



ShinMaywa Industries, Ltd.

Presentation of Financial Results for FY2023 & New Medium-Term Management Plan

May 17, 2024

Event Summary

[Company Name]	ShinMaywa Industries, Ltd.	
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[Event Type]	Earnings Announcement	
[Event Name]	Presentation of Financial Results for FY2023 & New Medium-Term Management Plan	
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[Date]	May 17, 2024	
[Number of Pages]	40	
[Time]	10:30 – 11:30 (Total: 60 minutes, Presentation: 52 minutes, Q&A: 8 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	6	
	Tatsuyuki Isogawa	President and Chief Executive Officer
	Kanji Ishimaru	Director, Member of the Board, Deputy Chief Executive Officer
	Akira Nishioka	Director, Member of the Board, Senior Managing Executive Officer
	Toshiki Kume	Director, Member of the Board, Managing Executive Officer
	Takashi Kuniyama	Director, Member of the Board, Managing Executive Officer
	Koichiro Oda	Managing Executive Officer

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Presentation

Isogawa: I am Isogawa from ShinMaywa Industries, Ltd.

Thank you very much for taking time out of your busy schedule to join us today. I will now present our financial results for the fiscal year ended March 31, 2024 and our new medium-term management plan.

Point



- **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.**
- **A new three-year Medium-term management plan (fiscal 2024 to fiscal 2026) was announced today.
The new plan will be explained at an IR briefing to be held on May 17.
(The briefing material will be made available on the Company's website on May 14.)**

First, I will explain the financial results for the fiscal year ended March 31, 2024.

There are three key points for the fiscal year just ended. The first is that the Company's results for the fiscal year ended March 31, 2024 were almost in line with the full-year forecast announced in February of this year. Second, the Company raised its dividend forecast by JPY2 to JPY24.5 per share, taking into account its overall performance and financial position. And third, the Company's forecast for the fiscal year ending March 31, 2025 is expected to show an increase in both sales and profit.

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Summary of Consolidated Financial Results for FY2023

(Million yen)

Year-on-year change

	FY2022 (actual)	FY2023		Change (Rate of change)			
		Forecast	Actual	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				

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 an increase in tax expenses.

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

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I will now explain the details.

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 totaled JPY291.3 billion, up 9.1% from the previous year and a record high following the previous year.

Overall net sales increased 14.2% YoY to JPY257 billion, reaching a record high, as with orders received.

Operating income increased by 26.6% YoY to JPY11.7 billion due to the effect of increased sales. Ordinary income was JPY12.1 billion, a plus of 22.3%. Net income attributable to owners of the parent was JPY7.2 billion, about the same level as the previous year, due to a decrease in extraordinary income and an increase in tax expenses.

ROE decreased by 0.5 point to 7.1% due to an increase in shareholders' equity, while ROIC increased by 0.9 point to 5.3% due to an increase in operating income. Our assumed weighted average cost of capital, or WACC, is generally 5%.

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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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Orders, sales, and operating income by segment are as shown on page four.

The main reasons for the YoY changes in each segment will be explained later.

Consolidated Balance Sheets / Consolidated Statements of Cash Flows

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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%	

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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

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

The equity ratio declined from 43.5% at the end of the previous fiscal year to 41.1%. This is due to an increase in trade payables and contract liabilities against the backdrop of strong orders, while the amount of increase in debt exceeded the amount of increase in equity.

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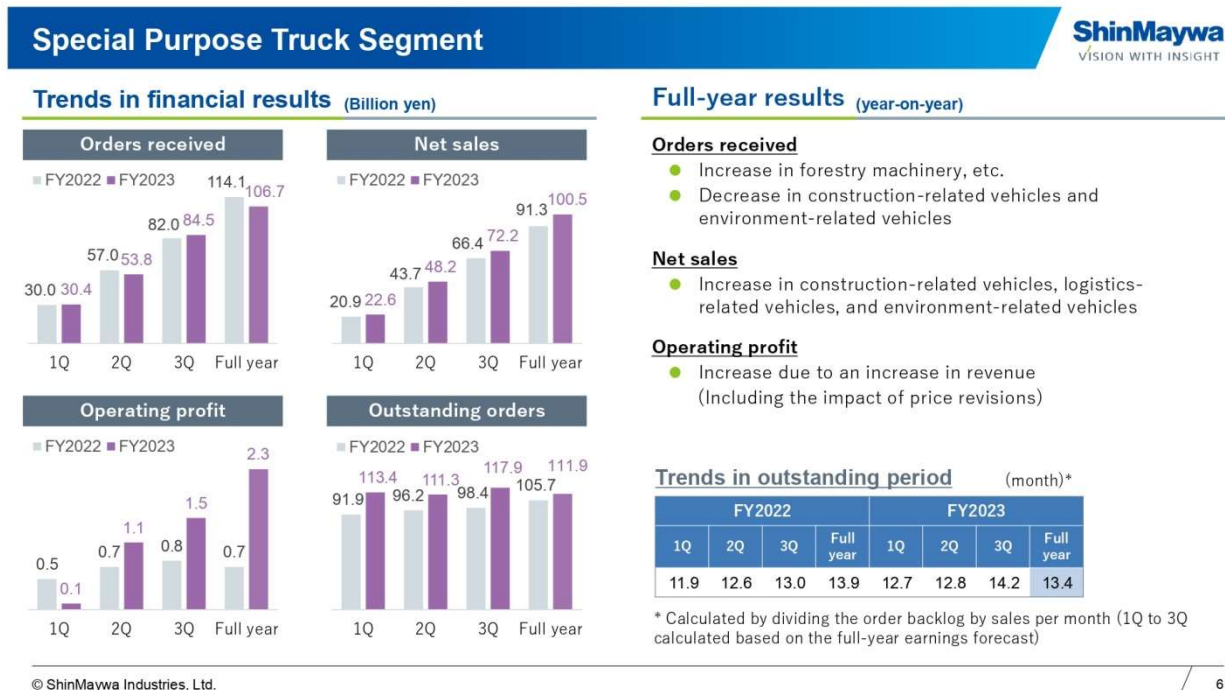
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However, we believe that an equity ratio of 40% or more is appropriate for our business structure, and our financial soundness is maintained.

Free cash flow, which is net cash provided by operating activities minus net cash used in investing activities, increased by JPY6.6 billion to JPY5.8 billion.



I will continue with an explanation of our performance for the fiscal year ended March 31, 2024, by segment, compared to the previous fiscal year.

First is the special purpose vehicle segment. Orders received remained at a high level of JPY106.7 billion despite an overall decrease. Sales increased in construction, logistics, and environment-related vehicles, mainly due to the easing of procurement delays for key components compared to the previous fiscal year.

Operating income increased significantly due to a recovery in production volume and the effect of the selling price revisions implemented from the beginning of the fiscal year ended March 31, 2023, which became fully apparent from the fiscal year ended March 31, 2024.

As of March 31, 2024, the Company had an order backlog in excess of 13 months.

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Parking Systems Segment

Trends in financial results (Billion yen)

Orders received



Net sales



Operating profit



Outstanding orders



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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.

Next is the parking system segment.

Orders received increased in mechanical parking equipment, with an increase in new installations of products. Overall, orders for air passenger boarding bridges also increased due to an increase in orders in the Southeast Asian market.

In mechanical parking equipment sales, sales in the service business, which had temporarily declined in the fiscal year ended March 31, 2023 due to a shortage of semiconductors, recovered. In air passenger boarding bridges, both domestic and international sales increased, resulting in an overall increase in sales.

Operating income increased overall due to an increase in income in mechanical parking facilities from the service business, the main earnings driver, despite a decrease in income from air passenger boarding bridges due to cost-price deterioration and other factors.

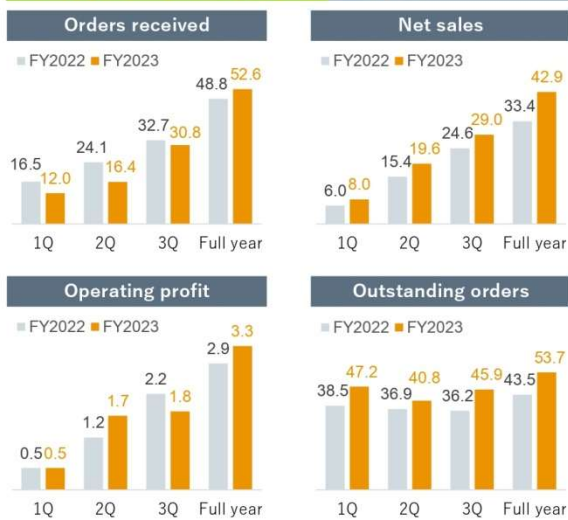
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Industrial Machinery & Environmental Systems Segment

Trends in financial results (Billion yen)



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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

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Next is the industrial machinery and environmental systems segment.

Regarding orders received, in mechatronics products, sales of KOREA VACUUM LIMITED, which manufactures and sells vacuum drying equipment for EV rechargeable batteries, decreased significantly from the previous fiscal year—when the company received large orders, due in part to a delay in the timing of orders to FY2024. However, the environment-related business saw a significant increase due to several orders for long-term outsourced operation of plant facilities, resulting in an overall increase for the segment.

Sales of mechatronics products increased due to the contribution of a large KOREA VACUUM project for which an order was received in the previous fiscal year. Meanwhile, sales in the environment-related business also increased on the back of strong orders, resulting in an overall increase in sales for the segment as a whole.

Overall operating income increased due to the effect of higher sales in the vacuum products and environment-related businesses, despite a decrease in operating income in mechatronics products due to higher operating costs.

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Fluid Segment

Trends in financial results (Billion yen)

Orders received



Net sales



Operating profit



Outstanding orders



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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

In the fluid segment, orders received increased as a result of measures to accelerate overseas expansion, including TurboMAX in Korea, which became a wholly owned subsidiary, and a production base in Thailand.

Sales in Japan increased in all segments, including equipment, system products, and services, reflecting a firm market environment, including increased demand in the flood countermeasure field due to the National Resilience Plan, etc. As a result, operating income increased on higher sales.

Aircraft Segment

Trends in financial results (Billion yen)

Orders received



Net sales



Operating profit



Outstanding orders



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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

Finally, the aircraft segment. Orders received increased both from the Ministry of Defense and from civilian customers, resulting in an overall increase.

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In terms of sales for the Ministry of Defense, manufacturing work for the US-2 amphibious rescue aircraft progressed. The civilian demand-related business benefited from an increase in the number of Boeing 777, 777X, and 787 aircraft produced, as well as from the depreciation of the yen, so overall sales increased.

Operating income also increased due to higher sales and the effect of yen depreciation.

Summary of Consolidated Financial Results Forecast for FY2024

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	(Million yen)		Year-on-year	
	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*		

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.

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

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I would now like to explain our consolidated earnings forecast for the fiscal year ending March 31, 2025.

Here is a table comparing the newly announced forecast for the fiscal year ending March 31, 2025 with the results for the fiscal year ended March 31, 2024.

Overall orders are expected to decrease by JPY13.3 billion to JPY278 billion, as all segments except parking systems will see a decrease.

Net sales are expected to increase in all segments except fluids, with overall sales rising JPY27.9 billion to JPY285 billion, a new record high following the fiscal year ended March 31, 2024.

While there are factors to reduce profits due to increased costs, profits are expected to increase due to the effect of increased sales, including the revision of selling prices.

The annual dividend per share is planned to be JPY50 per share, an increase of JPY3.

Regarding shareholder returns, we have adopted DOE and set the target level at around 3% in order to implement stable and continuous dividend increases in the future during the period of the new medium-term management plan starting from the fiscal year ending March 31, 2025.






The exchange rate for this forecast assumes an exchange rate of JPY140 to USD1. As for the sensitivity of the entire company to exchange rate fluctuations, a depreciation of JPY1 against USD is expected to have the effect of increasing operating income by JPY120 million.

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Segment	Forecast	Business environment Outlook for the FY2024 (year-on-year)
Special Purpose Truck		<ul style="list-style-type: none"> ➢ 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		<ul style="list-style-type: none"> ➢ 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		<ul style="list-style-type: none"> ➢ 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		<ul style="list-style-type: none"> ➢ 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		<ul style="list-style-type: none"> ➢ 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.

Here is a table showing the business environment for the Group's fiscal year ending March 31, 2025, by segment.

Sales of special purpose vehicles are expected to increase from the previous year, as the stagnation of production activities due to supply delays of key components is expected to improve in stages.

In terms of profit, although there are factors that increase costs, such as raw material costs, labor costs, and distribution costs, the effect of the second selling price revision, which has been implemented since the beginning of the previous fiscal year, is steadily being reflected in orders. This is expected to become a fully-fledged factor in profit growth this fiscal year.

In the parking system business, mechanical parking equipment is expected to see steady growth in both new product installation and service business.

In the previous fiscal year, a provision for loss on construction contracts was recorded due to cost increases caused by rising prices. In the current fiscal year, the Company will work to revise selling prices in response to cost increases.

As for air passenger boarding bridges, projects in the Southeast Asian region that had been postponed or suspended due to the COVID-19 pandemic have begun to move forward. Moreover, the market is expected to recover rapidly, with both orders and the scale of sales expected to increase.

For industrial machinery and environmental systems, we expect demand for vacuum drying equipment, which has been expanding its performance in tandem with the growth of the EV market over the past few years, to mature.

For the current fiscal year, orders are expected to increase due to the carry-over of projects that were scheduled to be booked in the previous fiscal year, but profits are expected to decrease due to higher personnel and other costs.

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In the environment-related business, although demand is strong, orders are expected to decline compared to the previous fiscal year, when several orders were received for long-term outsourced operation of plant facilities.

Sales are expected to increase in line with progress in construction of plant projects, but profits are expected to decrease due to higher costs.

Although the fluid segment is expected to be firm in both domestic public sector demand-related, domestic private sector demand-related, and overseas markets, we forecast lower sales and profits due to the following: the status of order backlogs for construction and service projects; the outlook for orders in the current fiscal year; and intensifying price competition in overseas markets.

In the aircraft segment, for the Ministry of Defense, a decrease in manufacturing work for the US-2 amphibian rescue aircraft is expected, but components for other airframes and other items are expected to increase, so overall an increase is expected.

Sales related to civilian demand are also expected to increase in line with the increase in the number of aircraft produced compared to the previous fiscal year, as the production of Boeing 787s is on a recovery track.

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

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The consolidated full-year forecasts for orders, sales, and operating income by segment for the fiscal year ending March 31, 2025, taking into account the business environment forecast just described, are as shown.

This was our explanation of the financial results for the fiscal year ended March 31, 2024.

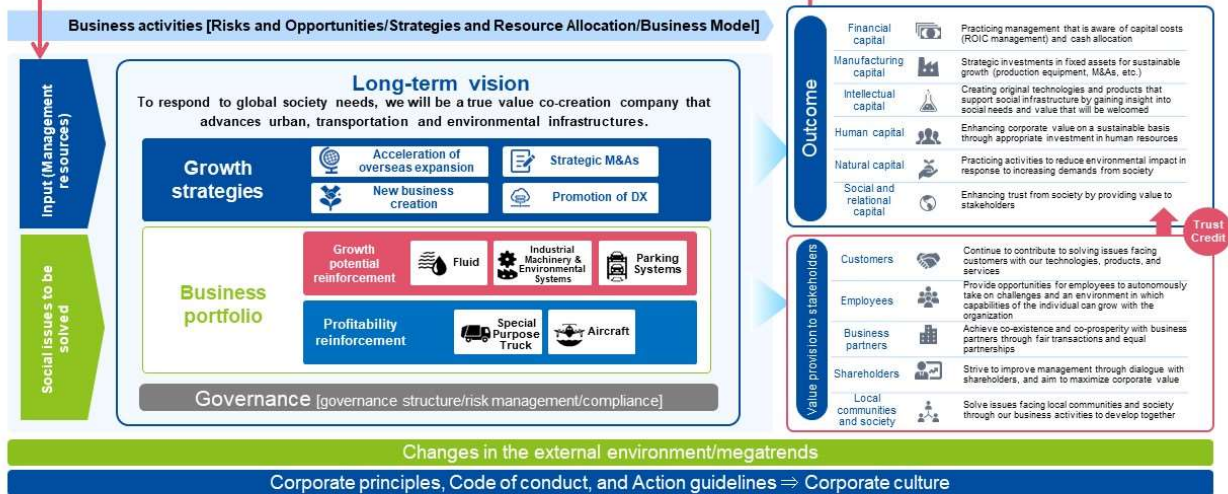
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Management philosophy ShinMaywa Group will contribute to the overall well-being of humanity, bringing unstinting innovation for a stable society and positive living environment.



I will continue by explaining our medium-term management plan, [SG-2026].

First, I would like to explain our long-term business plan and a review of the previous medium-term SG-2023. First, the management strategy of the long-term management plan [SG-Vision 2030], on which the medium-term management plan is based, is expressed as a value creation process. The reason for our existence and the purpose of our activities are shown in the upper part of our management philosophy.

And the principles of these management activities are the company creed, code of conduct, and action guidelines at the bottom. In light of this, we will continue to make improvements in areas that need to be reflected upon or that are lacking, and will work to instill these areas into our corporate culture until they become firmly established.

Business activities are shown in the middle of the figure.

With the long-term vision as our goal, we will work on four growth strategies: accelerating overseas expansion, strategic M&A, new business creation, and DX promotion, as well as business portfolio strategy and governance to execute these strategies.

Six capitals are shown as outcomes in the upper right corner of the screen.

We will work to expand outcomes by setting specific policies and tasks. We also categorize our stakeholders as customers, employees, business partners, shareholders, and local communities and society. By providing value appropriate to each of these categories, we will increase the trust and confidence gained from our stakeholders to expand our outcomes, increase the amount of management support that can be utilized, and use this as new input to achieve sustainable growth.

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[SG-Vision2030]

We aim to achieve the Long-Term Vision and each management indicator by dividing the 10 years of the Long-term management plan (from FY2021 to FY2030) into three phases and periods and formulating and promoting a medium-term management plan for each period.

Sustainable Growth with Vision 2030 [SG-Vision2030]



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Here is the promotion plan of [SG-Vision 2030] and the target values of management indices for the fiscal year ending March 31, 2031, which are the goals.

We have established a 10-year plan through the fiscal year ending March 31, 2031, with target levels of net sales of JPY400 billion or more, overseas sales of JPY100 billion or more, ROE of 12% or more, and ROIC of 10% or more.

We have divided this decade into three medium-term management plans: transformation, expansion, and leap forward. [SG-2026], which I will explain today, is our medium-term management plan of expansion-oriented Phase II.

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[SG-2023] Achievement Status towards Business Performance Targets (Fiscal Year 2021 to 2023)

Net sales and overseas sales targets under the Medium-term management plan [SG-2023] were achieved but operating profit, ROE, and ROIC plan targets were not achieved.

Management indicator	[SG-2023] (Target standard)	FY2021 (Results)	FY2022 (Results)	FY2023 (Results)
Net sales	250.0 billion yen	216.8 billion yen	225.1 billion yen	257.0 billion yen
Overseas sales	45.0 billion yen	31.0 billion yen	46.3 billion yen	53.2 billion yen
Operating profit	15.0 billion yen	10.5 billion yen	9.2 billion yen	11.7 billion yen
ROE (%)	10% or more	7.7%	7.6%	7.1%
ROIC (%)	7% or more	5.1%	4.4%	5.3%
Exchange rate (USD 1)	108 yen	111.9 yen	135.5 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

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/ 4

Here is a brief review of the previous medium-term plan, SG-2023.

The left-most column of the table shows the target values for SG-2023, and the right-most column shows the results.

Sales and overseas sales achieved their targets, but operating income, ROE, and ROIC fell short of their targets. In particular, ROE has been declining year after year, and we recognize that this is an issue that requires improvement.

The reasons for the underachievement of operating income are explained in the statement of changes in income.

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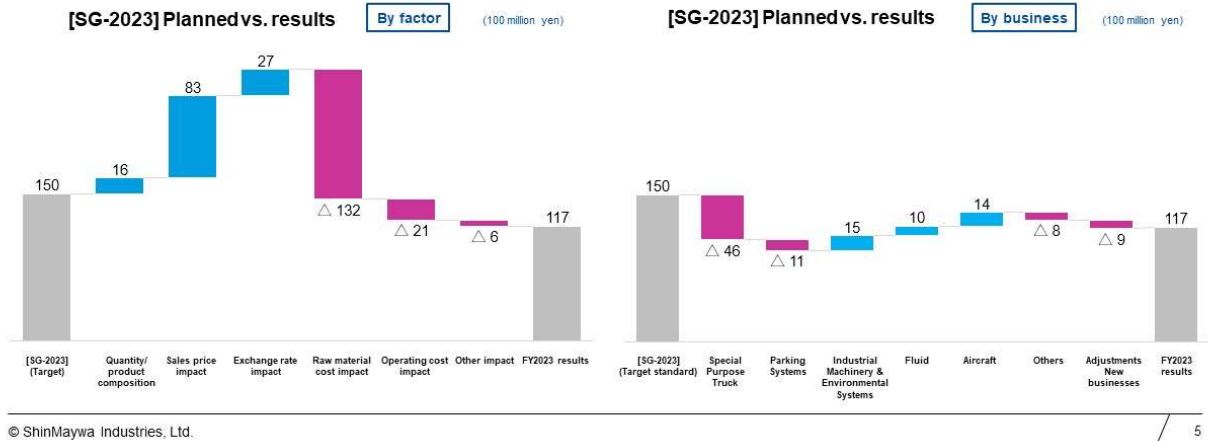
[SG-2023] Details of Profit Increases and Decreases (Planned vs. Results)

By factor

Failed to achieve the planned figure because of delayed impacts of sales price revisions (+8.3 billion yen) due to long delivery times as well as impacts of spikes in the raw material costs including the part cost (-13.2 billion yen) despite implementation of cost-cutting plan.

By business

The extended delivery brought the largest impact to the special purpose truck business, recording -4.6 billion yen. The industrial machinery and environmental systems business recorded +1.5 billion yen due to growth of the vacuum drying equipment of KOREA VACUUM LIMITED. The aircraft business grew by 1.4 billion yen because of the recovery of overseas products after the COVID-19 pandemic and yen depreciation.



The biggest factor was that raw material costs, including parts procurement costs, soared far beyond our initial expectations, far exceeding cost reductions, resulting in a negative of JPY13.2 billion versus the target.

Although price revisions were made, this was mainly due to a delay in parts procurement after the COVID-19 pandemic and a significant delay in the effects of price revisions becoming apparent.

By business segment, this factor was most significant in special purpose vehicles, which fell by JPY4.6 billion short of its target.

On the other hand, industrial machinery and environmental systems, fluid, and aircraft exceeded their targets.

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[SG-2023] (Fiscal Year 2021 to 2023) Summary and Performance by Segment

1. Summary and performance by segment (FY2023)

(Billion yen)

Segment	Summary of key measures	Sales		Operating profit	
		Target standard	Result	Target standard	Result
Special Purpose Truck	<ul style="list-style-type: none"> Although demand remained robust, there were long delivery times partly due to delays in procuring major parts. The ratio of revised price projects taken against spikes in raw material costs is increasing but is expected to be fully reflected in sales until the next fiscal year or later. Overseas sales grew due to high evaluation of components. Production system establishment and reinforcement were promoted. 	102.0	100.5	6.9	2.3
Parking Systems	<ul style="list-style-type: none"> Mechanical car parking systems: The service business remained robust. Sales of the product business decreased due to delayed or postponed construction. Aircraft passenger boarding bridge: Sales decreased because of postponements of airport construction plans mainly in Southeast Asia, resulting from the impact of the COVID-19 pandemic. In addition to the sales decrease, the operating profit target was not achieved due to spikes in the prices of steel and other material as well as transportation costs. 	47.0	41.3	3.8	2.7
Industrial Machinery & Environmental Systems	<ul style="list-style-type: none"> Mechatronics-related: Vacuum drying equipment net sales increased substantially against a background of increased EV-related demand. Although demand slowed down in the Chinese market, demand for automatic wire processors remained robust in North America and Asia, which led to profit. Environment-related business: Demand remained robust. Sales increased due to lump-sum contracting of new plant construction and its long-term operation. 	28.0	42.9	1.8	3.3
Fluid	<ul style="list-style-type: none"> Consolidated TurboMAX Co., Ltd as a subsidiary through M&A. Overseas sales of turbo blowers and other items expanded. The product lineup for North America was enriched and agent network was expanded. Production in Thailand was launched to reinforce sales in the Southeast Asia region. Acceptance of orders for torrential rain and flooding measures to address the national resilience plan, etc. were expanded. Sales of the sewage facility service domain increased. 	24.0	26.3	3.1	4.1
Aircraft	<ul style="list-style-type: none"> Private demand-related: Passenger demand and other demand temporarily and drastically decreased due to COVID-19. Demand is recently on the recovery trend, with an increase in the number of aircraft produced. Yen depreciation dramatically improved profit. For the Ministry of Defense: The operation ratio and net sales improved due to the acceptance of orders for STOL Search and Rescue Amphibians. 	30.0	31.9	0.7	2.1

* The Industrial Machinery & Environmental Systems and Fluid segments were separated into two segments from FY2022.

Here is the segment summary table for SG-2023.

In the special purpose vehicle business, demand remained strong, and sales were almost at the target level, but operating income fell far short of the target due to the significant impact of soaring parts and raw material costs. The largest volume factor in the significant underperformance of parking system sales was the delay in sales of orders for air passenger boarding bridges due to the COVID-19 pandemic. Operating income also fell short due to soaring raw material costs.

In the industrial machinery and environmental systems segment, sales and operating income both significantly exceeded the plan due to firm sales of vacuum drying equipment from KOREA VACUUM, backed by the spread of EVs.

Fluid sales grew overseas, and operating income significantly exceeded the target, mainly due to the addition of TurboMAX to the Group and sales expansion in North America.

In aircraft, both sales and operating income targets were achieved due to a recovery in the number of aircraft produced by The Boeing Company and the impact of the yen's depreciation.

This was a review of the previous medium-term plan, SG-2023.

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Setting FY2024 to FY2026 as Phase 2 [Expansion] towards the realization of the Long-Term Vision, we will endeavor to work on under the following six basic policies.

<p>Basic policy</p> <p>SG-2026</p>	<p>1 Realization of sustained growth</p> <p>A) Acceleration of overseas expansion: Strengthening of expansion in Southeast Asia, Oceania, and North America B) Strategic M&As: Active utilization of M&As, aiming to expand overseas and create new businesses C) Promotion of DX: Value creation and new business model development by utilizing data D) New business creation: New business creation through generating synergies among businesses and value creation with external parties</p>
	<p>2 Business portfolio management</p> <p>A) Classify the five businesses based on ROIC into a growth potential reinforcement business or profitability reinforcement business to manage the business portfolio B) Investments and new business creation based on the portfolio classification to follow the [SG-Vision2030]</p>
	<p>3 Penetration and promotion of ROIC management</p> <p>A) ROIC reverse tree implementation: Throughput increases, operating cost decreases, and substantial productivity improvements with all departments and group companies B) Cash allocation: ROIC improvement through the investment strategy based on the business portfolio strategy and fund procurement in light of financial soundness</p>
	<p>4 Human capital reinforcement</p> <p>A) Recruitment and development of human resources based on the growth strategies: Digital literacy education, global human resource education, recruitment of highly professional human resources, and strategic human resource portfolio B) Improvement of employee engagement: D&I promotion, career path formulation support for employees, and female leader development</p>
	<p>5 Contribution to the environment and society through products and services</p> <p>A) Environment: Deployment of GHG emissions calculation for Scopes 1 and 2 and introduction of Scope 3 to group companies. Consideration of an environmental product certificate system B) Society: Improvement of corporate value through expansion of values provided to stakeholders</p>
	<p>6 Strengthening of risk management and compliance</p> <p>A) Risk management: Monitoring of business risks arising from climate change and human rights issues and implementation of CSR, BCM/BCP measures, reinforcement of information security measures, etc. B) Compliance: Compliance education, continuous implementation of the compliance awareness survey, reinforced utilization of internal whistleblower hotlines</p>

Next, I would like to explain the new medium-term plan.

[SG-2026] sets forth six basic policies.

One is achieving sustainable growth. All four of its growth strategies are set forth in [SG-Vision 2030], and we will continue from the previous medium-term plan and accelerate our efforts to achieve business growth.

The second is business portfolio management. The current five business segments will be divided into two categories: growth-enhancing businesses and profit-enhancing businesses, and business and investment strategies appropriate for each will be pursued.

The third is to promote ROIC management and business process reform. ROIC management will be spread throughout the entire company, including group companies, through throughput expansion, operating cost reduction, business process reform, and productivity innovation. We also strive to maintain financial soundness through cash allocation management.

The fourth is to strengthen human capital. In line with our growth strategies, we will promote the development and acquisition of highly specialized human resources through education for digital literacy and global human resources. We will also strive to improve employee engagement by promoting D&I.

Fifth is our contribution to the environment and society through our products and services.

Sixth is strengthening risk management and compliance.

Through these six initiatives, we aim to increase corporate value and achieve our management indexes.

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	[Overseas]	[In Japan]
Demographics	<p>Shift of regions experiencing economic growth along with population increases</p> <p>Concentration of development investments centered around Southeast Asia and Global South, which enjoy population bonuses, inviting expectations for further growth.</p> <p>Issues including labor shortages are worsening in Europe, the U.S., and China due to the decreasing working-age populations.</p> <p>Key to sustainable growth is re-skilling, human resource development, and acquisition of highly professional human resources.</p>	<p>Urgent need to address issues that accompany the decreasing domestic population/working-age population</p> <p>Increasing social security costs.</p> <p>Issues include the upcoming amendment to the Labor Standards Act in 2024, and continuous provision of local public services.</p> <p>Securing labor of women, the elderly, and foreign nationals is indispensable.</p> <p>DX initiatives accelerated to invest in manpower-saving as well as to improve productivity.</p>
GX Sustainable society	<p>Rise and friction of initiatives towards the realization of a sustainable society</p> <p>Rules towards the realization of 2050 Carbon Neutrality and a sustainable society are being developed in regions, mainly in Europe. (EU Green Deal, SFDR, etc.)</p> <p>Skeptical views are also expanding because of the ESG washing issue and the effectiveness/lack of transparency of ESG assessments, among other reasons.</p>	<p>Solutions to the issues by pursuing global trends and with ideas unique to Japan</p> <p>Follow developed countries' trends by endorsing and participating in international frameworks such as TCFD and CDP.</p> <p>Increasing the number of companies striving to acquire global competitiveness utilizing GX technologies, such as renewable energy, green hydrogen, fuel cells, EVs, urban mines, nuclear fusion, biorefinery, green methane, etc.</p>
Inflation	<p>Estimated global economy growth: 3.1% in 2024 and 3.2% in 2025</p> <p>World inflation: 5.8% in 2024 to 4.4% in 2025, on a decreasing trend</p>	<p>Core CPI year-on-year growth: -0.26% in 2021, 2.51% in 2022, 3.25% in 2023, 2.6% in 2024, and 2.05% in 2025</p> <p>The inflation rate turned positive in 2022, although, it has been decreasing since 2024.</p>

As trends in the external environment, the first is the impact of demographic changes on the market and management, the second is the global trend toward green transformation, and the third is the shift in paradigms as inflation becomes the norm.

Regarding overseas demographics, social infrastructure is advancing rapidly in the Global South along with population growth. In developed countries, on the other hand, the working-age population is declining, and efficient products and services are required, which will further accelerate digitization.

Each of these situations represents a great business opportunity for us, and we will actively work to develop social infrastructure and solve problems by providing products and services suited to each region from a global perspective.

On the other hand, in Japan, with the future population decline in mind, we will strengthen human capital investment and work to innovate our business model and productivity by developing the skills of our employees.

The Company will also seek to improve employee engagement through the promotion of D&I and career development support.

In terms of green transformation and environmental responsiveness, we are committed to environmental considerations such as resource recycling and CO2 emission reduction throughout the entire life cycle of our products, including the supply chain.

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[SG-2026] Key Management Indices

Management indicator	FY2023 (Results)	[SG-2026] (Target standard)
Net sales	257.0 billion yen	320.0 billion yen
Overseas sales	53.2 billion yen	80.0 billion yen
Operating profit	11.7 billion yen	18.0 billion yen
ROE (%)	7.1%	10% or more
ROIC (%)	5.3%	7% or more
Exchange rate (USD 1)	144.8 yen	140 yen (set value)

Here are the management indicators and targets for [SG-2026].

Net sales will be JPY320 billion, of which JPY80 billion will be from overseas sales, operating income will be JPY18 billion, ROE will be at least 10%, and ROIC will be at least 7%.

We will again challenge and achieve the ROE and ROIC targets set in the previous medium-term plan, [SG-2023].

[SG-2026] Key Management Indices (by Segment)

(Billion yen)

Segment	Net sales			Operating profit		
	FY2023 (Results)	[SG-2026] (Target standard)	Growth rate(%)	FY2023 (Results)	[SG-2026] (Target standard)	Growth rate(%)
Special Purpose Truck	100.5	132.2	132%	2.3	7.3	315%
Parking Systems	41.3	58.1	141%	2.7	4.5	162%
Industrial Machinery & Environmental Systems	42.9	43.5	101%	3.3	3.4	101%
Fluid	26.3	28.0	106%	4.1	4.5	109%
Aircraft	31.9	38.9	122%	2.1	2.7	123%
Others	13.9	18.3	131%	0.6	1.0	149%
New businesses		1.0	-	-0.5	-1.8	-
Adjustments	-	-	-	-3.1	-3.6	-
Total	257.0	320.0	124%	11.7	18.0	152%

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This shows management indicators by segment, please see page 11.

Both net sales and operating income are shown for the fiscal year ended March 31, 2024, as well as the target figures for [SG-2026]. In terms of sales, from the top of growth rates, parking systems is 141%, special purpose vehicles is 132%, and aircraft is 122% compared to the fiscal year ended March 2024.

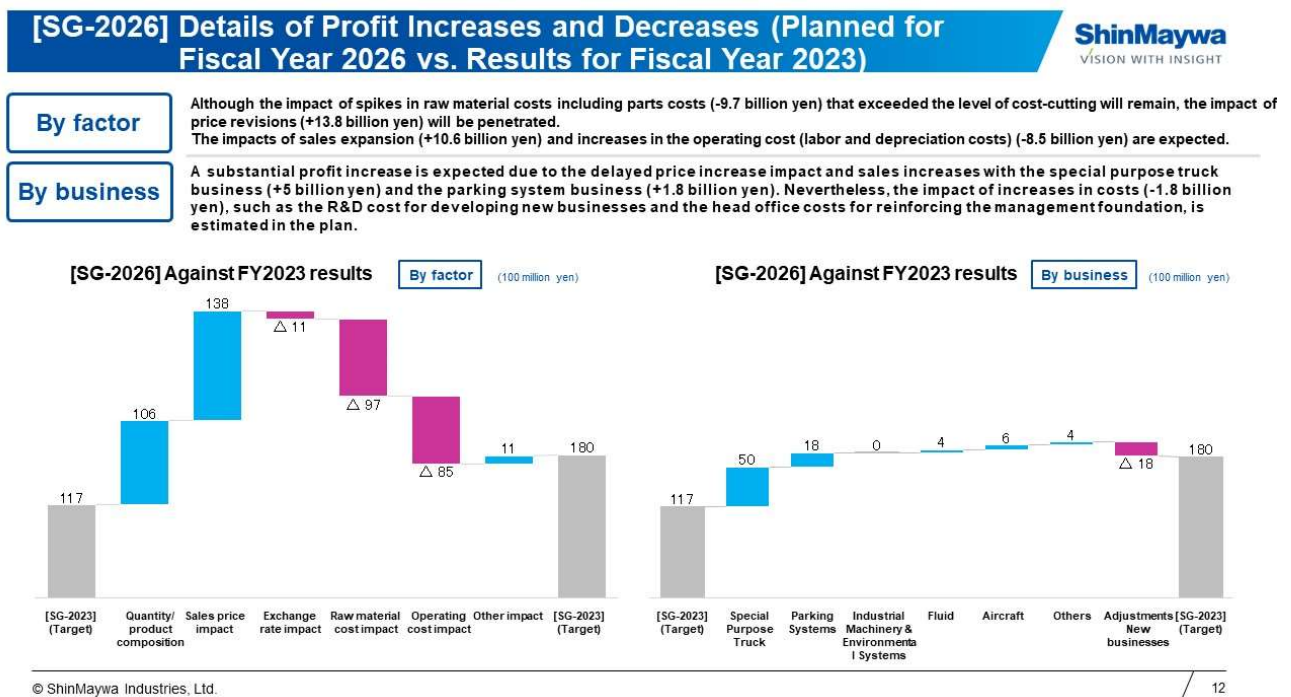
In parking systems, sales are expected to grow due to a significant increase in orders for airport construction.

Special purpose vehicles are also expected to grow significantly, as we currently have more than a year's worth of orders backlog and also due to a recovery in the arrival of chassis.

In terms of aircraft, Boeing's production numbers will increase, and civilian demand is expected to recover.

On the other hand, demand for fluid and industrial machinery and environmental systems is unlikely to remain as high as it was during the previous medium-term management plan period, and we expect a slight increase.

Double-digit growth in operating income is expected for special purpose vehicles, parking systems, and aircraft, with a particularly large increase in special purpose vehicles, where the effects of price revisions will become apparent.



Next page, please. The chart here shows the details of profit changes between the FY2024 achievements and the SD-2026 targets.

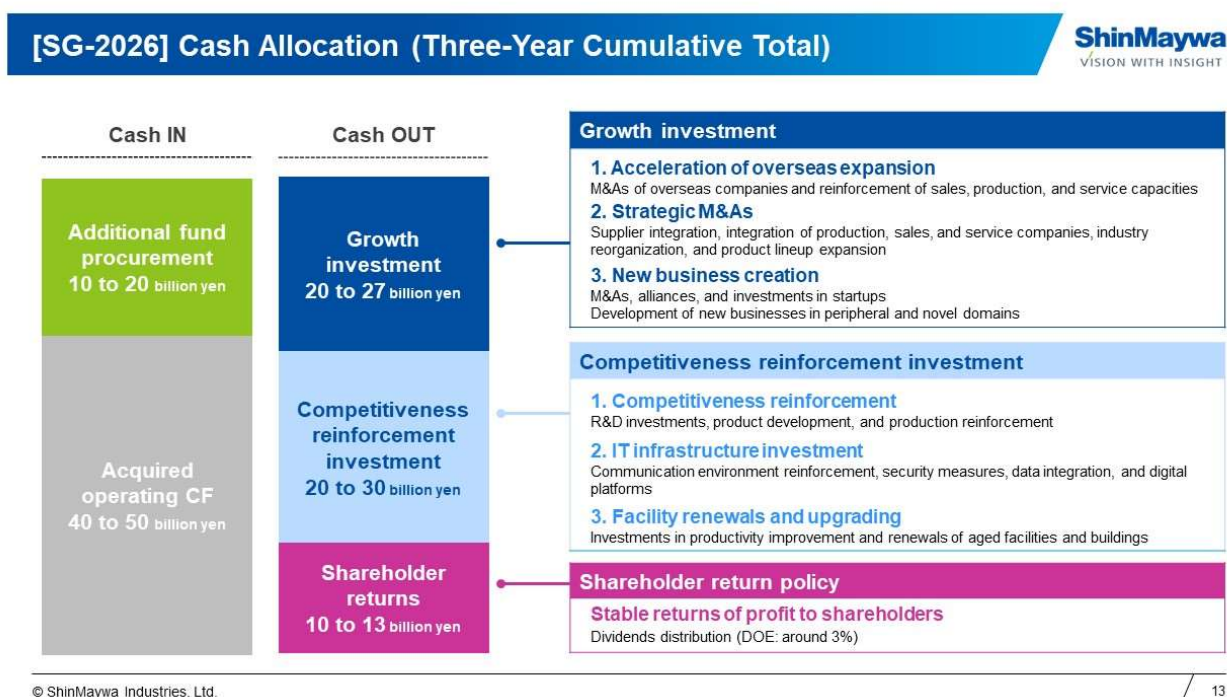
Although the cost of raw materials will continue to rise due to ongoing inflation, we aim to achieve our goals by focusing on realizing the effects of price revisions that exceed those effects and on increasing profits through sales expansion, as well as on keeping operating expenses as low as possible through productivity improvements.

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By segment, we plan to increase by JPY5 billion in special purpose vehicles and by JPY1.8 billion in parking systems, which did not achieve profits in the previous medium-term plan.



Next is [SG-2026], the three-year cash allocation.

Earned operating cash flow is JPY40 to JPY50 billion. We plan to raise between JPY10 billion and JPY20 billion through debt financing. Cash inflows will total JPY50 to JPY70 billion.

Within this range, cash outflows will be allocated to investment in growth, investment in competitiveness, and shareholder returns. In terms of growth investment, we plan to invest JPY20 to JPY27 billion in R&D related to accelerated overseas expansion, strategic M&A, and new business development. In addition, investments to strengthen competitiveness will range from JPY20 to JPY30 billion for R&D to enhance competitiveness, IT infrastructure investment, and enhancement of facility renewal, including measures to respond to increased production, improve productivity, and address aging facilities.

We will make focused investments commensurate with the objectives of each of the two businesses: businesses to strengthen growth potential and businesses to strengthen profitability.

We plan to return between JPY10 billion and JPY13 billion to shareholders, with an eye on a DOE of 3%.

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Aiming to leap from FY2027 towards the [SG-Vision 2030] goal

We will classify the five businesses based on ROIC into a growth potential reinforcement business or profitability reinforcement business to promote investment strategies as well as create new businesses through the synergy of the five businesses and value co-creation with external parties.



I will now explain the business portfolio strategy.

To achieve [SG-Vision 2030], we have classified the five businesses and the current level of ROIC based on the following criteria.

We will strengthen our growth potential while maintaining high profitability by aggressively investing in growth in fluids, industrial machinery and environmental systems, and parking systems, all of which have relatively high ROIC, as businesses with enhanced growth potential.

On the other hand, special purpose vehicles and aircraft will be designated as profit-enhancing businesses, and we will focus on improving profitability, productivity, and capital efficiency to increase operating income and operating margin.

We will also seek to optimize our business portfolio by creating business synergies among the five businesses and accelerating the development of new operations and new businesses through value co-creation with external parties.

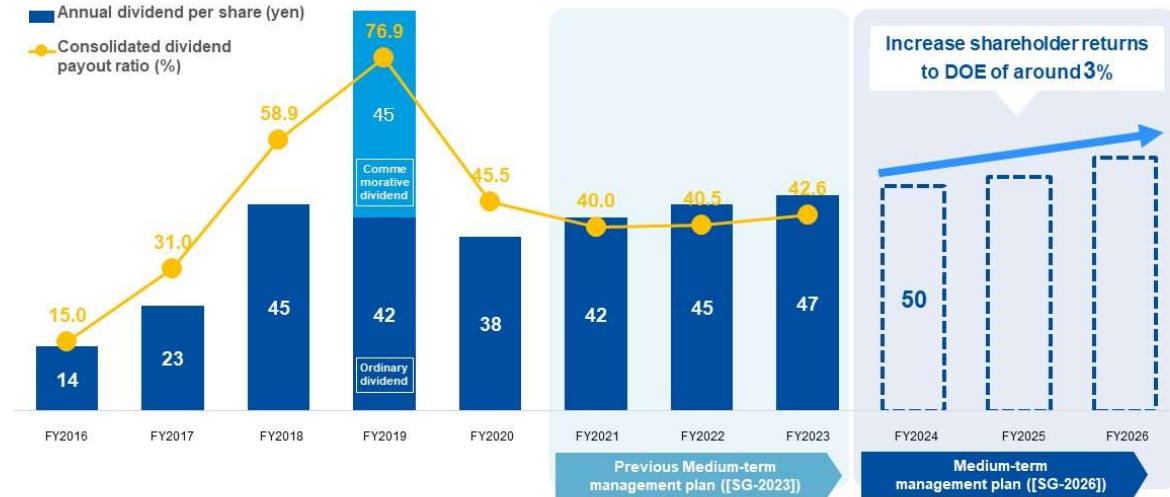
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Shareholder Return Policy

Starting from [SG-2026], we will strive to stably and continuously increase dividends to DOE of around 3%.



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As explained earlier regarding shareholder returns, starting with [SG-2026], we have changed the indicator to DOE in order to ensure stable and continuous dividend increases. The Company intends to pay a dividend of around 3% DOE for the next three years.

In addition, we will achieve our operating income, ROE, ROIC, and other targets, and aim to obtain an appropriate evaluation from the stock market, in other words, to raise the level of our stock price, so that we can achieve a P/B ratio of over 1x as soon as possible.

Overseas Business Review [SG-2023, SG-2026, and SG-Vision 2030] and Future Goals

[SG-2023] Review

- FY2023 overseas sales recorded 53.2 billion yen, achieving the planned target.
- Reinforced overseas business foundations with the expansion of the vacuum drying equipment business of KOREA VACUUM LIMITED consolidation of TurboMAX Co., Ltd., and development of production infrastructure in Thailand.
- Gradually expanded overseas sales routes through sales expansion and other efforts in Southeast Asian nations and North America and increased made-in-Japan product export.

[SG-2026] Initiatives

- Actively promote M&As of overseas companies.
- Continuously reinforce production and sales foundations centering around KOREA VACUUM LIMITED, TurboMAX, and Thai ShinMaywa.
- Continuously reinforce sales channels in markets in Southeast Asia, Oceania, and North America.
- Develop markets in India and Europe.

(Billion yen)

- Total
- Aircraft
- Fluid
- Industrial Machinery & Environmental Systems
- Parking Systems
- Special Purpose Truck



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Next, I will explain our overseas business.

First, during the period of the previous medium-term plan, [SG-2023], KOREA VACUUM LIMITED in the industrial machinery and environmental systems segment significantly expanded its sales of vacuum drying equipment, riding the trend of EV popularization. In addition, as a new M&A, we added TurboMAX, Inc. to our fluid segment.

At Thai ShinMaywa Co., Ltd., our overseas production base for special purpose vehicles and fluids, we have steadily expanded overseas and increased the scale of sales through the development of production infrastructure and the establishment of sales bases in Southeast Asia, Oceania, and North America.

In [SG-2026], we will further expand M&A and business areas, aiming for overseas sales of JPY80 billion.

Business Strategies: Special Purpose Truck Business
Profitability reinforcement
ShinMaywa
VISION WITH INSIGHT

<div style="background-color: #e6f2ff; padding: 5px; margin-bottom: 10px;">Business Policies</div> <ol style="list-style-type: none"> I. Expand profitability through increased production capacity and higher value-added offerings II. Strengthen international operations to expand business scale III. Leverage high market share to boost profitability in stock business <div style="background-color: #e6f2ff; padding: 5px; margin-bottom: 10px;">Market Environment</div> <ul style="list-style-type: none"> ■ Truck Market: Demand expected to return to pre-COVID-19 pandemic levels after fiscal year 2025 ■ Trailer Market: No significant surge in demand anticipated despite increasing number of licensed drivers; expecting a stable market ■ Forestry Machinery Market: Increased domestic wood usage promoted through robust government policies ■ Construction Machinery Market: Chinese market showing signs of recovery after hitting a low in fiscal year 2023 Increased demand in the European market, though prolonged transport lead times due to avoidance of Red Sea are a concern 	<div style="background-color: #e6f2ff; padding: 5px; margin-bottom: 10px;">Business Strategies</div> <div style="background-color: #0056b3; color: white; padding: 2px 5px; margin-bottom: 5px;">Technology Strategy</div> <ul style="list-style-type: none"> ■ Acquired manufacturing technologies for reducers, gear pumps, and so on, advancing intelligent systems in component devices and creating new added value ■ Collaborated with the Aircraft segment to enhance defense capabilities ■ Implemented labor-saving through digital twins in the forestry industry. Developed additional remote-control technologies ■ Regarding EV adaptation, achieved industry-first development of special purpose trucks. Plan to further expand SSC* to uncover new added value ■ *ShinMaywa Smart Connect <div style="background-color: #0056b3; color: white; padding: 2px 5px; margin-bottom: 5px;">Product Strategy</div> <ul style="list-style-type: none"> ■ Enhanced penetration of utility-oriented business (G-SUB) has led to an increase in inquiries. Additionally, repeat business indicates growing recognition of G-SUB's value. In response, we are expanding the number of units and offering industry-specific menus to further enhance the service-based business for special purpose trucks <div style="background-color: #0056b3; color: white; padding: 2px 5px; margin-bottom: 5px;">Overseas Strategy</div> <ul style="list-style-type: none"> ■ Enhanced and expanded Thai ShinMaywa, improving production capacity. Leveraged increased supply capabilities to strengthen overseas expansion ■ Expanded sales of component products <div style="background-color: #0056b3; color: white; padding: 2px 5px; margin-bottom: 5px;">Service Strategy</div> <ul style="list-style-type: none"> ■ Ongoing increase in maintenance contracts. Moreover, SSC expansion enables better real-time monitoring of installation conditions, allowing provision of greater safety and security than ever before ■ Pursued efficiency in parts transportation in the wake of Integrated Parts Center becoming fully operational
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Here are the main business strategies for each segment in [SG-2026].

First is the special purpose vehicle business.

The special purpose vehicle business is positioned as a business to enhance profitability, with the following three business policies: first, increase profitability by increasing production capacity and adding higher value; second, expand business scale by strengthening overseas business; and third, expand profitability of recurring-revenue businesses with a high market share.

We expect market conditions to return to pre-COVID-19 pandemic levels in FY2025, and demand to remain stable thereafter. In this context, at the top right, our business strategy is to make reduction gears, gear pumps, and other elemental equipment more intelligent; strengthen our defense business through cooperation with the aircraft business; strengthen EV support; expand overseas through Thai ShinMaywa expansion; and expand the G-SUB menu, which is a subscription service, to strengthen our earning power.

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Service-Based Business G-SUB	BEV, FCEV Adaptation
<ul style="list-style-type: none"> ■ As a leading manufacturer of refuse compactors and detachable container systems, we propose smart functions and usages based on extensive data ■ We offer services through an industry-first subscription model. We provide full support for shifting operations to the cloud in these rapidly changing times ■ Our service offerings encompass everything from after-sales to taxes and insurance. Customers can not only always use work vehicles with the latest features in optimal condition for a fixed monthly fee, but are also guaranteed trade-ins by our company ■ Setting short renewal periods ensures the use of the latest and best-condition vehicles, contributing to worker retention ■ ShinMaywa Smart Connect (SSC) allows for implementation of preventive maintenance, leading to efficient services ■ Quick delivery enhances support for user businesses ■ Systematic acquisition of used vehicles contributes to the expansion of the used vehicle business 	<ul style="list-style-type: none"> ■ Leading the industry in adaptation for electric vehicles to achieve carbon neutrality ■ Offering a diverse chassis and power system range, with a variety of products supporting electrification <ul style="list-style-type: none"> • 3-ton FCEV Rotary Blade Type Refuse Compactor "G-RX" • 2- to 3-ton BEV Emission Board Type Refuse Compactors "G-PX/G-RX" • 2- to 4-ton BEV Rear Dump Body and Tipping Gear • 3-ton BEV Detachable Container System "Arm Roll" • 1-ton BEV Tail Lift "Vertical Gate" • Compact BEV Rear Dump Body and Tipping Gear
<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Refuse compactor</p>  </div> <div style="text-align: center;"> <p>Detachable container system</p>  </div> </div>	<div style="display: grid; grid-template-columns: repeat(3, 1fr); gap: 10px;"> <div style="text-align: center;"> <p>3-ton FCEV G-RX</p>  </div> <div style="text-align: center;"> <p>3-ton BEV Arm Roll</p>  </div> <div style="text-align: center;"> <p>2-ton BEV G-PX</p>  </div> <div style="text-align: center;"> <p>Compact BEV Rear Dump Body and Tipping Gear</p>  </div> <div style="text-align: center;"> <p>3-ton BEV Rear Dump Body and Tipping Gear</p>  </div> </div>

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The photos show the strategic themes to be focused on in [SG-2026]. The left side shows the expansion of the G-SUB menu, and the right side shows the expansion of the special purpose vehicle models that are compatible with battery EV and fuel cell vehicle chassis.

Business Policies

- I. **Parking facilities: Strengthening product competitiveness and profitability through price rationalization**
- II. **Airport facilities: Establishing base and expanding operations in the rapidly growing Asian market**
- III. **Actively promoting DX and alliances towards creating new businesses**

Market Environment

- Robust construction market supports a steady market for parking facility products
- Airport facilities market, particularly in Asia, is expected to double due to surging passenger numbers
- Diverse needs such as CASE, DX, and ZEB are expanding business opportunities
- Increased demands for automation and unmanned operation for improved efficiency of airport management
- Expanding maintenance market for logistics and infrastructure facilities

Business Strategies

Parking Facility Business Strategies

1. Promoting CASE via "Spasa": Making things more convenient and comfortable
 - Connected: Smarter integration with users, vehicles, and apartment apps
 - Autonomous: Fully automated operation of parking facilities
 - Shared: Shared charging facilities through sharing functions
 - Electric: Providing large-scale EV charging and charging services
2. Actively addressing ZEB to contribute to achieving a carbon-neutral society
3. Expanding business in domestic and Southeast Asia markets through promotion of alliances

Airport Facility Business Strategies

1. Providing products and services that satisfy customer needs
 - Promoting sales of new world-first unmanned, autonomous driving products
 - Developing products that achieve unmanned, autonomous driving through remote control
 - Developing new service technologies for remote monitoring and automated inspections
2. Expanding orders through stronger business activity coordination with international agents and local production promotion
3. Considering entering the European market and establishing a business foundation through alliances

Promoting New Business Creation Activities

1. Offering charging and payment services through "Spasa" to create new business
2. Promoting diversification of maintenance service business into social infrastructure and industrial equipment sectors
3. Exploring new market opportunities leveraging product, system, and service technological capabilities (mobility stations, logistics-related, surveillance, and safety systems)

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Next is the parking system business.

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The three business policies are: first, to enhance profitability of parking facilities by strengthening product competitiveness and optimizing prices; second, to establish a foundation and expand business in the rapidly growing Asian market for airport facilities; and lastly, to aggressively promote DX and alliances to create new businesses.

In the market environment, mechanical parking facilities are expected to remain firm. As for boarding bridges, we expect demand to double, especially in Asia.

In the business environment, parking facilities are an opportunity to promote support for CASE and ZEB, or zero energy buildings. In boarding bridges, we will work to strengthen growth cooperation by responding to unmanned, automated, and remote needs and by entering new markets such as Europe.


Business Strategies: Parking Systems Business




EV Charging and Payment System Service

We added a charging and payment function to "Spasa" (ShinMaywa Parking Support App), our app that significantly enhances the convenience of ShinMaywa parking facilities. In addition to the existing charging reservation feature, registering a credit card in the app allows for monthly charging service fees to be paid automatically.


Member/credit card registration



EV charging usage

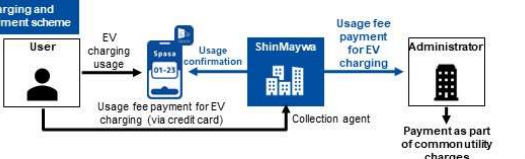


Credit card payments





Furthermore, utilizing this app function, we have launched a service that manages charging fees not only in mechanical parking facilities, but also in various parking lots, making our entry into the charging business in preparation for the full-scale EV era.

Charging and payment scheme




Automated Valet Parking Systems for Mechanical Parking Equipment

Through joint research with AISIN CORPORATION, we successfully conducted a demonstration experiment of Automated Valet Parking Systems that operate without human intervention. Through the linking of automated driving vehicles and mechanical parking equipment, users can automatically navigate to and park in a parking space by simply operating the app. We are promoting technological developments in anticipation of the arrival of an autonomous driving society and aiming to create new businesses.

Automated Valet Parking Systems Concept



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These figures show efforts for an EV charging billing system through the ShinMaywa parking support app Spasa, and our joint research efforts with Aisin Corporation on an automated valet parking system.

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Autonomous Passenger Boarding Bridge (PBB)

At Singapore Changi Airport, a leading global hub, we have successfully commercialized a remotely controlled PBB (Lv2*1) that achieves autonomous full automation. This system utilizes AI image recognition technology and adopts a highly versatile selection method that works regardless of the model of aircraft to be installed, enhancing its utility across various aircraft types.

*1) Lv2: Remote operation of PBB from the apron area near its base

At Vietnam's Long Thanh International Airport, we have secured an order for 64 units, including 12 units equipped with Lv2. We aim to further develop remote-controlled PBBs (Lv3) in collaboration with CAG*2, enabling a single operator from a remote location such as an airport control room to manage multiple PBBs.

*2) CAG (Changi Airport Group: the operating company for Changi Airport)

The photos in this slide, page 21, introduce the automated boarding bridge system ordered at Singapore Changi Airport on the left and Long Thanh International Airport in Vietnam on the right, respectively.

Business Policies

- I. **Wire Processing Business: Expanding business in high-speed communication wire automatic processing products**
- II. **Vacuum Business: Expanding the vacuum business area and establishing a new revenue base by shifting products to growth industry sectors using our proprietary technology and focusing resources**

Market Environment

- The automotive market post-2024 is expected to grow, led by China, India, and Southeast Asia, increasing the demand for automatic wire processors as the number of wiring harness circuits per vehicle also increases due to automation
- There will be an increased demand for vacuum-related equipment in markets that are highly compatible with vacuum technology, such as in-vehicle secondary batteries and power semiconductors due to the acceleration of electrification, perovskite solar cells due to rising renewable energy needs, and high-frequency devices due to advancements in digital technologies such as Beyond5G, AI, and IoT

Business Strategies

Deploying automated products for high-speed communication cable processing within the automatic wire processor sector

- Concentrating development resources on automated processing equipment for high-speed communication cables and special wires in line with the advancement of autonomous driving spurred by the widespread adoption of CASE
- Reducing product costs through integrated design and component standardization optimized by model configuration
- Enhancing added value by applying IoT technology to predictive and preventive maintenance

Expanding business scale through new business and product creation in growth industries utilizing vacuum technology

- Further development of drying equipment for in-vehicle secondary batteries, development of new peripheral equipment, and expansion of related product variations for solid-state batteries
- Expanding applications of diamond synthesis and plasma CVD technologies to power semiconductors, EVs, and the renewable energy sector
- Enhancing product/service value by reducing labor needs through full automation of equipment, energy savings/preventive maintenance using DX, and remote technical support through equipment IoTization

Strengthening business foundation for motor products

- Increasing orders and sales for high-precision motor products suitable for semiconductor manufacturing equipment motors and HDD inspection air spindle precision equipment
- Applications for renewable energy equipment (actuators for hydroelectric power generation) and special environments, such as motors for fuel valves in H3 rocket engines
- Product development aimed at supporting the proliferation of BEVs

Next is the mechatronics-related business of industrial machinery and environmental systems.

The Company has two business policies. First, in the wire processing business, we will expand the business of high-speed communication cables and automated processing products. Next, in the vacuum business, we

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will shift products to growing industrial fields that apply proprietary technologies and concentrate resources to expand the vacuum business domain and establish a new revenue base.

In the market environment, demand for automatic wire processors is expected to increase as the number of communication circuits increases due to the growing popularity of EV automated driving.

Demand for vacuum-related equipment is also expected to grow in various fields due to the expansion of the automotive secondary battery market, power semiconductor market, and photovoltaic power generation market.

In response, we will work to strengthen our growth potential with automatic wire processing equipment by developing automatic wire processing machines for high-speed communication cables and special wire, and with the vacuum-related business by cultivating a new market following on from the secondary batteries used in automobiles.

Business Strategies: Industrial Machinery & Environmental Systems
Business (Mechatronics-related Business)



VISION WITH INSIGHT

Expansion in the Indian Market

We will aggressively introduce the TRD510 and TRD701 shearing machines, already widely deployed in India and Southeast Asia, to Chinese harness manufacturers currently entering the Indian market.

TRD510


TRD701


Enhancing Eco-friendly Products

With the growing focus on renewable energy, we are adding value to our products for the hydroelectric power industry, which we have been supplying for over 30 years, to enhance our product capabilities and secure additional orders.

Hydroelectric power actuators


Examples of Vacuum-Related Products for Growth Industry Sectors

Vacuum drying systems for in-vehicle secondary batteries


- These systems are essential for electrode drying in the production process of in-vehicle secondary batteries, achieving high productivity
- Wide-ranging lineup, from batch type to in-line type, improves productivity

TRIADEO Mobile hazardous gas removal systems


- Remove hydrogen sulfide and organic solvents generated at manufacturing sites for in-vehicle secondary batteries and solid-state batteries, ensuring safety and security

Gloveboxes


- Enable a working environment with low oxygen and low dew points, essential for the research and manufacturing processes for in-vehicle secondary batteries, solid-state batteries, and next-generation semiconductors

Diamond thin film coating system


- Utilize the superior properties of diamonds to achieve longevity in cutting tools and molds
- Aim to expand applications of diamond synthesis technology in the semiconductor field

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The photos here show, on the left, the expansion of sales of automatic wire processing machines in the Indian market, etc., and on the right, various devices using vacuum technology.

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Business Policies

- I. Expansion of plant and stock business profitability
- II. Improvement of the profit structure through the expansion of overseas/wastewater treatment-related businesses

Market Environment

- Demand for new refuse transfer station systems is robust in conjunction with the regionalization of waste management, and formulation of long-term regionalization and consolidation plans led by the Ministry of the Environment is being promoted with local governments nationwide
- Aging and regionalization are increasing the demand for updates and major renovations of environmental facilities (refuse transfer station systems, refuse resources recycling centers)
- In China, the demand for advanced wastewater treatment facilities is growing due to stricter environmental regulations

Business Strategies

Enhancing ability to respond to the expanding plant business

- To prepare for increasing demand, we are enhancing organizational strength and building a production system to ensure adherence to schedules and stable quality
- Our own original AI and IoT technologies continue to evolve. Thorough efforts are being made to expand the scope of applications, add high value, and reduce labor

Improving profit structure through strengthening of stock business

- Building organizational structures and training personnel to handle the rapid increase in operational sites
- Maximizing operational efficiency through application of digital tools and remote monitoring functions

Expansion of overseas/wastewater treatment-related businesses

- In China, using our proprietary technology, we are meeting the increasing demand for wastewater treatment equipment that handles very difficult-to-treat effluents. In addition to wastewater treatment equipment for refuse treatment facilities, we are also focusing on providing wastewater and exhaust treatment technologies to private factories
- Plan to expand this business outside China

Next, we will introduce the environment-related business of industrial machinery and environmental systems.

We have two business policies: one, to expand the profitability of our plant and recurring-revenue businesses; and two, to improve our profit structure by expanding our overseas wastewater treatment-related businesses.




The market environment has seen an increase in both the construction of new relay facilities and the renewal of recycling facilities as a result of the wide-area expansion and consolidation of waste disposal facilities.

Our business strategy is to use our proprietary AI and IoT technologies to reduce labor and improve safety at waste disposal facilities. In addition, the Company will strengthen its growth potential by expanding its wastewater treatment facilities business.

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Transfer Stations	Recycling Facilities	Wastewater Treatment Facilities <small>ShinMaywa (Chongqing) Environmental Solutions Co., Ltd.</small>
<p>Hub stations for the regional waste transport network, essential for the regionalization of general waste (hereafter “waste”) management. These stations compress, transfer, and temporarily store the waste collected by our refuse compactors. In addition, because we use large vehicles to transport the waste to waste treatment facilities, this not only maintains hygiene, but also contributes to reducing transportation costs and CO2 emissions.</p>	<p>At intermediate processing facilities, the collected waste is crushed, sorted, and compacted for volume reduction, and recyclable materials are then handed over to recycling businesses. Some facilities are also operated by our group company ShinMaywa Waste Technology, Ltd., becoming indispensable for a recycling-oriented society.</p>	<p>These facilities include equipment that purifies sewage from waste treatment facilities. They are characterized by their high technological expertise, which allows them to process high-concentration wastewater with high efficiency.</p>
		

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The photos here show a waste transfer station, a recycling facility, and a wastewater treatment facility for highly concentrated sewage that we have delivered to China.

Business Policies

- I. Sustainable growth in core business (submersible pumps and water treatment equipment)
- II. Continuous competitive strength and service enhancement through improved productivity and new product development
- III. New business creation and exploration of growth areas through alliances
- IV. New value creation through co-creation with partners via DX

Market Environment

- **Rainwater:** Increase in demand for torrential rain and flooding measures for national resilience
- **Sewage:** Enhancement of carbon neutrality and energy self-sufficiency in sewage treatment facilities
Expansion of the need for manpower reduction due to lack of workers and public-private partnership projects
- **Private demand:** Increase in needs to address decarbonization and rising energy prices
- **Overseas:** Expansion of new installation needs in underserved sewage regions (such as Asia) and renovation needs in established sewage regions (such as North America)

Business Strategies

(Domestic) Rainwater Management Market Strategy

- Expansion of sales in the torrential rain and flooding measures sector through core products and technologies
- Strengthening of the engineering framework through focused resource investment (including training of qualified personnel and enhancement of large pump testing facilities)

(Domestic) Sewage Market Strategy

- Continued introduction of high value-added and energy-saving products to increase sales volume
- Deployment of after-sales services and DX solution products contributing to sustainable sewage infrastructure

(Domestic) Private Demand Market Strategy

- Expansion of sales volume of high value-added and energy-saving products that contribute to reducing environmental impact of private plants

Overseas Business Strategy

- Expansion of sales volume through aggressive marketing of high value-added and energy-saving products
- Enhancement of competitiveness in the Asian region using the Thai plant

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We will continue with the fluid business. Please see page 26.

We have four business policies: one, sustainable growth of our core business, submersible pumps and water treatment-related equipment; two, continuous strengthening of competitiveness and service capabilities through productivity improvement and new product development; three, development of growth areas

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through new business creation and alliances; and four, new value creation through co-creation-type DX in collaboration with our partners.

The market environment is expected to be firm in all markets: in public demand, for drainage pump facilities to counter heavy rainfall and flooding; in private demand, to respond to decarbonization; and overseas, for new sewage systems in Asia and renewal of sewage systems in North America.


To ensure that these demands lead to orders, we will strengthen our growth potential by enhancing our product development and engineering systems and cultivating new markets overseas.

Business Strategies: Fluid Business


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Rain and flood countermeasure solution products

Rainwater drainage facility construction (horizontal-shaft submersible pump)



Vertical wet dry pit pump with submersible motor (amphibious, water-resistant)



High value-added, energy-saving solution products


High-efficiency and good passthrough performance submersible pumps

Turbo blower



Vertical low-power mixer

Roots type blower (4-blade helical type)



DX solution products (reduced maintenance and labor)

- **Turbo blower IoT remote monitoring service KNOWTILUS**
 Support stable operation of turbo blowers, reducing facility downtime and maintenance labor.



- **MANPONET Cloud**
 Significantly reduce maintenance operations for pump facilities through centralized management, wireless communication, and AI diagnostics.



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Next page, please.

In this slide, products for heavy rain and flooding and high value-added and energy-saving products are shown in the center, and monitoring and maintenance solutions for turbo blowers and utility-hole pumps utilizing DX are shown on the right side.

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Business Policies

- I. Capture new business opportunities aimed at solving societal issues and establish a robust business foundation
- II. Create compelling products and services utilizing STOL Flying Boat and unmanned aircraft technologies
- III. Enhance operational efficiency and expand business through collaborations and alliances with other companies
- IV. Optimize invested capital for ROIC improvement and sustain business development

Market Environment

- Defense budgets are targeted to increase to 2% of GDP (over five-year period from fiscal year 2023, totaling 43 trillion yen)
- Strong civilian aircraft market due to rising passenger demand
- Promotion of unmanned aerial vehicle projects in cooperation with public and private sectors and growth in the unmanned aerial vehicle market
- Growing demand in the business jet market

Business Strategies

I. Civilian Aircraft Business Strategies

- Increase production of Boeing products and seize new project opportunities
- Research and product development in thermoplastic composites
- Product development leveraging recycled composites through collaborations with other companies

II. STOL Flying Boat Business Strategies

- Maintain production base and secure profits through continuous orders of US-2 #10 aircraft and beyond
- Promote efficiency through design changes and digital transformation
- Stabilize business and strengthen operational support through the launch of PBL business
- Explore and uncover domestic and international demand for STOL Flying Boats, including collaborations with other companies

III. Fixed-wing Unmanned Aerial Vehicle Business Strategies

- Attract future customers through test flights of multiple of our own developed fixed-wing unmanned aerial vehicle (UAV) "XU-S"
- Actively participate in government-led projects to promote research and development
- Advance research and development for societal implementation and promote commercialization through collaborations with other companies

The last part of the business introduction by segment is the aircraft business.

In the market environment, the defense budget is expected to increase, and the civilian demand market is expected to expand overall.

We recognize that our major challenge is to maintain our production base and strengthen our profitability by responding to Boeing's large production increase in private demand, and by continuously winning orders for the US-2 amphibious rescue aircraft from the 10th model in public demand.

We will also continue to develop fixed-wing unmanned aerial vehicles, conduct demonstration tests, and study business models in order to capture new business opportunities.

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Fixed-Wing Unmanned Aerial Vehicle Research and Development

- ShinMaywa Industries, Ltd. has been engaged in this field of research and development since 2015. As a complete machine manufacturer, a rarity in Japan, and by leveraging technology accumulated from manufacturing state-of-the-art parts such as the main wing spar of the Boeing 787, we aim to develop fixed-wing unmanned aerial vehicle (UAV) "XU-S"
- We have prototyped and conducted demonstration tests with other companies for the XU-S, capable of long-duration flight, and the STOL Flying Boat UAV "XU-M" capable of taking off and landing on water just like the STOL Amphibian. These activities have evolved into a joint proposal with other companies to participate in the Economic Security Program (K-Program)
- Through the K-Program, we will accelerate research and development, accumulate technologies that contribute to solving various societal issues, and work not only to add value to STOL Flying Boats, but also expand new business areas utilizing unmanned technology
- We will also promote commercialization by actively participating in initiatives in the civilian service sector aimed at solving societal issues

Fixed-wing unmanned aerial vehicle (UAV) "XU-S" (concept)



Carbon Fiber Reinforced Plastic Recycling

- Lightweight and strong, Carbon Fiber Reinforced Plastic (hereafter CFRP) is widely used in sports goods and as aircraft material. ShinMaywa Industries, Ltd.'s Aircraft Division manufactures large CFRP parts, such as the main wing spar (beam) for the Boeing 787. The automotive and wind power industries are expected to drive rapid demand growth in the future. However, there are issues, including the fact that the CFRP manufacturing process emits a significant amount of CO2 (more than 10 times that of steel production) and has traditionally had no effective disposal options other than landfill disposal
- Since 2020, ShinMaywa Industries, Ltd. has been working on CFRP recycling in collaboration with Fuji Kasai Co., Ltd. (Ono City, Hyogo Prefecture). In 2023, the CFRP recycling business of Fuji Design Co., Ltd. was spun off from Fuji Kasai in a joint investment with MITSUBISHI GAS CHEMICAL, strengthening our relationship with both companies
- At Fuji Design, supported by investments from MITSUBISHI GAS CHEMICAL and our company, a new plant was constructed and commenced operations in December 2023. This has significantly increased our production capacity
- CFRP recycling technology has been nearly completed, and the current focus is on product development using recycled CFRP

Molded product that imitates aircraft parts made from recycled CFRP



The figures on the left show the R&D status of fixed-wing unmanned aerial vehicles, and those on the right side show the CFRP recycling project being conducted jointly with Fuji Design Co., Ltd.

These are our five segments.

Although each of these markets is a niche, we expect demand to remain strong.

With the market environment expected to change in the future, we intend to ensure that business opportunities are seized by making appropriate investments ahead of time to feed the growth of new businesses.

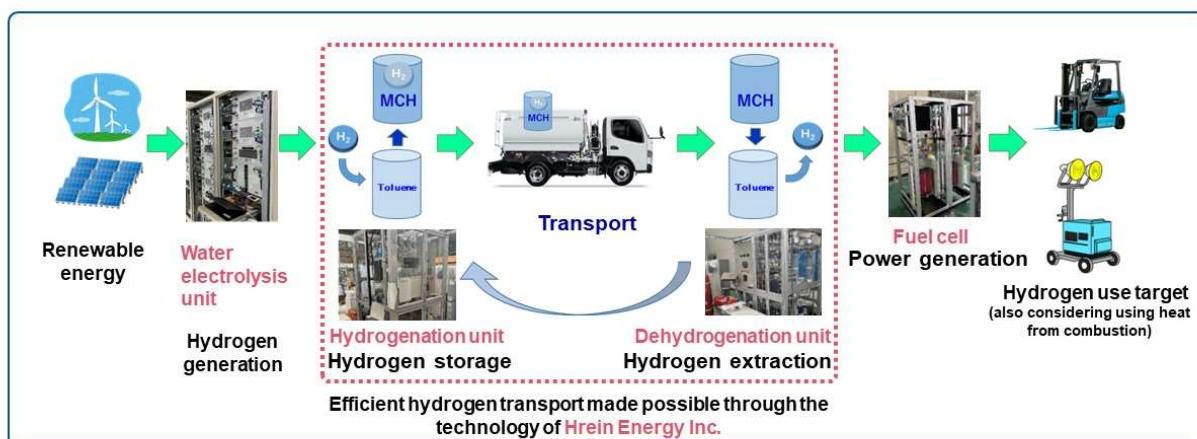
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Hydrogen Supply Chain Business

- Collaboration with Hrein Energy Inc. (hydrogen supply chain)
- Aim to decarbonize power usage off-grid, with various demonstration experiments under consideration
- Exhibited at H2 & FC EXPO - Hydrogen Fuel Cell Expo.



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Finally, I will introduce one case study of new business development efforts. This is an introduction to the hydrogen supply chain business that we are researching and developing with Hrain Energy Inc.

The model is to dissolve hydrogen in toluene to produce and transport methylcyclohexane, or MCH, and then extract hydrogen from this MCH for use.

The feature and advantage of using MCH is that the tank can be transported at normal temperature and pressure. New business creation is essential for proper management and growth of the business portfolio. We will leverage our strengths to actively promote value co-creation with external parties and create new businesses.

Since the earnings announcement on May 7, the share price, which had been stagnant for a long time, has turned slightly upward, but it is still not at a level that meets your expectations.

We are determined to meet the expectations of our shareholders and investors by steadily advancing medium-term management plan [SG-2026], which I explained today, and achieving each target value.

The Company plans to make another disclosure on May 24 regarding measures to achieve cost of capital and stock price conscious management.

This concludes our explanation of the financial results for the fiscal year ended March 31, 2024 and the new medium-term management plan.

Thank you very much for your attention.

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