ShinMaywa Industries, Ltd.

Presentation of Financial Results for FY2022

May 16, 2023

Event Summary

[Company Name]	ShinMaywa Industries, Ltd.
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[Event Name]	Presentation of Financial Results for FY2022
[Fiscal Period]	FY2023 Annual
[Date]	May 16, 2023
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[Venue]	Webcast
[Number of Speakers]	1 Tatsuyuki Isogawa President and Chief Executive Officer

Presentation

Isogawa: My name is Isogawa from ShinMaywa Industries, Ltd. I will now present our financial results for the fiscal year ended March 31, 2023.

Summary of Consolidated Financial Results for FY2022

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(Million yen)

	FY2021 Results	FY2022		Change (Rate of change)			
		Announced in February	Results	Year-on-year		Compared with figures announced in February	
Orders received	263,163	256,200	267,159	+3,995	(+1.5%)	10,959	(+4.3%)
Net sales	216,823	222,000	225,175	+8,351	(+3.9%)	+3,175	(+1.4%)
Operating profit	10,569	8,000	9,293	-1,276	(-12.1%)	+1,293	(+16.2%)
Ordinary profit	11,821	8,700	9,902	-1,919	(-16.2%)	+1,202	(+13.8%)
Profit attributable to owners of parent	6,907	5,600	7,313	+406	(+5.9%)	+1,713	(+30.6%)
Outstanding orders	210,338	244,538	255,859	+45,521	(+21.6%)	+11,321	(+4.6%)
ROE	7.7%	-	7.6%	-0.1pt	-	-	-
ROIC*	5.1%	-	4.4%	-0.7pt	-	-	-
Exchange rate (USD 1)	111.9 yen	130.0 yen	135.5 yen				

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

Year-on-year change

Orders received
- Revenue increased in Industrial Machinery & Environmental Systems, Fluid, and Parking Systems Segments, and increased overall. Continuing from the previous year, we achieved new record highs.

Net sales
- Sales increased in all segments except Special Purpose Truck and Others segments.

Profits
- Operating profit was affected by the depreciation of the yen, decreasing overall as a result of a sharp decline in the Special Purpose Truck segment due to higher steel prices, etc. However, profit attributable to owners of parent increased due to an increase in extraordinary gains and losses and a decrease in tax expenses.

Outstanding orders
- Orders continued to exceed sales, resulting in an increase. (Months on hand is 13.6 months)

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First, I will explain our financial results for the fiscal year ended March 31, 2023.

Here is a table that compares each of the major performance figures for the fiscal year ended March 31, 2023 with the previous year.

Orders received by the industrial machinery and environmental systems, fluid, and parking systems segments increased, resulting in an overall increase of 1.5% from the previous year to JPY267.1 billion, a record high following the previous year. Net sales increased in all segments except for special purpose truck and others, resulting in an overall sales increase of 3.9% to JPY225.1 billion.

As for profits, operating income was JPY9.2 billion, down 12.1% from the previous year, and ordinary income was JPY9.9 billion, down 16.2% from the previous year, as a result of a significant decrease in profit in the special purpose truck segment due to higher steel prices and other factors, despite an increase in profit due to the weaker yen.

On the other hand, net income attributable to shareholders of the parent company increased by a positive 5.9% to JPY7.3 billion due to an increase in extraordinary income/loss and a decrease in tax expenses. Although the stagnation of production activities due to delays in procurement of key components and other factors is on a recovery trend, orders received continue to exceed sales, resulting in a 21.6% YoY increase in order backlogs to JPY255.8 billion and 13.6 months on hand.

Consolidated Financial Results for FY2022 by Segment

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(Billion yen)

Segment	Orders received			Net sales			Operating profit		
	FY2021	FY2022	Change	FY2021	FY2022	Change	FY2021	FY2022	Change
Special Purpose Truck	118.6	114.1	-4.5	97.1	91.3	-5.8	5.3	0.7	-4.6
Parking Systems	38.1	39.9	+1.7	38.0	38.6	+0.5	3.0	2.6	-0.3
Industrial Machinery & Environmental Systems	37.0	48.8	+11.7	25.5	33.4	+7.8	1.7	2.9	+1.1
Fluid	22.1	25.1	+3.0	20.7	24.4	+3.6	3.1	3.9	+0.7
Aircraft	31.7	24.1	-7.5	19.1	23.1	+3.9	-0.8	1.3	+2.2
Others	15.4	14.9	-0.5	16.0	14.1	-1.8	0.9	0.7	-0.2
Adjustments	-	-	-	-	-	-	-2.8	-3.0	-0.2
Total	263.1	267.1	+3.9	216.8	225.1	+8.3	10.5	9.2	-1.2

*The Company realigned its reportable segments effective as of the consolidated FY2022, repositioning the Fluid business, which was included in Industrial Machinery & Environmental Systems, as a reportable segment. In connection with the realignment, the figures presented for FY2021 have been restated to conform to the current presentation.

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Net sales and operating profit by segment are shown here.

The main reasons for the YoY changes in each segment will be explained later. Effective from the current fiscal year, we have reviewed the classification of our reportable segments and disclosed fluid, which was included in the industrial machinery and environmental systems segment, as a separate segment.

Consolidated Balance Sheets / Consolidated Statements of Cash Flows

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Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of March 31,2023	Change
Cash and deposits	26,600	22,745	-3,854
Trade receivables	70,945	71,417	+472
Inventories	46,925	53,802	+6,877
Total fixed assets	45,306	45,191	-114
Others assets	31,429	33,749	+2,320
Total assets	221,206	226,907	+5,700
Trade payables	25,898	27,310	+1,412
Interest-bearing debt	52,254	52,417	+162
Other liabilities	48,792	46,739	-2,053
Total liabilities	126,945	126,467	-477
Equity	92,465	98,747	+6,281
Other net assets	1,795	1,692	-102
Total net assets	94,261	100,439	+6,178
Total liabilities and net assets	221,206	226,907	+5,700

Equity ratio	41.8%	43.5%

Consolidated Statements of Cash Flows

(Million yen)

	FY2021	FY2022	Change
Cash flows from operating activities	15,998	6,404	-9,594
Cash flows from investing activities	-7,221	-7,164	+56
Free cash flows	8,777	-760	-9,537
Cash flows from financing activities	-5,203	-4,108	+1,095

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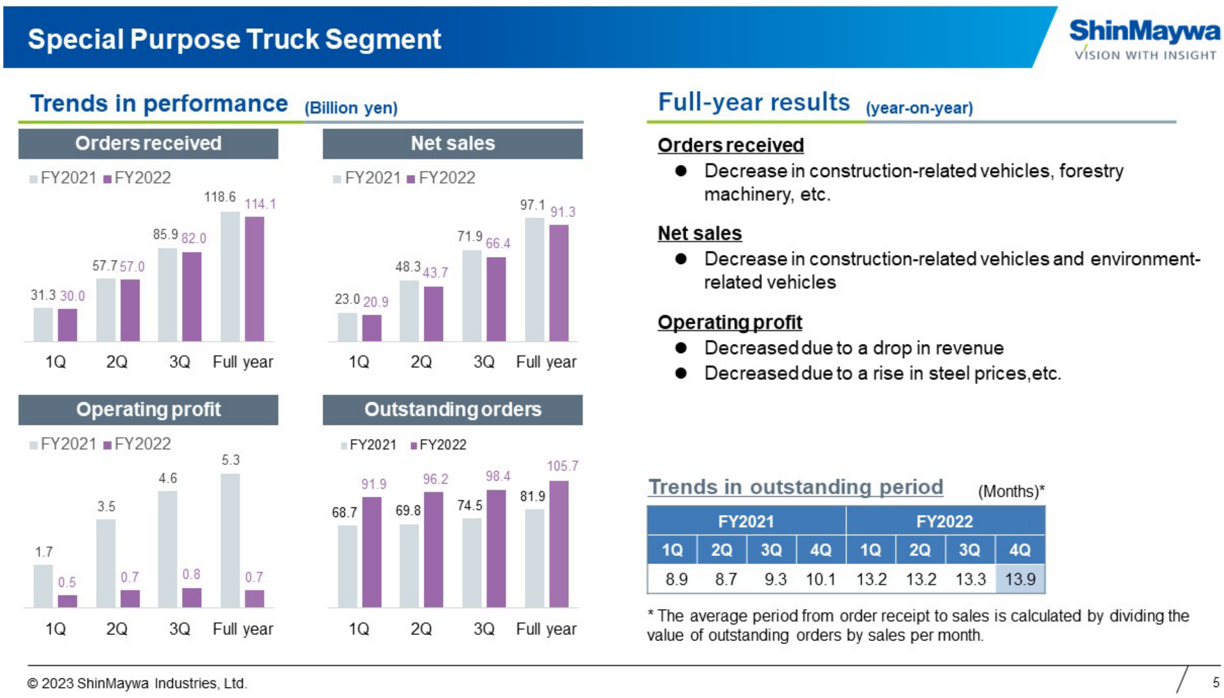
The consolidated balance sheet and consolidated statement of cash flows are shown.

Assets at the end of March 2023 totaled JPY226.9 billion, an increase of JPY5.7 billion from the end of the previous year, mainly due to an increase in inventories. Liabilities amounted to JPY126.4 billion, down JPY0.4 billion from the end of the previous period, mainly due to a decrease in accrued expenses, despite an increase in trade payables. Net assets increased JPY6.1 billion from the end of the previous fiscal year to JPY100.4 billion, mainly due to the recording of net income attributable to parent company shareholders, despite the payment of dividends. As a result, the equity ratio rose to 43.5% from 41.8% at the end of the previous fiscal year.

As for consolidated cash flow, cash flow provided by operating activities decreased JPY9.5 billion to JPY6.4 billion and cash flow used in investing activities decreased JPY50 million to negative JPY7.1 billion compared to the previous period. As a result, free cash flow decreased JPY9.5 billion to minus JPY0.7 billion. Net cash used in financing activities decreased JPY1 billion from the previous period to negative JPY4.1 billion.



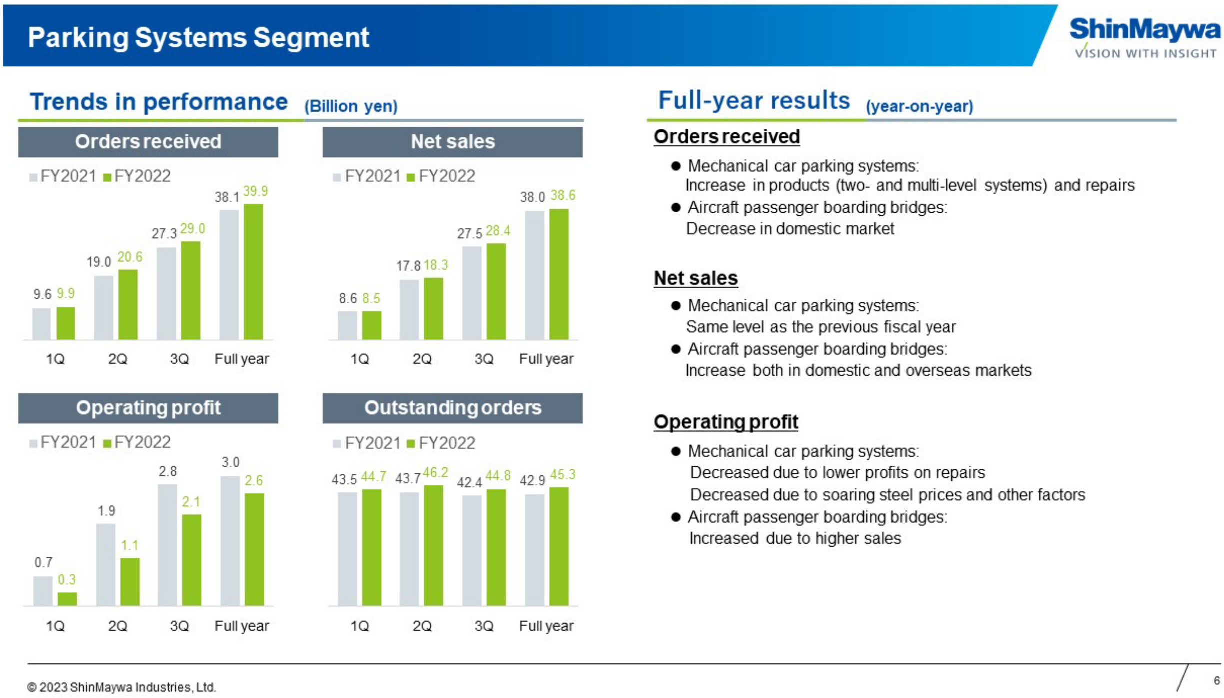
I will continue with an explanation of the full-year results for the fiscal year ended March 31, 2023, by segment, compared to the previous fiscal year.

Next is the special purpose truck segment.

Orders decreased at Iwafuji Industrial Co., Ltd., which handles construction-related vehicles as well as forestry machinery.

Net sales decreased for construction-related vehicles, environment-related vehicles, and other products due to delays in procurement of key components and other factors affecting production activities.

Operating income also declined significantly from the previous year due to lower sales and higher steel prices. The order backlog continues to remain at a high level, and as of the end of March 2023, we had an order backlog of more than 13 months.



Next is the parking systems segment.

Orders received increased overall in mechanical parking facilities, despite a decrease in orders for air passenger boarding bridges, due to an increase in orders for mechanical parking facilities with two- and multi-stage systems, a product of ShinMaywa Parking Technologies, Ltd., and an increase in orders for repair and renovation work.

Overall sales increased due to an increase in both domestic and overseas sales in air passenger boarding bridges, although sales in mechanical parking facilities were at the same level as the previous year.

Operating income increased in air passenger boarding bridges due to higher revenues, but overall operating income decreased in mechanical parking facilities due to lower revenues from repair and refurbishment, the main earnings driver, as well as higher steel prices.

Industrial Machinery & Environmental Systems Segment

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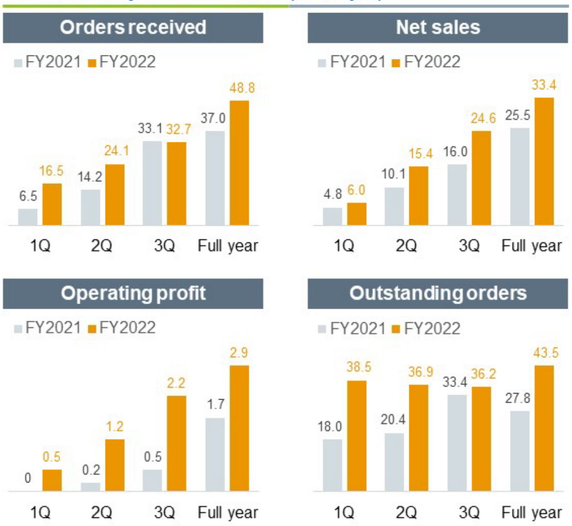
Trends in performance (Billion yen)



Full-year results (year-on-year)

Orders received

- Mechatronics products: Increase in vacuum products
- Environment-related business: Decrease in plant projects and service business (Large order (Tenri city project) was received in the previous period)

Net sales

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

Operating profit

- Mechatronics products: Increased due to higher sales
- Environment-related business: Decrease in profit due to increase in provision for construction losses

Trends in orders received and net sales by subsegment (Billion yen)

Subsegment		FY2021 1Q	FY2021 2Q	FY2021 3Q	FY2021 Full year	FY2022 1Q	FY2022 2Q	FY2022 3Q	FY2022 Full year
Mechatronics products	Orders received	3.0	7.7	13.0	16.6	12.5	16.3	19.7	34.1
	Net sales	3.3	6.8	10.8	15.9	4.4	11.7	18.3	23.6
Environment-related business	Orders received	3.4	6.5	20.0	20.4	3.9	7.7	13.0	14.6
	Net sales	1.5	3.2	5.1	9.5	1.6	3.6	6.2	9.7

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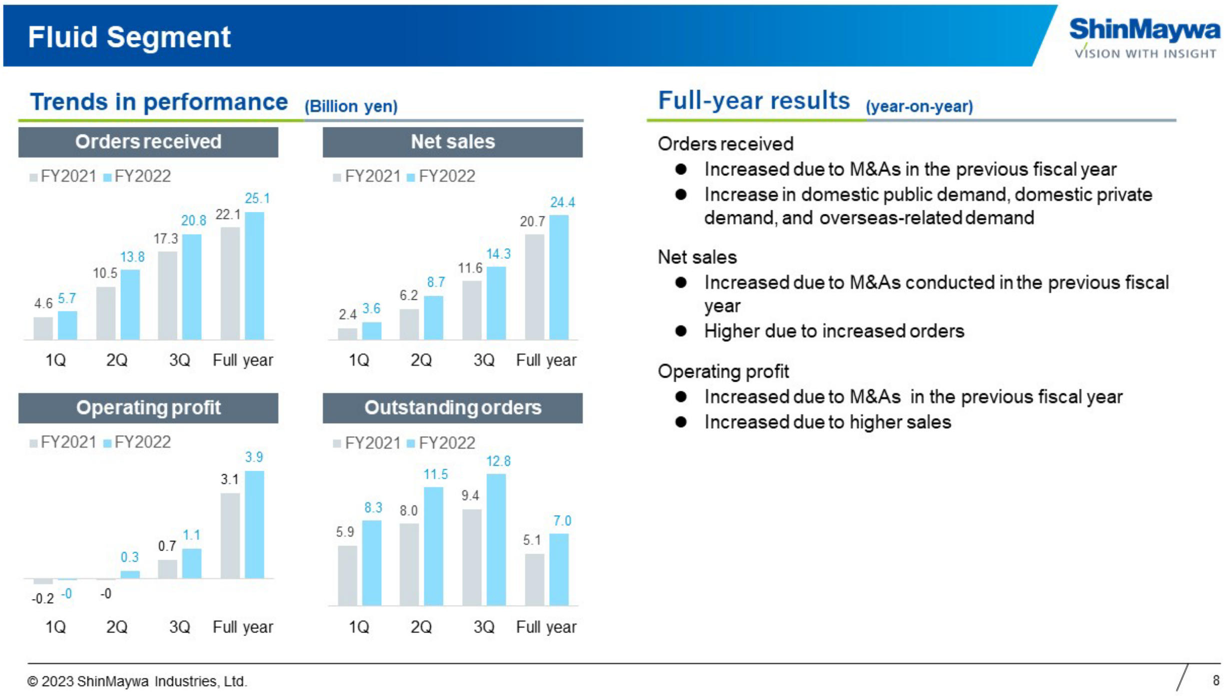
Next is the industrial machinery and environmental systems segment.

Orders received decreased in the environment-related business compared to the previous fiscal year, when the Company received orders for large projects, but increased overall in the mechatronics products segment due to a significant increase in orders received by KOREA VACUUM LIMITED, which manufactures and sells vacuum drying equipment for secondary batteries used in EVs.

Net sales increased significantly for mechatronics products on the back of strong orders, while sales in the environment-related business also rose.

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



Next is the fluid segment.

A major factor in the increase in orders received was the performance of TurboMAX Co., Ltd., which was acquired through M&A in H2 of the previous fiscal year. In addition to this, domestic public sector demand, domestic private sector demand, and overseas-related demand all remained strong, resulting in an overall increase.

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

Aircraft Segment

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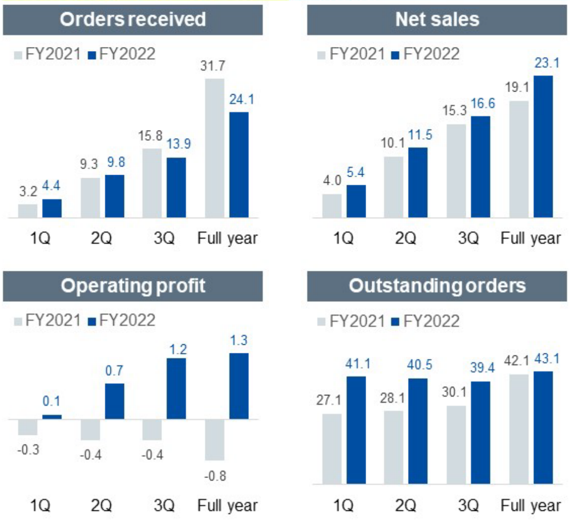
Trends in performance (Billion yen)



Full-year results (year-on-year)

Orders received

- Sales to Ministry of Defense: Decrease related to US-2 rescue amphibian
- Civilian demand:
  Increased due to M&As in the previous fiscal year
  Increased due to yen depreciation

Net sales

- Sales to Ministry of Defense: Increase in components for transport aircraft
- Civilian demand:
  Increase in number of 777/777X and G7500 produced
  Increased due to M&As in the previous fiscal year
  Increased due to depreciation of the yen

Operating profit

Increased due to cost reductions and yen depreciation

Civilian demand-related production volume (Unit)

	FY2021	FY2022
777/777X	22	25
787	30	23
G7500	36	42

Exchange rate sensitivity (FY2023)

Operating profit increases by approximately 70 million yen for each 1 yen of depreciation

Next is the aircraft segment.

Orders received decreased overall due to a significant decrease in orders from the Ministry of Defense compared to the previous fiscal year, when we received an order for the ninth US-2 rescue amphibian for the Ministry of Defense, despite an increase in orders related to civilian demand due to the effects of M&As implemented in the previous fiscal year and a weaker yen.

Overall sales increased due to an increase in components for transport aircraft for the Ministry of Defense, an increase in the number of Boeing 777s and Global 7500s produced for civilian demand, as well as the effects of M&As conducted in the previous fiscal year and the depreciation of the yen.

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

Summary of Consolidated Financial Results Forecast for FY2023

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(Million yen)

	FY2022 results	FY2023 forecast	Change (Rate of change)	
Orders received	267,159	271,000	+3,840	(+1.4%)
Net sales	225,175	270,000	+44,824	(+19.9%)
Operating profit	9,293	12,000	+2,706	(+29.1%)
Ordinary profit	9,902	11,700	+1,797	(+18.2%)
Profit attributable to owners of parent	7,313	7,300	-13	(-0.2%)
Outstanding orders	255,859	256,859	+1,000	(+0.4%)
Annual dividend per share	45 yen	45 yen	-	-
Dividend payout ratio	40.5%	40.6%	+0.1pt	-
Exchange rate (USD 1)	135.5 yen	130.0 yen*		

* The exchange rate forecast for FY2023 is based on the assumed rate from May onwards.

Year-on-year

Orders received

- Overall sales expected to increase (to a record high) due to increases in the Parking Systems, Aircraft, and Industrial Machinery & Environmental Systems segments.

Net sales

- Sales expected to increase in all segments except for the Fluid segment and overall sales expected to increase (to record high).

Profits

- Expected to increase due to higher sales.

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I will now continue with the consolidated earnings forecast for the fiscal year ending March 31, 2024.

Here is a table comparing our forecast for the fiscal year ending March 31, 2024, with the previous year's actual results.

Overall orders are expected to reach JPY271 billion, up 1.4% from the previous year, marking a record high for the third consecutive year, as the parking systems, aircraft, and industrial machinery and environmental systems segments will see increases.

Sales are expected to increase in all segments except fluid, with overall sales increasing JPY19.9% YoY to JPY270 billion, significantly surpassing the record sales of JPY227.2 billion set in FY2019.

As for profits, operating income is expected to increase 29.1% YoY to JPY12 billion, and ordinary income is expected to increase 18.2% YoY to JPY11.7 billion, both of which are higher than the previous year, but net income attributable to shareholders of the parent company is expected to be JPY7.3 billion, the same level as the previous year, due to a decrease in extraordinary income and increase in tax expenses.

Under the SG-2023 medium-term management plan currently underway, we have set the target level of shareholder returns at a consolidated dividend payout ratio of 40% to 50%, and in light of this policy, we plan to pay an annual dividend of JPY45 per share. This forecast assumes an exchange rate of JPY130 to the US dollar.

Business Environment (Reportable Segments)

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Segment	Forecast	Business Environment (Outlook)
Special Purpose Truck	→	➢ Demand remains strong. Although the stagnation of production activities due to delays in procurement of key components and other factors is on a recovery path, it is not expected to normalize until the beginning of2024. ➢ Although the effects of the price revision implemented at the beginning of the previous fiscal year will become fully apparent from this fiscal year, the increase in profit will be limited due to further increases in steel prices since the last price revision, as well as increases in processing, distribution, energy, and other operating expenses. ➢ The second price revision was implemented at the beginning of this fiscal year. However, due to outstanding orders of more than 13 months as of the end of the previous fiscal year, the second price revision is not expected to be fully reflected in sales until the next fiscal year or later.
Parking Systems		➢ Product demand for mechanical car parking systems is firm. The decline in sales in the service business due to long delivery times for electrical components caused by the shortage of semiconductors, which was a factor in lower profits in the previous fiscal year, is expected to recover in the current fiscal year. ➢ The market for aircraft passenger boarding bridges is expected to expand as projects that were postponed or suspended due to the COVID-19 pandemic begin to move forward.
Industrial Machinery & Environmental Systems		➢ In the mechatronics business, the scale of sales of vacuum drying equipment is expected to expand in the current fiscal year on the back of accelerated growth in investment in equipment related to rechargeable batteries for vehicles, linked to the growth of the EV market. In addition, the market for automatic wire processing machines is expected to remain firm. ➢ In the environment-related business, demand for plant projects is strong. The accompanying increase in stock business also support the performance of the segment.
Fluid		➢ Domestic public sector demand is expected to continue to grow in the field of heavy rain and flood countermeasures due to measures such as the Plan for National Resilience and in the field of renewals and servicing due to the wide-area expansion and joint operation of sewage treatment facilities and the promotion of stock management. ➢ In the domestic private sector, interest in energy-saving products is high, and demand is expected to increase mainly for turbo blowers manufactured by a wholly-owned subsidiary TurboMAX Co. Ltd. Overseas demand is also expected to be firm.
Aircraft		➢ Sales to the Ministry of Defense are expected to increase due to progress in the manufacture of the US-2 STOL Search and Rescue Amphibians. ➢ In the civilian demand-related business, products for Boeing are on a recovery trend, and the number of aircraft produced is expected to increase.

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

Demand for special purpose trucks is expected to remain strong. Although the stagnation of production activities due to delays in the procurement of key components is expected to normalize later this year, it is on a recovery trend, and the effects of price revisions implemented from the beginning of the fiscal year ended March 31, 2023 are expected to become fully apparent from this fiscal year. However, due to higher-than-expected raw material prices and other factors, the scope of profit increase is expected to be limited. Under these circumstances, we have implemented our second price revision since the beginning of the current fiscal year. Although there is a time lag for the effects to materialize, we will work to pass on prices and further improve productivity in order to improve profitability in the future.

In the parking systems business, sales in the service business for mechanical parking equipment, the main earnings driver, temporarily declined in the fiscal year ended March 31, 2023 due to long delivery times for electrical components caused by the shortage of semiconductors, but are expected to recover in the current fiscal year. In addition, the market for air passenger boarding bridges is expected to expand as projects that had been postponed or suspended due to the COVID-19 pandemic begin to move forward and earnings are expected to recover.

In the industrial machinery and environmental systems segment, the scale of sales of vacuum drying equipment is expected to expand significantly in the current fiscal year on the back of accelerated growth in investment in equipment related to vehicle-mounted rechargeable batteries, which is linked to the growth of the EV market. In addition, the environment-related business segment as a whole is expected to perform well due to strong demand for plant projects.

Fluids are expected to remain firm in both domestic public sector demand, domestic private sector demand, and overseas demand.

In aircraft, sales to both the Ministry of Defense and civilian customers are expected to increase due to progress in manufacturing work on the US-2 rescue amphibian and an increase in the number of aircraft produced for Boeing.

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

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(Billion yen)

Segment	Orders received			Net sales			Operating profit		
	FY2022 (Results)	FY2023 (Forecast)	Change	FY2022 (Results)	FY2023 (Forecast)	Change	FY2022 (Results)	FY2023 (Forecast)	Change
Special Purpose Truck	114.1	107.9	-6.2	91.3	106.8	+15.4	0.7	2.9	+2.1
Parking Systems	39.9	48.3	+8.3	38.6	43.6	+4.9	2.6	3.1	+0.4
Industrial Machinery & Environmental Systems	48.8	49.6	+0.7	33.4	47.5	+14.0	2.9	3.7	+0.7
Fluid	25.1	24.2	-0.9	24.4	24.2	-0.2	3.9	3.3	-0.6
Aircraft	24.1	28.4	+4.2	23.1	30.8	+7.6	1.3	1.6	+0.2
Others	14.9	12.6	-2.3	14.1	17.1	+2.9	0.7	0.9	+0.1
Adjustments	-	-	-	-	-	-	-3.0	-3.5	-0.4
Total	267.1	271.0	+3.8	225.1	270.0	+44.8	9.2	12.0	+2.7

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The full-year forecasts for orders, sales, and operating income by segment, taking into account the business environment forecast just described, are as shown above.

To explain the main reasons for the YoY increase or decrease, orders are expected to increase by JPY3.8 billion to JPY271 billion overall, with an expected increase of JPY8.3 billion in parking systems, which is expected to move toward a market recovery in air passenger boarding bridges.

Sales in special purpose truck are expected to increase by JPY15.4 billion due to the recovery of stagnant production activities and the realization of price revision effects, etc. Sales in industrial machinery and environmental systems are also expected to increase by JPY14 billion due to the growth of subsidiary KOREA VACUUM LIMITED, and other segments are expected to have a favorable business environment as well. As a result, overall sales are expected to increase by JPY44.8 billion to JPY270 billion.

Operating income is expected to increase mainly in special purpose truck and industrial machinery and environmental systems, with overall operating income projected to increase by JPY2.7 billion to JPY12 billion.

Progress of Medium-Term Management Plan [SG-2023] Performance Targets

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(Million yen)

	[SG-2023] Performance target	FY2023 forecast	
Net sales	250,000	270,000	On track to achieve target
Operating profit	15,000	12,000	–
Overseas sales	45,000	60,000	On track to achieve target
ROE	10% or more	7.2%	–
ROIC	7% or more	5.2%	–

Expected exchange rate (USD 1)	108.0 yen	130.0 yen

[SG-2023] Performance target ratio

Net sales

- All segments except Parking Systems and Others exceeded the medium-term targets and are expected to achieve the overall targets.

Operating profit

- Operating profit is expected to fall short of the mid-term target due to the significant impact of rising raw material and energy costs in each segment, including the mainstay Special Purpose Truck segment, as well as planned growth investments for the creation of new businesses and promotion of digital transformation.

Overseas sales

- Overseas sales are expected to significantly exceed the previous year's outlook due to strong growth in mechatronics products and consistent efforts by each business to promote expansion overseas, which is the driving theme of the company's long-term business strategy.

ROE, ROIC

- Anticipated to fall short due to a decline in profitability and other factors.

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Finally, I would like to explain the difference between our forecast for the fiscal year ending March 31, 2024, and the performance targets of our SG-2023 medium-term management plan.

The fiscal year ending March 31, 2024, will be the final year of the SG-2023 medium-term management plan.

Here is a chart comparing our forecast for the fiscal year ending March 31, 2024, with the performance targets of the SG-2023 medium-term management plan that we are currently promoting.

All segments except parking systems and others are expected to exceed the medium-term targets for sales, and overall sales are expected to meet the targets. On the other hand, operating income is expected to fall short of the medium-term target due to the significant impact of rising raw material and energy costs in each segment, including the mainstay special purpose truck segment, as well as planned growth investments for the creation of new businesses and DX promotion.

Overseas sales are expected to achieve the medium-term target one year ahead of schedule and significantly exceed it in the final year of the plan due to the growth of KOREA VACUUM LIMITED, the M&A of TurboMAX Co., Ltd., and other steady efforts by each business to expand overseas, which is the driving theme of the long-term business strategy.

ROE and ROIC are expected to fall short, mainly due to lower profitability.

Progress of Medium-Term Management Plan [SG-2023] Performance Targets by Segment

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(Billion yen)

Segment	Net sales			Operating profit		
	[SG-2023] Performance target	FY2023 forecast		[SG-2023] Performance target	FY2023 forecast	
Special Purpose Truck	102.0	106.8	On track to achieve target	6.9	2.9	–
Parking Systems	47.0	43.6	–	3.8	3.1	–
Industrial Machinery & Environmental Systems	28.0	47.5	On track to achieve target	1.8	3.7	On track to achieve target
Fluid	24.0	24.2	On track to achieve target	3.1	3.3	On track to achieve target
Aircraft	30.0	30.8	On track to achieve target	0.7	1.6	On track to achieve target
Others	19.0	17.1	–	1.4	0.9	–
Adjustments	–	–	–	-2.7	-3.5	–
Total	250.0	270.0	On track to achieve target	15.0	12.0	–

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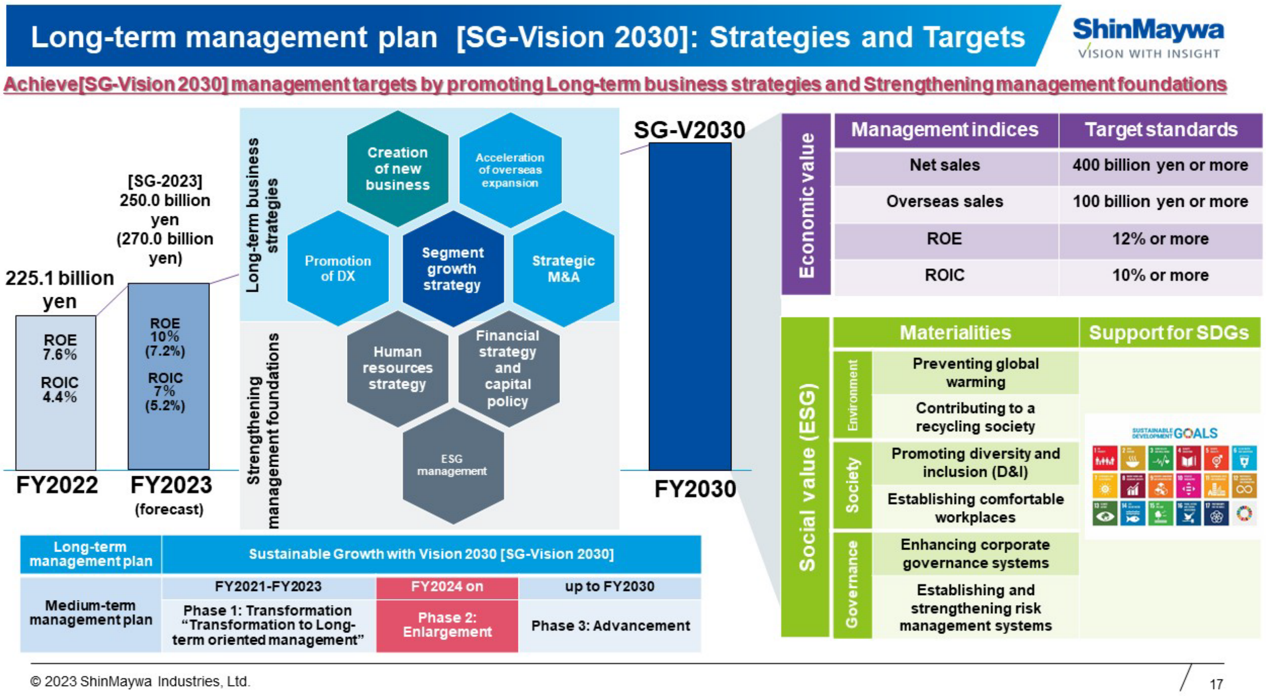
A comparison of sales and operating income by segment is shown below.

For special purpose truck, net sales are expected to meet the target, but operating income is expected to fall short of the target due to the significant impact of increased cost of sales, such as soaring steel material prices.

For parking systems, both sales and operating income are expected to fall short of targets. Although mechanical parking facilities are expected to meet the sales target, air passenger boarding bridges are expected to fall short due to delayed market recovery caused by the prolonged COVID-19 pandemic. Operating income is expected to fall short due to lower revenue and higher cost of sales.

In industrial machinery and environmental systems, both sales and operating income are expected to meet targets due to the growth of KOREA VACUUM LIMITED. Fluid is expected to achieve its targets for both net sales and operating income as domestic public sector demand, domestic private sector demand, and overseas demand all remain strong. In the aircraft segment, although the number of Boeing 787s is expected to decrease, we expect to achieve our sales and operating income targets due to the effect of yen depreciation in foreign exchange and increased sales to the Ministry of Defense.

Thus, operating income, ROE, and ROIC are unfortunately expected to fall short of the performance targets of the medium-term management plan at this time, but we will work for a full year to raise operating income by promoting price pass-through, cost reduction, and further improvement in productivity.



Finally, here is the business strategy, performance targets, etc. for the SG-Vision2030 long-term management plan that started in FY2021.

This SG-Vision2030 is a plan to achieve the target level through the implementation of a three-phase medium-term management plan for the 10 years until FY2030, which is the goal.

Phase II, the next medium-term management plan, will focus on expansion and will incorporate strategies back-cast from SG-Vision2030 management indicators, etc. We will take our time over the next year to formulate a plan that will enable us to realize sustainable growth.

This concludes the presentation of financial results for the fiscal year ended March 31, 2023.

Thank you very much for listening.

[END]

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Document Notes

1. *Portions of the document where the audio is unclear are marked with [Inaudible].*
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