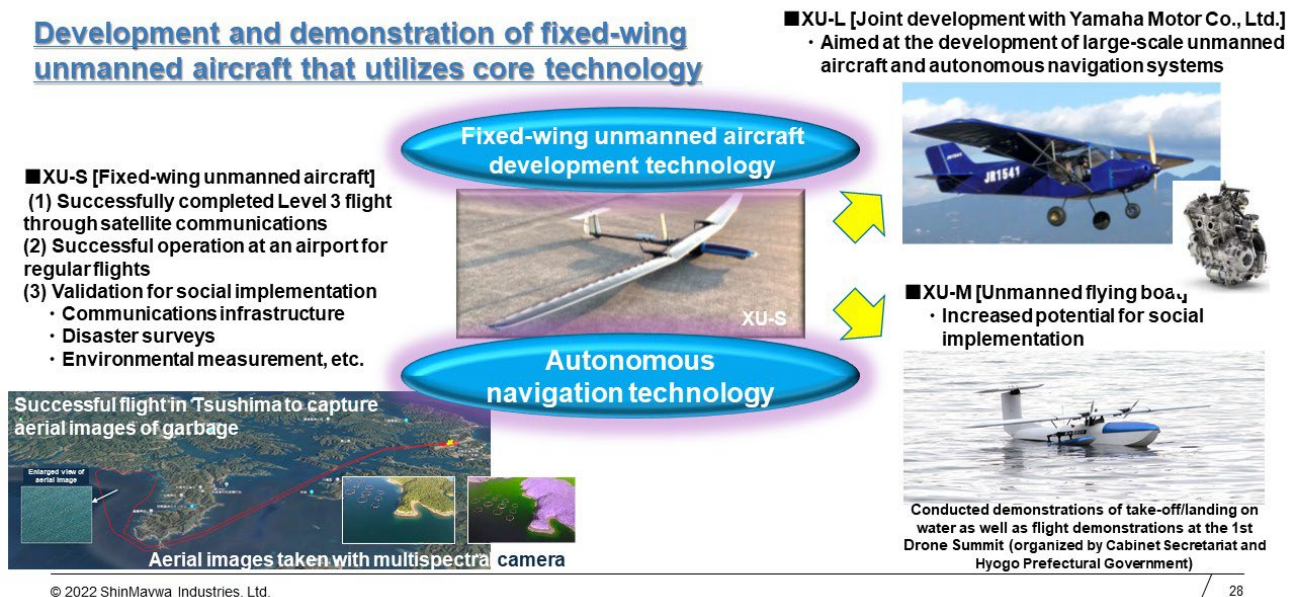
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Examples of Initiatives (6): Development of Proprietary Aircraft Technology to Open Up New Markets

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Development and demonstration of fixed-wing unmanned aircraft that utilizes core technology



We are pleased to introduce to you to the new initiatives of the aircraft division. The division has been developing fixed-wing unmanned aerial vehicles, or drones, for several years. Unlike the commonly known drones that fly vertically, this unmanned aircraft aims to develop new markets through the development of proprietary technologies such as long-duration, long-distance autonomous flight, real-time communications technology, and a variety of sensors.

First, XU-S, pictured in the center, has repeatedly conducted demonstration tests for various applications together with local governments and universities. In a flight test conducted in Tsushima, Nagasaki Prefecture, the aircraft used an onboard camera to take aerial photographs of marine debris, acquiring data that will help solve the garbage problem, and successfully completed Level 3 out-of-sight flight using satellite communications.

The XU-L, top right, is a small, manned aircraft equipped with an aircraft engine developed by Yamaha Motor and is part of research to increase the size of small aircraft and improve the capabilities of autonomous flight systems.

The XU-M, bottom right, is a small unmanned flying boat equipped with our proprietary technology and was demonstrated taking off and landing in the Port of Kobe during the first Drone Summit organized by the Cabinet Secretariat and Hyogo Prefecture.

In parallel with technological development, we will also work on the early launch of business to society, so that we can propose new operations using unmanned fixed-wing aircraft soon.

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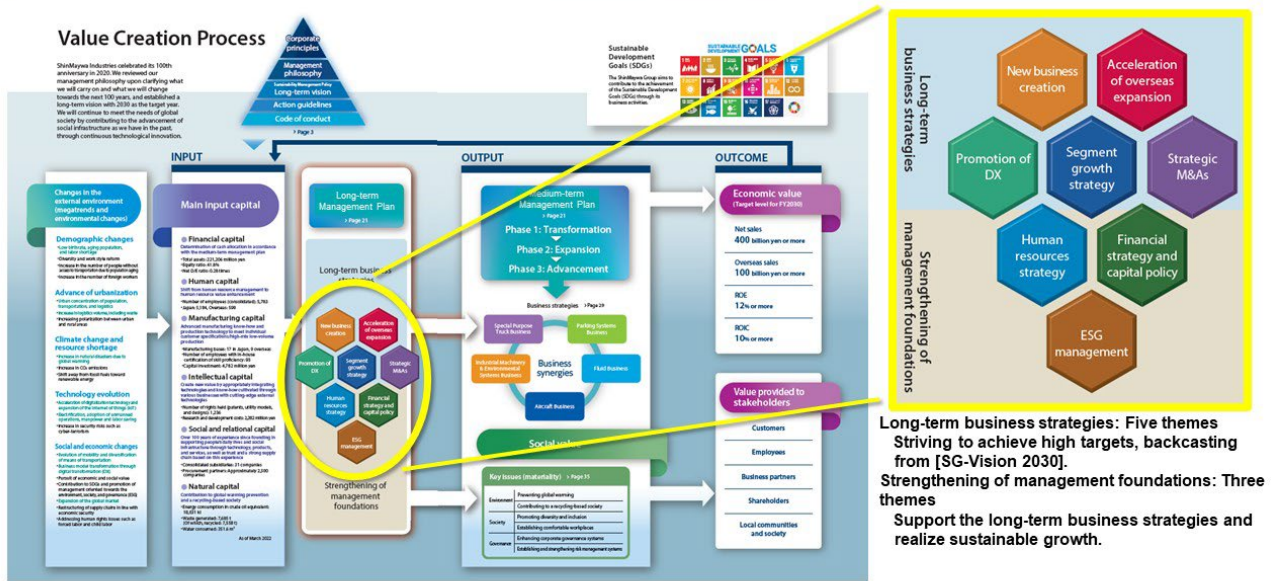
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ShinMaywa's Value Creation Process - Extracted from the Integrated Report -

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Finally, as part of our ESG management, we published an integrated report in September 2022. Here are some of them.

First, this slide shows the value creation process of the ShinMaywa Group. Changes in the external environment are extracted based on the assumption of around 2030 as depicted in the long-term vision. Prior to this, we established a new management philosophy. Here we look back over the 100 years since our founding, take stock of what we have inherited and what we need to change, and determine how to move forward in the next 100 years.

As a first step, we have drawn up a long-term vision of where we want to be in 2030, and have established a long-term management plan, SG-Vision 2030, as a plan to achieve this vision.

The hexagonal diagram consists of the long-term business strategy and strengthening of the management foundation, as explained at the beginning, and is oriented toward sustainable growth by establishing strategies back-cast from the goals of SG-Vision 2030, and by working in parallel to strengthen the management foundation to support that growth.

We have also divided SG-Vision 2030 into three medium-term management plans, with Phase I, Phase II, and Phase III as our management themes of transformation, expansion, and breakthrough, respectively. We are aiming to become a corporate group that makes great strides on a global scale.

In addition, we have also established materiality regarding ESG. In 2030, we aim to achieve economic value of more than JPY400 billion in sales, JPY100 billion in overseas sales, ROE of more than 12%, and ROIC of more than 10%, respectively, and we will also focus on contributing to the SDGs and providing value to our stakeholders through our business activities.

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KEY ESG Issues (Materiality) - Abstracted from the Integrated Report -

Key ESG issues (Materiality)		Crucial themes
Environment	Preventing global warming	Reduction of greenhouse gas emissions from production activities (Scope 1, 2)
		Provision of products and services with less environmental impact
	Contributing to a recycling society	Reduction of waste
Society	Promoting diversity and inclusion	● Build systems, raise awareness, and improve environment to nurture an organizational culture that respects and supports diversity ● Acquiring diversity inherent in individuals
	Establishing comfortable workplaces	- Human resources training, human resources development, and recruitment of diverse human resources ● Creating opportunities for individuals to make use of their diversity and “Will” - Improving business competitiveness (strengthening management foundations) and integrating with long-term business strategies
Governance	Enhancing corporate governance systems	Strengthening the supervisory function of the Board of Directors
		Ensuring legitimacy in execution of duties
	Establishing and strengthening risk management systems	Establishing and strengthening of company-wide risk management systems
		Strengthening electronic information management systems
		Ensuring quality and safety
		Promoting CSR procurement

*We are now preparing the KGI and annual KPI for these.

Next, we will explain ESG materiality. First, in terms of the environment, we are committed to reducing CO2 emissions in our production activities, preventing global warming by reducing the environmental impact of our products and services, and contributing to a recycling-oriented society by reducing waste.

Regarding society, we are promoting diversity and inclusion and creating a comfortable work environment, and we are reforming our human resources, organization, and culture through education on a wide range of topics, with diversity as the keyword.

On governance, we are striving to enhance our corporate governance system by strengthening the supervisory function of the Board of Directors and ensuring the legality of the execution of duties.

To achieve the KGI and KPI targets we have set regarding these issues; we will incorporate them into our annual plans and promote them from now on.

I have explained the status of SG-2023, our medium-term management plan, which has reached its final stage, and our efforts toward SG-Vision 2030, the long-term management plan that encompasses SG-2023.

Finally, we recognize the urgent need to formulate a human resource strategy that is consistent with the management strategy, and to develop it into company-wide activities that transcend the vertical boundaries of each segment. We are sincerely committed to human capital management, which is indispensable for the sustainable enhancement of corporate value. And we would like to present the substance of our human capital management to our stakeholders and receive feedback from our investors. Thank you for your continued guidance and support.

This concludes the presentation of the financial results for Q2 of FY2022 and forecasts for FY2023. Thank you very much for your attention.

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