Presentation of Financial Results for Fiscal Year 2023

May 17, 2024

ShinMaywa Industries, Ltd.

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Consolidated Financial Results for Fiscal Year 2023

Note 1: Numerical values appearing in this document have been rounded down to the nearest unit, while ratios are shown in round figures.
Note 2: In this document, “1Q” signifies the cumulative 3-month period, “2Q” signifies the cumulative 6-month period, “3Q” signifies the cumulative 9-month period, and “full year” signifies the cumulative 12-month period.

Point

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- Financial results for the fiscal year ended March 2024 were largely in line with the plan.
- The dividend forecast for the fiscal year ended March 2024 has been revised to 24.50 yen per share from the previous forecast of 22.50 yen per share.
- As for business results projections for the fiscal year ending March 2025, although increased costs will be a contributing factor to the decrease of profit, both revenue and profit are expected to increase due in part to recovery in the production volume of special purpose trucks and the effects of revised selling prices.

Summary of Consolidated Financial Results for FY2023

(Million yen)

	FY2022 (actual)	FY2023 Forecast	FY2023 Actual	Change (Rate of change) Year-on-year change		Compared with forecast	
Orders received	267,159	278,000	291,370	+24,211	(+9.1%)	+13,370	(+4.8%)
Net sales	225,175	253,000	257,060	+31,885	(+14.2%)	+4,060	(+1.6%)
Operating profit	9,293	12,000	11,765	+2,471	(+26.6%)	-234	(-0.2%)
Ordinary profit	9,902	11,700	12,106	+2,203	(+22.3%)	+406	(+3.5%)
Profit attributable to owners of parent	7,313	7,300	7,279	-33	(-0.5%)	-20	(-0.3%)
Outstanding orders	255,859	280,859	291,431	+35,571	(+13.9%)	+10,571	(+3.8%)
ROE	7.6%	–	7.1%	-0.5pt	–	–	–
ROIC*	4.4%	–	5.3%	+0.9pt	–	–	–
Exchange rate (USD 1)	135.5 yen	135.0 yen	144.8 yen				

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

Year-on-year change

Orders received

- Orders received increased in all segments except the Special Purpose Truck segment and increased overall.
- Continuing from the previous year, we achieved new record highs.

Net sales

- Sales increased in all segments except the Others segment and increased overall.
- We achieved new record highs.

Profits

- Operating profit increased due to an increase in revenue.
- Profit attributable to owners of parent remained at the same level as the previous fiscal year due to a decrease in extraordinary income and am increase in tax expenses.

Consolidated Financial Results for FY2023 by Segment

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(Billion yen)

Segment	Orders received			Net sales			Operating profit		
	FY2022	FY2023	Change	FY2022	FY2023	Change	FY2022	FY2023	Change
Special Purpose Truck	114.1	106.7	-7.3	91.3	100.5	+9.2	0.7	2.3	+1.6
Parking Systems	39.9	54.3	+14.4	38.6	41.3	+2.7	2.6	2.7	+0
Industrial Machinery & Environmental Systems	48.8	52.6	+3.7	33.4	42.9	+9.5	2.9	3.3	+0.4
Fluid	25.1	26.3	+1.1	24.4	26.3	+1.8	3.9	4.1	+0.1
Aircraft	24.1	32.6	+8.5	23.1	31.9	+8.7	1.3	2.1	+0.7
Others	14.9	18.6	+3.6	14.1	13.9	-0.2	0.7	0.6	-0
Adjustments	—	—	—	—	—	—	-3.0	-3.6	-0.5
Total	267.1	291.3	+24.2	225.1	257.0	+31.8	9.2	11.7	+2.4

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Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of March 31, 2024	Change
Cash and deposits	22,745	23,382	+637
Trade receivables	71,417	91,140	+19,722
Inventories	53,802	58,684	+4,881
Total fixed assets	45,191	47,628	+2,437
Other assets	33,749	39,266	+5,516
Total assets	226,907	260,102	+33,195
Trade payables	27,310	34,166	+6,855
Interest-bearing debt	52,417	50,616	-1,800
Other liabilities	46,739	66,584	+19,844
Total liabilities	126,467	151,367	+24,900
Equity	98,747	107,008	+8,261
Other net assets	1,692	1,725	+33
Total net assets	100,439	108,734	+8,294
Total liabilities and net assets	226,907	260,102	+33,195

Equity ratio	43.5%	41.1%

Consolidated Statements of Cash Flows

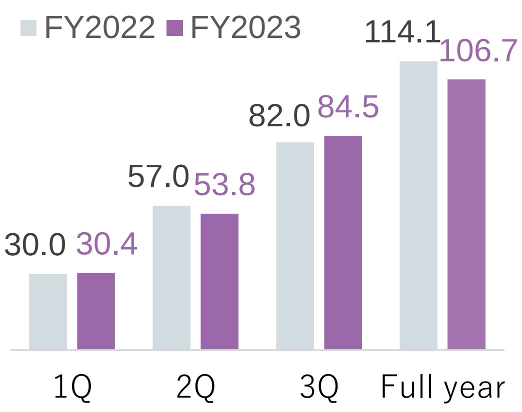
(Million yen)

	FY2022	FY2023	Change
Cash flows from operating activities	6,404	14,065	+7,661
Cash flows from investing activities	-7,164	-8,217	-1,053
Free cash flows	-760	5,848	+6,608
Cash flows from financing activities	-4,108	-5,884	-1,776

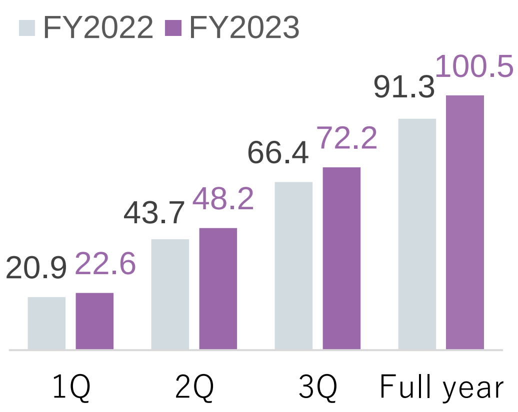
Special Purpose Truck Segment

Trends in financial results (Billion yen)

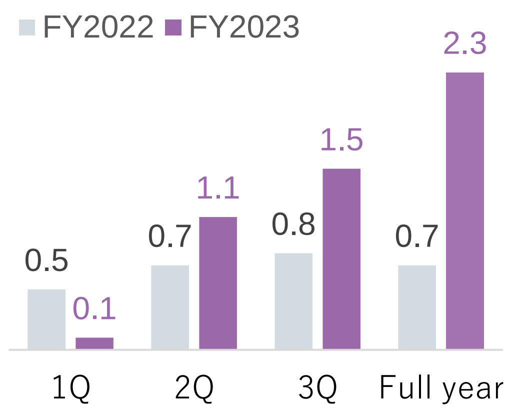
Orders received



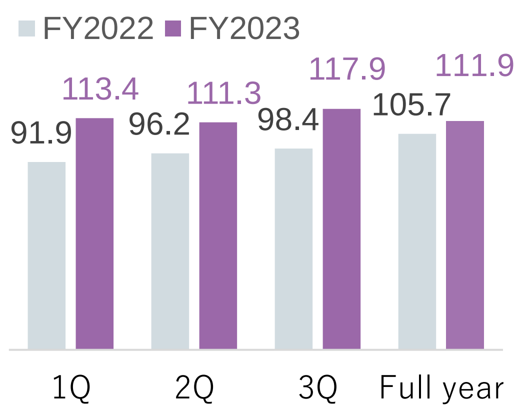
Net sales



Operating profit



Outstanding orders



Full-year results (year-on-year)

Orders received

- Increase in forestry machinery, etc.
- Decrease in construction-related vehicles and environment-related vehicles

Net sales

- Increase in construction-related vehicles, logistics-related vehicles, and environment-related vehicles

Operating profit

- Increase due to an increase in revenue (Including the impact of price revisions)

Trends in outstanding period (month)*

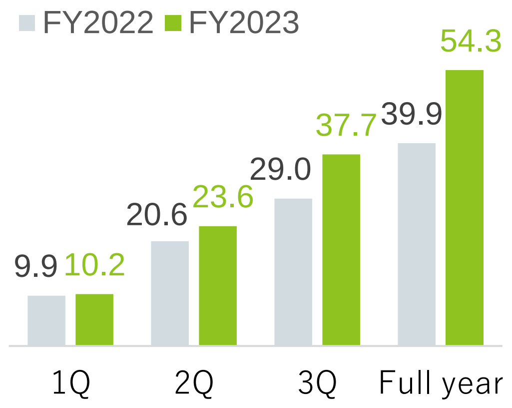
FY2022				FY2023			
1Q	2Q	3Q	Full year	1Q	2Q	3Q	Full year
11.9	12.6	13.0	13.9	12.7	12.8	14.2	13.4

* Calculated by dividing the order backlog by sales per month (1Q to 3Q calculated based on the full-year earnings forecast)

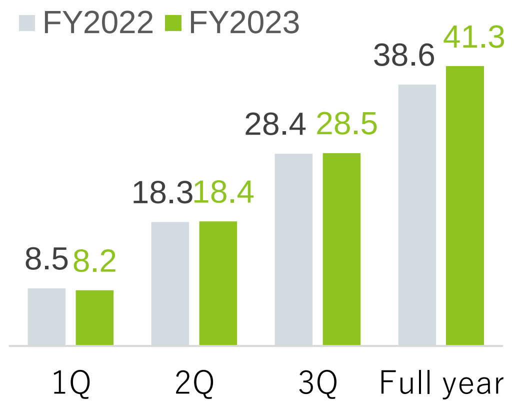
Parking Systems Segment

Trends in financial results (Billion yen)

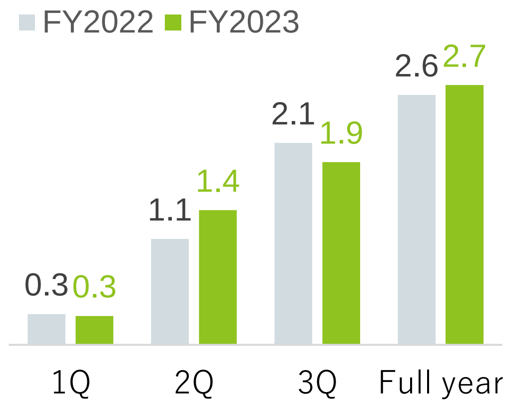
Orders received



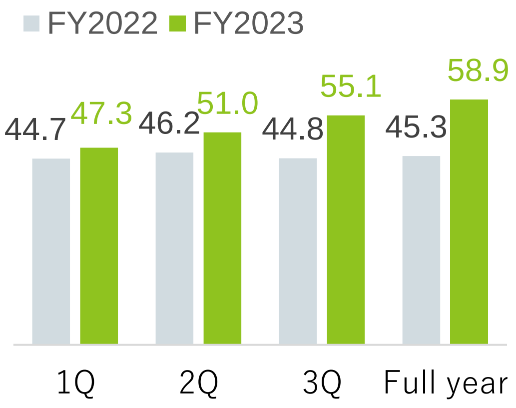
Net sales



Operating profit



Outstanding orders



Full-year results (year-on-year)

Orders received

- Mechanical car parking systems:
  - Increase in products
- Aircraft passenger boarding bridges:
  - Increase in overseas markets

Net sales

- Mechanical car parking systems:
  - Decrease in products
  - Increase in service business
- Aircraft passenger boarding bridges:
  - Increase both in domestic and overseas markets

Operating profit

- Mechanical car parking systems:
  - Increase due to higher service business
- Aircraft passenger boarding bridges:
  - Profit decrease associated with the deterioration of costs, etc.

Industrial Machinery & Environmental Systems Segment

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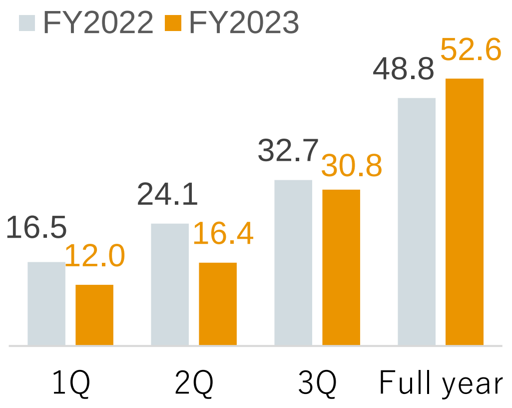
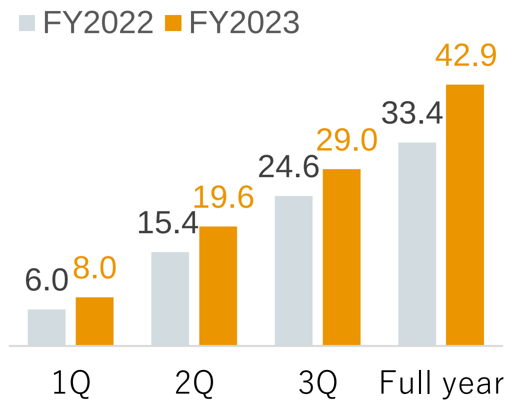
Trends in financial results (Billion yen)

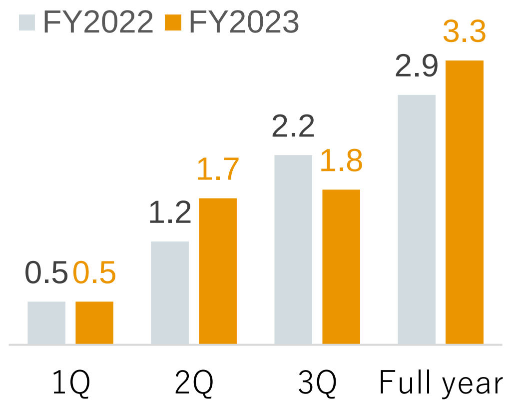
Orders received



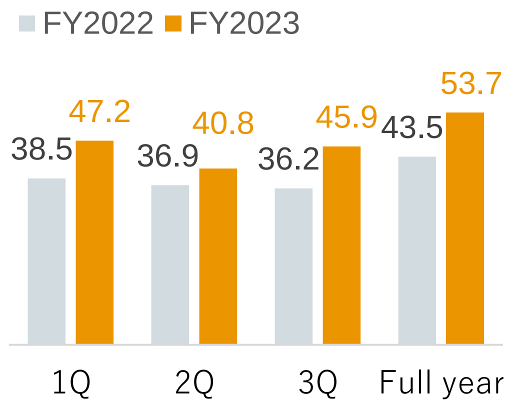
Net sales



Operating profit



Outstanding orders



Full-year results (year-on-year)

Orders received

Mechatronics products:
- Decrease in vacuum products

Environment- related business:
- Increase in service business (Operation work for plant facilities)

Net sales

Mechatronics products:
- Increase in vacuum products

Environment- related business:
- Increase in plant projects

Operating profit

Mechatronics products:
- Decrease mainly due to an increase in operating costs
- Increase due to an increase in revenue of vacuum products

Environment- related business:
- Increase due to an increase in revenue

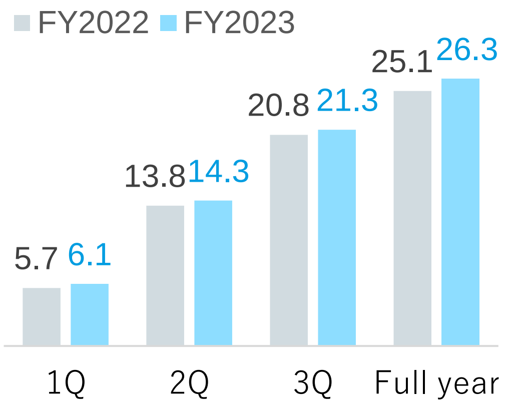
Trends in orders received and net sales by sub-segment (Billion yen)

Sub-segment		FY2022				FY2023			
		1Q	2Q	3Q	Full year	1Q	2Q	3Q	Full year
Mechatronics products	Orders received	12.5	16.3	19.7	34.1	4.1	6.9	11.0	21.4
	Net sales	4.4	11.7	18.3	23.6	6.1	14.9	20.7	27.9
Environment-related business	Orders received	3.9	7.7	13.0	14.6	7.8	9.5	19.8	31.1
	Net sales	1.6	3.6	6.2	9.7	1.9	4.7	8.2	15.0

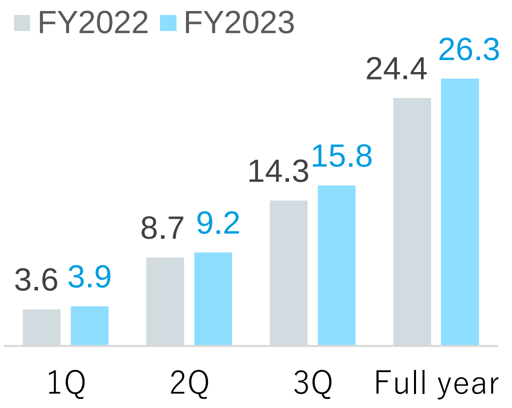
Fluid Segment

Trends in financial results (Billion yen)

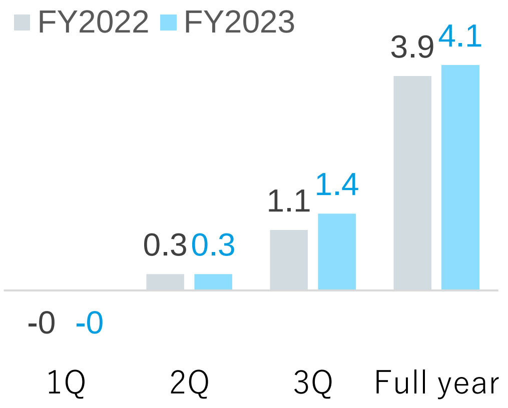
Orders received



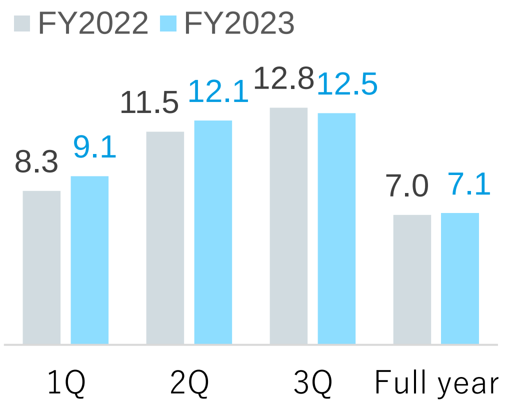
Net sales



Operating profit



Outstanding orders



Full-year results (year-on-year)

Orders received

- Increase due to firm demand, especially overseas

Net sales

- Increase in equipments and system products
- Increase in service business

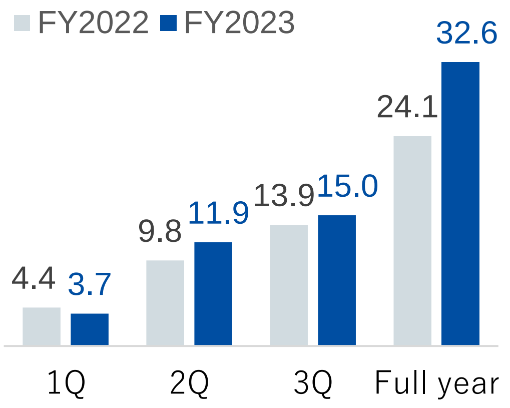
Operating profit

- Increase due to an increase in revenue

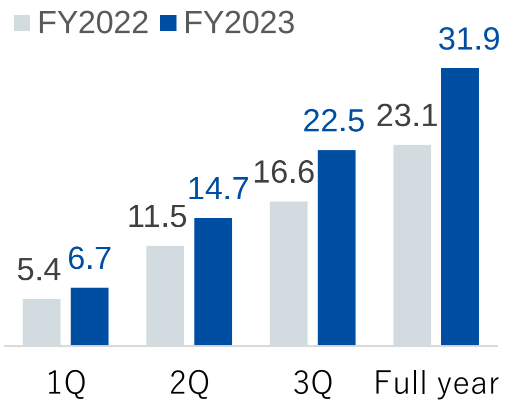
Aircraft Segment

Trends in financial results (Billion yen)

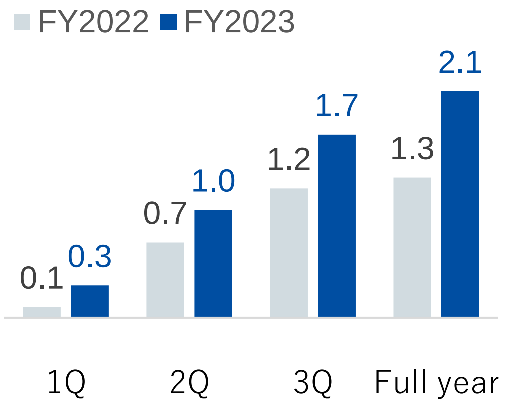
Orders received



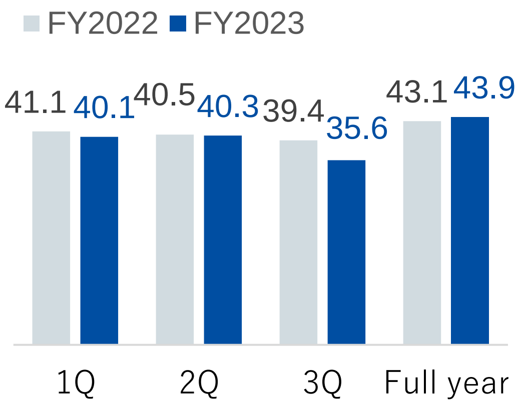
Net sales



Operating profit



Outstanding orders



Full-year results (year-on-year)

Orders received

Orders from Ministry of Defense:

Increase in components for transport aircrafts and patrol planes

Increase in orders received by consolidated subsidiaries (Wing Field Co., Ltd.)

Civilian demand:

Increase in order volume of 787 aircraft

Increase due to yen depreciation

Net sales

Sales to Ministry of Defense:

Increase in US-2 rescue amphibian manufacturing work

Civilian demand:

Increase in production volume of 777/777X and 787 aircraft

Increase in revenue as a result of yen depreciation

Operating profit

Increase due to higher sales and yen depreciation, etc.

Civilian demand-related production volume

(Unit)

	FY2022	FY2023
777/777X	25	39
787	23	41
G7500	42	34

Consolidated Financial Results Forecast for Fiscal Year 2024

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Summary of Consolidated Financial Results Forecast for FY2024

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(Million yen)

	FY2023 actual	FY2024 forecast	Change (Rate of change)	
Orders received	291,370	278,000	-13,370	(-4.6%)
Net sales	257,060	285,000	+27,939	(+10.9%)
Operating profit	11,765	13,000	+1,234	(+10.5%)
Ordinary profit	12,106	12,200	+93	(+0.8%)
Profit attributable to owners of parent	7,279	7,500	+220	(+3.0%)
Outstanding orders	291,431	284,431	-7,000	(-2.4%)
Annual dividend per share	47 yen	50 yen	+3 yen	–
Dividend payout ratio	42.6%	44.0%	+1.4 pt	–
Exchange rate (USD 1)	144.8 yen	140.0 yen*		

* The exchange rate of FY2024 forecast is the assumed exchange rate applicable in and after May.

Year-on-year

Orders received

- Orders received are expected to decrease in all segments except for the Parking Systems, especially in Industrial Machinery & Environmental Systems, which received a large order in the previous fiscal year, and overall orders received are expected to decrease.

Net sales

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

Profits

- Operating profit is expected to increase due to an increase in revenue.

Annual dividend per share

- We have adopted a DOE and dividends are expected to increase.

Exchange rate sensitivity (FY2023)

Each one- yen of depreciation against the U.S. dollar increases operating profit by approximately 120 million yen.

Business Environment (Reportable Segments)

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Segment	Forecast	Business environment Outlook for the FY2024 (year-on-year)
Special Purpose Truck		➢ The stagnation of production activities associated with factors such as delays in supply of major parts has been gradually resolved, and sales are expected to increase from the previous fiscal year. ➢ Although there are factors that increase raw material prices, labor expenses, logistics expenses, and other costs, the effects of the second selling price revision carried out in the beginning of the previous fiscal year have been reflected in orders as expected, and these effects are expected to become fully apparent as a factor in the revenue increase for this fiscal year.
Parking Systems		➢ In Mechanical Car Parking Systems, both the new installment of products and the service business are expected to remain firm. In the previous fiscal year, a provision for construction losses was recorded due to the surge in costs, such as raw material and transportation costs, and labor unit price. An initiative to revise selling prices will be taken in response to the increased costs. ➢ The market for aircraft passenger boarding bridges has been recovering fast with the initiation of projects postponed or suspended due to the COVID-19 pandemic. Both the volume of orders and scope of sales are expected to expand.
Industrial Machinery & Environmental Systems		➢ In the Mechatronics business, while orders for this fiscal year are likely to increase partly due to carry-overs from the previous fiscal year, profit is expected to decrease due to an increase in labor expenses and other costs. In the last few years, the demand for vacuum drying systems, which has continued to expand in its performance in line with the growth of the EV market, is expected to mature. Note that the overseas sales ratio of the Mechatronics business is high. ➢ In the environment-related business, despite firm demand, orders are expected to decrease from the previous fiscal year, in which large-scale orders were obtained. With the progress of plant project works, sales will increase, but profit is expected to decrease due to increased costs.
Fluid		➢ In the domestic business related to public-sector demand, the area of heavy rain and flood prevention is expected to continue growing due in part to the promotion of measures to build national resilience. As for the domestic business related to private-sector demand, as interest in energy-saving products is high due to surging energy prices, demand is expected to increase for products targeting food, semiconductors, and other types of plants and factories. The overseas business is also expected to remain firm, especially in the Asian and North American markets. ➢ Judging from the status of orders for works and services in the previous fiscal year resulting from a shortage in engineers in charge of construction management and services and the order projection for this fiscal year, a decrease in both revenue and profit is expected because sales will be in a transitional period, and price competition will intensify in overseas markets.
Aircraft		➢ With regard to products for the Ministry of Defense, although production work for mainstay STOL Amphibians is likely to decrease, the production of components for other aircrafts is expected to increase and overall sales are expected to increase. ➢ Despite the significant impact of foreign exchange fluctuations on business results, the production volume of aircrafts for private-sector demand is also expected to increase from the previous fiscal year due to a recovery trend for the mainstay Boeing company.

Consolidated Financial Results Forecast for FY2024 by Segment (Year-on-year)

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(Billion yen)

Segment	Orders received			Net sales			Operating profit		
	FY2023 (actual)	FY2024 (forecast)	Change	FY2023 (actual)	FY2024 (forecast)	Change	FY2023 (actual)	FY2024 (forecast)	Change
Special Purpose Truck	106.7	105.0	-1.7	100.5	112.7	+12.1	2.3	4.2	+1.8
Parking Systems	54.3	62.0	+7.6	41.3	49.8	+8.4	2.7	3.0	+0.2
Industrial Machinery & Environmental Systems	52.6	40.8	-11.8	42.9	45.3	+2.3	3.3	3.0	-0.3
Fluid	26.3	25.5	-0.8	26.3	25.9	-0.4	4.1	3.8	-0.3
Aircraft	32.6	32.1	-0.5	31.9	34.7	+2.7	2.1	2.2	+0
Others	18.6	12.6	-6.0	13.9	16.6	+2.6	0.6	0.8	+0.1
Adjustments	–	–	–	–	–	–	-3.6	-4.0	-0.3
Total	291.3	278.0	-13.3	257.0	285.0	+27.9	11.7	13.0	+1.2

Supplementary Materials

Company Profile

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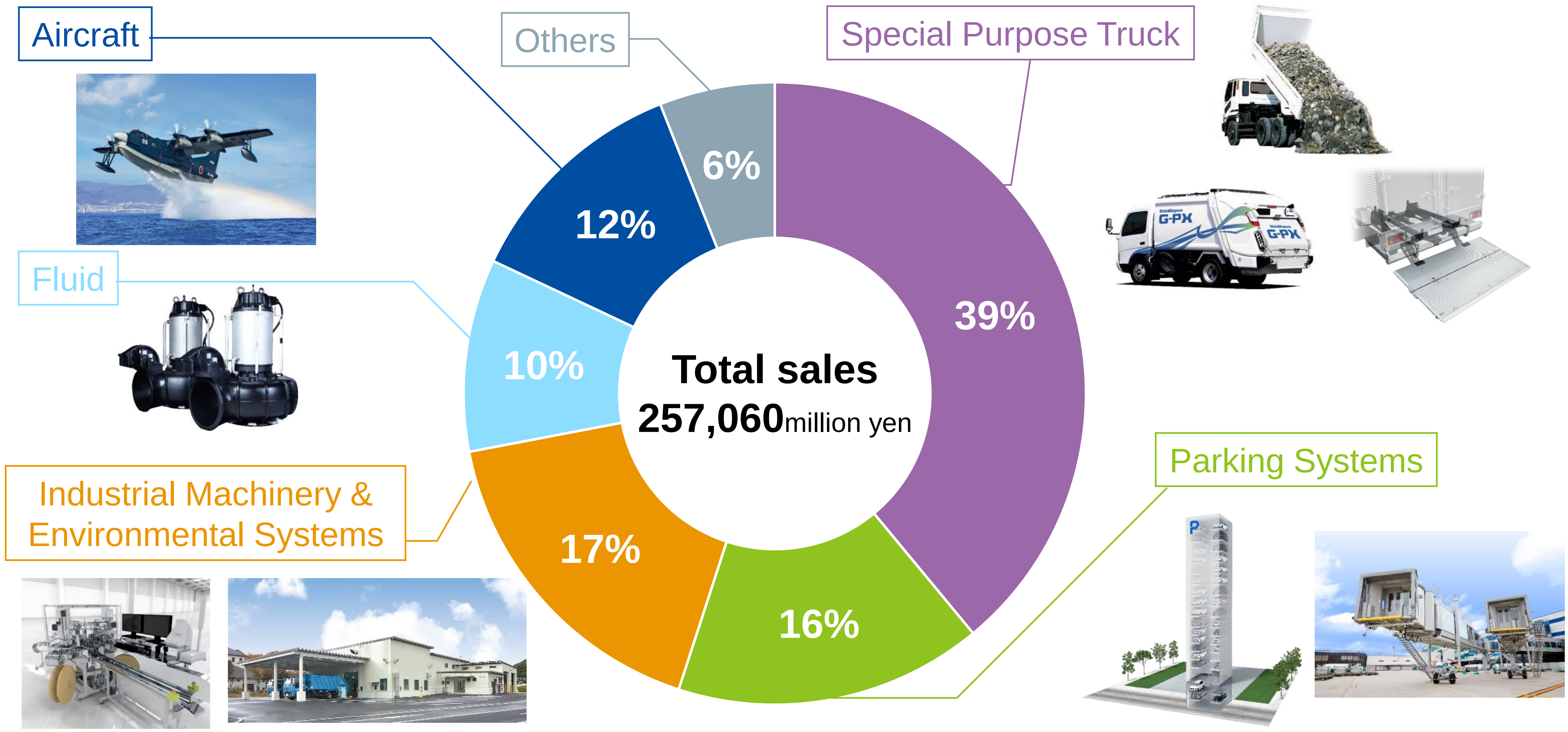
Corporate Name	ShinMaywa Industries, Ltd.
Head Office	1-1 Shinmeiwa-cho, Takarazuka, Hyogo 665-8550, Japan
Founded	November 5, 1949
Paid-up Capital	15,981,967,991 yen
President	Tatsuyuki Isogawa, President & CEO
Number of Employees	Consolidated 6,181 / Non-consolidated 3,163 (as of end of March, 2024)
Consolidated Subsidiaries	29

Distribution Ratios of Net Sales by Segment (FY2023)



Business Performance

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(Billion yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Orders received	203.9	210.0	209.7	230.5	237.9	221.8	199.3	263.1	267.1	291.3
Net sales	193.1	203.9	201.2	207.3	217.2	227.2	209.2	216.8	225.1	257.0
Operating profit	13.6	15.2	13.0	10.5	10.7	12.8	10.4	10.5	9.2	11.7
Operating profit ratio (%)	7.1	7.5	6.5	5.1	4.9	5.6	5.0	4.9	4.1	4.6
Ordinary profit	14.3	15.5	13.2	10.7	10.4	12.3	11.1	11.8	9.9	12.1
Profit attributable to owners of parent	9.1	10.2	8.9	7.0	6.9	7.3	5.4	6.9	7.3	7.2
Outstanding orders	118.7	124.5	132.7	156.1	177.3	171.9	161.6	210.3	255.8	291.4
Overseas sales	45.6	48.1	43.0	42.5	42.8	43.2	27.1	31.0	46.3	53.2
Interest-bearing debt	4.1	2.0	0.1	0	49.8	57.5	54.5	52.2	52.4	50.6
Equity	105.8	112.9	118.2	124.8	82.3	82.9	87.9	92.4	98.7	107.0
ROE(%)	9.1	9.4	7.7	5.8	6.8	8.9	6.4	7.7	7.6	7.1
ROIC*(%)	8.3	9.1	7.7	6.0	5.8	6.5	5.1	5.1	4.4	5.3

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

Business Performance by Segment ①

(Million yen)

Segment	Account	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Special Purpose Truck	Orders received	91,006	79,649	89,722	91,303	107,463	101,012	94,246	118,662	114,151	106,773
	Net sales	84,775	87,462	89,304	90,317	92,333	94,627	94,777	97,190	91,311	100,523
	Operating profit	6,929	6,748	8,348	6,313	6,544	6,802	6,707	5,354	707	2,313
	Operating profit ratio (%)	8.2	7.7	9.3	7.0	7.1	7.2	7.1	5.5	0.8	2.3
Parking Systems	Orders received	29,805	30,674	31,561	55,017	35,797	36,275	37,332	38,133	39,901	54,360
	Net sales	27,440	29,359	31,145	31,979	33,863	37,805	35,228	38,099	38,627	41,338
	Operating profit	1,330	1,814	1,850	1,780	2,343	3,223	3,228	3,066	2,686	2,765
	Operating profit ratio (%)	4.8	6.2	5.9	5.6	6.9	8.5	9.2	8.0	7.0	6.7
Industrial Machinery & Environmental Systems	Orders received	28,583	31,899	29,209	30,424	38,533	42,685	36,980	37,052	48,805	52,600
	Net sales	27,928	30,155	29,451	30,099	33,810	38,370	37,195	25,560	33,425	42,985
	Operating profit	1,878	1,985	2,219	2,468	2,474	2,748	2,989	1,724	2,923	3,359
	Operating profit ratio (%)	6.7	6.6	7.5	8.2	7.3	7.2	8.0	6.7	8.7	7.8

*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.
In connection with the realignment, the figures presented for FY2021 have been restated to conform to the current presentation.

Business Performance by Segment ②

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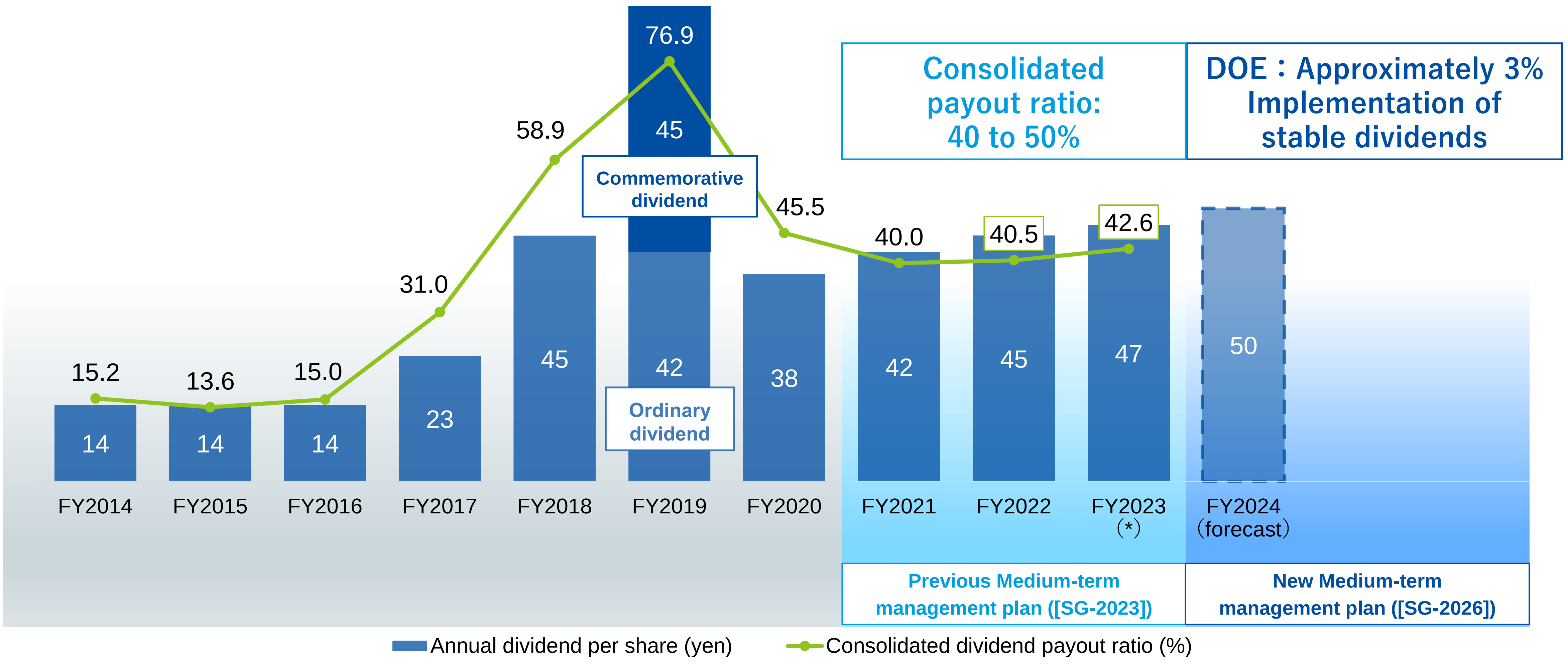
(Million yen)

Segment	Account	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Fluid	Orders received								22,130	25,165	26,344
	Net sales								20,787	24,485	26,330
	Operating profit								3,151	3,916	4,103
	Operating profit ratio (%)								15.2	16.0	15.6
Aircraft	Orders received	44,068	55,502	43,741	40,803	35,772	30,393	13,378	31,711	24,187	32,690
	Net sales	41,143	47,262	39,028	40,699	43,635	38,950	25,957	19,137	23,136	31,915
	Operating profit	5,263	6,546	2,000	1,368	649	1,551	-808	-875	1,397	2,187
	Operating profit ratio (%)	12.8	13.9	5.1	3.4	1.5	4.0	-3.1	-4.6	6.0	6.9
Others	Orders received	10,505	12,340	15,498	13,005	20,336	11,511	17,371	15,472	14,945	18,600
	Net sales	11,843	9,677	12,274	14,239	13,654	17,476	16,066	16,047	14,188	13,968
	Operating profit	439	796	960	1,049	1,037	1,193	1,445	955	739	667
	Operating profit ratio (%)	3.7	8.2	7.8	7.4	7.6	6.8	9.0	6.0	5.2	4.8

*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.
In connection with the realignment, the figures presented for FY2021 have been restated to conform to the current presentation.

Dividend per Share and Consolidated Dividend Payout Ratio



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

Capital Investments / Depreciation / Research and Development Expenses

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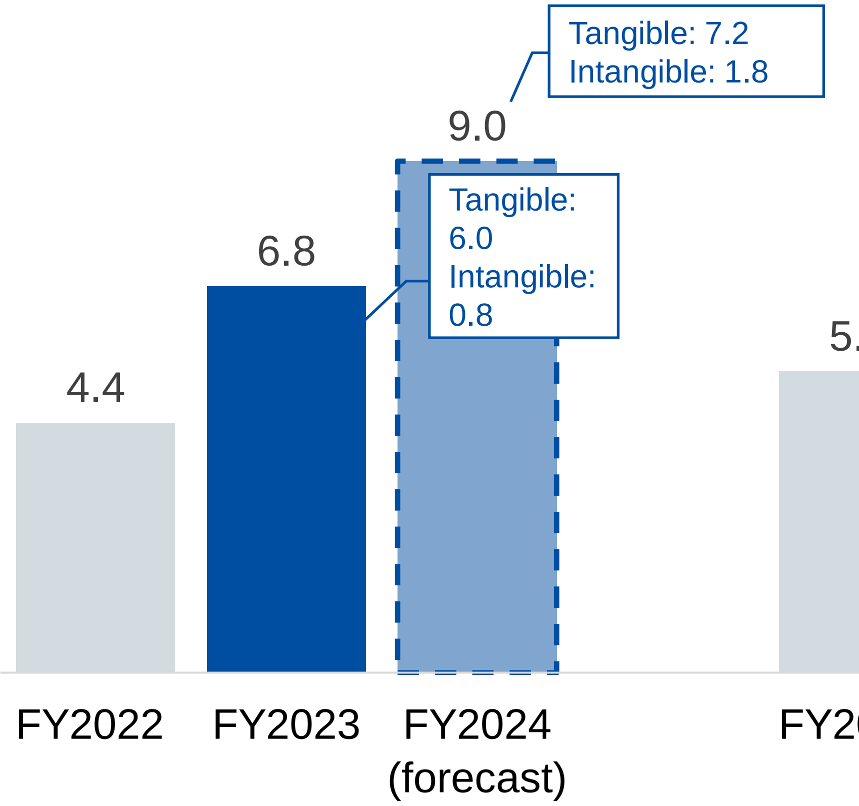
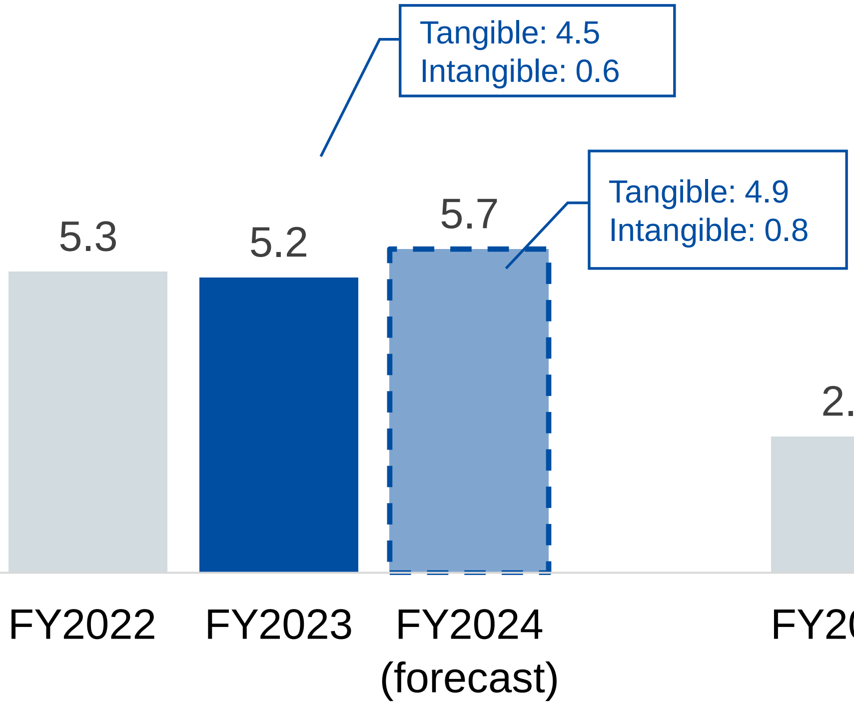
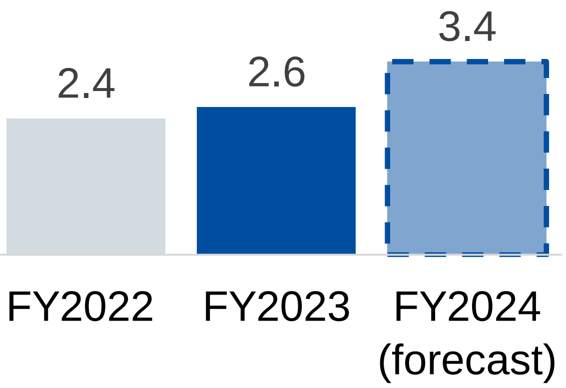
Capital investments (Billion yen)



Depreciation (Billion yen)



Research and development expenses (Billion yen)



Overseas Sales, by Segment

(Billion yen)

	Special Purpose Truck			Parking Systems			Industrial Machinery & Environmental Systems			Fluid			Aircraft			Others			Total		
	FY2022	FY2023	Change	FY2022	FY2023	Change	FY2022	FY2023	Change	FY2022	FY2023	Change	FY2022	FY2023	Change	FY2022	FY2023	Change	FY2022	FY2023	Change
Japan	85.7	95.8	+10.1	36.1	38.7	+2.6	12.4	18.5	+6.1	18.4	19.9	+1.5	11.8	16.7	+4.8	14.1	13.9	-0.2	178.7	203.8	+25.0
Asia	2.0	1.5	-0.5	2.5	2.5	+0	14.1	7.1	-7.0	4.3	4.5	+0.2	–	–	–	–	–	–	23.0	15.7	-7.2
North America	0	–	-0	–	–	–	1.5	15.9	+14.4	0.9	1.0	+0	10.2	14.2	+4.0	–	0	+0	12.7	31.3	+18.5
Others	3.5	3.1	-0.3	–	–	–	5.3	1.3	-3.9	0.7	0.7	+0	1.0	0.9	-0.1	–	–	–	10.6	6.1	-4.4
Total sales	91.3	100.5	+9.2	38.6	41.3	+2.7	33.4	42.9	+9.5	24.4	26.3	+1.8	23.1	31.9	+8.7	14.1	13.9	-0.2	225.1	257.0	+31.8
Ratio of overseas sales to total sales (%)	6.1	4.6	-1.5 pt	6.5	6.2	-0.3 pt	62.7	56.8	-5.9 pt	24.6	24.2	-0.4 pt	48.9	47.7	-1.2 pt	0	0	–	20.6	20.7	+0.1 pt

Analyst report by Shared Research Inc.

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Shared Research

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ShinMaywa has commissioned Shared Research, Inc. to prepare a research report covering all the necessary information for investment with the aim of providing investors with a deeper understanding of the ShinMaywa Group.

The research report is prepared neutrally and objectively from an investor's perspective, based on corporate analysis and information obtained through interviews with the ShinMaywa Group, and is updated as appropriate based on earnings announcements and press releases.

https://sharedresearch.jp/en/companies/7224

We hope this report helps foster an understanding of our business.

Disclaimer

This document may contain statements about the future or other information aside from historical facts regarding ShinMaywa Industries, Ltd. (hereinafter referred to as the “Company”) or its group companies (hereinafter referred to as the “Group”), such as outlooks, policies, management strategies, targets, plans and recognition or evaluation of facts (hereinafter referred to as “forward-looking information”). Furthermore, management of the Company may also remark on forward-looking information. Statements on forward-looking information are made entirely on the basis of projections of the Company as of the date of this document (or the date otherwise specified herein), based on information obtained by the Company. In addition, apart from historical facts, certain assumptions have been made when formulating outlooks, targets and so on. By their nature, there is no guarantee that these statements, or facts or assumptions, are objectively accurate, nor is there any guarantee that they will come to pass in the future as presented.

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

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