ShinMaywa Industries, Ltd.

Presentation of Financial Results for the Second Quarter of FY2024

November 18, 2024

Event Summary

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[Participants]		
[Number of Speakers]	7	
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	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 Kunihara	Director, Member of the Board, Managing Executive Officer
	Koichiro Oda	Managing Executive Officer
	Yasutaka Matsumoto	Executive Officer, General Counsel

Presentation

Isogawa: My name is Isogawa with ShinMaywa Industries. Thank you very much for taking the time out of your busy schedule to join us today.

Before I start the financial results briefing, I would like to make an announcement and apologize to institutional investors and analysts.

On September 12, 2023, we underwent an on-site inspection by the Japan Fair Trade Commission (JFTC) due to allegations of involvement in order adjustments and a price-fixing cartel related to transactions of mechanical parking equipment in collaboration with manufacturers and distributors of mechanical parking equipment.

On November 12 this year, we underwent another on-site inspection by JFTC due to allegations of a violation of the Antimonopoly Act in connection with the determination of sales prices for special purpose vehicles mountings and other items.

Both inspections are still underway, while JFTC has not yet determined any specifics at this time. However, I would like to offer my deepest apology for any concern or inconvenience this situation may have caused.

In addition to fully cooperating with JFTC inspections, we have solemnly accepted these suspicions and have implemented the following three measures since last September to prevent recurrence.

The first was education on the Antimonopoly Act for all employees of the Company and its group companies.

Secondly, in principle, employees of the sales division are prohibited from contacting employees of competitors' sales divisions, and if contact is unavoidable, prior permission must be obtained from the management and legal divisions.

Third, an investigation team consisting of attorneys and members of the legal department was formed to conduct a survey on those who are employed by the Company and our group companies and had contact with employees of competitors.

Based on the results of the survey, we confirmed there were no cases of compliance violations. As for individual cases that required detailed examinations, the investigation team conducted interviews and other forms of investigations on the individuals who answered the survey as well as the parties involved.

As a result, the team confirmed there were no compliance violations. As a result, we have confirmed that there has been no violation of the Antimonopoly Act from the time of the on-site inspection last September to the present.

When discussing the progress of the inspection by JFTC, our response, or other details of this matter here today, may run a risk of interfering with the inspection conducted by JFTC. Therefore, today, I would like to refrain from discussing the future prospects of this matter or the status of the JFTC inspection. I kindly ask for and appreciate your understanding.

Point

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Consolidated Financial Results for the Second Quarter of FY2024

- Highest 2Q orders received and net sales on record.
- All segments recorded increases in revenue and profit compared to the previous year, except Industrial Machinery & Environmental Systems.
- Compared to the internal plan, overall steady progress is being made in net sales, and operating profit is exceeding the plan due to the impact of foreign exchange and differences in product mix.

Consolidated Financial Results Forecast for Fiscal Year 2024

- In consideration of the financial results for the interim period and the future outlook, we revised the full-year earnings forecast. Despite a slowdown in the EV market and stagnation in overseas commercial aircraft , all profit items remain unchanged.

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I will now provide an overview of the financial results for H1 of the fiscal year ending March 2025, and an overview of our core business, the special purpose vehicle segment.

First, I would like to discuss the financial results for H1 of the fiscal year ending March 2025. There are three key points in the financial statements.

The first point is that the financial results for H1 of the fiscal year ending March 2025 achieved a record high for H1 in terms of orders and sales.

Second, compared to the previous year, all segments except for the industrial machinery and environmental systems segment reported increases in both sales and profit.

Third, net sales generally progressed favorably compared to the internal business goal, and operating profit exceeded the planned goal, mainly due to the impact of foreign exchange rates and differences in product mix.

We revised the full-year forecast after having evaluated the H1 results and future prospects. Although we revised net sales downward due to the slowdown in the EV market and stagnation in the overseas commercial aircraft market, for all the key financial profitability metrics, we kept them the same as the previous forecast.

Here are the details.

Summary of Consolidated Financial Results for the Second Quarter of FY2024

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(Millions of yen)

	FY2023 2Q	FY2024 2Q	Change (Rate of change)	
Orders received	128,631	143,023	+14,391	(+11.2%)
Net sales	116,464	124,065	+7,600	(+6.5%)
Operating profit	4,431	5,723	+1,291	(+29.1%)
Ordinary profit	4,858	5,570	+711	(+14.7%)
Profit attributable to owners of parent	2,974	3,179	+205	(+6.9%)
Outstanding orders	269,205	313,582	+44,377	(+16.5%)
Exchange rate (USD 1)	140.3 yen	152.5 yen		

Year-on-year change

Orders received

- Orders received increased in all segments except the Parking Systems and Industrial Machinery & Environmental Systems segment and increased overall.
- Highest 2Q on record.

Net sales

- Sales increased in all segments except the Industrial Machinery & Environmental Systems segment and increased overall.
- Highest 2Q on record.

Profits

- Profits increased due to an increase in revenue.

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Here is a table comparing the main performance indicators for H1 with the same period of the previous year.

Overall orders received were JPY143 billion, up 11.2% YoY, and overall sales were JPY124 billion, up 6.5% YoY. As discussed in the previous slide, this was a new record for H1.

Profits increased in every profitability category due to the effect of increased revenue. Operating profit was JPY5.7 billion, up 29.1% YoY. Ordinary profit was JPY5.5 billion, up 14.7%. Net profit attributable to shareholders of the parent company was JPY3.1 billion, up 6.9%.

The order backlog increased by 16.5% to JPY313.5 billion, as the number of orders continued to outpace sales given the favorable market conditions.

Consolidated Financial Results for the Second Quarter of FY2024 by Segment

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(Billions of yen)

Segment	Orders received			Net sales			Operating profit		
	FY2023 2Q	FY2024 2Q	Change	FY2023 2Q	FY2024 2Q	Change	FY2023 2Q	FY2024 2Q	Change
Special Purpose Truck	53.8	61.2	+7.3	48.2	51.8	+3.6	1.1	2.1	+0.9
Parking Systems	23.6	23.3	-0.2	18.4	21.0	+2.6	1.4	1.7	+0.3
Industrial Machinery & Environmental Systems	16.4	14.8	-1.6	19.6	16.9	-2.7	1.7	1.4	-0.3
Fluid	14.3	15.9	+1.6	9.2	10.1	+0.8	0.3	0.5	+0.1
Aircraft	11.9	18.5	+6.6	14.7	15.5	+0.8	1.0	1.2	+0.1
Others	8.4	9.0	+0.6	6.1	8.5	+2.3	0.2	0.5	+0.2
Adjustments	–	–	–	–	–	–	-1.5	-1.8	-0.3
Total	128.6	143.0	+14.3	116.4	124.0	+7.6	4.4	5.7	+1.2

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Net sales and operating profit by business segment are shown in this table. The main reasons for the YoY changes in each segment will be discussed later.

Consolidated Financial Results for the Second Quarter of FY2024 Details of Profit Increases and Decreases (Year-on-Year)

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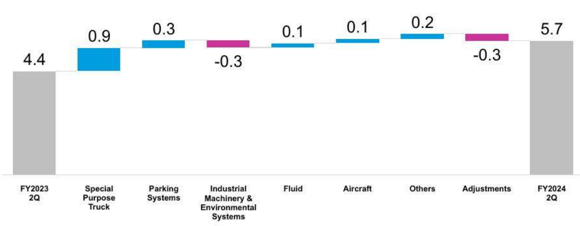
By factor Despite negative factors such as an increase of 1.4 billion yen in raw material costs and an increase of 2.1 billion yen in operating costs (labor costs, depreciation, etc.), profit increased overall due to an increase in sales, the impact of foreign exchange, and the effect of Special Purpose Trucks price revisions.

By business Profit increased in all segments except the Industrial Machinery & Environmental Systems segment. Special Purpose Trucks increased by 0.9 billion yen due to the effect of price revisions; and Parking Systems increased by 0.3 billion yen due to an increase in profit from aircraft passenger boarding bridges, etc.

FY2024-2Q Year-on-year By factor (Billions of yen)

FY2024-2Q Year-on-year By business (Billions of yen)



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The changes in profit by factor and by business segment are shown in the table below.

Despite negative factors such as a JPY1.4 billion increase in raw material costs and a JPY2.1 billion increase in operating expenses, such as labor costs and depreciation and amortization, overall profit increased by JPY1.2 billion due to sales growth, the impact of foreign exchange rates, and the effect of selling price revisions for special purpose vehicles.

By business segment, all segments except for the industrial machinery and environmental systems reported increased profits, including an increase of JPY900 million in the special purpose vehicle segment, due to the effect of selling price revisions, and an increase of JPY300 million in parking systems, due to an increase in profits from airline passenger boarding bridges.

Consolidated Balance Sheets / Consolidated Statements of Cash Flows

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Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024	Change
Cash and deposits	23,382	19,655	-3,727
Trade receivables	91,140	77,050	-14,090
Inventories	58,684	62,732	+4,048
Total fixed assets	47,628	49,950	+2,321
Other assets	39,266	36,964	-2,302
Total assets	260,102	246,352	-13,749
Trade payables	34,166	29,639	-4,527
Interest-bearing debt	50,616	45,619	-4,997
Other liabilities	66,584	60,409	-6,175
Total liabilities	151,367	135,667	-15,700
Equity	107,008	108,511	+1,502
Other net assets	1,725	2,173	+447
Total net assets	108,734	110,684	+1,950
Total liabilities and net assets	260,102	246,352	-13,749
Equity-to-asset ratio (%)	41.1	44.0	
Net D/E ratio (Times)	0.25	0.24	

Consolidated Statements of Cash Flows

(Millions of yen)

	FY2023 2Q	FY2024 2Q	Change
Cash flows from operating activities	-14,676	9,404	+24,081
Cash flows from investing activities	-3,028	-5,924	-2,896
Free cash flows	-17,704	3,479	+21,184
Cash flows from financing activities	15,797	-7,776	-23,573

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Next is the consolidated balance sheet and consolidated statement of cash flow.

Assets at the end of H1 amounted to JPY246.3 billion, down JPY13.7 billion from the end of the previous period, mainly due to a decrease in trade receivables.

Total liabilities decreased by JPY15.7 billion from the end of the previous period to JPY135.6 billion, mainly due to a decrease in debt and interest-bearing debt.

Net assets increased by JPY1.9 billion from the end of the previous fiscal year to JPY110.6 billion, mainly due to the recording of interim net profit attributable to parent company shareholders, despite the payment of dividends.

As a result, the equity ratio increased to 44% from 41.1% at the end of the previous fiscal year, and the net D/E ratio decreased to 0.24 times from 0.25 times. As we will discuss later in the shareholder return section, we believe that an equity ratio of 40% or more and a net debt-to-equity ratio of 0.5 times or less are appropriate for our business structure, ensuring financial soundness.

As for the consolidated cash flow, cash flow provided by operating activities amounted to JPY9.4 billion, mainly due to a decrease in trade receivables. Cash flow used in investing activities was JPY5.9 billion, and free cash flow from these activities was JPY3.4 billion. Cash flow used in financing activities totaled JPY7.7 billion, mainly due to repayment of interest-bearing debt.

Special Purpose Truck Segment

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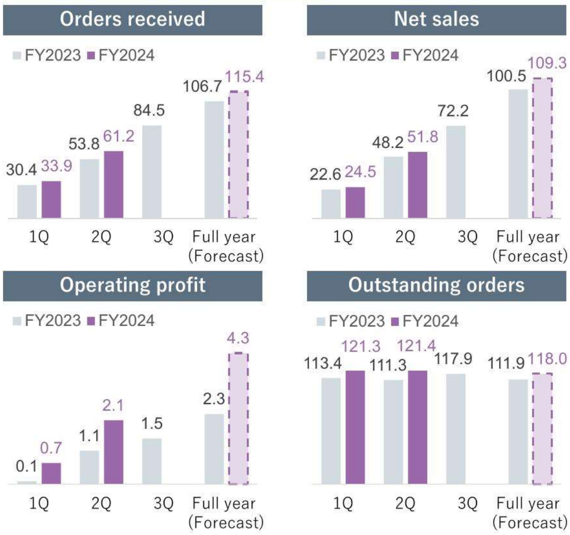
Trends in financial results (Billions of yen)



FY2024-2Q results (Year-on-year)

Orders received

- Decrease in forestry machinery, etc.
- Increase in logistics-related vehicles (Including trailers) and environment-related vehicles
- Increase in defense business through collaboration with the Aircraft segment

Net sales

- Increase due to an easing of delays in the supply of major parts and the effect of price revisions, etc.

Operating profit

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

Trends in outstanding period (Month)*

FY2023				FY2024			
1Q	2Q	3Q	Full year	1Q	2Q	3Q	Full year (Forecast)
12.7	12.8	14.2	13.4	12.9	13.3		13.0

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

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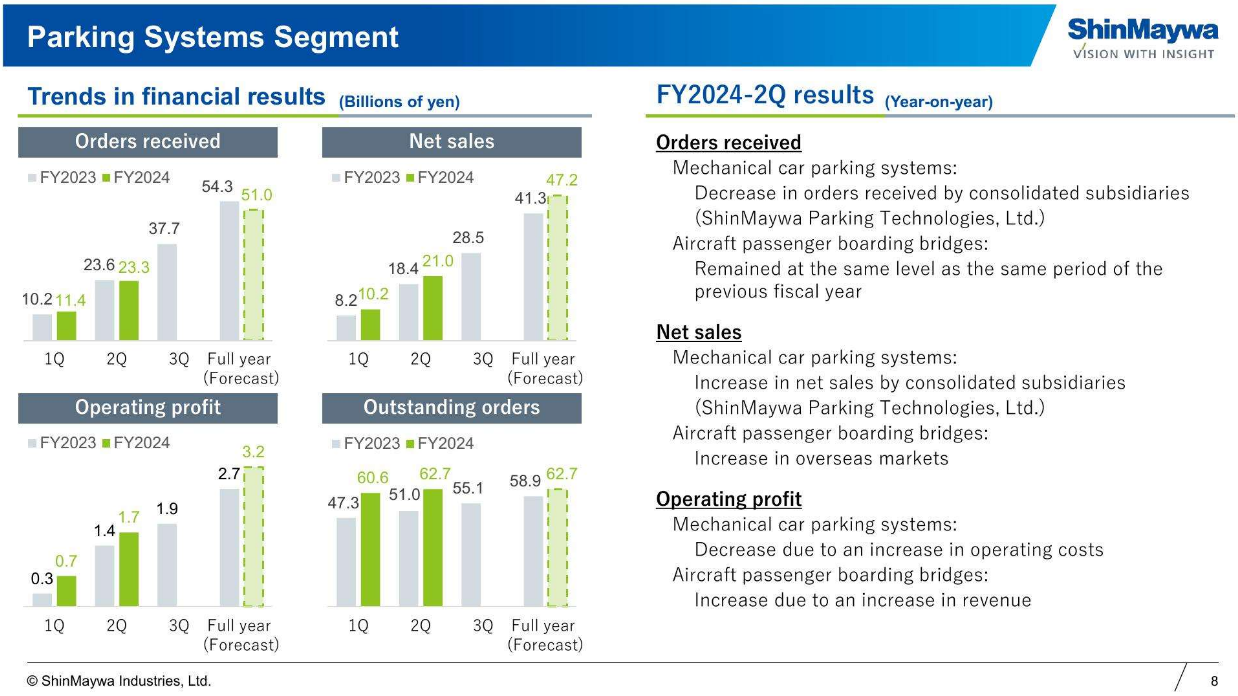
I will now discuss our H1 results by segment and YoY comparisons.

The first is the special purpose vehicle segment.

Orders received by Iwafuji Industrial, which handles forestry machinery and other products, decreased, but orders received in logistics-related vehicles, environment-related vehicles, and the defense business increased, resulting in an overall increase.

Net sales increased due to the easing of supply delays of key components and the impact of sales price improvement, which also led to an increase in operating profit.



Next is the parking systems segment.

Orders received decreased overall due to a decline in orders for mechanical parking equipment compared to the same period last year. Last year, orders received by ShinMaywa Parking Technologies, which handles two-tiered parking equipment, were strong.

Overall sales increased due to higher sales booked by ShinMaywa Parking Technologies, as well as an increase in sales of airline passenger boarding bridges for Southeast Asia.

Operating profit increased overall due to a rise in profits from airline passenger boarding bridge sales, despite a decrease in profit from the mechanical parking equipment business due to higher operating expenses.

Industrial Machinery & Environmental Systems Segment

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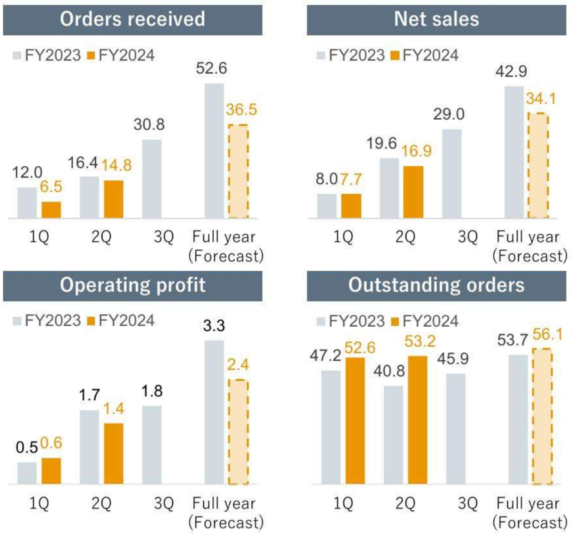
Trends in financial results (Billions of yen)



FY2024-2Q results (Year-on-year)

Orders received
Mechatronics products:
Remained at the same level as the same period of the previous fiscal year
Environment- related business:
Decrease in plant projects

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

Operating profit
Mechatronics products:
Decrease due to a decrease in revenue
Environment- related business:
Decrease due to occurrence of one-time expenses

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

Sub-segment		FY2023				FY2024			
		1Q	2Q	3Q	Full year	1Q	2Q	3Q	Full year (Forecast)
Mechatronics products	Orders received	4.1	6.9	11.0	21.4	2.6	6.8		17.2
	Net sales	6.1	14.9	20.7	27.9	4.4	10.1		17.4
Environment-related business	Orders received	7.8	9.5	19.8	31.1	3.9	8.0		19.3
	Net sales	1.9	4.7	8.2	15.0	3.3	6.8		16.7

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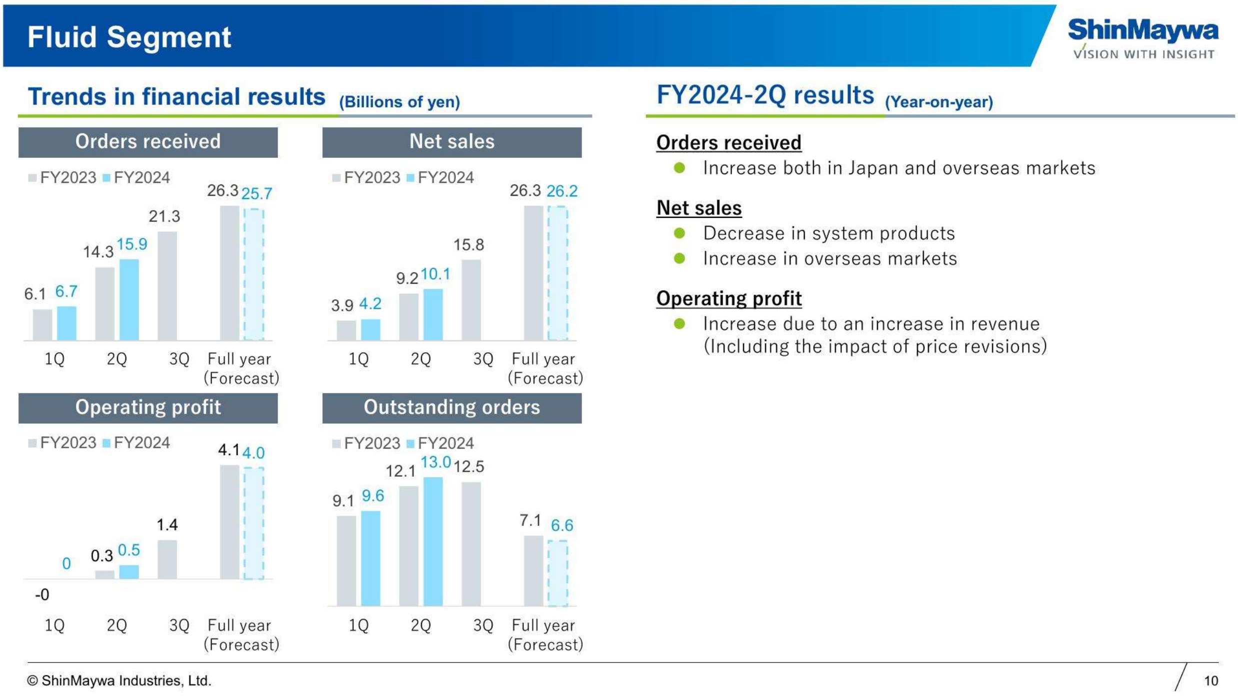
Next is the industrial machinery and environmental systems segment.

Orders received decreased in the environment-related business compared to the same period of the previous fiscal year. Last year, the Company won a large order for a plant project. As a result, overall orders decreased in the segment.

Sales increased in the environment-related business as construction progressed, but overall segment sales declined in mechatronics products, as sales of vacuum drying equipment, whose performance had been expanding in tandem with the growth of the EV market, declined.

Operating profit was down overall. The mechatronics products sales were low, resulting in low sales profit. The environment-related business also saw a decrease in profit as a result of onetime expenses incurred.

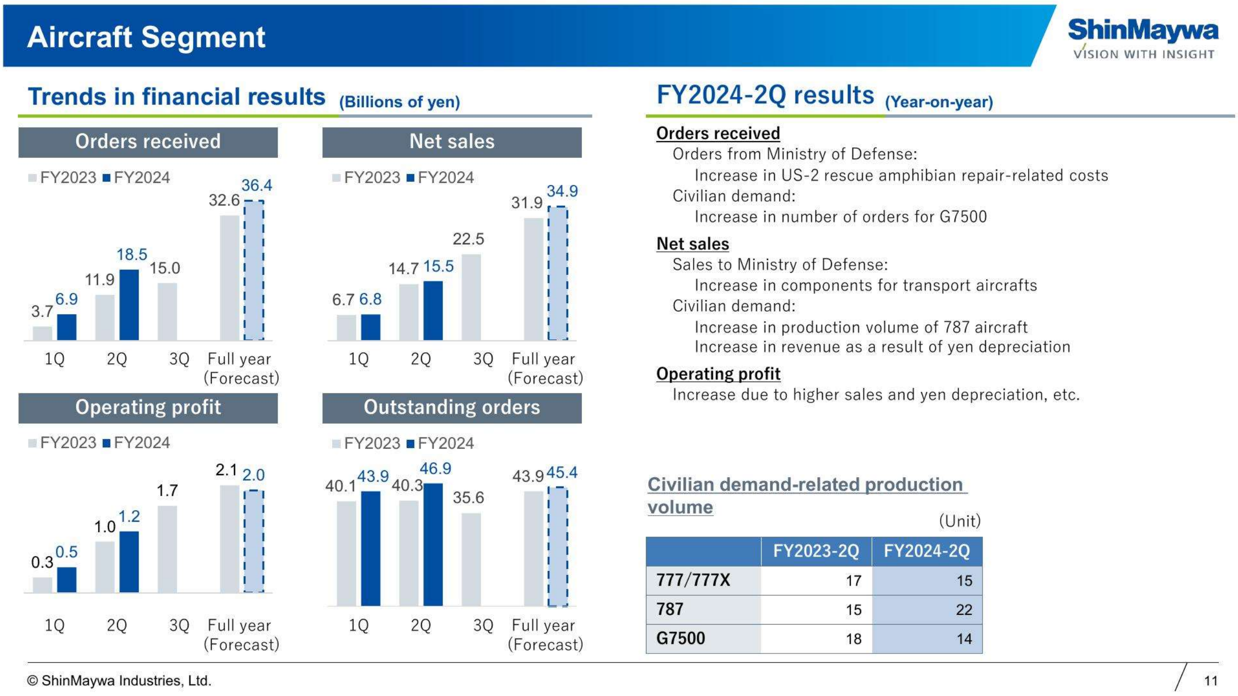


Next is the fluid segment.

Orders received increased in the system products and services business, reflecting strong domestic demand for flood countermeasures in the wake of torrential rains and natural disasters, among others. The overseas market was also favorable. The number of orders received overall increased.

Overall sales increased as a result of higher overseas sales, although domestic sales decreased due to a decline in system products.

Operating profit increased due to higher sales and the effect of selling price revisions.



The last one is the aircraft segment.

Orders received from the Ministry of Defense increased as a result of an increase in orders related to the repair of the US-2 rescue amphibian, and orders from civilian customers increased as a result of an increase in the number of Global 7500 aircraft ordered from Bombardier.

Overall sales increased due to an increase in components for transport aircraft for the Ministry of Defense, an increase in the number of 787s produced for Boeing for civilian demand, and a weaker Japanese yen in exchange rates.

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

Summary of Consolidated Financial Results Forecast for FY2024

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(Millions of yen)

	FY2023 (Results)	FY2024 (Forecast)		Change (Rate of change)			
		Old forecast	New forecast	Year-on-year change		Compared with old forecast	
Orders received	291,370	280,000	280,000	-11,370	(-3.9%)	–	(–)
Net sales	257,060	285,000	270,000	+12,939	(+5.0%)	-15,000	(-5.3%)
Operating profit	11,765	13,000	13,000	+1,234	(+10.5%)	–	(–)
Ordinary profit	12,106	12,200	12,200	+93	(+0.8%)	–	(–)
Profit attributable to owners of parent	7,279	7,500	7,500	+220	(+3.0%)	–	(–)
Outstanding orders	291,431	286,431	301,431	+10,000	(+3.4%)	+15,000	(+5.2%)
Annual dividend per share	47 yen	50 yen	50 yen	+3 yen		–	
DOE*1	3.0%	3.1%	3.1%	+0.1pt		–	
Exchange rate (USD 1)	144.8 yen	140.0 yen	140.0 yen*2				

*1 DOE＝ Dividend per share / average of equity per share at the beginning and end of the period
*2 The exchange rate of new forecast is the assumed exchange rate applicable in and after October.

Compared with old forecast

- Net sales were revised downward in the financial results forecast from the old forecast.
  See slide 17 for a segment breakdown.
- Orders received and profit remain unchanged from the old forecast.

Exchange rate sensitivity (FY2024)

Each one- yen of depreciation against the U.S. dollar increases operating profit by approximately 30 Millions of yen.

I will now discuss our consolidated earnings forecast for the fiscal year ending March 2025.

Here is a chart comparing our forecast for the fiscal year ending March 2025 with the previous year's results and the previous forecast announced in August.

Compared to the previous forecast, net sales were revised downward by JPY15 billion to JPY270 billion due to expected sales declines in the special purpose vehicle segment, the industrial machinery and environmental systems segment, and the parking systems segment.

On the other hand, the forecasts for orders and profit remain unchanged overall from the previous forecast.

The exchange rate for this forecast is assumed to be JPY140 per USD1, and for the exchange rate sensitivity, a depreciation of JPY1 against the US dollar is expected to have a JPY0.03 billion positive effect on operating profit.

Shareholder Returns

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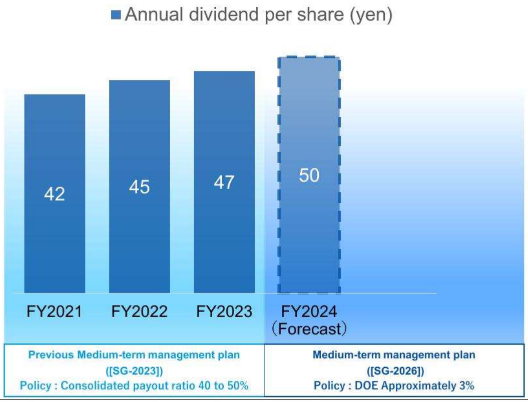
- To ensure a stable return of profits to shareholders, dividends will be paid with a target DOE of about 3% during the period of the Medium-term management plan [SG-2026].
- In terms of standards for financial soundness (appropriate levels of equity), we believe that an equity ratio of 40% or higher and a net D/E ratio of 0.5 or below are appropriate, and we will strive to maintain those standards.



Dividend forecast

- Annual dividend per share is 50 yen (DOE 3.1%), and is unchanged from the initial plan.
- Expect dividends to increase by 3 yen from the previous year.

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Shareholder returns for the current fiscal year are as shown.

To ensure a stable return of profits to shareholders, the Company has a policy of paying dividends with a target DOE of approximately 3% during the period of the SG-2026 Medium-Term Management Plan.

As standards for financial soundness, we believe that a capital adequacy ratio of 40% or more and a net debt-to-equity ratio of 0.5 times or less are appropriate, and we strive to maintain these ratios.

As for the dividend forecast for this fiscal year, we plan to pay an annual dividend of JPY50 per share, an increase of JPY3 from the previous fiscal year.

Business Environment (Reportable Segments)

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Segment	Outlook
Special Purpose Truck	➢ Firm demand for construction-related vehicles and environment-related vehicles is expected to drive orders received to a record high level. Meanwhile, the stagnation of production activities associated with factors such as delays in supply of major parts has been gradually improving since the previous fiscal year, but improvement is expected to be slower than initially planned. ➢ Despite cost increase factors such as raw material prices, labor expenses and logistics expenses, the effects of two price revisions have been steadily reflected in orders and are expected to contribute to profit growth this fiscal year.
Parking Systems	➢ In mechanical car parking systems, the new installation business is progressing as planned and inquiries are steady, but the market is expected to be soft due to delays in project materialization and progress. On the other hand, the service business is expected to remain firm. Despite sharp increases expected in raw material costs, transportation costs, and labor unit prices compared to the previous fiscal year, profit is expected to increase due to negotiations on selling prices and an increase in sales in the service business. ➢ The market for aircraft passenger boarding bridges has been on a recovery trend with the initiation of projects postponed or suspended due to the COVID-19 pandemic. Although orders and sales are expected to decrease compared to the initial plan due to the postponement of some tender projects to next fiscal year, both revenue and profit are expected to increase from the previous year as a result of cost reductions and other factors boosting profit.
Industrial Machinery & Environmental Systems	➢ In the mechatronics business, orders, sales, and operating profit are all expected to be down compared to the previous fiscal year and the initial plan, due to the postponement of large projects in North America for vacuum drying systems—results for which had been growing these past few years—as a result of the global slowdown in the EV market and restrained investment by major clients. ➢ In the environment-related business, although orders are expected to decrease compared to the previous fiscal year—during which a large order was secured—demand continues to be firm. Although sales are expected to be down following delays in the start of some plant project works (due to confirmation of underground obstructions), profit is expected to reach a record high.
Fluid	➢ In the domestic business related to public-sector demand, demand for dewatering pumps is expected to remain strong as a measure against flooding from torrential rains and other disasters. As for the domestic business related to private-sector demand, interest in energy-saving products is high, and demand will continue to increase for products targeting factories and plants in the food, semiconductor, carbon neutral, and other fields. In the overseas business, sales are also expected to remain firm, especially in the Asian and North American markets. The overseas sales ratio is also trending upward. ➢ As the effects of price revisions are realized, profit is expected to increase compared to the initial plan.
Aircraft	➢ In business related to private-sector demand, foreign exchange fluctuations have a significant impact on business results, and depreciation of the yen is a factor in higher profit. On the other hand, the production volume of components for the mainstay Boeing 787 is expected to decrease compared to the initial plan due to the quality inspection issue. The outlook for components for 777 aircraft is also uncertain given the impact of strike action at Boeing. ➢ Revenue and profit associated with orders from the Ministry of Defense are expected to increase compared to the initial plan, backed by an increase in the defense budget, and are expected to cover any decline in business related to private-sector demand. The profit ratio is also expected to improve in the future.

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Here is a table showing our group's business environment by segment for the fiscal year ending March 2025.

In the special purpose vehicle business, delays in procuring major components and other factors led to the stagnation of production activities. Thus, we anticipate that we will be behind the initial business goal. However, the performance has improved gradually compared to the previous fiscal period. We expect the number of orders to reach a record-high level given the robust demand for construction-related vehicles and environment-related vehicles.

In terms of profit, although some factors increase costs, such as raw material prices, labor costs, and distribution costs, the effect of the two rounds of price revisions is clearly reflected in orders received and is expected to contribute to profit growth in the current fiscal year.

In parking systems, the new mechanical parking equipment business is progressing as planned, and the number of inquiries remains strong, but the market is expected to be soft due to some delays in project execution and progress. On the other hand, the service business is expected to remain strong, and despite cost increase factors even compared to the previous fiscal year, profit is expected to increase due to selling price negotiations and higher sales in the service business.

In addition, the market for airline passenger boarding bridges is on a recovery trend, as projects that have been postponed or suspended due to the pandemic have begun to move forward. Since some bidding projects will be postponed to the next fiscal year, sales are expected to decrease compared to the plan at the beginning of the fiscal year, but profits are expected to increase, compared to the plan we made at the beginning of the fiscal year and compared to the previous fiscal year.

In the industrial machinery and environmental systems segment, in the metro business, the performance of vacuum drying equipment, which has been expanding over the past few years, is expected to be sluggish. Orders, sales, and operating profit are all expected to fall short of the previous year and the initially planned goal due to the postponement of large-scale projects in North America, as a result of the slowdown in the global EV market and restrained investment by major customers.

In the environment-related business, demand is expected to remain strong, although orders are expected to decline compared to the previous fiscal year. Last year, we received particularly large orders. Sales are expected to reach a record high.

The fluid business is expected to remain firm in both the domestic public sector, domestic private sector, and overseas markets. The effect of the revision of selling prices is also expected to increase profit compared to the initial plan.

In the aircraft business, although the weak Japanese yen is a factor in the increase in profits related to private-sector demand, the number of mainstay components for the Boeing 787 is expected to decrease from the initially planned goal due to the quality inspection issue. In addition, the future of components for Boeing 777 is also uncertain due to the impact of the Boeing strike.

On the other hand, sales and profits for the Ministry of Defense are expected to increase compared to the initially planned goal, backed by an increase in the defense budget, and we can expect improvement in profit margins in the future.

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

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(Billions of yen)

Segment	Orders received			Net sales			Operating profit		
	FY2023 (Results)	FY2024 (Forecast)	Change	FY2023 (Results)	FY2024 (Forecast)	Change	FY2023 (Results)	FY2024 (Forecast)	Change
Special Purpose Truck	106.7	115.4	+8.6	100.5	109.3	+8.7	2.3	4.3	+1.9
Parking Systems	54.3	51.0	-3.3	41.3	47.2	+5.8	2.7	3.2	+0.4
Industrial Machinery & Environmental Systems	52.6	36.5	-16.1	42.9	34.1	-8.8	3.3	2.4	-0.9
Fluid	26.3	25.7	-0.6	26.3	26.2	-0.1	4.1	4.0	-0.1
Aircraft	32.6	36.4	+3.7	31.9	34.9	+2.9	2.1	2.0	-0.1
Others	18.6	15.0	-3.6	13.9	18.3	+4.3	0.6	1.1	+0.4
Adjustments	–	–	–	–	–	–	-3.6	-4.0	-0.3
Total	291.3	280.0	-11.3	257.0	270.0	+12.9	11.7	13.0	+1.2

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The full-year forecast for net sales and operating profit by segment for the fiscal year ending March 2025, taking into account the business environment forecast I have just discussed, is as shown.

First, to discuss the main reasons for the YoY change, orders are expected to decrease by JPY11.3 billion to JPY280 billion overall, mainly due to a decrease in industrial machinery and environmental systems.

On the other hand, overall sales are expected to increase by JPY12.9 billion to JPY270 billion, mainly due to expected increases in sales of special purpose vehicles and parking systems.

Overall operating profit is expected to increase by JPY1.2 billion to JPY13 billion, mainly due to increased profits from special purpose vehicles.

Consolidated Financial Results Forecast for FY2024 by Segment (In Comparison with Old Forecast)

ShinMaywa VISION WITH INSIGHT

(Billions of yen)

Segment	Orders received			Net sales			Operating profit		
	FY2024 (Old forecast)	FY2024 (New forecast)	Change	FY2024 (Old forecast)	FY2024 (New forecast)	Change	FY2024 (Old forecast)	FY2024 (New forecast)	Change
Special Purpose Truck	105.0	115.4	+10.4	112.7	109.3	-3.4	4.2	4.3	+0.1
Parking Systems	57.5	51.0	-6.5	49.8	47.2	-2.6	3.0	3.2	+0.2
Industrial Machinery & Environmental Systems	40.8	36.5	-4.3	45.3	34.1	-11.2	3.0	2.4	-0.6
Fluid	25.5	25.7	+0.2	25.9	26.2	+0.3	3.8	4.0	+0.2
Aircraft	37.8	36.4	-1.4	34.7	34.9	+0.2	2.2	2.0	-0.2
Others	13.4	15.0	+1.6	16.6	18.3	+1.7	0.8	1.1	+0.3
Adjustments	–	–	–	–	–	–	-4.0	-4.0	–
Total	280.0	280.0	–	285.0	270.0	-15.0	13.0	13.0	–

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The changes from the previous forecast are as shown.

This is the review of the financial results for H1 of the fiscal year ending March 2025.

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

ShinMaywa VISION WITH INSIGHT

(Billions of 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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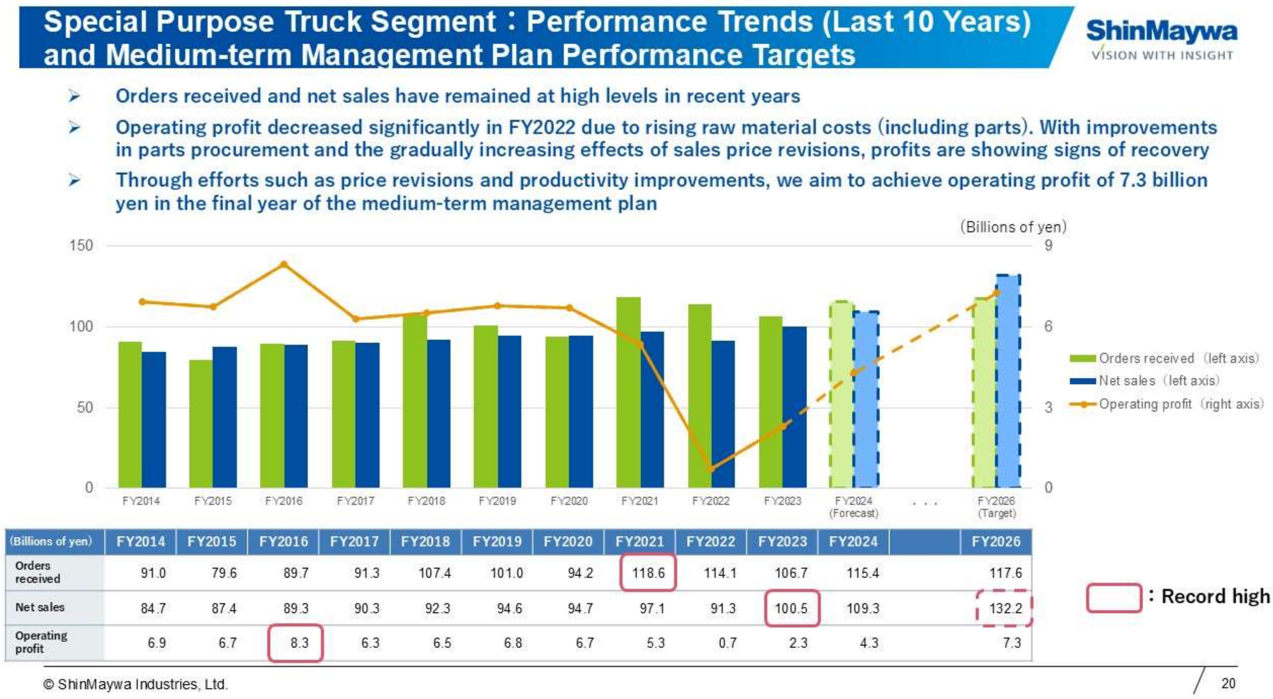
I will now focus on the special purpose vehicle segment and discuss our efforts to achieve the SG-2026 Medium-Term Management Plan.

The table below shows the targets for net sales and operating profit by segment for the three consecutive years leading up to the fiscal year ending in March 2027, featured in the medium-term management plan.

In the final year of the medium-term management plan, we target record highs of JPY320 billion in net sales and JPY18 billion in operating profit.

The segment with the highest growth rate target is the special purpose vehicle segment. Since this segment accounts for approximately 40% of the Group's total sales and has a proportional impact on our business performance, we have positioned it as the profitability-enhancing segment in the medium-term management plan and will conduct various activities.

Today, I will focus on the largest segment, the special purpose vehicle segment, and present primary information and major revenue growth measures.



(Billions of yen)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024		FY2026
Orders received	91.0	79.6	89.7	91.3	107.4	101.0	94.2	118.6	114.1	106.7	115.4		117.6
Net sales	84.7	87.4	89.3	90.3	92.3	94.6	94.7	97.1	91.3	100.5	109.3		132.2
Operating profit	6.9	6.7	8.3	6.3	6.5	6.8	6.7	5.3	0.7	2.3	4.3		7.3

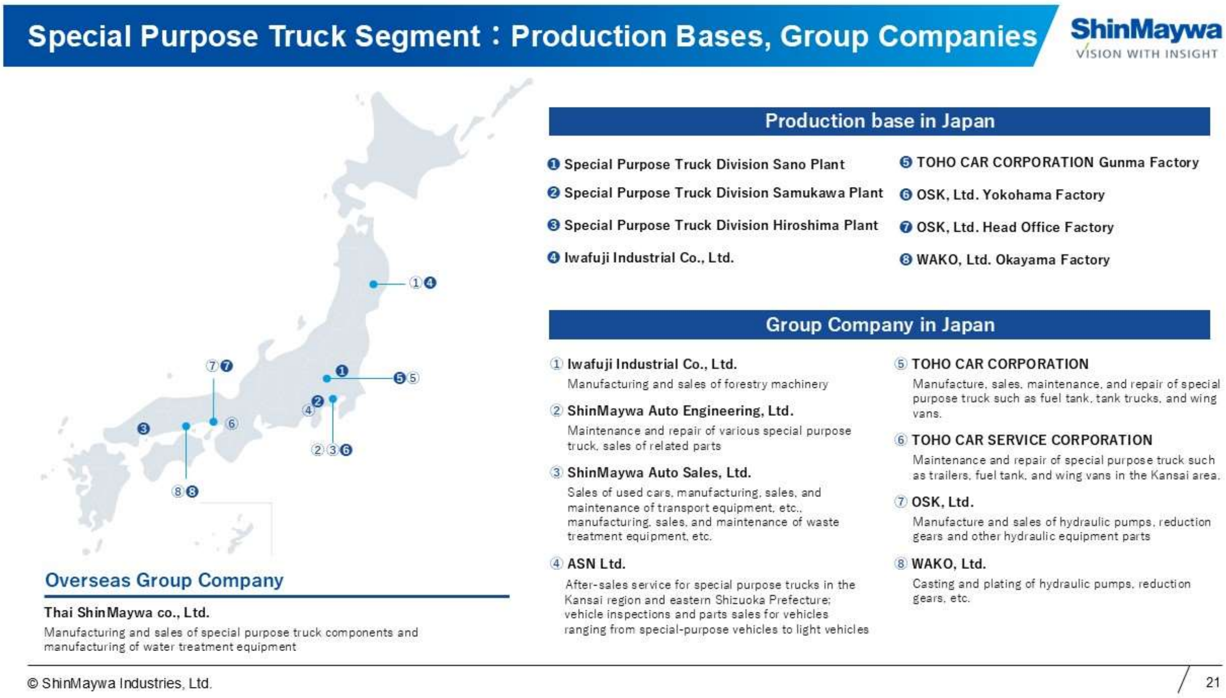
This slide shows the performance of the special purpose vehicle segment over the last 10 years.

Orders shown in green and sales in blue in the bar graph have been particularly high in recent years. In the previous fiscal year, the Company set a new record for sales, and both orders and sales are expected to exceed those of the previous fiscal year in the current fiscal year as well.

On the other hand, operating profit decreased significantly in the fiscal year ended March 2023 due to delays in parts procurement and soaring raw material costs, including parts costs. Parts procurement activity, once stagnant, has increased.

Additionally, two rounds of the price revisions implemented in April 2022 and April 2023 are beginning to show their impact. As a result, profits are on a recovery trend, although they have not yet fully returned to past operating profit levels.

By revising selling prices and improving productivity, we aim to achieve the operating profit target of JPY7.3 billion for the final year of the medium-term management plan.



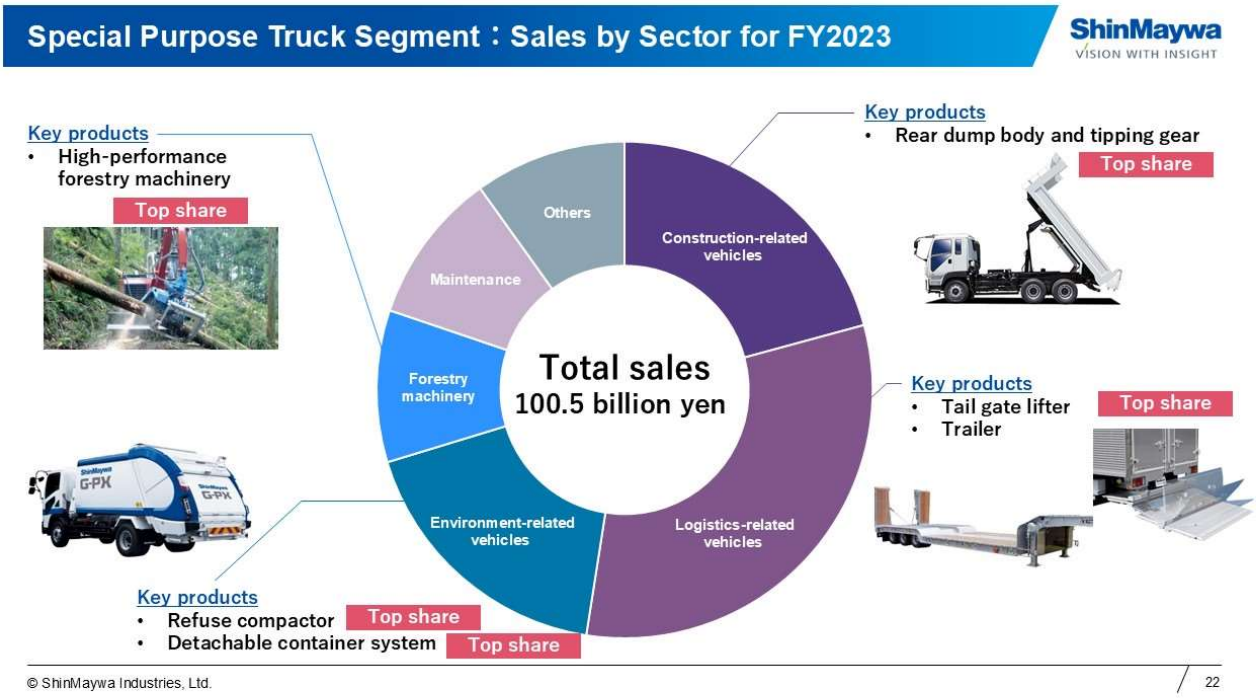
Before discussing specific initiatives, I will first provide some basic information on the special purpose vehicle segment.

This chart shows the locations of production sites and group companies.

As for domestic production bases, the special purpose vehicle division has three plants. The Sano plant manufactures large dump trucks and demountable vehicles. The Samukawa plant manufactures medium- and small-size dump trucks and tailgate lifters. Finally, the Hiroshima plant manufactures dust trucks and other vehicles.

Eight domestic group companies include Iwafuji Industrial, which manufactures forestry machinery, and TOHO CAR CORPORATION, which manufactures trailers. One overseas group company is Thai ShinMaywa, which manufactures and sells functional parts for special purpose vehicles.

The special purpose vehicle segment is operated by the special purpose vehicle division and nine group companies working together.



Next, we present the sales composition of the special purpose vehicle segment by product.

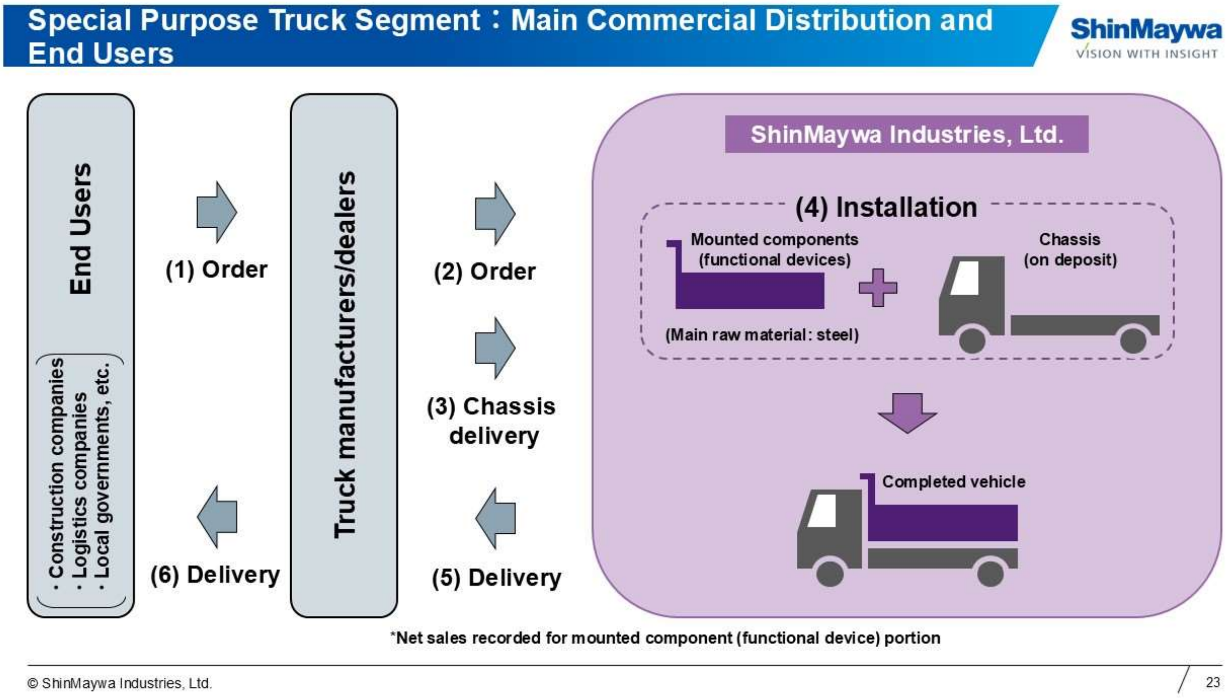
The construction-related vehicles, whose main product is rear dump trucks, account for about 20% of the total sales of the special purpose vehicle segment.

The logistics-related vehicles, whose main products are tailgate lifters and trailers, account for about 30%.

The environment-related vehicles, whose main products are dust trucks and demountable body trucks, account for about 20%.

The forestry machinery accounts for about 10%, and the maintenance business also accounts for about 10%.

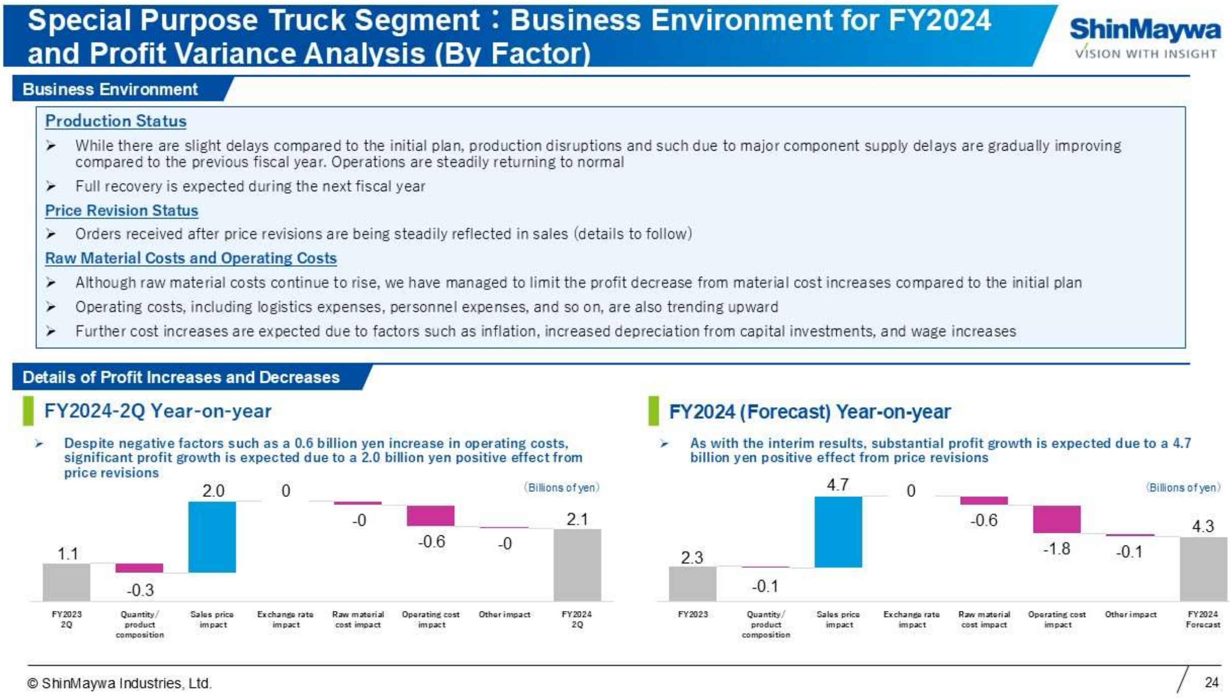
In each of these fields, we have the top share in the industry for our mainstay products. This sales composition does not change significantly from year to year.



Next, I will discuss the business flow.

Our main customers are truck manufacturers who manufacture chassis or dealers who sell them, and they make sales to end users who actually use the vehicles.

We receive chassis from the truck manufacturers and dealers and install the equipment that we manufacture, in other words, functional equipment. This mountable equipment generates our sales revenue.



Next, I will discuss the business environment for the current fiscal year and the detailed increase and decrease in profit for H1 and the full year, which partly overlaps with what I discussed earlier in my presentation of the financial results.

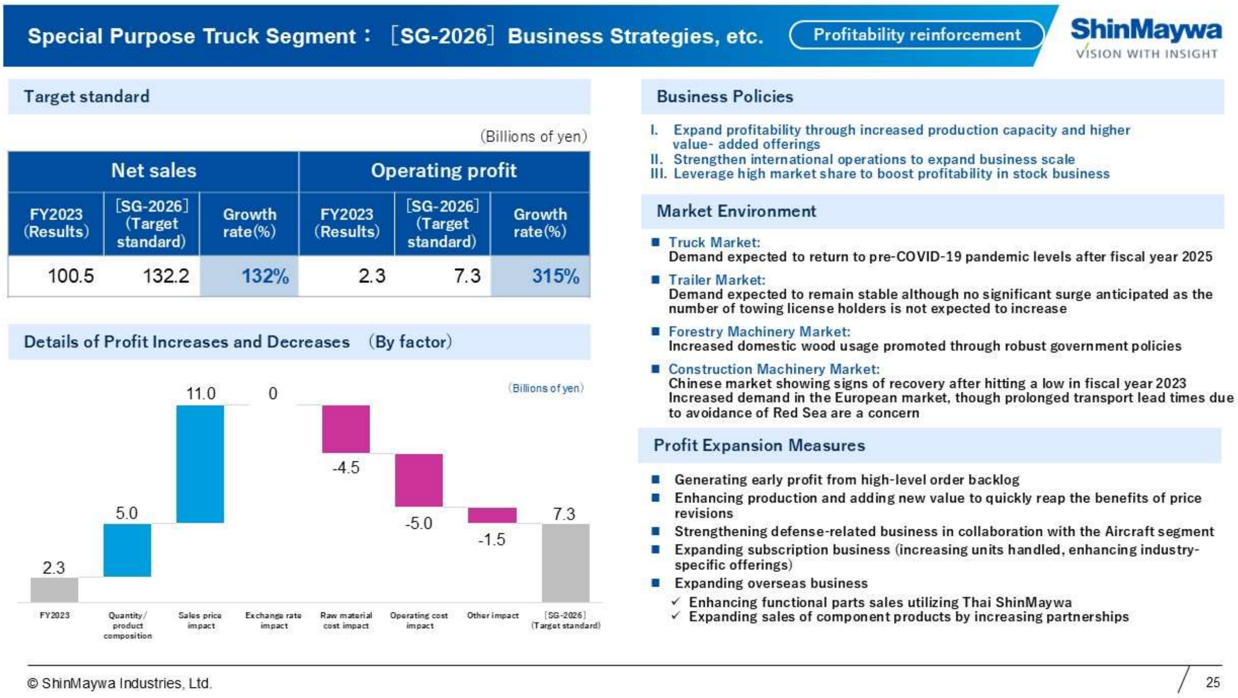
First, regarding the business environment, production has improved step by step since the previous fiscal year and is gradually moving toward normalization, although there are some delays compared to the business plan made at the beginning of the fiscal year. A full recovery is expected in the next fiscal year. The status of the price revision will be discussed in detail later, but orders received after the price revision are steadily reflected in sales.

On the other hand, although we managed to keep the decline range under control in terms of the initially planned goal, the raw material costs developed a factor in decreasing the profit when compared to the previous fiscal year.

In terms of operating costs, distribution costs and personnel costs are on the rise. Early reaping of the benefits of selling price revisions and productivity improvements will be essential for improving profitability, since the cost of goods sold is expected to increase in the future due to rising prices, higher depreciation expenses resulting from increased capital investment, and wage increases.

The graphs at the bottom show the details of profit increase and decrease for H1 and the full year ending March 2025, based on this business environment.

The full-year forecast calls for an increase of JPY1.9 billion from the previous year due to the effect of JPY4.7 billion in selling price improvements, despite factors that will reduce profits, including a JPY1.8 billion increase in operating expenses and a JPY600 million increase in raw material costs.



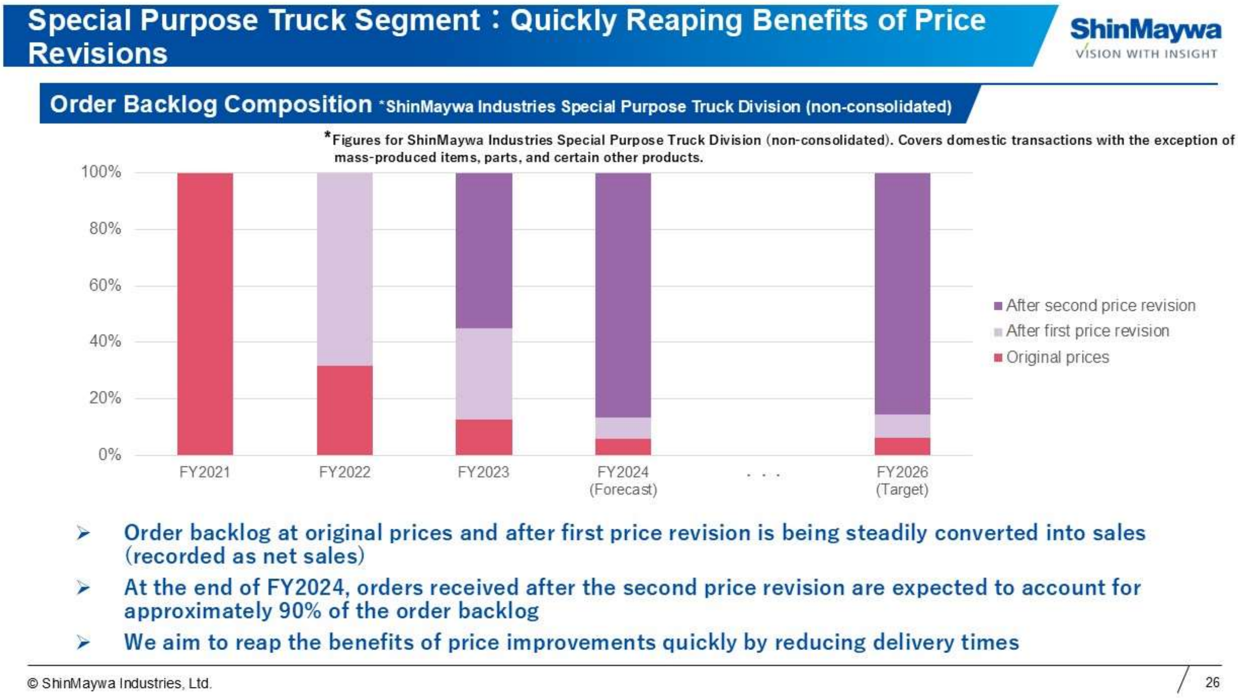
From here, I would like to discuss our specific efforts to achieve the targets of the medium-term management plan.

This slide shows the performance targets and profit increase and decrease details of the medium-term management plan on the left side and business strategies on the right side.

As shown in the profit increase and decrease details, compared to the operating profit for the fiscal year ended March 2024, we project an increase of JPY11 billion based on the impact of selling price revisions, aiming to achieve an operating profit target of JPY7.3 billion.

The early reaping of this selling price revision effect will be a major point in achieving the medium-term management plan targets. The medium-term management plan positions the special purpose vehicle business as a business that will enhance profitability, with three business policies: one, expand profitability by increasing production capacity and adding higher value; two, expand business scale by strengthening the overseas business; and three, expand the profitability of the stock business with a high market share.

As specific measures to increase earnings, we will address the five measures listed on the lower right.



I will discuss the measures to increase earnings in the subsequent slides.

First, I will discuss how we will reap the benefits of the selling price revision as early as possible, which is the most important point for achieving the medium-term management plan performance targets.

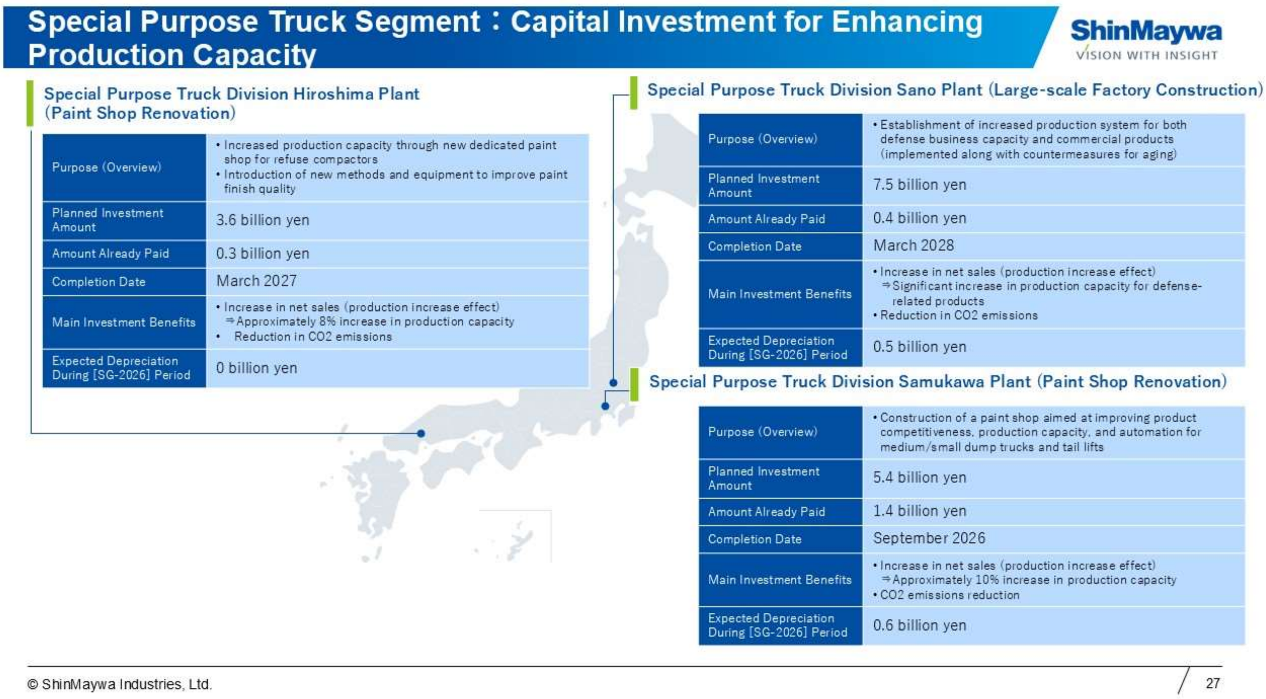
Our special purpose vehicle division has revised selling prices twice, in April 2022 and April 2023.

The graph here shows the composition of the special purpose vehicle division's order backlog by price range. Because we keep order backlog for over a year, it creates a time lag for price effects to kick in.

The old prices are highlighted in red. The order backlog after the first price revision was implemented is shown in light purple. We processed these orders as expected, and sales will contribute to the increased profit for the current fiscal year.

For the order backlog as of the end of the fiscal year ending March 2025, we expect that 90% will be the orders received after the second revision of selling prices highlighted in purple. As we process these order backlogs we expect to see a bigger impact from these revised selling prices.

Going forward, we will work to shorten delivery times and aim to reap the benefits of improved selling prices as quickly as possible.



Special Purpose Truck Segment：Capital Investment for Enhancing Production Capacity

ShinMaywa
VISION WITH INSIGHT

Special Purpose Truck Division Hiroshima Plant (Paint Shop Renovation)

Purpose (Overview)	• Increased production capacity through new dedicated paint shop for refuse compactors • Introduction of new methods and equipment to improve paint finish quality
Planned Investment Amount	3.6 billion yen
Amount Already Paid	0.3 billion yen
Completion Date	March 2027
Main Investment Benefits	• Increase in net sales (production increase effect) ⇒Approximately 8% increase in production capacity • Reduction in CO2 emissions
Expected Depreciation During [SG-2026] Period	0 billion yen

Special Purpose Truck Division Sano Plant (Large-scale Factory Construction)

Purpose (Overview)	• Establishment of increased production system for both defense business capacity and commercial products (implemented along with countermeasures for aging)
Planned Investment Amount	7.5 billion yen
Amount Already Paid	0.4 billion yen
Completion Date	March 2028
Main Investment Benefits	• Increase in net sales (production increase effect) ⇒Significant increase in production capacity for defense-related products • Reduction in CO2 emissions
Expected Depreciation During [SG-2026] Period	0.5 billion yen

Special Purpose Truck Division Samukawa Plant (Paint Shop Renovation)

Purpose (Overview)	• Construction of a paint shop aimed at improving product competitiveness, production capacity, and automation for medium/small dump trucks and tail lifts
Planned Investment Amount	5.4 billion yen
Amount Already Paid	1.4 billion yen
Completion Date	September 2026
Main Investment Benefits	• Increase in net sales (production increase effect) ⇒Approximately 10% increase in production capacity • CO2 emissions reduction
Expected Depreciation During [SG-2026] Period	0.6 billion yen

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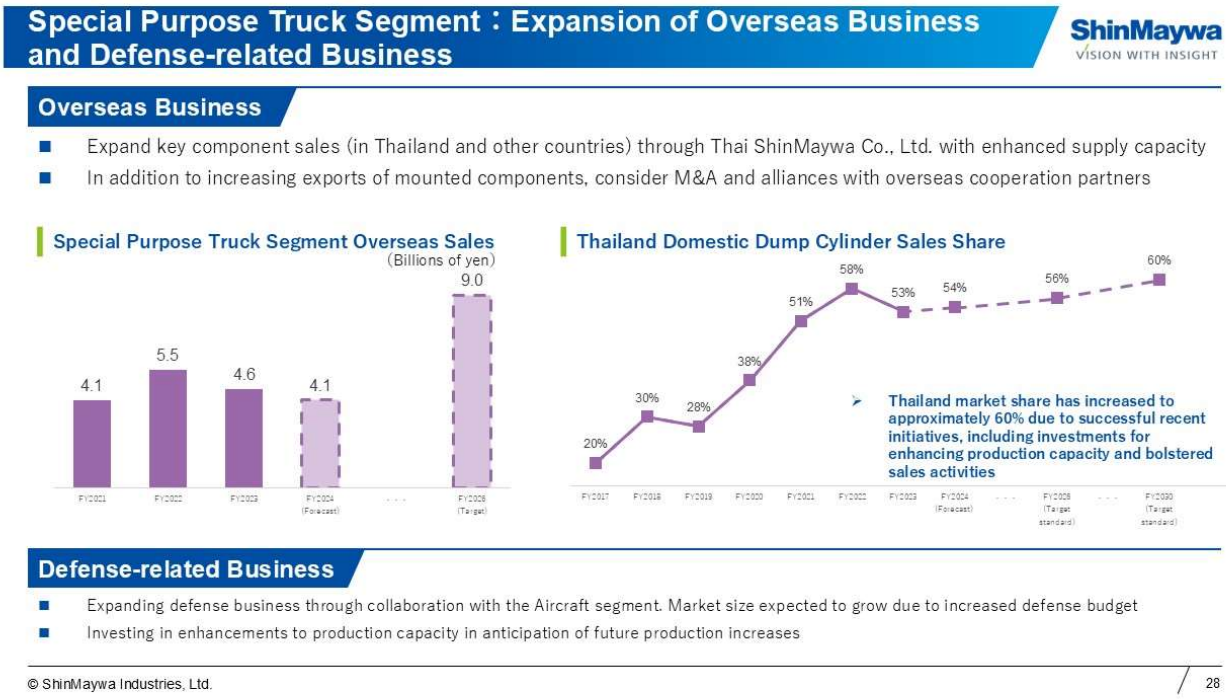
Next, I will discuss our plans for capital investment to increase production capacity.

In order to eliminate the high volume of order backlogs, it is necessary to increase production capacity, and the Company has begun capital investment to increase future production capacity at three plants of the special purpose vehicle division.

We manufacture large dump trucks and other products at the Sano plant. We will add a large plant here to increase production capacity for defense projects and to increase the combined production of civilian products as well.

We manufacture medium- and small- size dump trucks and tailgate lifters at the Samukawa plant in Kanagawa Prefecture and dust trucks at the Hiroshima Plant. We have a plan to renovate their paint shops, which have become bottlenecks in the manufacturing process.



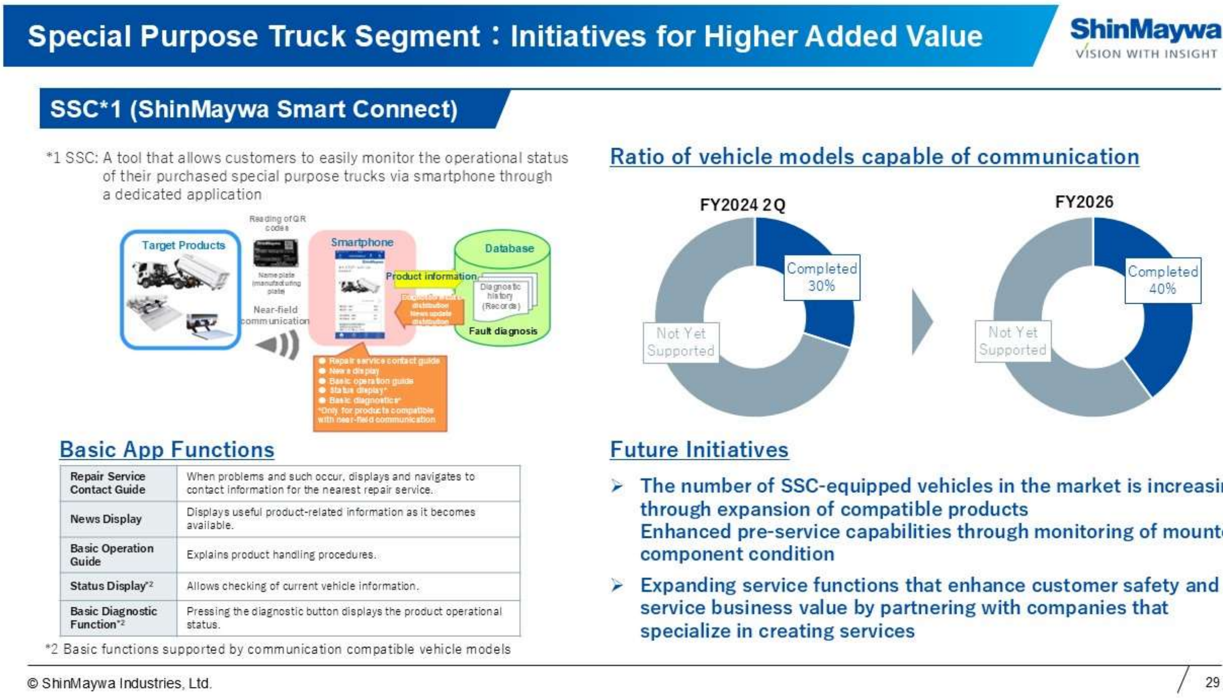
Next, I will discuss our overseas business and defense-related business initiatives aimed at expanding the scale of our business.

In the special purpose vehicle segment, the overseas sales target for the final year of the medium-term management plan is set at JPY9 billion. To achieve this target, we will work to expand and increase the sales of key components through Thai ShinMaywa, which has strengthened its supply capacity.

The line graph on the right side shows Thai ShinMaywa's share of dump cylinder sales in Thailand. Thanks to the success of our efforts in recent years, including capital investment to increase production capacity and strengthening of sales activities, our market share in Thailand has increased from approximately 20% to 30% to approximately 60%, and we will continue to expand our overseas business, focusing on sales expansion of key components by Thai ShinMaywa.

We will also consider M&A and alliances with overseas companies.

In the defense-related business, we plan to expand the scale of our operations by collaborating with the aircraft segment to meet the expected increase in demand given the rising defense budget.

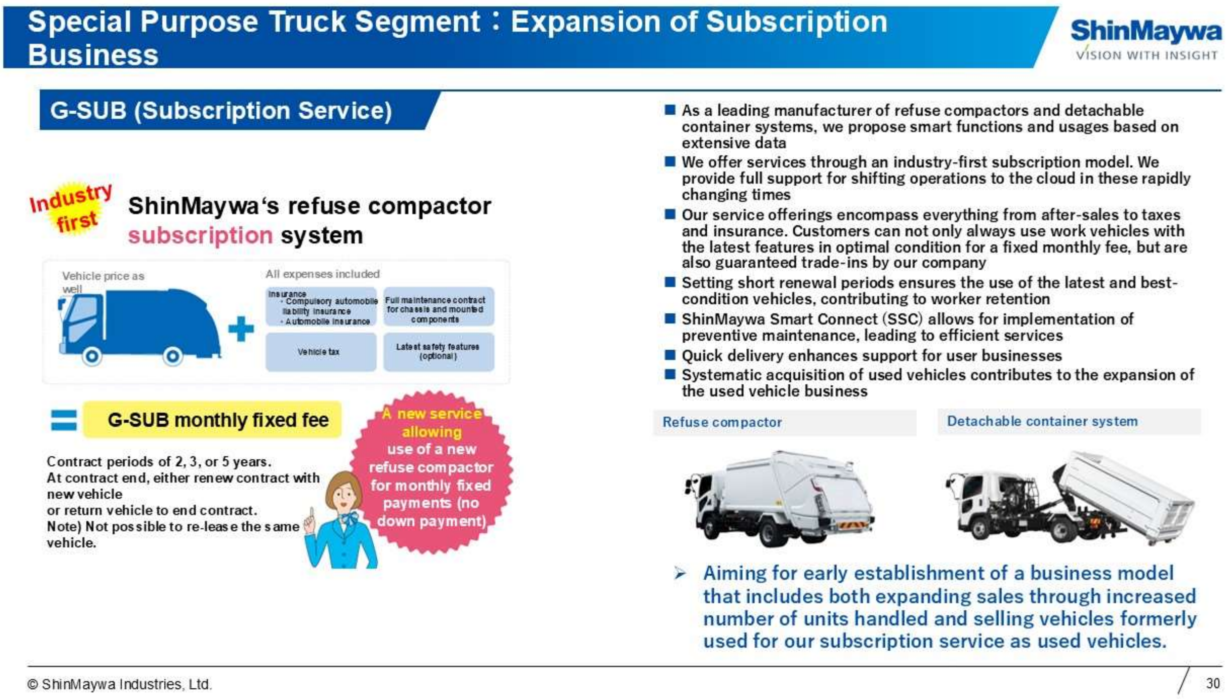


Next, I would like to discuss ShinMaywa Smart Connect, an initiative for high value-added products.

ShinMaywa Smart Connect is an IT tool that allows customers to easily check the operational status of their purchased special purpose vehicles via smartphone by operating a dedicated application.

We are gradually increasing the number of vehicle models that are compatible with this function, aiming to make this function available to more customers. Roughly 30% of car models are currently compatible with the communication function. This number is expected to increase up to 40% by the final year covered by the medium-term management plan.

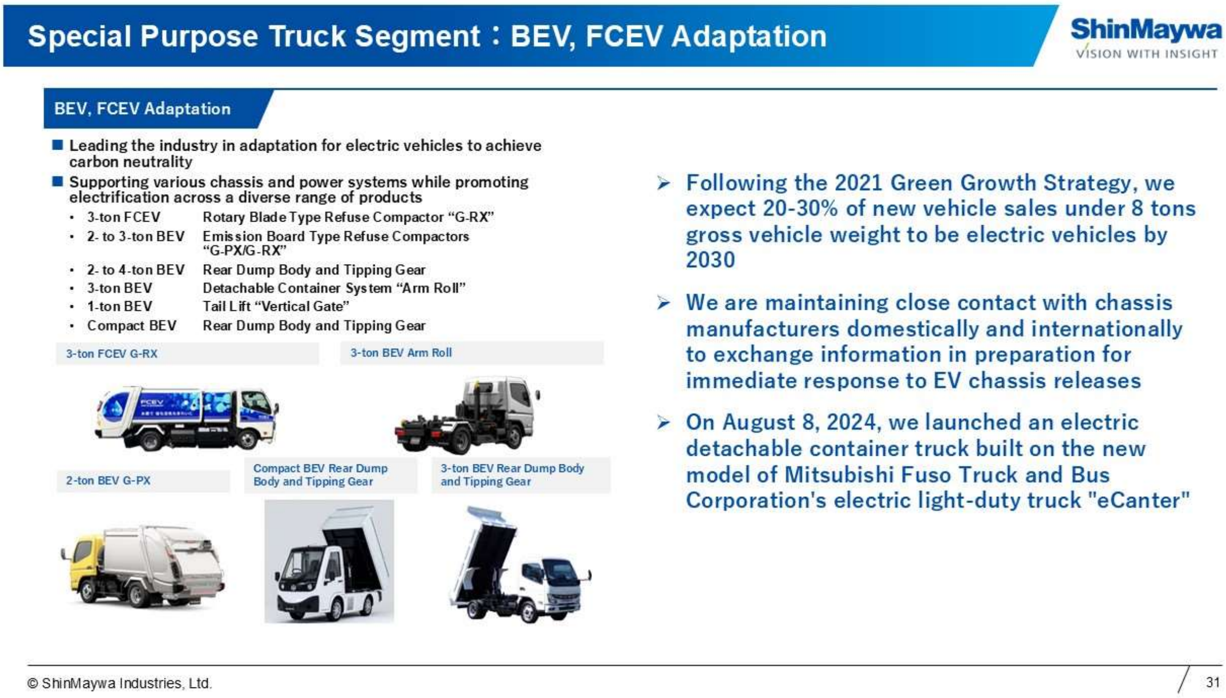
In the future, we will capture the condition of mounted equipment to enhance our pre-sales activities. We will also collaborate with companies that specialize in service creation to expand service functions that will lead to customer safety and added value for our service business.



Next, I will discuss the subscription business and the expansion of G-SUB.

G-SUB is a service that allows customers to use our dust trucks and other vehicles for a fixed monthly fee. The fixed fee includes running costs, such as after-sales service, taxes, and insurance costs. By switching to a new vehicle at every fixed contract period, customers benefit from having a vehicle that is always in good condition with the latest features.

In addition to expanding the sales scale by expanding the lineup and increasing the number of vehicles handled, we intend to quickly establish a business model to sell used vehicles after the subscription service is terminated.



Finally, I would like to discuss our approach to battery EV and fuel cell vehicle chassis.

In accordance with the 2021 Green Growth Strategy, we expect that EVs will account for 20% to 30% of new vehicle sales by FY2030 in the under-8 ton gross vehicle weight segment. In response to the shift to EVs, we are promoting electrification across a wide variety of vehicle models, maintaining close information exchange with both domestic and international chassis manufacturers, and preparing for immediate delivery upon the release of EV chassis.

Most recently, in August 2024, we released a demountable piece of equipment which is mounted to a new small EV truck designed by Mitsubishi Fuso Truck and Bus Corporation. It underscores our achievement of zero emissions without CO_2 emissions.

We will ensure to implement these measures in the special purpose vehicle segment, in order to increase earnings, achieve the targets of the medium-term management plan, and ultimately increase corporate value.

This concludes the financial results briefing for the fiscal year ending March 2025. Thank you very much for your kind attention.

[END]

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Document Notes

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