

**ShinMaywa**



## ShinMaywa: What we do is all around you.

We take care of the happiness  
found day to day.

We strive to be a smooth fit  
for society while providing  
a way to a better future.

At ShinMaywa, we discreetly support  
people's lives by helping them feel  
their surroundings are safe  
and convenient.

What we do is all around you.  
We are ShinMaywa Group.



Get to Know the ShinMaywa Group

# History and Main Businesses

The ShinMaywa Group currently discloses its business results in six segments. Here is an overview of the key events in ShinMaywa Group's history and of its segments.

## History of the ShinMaywa Group since its foundation

<b>1920</b>	Founded Kawanishi Machinery Company	<b>1956</b>	Completed the first automatic wire stripping machine (wire processing system)
<b>1947</b>	Changed company name from Kawanishi Aircraft Company, Ltd. to Meiwa Industry Company Limited	<b>1960</b>	Changed company name to ShinMaywa Industries, Ltd.
<b>1949</b>	Established Shin Meiwa Industry Company Limited	<b>1962</b>	Stock listed on the Second Section of the Tokyo Stock Exchange and Osaka Securities Exchange
<b>1950</b>	Began production of rear dump body and tipping gear	<b>1964</b>	Established corporate principles: "Clean, Sincere, Steady, and Enterprising"
<b>1952</b>	Completed the first three way dump body and tipping gear for export to Argentina		Developed ShinMaywa Parking Tower, a rotary & vertical type car parking system
<b>1954</b>	Completed the first self-priming pump Began production of garbage trucks (refuse compactors)		Technical alliance with a Swedish partner for the manufacture of electric submersible pumps
<b>1955</b>	Began production of tail gate lifters Began aircraft overhaul	<b>1967</b>	Stock reassigned to the First Section of the Tokyo Stock Exchange and Osaka Securities Exchange First flight of the first PX-S (PS-1) STOL amphibian prototype

<b>1969</b>	Delivered the first two Jetway aircraft passenger boarding bridges to Tokyo International Airport	<b>2003</b>	First flight of the first US-1A Kai (STOL search and rescue amphibian) prototype
<b>1973</b>	Started production of detachable container system	<b>2006</b>	Shipped main wing spar for first Boeing 787 aircraft
<b>1974</b>	First flight of the first PS-1 Kai (STOL search and rescue amphibian) prototype	<b>2020</b>	Established the management philosophy and long-term vision in celebration of the 100th anniversary of the Company's founding
<b>1976</b>	Delivered first in-building refuse collecting and transporting system	<b>2021</b>	Established the tagline VISION WITH INSIGHT and formulated the long-term management plan SG-Vision 2030*
<b>1979</b>	Completed construction of refuse transfer station system for Jonan Sanity Control Association in Kyoto	<b>2022</b>	Stock transferred to the Prime Market of the Tokyo Stock Exchange
<b>1985</b>	Completed brushless DC motor	<b>2024</b>	Formulated the medium-term management plan SG-2026 Disclosed "Notice Concerning Action to Implement Management that is Conscious of Cost of Capital and Stock Price" to the Tokyo Stock Exchange
<b>1989</b>	Share capital exceeded 10 billion yen		
<b>1993</b>	Shipped wing-to-body fairing for first Boeing 777 aircraft		
<b>2002</b>	Head Office relocated from Nishinomiya-shi to Takarazuka-shi in Hyogo		

\* SG-Vision: Sustainable Growth with Vision

### Special Purpose Truck Business

**Business overview**

- Manufacture, sale, and after-sales service of special purpose trucks**
  - Construction-related vehicles Dump body and tipping gear, concrete mixer trucks, etc.
  - Logistics-related vehicles Tail gate lifters, fuel tanks, trailers, etc.
  - Environment-related vehicles Refuse compactors, detachable container systems, etc.
- Manufacture, sale, and after-sale service of high-performance forestry machinery**
- Manufacture and sales of hydraulic functional parts**

**Production bases 8 locations**



### Parking Systems Business

**Business overview**

- Manufacture, sale, maintenance, and renovation of parking equipment**
  - Elevator type car parking system
  - Rotary & vertical type car parking system
  - Shuttle-type innovatory parking system
  - Multi-storied car parking system
- Operation of coin-operated parking (hourly parking lots)**
- Manufacture, sale, and maintenance of aircraft passenger boarding bridges**

**Production bases 3 locations**



### Industrial Machinery & Environmental Systems Business

**Business overview**

- Manufacture, sale, and maintenance of mechatronics products**
  - Automatic electrical wire processing systems
  - Vacuum systems
  - Thin films and surface modification products
  - Special motors
  - Vacuum drying systems
- Construction and operation of environmental facilities**
  - Refuse transfer station system
  - Refuse resources recycling centre
- Manufacture, sale, and maintenance of refuse collecting and transporting systems and equipment**
  - Refuse storage and discharger

**Production bases 5 locations**

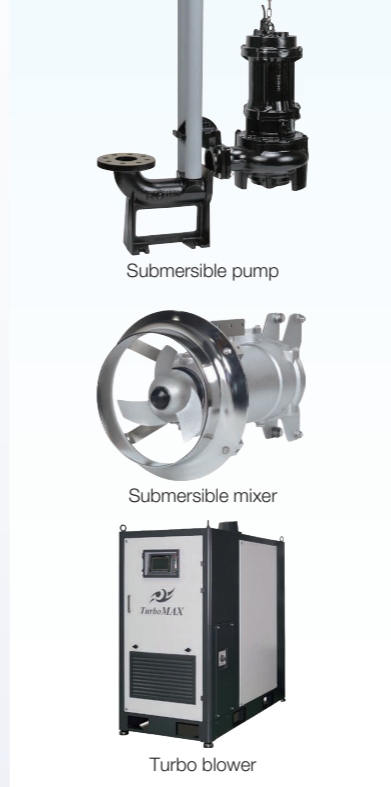


### Fluid Business

**Business overview**

- Manufacture, sale, and maintenance of fluid products (submersible pumps and fluid equipment)**
  - Submersible pumps
  - Submersible mixers
  - Roots/turbo blowers
  - High pressure washers
- Design and construction of pump equipment/water treatment facilities**

**Production bases 4 locations**



### Aircraft Business

**Business overview**

- For Japan's Ministry of Defense**
  - Manufacture and maintenance of amphibians**
  - Maintenance of Self-Defense Forces aircraft, etc.**
- For private sector**
  - Manufacture of components for commercial aircraft**
    - Boeing 787 main wing spar
    - Boeing 777 / 777X wing-to-body fairings
    - Bombardier G7500 rotor blades, etc.
  - Development, design, and manufacture of fixed-wing unmanned aircraft**

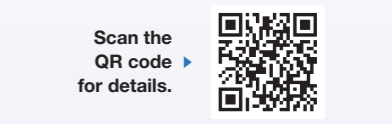
**Production bases 5 locations**



### Other Business

The Company operates construction, real estate, IT-related, and other businesses in the Others segment.

For detailed information on ShinMaywa Group's history from its founding to the present day, please go to the History page from the Company Information menu on our website.



<https://www.shinmaywa.co.jp/english/company/history.html>

\* Number of production bases includes Group companies and overseas bases.

# Message from the President



**Tatsuyuki Isogawa**  
President & CEO

## We will cherish our connections with all our stakeholders in our day-to-day management of the company

Our long-term vision sets out what we aspire to be as a company in 2030. As this was the ShinMaywa Group's first attempt at pursuing a vision for itself in ten years' time, after much pondering on how best to move forward, we chose a method of reaching 2030 through three medium-term management plans, and announced the vision in May 2021. In

March 2024, we completed Phase 1 of the vision, and we have now moved onto Phase 2.

In this message, I will look back on the previous medium-term management plan, SG-2023, and share its outcomes and issues with you, after which I will explain the focal points of the new medium-term management plan, SG-2026.

### Looking back on the "Transformation" efforts of SG-2023

The long-term management plan, SG-Vision 2030, that we announced in 2021 presents a roadmap to the achievement of our long-term vision. In it, we have set ourselves the target of achieving the levels indicated in the table at right as a corporate group.

SG-Vision 2030 Target Levels (Final Fiscal Year: FY2030)

Management indicators	Target levels
Net sales	400 billion yen or more
Overseas sales (included in above)	100 billion yen or more
ROE	12% or more
ROIC	10% or more

In SG-2023, Phase 1 of the long-term vision, with "Transformation" as our management theme, we advanced our plans, envisaging our stakeholders appreciating that ShinMaywa has changed.

During the plan period, we met with difficult circumstances when the global economy was hit hard by the spread of COVID-19. However, looking back on our performance during SG-2023, net sales in FY2021, the first year of the plan, exceeded those of the previous year, and we maintained the same level of operating profit as well. These results renewed my strong sense that many of our businesses form part of the social infrastructure.

Social activity has since recovered, but inflation accelerated in a short period of time, causing raw materials prices to skyrocket, while labor and transport costs also increased due to labor shortages. These and other factors meant that the Group's current operating profit ratio is below 5%. We need to take urgent measures to address the sluggishness of our profit ratio, which is an indicator of competitiveness. This situation is largely attributable to the Special Purpose Truck segment, which is our main source of earnings, so we will continue to take concrete countermeasures, including increasing prices.

Under these circumstances, one area in which we can truly feel the transformation that is the theme of SG-2023 is the significant growth of the Industrial Machinery & Environmental Systems segment, which until now has had little chance to enjoy the spotlight. Lately, we have been receiving many questions and comments expressing expectations of this segment. The main driver of this breakthrough has been the rise of KOREA VACUUM LIMITED, which we welcomed into the Group by M&A in 2018. This company makes equipment needed in the manufacturing process of lithium-ion batteries used in electric vehicle (EVs). It has responded exceedingly well to the demands of customers that are planning capital investment in vehicle-mounted batteries to accommodate the future popularization of EVs. It has been part of the Group for five years now, and looking back on the M&A that we conducted with expectations of the quality of its products and its adaptability to the global market, I have a real sense that the decision we made at the time was the correct one.

In other developments, although yet in its early days, at my instigation, we established a New Business Strategic Div. in Head Office as an organization devoted to the creation and launch of new businesses. We have also started an employee-participation activity for the generation of new business ideas, which is organized by the new division. In such ways, we have indicated to both inside and outside the company our resolve to make a company-wide effort to address the long-standing issue of new business creation. This also represents part of the

### Business Performance During SG-2023

	SG-2023 target	FY2021 result	FY2022 result	FY2023 result
Net sales	250 billion yen	216.8 billion yen	225.1 billion yen	257.0 billion yen
Overseas sales (included in above)	45 billion yen	31.0 billion yen	46.3 billion yen	53.2 billion yen
Operating profit	15 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%
Dividend payout ratio	40-50%	40.0%	40.5%	42.6%

"transformation" of breaking free from the status quo.

Further, we were able to continue to pay dividends to shareholders based on the dividend payout ratio initially indicated throughout the period of SG-2023.

### Aiming for a path of "Expansion" in SG-2026

The theme of SG-2026, Phase 2 of the long-term vision, is "Expansion." We named the three phases toward the achievement of the lofty targets set forth in SG-Vision 2030 "Transformation," "Expansion," and "Advancement," respectively. SG-2026 will be an important three years that will lead into the final "Advancement" phase.

Net sales in the fiscal year ended March 31, 2024 (FY2023) totaled 257.0 billion yen. To achieve the target level of SG-Vision 2030, we will need to increase that even further by more than 50%. While we have not indicated a target level for operating profit, in conjunction with the increase in sales, improving profitability will be a major challenge. While we fell short of targets for operating profit, ROE and ROIC in SG-2023, we will work hard to achieve the targets for SG-2026 and meet the expectations of our stakeholders.

Currently, we are working on the following six policies under SG-2026.

#### Basic policies

1. Realization of sustainable growth
2. Business portfolio management
3. Penetration and promotion of ROIC management
4. Strengthening of human capital
5. Contribution to environment and society through products and services
6. Strengthening of risk management and compliance

## Get to Know the ShinMaywa Group

It is vital that these six policies be put into practice while remaining conscious of their individual relationships to our management initiatives. Those relationships are portrayed in diagram form in the Value Creation Process section of this report on pages 9-10.

Based on this Value Creation Process, we hope to show how we will realize “Expansion” by achieving the following management targets.

Management indicators	SG-2026 target
Net sales	320 billion yen
Overseas sales (included in above)	80 billion yen
Operating profit	18 billion yen
ROE	10% or more
ROIC	7% or more
Dividend on equity ratio (DOE)	Conduct dividends of around 3%

### Revitalization of business activities will be the source of growth

— Focusing efforts on “delving deeper” and “exploring” —

For our core businesses, we will focus our efforts on the following points aimed at expansion of earnings. We will discuss the current and future value of our various businesses and products (business portfolio) and, in addition to delving deeper into our current businesses, we will identify targets of growth investment.

Segment	Focal points (extract*)
Special Purpose Truck	<ul style="list-style-type: none"> <li>● Make elemental equipment intelligent → Create new added value</li> <li>● Expand domain of the special purpose truck subscription business</li> <li>● Expand sales of component products overseas</li> </ul>
Parking Systems	<ul style="list-style-type: none"> <li>● Strengthen support for CASE using SPASA®, ShinMaywa's parking support app</li> <li>● Expand sales of aircraft passenger boarding bridges with automated remote control functions</li> <li>● Diversify car parking system maintenance service business (social infrastructure, industrial equipment area, etc.)</li> </ul>
Industrial Machinery & Environmental Systems	<ul style="list-style-type: none"> <li>● Automatic electrical wire processing systems: Roll out automated products for high-speed communication cable processing</li> <li>● Vacuum technology: Develop peripheral equipment for EV manufacturing equipment and expand variations of existing products</li> <li>● Environment-related: Increase added value and produce labor saving through application of ShinMaywa's proprietary original AI/IoT technologies</li> </ul>
Fluid	<ul style="list-style-type: none"> <li>● Rainwater countermeasures: Expand scale of heavy rain/flooding countermeasures area</li> <li>● Sewerage area: Introduce after-sales services and DX technologies to address energy conservation and social change</li> <li>● Use production base in Thailand to strengthen competitiveness in Asian region</li> </ul>
Aircraft	<ul style="list-style-type: none"> <li>● Commercial aircraft: Research of new compound materials and recycled materials → Product development</li> <li>● STOL amphibians: Stabilize earnings and strengthen operational support by launching business related to performance-based logistics (PBL)</li> <li>● Appeal to future customers with fixed-wing unmanned aircraft (developed by ShinMaywa)</li> </ul>

\*For more details, please visit our website: Investor Relations▶IR Library▶Presentation of Financial Results▶Medium-Term Management Plan [SG-2026]

Also, regarding exploration activities aimed at the creation of new businesses, centered around the New Business Strategic Div. that I mentioned earlier, we have assigned key persons in charge of each of more than ten themes, including those already announced during the SG-2023 period and those that we are currently assessing for commercialization. They often say that the probability of a new business succeeding “three in a thousand,” and we do not believe that creating new sources of earnings will be easy. Nevertheless, with the image of the realization of the long-term vision in mind, we will be persistent in our efforts so that we may present the “new businesses” that will support the Group.

#### New business themes that have already been announced

Theme	Outline/key points
Small-scale decentralized water reuse system	Collaboration with WOTA CORP. to introduce small-scale decentralized treated water infrastructure as a way to address the aging of sewerage infrastructure and depopulation
Hydrogen supply chain business	Initiative to promote the penetration of the hydrogen transport and storage flow using organic hydride technology in tandem with Hrein Energy Inc.

▶Page 33 Initiatives for New Business Creation

### To be a corporate group that has broad social recognition

— Together with stakeholders always —

In our newly presented Value Creation Process, we have set out a management stance that is more conscious of the stakeholders that have connections with the Group.

Our management philosophy is our basic way of thinking about management that shows the reason for ShinMaywa Group's existence, purpose, and mission. The long-term vision presents our aspirations for 2030 as a waypoint toward that goal. Established on the occasion of the 100th anniversary of the company's founding, these both present our intentions, but we realized that they lacked a perspective that looked toward our stakeholders.

For this reason, in the process of formulating SG-2026, we reviewed the Value Creation Process to present a clear indication of “provision of value to stakeholders and key issues.”

The Group's main business is manufacturing, and in addition to the added value of our products, one of our strengths is the support systems that we have in place within the Group, which enable our products to be used with peace of mind on a daily basis. We are also proud of the fact that, in the broad range of fields that cannot be contained within the category of “transportation equipment manufacturing,” we are on an equal footing with many companies that specialize in single businesses within those areas.

#### Value provision by the Group and focuses of attention and efforts

Stakeholder	Value provision	Focus of attention and efforts
Customers	Continue to contribute to solutions to customers' issues through technologies, products, and services	<ul style="list-style-type: none"> <li>● Customer satisfaction</li> <li>● Quality</li> <li>● Delivery times</li> </ul>
Employees	Provide opportunities to take on challenges autonomously and workplaces where individuals' capabilities can grow together with the organization	<ul style="list-style-type: none"> <li>● Engagement</li> <li>● Career development</li> <li>● Promotion of D&amp;I</li> <li>● Health and safety</li> </ul>
Business partners	Realize a relationship of “live and let live in mutual prosperity” with business partners through fair business dealings and equal partnership	<ul style="list-style-type: none"> <li>● CSR risk management</li> <li>● Appropriate price negotiations</li> </ul>
Shareholders	Aim to maximize corporate value by improving management through dialogue with shareholders	<ul style="list-style-type: none"> <li>● Enhancement of shareholder value</li> <li>● Dialogue with shareholders and investors</li> </ul>
Local communities and society	Solve communities' and society's issues through business activities and advance alongside them	<ul style="list-style-type: none"> <li>● Conclude regional comprehensive collaboration agreements</li> <li>● Create jobs for people with disabilities</li> </ul>

Under these circumstances, we have demonstrated the value of our existence by concentrating management resources on business activities and meeting customer expectations. However, amid increasing social demands from many different directions, as a corporation listed on the Prime Market of the Tokyo Stock Exchange (TSE), cherishing our connections with our stakeholders, we want to be a presence that our stakeholders will always need and hold expectations toward through our daily activities. Our intention is to reward our stakeholders by implementing the focuses of attention and effort presented here and realizing the details described in the Value Provision column.

I understand that some of our shareholders are concerned about the fact that our price to book ratio (PBR), an indicator of the significance of our presence on the share market, is less than 1, which is the borderline indicated by the TSE. We submitted our measures for improvement to the TSE in May 2024 and are now working on their implementation. This matter is also mentioned by Mr. Kume, Director, Managing Executive Officer, and General Manager of Finance & Accounting Dept. in the Message from the Officer in Charge of Finance section of this report, which I encourage you to read.

▶Page 15 Message from the Officer in Charge of Finance

### Pursuit of the management philosophy

— What I value —

So far, I have explained our long-term vision toward 2030 and our management plans to achieve that vision, namely,

SG-Vision 2030, SG-2023, and SG-2026. All of these will be achieved only if the Group has the trust of its customers and other stakeholders.

At the foot of the Value Creation Process diagram, we have “corporate principles,” “action guidelines,” and “code of conduct.” This is because the entire process is founded on the premise that the company and each and every person who works there will comply with these things.

In this respect, the fact that our Parking Systems Div. was the subject of an on-site inspection by the Japan Fair Trade Commission in September 2023 is truly regrettable and has caused great concern in our stakeholders. I would like to take this opportunity to apologize that this unsettling situation has gone on for so long.

Because there have been news reports that this investigation involves multiple companies, we believe that it will take some time before the results of the inspection are revealed. We are still cooperating fully with the FTC's inspections, but meanwhile, as well as pledging anew to put the “corporate principles,” “action guidelines,” and “code of conduct” into practice within the Group, we are working to further strengthen our risk management structure. While we will, of course, respond immediately when any misconduct or scandal is revealed, our greatest emphasis will be on prevention.

I am now in my eighth year as President, and I have real sense that the intensity and speed of social change are greater than any era in my experience. As such, we have summed up my own convictions and the intentions of the management executives in the new SG-2026 plan and the Value Creation Process, so that they will serve as an unwavering foundation. While cherishing our history, we will nurture new businesses that will achieve sustainable growth that gives a sense of “transformation” and “expansion” to our era, and strive to become a corporate group for which all our stakeholders can hold high hopes for the future. I therefore ask for your continued guidance and support.



# Long-Term Management Plan [SG-Vision 2030]

## Sustainable Growth with Vision 2030 [SG-Vision 2030]

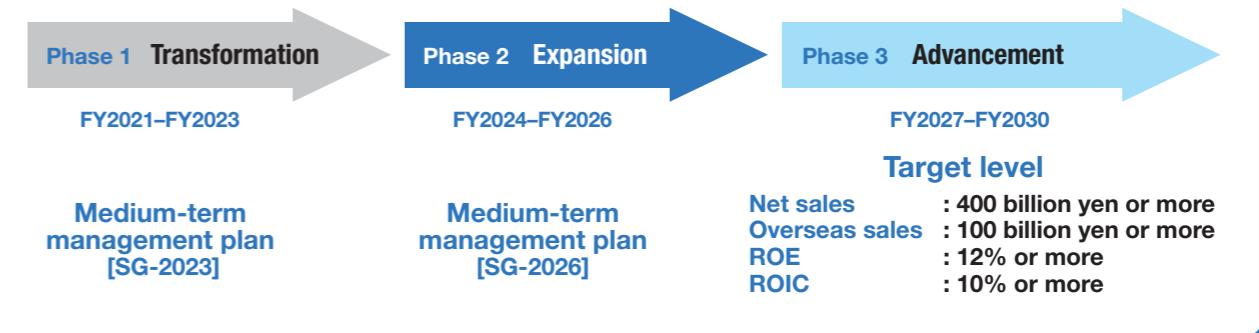
### Sustainable growth through value creation

The ShinMaywa Group conducts its business activities in accordance with its corporate principles, action guidelines, and code of conduct toward “the overall well-being of humanity through unstinting innovation” that is espoused in its management philosophy.

To continue sustainable growth in the future, based on our management philosophy, we have set forth a long-term vision for the future with 2030 as the target year. We will aim to

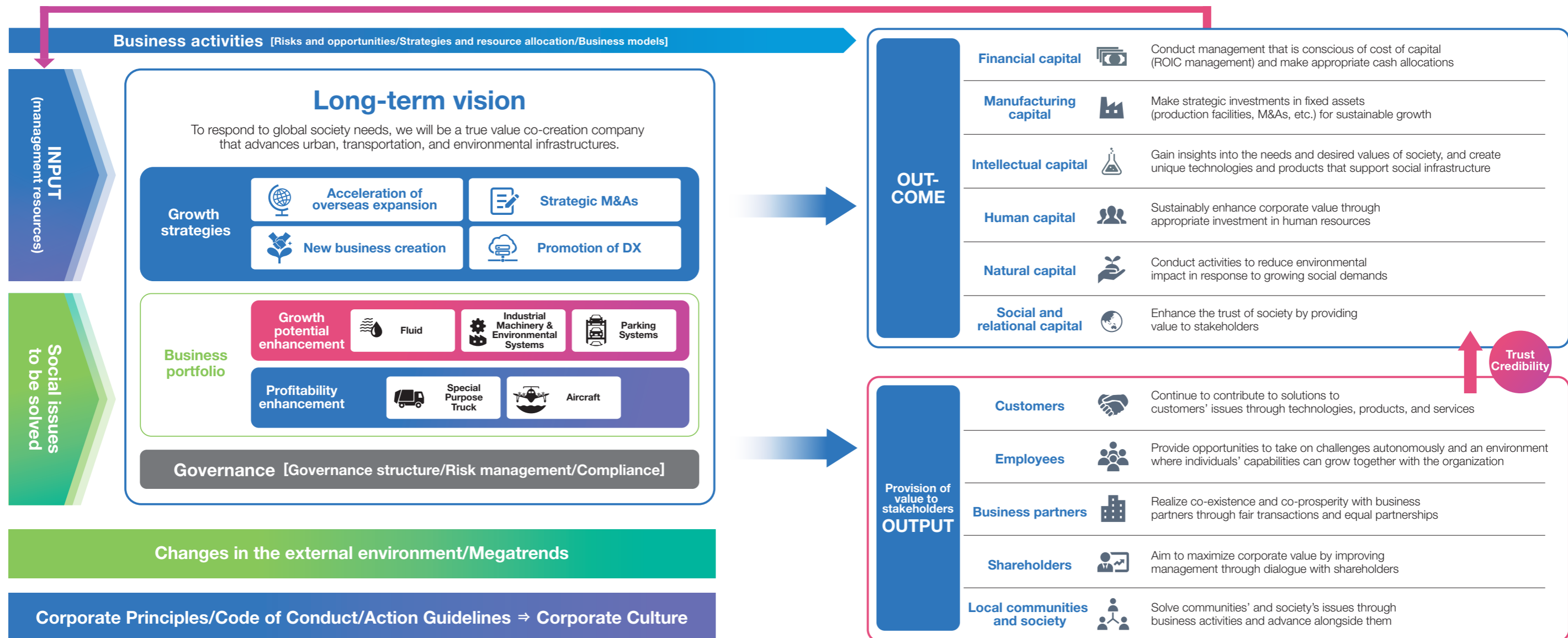
solve social issues and realize a sustainable future through our growth strategies (acceleration of overseas expansion, new business creation, strategic M&As, and promotion of DX) and business portfolio strategy (provision of value to stakeholders through five businesses), leveraging the management resources that we have cultivated over the 100 years since our foundation and the six types of capital that we have accumulated through our business activities.

Dividing the 10-year period of the long-term management plan (from the fiscal year ended March 31, 2022 [FY2021] to the fiscal year ending March 31, 2031 [FY2030]) into three phases, we aim to realize the long-term vision and achieve management indicators by formulating and promoting the medium-term management plan in each period.



## Management philosophy

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



# Previous Medium-Term Management Plan[SG-2023]

## [SG-Vision 2030] Phase 1 [Transformation]

### [SG-2023] Status of achievement of performance targets

(from fiscal year ended March 31, 2022 to fiscal year ended March 31, 2024)

Net sales and overseas sales achieved the plan due to the effect of the growth strategy set out in SG-2023, recovery from the COVID-19 pandemic, and strong demand. Meanwhile, operating profit did not meet the plan mainly due to the difference in timing of realizing the effect of measures to optimize sales prices in response to soaring material prices. As a result, ROIC and ROE also failed to achieve the plan, leaving us with some challenges.

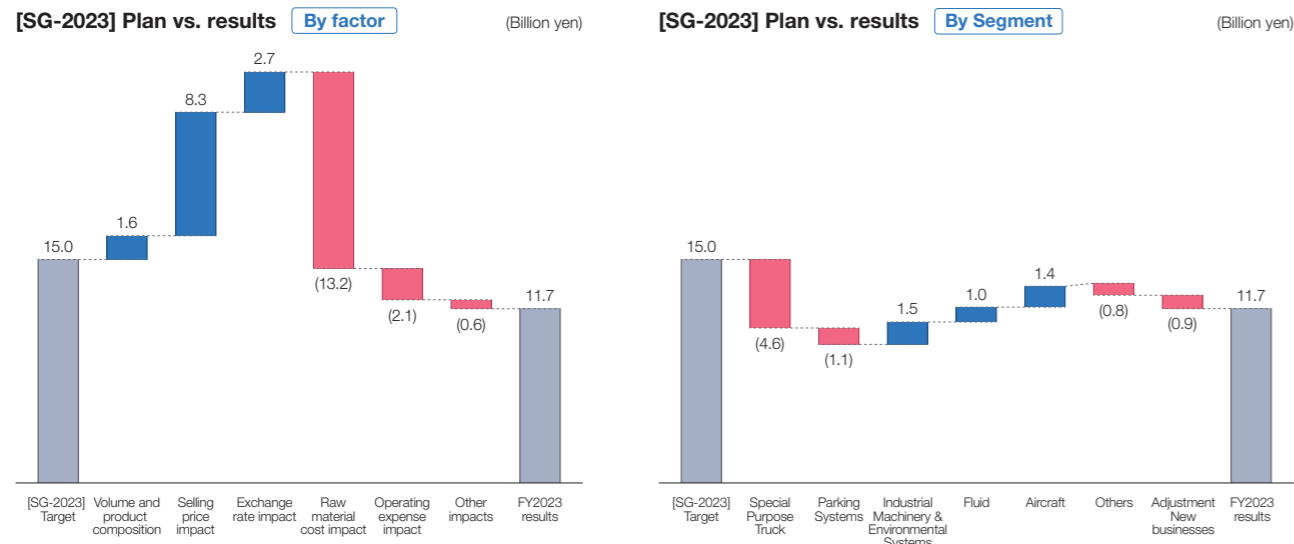
Management indicators	SG-2023 Target	Fiscal year ended March 31, 2022 (results)	Fiscal year ended March 31, 2023 (results)	Fiscal year ended March 31, 2024 (results)
Net sales	250 billion yen	216.8 billion yen	225.1 billion yen	257 billion yen
Overseas sales	45 billion yen	31 billion yen	46.3 billion yen	53.2 billion yen
Operating profit	15 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 (US \$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

### [SG-2023] Details of changes in profits (plan vs. results)

**By factor** Longer delivery period delayed the effect of the sales price revision (+8.3 billion yen), and despite the implementation of cost reduction plan, the impact of soaring raw material costs (including parts costs) (-13.2 billion yen) was a major factor in the decrease in profits, and the plan was not achieved.

**By Segment** The Special Purpose Truck segment was most affected by longer delivery period, resulting in -4.6 billion yen in profits. The Industrial Machinery & Environmental Systems segment recorded a profit of 1.5 billion yen, due to growth in vacuum drying systems of KOREA VACUUM LIMITED. Profits in the Aircraft segment increased by 1.4 billion yen due to the recovery of product sales for overseas after the COVID-19 pandemic subsided and the depreciation of the yen.



### Summary and Results by Segment

(Billion yen)

Segment	Summary of key measures	Net sales		Operating profit	
		Target	Results	Target	Results
Special Purpose Truck	<ul style="list-style-type: none"> <li>Although demand remained strong, delivery period became longer due in part to delays in procurement of key components. The ratio of projects with revised prices implemented in response to soaring raw material costs is increasing; however, it is not expected to be fully reflected until FY2024 or later.</li> <li>Overseas sales grew as components were highly valued. Establishing and strengthening a production system were promoted.</li> </ul>	102.0	100.5	6.9	2.3
Parking Systems	<ul style="list-style-type: none"> <li>Mechanical Car Parking Systems: Service business remained strong. Sales in products business decreased due to construction delays and postponements.</li> <li>Aircraft Passenger Boarding Bridges: Sales decreased due to the postponement of airport construction plans mainly in Southeast Asia, due to the COVID-19 pandemic.</li> <li>Operating profit did not meet the plan due to a decrease in sales as well as soaring costs of materials such as steel and transportation costs.</li> </ul>	47.0	41.3	3.8	2.7
Industrial Machinery & Environmental Systems	<ul style="list-style-type: none"> <li>Mechatronics-related: Net sales of vacuum drying systems increased significantly on the back of increased demand for EV-related products. Although demand for automatic electrical wire processing systems slowed down in the Chinese market, earnings were secured due to firm demand in North America and Asia.</li> <li>Environmental Systems: Demand remained strong. Sales expanded due to a lump-sum contract for new plant construction and long-term contracted operations.</li> </ul>	28.0	42.9	1.8	3.3
Fluid	<ul style="list-style-type: none"> <li>TurboMAX Co., Ltd. became a wholly-owned consolidated subsidiary through M&amp;A. Overseas sales increased mainly for turbo blowers.</li> <li>Agency network has been expanded through product enhancement for North America. Launched production in Thailand to strengthen sales in Southeast Asia.</li> <li>Orders for countermeasures against torrential rains and flooding increased against the backdrop of the Fundamental Plan for National Resilience. Sales in sewerage facilities service increased.</li> </ul>	24.0	26.3	3.1	4.1
Aircraft	<ul style="list-style-type: none"> <li>Private-sector demand: Although demand temporarily fell sharply due to a decline in the airline passenger demand caused by the COVID-19 pandemic and other factors, demand is currently on a recovery trend, and the production volume for commercial aircraft increased. In addition, earnings improved significantly due to the depreciation of the yen.</li> <li>For Japan's Ministry of Defense: Capacity utilization improved due to an order for US-2 STOL search and rescue amphibian (No. 9), and net sales also increased.</li> </ul>	30.0	31.9	0.7	2.1

# New Medium-Term Management Plan SG-2026

## SG-Vision 2030 Phase 2 “Expansion”

SG-2026 (FY2024 - FY2026) is Phase 2 “Expansion” of the long-term management plan, SG-Vision 2030, that has FY2030 as its goal. It is positioned as the second step toward the long-term vision, in which we will work to accelerate growth.

While steadily dealing with the issues that have already become apparent in SG-2023, we will work toward this expansion under the following six basic policies.

Basic policies  SG-2026	1	<b>Realization of sustainable growth</b> A) <b>Acceleration of overseas expansion:</b> Strengthen development in Southeast Asia, Oceania, and North America B) <b>Strategic M&amp;As:</b> Make proactive use of M&As for overseas expansion and new business creation C) <b>DX promotion:</b> Create value and develop new business models through utilization of data D) <b>New business creation:</b> Create new businesses through business synergies and value co-creation with external parties
	2	<b>Business portfolio management</b> A) Implement business portfolio management by categorizing the five businesses into “growth potential enhancement businesses” and “profitability enhancement businesses,” based on ROIC. B) Aim to achieve SG-Vision 2030 through investments and new business creation based on these portfolio categories
	3	<b>Penetration and promotion of ROIC management</b> A) <b>Deployment of inverted ROIC tree:</b> Increase throughput, reduce operating expenses, and significantly improve productivity in all divisions and Group companies B) <b>Cash allocation:</b> Increase ROIC through investment strategies in line with business portfolio strategy and procure funds with financial soundness in mind
	4	<b>Strengthening of human capital</b> A) <b>Recruit and develop human resources in line with growth strategies:</b> Digital literacy education, global human resources education, recruitment of highly specialized human resources, and strategic human resources portfolio B) <b>Enhancement of employee engagement:</b> D&I promotion, support for employees' career development, development of female leaders
	5	<b>Contribution to environment and society through products and services</b> A) <b>Environment:</b> Extend calculations of Scope 1 and 2 for GHG emissions to Group companies and introduce Scope 3, and consider green product certification system B) <b>Society:</b> Enhance corporate value by expanding the value provided to stakeholders
	6	<b>Strengthening of risk management and compliance</b> A) <b>Risk management:</b> Monitor business risks arising from climate change and human rights issues and implement CSR measures, BCM/BCP responses*, strengthening of information security measures, etc. B) <b>Compliance:</b> Continue to conduct compliance education and compliance awareness surveys, and strengthen utilization of the whistleblowing contact points

\*BCM: Business continuity management  
 \*BCP: Business continuity plan

### SG-2026 management indicators

Management indicators	FY2023 (results)	SG-2026 (target)
Net sales	257.0 billion yen	320 billion yen
Overseas sales	53.2 billion yen	80 billion yen
Operating profit	11.7 billion yen	18 billion yen
ROE (%)	7.1%	10% or more
ROIC (%)	5.3%	7% or more
Exchange rate (US \$1)	144.8 yen	140 yen (set value)

### SG-2026 management indicators (by segment)

Segment	Net sales			Operating profit		
	FY2023 (results)	SG-2026 (target)	Growth rate (%)	FY2023 (results)	SG-2026 (target)	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	0	1.0	-	(0.5)	(1.8)	-
Adjustment	-	-	-	(3.1)	(3.6)	-
<b>Total</b>	<b>257.0</b>	<b>320.0</b>	<b>124%</b>	<b>11.7</b>	<b>18.0</b>	<b>152%</b>

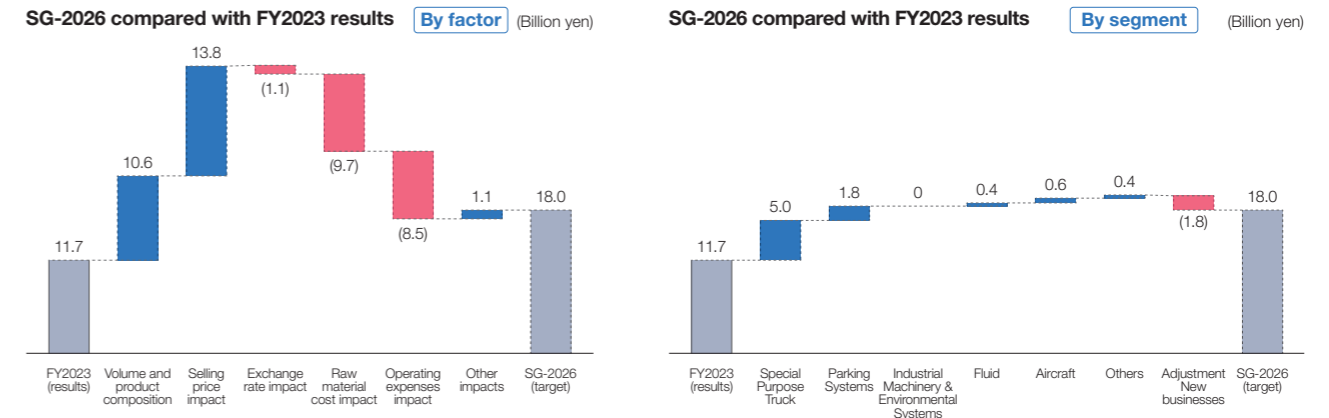
### SG-2026 details of changes in profits (FY2023 results compared with FY2026 plan)

#### By factor

The impact of soaring raw material costs (including parts costs) exceeding cost reductions (-9.7 billion yen) will continue, but the effect of sale price increases (+13.8 billion yen) will penetrate. Increased sales (+10.6 billion yen) and increased operating expenses (personnel expenses and depreciation and amortization) (-8.5 billion yen) are expected to have an impact.

#### By segment

Profit is expected to increase significantly in the Special Purpose Truck Business (+5.0 billion yen) and the Parking Systems segment (+1.8 billion yen) due to the delayed effects of price increases and increased sales, but an increase in expenses, such as R&D expenses for new business development and Head Office expenses for strengthening the management foundations, is expected to have an impact (-1.8 billion yen).



### SG-2026 growth strategies

Acceleration of overseas expansion	Strengthen collaboration among segments and alliances with local companies	<ul style="list-style-type: none"> <li>Asia: Positioning Asia as a growth engine, aim to increase sales in the area, including China and Oceania, with a focus on Southeast Asia.</li> <li>North America: Expand sales of our current mainstay product, passenger aircraft components, as well as other products</li> <li>Europe: Ride the EV wave and develop the market</li> </ul>
New business creation	Challenge of new business creation: Promote co-creation by leveraging strengths across segments, centered on the New Business Strategic Div.	<ul style="list-style-type: none"> <li>Establish new business development process</li> <li>Promote company-wide activities for generating new business ideas</li> <li>Co-creation with startups</li> </ul>
Strategic M&As	Value creation through strategic M&As and co-creation	<ul style="list-style-type: none"> <li>Promote vertical and horizontal integration for segment growth strategies</li> <li>Implement strategic M&amp;A for new business creation</li> </ul>
Acceleration of DX promotion	Business process reform	By standardizing and universalizing value chain data, promote smarter operations and the aggregation of data to help build a management platform that enables the visualization of information and rapid decision-making
	Business model transformation	Promote transformation to a business model based on the provision of solutions by combining customer data, in-house data, and open data to create new value through the use of AI, IoT, and data analytics

### SG-2026 business portfolio strategy

#### Aim for “Advancement” from FY2027 in view of the goals of SG-Vision 2030

We will promote investment strategy by categorizing the five businesses into “growth potential enhancement businesses” and “profitability enhancement businesses” based on ROIC, and at the same time, work on the creation of new businesses through synergies among the five businesses and value co-creation with external parties.



# Message from the Officer in Charge of Finance



**Toshiki Kume**  
Director, Member of the Board  
Managing Executive Officer  
General Manager of Finance &  
Accounting Dept.

## Toward the realization of management that is conscious of cost of capital and share price

### Reflection on cash allocation under the previous medium-term management plan SG-2023

Our previous medium-term management plan SG-2023 ("SG-2023") drew to a close on March 31 this year. To reflect on the financial results of the fiscal year ended March 31, 2024, the final year of the plan, although net sales achieved the plan's initial target, operating profit fell short, which meant that we did not reach our targets for return on equity (ROE) or return on invested capital (ROIC).

The first half of SG-2023 coincided precisely with the

COVID-19 pandemic, which was a period of considerable hardship for all companies. The ShinMaywa Group also felt the impact of the pandemic, both directly and indirectly, but we were fortunate in that we have many businesses that are related to social infrastructure, and we managed to come through without a major drop in sales. In the final year of the plan, however, the soaring costs of materials, particularly in the Special Purpose Truck and Parking Systems segments, and major increases in management costs, primarily labor costs, had an impact, and while we did raise some prices, it did not lead to sufficient improvement in profitability.

Regarding our growth investments, we welcomed five new companies to the Group through M&As in the Special Purpose Truck, Aircraft, and Fluid segments, and we also made capital investments totaling 15.9 billion yen for the purposes of increasing production and improving quality and operational efficiency. However, the operating cashflow used to fund these investments fell short of the planned figure, and this, combined with revisions and delays in some of our investment plans, meant that total growth investments did not reach our initial target level.

Dividends were paid within the payout ratio range indicated for each fiscal year, and we increased the dividend every year for three consecutive years from the fiscal year ended March 31, 2021.

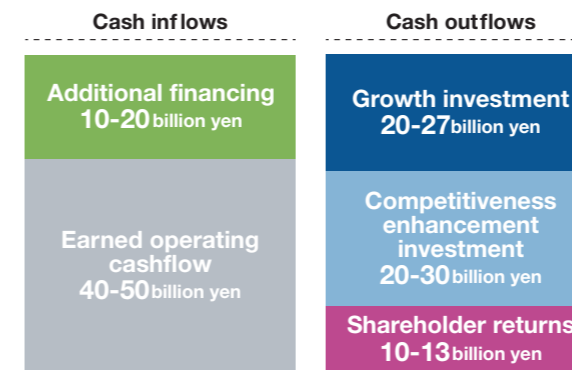
### Summary of financial results for the fiscal year ended March 31, 2024 (comparison with the targets of [SG-2023])

	SG-2023 Target	FY2023 Results
Net sales	250 billion yen	257 billion yen
Overseas sales (included in above)	45 billion yen	53.2 billion yen
Operating profit	15 billion yen	11.7 billion yen
ROE	10% or more	7.1%
ROIC	7% or more	5.3%
Growth investment (capital investment, M&A)	30-40 billion yen (total for three years)	22.1 billion yen (total for three years)
Dividend payout ratio	40-50%	42.6%
Equity ratio	40% or more	41.1%

### Cash allocation under the new plan SG-2026

In the new medium-term management plan SG-2026 ("SG-2026"), which started in April, we have made new cash allocations based on the outcomes and our reflection of SG-2023.

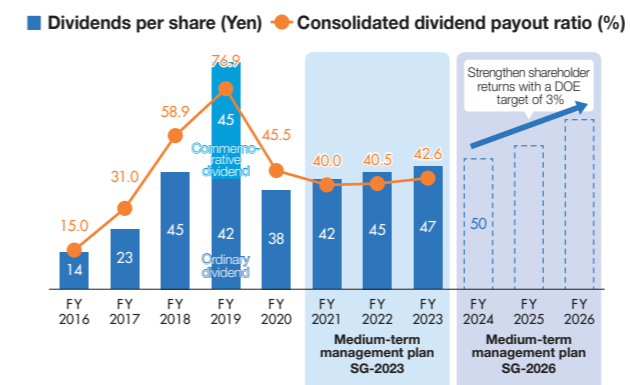
SG-2026 Target	
Growth and competitiveness enhancement investments (capital investment, M&A, other)	40-57 billion yen (total for three years)
Dividend on equity ratio (DOE)	Conduct dividends of around 3%



To achieve our long-term vision for 2030, namely, to become a corporate group with net sales of 400 billion yen, it is essential that we invest in a planned, strategic manner, and that we reap the outcomes of those investments at an early stage. As investment targets, we will focus our efforts on identifying and realizing the M&A projects that are currently being considered, so that we can quickly gain a sense of brand recognition and expansion of business partners in the global market. In addition, bearing in mind that there are inherent risks of new threats even in our existing businesses that enjoy high market shares, we will use DX and new technologies and services to respond to the changes in our customers' environments and preferences. Moreover, from among the new businesses for which we planted seeds during the SG-2023 plan period, we will also actively invest in those projects that aim for early profitability.

In the new plan, we have adopted dividend on equity ratio (DOE) as a new indicator for shareholders. In previous plans up to SG-2023, we had indicated a range for dividend payout ratio. However, because net profit, which is used as the denominator in calculating that ratio, fluctuates significantly from fiscal year to fiscal year, it is difficult to ascertain the status of qualitative returns. For this reason, in SG-2026, in our aim of stable, continuous dividend increases, we have decided to indicate DOE, which has shareholders equity as the denominator.

### Shareholder return policy



### Conduct management that is rated highly by the market to achieve a price-to-book ratio (PBR) of 1 at an early stage

In 2023, the Tokyo Stock Exchange issued a request to all listed companies for the improvement of PBR of below 1. ShinMaywa's PBR has been less than 1 for many years, so we feel heavy significance in the fact that the formula for calculating PBR (PBR = share price (price per share) ÷ net assets per share) contains "share price," which is the integration of the share market's evaluation of the company. Certainly, share prices are affected by market speculation, but those stocks that continue to achieve rises in both capital gains (gains from sale of shares) and income gains (retained earnings = dividends) generally have firm share prices. For this reason, we need to give concrete indications regarding (1) the implementation of management that will enable expectations of future growth, and (2) sustainable improvement in profitability.

As one measure for improving profitability, to obtain returns over and above investments, last year, we introduced the concept of an "inverted ROIC tree" on a workplace level, and we have been working to improve the various key performance indicators (KPI) set. Our intention is to integrate these activities to raise the ROIC of the entire Group.

In addition, as it is the mission of senior management to identify which businesses to invest in, last year, as a first step, we "visualized" the value of each business on a product level and shared that information. Going forward, using this as the basis for examining our business portfolio, we will reorganize the positioning of the individual businesses and concentrate management resources in growth businesses.

In this, the third year since the establishment of the Prime Market, there is already a sense that a filtering of the companies listed there has begun. In our aim to be a stock that the global market can expect to grow and not be resigned to our current position, as the officer in charge of finance, I will strive to earn proper evaluation through the implementation of management that is conscious of financial management and through careful disclosures. I hope we may rely on your ongoing support.

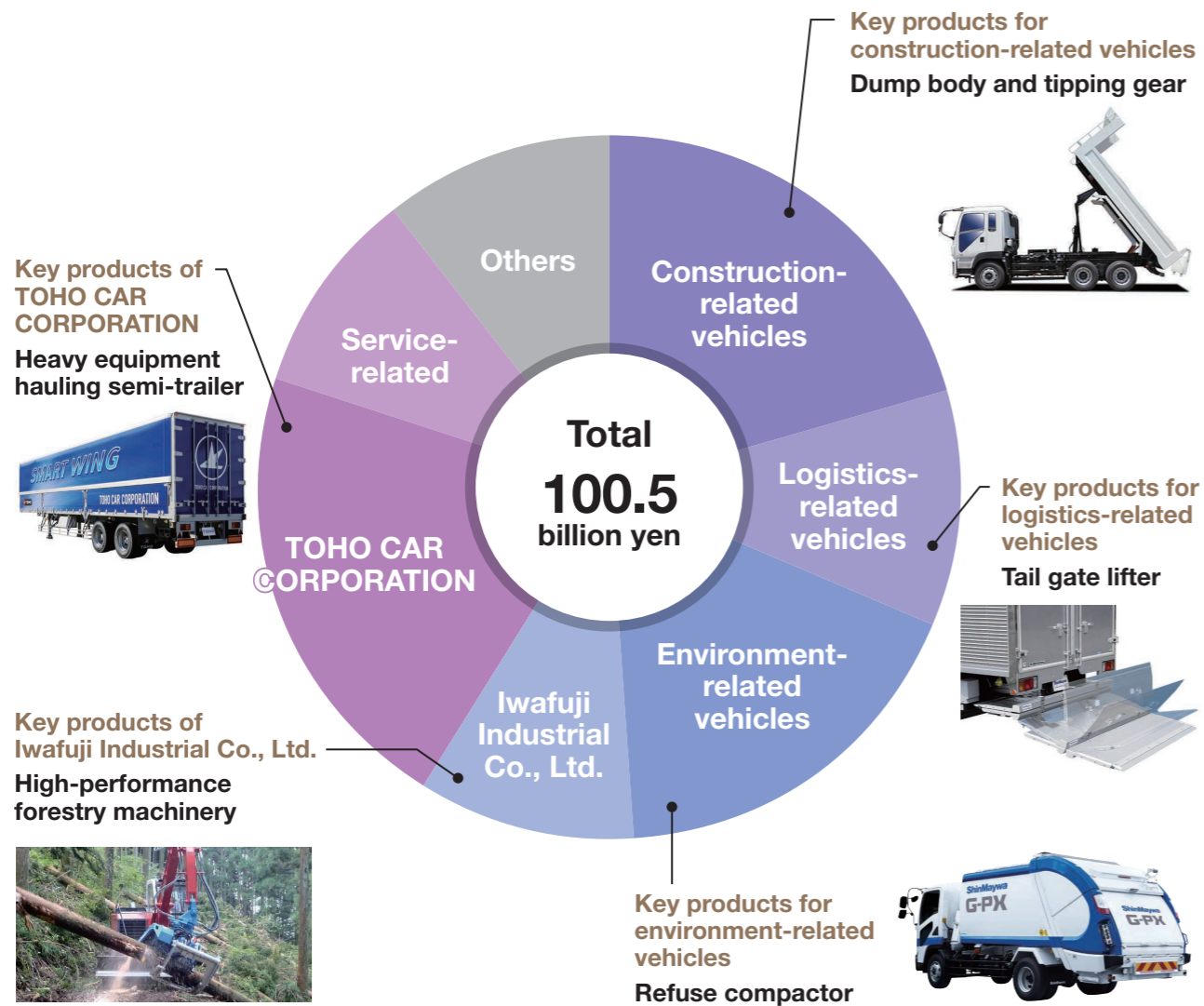


# Business Strategies

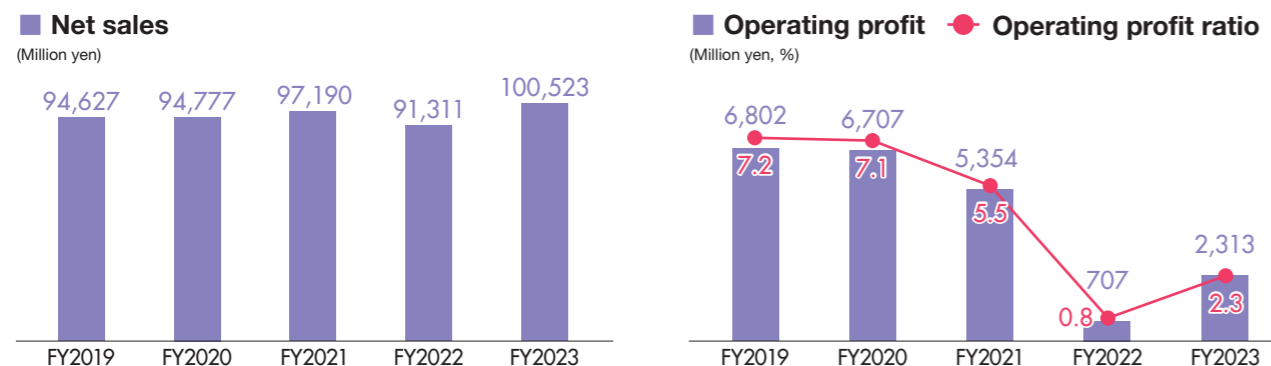
## Special Purpose Truck Business



### Special Purpose Truck Segment Sales by Sector for FY2023



### Changes in Business Results



### Interview with Segment Manager

#### SG-2026 Business Policies

- 1 Increase profitability by strengthening production capability and adding high value
- 2 Expand business scale by strengthening overseas business
- 3 Increase profitability of stock business backed by high market share

**Profitability enhancement business**



**Takeshi Masuda**  
Managing Executive Officer  
Division President,  
Special Purpose Truck Div.

#### Market Environment (Current Situation - SG-2026 Forecasts)

- Truck market: expected to return to pre-COVID-19 level from the fiscal year ending March 31, 2026 onward
- Trailer market: will remain stable although demand will not be boosted significantly as the number of towing license holders is not expected to increase
- Forestry machinery market: use of domestic timber will be promoted in response to Basic Policy set forth by the Japanese government (including countermeasures against hay fever, strengthening forest sink measures, building a stable supply system for timber, and promoting forest improvement and erosion control measures)
- Construction machinery market: Chinese market has been on a recovery track after bottoming out in the fiscal year ended March 31, 2024. On the other hand, although demand is increasing in the European market, there are concerns about longer lead times for transportation

#### 1. SG-2023 review

A point of reflection is that we were not able to keep up with the soaring market prices. We also strived to improve production capability to reduce high level of order backlog, but we could not procure chassis as planned for a longer period of time, resulting in operating profit falling far short of the plan. As one of the measures to improve profitability, we are revising selling prices in two stages. SG-2026 was formulated incorporating the effects of new prices in the second half of FY2024 and beyond.

On the other hand, as initiatives to realize "Transformation," we have included two element equipment manufacturers, former suppliers, into our Group, and are promoting the intelligent use of element equipment in cooperation with the Industrial Machinery & Environmental Systems Division, as well as preparing to enter new fields in cooperation with the Aircraft Division. In this way, we have implemented M&As and strengthened cooperation with other divisions.

#### 2. Determination for "Expansion" of SG-2026

The Special Purpose Truck segment is positioned as a profitability enhancement business. In order to fulfill this mission, we will work to strengthen production capability based on the lessons learned from SG-2023. At present, chassis procurement volume is also recovering, and we will strive to record sales of order backlog with delivery period exceeding one year as soon as possible.

In view of a decrease in personnel in the future, Sano, Samukawa, and Hiroshima Plants, as well as Iwafuji Industrial Co., Ltd. have formulated capital investment plans to improve productivity and quality along with countermeasures against aging. The Samukawa and Hiroshima Plants have already begun renovating their coating lines.

In addition, we will strengthen initiatives to increase new points of contact with customers, including subscription services and periodic maintenance contracts, in anticipation of changes in vehicle operation patterns due to aging population, population decline, and other factors. We will strengthen safety measures for truck bodies and in terms of intangible aspects, we will add a function to monitor normal conditions. In this way, we will transform and expand our business domain into a

business that can support all aspects of our customers' work.

Meanwhile, Thai ShinMaywa Co., Ltd., a local subsidiary, will play a key role in increasing our business results in overseas markets. The company has shown remarkable growth in recent years, with its share of key component sales in Thailand having risen to 60%. It also aims to export its products to third countries. In Australia, where stable demand is expected, we will increase the export volume of truck bodies, for which we have a proven track record, as well as focus on finding local partners.

In terms of adding value to products, we will focus our attention on product development, taking into consideration future population decline and diversity of operators, including truck bodies to be applied to self-driving chassis, and brushing up unmanned operation technology of forestry machinery, which Iwafuji Industrial Co., Ltd. is proud of.

#### 3. Human resources strategy in SG-2026

I think that every industry has the same problem, and our segment is also understaffed in general and our challenge is to increase the retention rate of new employees. To that end, we recognize that there are areas where we need to improve so that our company can be considered a "good company to work for" by not only young people but also women, seniors, foreign nationals, and people with disabilities. We need to take concrete measures so that people around us can feel that "ShinMaywa's Special Purpose Truck segment has changed."

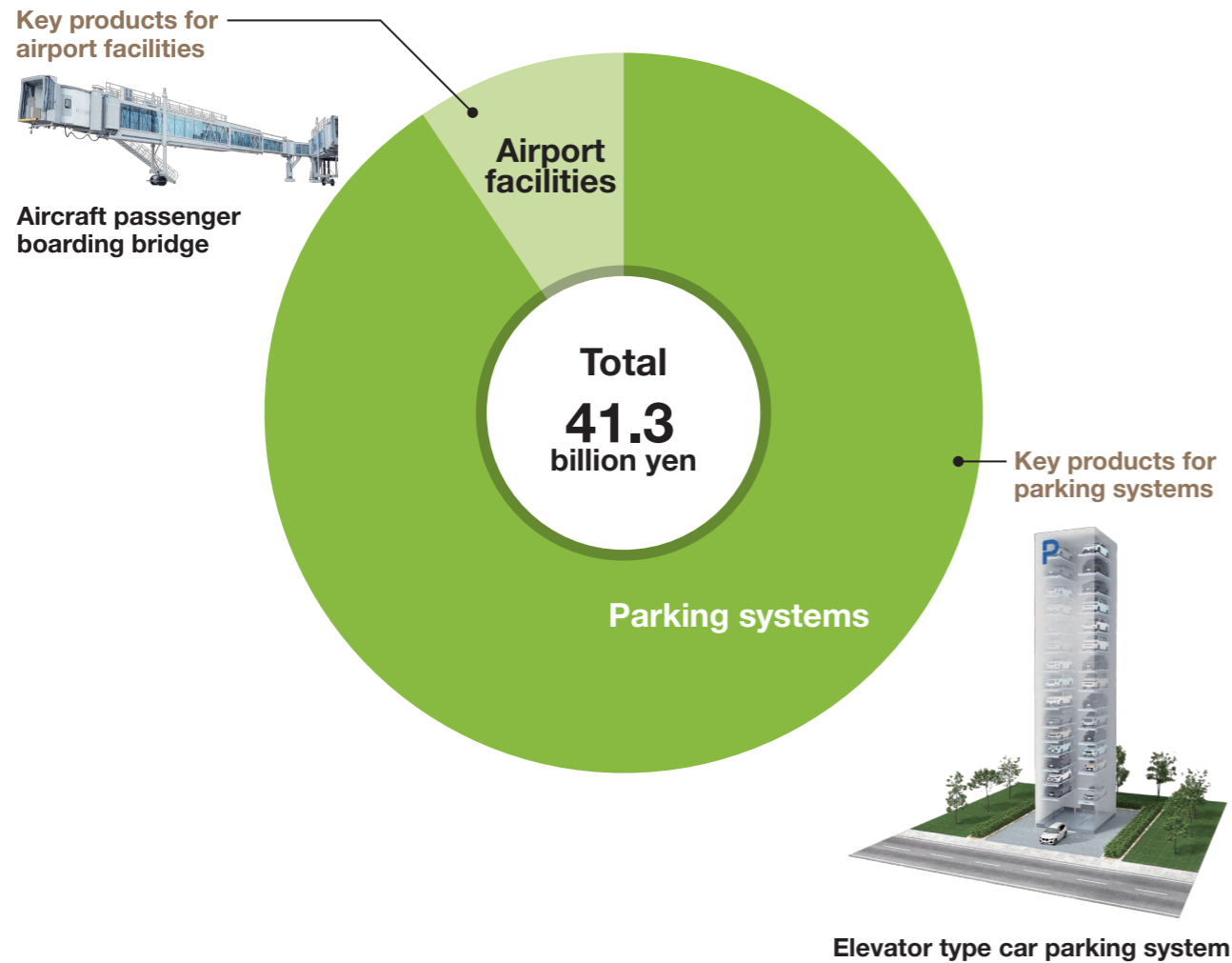
#### 4. What we aspire to be in 2030

We also hope to be known overseas as ShinMaywa when it comes to special purpose trucks, and within the Group, our desire is to be the unwavering breadwinner in terms of earnings. To make our desire come true, we must become a business division where employees not only provide products to support the earning power of our customers, but also remember to care for the colleagues who produce these products. This is what I envision as "what we aspire to be." As a premise for this, we will firmly comply with compliance stated in each item 1 of the action guidelines and code of conduct.

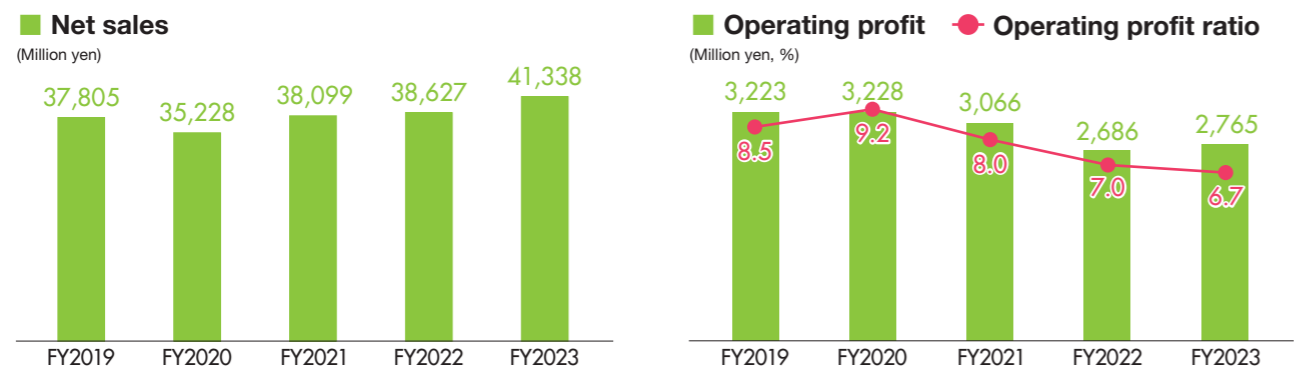
# Business Strategies

## Parking Systems Business

### Parking Systems Segment Sales by Sector for FY2023



### Changes in Business Results



### Interview with Segment Manager

#### SG-2026 Business Policies

- 1 **Parking systems: strengthen profitability by strengthening product competitiveness and optimizing prices**
- 2 **Airport systems: establish a foundation and expand business in the rapidly growing Asian market**
- 3 **Actively promote DX and alliances to create new businesses**

**Growth potential enhancement business**



**Kyosuke Nakano**  
Managing Executive Officer  
Division President,  
Parking Systems Div.

#### Market Environment (Current Situation - SG-2026 Forecasts)

- The parking systems products market remains strong due to the firm construction market
- Rapid growth in the number of passengers has doubled the airport parking systems market, especially in Asia
- Expansion of business opportunities due to diversification of needs, including needs for CASE, DX, and ZEB\*
- Increasing demand for automation and unmanned operations to improve the efficiency of airport operations
- Expansion of the maintenance market for logistics and infrastructure systems

\* ZEB: Buildings whose annual primary energy consumption is net zero or negative

#### 1. SG-2023 review

Net sales and operating profit both fell short of the targets. Factors that restrained parking systems sales and profits included a significant drop in profitability of product sales affected by delays in construction progress and soaring various material costs, including those to address the 2024 problem. For airport systems, the decline in sales and profits was attributable to the postponement of facility construction across the board as a result of the impact of the COVID-19 pandemic.

However, during the period, we were able to secure an order for a long-term maintenance contract for aircraft passenger boarding bridges from Changi Airport in Singapore, and an order for 64 units, including 12 units of fully automated docking systems, the world's first fully automated docking systems, from Long Thanh International Airport in Vietnam. These were valuable results that provide a stable source of earnings for the time being.

As delivery times are long for both projects and the sales outlook was clear from the status of orders received, we focused on the preparations for the future during the SG-2023 period. We hope to bring this to fruition during the SG-2026 period and eventually during the SG-Vision 2030 period.

expansion and new construction projects of terminals 3 and 5 are currently planned, is an important customer for us, as it has adopted our boarding bridges for all of its projects. In order to secure orders for these two construction projects and deliver products that will satisfy our customer, we will work to strengthen the structure within the segment, also with an eye on investing in our local subsidiaries that engage in manufacturing and sales in Singapore and Malaysia.

In addition, we have formulated an investment plan that is twice the size of that for the SG-2023 period to promote the establishment of new business domains set out in SG-2023 such as the maintenance of automatic transportation systems and expansion of the scope of application of a volume-based charging system recently developed for EV charging. At the same time, we have increased the number of human resources in the business planning department in charge of promoting the investment plan. We will also focus all our efforts on exploring businesses that could become our future pillars.

#### 2. Determination for "Expansion" of SG-2026

For parking systems, we will aim to increase sales by revising prices to appropriate levels, while ShinMaywa Parking Technologies, Ltd., a group company that handles two- and multi-stage systems, will aim to increase its market share by strengthening product strategies. As it is difficult to expect the parking systems market to grow further in Japan in the future, we have set Taiwan, where we have a local subsidiary, Thailand, where leading agents exist, and Vietnam, where urban infrastructure is rapidly growing, as our target regions, and will strongly promote expansion into global market.

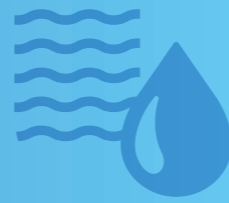
For airport systems, the market that had been stagnant due to the COVID-19 pandemic is now moving quickly, and an opportunity for business expansion has arrived. We will promote sales of our aircraft passenger boarding bridges with automated docking functions that compensate for labor shortages to secure orders for expansion and new construction works, mainly in Southeast Asian markets where we have a high market share. In particular, Changi Airport, where

#### 3. Human resources strategy in SG-2026

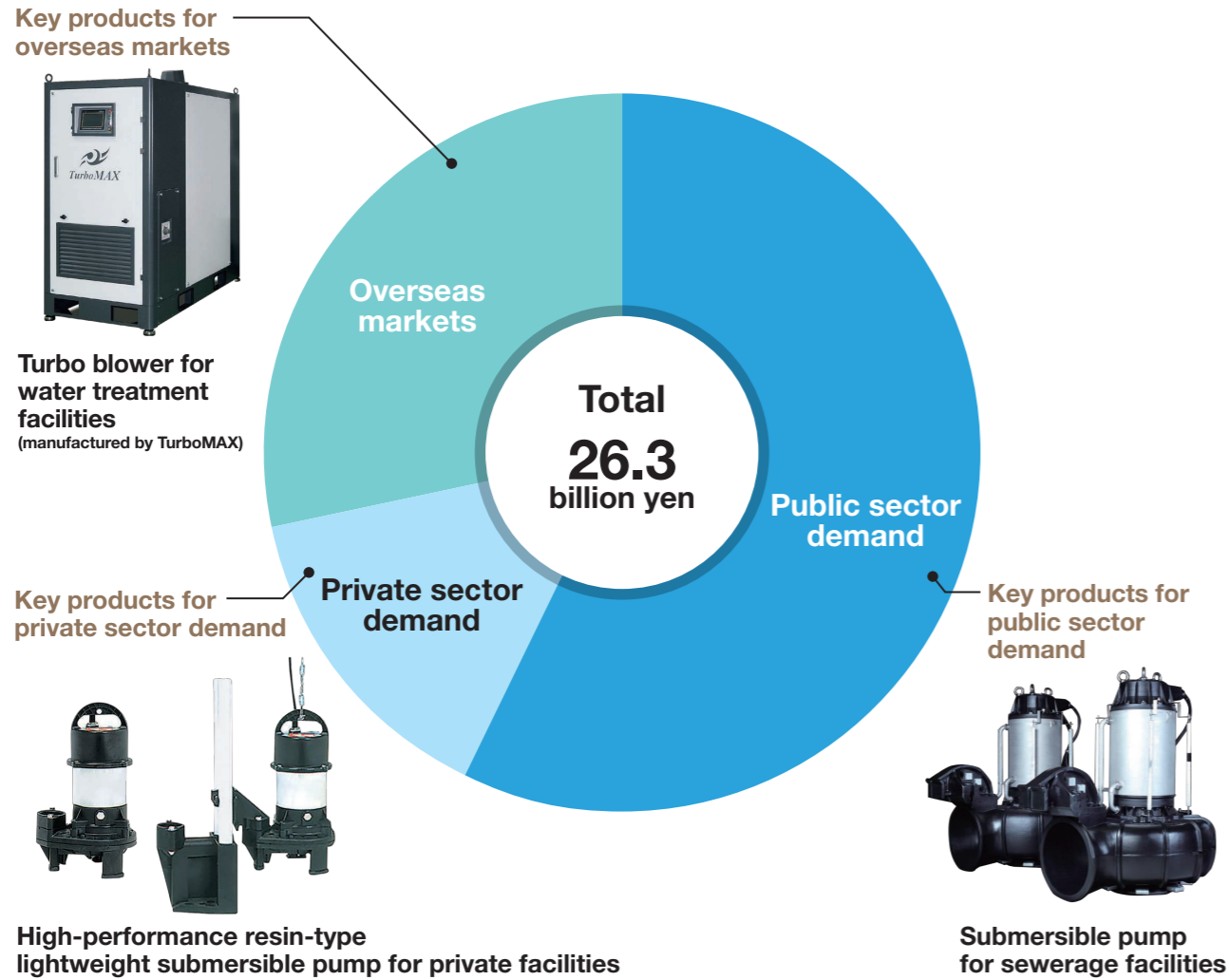
Maintenance, our revenue sources, depends on manpower. However, as it is a job that is difficult to secure personnel due to its shift-based work schedule and the need to handle customer complaints locally, we are struggling to secure human resources. As this trend is expected to continue in the future, we are also considering inviting human resources from overseas this year and having them experience maintenance operations. In addition, Japanese nationals have been stationed to perform administrative duties in the operation of overseas subsidiaries of the Group, but in the future, we will shift to a structure in which locally recruited human resources who are familiar with the systems and personal connections of the countries in question play a central role.

#### 4. What we aspire to be in 2030

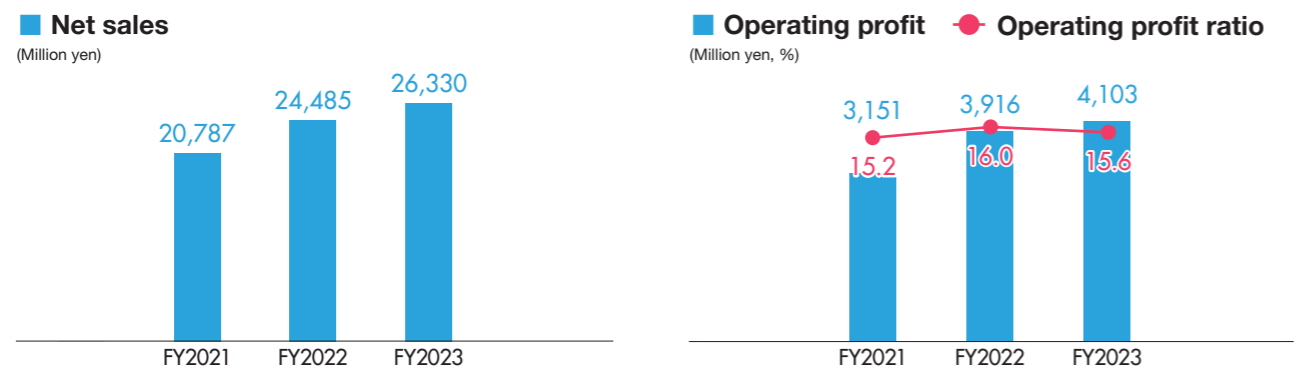
I hope that each business in the Parking Systems segment will contribute to the development of the infrastructure for the global society and will be a leading player in creating beneficial value in the global market. As we leave these businesses to the younger generation, we, who are currently working, will do everything we can to ensure that they will remain in a better condition.



Fluid Segment Sales by Sector for FY2023



Changes in Business Results



\* Financial information of the Fluid Business has been disclosed separately from the Industrial Machinery & Environmental Systems Business (segment) since the first quarter of FY2021.

Interview with Segment Manager

SG-2026 Business Policies

- 1 Sustainable growth of core businesses (submersible pumps and water treatment-related equipment)
- 2 Sustainably strengthen competitiveness and service capabilities by improving productivity and developing new products
- 3 Develop growth domain through new business creation and alliances
- 4 Create new value through co-creation-type DX in cooperation with partners

Growth potential enhancement business



**Koichi Tamura**  
Managing Executive Officer  
Division President,  
Fluid Div.

Market Environment (Current Situation - SG-2026 Forecasts)

- Rainwater: increasing demand for strengthening countermeasures against torrential rain and flooding to strengthen national resilience
- Sewage: strengthening promotion of decarbonization and energy independence of sewage treatment plants  
Expanding labor saving needs and public-private partnership businesses due to personnel shortages
- Private sector demand: growing needs for addressing decarbonization and soaring energy prices
- Overseas market: growing needs for new construction in areas where sewerage systems are not widely spread (Asia and other regions) and needs for renewal in areas where sewerage systems are widely spread (such as North America)

1. SG-2023 review

The Fluid Division and ShinMaywa Aqua Technology Service, Ltd., which is responsible for the Fluid business services, both achieved results that exceeded the plan. In addition, the addition of TurboMAX Co., Ltd. ("TurboMAX") to the Group in 2021 also supported the expansion of business results. Turbo blowers, the company's key product, have captured approximately 30% share of the global market. Submersible pump production business in Thai ShinMaywa, launched in 2020, struggled amid the COVID-19 pandemic, but its product quality and sales efforts have been well received and the sales network in Southeast Asia has been steadily expanding.

2. Determination for "Expansion" of SG-2026

The aforementioned Thai ShinMaywa and TurboMAX will play an important role in the overseas markets that will drive future growth. The base in Thailand is our valuable asset in the Asian region in terms of both quality and price competitiveness. Sales activities in Thailand were strengthened during the SG-2023 period, which has led to progress in the development of rural areas beyond the Bangkok area. We look forward to its future development. In addition, TurboMAX always possesses a global perspective with its energy-saving and high-efficiency products, turbo blowers. The company is aggressive and reliable, as it has established a base in India, where the market is rapidly expanding. It is constantly striving to renew its product lineup such as by adding a new series with even greater competitiveness to its key product lineup of turbo blowers that are equipped with the latest technology.

As for submersible pumps, key product of the Fluid segment, the important challenge is to develop as many prominent agents as possible who will become fans of our products in North America and Southeast Asia, our focus regions. In order to attract agents, it is essential to make ceaseless efforts to continuously create high value-added products such as CNWX, high efficiency and good passthrough performance submersible pump that is highly valued in the market.

Meanwhile in Japan, in the mainstay sewerage field, we are focusing on sales of intangibles by utilizing IoT, such as MANPONET and KNOWTILUS. In addition, we will focus on the rainwater drainage field. Demand in this field is increasing due to the impact of damage caused

by torrential rain that has been increasing in recent years. We hoped to expand our product lineup of large pumps that can handle large volumes of rainwater discharge, conduct performance tests on these products, and create an environment where customers can see our efforts to address social issues related to flood control measures. For these reasons, we invested approximately 850 million yen to install a large test water tank on our premise. This facility was completed in July this year.

3. Human resources strategy in SG-2026

The Fluid segment also focuses on construction works for wastewater pumping stations and other facilities in response to demand for countermeasures against flooding from torrential rain. To that end, it is essential to strengthen the development of technical supervisors (qualified personnel) who support these construction sites. However, there are few people who can take charge of this task, and in the Fluid segment, we are striving to create a workplace that is comfortable to work in, by introducing our own position-specific education and other measures, in addition to company-wide efforts to secure, develop, and retain human resources.

Furthermore, we have a strategy subcommittee where a variety of topics such as products, markets, and strategies are set and people from a wide range of job types and age group gather to exchange opinions, thereby providing opportunities for discussions on the future of the Fluid business across generations. We have many opportunities to have discussions with ShinMaywa Aqua Technology Service, Ltd. and other segment group companies at regular meetings and other occasions. Their attitude of putting customers' wishes first is seen throughout these discussions, and in fact, many customers have given us high marks to our responses, and we feel that they are very reliable.

4. What we aspire to be in 2030

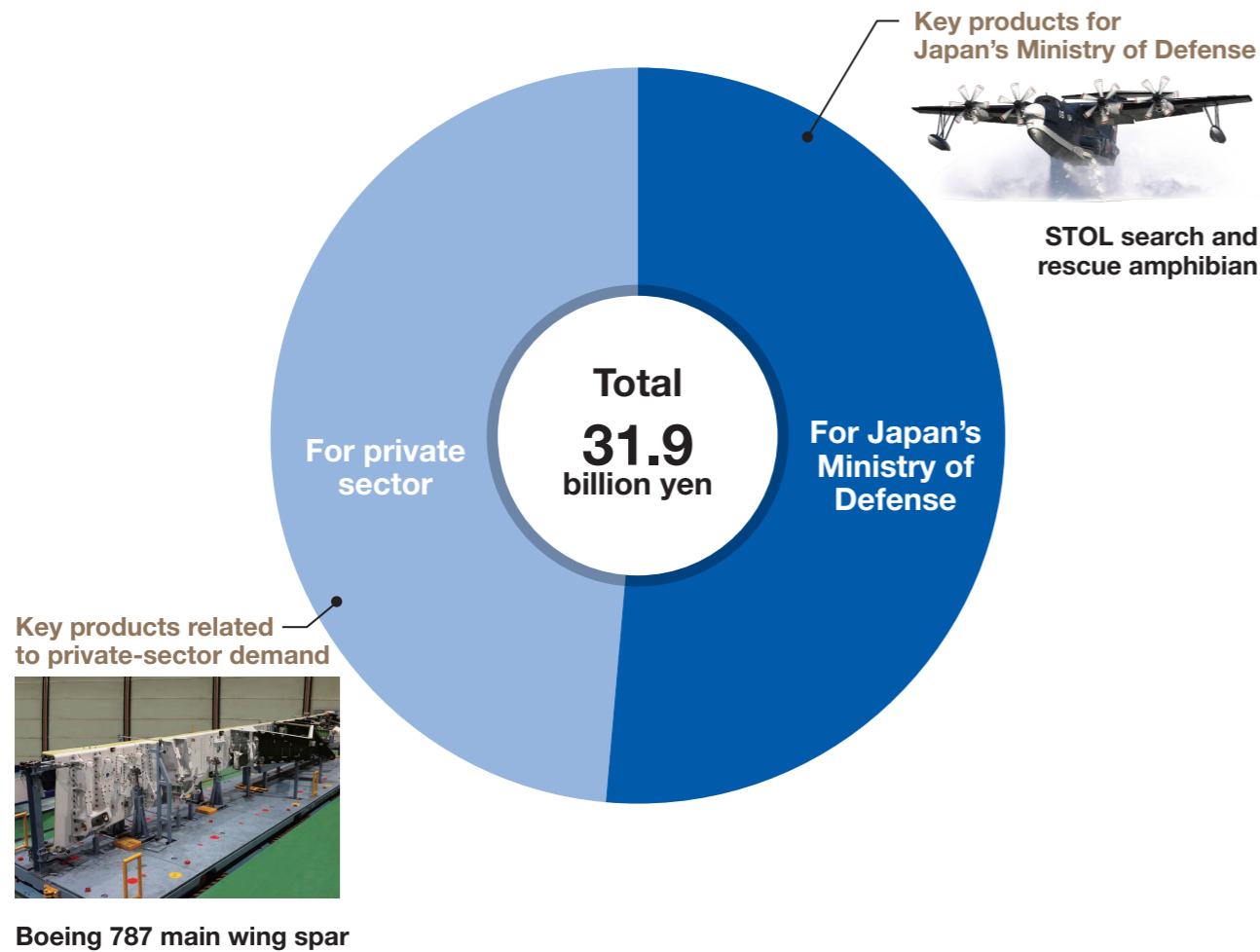
The strength of the Fluid business is that it is directly linked to social infrastructure such as sewerage systems. We will continue to contribute to society and environmental conservation through manufacturing, sales, and services in a sincere way, while continuing to develop high value products, and also focus on expanding business results as a proof of our efforts.

# Business Strategies

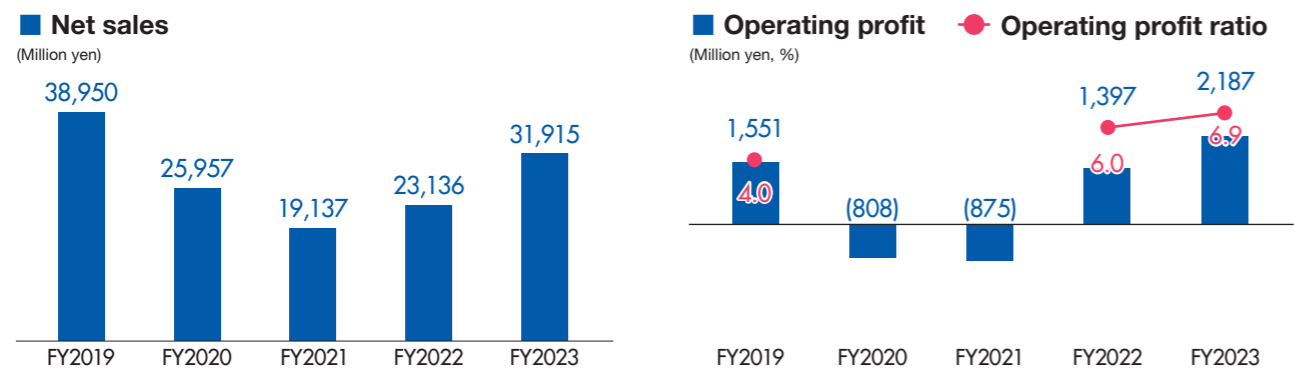
## Aircraft Business



### Aircraft Segment Sales by Sector for FY2023



### Changes in Business Results



### Interview with Segment Manager

#### SG-2026 Business Policies

- 1 Acquire new businesses to solve social issues and establish strong business foundations
- 2 Create attractive products and services using STOL amphibian and unmanned aircraft technologies
- 3 Improve operational efficiency and expand business through collaboration and alliances with other companies
- 4 Optimize invested capital to improve ROIC and develop sustainable businesses

**Profitability enhancement business**



**Hideyuki Mochida**  
Managing Executive Officer  
Division President,  
Aircraft Div.

#### Market Environment (Current Situation - SG-2026 Forecasts)

- The defense budget will be increased with a target of 2% of GDP in the future (a total of 43 trillion yen for five years from the fiscal year ended March 31, 2024)
- Firm commercial aircraft market in line with increased airline passenger demand
- Promotion of unmanned aircraft projects through public-private partnerships and growth of the unmanned aircraft market
- In the business jet aircraft market, demand is expanding

#### 1. SG-2023 review

SG-2023 started in the red, fully affected by the COVID-19 pandemic, but net sales and operating profit both exceeded the targets in the final year of the plan. This was the result of employees' cooperation in internal and external secondment and various other measures, and improved profitability of components for business jet aircraft, which had long been our challenge. During the period when the amount of work decreased, we also expanded our business fields and promoted activities to prepare for the future, including implementation of M&As, development of unmanned aircraft, and development of new businesses. In general, aircraft business requires a long time to come to fruition. We hoped to create opportunities for young employees to take on challenges autonomously, and we have been able to pioneer some of the initiatives that we seeded in the early phases of SG-2023. We consider this as a valuable achievement.

also be beneficial to the Ministry of Defense, which is oriented toward securing movable aircraft and improved efficiency. We will aim to conclude the agreement during the SG-2026 period to control total cost of maintaining STOL amphibians and stabilize profitability.

In addition to these core businesses, we are also working on multiple projects that are conscious of social issues, as the projects where young employees take on challenges, stated in the previous section. One example is the development of fixed-wing unmanned aircraft. The purpose of this project is not only to manufacture and sell aircraft, but also to have our technology used to solve social issues. In the future, we intend to utilize the knowledge obtained through the project to update existing products.

With regard to investment, we will sort operations with Wing Field Co., Ltd., our subsidiary, based on which we will transfer part of our manufacturing operations to the company. We also plan to invest in facilities required for the start-up of such operations, as well as launch new businesses.

#### 2. Determination for "Expansion" of SG-2026

The Aircraft segment is required to enhance its profitability. In the commercial aircraft business, which is a pillar of stable earnings, we will first work steadily in line with customers' production plans, and as a measure to improve earnings, we will strive to determine the timing and quantity of materials and parts to be procured to minimize the period of time they stay in the Company as much as possible, and reduce the total time required for production (lead time). Regarding STOL amphibians, another key business, our top priority is to win orders for new aircraft, the 10th in total for us. In addition, we need to stabilize our business by switching to in-house production of parts that have been outsourced and reducing all costs in the face of soaring prices. One of the solutions is the Performance Based Logistics (PBL). Specifically, a proposal has been made to the Ministry of Defense to establish a five year comprehensive contract for the costs required to maintain STOL amphibians, including regular repairs, parts necessary for repairs, and the provision of technology in the event of a malfunction. If this agreement is concluded, we will be able to plan the timing of work and parts procurement by ourselves. It will

#### 3. Human resources strategy in SG-2026

In the next generation leader development training for employees selected from both the direct and indirect fields, we will work on the specific theme of solving issues in the workplace, in addition to classroom lectures, and through training to demonstrate the results, we hope to develop employees' capabilities to see things from a broader perspective. Going forward, we hope to adopt a system in which each individual is asked his or her wishes and based on this information, they are allowed to experience operations in multiple divisions.

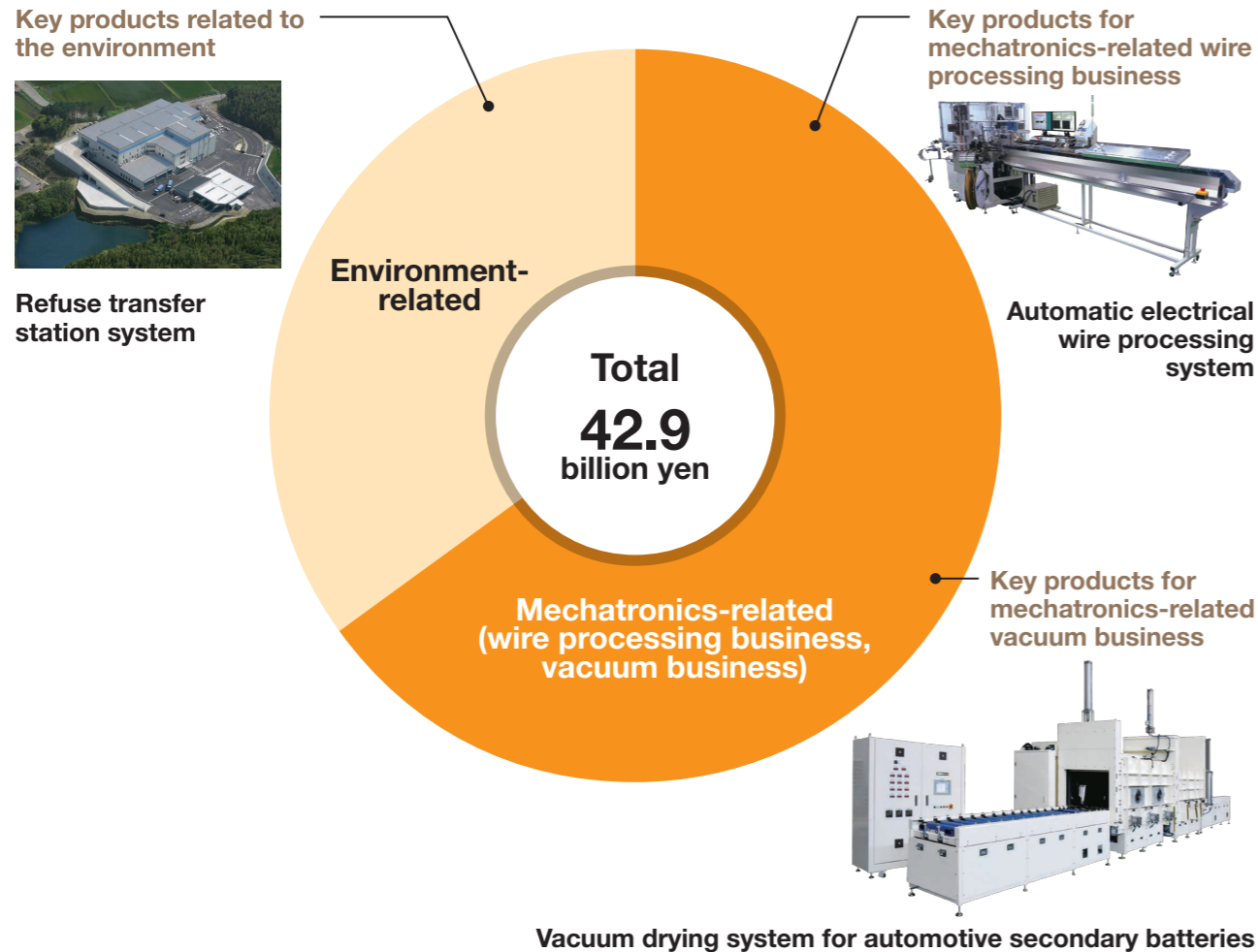
#### 4. What we aspire to be in 2030

My desire is that both customers and employees will be happy. To recognize the value of each other's work and make our business essential. To that end, we will continue to pursue the earnings targets set forth in SG-Vision 2030.

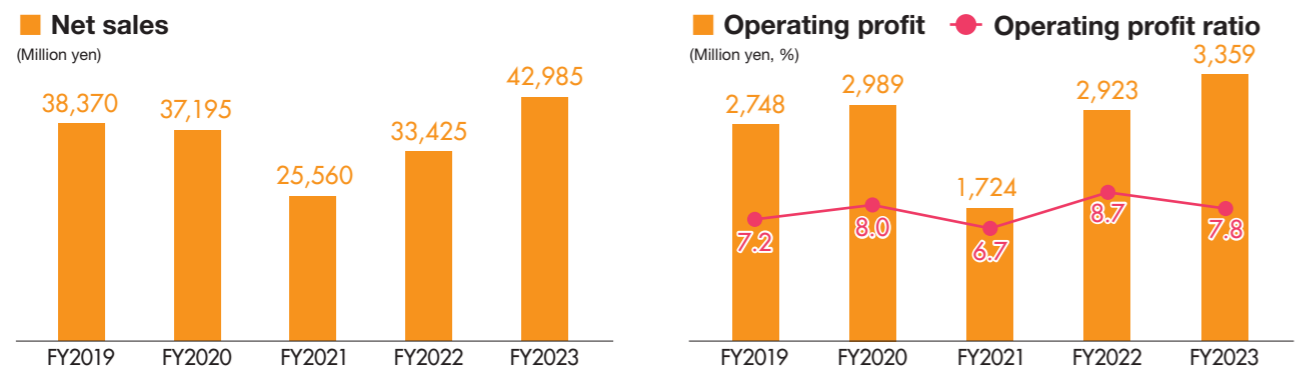
## Business Strategies

# Industrial Machinery & Environmental Systems Business

## Industrial Machinery & Environmental Systems Segment Sales by Sector for FY2023



## Changes in Business Results



\* Figures until FY2020 are the sum of Mechatronics-related Business, Environment-related Business, and Fluid Business. Figures from FY2021 onward are the sum of Mechatronics-related Business and Environment-related Business.

## Interview with Segment Manager (mechatronics-related)



**Satoshi Nii**  
Managing Executive Officer  
Division President,  
Industrial Machinery  
Systems Div.

### SG-2026 Business Policies

- [Wire processing business]** Expand the business of automatic processing products for high-speed communication cables in response to the advancement of the level of automated driving
- [Vacuum business]** Expand the vacuum business domain and establish new earnings base by shifting products to growth industry fields through the application of our proprietary technologies and resource concentration

**Growth potential enhancement business**

### Market Environment (Current Situation - SG-2026 Forecasts)

- In the automotive market, growth has been led mainly by Southeast Asia and India since 2024. In addition, automated driving has increased the number of harness circuits per automobile. The demand for automatic electrical wire processing systems for high-speed communications has also increased.
- Demand for vacuum-related systems also increased due to growth in markets that are highly compatible with vacuum technology, such as markets for automotive secondary batteries and power semiconductor associated with the acceleration of EV adoption, market for perovskite solar cells associated with rising demand for renewable energy, and market for high-frequency devices associated with the sophistication of digital technology in fields such as Beyond5G and AI/IoT.

### 1. SG-2023 review

Although the Industrial Machinery & Environmental Systems segment targets three different markets of wire processing business, vacuum business, and environment-related business, what they have in common is that they handle industrial machinery. During the SG-2023 period, they all grew at a rapid pace. In particular, the growth of the mechatronics business represents the results of our efforts to prepare ahead of time for CASE, one of the megatrends, which have borne fruit during this period. As many products in the mechatronics business are targeted at the global market, we were uncertain and concerned about the future during the initial period of the COVID-19 pandemic. However, capital investment in the automotive industry recovered along with the recovery of the market, and demand for strategic products steadily increased in both wire processing and vacuum businesses.

way, we are promoting various preparations for the target year of our long-term vision (2030).

In addition to refining our existing businesses in view of changes in the market, we are also considering the entry into new areas of business. One example of this is the perovskite solar cell market. The usefulness of the perovskite solar cells has already been recognized by the world. We are studying the possibility of utilizing our vacuum technology in part of the production processes for these cells when the production technology is established and mass production begins in the future.

We currently operate mechatronics business in 14 countries, and will continue to expand our target markets in the future. In order to establish a local service system, it is necessary to seek partners in the region, and we will also actively engage in M&As by leveraging our past performance.

### 2. Determination for "Expansion" of SG-2026

Although we had a tailwind received during the SG-2023 period, we expect that customers' willingness to invest will pause temporarily, given that many of our products are related to capital investment, and that the spread of EVs is slowing. The business scale will not be reduced from that of the final year of SG-2023, we thought that it would be difficult to promise "expansion" and set a target that is largely unchanged. However, we have already started initiatives looking beyond that. For example, KOREA VACUUM LIMITED, which achieved the highest business results among our group companies, is working to create new products that make use of vacuum technology, its forte, not relying solely on its key products, but on its own and through co-creation with us. In the wire processing business, which has supported the mechatronics field for many years, we are developing products for wire harnesses used in self-driving vehicles. On the other hand, the direct drive motor mounted on the H3 rocket, which was successfully launched this year, has proven its high performance and quality. We have repeatedly verified its use as a power source for our own products, the first attempt of its kind. In this

### 3. Human resources strategy in SG-2026

As we primarily target overseas markets, we provide our own global human resources training. In principle, employees who have acquired a certain level of career experience in Japan are dispatched to the region, and after returning to Japan and working in Japan for a certain period of time, they are transferred to the region in a management position. In addition, design skills competition is held every year as an opportunity for employees to confirm their basic design capabilities. We hope to convey the joy of manufacturing to young employees, and encourage them to learn through various opportunities and actual operations, and to always try new things.

### 4. What we aspire to be in 2030

"Take on challenges for further advancement into the future." This is our segment's slogan oriented toward achieving our long-term vision. We hope to remain an unshakable presence in each market by constantly positioning ourselves in growing industry and taking on challenges of megatrends.

## Business Strategies

# Industrial Machinery & Environmental Systems Business

## Interview with Vice President of Environmental Systems Dept. (environment-related)



**Ichiro Kuwahara**  
Executive Officer  
Senior Vice President, Industrial Machinery Systems Div.  
and Vice President, Environmental Systems Dept.

### SG-2026 Business Policies

- 1 Increase profitability of plant and stock businesses
- 2 Improve earnings structure by expanding overseas and wastewater treatment-related businesses

Growth potential enhancement business

### Market Environment (Current Situation - SG-2026 Forecasts)

- Demand for new construction of refuse transfer station systems to accommodate wide-area refuse collection and transport remains strong, and municipalities across Japan are promoting the formulation of long-term plan for wide-area refuse collection and transport and consolidation of refuse treatment facilities, under the leadership of the Ministry of the Environment.
- Demand for renewal and large-scale renovation of environmental facilities (refuse transfer station systems and refuse resources recycling centres) to address the aging of facilities and wide-area refuse collection and transport
- Growing demand for advanced wastewater treatment facilities in China due to tighter environmental regulations

### 1. SG-2023 review

Initially planned plant projects progressed almost as planned, including operation and management, and we were able to achieve results that exceeded our targets.

On the other hand, a point of reflection was that the release of the core system, which was scheduled to be completely renewed from 2024, was delayed. In handling projects, multiple divisions and companies are involved in sales, design, manufacturing and construction, services, operation, and management, but losses have occurred because each division and company uses different systems. We have worked to improve these issues and develop a core system to increase productivity. However, it took more time than anticipated to identify processes and set requirements for reviewing systems and rules. Furthermore, we selected young employees as members to promote the system development with the aim of educating them, which resulted in deepening discussions on matters such as reviewing operations. This has slightly delayed the development schedule, but the core system is now on track to be operational in 2025. Since the introduction of the system will also be beneficial to our customers, we aim to begin operation as soon as possible.

### 2. Determination for “Expansion” of SG-2026

First, we will continue to demonstrate our market superiority in the mainstay plant business (refuse transfer station systems and refuse resources recycling centres). This includes services, operation, maintenance, and management. For our recent plant facilities, we have been working on the development themes of safety and labor-saving. We use our original AI technology (mainly image recognition technology) for early detection of defects in facilities, create a workplace environment where workers can work with peace of mind, and introduce systems that contribute to labor-saving. These efforts are highly regarded by customers.

Second, in order to increase the overseas sales ratio in line with the SG-2026 policies, we will promote the expansion of earnings at ShinMaywa (Chongqing) Environmental Solutions Co., Ltd., a 100% owned subsidiary established in Chongqing, China in 2018, as a company that handles wastewater treatment facilities in one-stop support, from design to manufacturing and sales. The timing of the company's launch coincided with the COVID-19 pandemic, and we had struggled until the company got on track. The company established its proprietary technologies during that period, and has finally transitioned to a phase in which it expects to contribute to earnings. We will expand sales in China where demand is expected to continue to grow, and expand our business beyond refuse treatment facilities to provide facilities and services to customers in a wider range of fields. We will also study the possibility of utilizing these technologies in Southeast Asia.

### 3. Human resources strategy in SG-2026

In view of the characteristics of our business and the number of orders received, which continues to be high, we are focusing on recruiting personnel with experience in plant projects. In addition, we are also focusing on developing young employees who will be able to serve as project managers in the near future, through the involvement in plant projects.

### 4. What we aspire to be in 2030

Our motto is “Customer First.” We believe that our mission is to deliver better systems to customers and operate facilities that are always safe and secure. We take pride in the fact that our customers regard our attitude as “unique to ShinMaywa,” and we will continue to engage in our business activities with “Customer First” in mind.

### Tripartite Discussion among Directors

Leveraging the relationships of trust that we have cultivated with our customers, we will aim to be a shining presence in global markets

— Welcoming the Industrial Machinery & Environmental Systems Segment Manager and Fluid Segment Manager



**Koichi Tamura**  
Managing Executive Officer  
Division President, Fluid Div.

**Tatsuyuki Isogawa**  
President & CEO

**Satoshi Nii**  
Managing Executive Officer  
Division President, Industrial Machinery Systems Div.

\*Date of discussion: June 11, 2024

The ShinMaywa Group currently operates its business in six segments. Because none of the segments' products are general consumer goods, the opportunities for stakeholders to encounter our products are limited. In particular, the Industrial Machinery & Environmental Systems segment and Fluid segment that are the topic of our discussion today handle products and systems that are not readily visible in daily life. Even so, we have spent many years building relationships of trust with our customers, and we have firmly demonstrated the value of our existence in a highly competitive industry.

These two segments share in common the fact that they made significant contributions in terms of business performance during the period of the previous medium-term management plan, SG-2023 (“SG-2023”), which ended in March 2024.

President Isogawa and the Managers of the two segments talked about the turning points of the two businesses, which were spun off from the same division, and about their future growth trajectories.

**Isogawa** Strangely enough, all three of us here today originate from the same division.

The division that the three of us hail from, the Industrial Machinery Division, as it was then known, was established in 1983, the year that I joined the company. At the time, the division dealt with a wide variety of products, including mechatronics products, rotating machinery (fluid products), and mechanical parking systems. Today, I would like us to talk about the current shape of your two segments and the value of their existence after coming through many twists and turns, including the bursting of the bubble economy, the Great Hanshin-Awaji Earthquake, the global financial crisis, and the COVID-19 pandemic.

**Nii** I joined ShinMaywa in 1988 and was assigned to the Development Center under the umbrella of Head Office. Initially, I worked on the development of scroll vacuum pumps, and later direct drive motors. In 1993, around about the time that these products began to be mass produced, I was transferred to the Industrial Machinery Division. From then until I became the Division President in 2023, I was involved in a variety of products, including automatic electrical wire processing systems and welding robots. Because many of our customers have production bases overseas, I am proud to say that we were the first segment in the Group to turn our eyes

toward the global market. I count myself personally fortunate to have been able to encounter many diverse cultures and industries through my work.

**Tamura** When I joined the company in 1987, I was assigned to the Rotating Machinery Section of the Takarazuka Mechatronics Plant in the Industrial Machinery Division. My section manager at the time was Mr. Onishi, the previous President of the company. The 1990s was a period of increased demand for fluid products due to the spread of sewerage systems by local governments around Japan. For this reason, in 1992, the members of the rotating machinery department were transferred to the Ono Plant, which had been established in the city of Ono in Hyogo Prefecture, to meet that demand. At that time, I worked on the design of products that had been ordered, such as large pumps for sewage transfer and rainwater drainage systems. I later moved to the quality assurance department, where my struggles developing a quality assurance framework and dealing with off-site complaints became an advantage. In 2006, I became General Manager of the Design Department, where I worked with the members of my team on the commercialization of high-efficiency products, such as our current key product, CNWX, high efficiency and good passthrough performance submersible pumps. Subsequently, I gained experience in a series of organizations, including as head of the systems technology and manufacturing departments. After serving as Vice President of the Ono Plant for 10 years, I have been the Division President since 2022.

## Turning points for the Industrial Machinery & Environmental Systems and Fluid segments

**Isogawa** In the Industrial Machinery Division, we also handled robots. We continued to compete with other manufacturers, but ultimately the executives of the time made the decision to withdraw from that business. The technology from that time is now being put to use in vacuum equipment.

**Nii** That's right. The technology from our abandoned robot business is being used in our vacuum equipment. The strength of our vacuum equipment is that it combines thin-film formation technology with transfer technology. This technology is connected to the manufacturing of the current Industrial Machinery Systems Div. and Group company, KOREA VACUUM LIMITED.

**Isogawa** CNWX, which is a representative model of submersible pumps, is a good example of how our efforts in achieving high efficiency by incorporating customers' wishes have been well received.

**Tamura** Yes. While it has reached the pinnacle of "efficiency," CNWX's greatest feature is that it is also equipped with a high degree of "solid passage capability" at the same time. By successfully establishing the technology that achieves high efficiency and that also allows foreign matter the same size as the pump's bore to pass through without clogging, we have received high praise from customers

both in Japan and North America, and it is now one of our key products.

■ High efficiency and good passthrough performance submersible pump, CNWX



**Isogawa** The Fluid segment's ability to coordinate with sales, design, manufacturing, service, and other related departments is one reason that it has maintained such a high market share. Its high profitability is also worthy of note. How do you analyze the factors that have kept its operating profit ratio at over 10%?

**Tamura** The pump-related market environment is relatively favorable, but one reason that I would cite for the Fluid segment's ability to demonstrate the value of its existence, even though we are not a specialized manufacturer, and maintain high profitability is that our customers appreciate our responsiveness. For example, our strength lies in our unique structure that allows us to customize our products to our customers' preferred specifications at a speed that other companies cannot emulate and deliver them swiftly. In addition, our ongoing production innovation activities at our production sites have also led to the reduction of waste and curbed labor costs.

**Isogawa** The contribution of ShinMaywa Aqua Technology Service, Ltd., which is responsible for service, is also a steady source of revenue, and the fact that it covers a large number of stock items that have already been delivered is another strength.



■ Maintenance being conducted by ShinMaywa Aqua Technology Service, Ltd.

## SG-2023 review

**Isogawa** Both the Industrial Machinery & Environmental Systems and Fluid segments contributed greatly to SG-2023. In your position as the leaders of your respective segments, could you reflect on their outcomes and issues?



**Nii** The main market for our mechatronics products is the transportation infrastructure mentioned in the long-term vision, that is, the automotive industry. Overseas sales account for over 50% of total sales of our mechatronics products. The first year of SG-2023 was an extremely difficult start because of the pandemic. Shortages of semiconductors and electronic components were also a factor. Nevertheless, we refined our engineering technologies with our sights set on CASE (a concept that refers to the innovation trends in the automotive industry), and our unstinting approaches to 14 countries where we have business partners gradually bore fruit. In particular, KOREA VACUUM was recognized for its vacuum drying technology, which is indispensable in the manufacturing process of cells used in EV batteries. This, combined with the expansion of the EV market, became a driving force for dramatic growth.

Further, in the environment-related business, which relies on the wide-area plan for waste treatment facilities, our systems that make full use of IT and that will accommodate future labor shortages and safety enhancements have been well received, and we have recorded high levels of orders received and sales.



■ Refuse transfer station system

The mechatronics-related business, which targets global markets, has had to face cultural and language barriers, while the environmental business has had to face labor shortages. Even while dealing with these issues, the outcomes of concerted efforts in each business have manifested as business results. I am sincerely grateful for the hard work of our employees. My sense from SG-2023 was that riding the wave of megatrends, as KOREA VACUUM has, is what has enabled our business results to grow as much as they have. Our challenge will be to increase the number of businesses that adapt to such trends.

**Isogawa**

**Tamura** The fluid business became its own independent business division in 2012. Net sales at that time was around 13 billion yen, and it is now double that figure. In recent years, we have focused efforts on the area of rainwater drainage. The additions to the Group of high-pressure washer manufacturer, FLUTECH Co., Ltd., in 2018 and TurboMAX Co., Ltd. ("TurboMAX") in 2021 have contributed significantly. In terms of overseas expansion, in addition to North America, where we have been focusing efforts for some time, we established a

new compact pump production plant in Thailand, which has resulted in an increase in sales in Southeast Asia.

We have also focused on strengthening our management foundations, and the planning and implementation of training aimed at strengthening collaboration between sales, the plant, and service departments have also yielded results.

**Isogawa** ShinMaywa Aqua Technology Service, Ltd. was previously part of the mechanical car parking systems maintenance division, but today, it has become a reliable presence that has a share in our contribution to earnings. All of these businesses earn the trust of customers in the responses of the service department, which has contact with customers. That trust leads to repeat orders, and I can sense the contribution that they are making to increased earnings.

TurboMAX is also contributing to earnings, including the global roll-out of its turbo blower, which has energy-saving and low-noise features.

**Tamura** In the private-sector market in recent years, TurboMAX's products (turbo blowers), which contribute to society through energy saving, are opening the doors to customers for our other fluid products, in that a trend is developing in which customers to whom we have proposed TurboMAX's turbo blowers also order other fluid products from us.



■ Turbo blower by TurboMAX Co., Ltd.

**Isogawa** Increasing overseas sales is one of our corporate policies. On the other hand, there are concerns that it will become difficult to maintain our high-profit structure. Could you tell me what measures you have for securing profits?

**Tamura** In the Southeast Asian market, it is essential that we set prices at a level where we can compete with overseas manufacturers, and for this reason, we will work to reduce costs at the Thailand plant. In our Japanese business, after-sales service occupies an important position, but because overseas sales tend to be limited to sales of products and parts, our challenge will be to form alliances with local companies and strengthen our after-sales service business as a coalition.

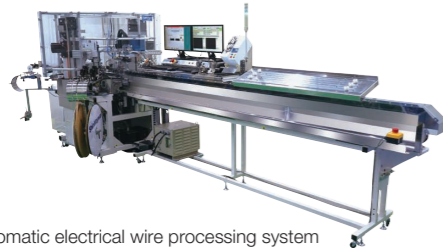
**Isogawa** Do you believe that we have a good chance of succeeding in the after-sales service business in both North America and Southeast Asia?

**Tamura** At this point in time, there are difficulties due to the differences in the positioning of after-sales service and distribution from country to country. However, I do believe that such positioning will be recognized in every country and that after-sales service will undoubtedly become viable as a business in the future.

## Focus of SG-2026

**Isogawa** Next, could I ask you to talk about your focus areas in SG-2026, which is currently underway?

**Nii** In the Industrial Machinery & Environmental Systems segment, we see this as a period for venturing into growth industries, in other words, aiming for the further expansion of globalization. We will embark on new product development and entry into new fields, but with all of our products, market competition is intense, so we will work hard to ensure that development does not fall behind. In the wire processing business, wire harnesses used in automobiles have increased with the expansion of CASE, and there is a growing number of electrical wires that are difficult to handle. We will pursue initiatives to enhance the value of our existence, such as automating certain processes that previously relied on manual labor as a measure to address labor shortages and improve processing quality.



■ Automatic electrical wire processing system

Also, in our sales strategy, we aim to make a full-scale entry into the European market, the mecca of the automotive industry. The conclusion of a business alliance with EMDEP, a Spanish manufacturer that deals in wire harness assembly and testing equipment, in 2023 is part of that strategy. This alliance has enabled us to propose automatic electrical wire processing systems and testing equipment together. In addition, the adoption of our direct drive motor for the H3 rocket has proven its high performance, light weight, and durability. Currently, we are working on the development of new applications, such as in the semiconductor field and as a power source for EV truck bodies, with a view to applying them to our own products.

In the environment-related business, this spring, the deadline for promoting the wide-area plan for waste treatment facilities was extended to 2050. As such, we will steadily make proposals to the relevant local governments in a bid to win orders.



■ Direct drive motor

Further, as an “exploration” activity, in 2018, we established ShinMaywa (Chongqing) Environmental Solutions Co., Ltd. in the Chinese city of Chongqing and launched a wastewater treatment business there. We spent five years focusing on establishing treatment technologies and sales activities, which resulted in the receipt of orders in excess of 1 billion yen in FY2023. Factory wastewater is an urgent social

issue in China as well, so we will strive to establish the foundations for overseas environment-related business through stable manufacturing and by securing profits.

In the mechatronics-related business, we are preparing multiple prospects with an awareness of growth industries, such as being involved in the manufacturing process of the perovskite solar cell, which is being hailed as a next-generation solar cell. We will select targets for commercialization from those prospects.



**Isogawa** In automatic electrical wire processing systems, we believe that sales will further expand during SG-2026, boosted by our business alliance with EMDEP. We should also concentrate management resources on new markets related to megatrends and aim to be able to take the initiative in the relevant areas.

**Tamura** In the Fluid segment, as well as adding new depth to our core businesses, we will focus efforts on M&As and alliances both overseas and in Japan to further expand our business scale, as well as exploring new needs for wastewater treatment facilities in the private sector.

We have extended our business into the North American sewerage market, our first focus target overseas, leveraging the technological superiority that we have gained in Japan with CNWX. Looking ahead, we will make investments, including the possibility of M&As, to develop the North American sewerage market, and at the same time, strengthen our systems for final product assembly, maintenance, and service, in our aim to expand earnings.

In Japan, meanwhile, the number of sewage treatment plants is falling due to population decline, and the Japanese sewage market is expected to change direction to focus on the service business. For this reason, for example, we will form alliances with manufacturers that handle equipment for sewage treatment plants and make maximum use of the technological capabilities and nationwide service network of ShinMaywa Aqua Technology Service, Ltd., which is also a strength in the fluid business, in our aim to expand the scale of our business.

In addition, in terms of exploring new needs in the

wastewater treatment facilities of private-sector factories, where many of our fluid products are in use, we will collaborate with the Environmental Systems Dept. and Industrial Machinery Systems Div. to obtain knowledge of advanced water treatment technologies that use AI and IoT, to contribute to the resolution of issues faced by facilities suffering from a shortage of managers.

**Tamura** The business of the Fluid segment involves social infrastructure that is essential for people’s daily lives, so its greatest characteristic is that it contributes to society directly through its products and services. Also, our ability to demonstrate our superiority in the market is due, I believe, to the well-balanced collaboration and involvement among the Group’s sales, manufacturing, and service departments across the lifecycle of our products.

In recent years, with an awareness of the aging population and declining birthrate, decarbonization, and energy-saving trend in infrastructure equipment, we will expand the fields of our contribution to society while also increasing economic value, through the provision of IoT-based maintenance services and the development of products that will demonstrate their effectiveness in their response to torrential rain events.

**Isogawa** These two segments were originally part of the same division, but with the rapid progress being made by the Industrial Machinery & Environmental Systems segment in recent years, both segments have increased their presence and are fast becoming major pillars of the ShinMaywa Group’s earnings. As someone from the same “home ground,” as it were, I am both highly encouraged and delighted.

To date, we have been able to compete with specialized manufacturers, taking strength from our technological capabilities in making high-precision equipment such as automatic electrical wire processing systems and vacuum systems, our elemental technology capabilities that enable the development of water treatment equipment, our manufacturing capabilities for giving form to those technologies, and our meticulous after-sales services. Through today’s discussion, I feel sure that we have encouraged our stakeholders to take an interest in the appeal, future potential, and technological capabilities of these two segments. Let’s increase the value of these products and services even more by adding digital technologies, to make our sustainable growth even stronger.

**Isogawa** In both segments, competition in the industry is fierce, so even the maintenance of market share and size of sales will be no easy task. However, it is important to steadily build on the themes and M&As for delving deeper and exploring possibilities that you are currently working on. When investing as well, please do so with a sense of speed.

Also, precisely because both segments originally belonged to the same business division, I believe that there is plenty of room for co-creation both in Japan and overseas.

**Tamura** In private-sector wastewater treatment facilities, to which we have sold many of our fluid products, we handle the dehydrators and dryers of the Environmental Systems Dept. As the domains covered by our segment expand, I believe that the scope for collaboration will also broaden.

**Nii** If we can firmly develop the elemental technologies for the private-sector wastewater treatment area at our local subsidiary in Chongqing, China, we will be able to envisage a broader market, as this is an area that overlaps with our customers in the Fluid segment.

## Appeal and characteristics of both segments

**Nii** One of the characteristics of the Industrial Machinery & Environmental Systems segment is our broad focus on overseas markets. While the need to be considerate of each country’s customs and culture poses difficulties, when we enter large markets, there is a great sense of excitement and achievement. All of our products are premised on global expansion,



# Initiatives for New Business Creation

## Focusing efforts on new business creation to accelerate the progress of the long-term management plan, SG-Vision 2030.

Businesses that are involved either directly or indirectly in social infrastructure make up a large proportion of the ShinMaywa Group. Recognizing the fact that much of that social infrastructure was created in the Showa era (1926-1989) as an issue, in recent years, we have started to place earnest efforts into measures to create new businesses that hold promise for the future. This page presents the activities of the New Business Strategic Div., which promotes company-wide efforts in this regard.

The New Business Strategic Div. was established under the umbrella of the Head Office in 2022. On the premise of contributing to the greater sophistication of urban, transportation, and environmental infrastructure, as stated in the long-term vision, it works to give concrete form to themes in areas that correspond to "enclaves" from the perspective of existing businesses in response to key social issues such as demographics, environment, energy, food, and local communities. Now in its third year of operation, the division has been the central entity in the following two initiatives that have been made public.

### Investment in WOTA CORP.

WOTA CORP. ("WOTA") is a Japanese start-up that declares as the raison d'être that it "seeks structural solutions to the world's water crisis." In its aim to solve a variety of problems resulting from the uneven distribution, depletion, and pollution of the Earth's water resources, it is developing autonomous control technology for water treatment and a small-scale decentralized water reuse system.

Since the Noto Peninsula are struck by a major earthquake on January 1, 2024, WOTA has been providing relief efforts in the form of showers using WOTA BOX, the company's small-scale decentralized water reuse system, which can be used even when the main water supply has been disrupted,

and sanitation assistance with its WOSH water-reuse hand-wash stand. Empathizing with WOTA's vision of the development and spread of new water supply and sewage infrastructure through the use of recycled water, we made an equity investment in the company in August 2022.

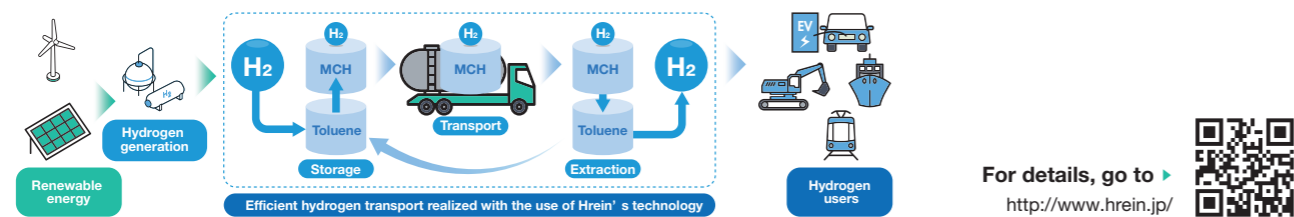
With this investment as a starting point, toward the realization of our long-term vision, we aim to solve a variety of water supply and sewage infrastructure issues both in Japan (particularly depopulated regions) and in resource-poor regions overseas by fusing WOTA's small-scale decentralized water reuse system and our own achievements and reliability cultivated over many years in our Fluid Business.

### Participation in hydrogen supply chain business

In August 2022, ShinMaywa Industries concluded an agreement with Hrein Energy Inc. ("Hrein") for the joint development of products that will make up part of the hydrogen supply chain. In May 2023, we began experiments using a prototype dehydrogenation system developed by Hrein. ShinMaywa and Hrein plan to perfect the prototype and build a mass production framework aimed at marketing this system as a new type of hydrogen supply unit, taking advantage of the compact size that other companies do not offer.

Established in 2001, Hrein specializes in "hydrogen energy" with

the aim of popularizing renewable energy. It owns proprietary technologies for the production of methylcyclohexane (MCH) from a catalytic reaction of hydrogen with toluene and the easy extraction of hydrogen from MCH. We believe that we will be able to use Hrein's technology to supply major components of the hydrogen supply chain. This will be achieved by converting and storing clean hydrogen produced with renewable energy (solar, wind, biomass, etc.) overseas and in Japan into MCH, which is stable and suitable for transport, then extracting hydrogen from that MCH at the point of consumption.



In addition to these themes that aim for commercialization, in which the New Business Strategic Div. is playing a central role, in FY2023, the division held the 1st New Business Creation Activity "Be Enterprising!! 0 to 1 Challenge," as an opportunity for Group employees to come up with highly unique and novel ideas and pour their passion into having those ideas realized. After a video message from the President encouraging applications and an outline of the program were posted on the Company's intranet, ideas flooded in. After three rounds of screening, the successful themes were selected as targets for investment, and detailed verification is currently underway toward their commercialization.

At the same time, a second call for applications was made in FY2024. The applicants whose themes were selected from all the entries are now conducting research activities with the aim of passing the final adjudication round.

## Message from the Vice President of the New Business Strategic Div.

The ShinMaywa Group has strong connections with customers in all our businesses, and we were even able to overcome the unprecedented situation of the COVID-19 pandemic without a significant drop in our business performance. When viewed from a different angle, this rock-solid business environment may be a factor that is preventing us from venturing into new fields.

Under these circumstances, I believe that it is the mission of our division to identify themes from among the increasingly serious issues facing society today that we can solve or mitigate with the Group's strengths, put business activities that will contribute to the greater sophistication of social infrastructure on track, and enhance the value of the Group's existence.

One possible factor in our inability to generate new business in the Heisei era (1989-2019) may have been our failure to break free from our conservative corporate culture. Any new undertaking is accompanied by failure. The tolerance to accept and evaluate forward-looking failures cannot be achieved by following orders alone. I believe that a new framework is needed. To that end, as well as continuing with the "Be Enterprising!! 0 to 1 Challenge" initiative to encourage a spirit of challenge, we are considering a program to foster an internal culture and reform mindset.

Today, in the Reiwa era, we will create new businesses that lie ahead of our challenges, and head toward the achievement of SG-Vision 2030 through a process of expansion and advancement.



**Takashi Kunihara**  
Director, Managing Executive Officer,  
Vice President of New Business Strategic Div.

# Intellectual Property Strategy

## Basic policy on intellectual property

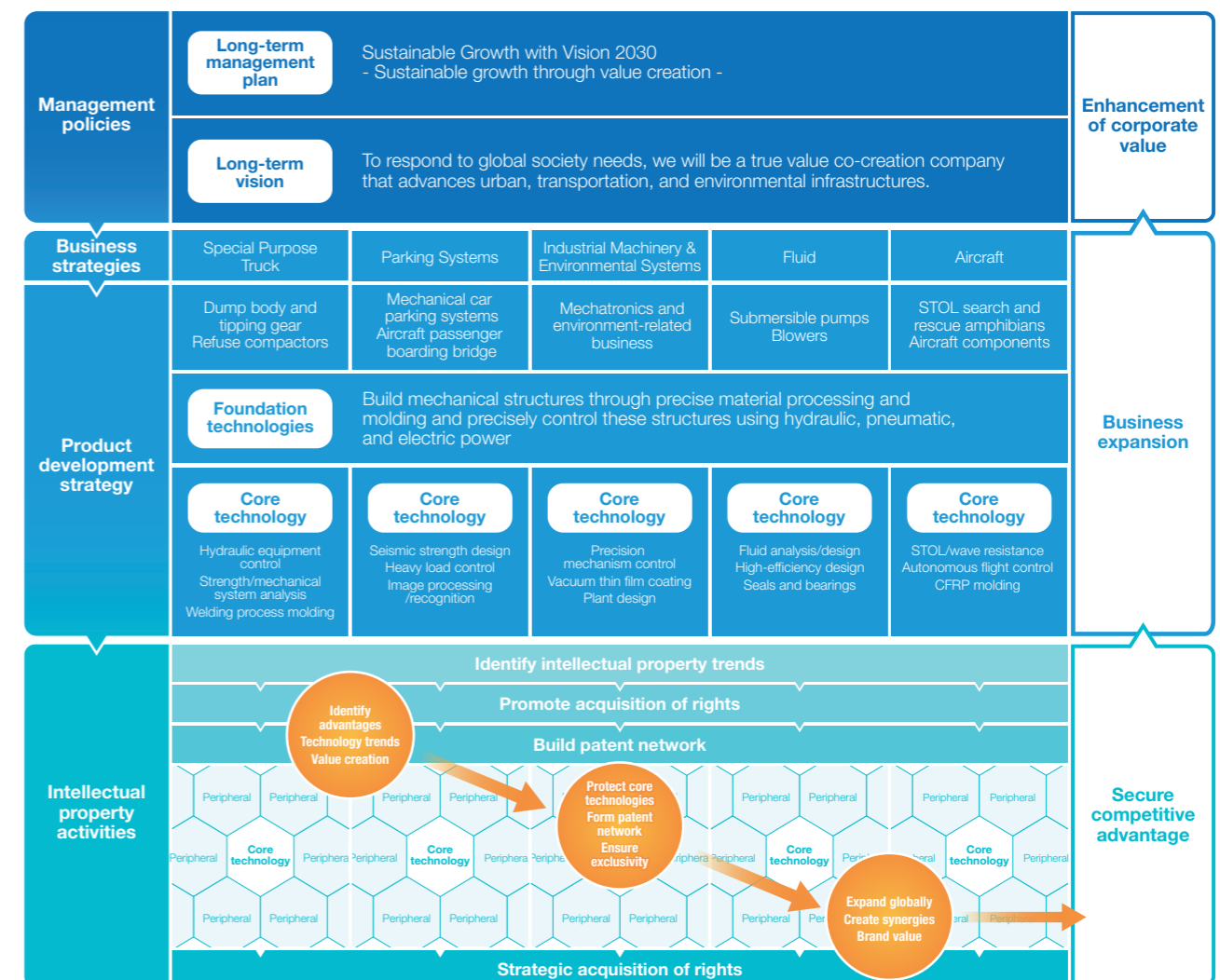
- 1 Positioning our intellectual property, namely the outcomes of technological development and the ShinMaywa Group brand, as key management resources, promote intellectual property activities linked to management policies, business strategies, and product development strategies.
- 2 To expand the business of the ShinMaywa Group and achieve sustainable growth, emphasize the protection and use of intellectual property to secure a competitive advantage.
- 3 Respect the intellectual property rights of other parties and work to prevent infringements.

## Intellectual property strategy

We will promote the effective investment and use of intellectual property to realize our future vision and enhance corporate value.

- 1 Promote IP landscape\* activities based on management policies and business strategies.
- 2 Form and strengthen an intellectual property network that will realize our product development strategies.
- 3 Maintain and increase intellectual property awareness for sustainable intellectual property activities.

\*IP landscape  
Refers to conducting analysis that incorporates intellectual property information into management and business information when formulating management strategies or business strategies, and sharing an overview of the current situation, future prospects, and other factors with management and people responsible for the businesses



# Key ESG Issues (Materiality)

Key ESG issues (Materiality)	Crucial themes	Key KPIs and Targets	FY2023 targets	FY2023 results	FY2024 targets	Future directions, etc.
Preventing global warming	Reducing greenhouse gas emissions from production activities (Scope 1, 2)	<ul style="list-style-type: none"> <li>Total CO<sub>2</sub> emissions from energy use*1 Reduce total CO<sub>2</sub> emissions by 38% in FY2030 (compared to FY2017) 42,720 t (FY2017 result) ⇒ 26,486 t (-16,234 t FY2030 target)</li> </ul>	35,228 t-CO <sub>2</sub>	29,392 t-CO <sub>2</sub>	33,979 t-CO <sub>2</sub>	Although CO <sub>2</sub> emissions are expected to increase as business expands in the future, we will continue to work to achieve the target. <b>P.49-50</b> >>
	Providing products and services with less environmental impact	Develop and sell energy-saving and low-carbon products and provide low-carbon services and businesses	—	—	—	See: Long-Term Management Plan/ Medium-Term Management Plan See: each Business Strategy <b>P.9-14</b> >> <b>P.17-34</b> >>
Contributing to a recycling-based society	Reducing waste	<ul style="list-style-type: none"> <li>Total waste generated*1 FY2030 target: Reduce by 10% (compared to FY2020) Total waste in FY2020 (actual): 8,111 t FY2030 total waste (target): 7,300 t (811 t reduction)</li> </ul>	7,868 t	7,222 t	7,787 t	Although waste volume generated is expected to increase as business expands in the future, we will continue to work to achieve the target. <b>P.50</b> >>
Promoting diversity and inclusion	<ul style="list-style-type: none"> <li>Nurturing an organizational culture that respects and supports diversity (heterogeneity) Build systems, raise awareness, improve environment</li> <li>Acquiring diversity inherent in individuals Engage in human resources training, human resources development, and recruitment of diverse human resources</li> <li>Creating opportunities for individuals to make use of their diversity and "Will" Improve business competitiveness (strengthen management foundations) and integrate with long-term business strategies</li> </ul>	<ul style="list-style-type: none"> <li>Number of female managers (%: number of female managers/total number of managers)*2 FY2023 target: 30 (2%); FY2030 target: 60 (3%)</li> </ul>	30 (2%)	34 (2%)	Continue our efforts to achieve FY2030 targets	Number of female managers FY2030 target: 60 (3%) <b>P.55</b> >>
		<ul style="list-style-type: none"> <li>Number of women in assistant manager position or above (%: number of women in assistant manager position or above/total number of people in assistant manager position or above)*2 FY2023 target: 100 (4%); FY2030 target: 230 (6%)</li> </ul>	100 (4%)	107 (4%)	Continue our efforts to achieve FY2030 targets	Number of women in assistant manager position or above FY2030 target: 230 (6%)
		<ul style="list-style-type: none"> <li>Proportion of non-Japanese managers (%: number of non-Japanese managers/total number of managers)*2 FY2023 target: 10% or more; FY2030 target: 10% or more</li> </ul>	10% or more	10%	Maintain 10% or more	Proportion of non-Japanese managers FY2030 target: 10% or more
		<ul style="list-style-type: none"> <li>Proportion of managers who are mid-career hires (%: number of managers hired mid-career/total number of managers)*2 FY2023 target: 28% or more; FY2030 target: 28% or more</li> </ul>	28% or more	31.5%	Maintain 28% or more	Proportion of managers who are mid-career hires FY2030 target: 28% or more
		<ul style="list-style-type: none"> <li>Human capital investment amount (investment per person) 234,000 yen (FY2022 results)</li> </ul>	Work to maintain/expand on FY2022 levels	331,000 yen	—	We will work to maintain/expand on FY2022 levels. <b>P.37-38</b> >>
		<ul style="list-style-type: none"> <li>DX human resources portfolio (per 100 FY2022 internal employees) Key capabilities*3 FY2026 target: 180% relative to FY2022; FY2030 target: 240% relative to FY2022 All-around capabilities*4 FY2026 target: 150% relative to FY2022; FY2030 target: 200% relative to FY2022</li> </ul>	—	—	Continuing our efforts to achieve key KPIs and targets	Key capabilities FY2026 target: 180% relative to FY2022 FY2030 target: 240% relative to FY2022 All-around capabilities FY2026 target: 150% relative to FY2022 FY2030 target: 200% relative to FY2022 <b>P.37-38</b> >>
		<ul style="list-style-type: none"> <li>Engagement survey score Highly positive responses*5 FY2026 target: 15 points; FY2030 target: 20 points Positive responses*6 FY2026 target: 70 points; FY2030 target: 80 points</li> </ul>	—	—	Continuing our efforts to achieve key KPIs and targets	Highly positive responses FY2026 target: 15 points FY2030 target: 20 points Positive responses FY2026 target: 70 points FY2030 target: 80 points <b>P.37-38</b> >>
		<ul style="list-style-type: none"> <li>Challenge score*7 Highly positive responses FY2026 target: 20 points; FY2030 target: 25 points Positive responses FY2026 target: 75 points; FY2030 target: 85 points</li> </ul>	—	—	Continuing our efforts to achieve key KPIs and targets	Highly positive responses FY2026 target: 20 points FY2030 target: 25 points Positive responses FY2026 target: 75 points FY2030 target: 85 points <b>P.37-38</b> >>
Establishing comfortable workplace environments	Conduct employee survey (issue identification)	—	—	—	Conduct employee survey in July 2024	We will continue to conduct employee survey on a regular basis and conduct monitoring that contributes to improving employee engagement.
	Implement human rights due diligence based on Human Rights Policy	<ul style="list-style-type: none"> <li>Clarify processes</li> <li>Identify and evaluate human rights risks</li> <li>Take corrective action to address human rights risks</li> </ul>	—	Continued initiatives to clarify processes and implementation of human rights awareness-raising activities	Develop a framework for the continuous promotion of respect for human rights and initiatives to ensure its operation	We will continue to address issues appropriately to fulfill our responsibility to respect human rights.
	Acquire certification as a Health & Productivity Management Organization	—	—	Certified in March 2024	To be certified in March 2025	We will continue to aim to improve the level of evaluation. <b>P.57</b> >>
Enhancing corporate governance systems	Acquire national "Eruboshi" certification	Take approaches to achieve targets for evaluation items	—	Confirmed the current status of each evaluation item and took approaches to improve numerical values	Continue to take approaches to achieve targets for evaluation items	We will continue to promote the creation of an organizational culture that makes use of the diversity of human resources.
	Strengthening the supervisory function of the Board of Directors	Clarify the skills and experience required of members of the Board of Directors	—	Periodically reviewed and disclosed the skills matrix	Periodic review and disclosure of the skills matrix	<b>P.44</b> >>
	Ensure the systematic development and diversity of management personnel	—	—	Implemented human resources development through the succession plan	Implement human resources development through the succession plan	
Establishing and strengthening risk management systems	Ensuring legitimacy in execution of duties	Instill awareness of compliance among executives and employees	Regular implementation of awareness-raising activities and awareness surveys (once a year)	<ul style="list-style-type: none"> <li>Regularly implemented awareness-raising activities and awareness surveys (once a year)</li> <li>Created and distributed Compliance Handbook</li> </ul>	<ul style="list-style-type: none"> <li>Regular implementation of awareness-raising activities and awareness surveys (once a year)</li> <li>Update Compliance Handbook (once a year)</li> </ul>	<b>P.46</b> >>
	Establishing and strengthening company-wide risk management systems	Develop a risk management system that includes Group companies and monitor important risks	Periodic reporting to the Executive Committee and Board of Directors (twice a year)	Periodically reported to the Executive Committee and Board of Directors (twice a year)	Periodic reporting to the Executive Committee and Board of Directors (twice a year)	<b>P.45</b> >>
		Develop business continuity plans (BCPs) for natural disasters, infectious diseases, etc.	Conduct training and review based on the results of implementation (once a year)	In line with the establishment of a set of corporate regulations, priority was given to formulating the basic policy for Business Continuity Management (BCM), which is a high-level concept	Formulate a Business Continuity Plan (BCP) based on the basic policy for BCM, and conduct training	<b>P.45</b> >>
	Strengthening electronic information management systems	Review wide area networks (WANs), reform security regulations, and strengthen incident responses	Establish an incident-response framework, help response training take root on a company-wide basis, and take quick action on generative AI and other new technologies	<ul style="list-style-type: none"> <li>Conducted CSIRT training involving management at Head Office (February 2024)</li> <li>Created a secure environment for using generative AI (November 2023)</li> <li>Continued KI/SIGNATE</li> </ul>	<ul style="list-style-type: none"> <li>Implement joint CSIRT training for divisions</li> <li>Expand use of generative AI</li> <li>Continue holding seminars</li> </ul>	
	Ensuring quality and safety	Understand and support the status of quality control and product safety risk information, including Group companies	Continue to release the latest information* and work to raise awareness	Continued to release the latest information and worked to raise awareness	Continue to release the latest information and work to raise awareness	*Information on legal revisions, product safety, product accidents, etc.
Promoting CSR procurement	Formulate CSR requirements and build systems to execute CSR procurement rationally/effectively/continuously	Conduct a supplier CSR survey via the portal site (in development) for suppliers (100 major companies)	<ul style="list-style-type: none"> <li>The supplier CSR survey was postponed to be conducted in FY2024</li> <li>In order to strengthen engagement with suppliers, 110 companies were requested to participate in the test operation of our supplier portal site</li> </ul>	Conduct a supplier CSR survey (risk assessment) via the portal site for suppliers	<b>P.59</b> >>	

\*1: Non-consolidated figures; \*2: Figures for the Group as a whole; \*3-7: See "Bringing human capital management to fruition" on the next page

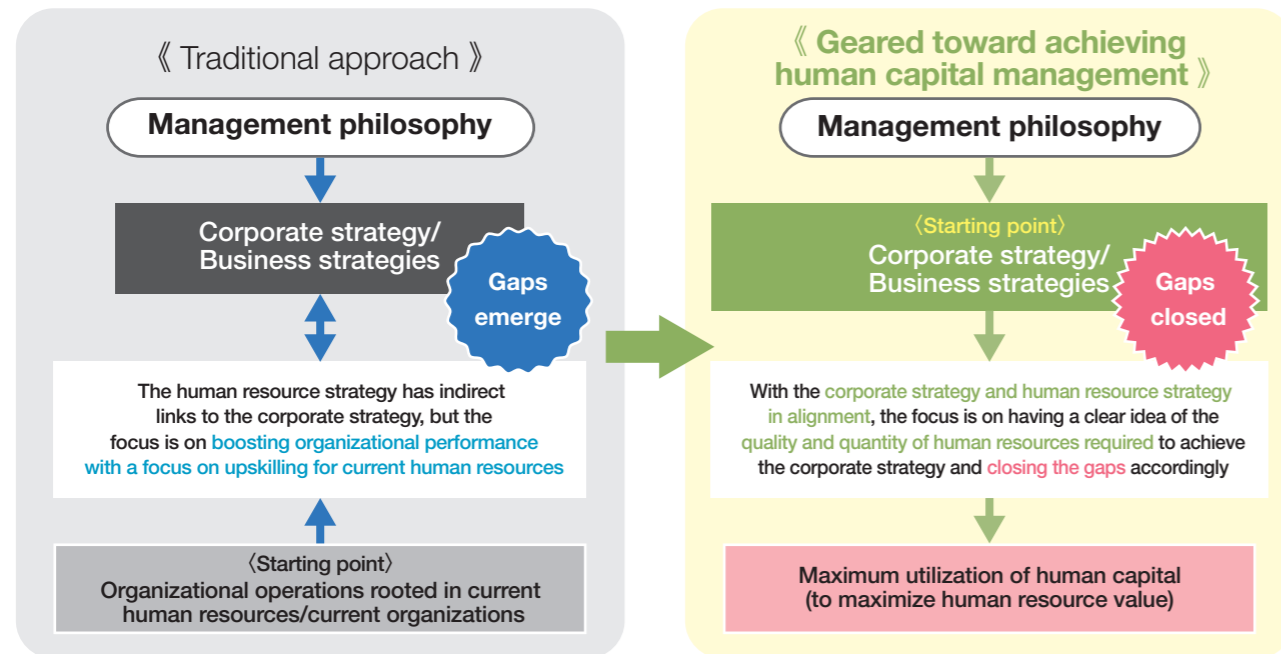
# Topics: Human Capital Management

## Bringing human capital management to fruition

### A transition in the human resources strategy

ShinMaywa Industries is working to propel progress toward the realization of human capital management by embarking on a significant shift, a transition that aims to maximize human resource value. That process will entail breaking away from the traditional approach of organizational operations rooted in current human resources and organizations and starting from

the corporate strategy and business strategies rooted in the management philosophy. Based on the human resources strategy aligned with those core strategies, we will ascertain the quality and quantity of human resources required to bring the corporate strategy to fruition and close the gap with the current conditions.



### Keys to pursuing human capital management at ShinMaywa Industries

#### 01

We will work to identify the quality and quantity of human resources required to achieve the corporate strategy, and we will take a variety of measures to ensure that we have that necessary foundation.

##### Linking the corporate strategy and the human resources strategy

As we do so, we will also further the DX strategy—a vital component of the corporate strategy—by setting targets for securing and developing DX human resources and conducting corresponding operations in line with the DX Strategy Basic Policy.

#### 02

Diversity among individual human resources is essential to our growth as a company. Recognizing that need, we will implement D&I initiatives with a focus on inclusion to help us maximize the benefits of diversity.

##### Enhancing employee engagement

The following are main pillars to achieve 01 and 02.

1. Clarifying the concept of human capital investment and making planned investments accordingly
2. Managing our DX human resources portfolio
3. Aligning career development (reskilling) with business strategies
4. Fostering a comfortable, open workplace environment and nurturing a culture where employees share values across rank lines

With the above main pillars, we will put into practice specific human resources strategy.

### Efforts, indicators, and targets to tackle issues in achieving human capital management

Based on our direction toward realizing human capital management, our efforts to bring the corporate strategy and human resources strategy into optimal alignment will focus on three core objectives.

- Clarifying the concept of human capital investment and making planned investments accordingly
- Managing our DX human resources portfolio and aligning career development (reskilling) with business strategies
- Fostering a comfortable, open workplace environment and nurturing a culture where employees share values across rank lines

We will implement the human resources strategy and support the execution of the corporate strategy, using KPIs and targets to guide the way.

#### (a) Human capital investment

Our human capital investment amounts for FY2023 were shown on the right. From FY2024 onward, we will also work to expand on the FY2022 per-person human capital investment amounts.

Main purpose	FY2023 results (per person)
Developing human resources	197,000 yen
Improving internal environments	134,000 yen
Total	331,000 yen

#### (b) DX human resources portfolio

##### Defining DX human resources

At ShinMaywa Industries, "DX human resources" are defined as "human resources who have capabilities for any of the five human-resource types in the 'Digital Skill Standards for DX Promotion' published by the Ministry of Economy, Trade and Industry in December 2022." To "have" one of the capabilities stipulated in the Standards, a human resource must satisfy the requirements of "Level 4"<sup>(\*)1</sup> or "Level 3"<sup>(\*)2</sup> in the "Level definitions" of the "Skill Standards for IT Professionals" published by the Ministry of Economy, Trade and Industry in 2002.

(\*)1 Able to leverage specialized skills and lead the way in identifying and developing solutions to issues

(\*)2 Able to carry out assigned tasks independently

##### Setting KPIs and targets for the DX human resources portfolio

For the five human-resource types, we first set our KPIs and targets for two categories: KPIs for the bolstering capabilities in the priority human-resource types of "business architects" and "data scientists" ("key" capabilities), and KPIs for improvements in capabilities applicable to all five types ("all-around" capabilities). We then set numerical targets, which we expressed in terms of human resources per 100 FY2022 internal employees.

	KPI	FY2022	FY2026	FY2030
Capabilities of DX human resources	Key	100%	180%	240%
	All-around	100%	150%	200%

#### (c) Engagement survey score

##### Configuring the engagement survey score

After selecting ten items from the July 2022 D&I Survey that either had direct connections to "improving engagement" or correlations with those items, we looked at the responses for each survey question<sup>(\*)3</sup> and separated them into categories. Those that reflected "ideal conditions" were categorized as "highly positive responses," while those considered "affirmative" were categorized as "positive responses." We then used the average percentages of the responses in the two categories, relative to the total number of responses, as the points for our engagement survey score.

(\*)3 Respondents were asked to select the response that best reflects the current conditions from four choices.

##### KPIs and targets for the engagement survey score

KPI	FY2022	FY2026	FY2030 (final year of the long-term vision)
Highly positive responses	11 points	15 points	20 points
Positive responses	61 points	70 points	80 points

#### (d) Challenge score

##### Configuring the challenge score

In February 2024, in order to create "Fostering awareness among employees to create new value," after selecting six items from the July 2022 D&I Survey that either had direct connections to "employees' willingness to take on challenges" or correlations with those items, we looked at the responses for each survey question and separated them into categories. Those that reflected "the highest score" were categorized as "highly positive responses," while those considered "affirmative" were categorized as "positive responses." We then used the average percentages of the responses in the two categories, relative to the total number of responses, as the points for our challenge score.

##### KPIs and targets for the challenge score

KPI	FY2023	FY2026	FY2030 (final year of the long-term vision)
Highly positive responses	18 points	20 points	25 points
Positive responses	67 points	75 points	85 points

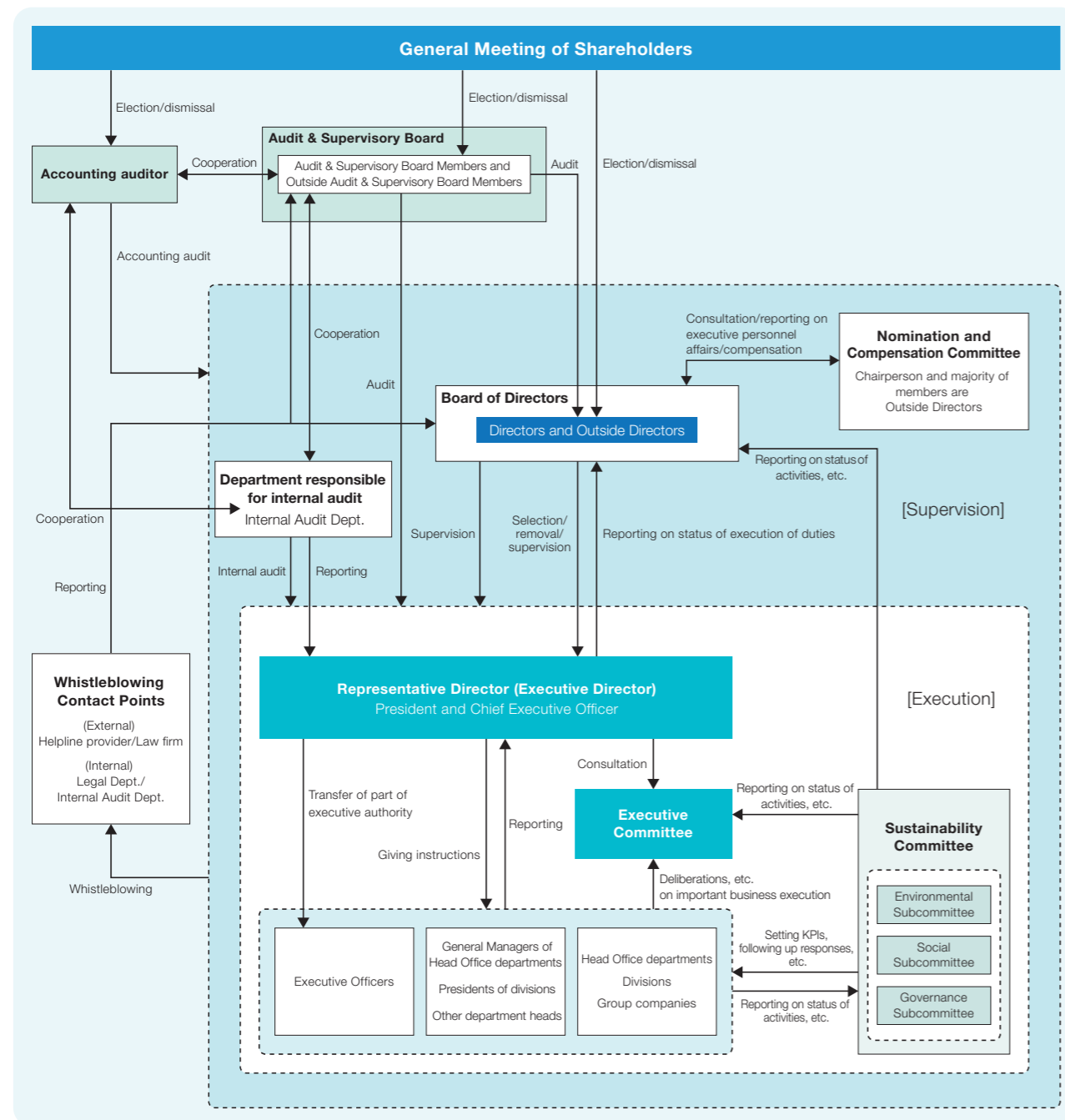
# Corporate Governance

## Basic policy

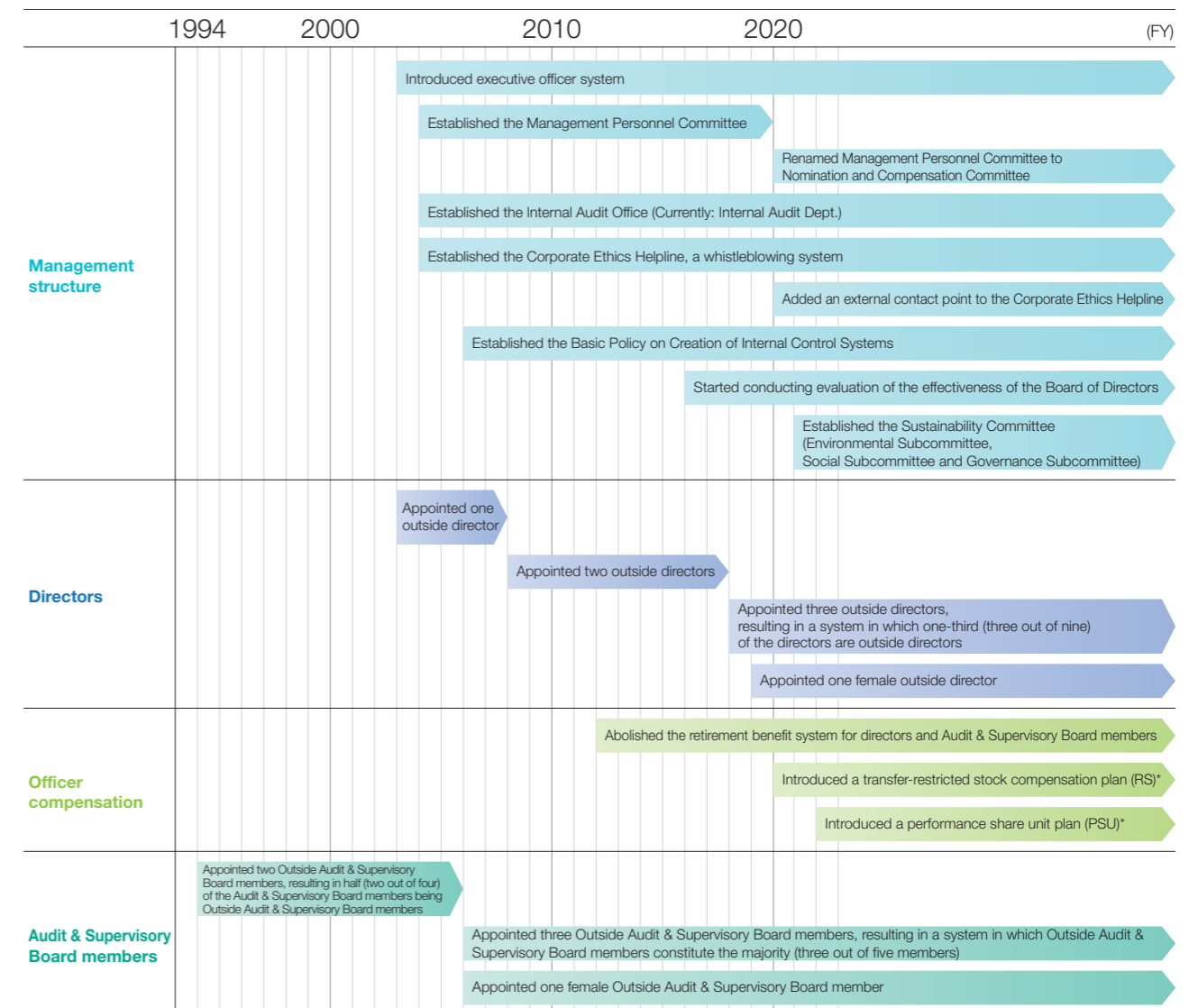
The ShinMaywa Group conducts corporate activities in accordance with relevant laws and regulations, as well as with social norms and common sense, and also ensures transparency and rationality in its management in order to

sustainably increase its corporate value. In doing so, we believe that it is vital to create and operate a corporate governance system and also to continuously review and improve that system.

## Corporate governance system



## Governance system timeline



\*Outside directors and Audit & Supervisory Board members are not eligible.

## Management and execution structure

As part of its institutional design based on the Companies Act, ShinMaywa Industries has adopted the Company with a Board of Company Auditors system. It has introduced an executive officer system subsequent to establishment of the General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and accounting auditor.

The Company has adopted an executive officer system intended to strengthen management functions by transferring authority over individual business operations to executive officers in order to speed up decision-making processes and clarify executives' responsibilities while freeing up the Board members (Board of Directors) to focus on evaluating individual businesses, making decisions about the allocation of management resources, and exercising supervision over business operations from a company-wide perspective. Through this executive officer system, the Company aims to enhance its corporate governance and realize higher operational efficiency.

In addition, from the perspective of building an effective governance structure, we have established an Executive Committee, a Sustainability Committee, and an Internal Audit Dept.

## Board of Directors

The Company currently has eight directors, of which about one-third (three) are outside directors.

The Board of Directors' meetings are held once a month, in principle, to discuss and consider important management issues based on the medium- and long-term management plan and to monitor the execution of duties by Board members as appropriate.

The outside directors are mainly expected to monitor management of the Company from an objective position that is independent of the management personnel, provide advice on management and provide broad and diverse perspectives for realizing increasing corporate value and sustainable growth over the medium to long term. They are selected from among persons who have management experience and other diverse experience, skills, and expertise and are effectively independent of the Company.

## Audit & Supervisory Board

The Company has five Audit & Supervisory Board members, three of whom are outside Audit & Supervisory Board members. Each Audit & Supervisory Board member attends the meetings of the Board of Directors and other important meetings to hear reports on the Company's operations from officers and employees, and audits the status of the execution of duties by directors. They also confirm the appropriateness of the auditing methods and audit results of the accounting auditor.

Applying their varied experience and backgrounds as corporate managers, lawyers, and accountants, Outside Audit & Supervisory Board members help to ensure neutrality and effectiveness of auditing by expressing their opinions on the execution of duties by directors, mainly from the perspectives of expertise in their specialized fields.

The Audit & Supervisory Board meets regularly with the president and chief executive officer to receive reports on the status of management and operations, and to exchange opinions based on the status and findings of the audit conducted by the Audit & Supervisory Board members. In addition, information and opinions are exchanged between Audit & Supervisory Board members and outside directors for the purpose of enhancing discussions at the meetings of the Board of Directors.

## Nomination and Compensation Committee

The Company has voluntarily established a Nomination and Compensation Committee with a view to further improving the transparency and appropriateness of personnel affairs and compensation programs concerning the management team. The Committee is consulted in advance when selecting candidates for executive positions and determining executive compensation and bonuses.

The majority of the Committee members and the chairperson are outside directors, and this ensures the independence and fairness of the Committee.

## Executive Committee

The Company has established the Executive Committee as an advisory body to the president, and it meets several times a month for the purpose of discussing medium- to long-term management plans, formulating Company-wide management strategies, and deliberating and reporting on important matters related to business execution.

## Accounting auditor

Grant Thornton Taiyo LLC has been appointed as the accounting auditor in accordance with the Companies Act and the Financial Instruments and Exchange Act.

## Sustainability Committee

The Company has established a Sustainability Committee with the aim of promoting sustainability management that takes environmental (E), social (S), and governance (G) factors into account to sustainably enhance corporate value and create social value. The Committee is chaired by the executive officer in charge of sustainability and is composed of members including executive officers in charge of finance and of human resources and legal affairs. The Committee determines materiality and sets KPIs related to the ESG factors, and reports and makes proposals to the Board of Directors and the Executive Committee regarding the results of monitoring on the progress of related measures and other actions.

### Functions of the Sustainability Committee

**Review and discuss management policies, issues, indicators, etc. related to CSR**

**Monitor the status of issue resolution and achievement of indicators, and make recommendations**

**Report and express opinions to the Executive Committee and the Board of Directors on the status of achievement and improvements made, etc.**

**Review, discuss, and decide on the above reports or opinions to be presented to the meetings of the Executive Committee and the Board of Directors**

**Review and discuss the disclosure of CSR information through the Company's website and Integrated Reports, etc.**

## Internal Audit Dept.

The Internal Audit Dept. is in charge of internal audits in the ShinMaywa Group and consists of nine members. Based on the annual audit plan, the Internal Audit Dept. verifies whether the internal control functions of the Company and its Group companies are functioning effectively, and makes proposals for improvement and streamlining based on the results. The results of internal audits are compiled into an audit report, which is presented to the Board of Directors.

Audit & Supervisory Board members, the accounting auditor, and the Internal Audit Dept. work together and coordinate with each other to conduct efficient audits.

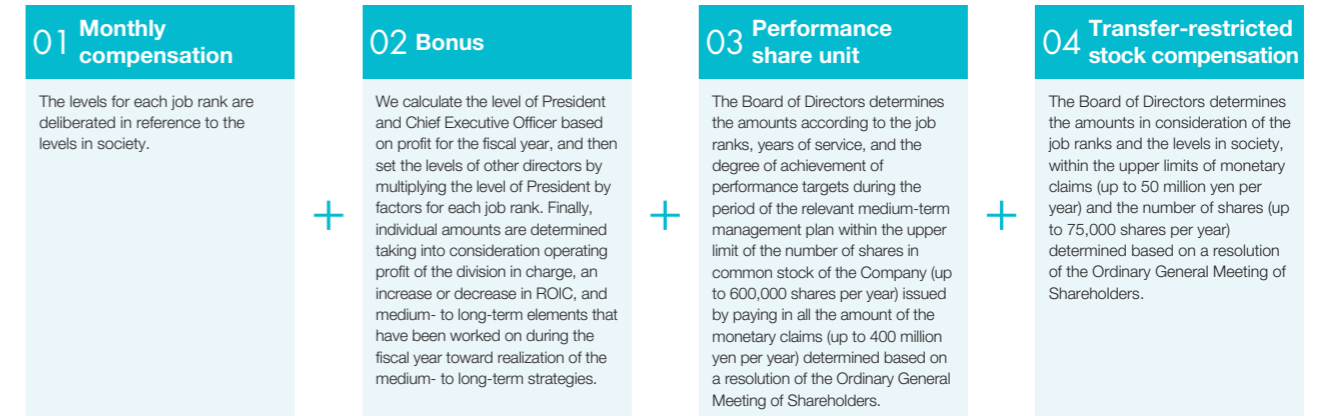
## Appointment of officers

The Company clearly defines the experience, skills, and expertise that members of the Board of Directors should possess, and selects candidates for the Board of Directors from among those who possess such qualifications.

In addition, in order to make the evaluation and responsibilities of the management team clear, the term of office of directors and executive officers is set at one year, and a Nomination and Compensation Committee has been established to further improve the transparency and appropriateness of related personnel affairs and compensation programs.

## Directors' compensation system (excluding outside directors)

Compensation of the Company's directors (excluding outside directors) is comprised of the following items, and the composition ratio of compensation paid varies for each fiscal year because the amount of bonus (performance-linked compensation) paid differs each year and the amount of performance share unit (non-monetary compensation) paid differs based on each medium-term management plan.



## Composition of compensation (Standard model)

Basic compensation	Performance-linked compensation		
Fixed compensation	Annual bonus	RS	PSU
<b>60%</b>	<b>25%</b>	<b>8%</b>	<b>7%</b>

(Note) The share indicated for each compensation is for a standard model case (average of eligible officers) calculated based on the standard amount for when performance targets are achieved.

## Amount of compensation (FY2023)

Officer category	Total compensation (million yen)	Total compensation by type (million yen)				Number of officers eligible
		Basic compensation	Performance-linked compensation		Transfer-restricted stock compensation	
			Bonus	Stock compensation		
Directors (of which, outside directors)	<b>299(28)</b>	<b>190(28)</b>	<b>70(—)</b>	<b>6(—)</b>	<b>32(—)</b>	<b>9(3)</b>
Audit & Supervisory Board members (of which, outside Audit & Supervisory Board members)	<b>54(18)</b>	<b>54(18)</b>	<b>—(—)</b>	<b>—(—)</b>	<b>—(—)</b>	<b>5(3)</b>

## Details of the Board of Directors effectiveness evaluation and questionnaire survey

Every year, the Company commissions an outside organization to conduct a questionnaire survey (which uses both a 5-point scale evaluation style and a free writing style) regarding the effectiveness evaluation of the Board of Directors.

Given that the majority of opinions heard through the survey was on the positive side, we have judged that the directors and Audit & Supervisory Board members believe that the effectiveness of the Company's Board of Directors is ensured.

However, some of the free-written responses to the questionnaire survey indicated that there were still issues and room for improvement in terms of enriching discussions at the Board of Directors' meetings on the allocation and effective utilization of management resources from the perspective of "overall optimization," and in terms of strengthening the

monitoring of the progress of medium-term management plan by the Board of Directors.

Based on these opinions, with regard to the medium-term management plan SG-2026 for the period from FY2024 to FY2026, the Company will continue to incorporate the monitoring of the plan's progress status into the annual plan for matters to be discussed by the Board of Directors, and make arrangements so that the matters will be deliberated and reported more systematically at the Board of Directors' meetings. In addition, the Company will deepen discussions at the Board of Directors' meetings on issues, etc. obtained from the abovementioned questionnaire survey.

## Officer compensation

Directors' compensation consists of monthly compensation (fixed compensation), bonuses (performance-linked compensation), and stock compensation (non-monetary compensation). In addition, the compensation level is designed to serve as motivation for medium- to long-term performance improvement and the sustainable enhancement of corporate value based on our management philosophy and long-term vision, as well as an incentive to attract and retain excellent management personnel.

Stock compensation consists of a **transfer-restricted stock compensation plan (RS)**, under which transfer restrictions are lifted upon retirement from the position of director, and a **performance share unit plan (PSU)**, under which the payment rate is determined in the range of 0% to 200% based on the achievement rate of numerical targets

during a certain performance evaluation period. On the other hand, outside directors and Audit & Supervisory Board members are paid only a monthly compensation (fixed compensation) in light of their role in supervising the Company's management from an independent and objective standpoint.

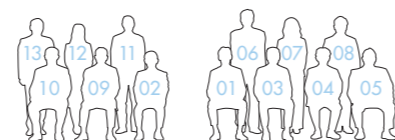
In order to enhance the transparency and appropriateness of compensation, the Nomination and Compensation Committee, the majority of whose members are outside Directors, has been established, and in determining the compensation of officers, the Committee is consulted in advance. The Board of Directors adopts a resolution based on the Committee's report.

(Note) The performance share unit plan (PSU) was introduced in June 2022.

# Directors and Audit & Supervisory Board Members



- 01** **Tatsuyuki Isogawa**  
President & CEO
- 02** **Kanji Ishimaru**  
Director, Member of the Board /  
Deputy Chief Executive Officer
- 03** **Akira Nishioka**  
Director, Member of the Board /  
Senior Managing Executive Officer
- 04** **Toshiki Kume**  
Director, Member of the Board /  
Managing Executive Officer
- 05** **Takashi Kuniyama**  
Director, Member of the Board /  
Managing Executive Officer
- 06** **Yoshifumi Kanda**  
Outside Director,  
Member of the Board
- 07** **Seiko Nagai**  
Outside Director,  
Member of the Board
- 08** **Toshiyuki Umehara**  
Outside Director,  
Member of the Board
- 09** **Koji Nishida**  
Audit &  
Supervisory Board Member
- 10** **Tadahiro Shimasaka**  
Audit &  
Supervisory Board Member
- 11** **Tomosaburo Kinda**  
Outside Audit &  
Supervisory Board Member
- 12** **Eri Sugiyama**  
Outside Audit &  
Supervisory Board Member
- 13** **Fumihiko Kimura**  
Outside Audit &  
Supervisory Board Member



## Skills matrix for directors and Audit & Supervisory Board members

	Management experience	Experience in multiple businesses	Finance (Accounting/ Capital policy)	Legal affairs (Compliance/ Risk management)	Corporate strategy (Corporate planning)	Human Resources (Labor affairs/ Human resource development)	Monozukuri (Manufacturing/ procurement/ production technology/ quality assurance)	Sales (CS/service/ marketing)	Engineering (R&D)	International experience	Sustainability (ESG)	Digital transformation (ICT)
Tatsuyuki Isogawa	●	●			●				●			
Kanji Ishimaru	●	●		●	●		●		●	●	●	●
Akira Nishioka	●	●		●	●	●					●	
Toshiki Kume	●	●	●		●							
Takashi Kuniyama								●	●	●	●	●
Yoshifumi Kanda	●	●			●			●		●		●
Seiko Nagai						●		●		●		
Toshiyuki Umehara	●	●			●		●	●	●	●		●
Koji Nishida			●	●								
Tadahiro Shimasaka	●	●			●			●				
Tomosaburo Kinda	●	●	●	●	●	●					●	
Eri Sugiyama				●								
Fumihiko Kimura			●	●								

# Risk Management

## Basic approach

With the aim of maintaining and enhancing corporate value, the ShinMaywa Group has established rules and regulations regarding risk management based on the Basic Policy on Creation of Internal Control Systems to appropriately manage various risks associated

## Promotion framework

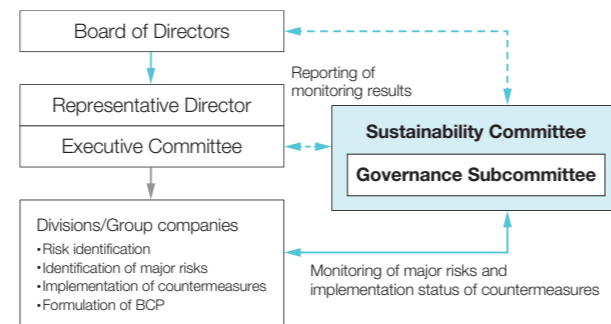
With regard to risks associated with business execution, we have established the ShinMaywa Group Risk Management Regulations, and each business division and Group company proactively creates a risk management system adapted to the characteristics of its business.

Meanwhile, the Head Office monitors the status of risk management at each division and Group company, while also establishing a risk management framework by implementing company-wide measures to address risks including disaster-related and financial risks.

In addition, the Sustainability Committee checks the status and activities of the ShinMaywa Group's risk management framework based on information reported from the Head Office and business divisions, and also identifies major company-wide risks in light of their impact on business operations. The Committee reports such

with corporate activities and to minimize damage in the event that risks materialize. In addition, the section on business and other risks in the Annual Securities Report describes risks that have been evaluated as particularly important.

information regularly to the Executive Committee and the Board of Directors to ensure the effectiveness of the Group's risk management.



Based on the Group's management philosophy and sustainability management policy, BCM establishes the priorities of "putting human life first," "maintaining safety and security of surrounding communities," and "responsibility to provide products and services."

We have also introduced a Safety Confirmation System, which allows us to centrally manage the safety of employees and their families, as well as the status of damages to facilities. In order to familiarize employees with the system, we every year hold a disaster prevention (evacuation) drill once, a drill on operating the Safety Confirmation System multiple times, and, at the same time, a drill on setting up a disaster response headquarters.

## Business continuity plan (BCP)

When large-scale natural disasters occur, business activities are greatly affected. In the event of a disaster, we will immediately set up a disaster response headquarters to protect the lives of our employees and ensure their safety, and to fulfill our mission of continuously providing products to our customers by working to quickly resume operation should production activities be interrupted. We have a risk management framework in place to minimize the impact on product supply based on the business continuity plan prepared by each production site.

Furthermore, we have established business continuity management (BCM), which is a comprehensive management process that involves how to disseminate the business continuity plan within the Group and how to utilize it strategically.

## Information security

Based on our code of conduct, which is grounded in our management philosophy, we have defined our basic approach to information security and the items requiring compliance. We will continue to be a company trusted by society and all stakeholders by fostering governance and a corporate culture that enables all members of the ShinMaywa Group to recognize the importance of information security and act accordingly.

- 1 ShinMaywa Industries will comply with all laws, regulations, and contractual requirements related to information security.
- 2 ShinMaywa Industries will establish an information security management framework to ensure information security.
- 3 ShinMaywa Industries will establish rules, manuals, and other guidelines for information security in accordance with this Basic Policy.

- 4 ShinMaywa Industries will appropriately protect information systems and information assets from threats such as leakage, theft, loss, alteration, and destruction.
- 5 ShinMaywa Industries will provide regular information security training to those applicable as a means of raising their awareness and technical level.
- 6 In the event of an information security incident, ShinMaywa Industries will promptly address the incident and work toward recovery so as to minimize its impact, and also strive to prevent recurrence.
- 7 ShinMaywa Industries will periodically evaluate its information security measures in order to continuously improve its information security activities in response to changes in the environment and technology.
- 8 ShinMaywa Industries will disclose information related to information security measures in normal times and in the event of an information security incident.

# Compliance

## Basic approach

The ShinMaywa Group stipulates in its action guidelines and code of conduct that each officer and employee must comply with laws and regulations, and also act with high ethical standards and a sense of responsibility. The action guidelines and code of conduct

are included in the ShinMaywa Group Philosophy book and distributed and communicated to all officers and employees, who put them to practice in their daily work to ensure thorough compliance.

## Promotion framework

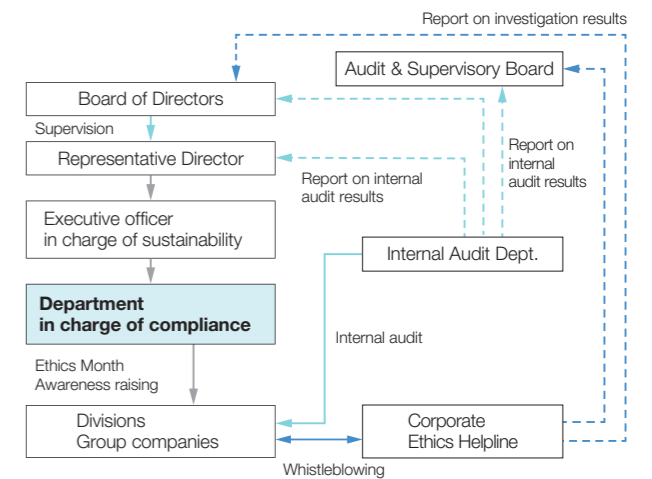
We have established corporate principles, a management philosophy, code of conduct, and action guidelines as principles for all employees, including those of the Group companies, to act in accordance with laws and regulations, social norms, and common sense, and we share these with Group companies. In addition, we have designated a ShinMaywa Corporate Ethics Day and Corporate Ethics Month to promote efforts to raise compliance awareness and enable various compliance systems to take root within the organization.

In addition to the above, we have appointed an executive officer in charge of sustainability for the purpose of clarifying responsibilities related to corporate social responsibility (CSR) and expediting the execution of operations.

The Company also requires employees to execute their duties in accordance with laws and regulations, the Articles of Incorporation, and internal rules, including the Requests for Decision Rules and the Division of Duties Rules, and conducts internal audits based in the Internal Audit Dept. to verify compliance with these requirements. As well as aiming for early detection and elimination of compliance risks, the Company strives to detect problematic events widely through such means as use of its whistleblowing contact points, which our Group companies also have access to.

On September 12, 2023, the Japan Fair Trade Commission inspected our offices on suspicion of violating the Act on

Prohibition of Private Monopolization and Maintenance of Fair Trade in connection with a business deal on mechanical parking systems. We took the allegation made against us very seriously and have fully cooperated with the inspections by the commission. We have also been working on initiatives to strengthen our compliance system, including training of officers and employees.



## Whistleblowing system

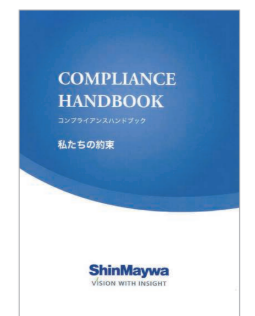
We have established and are operating a Corporate Ethics Helpline, a whistleblowing contact point, for the purpose of early detection of compliance-related problems and elimination of risks through a self-cleansing process. In addition to the internal contact point, an external contact point (lawyers and helpline provider) independent of the management team has been established for whistleblowing, and officers and employees (including fixed-term employees, contract employees, temporary staff, part-timers, etc.) of the Company and Group companies may report incidents without revealing personally identifiable information.

In addition to the Corporate Ethics Helpline, we have established and operate an Employee Help Site (for consultation on employment management and evaluation systems) and a Harassment Consultation Desk as consultation and reporting contact points for specific purposes.

## Compliance Handbook

In March 2023, the Company distributed a Compliance Handbook to all officers and employees of Group companies in Japan. This Handbook discusses representative cases of particular note and provides plain explanations regarding respect for human rights, prohibition of offering bribe, etc. to government employees (anti-corruption), elimination of anti-social forces, and other compliance-related themes. The officers and employees can review this book from time to time, discuss compliance issues with colleagues and supervisors based on the cases addressed in this book, etc. In these ways, this Handbook is expected to contribute to raising of the compliance awareness among officers and employees of the Group and the development of a healthy organizational climate.

The handbook has been translated into English, Thai, and Chinese (traditional and simplified), and is being introduced to overseas Group companies.



**Employee Help Site**

A contact point set up in each business division for the purpose of revitalizing the workplace. The Help Site can be consulted on the proper management of overtime work, evaluation systems, and other labor-related issues.

**Harassment Consultation Desk**

Contact points set up in each business division for the purpose of promoting the creation of a comfortable workplace. Consultation on various types of harassment, including power harassment and sexual harassment, is available.

# Conversation Between Audit & Supervisory Board Members

## Tomosaburo Kinda

Outside Audit & Supervisory Board Member



## Koji Nishida

Full-Time Audit & Supervisory Board Member



On behalf of the Audit & Supervisory Board Members of ShinMaywa Industries, Ltd., Full-Time Audit & Supervisory Board Member Koji Nishida and Outside Audit & Supervisory Board Member Tomosaburo Kinda sat down to discuss the governance of the ShinMaywa Group in light of recent social circumstances. They also talked about the duties that the Audit & Supervisory Board Members should fulfill on that basis.

Date of discussion: May 17, 2024

**Amid the promotion of corporate governance reforms, including the Corporate Governance Code, there has been a change in the roles and responsibilities demanded of Audit & Supervisory Board Members and the nature of audits. Reflecting on the time since your appointment as an Audit & Supervisory Board Member, as well as the period of the previous medium-term management plan, SG-2023, could you give your opinion on this from your respective positions?**

### Nishida

Corporate governance reform is meant to encourage sustainable growth and the enhancement of medium- to long-term corporate value. For the Audit & Supervisory Board, the most significant changes have been the focus on audits from the perspectives of the transition to ESG-oriented management and responses to various reporting obligations as ways of helping with "strengthening of management foundations," which is one of the basic policies of the long-term management plan, SG-Vision 2030.

Shortly before I became an Audit & Supervisory Board Member, the Financial Services Agency announced the revision of the Cabinet Office Order on Disclosure of Corporate Affairs and the Principles Regarding the Disclosure of Narrative Information for the enhancement of non-financial information. At that time, the risk information provided in our Annual Securities Reports was reviewed in light of the FSA announcements, but the wording was somewhat formalistic. Risk management initiatives were also being conducted, but because they had been left to risk mitigation activities at the level of individual business divisions and Head Office divisions, the function of overall risk management at the time could be described as weak. I also sensed that we needed a function of overall management of information disclosure. These issues had already been pointed out in recommendations, titled "Reflection on My First Year as Audit & Supervisory Board Member of ShinMaywa Industries" that Mr. Kinda, who had assumed the position of Outside Audit & Supervisory Board Member a year before me, had presented to the executive side.

### Kinda

Because I felt that the Head Office divisions needed to find ways of being more involved in the business divisions, I presented several opinions and proposals in those recommendations. Among those proposals, the issue that I felt needed to be addressed as the top priority was the establishment of a department (committee) to manage company-wide risks. In particular, I mentioned the importance of the management team

sending our regular reminders about compliance and quality risks. Subsequently, in SG-2023, the Sustainability Committee was established as a function for enhancing the corporate governance framework, and a mechanism was created for key issues concerning ESG across the entire company to be monitored through this committee and reported to the Executive Committee and Board of Directors. Progress is also being made with other concrete initiatives. They include the reporting of the status of the establishment of company-wide risk management frameworks and their activities, including in the Group companies, to the Board of Directors and the disclosure of the details of those reports.



### Nishida

Your recommendations back then did not stop at the executive side. They also contained suggestions regarding auditing systems, specifically, for audits that emphasize communication and coordination between the audit department and the audits undertaken by the Audit & Supervisory Board Members. This provided the impetus for holding individual interviews with Directors, informal gatherings for Outside Directors and Audit & Supervisory Board Members, and other initiatives, all of which have become well established. Despite our different positions, I feel that we need a forum to exchange opinions about management issues. In terms of coordination with the audit department, as number of Group companies has grown through M&As and other means, we have been forced to reduce the frequency of on-site audit visits to target

locations. To address this issue, we changed to a system whereby we confirm with the audit department the risks of the sites to be subject to audit visits in advance, at the stage of preparing annual audit plans, before deciding which sites to target. If there is a limit to how many sites we can visit directly for audits, we supplement the program with the use of remote audits, which we began during the pandemic.

**The implementation of sustainability management under the new medium-term management plan, SG-2026 is crucial for the achievement of the long-term vision. As Audit & Supervisory Board Members, what do you think the Company's initiatives for forming engagement with stakeholders should look like in the future?**

### Nishida

In our disclosures in the Annual Securities Report that I mentioned earlier, a new section for the disclosure of sustainability information was added from FY2022. The Financial Services Agency is currently deliberating the establishment of the specific standards on which standards-based disclosure would be made in future, so we need to keep a close eye on developments in that regard. Currently, ShinMaywa Industries has selected the Prime Market for the listing of its shares. As the Prime Market is centered on constructive dialogue with global investors, we must also continue our transformation into a company that will be able to meet the demands of those investors. Another challenge that I see for the future is the disclosure of information, such as the efforts being made to strengthen relationships with diverse stakeholders and enhance corporate value.

### Kinda

Since the Corporate Governance Code was revised again in 2021, coinciding with our selection of the Prime Market, we have accelerated our various initiatives, including corporate governance, sustainability management, and disclosure of non-financial information. I can imagine that the people on the executive side who have addressed this series of events have dedicated a great deal of effort to their responses. I understand that there have been many difficulties, but as corporate managers, it is important to have a willingness to convey, in an appropriate manner, the current state and issues of corporate management and future strategy directions to stakeholders. At ShinMaywa Industries, the opinions received during interviews with institutional investors are reported to and discussed in the Board of Directors, and I understand that efforts are made to reflect those opinions when considering future management strategies. The improvement of employee engagement is also understood as the starting point of corporate value enhancement and creation, and a variety of initiatives have started with this in mind. Although none of them will produce immediate results or effects, I have high hopes that ongoing initiatives will eventually lead to outcomes.

In this way, the company has been addressing various company-wide issues with sincerity, and I am monitoring and verifying the state of these responses carefully in my position as Audit & Supervisory Board Member.

**Recent years have seen a spate of corporate scandals. At ShinMaywa Industries as well, the Parking Systems Business was the target of an on-site inspection by the Japan Fair Trade Commission in September last year, and the company continues to cooperate with the inspection. Thorough compliance is essential, and we believe that one of the great challenges of the company is to create governance with a self-cleansing effect that will spread this notion throughout the entire company. Could you tell us about the issues that the company faces in this regard?**

### Nishida

Unfortunately, there is a limit to what can be done to deal with and prevent misconduct and legal violations through audits alone. I believe that it is essential that top management repeatedly communicate to all divisions, including the Group companies, a willingness to study individual cases that have occurred within and outside the company and to use them to review their own internal controls as a way of raising awareness of compliance and firmly establishing it as part of the corporate culture.

In response to the investigation by the Japan Fair Trade Commission, President Isogawa sent out a message urging us all to

aim to be a corporate group that is able to independently act based on social good sense, that is, do the essentially right thing. There must be a reaffirmation that all employees of the Group companies bear a responsibility to avoid the hazards of "compliance risk\*." This is what will lead to the implementation of the action guidelines and code of conduct on which our employees rely. In addition, in response to any misconduct or legal violations that may arise, I believe that we need to demonstrate "horizontal and vertical" communication within the organization. The Head Office divisions, which have a horizontal linking function, must clearly demonstrate their monitoring function, in addition to supporting the business divisions that are linked vertically.



### Kinda

In terms of compliance, top management sends out messages appropriately, and every year in February, which we have designated as Ethics Month, the entire Group reviews and promotes the status of compliance. However, in light of the frequent occurrence of scandals and legal violations in listed companies of late, we must work to promote compliance with a greater intensity than ever.

We have established a whistleblowing system that includes Group companies, and questionnaire surveys about compliance are conducted regularly as a means of fixed-point observation. Amid all these actions, while compliance with laws and regulations is a matter of course, I believe that the key challenge is how to instill in the workplace the sense of ethics set forth in the action guidelines and code of conduct. To that end, it will be essential for the Head Office divisions and business divisions to work together with their feet kept firmly on the ground. From my position as an Audit & Supervisory Board Member as well, I would also like to confirm the status of the penetration of those ethics through our on-site audit visits and other opportunities.

**Finally, could you describe what your expectations of the company are and what points you value on a daily basis as Audit & Supervisory Board Members?**

### Kinda

The focus of my attention is the initiatives for the basic policies to realize SG-2026, which is the halfway point of SG-Vision 2030. To realize those policies, it is important that the internal and external officers engage in repeated discussions in Board of Directors meetings and other forums to pool their collective wisdom. I will also think about what I can do in my position as an Audit & Supervisory Board Member.

The things that I try to practice in my day-to-day work are to do what is good for the company, to not be swayed by the immediate atmosphere, and to face any situation with courage. I still have a long way to go, but I will make my very best efforts to practice these things at all times.

### Nishida

I am of the same opinion as Mr. Kinda. As well as always approaching meetings of the Board of Directors with the shareholders in mind, which is the mission of the Audit & Supervisory Board Members, I will focus my efforts on my day-to-day duties. Also, with the growing importance attached to sustainability initiatives as corporate activities, the nature of audits is also likely to undergo a change. For this reason, I believe that we Audit & Supervisory Board Members ourselves will need to keep studying.

\*Compliance risk: The risk of legal liability, economic losses, and loss of social reputation, etc. that an organization would face if it failed to comply with laws, regulations, and ethical standards, etc.

# Environment

All figures on non-consolidated basis

For more details, visit: ▶

<https://www.shinmaywa.co.jp/english/sustainability/esg/environment/>



## Basic Philosophy and Action Guidelines regarding Environmental Protection

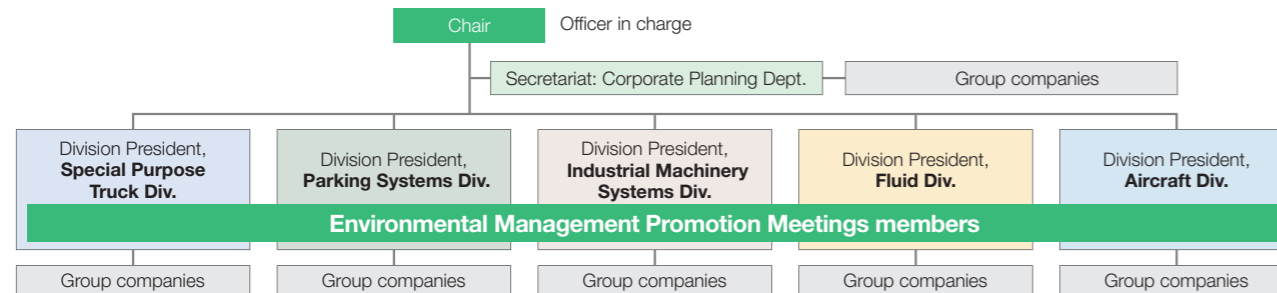
In April 2022, the ShinMaywa Group newly established its Basic Philosophy regarding Environmental Protection and revised its Environmental Protection Action Guidelines. Going forward, all employees will join forces to further strengthen our commitment to the environment based on the Philosophy and Guidelines, and strive for environmentally friendly corporate activities.

## Environmental Management System

### Environmental Management Promotion Meetings

We have established the Environmental Management Promotion Meetings as a cross-organizational function for reducing the environmental impact caused by our business activities through such efforts as the promotion of energy conservation, reduction of total waste emissions, and conversion of waste to resources with value. The Meetings set Group-wide goals, and continue to promote efforts such as monitoring and improvement throughout our business activities.

### Environmental Management Promotion Meetings Organization Chart



### Environmental management system

The Group is promoting the acquisition of ISO 14001 certification, an international standard for environmental management systems (EMS), and we are working to continuously improve our environmental protection efforts through operations based on the standard. Each of our business sites that has acquired ISO 14001

certification promotes initiatives to address social issues including energy conservation and waste reduction, and shares the details of these efforts through the Environmental Management Promotion Meetings. Of the 18 production bases in Japan, 10 (approximately 60%) have obtained ISO 14001 certification.

## Environmental protection activities

The Group continuously monitors CO<sub>2</sub> emissions, energy consumption, and other factors as it works to facilitate the reduction of its environmental burden.

### Measures to reduce the environmental burden and combat climate change

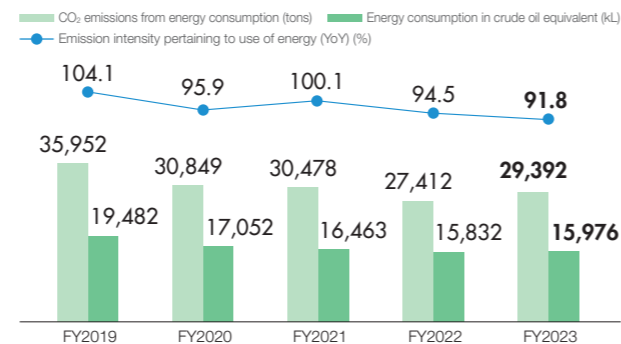
Since the 1980s, we have been working for many years to prevent global warming by making effective use of fossil fuels (natural resources) mainly at our plants.

In 2012, the Company was designated as a specified business operator under the revised Act on Rationalizing Energy Use, and we have been engaged in Company-wide efforts to further conserve energy.

### Activities in FY2023

In FY2023, the Konan Plant, which accounts for more than 40% of the Company's energy use on a non-consolidated basis, continued energy-saving activities that aim for Just-In-Time (JIT) production of energy. In addition, we raised the percentage share of electricity generated from renewable energy in the electric power consumed at the Takarazuka Plant, Ono Plant, and the Konan Plant, which

### CO<sub>2</sub> emissions/Energy consumption and emission intensity (YoY)



are the major production sites, from 10% to 30%.

In addition, we have started managing the CO<sub>2</sub> emissions of major Group companies in Japan. We also began taking stock of CO<sub>2</sub> emissions at our major Group companies overseas, and are working toward measuring CO<sub>2</sub> emissions for the Group as a whole in the future.

## Waste reduction

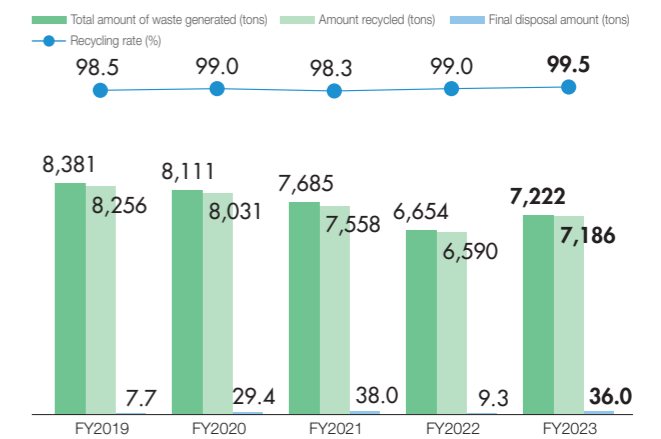
The Company is committed to reducing waste and recycling through the 3Rs (Reduce, Reuse, Recycle) as well as Refuse (not accepting things that will end up as garbage). In our efforts to realize a recycling-based society, we have also set new targets in FY2022 of reducing total waste emissions by 10%<sup>\*1</sup> by FY2030 and achieving a recycling rate<sup>\*2</sup> of 99% or more.

\*1 Compared to FY2020  
\*2 Recycling rate: Amount of waste recycled/ Total amount of waste generated × 100 (%)

### Activities in FY2023

In order to comply with the Plastic Resource Circulation Act, we have set targets for measuring and controlling emissions. In line with these targets, we are making efforts in a planned manner.

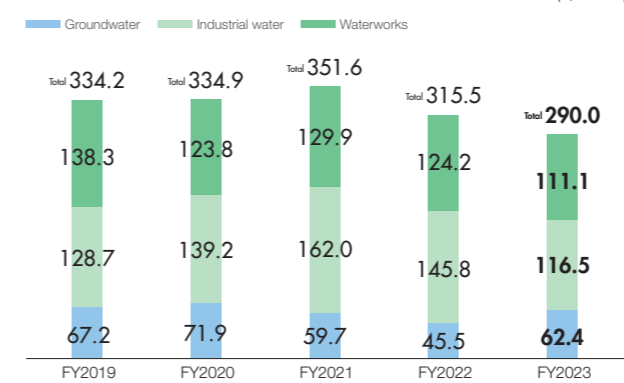
### Waste generation



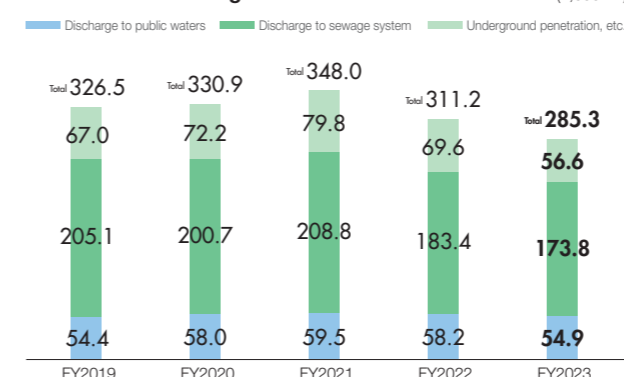
## Protecting water resources and reducing water use

Saving water, a limited and precious resource, also leads to energy savings in the water purification process. Our plants are thus committed to proper management of both its water consumption and wastewater discharge, and in FY2023, as in the previous years, there was no non-compliance with laws or ordinances.

### Water use



### Wastewater discharge

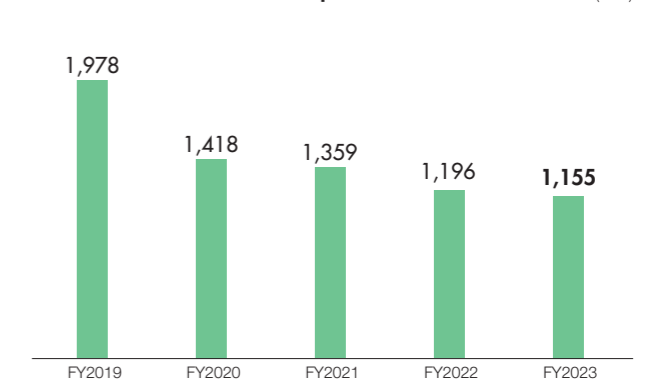


## Reducing emissions of pollutants

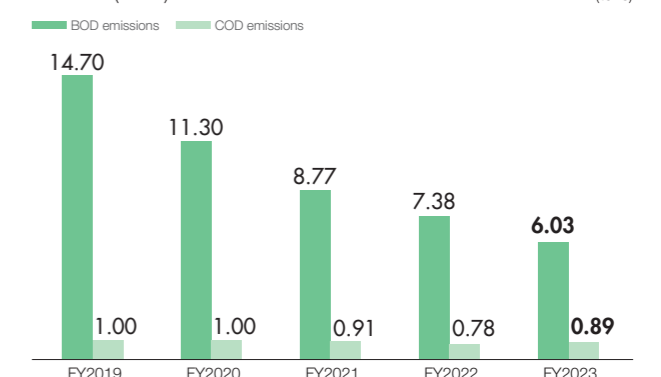
For substances discharged from our plants into the atmosphere and water, we set voluntary emission limits that are stricter than legal regulations<sup>\*3</sup> in our efforts to reduce our environmental impact. (The Company does not have any facilities that are required to measure SO<sub>x</sub> emissions.)

\*3 (Examples) NO<sub>x</sub>: Approximately 3.0-7.0% of the legal limit; BOD: 5.0% of the legal limit (Aircraft Division Konan Plant).

### NO<sub>x</sub> Emissions to the atmosphere



### Biological oxygen demand (BOD)/chemical oxygen demand (COD) emissions to water



# Endorsement of TCFD recommendations and related information disclosure



In support of the purpose of the TCFD recommendations to proactively disclose financial information related to climate change, ShinMaywa Industries disclosed information based on the recommendations in January 2023.  
Going forward, we will continue to utilize the framework of

the TCFD recommendations to enhance the quality and quantity of information disclosure, and at the same time, contribute to the realization of sustainable society by further promoting initiatives toward climate change.

For more details, visit: ▶

<https://www.shinmaywa.co.jp/english/sustainability/managementpolicy/TCFD>



## Governance

The Board of Directors chaired by President & CEO is responsible for the supervision and deliberation of climate-related risks and opportunities, considering them as important issues and themes related to corporate management. The Board of Directors' meetings of the Company are held once a month, in principle, to discuss and consider important management issues including climate change based on the medium-term management plan and to monitor the execution of duties by Board members and executive officers.

The Company has established a Sustainability Committee for the purposes of managing its business from a long-term perspective and coping with various ESG (Environment, Social, Governance) issues in its corporate management. The Committee,

chaired by Director, Member of the Board, Deputy Chief Executive Officer (in charge of sustainability), is to identify key issues (materiality), set KPIs, follow up and supervise the progress of discussions, etc. on each ESG element by the Subcommittees (Environmental Subcommittee, Social Subcommittee, and Governance Subcommittee), verify the status of achievement of KPIs, and review plans. In addition, it reports the circumstances of the foregoing to the Board of Directors (twice a year, in principle).

Climate-related risks and opportunities are also being addressed within this framework as one of the key issues and the Committee monitors developments of such risks and opportunities.

## Strategies

In light of the significance of the potential impacts of climate change on business of the Company and the associated long-term uncertainties, we conduct scenario analysis as part of the process to identify and assess climate-related risks and opportunities related to business of the Company.

Of our five business divisions, we carried out scenario analyses of two businesses, namely, the Special Purpose Truck business and the Fluid business, in FY2022, and of the remaining three businesses,

namely, the Parking Systems business, Industrial Machinery & Environmental Systems business, and Aircraft business, in FY2023.

Details of scenario analysis process and the results of scenario analyses are as follows.

The results of these climate-related scenario analyses were reflected in the medium-term management plan SG-2026, which began in FY2024, and developed in the business strategies of each business division.

### Result of scenario analysis

Scenario	Changes in external environment	Result of scenario analysis	Emergence timing		
1.5°C /2.0°C scenario	<ul style="list-style-type: none"> <li>•Tightening of regulations for GHG emissions</li> <li>•Transition to low-carbon technologies</li> <li>•Changes in market structure</li> </ul>	<b>Common</b> <ul style="list-style-type: none"> <li>●Increases in production and procurement costs due to carbon tax, etc.</li> <li>●Increases in expenses due to purchase of renewable energy</li> </ul>	Medium to long term		
		<b>Special Purpose Truck</b> <ul style="list-style-type: none"> <li>●Loss of sales opportunities in the case of inability to respond to customer requests and provide technical support in a timely manner due to changes in specifications of electric vehicles and vehicles using alternative fuels (fuel cells, hydrogen, etc.)</li> <li>●Increases in costs of research and development for new production technologies and for higher productivity to transition to lower carbon technologies or decarbonization</li> </ul>	Medium to long term		
		<b>Parking Systems</b> <ul style="list-style-type: none"> <li>●Increases in costs associated with technological developments to accommodate changes in mobility, such as for electric vehicle charging facilities</li> <li>●Risk of losing order opportunities due to a decline in our competitiveness in the market resulting from failure to comply with environmental requirements, such as being unable to contribute to the adoption of ZEB, renewable energy/electric vehicle preferential policies, or requests from client developers for ZEB construction</li> </ul>	Medium to long term		
		<b>Industrial Machinery &amp; Environmental Systems</b>	<b>Mechatronics</b> <ul style="list-style-type: none"> <li>●Risk of intensifying competition with new entrants or a decline in market share amid the diversification of, and increasing demand for, special electric wires used in electric vehicles and self-driving vehicles</li> <li>●Risk of product evaluation being negatively affected due to its higher environmental impact during product use compared to that of other companies, caused by delay in our response to a recycling-based society</li> </ul>	Medium to long term	
			<b>Environment</b> <ul style="list-style-type: none"> <li>●Increases in costs of developing low-carbon technologies at transfer stations and refuse resources recycling centres, and decline in competitiveness due to delays in introducing such technologies</li> <li>●Risk of losing sales opportunities due to a decrease in sales of new facilities caused by a decline in overall demand for waste disposal, as well as delays in making various plant proposals in response to the contraction in demand</li> </ul>	Medium to long term	
		<b>Fluid</b> <ul style="list-style-type: none"> <li>●Loss of sales opportunities in the case of inability to shift to lower-carbon technologies for existing products (making them more efficient or enabling their longer life)</li> <li>●Decreases in sales of products due to a delay in transitioning to low carbon technologies and a circular economy related to the entire manufacturing process (including supply chains)</li> </ul>	Medium to long term		
		<b>Aircraft</b> <ul style="list-style-type: none"> <li>●Increases in costs of recycling waste materials generated in the manufacturing process and end-of-life aircraft due to increased demand for aircraft recycling</li> <li>●Increases in various research and development costs related to commercialization of electric/hydrogen aircraft (research to meet requests for additional product safety standards, etc., research into thermoplastic materials, etc.)</li> </ul>	Medium to long term		
		4.0°C scenario	<ul style="list-style-type: none"> <li>•Intensification of meteorological disasters such as torrential rains, flooding, and typhoons</li> <li>•Rise in the annual average temperature and changes in precipitation over the long term</li> </ul>	<b>Common</b> <ul style="list-style-type: none"> <li>●Increases in procurement costs and decline in profitability resulting from suspension of construction, shortage of parts due to supply chain disruptions, or change of suppliers, caused by meteorological disasters such as storm surges, torrential rains, and flooding</li> <li>●Worsening of working conditions, lower productivity, and higher air conditioning costs due to the rise in average temperatures</li> </ul>	Long term
				<b>Special Purpose Truck</b> <ul style="list-style-type: none"> <li>●Increases in sales opportunities due to strengthening of sale of special purpose trucks required for infrastructure development under the Fundamental Plan for National Resilience</li> </ul>	Short to long term
				<b>Parking Systems</b> <ul style="list-style-type: none"> <li>●Increases in demand for maintenance of mechanical car parking systems that have broken down due to an increase in typhoons, torrential rains, flood damage, etc. associated with abnormal weather, and increases in demand for disaster-resistant facilities such as flood-proof products to protect vehicles from flying objects and environmental changes</li> </ul>	Medium to long term
<b>Industrial Machinery &amp; Environmental Systems</b>	<b>Mechatronics</b> <ul style="list-style-type: none"> <li>●Products equipped with remote monitoring systems and implementation of preventive diagnosis and services</li> </ul>			Medium to long term	
	<b>Environment</b> <ul style="list-style-type: none"> <li>●Increases in sales and building of relationships with local communities by working with local governments on proposals for accepting disaster waste</li> </ul>			Medium to long term	
<b>Fluid</b> <ul style="list-style-type: none"> <li>●Increases in demand for development of infrastructure such as rainwater drainage systems in preparation for increases in natural disasters such as typhoons and torrential rains</li> </ul>	Medium to long term				
<b>Aircraft</b> <ul style="list-style-type: none"> <li>●Opportunities to increase sales and contribute to firefighting efforts by adding firefighting capabilities to our large STOL flying boats, with large-scale forest fires increasing worldwide due to the effects of global warming</li> <li>●Opportunities to increase revenue by providing forest fire monitoring services using fixed-wing unmanned aircraft</li> </ul>	Medium to long term				

Scenario	Changes in external environment	Result of scenario analysis	Emergence timing	
1.5°C /2.0°C scenario	<ul style="list-style-type: none"> <li>•Tightening of regulations for GHG emissions</li> <li>•Transition to low-carbon technologies</li> <li>•Changes in market structure</li> </ul>	<b>Special Purpose Truck</b> <ul style="list-style-type: none"> <li>●Increases in sales opportunities owing to high added value in terms of technology and early response to customer requests</li> <li>●Increases in sales opportunities due to improved competitiveness, as reliable products with longer life are selected because of heightened awareness of CO<sub>2</sub> reduction, and the importance of maintenance increases</li> </ul>	Medium to long term	
		<b>Parking Systems</b> <ul style="list-style-type: none"> <li>●Increases in sales opportunities for high value-added products through precise technical responses to customer requests for ZEB construction</li> <li>●Increases in demand for updating mechanical car parking systems to accommodate changes in mobility, such as electric vehicle charging facilities</li> </ul>	Medium term	
		<b>Industrial Machinery &amp; Environmental Systems</b>	<b>Mechatronics</b> <ul style="list-style-type: none"> <li>●Opportunities to expand market share and acquire new revenue sources by providing various special electric wires (materials/structures) for electric/hydrogen vehicles, self-driving vehicles, etc., and equipment that meet customer demands for higher efficiency, etc.++</li> <li>●Increases in sales by responding to the diversification of electric wire applications resulting from new demand for facilities in response to changes in the market structure induced by the low-carbon shift</li> </ul>	Medium to long term
			<b>Environment</b> <ul style="list-style-type: none"> <li>●Expansion of product lineup through the development and design of facilities with low life cycle emissions by achieving longevity of facilities and extending their useful life through maintenance</li> <li>●Opportunities to increase sales by catering to the introduction of low-carbon technologies (energy-saving operation, etc.) to existing facilities in response to the shift to low-carbon economy, and by understanding potential needs in order to realize carbon-free products (responding to changes in the role of transfer stations accompanying the shift from incineration/landfill processing to 3R and strengthening services at refuse resources recycling centres, etc.)</li> </ul>	Medium to long term
		<b>Fluid</b> <ul style="list-style-type: none"> <li>●Increases in sales opportunities for construction as well as maintenance and inspection services to boost product efficiency and energy/labor saving</li> <li>●Increases in sales opportunities for equipment, construction, and services through the renewal of existing facilities in line with national policy, such as maintaining functions at the time of flooding and countermeasures against aging of facilities</li> </ul>	Medium to long term	
		<b>Aircraft</b>	<ul style="list-style-type: none"> <li>●Opportunities to improve product competitiveness, increase market share and gain new revenue sources by responding to customer needs for low-carbon, environmentally friendly next-generation air mobility (lightweight and energy-efficient).</li> </ul>	Medium to long term
			<ul style="list-style-type: none"> <li>●Increases in opportunities to receive inquiries about low-carbon composite material components through the use of recycled carbon fiber reinforced plastics that meet low-carbon requirements and the development of new processing technologies</li> </ul>	Short to long term
4.0°C scenario	<ul style="list-style-type: none"> <li>•Intensification of meteorological disasters such as torrential rains, flooding, and typhoons</li> <li>•Rise in the annual average temperature and changes in precipitation over the long term</li> </ul>	<b>Risks</b> <ul style="list-style-type: none"> <li>●Increases in procurement costs and decline in profitability resulting from suspension of construction, shortage of parts due to supply chain disruptions, or change of suppliers, caused by meteorological disasters such as storm surges, torrential rains, and flooding</li> <li>●Worsening of working conditions, lower productivity, and higher air conditioning costs due to the rise in average temperatures</li> </ul>	Long term	
		<b>Special Purpose Truck</b> <ul style="list-style-type: none"> <li>●Increases in sales opportunities due to strengthening of sale of special purpose trucks required for infrastructure development under the Fundamental Plan for National Resilience</li> </ul>	Short to long term	
		<b>Parking Systems</b> <ul style="list-style-type: none"> <li>●Increases in demand for maintenance of mechanical car parking systems that have broken down due to an increase in typhoons, torrential rains, flood damage, etc. associated with abnormal weather, and increases in demand for disaster-resistant facilities such as flood-proof products to protect vehicles from flying objects and environmental changes</li> </ul>	Medium to long term	
		<b>Industrial Machinery &amp; Environmental Systems</b>	<b>Mechatronics</b> <ul style="list-style-type: none"> <li>●Products equipped with remote monitoring systems and implementation of preventive diagnosis and services</li> </ul>	Medium to long term
			<b>Environment</b> <ul style="list-style-type: none"> <li>●Increases in sales and building of relationships with local communities by working with local governments on proposals for accepting disaster waste</li> </ul>	Medium to long term
		<b>Fluid</b> <ul style="list-style-type: none"> <li>●Increases in demand for development of infrastructure such as rainwater drainage systems in preparation for increases in natural disasters such as typhoons and torrential rains</li> </ul>	Medium to long term	
		<b>Aircraft</b> <ul style="list-style-type: none"> <li>●Opportunities to increase sales and contribute to firefighting efforts by adding firefighting capabilities to our large STOL flying boats, with large-scale forest fires increasing worldwide due to the effects of global warming</li> <li>●Opportunities to increase revenue by providing forest fire monitoring services using fixed-wing unmanned aircraft</li> </ul>	Medium to long term	

●Definitions of terms Short term: by 2023 Medium term: by 2030 Long term: by 2050 ●Scenarios used 1.5°C/2.0°C scenario: IEA Energy Outlook and the 2.0°C scenario (RCP2.6) of the IPCC Fifth Assessment Report

## Risk management

With regard to risks associated with business execution, we have established the ShinMaywa Group Risk Management Regulations, and each business division and Group company proactively creates a risk management system adapted to the characteristics of its business. Meanwhile, the Head Office monitors the status of each division's risk management while also establishing a risk

management framework by implementing company-wide measures to address risks including disaster-related and financial risks.

We also identify climate-related risks and opportunities by scenario analysis, and those that are particularly significant are managed within the aforementioned companywide risk management framework.

## Indicators and targets

As a medium-term greenhouse gas reduction target through 2030, the Company is currently working to achieve the target of "reducing total CO<sub>2</sub> emissions from energy use by 38% in FY2030 (compared to FY2017)." This means that the Company will reduce CO<sub>2</sub> emissions from energy use from 42,720 t-CO<sub>2e</sub> in FY2017 to 26,486 t-CO<sub>2e</sub> in FY2030 on an actual result basis.

Actual results of Scopes 1 and 2 emissions in the past (non-consolidated) are as shown in the table below. Emissions from major consolidated subsidiaries in Japan are calculated and added from FY2023 onwards.

Scope 3 emissions (non-consolidated) have also been calculated.

### Scope 1 & Scope 2 emissions (non-consolidated)

ShinMaywa Industries' Scope 1 & Scope 2 emissions (non-consolidated)

Management Indicator	Base year	Actual results for the past five years					(Targeted figure)
	FY2017	FY2019	FY2020	FY2021	FY2022	FY2023	FY2030
Scope 1	11,754	12,059	10,528	9,796	9,494	9,474	—
Scope 2	30,966	23,893	20,321	20,682	17,918	19,918	—
<b>Total for Scopes 1 and 2</b>	<b>42,720</b>	<b>35,952</b>	<b>30,849</b>	<b>30,478</b>	<b>27,412</b>	<b>29,392</b>	<b>26,486</b>

Aggregate figures of ShinMaywa Industries (non-consolidated)

### Scope 1 & Scope 2 emissions (Consolidated subsidiaries in Japan\*)

Scope 1 and Scope 2 emissions including figures for major consolidated subsidiaries in Japan

Management Indicator	(t-CO <sub>2e</sub> )
Scope 1	12,442
Scope 2	28,686
<b>Total for Scopes 1 and 2</b>	<b>41,128</b>

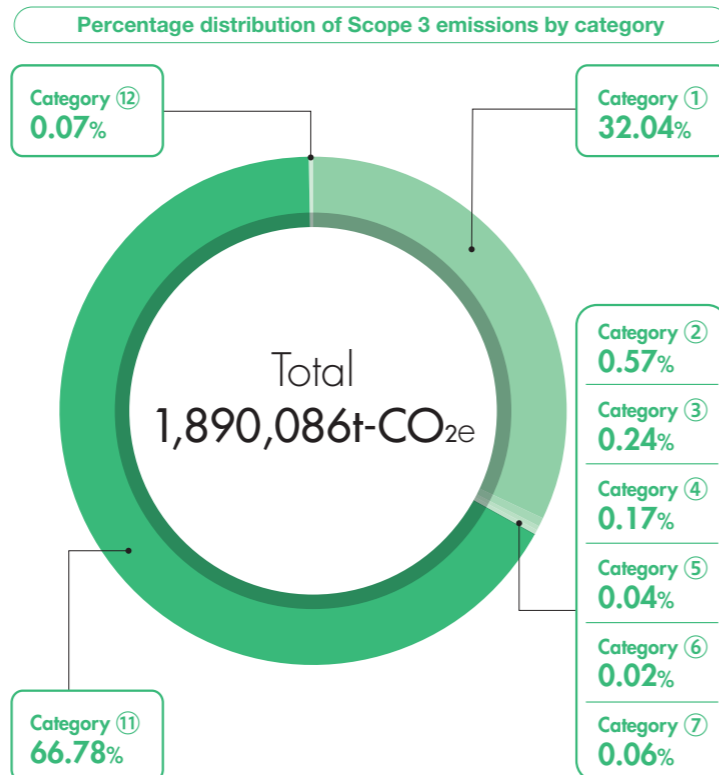
\* Major consolidated subsidiaries in Japan that were included in the calculation

Iwafuji Industrial Co., Ltd.  
TOHO CAR CORPORATION  
OSK, Ltd./WAKO, Ltd.  
Wing Field Co., Ltd.  
DIAVAC Limited  
ShinMaywa Parking Technologies, Ltd.  
ShinMaywa Aqua Technology Service, Ltd.  
Maywa Komuten, Ltd.  
A total of nine companies

### Scope 3 emissions (non-consolidated)

Breakdown of Scope 3 emissions

Category	(t-CO <sub>2e</sub> )
① Purchased goods and services	605,545
② Capital goods	10,794
③ Fuel- and energy-related activities not included in Scope 1 or Scope 2	4,520
④ Transportation and distribution (Upstream)	3,158
⑤ Waste generated in operations	825
⑥ Business travel	423
⑦ Employee commuting	1,153
⑧ Leased assets (Upstream)	Not applicable
⑨ Transportation and distribution (Downstream)	Not applicable
⑩ Processing of sold products	Not applicable
⑪ Use of sold products	1,262,255
⑫ End-of-life treatment of sold products	1,413
⑬ Leased assets (Downstream)	Not applicable
⑭ Franchises	Not applicable
⑮ Investments	Not applicable
<b>Total</b>	<b>1,890,086</b>



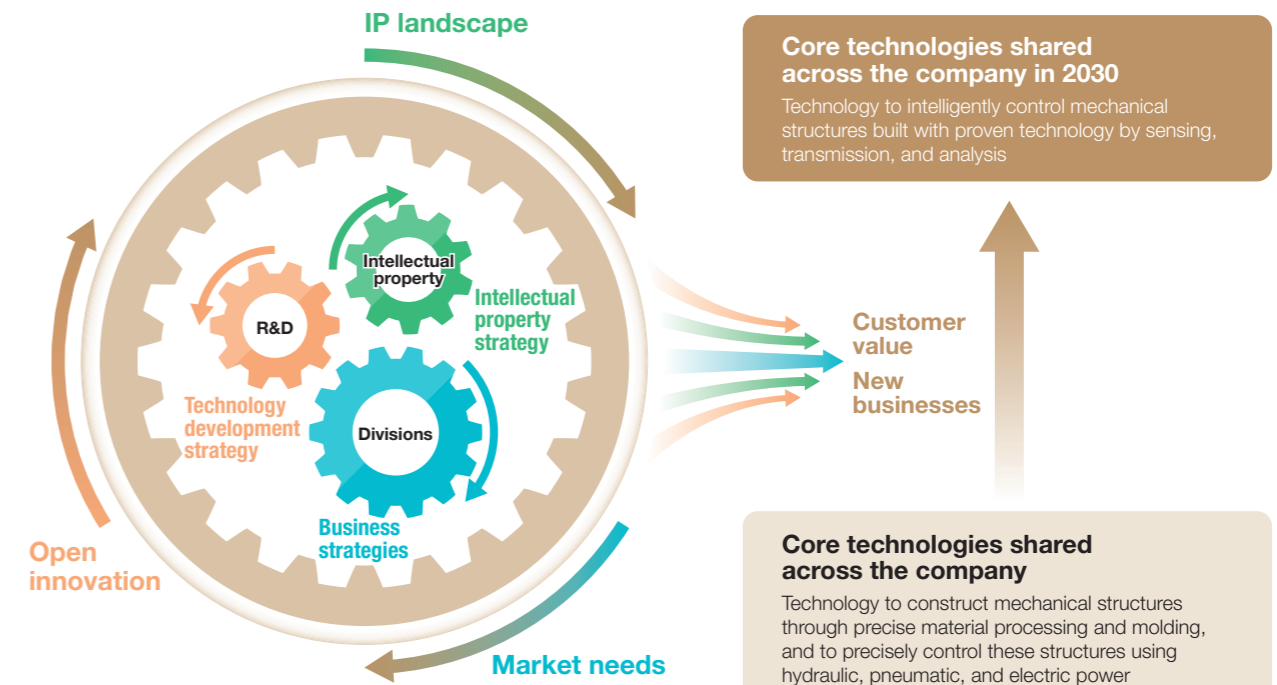
## Society

## Relationship with customers

### Research and Development(R&D)

#### Basic approach to R&D

In order to make urban, transportation, and environmental infrastructure more advanced, the ShinMaywa Group promotes R&D to create future customer value using both the technologies nurtured since its foundation and leading-edge technologies.



#### Strategy system involving intellectual capital:

Business strategies driven by technology development strategy and intellectual property strategy

### Quality and product safety

#### Approach to quality assurance activities

Based on our management philosophy, long-term vision, action guidelines, and code of conduct established in April 2020, the Group have put in place Quality Policy and Quality Assurance Activity Guideline, and will meet customer expectations and trust by delivering safe and high-quality products and services.

#### ShinMaywa Group Quality Policy

Based on our management philosophy, action guidelines, and code of conduct, the Group will comply with applicable laws, regulations, etc., and deliver safe and high-quality products and services that meet customer expectations and trust. In addition, all employees engaging in sales, design, manufacturing, and services strive to take actions with the highest ethical standards

as well as priority placed on the perspective of whether these actions are good or evil rather than advantageous or disadvantageous, and support society with a sense of security and pleasant lives through practice of ShinMaywa Quality and appropriate operation and management of the quality management system.

For more details, visit:

<https://www.shinmaywa.co.jp/english/sustainability/esg/society/quality.html>



# Relationship with employees

## Diversity & inclusion: Utilizing diverse human resources

### The three pillars of ShinMaywa Group Basic Policy on Human Resources

The ShinMaywa Group has established a Basic Policy on Human Resources consisting of three key themes, namely: 1. fostering awareness; 2. respecting human rights and establishing internal environments; and 3. developing human resources, to realize our management philosophy.

#### 1. Fostering awareness

The Company has set forth a long-term vision of what the Group aims to be in 2030 based on its management philosophy. Realizing this vision will depend on promoting diversity and inclusion while fostering the diversity of individuals who sustain innovation. We will

need diverse human resources who can work actively facing the same direction and with a sense of unity. We are working to foster awareness by clearly defining the type of the human resources we seek and carrying out our evaluations based on this.

#### 2. Respecting human rights and establishing internal environments

##### Respecting human rights

Based on our recognition that respect for human rights is an important corporate social responsibility, and as a company that aims to maintain sustainable corporate growth with an eye on the global market, the Group sets forth a human rights policy to uphold the International Bill of Human Rights adopted by the United Nations and expressly show our stance toward respecting

human rights based on international standards.

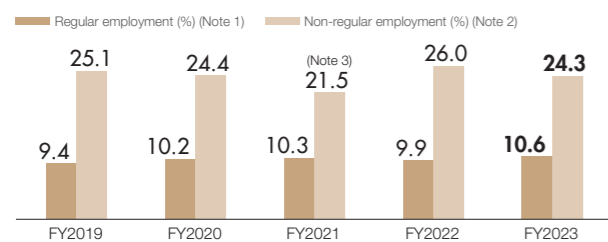
In addition, the Group will recruit and assign diverse human resources regardless of factors such as gender, age, nationality, religion, disability, educational background, and sexual orientation, and advance efforts to promote the creation of an organizational culture that draws on diversity.

##### Establishing internal environments

###### Promoting the active participation of women

The Group believes that promoting the active participation of women is an important element of diversity. To this end, we have established various systems that allow employees to continue to work after life events such as childbirth and childcare, and we support both male and female employees in balancing work and family responsibilities.

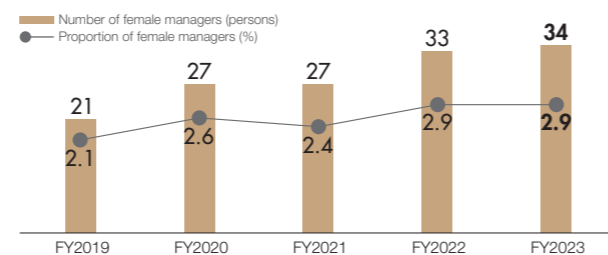
###### Proportion of female employees (%)<sup>1</sup>



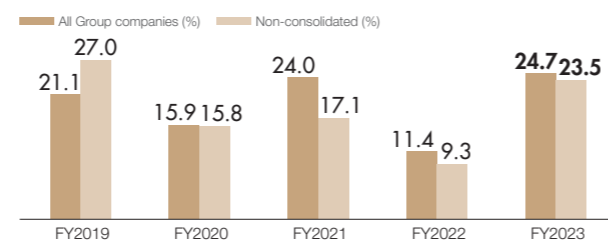
(Note 1) Full-time employees  
 (Note 2) Directly employed workers such as part-time workers, contract workers, and rehired retirees. Dispatched staff are excluded.  
 (Note 3) The decline is due to a decrease in the number of female employees (non-regular), and an increase in the number of non-regular employees joining the Group through M&As.

\*1: Figures for the Group as a whole, \*2: Non-consolidated figures

###### Number and proportion of female managers<sup>1</sup>



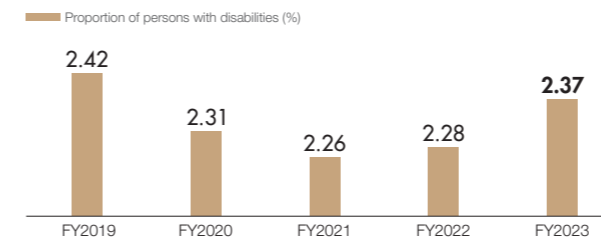
###### Proportion of female new graduate hires [Number of graduate school, university, and technical college graduates/females]



###### Promoting the hiring of people with disabilities

The Group is committed to establishing an inclusive society, where anyone who wants to work and has the ability to do so can take part in society through their work, regardless of disabilities, and is therefore promoting the hiring of people with disabilities.

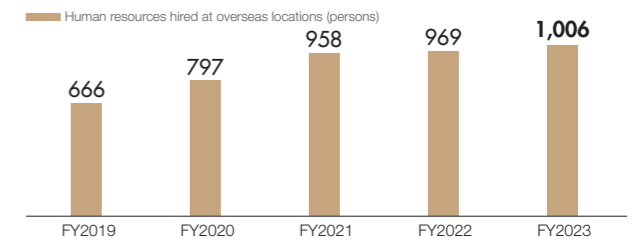
###### Proportion of persons with disabilities<sup>2</sup>



###### Hiring human resources at overseas locations

The Group believes that expanding its presence in overseas markets is essential for enhancing existing businesses and expanding our business domains. We have set a target of 100 billion yen in overseas sales in FY2030. In recent years, we have been working to gear up our overseas expansion by, for example, proactively pursuing M&As of overseas companies.

###### Human resources hired at overseas locations<sup>2</sup>



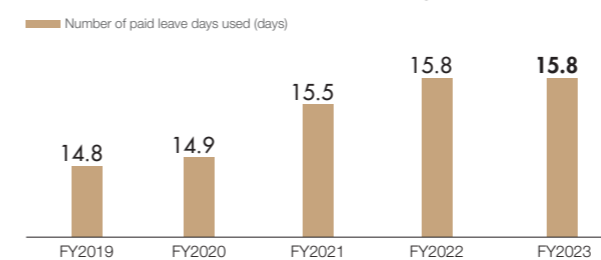
##### Developing systems to allow for diverse working styles

To enable our employees to balance work with their personal lives, we are enhancing our systems so that we can create a work environment that is comfortable for our diverse workforce.

###### Initiatives for preventing long working hours and for promoting the use of paid leave

As well as strengthening management of work hours in line with the establishment of legal limits on overtime hours, the Company has put in place various measures for reducing overtime work. To reduce long working hours, for example, we have set a company-wide day on which everyone leaves the office at the close of business hours. We are also working to promote the use of paid leave through introduction of a planned leave system.

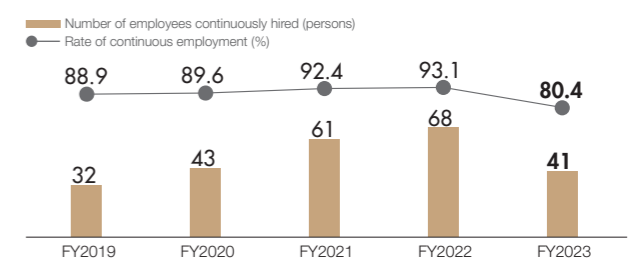
###### Number of paid leave days used (average per employee)



###### Promoting the employment of older people

In FY2003, we introduced and promoted a system for hiring older workers, who have a wide range of know-how gained through practical experience. The purpose of the system is to fully utilize the strengths of older human resources and to make work more fulfilling for them while supporting the growth of the Company. From FY2022, we raised the retirement age to 65.

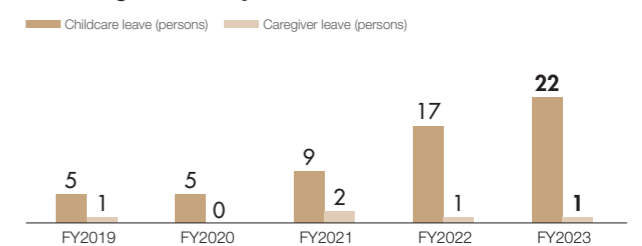
###### Status of active participation by older workers<sup>2</sup>



###### Various systems for childcare and caregiving

We have introduced childcare and caregiver leave systems and a shortened working hour system for employees with childcare and caregiving responsibilities. Using these systems, employees can take care of their children and family members without having to resign.

###### Number of users of the childcare and caregiver leave systems



### 3. Developing human resources

At the Company, we aim to maximize our employees' individual abilities and expertise with the aim of building relationships that drive the sustainable growth of the Company. To this end, we are implementing various measures to enhance employee engagement and strengthen business competitiveness.

#### Internal Career Development Support Program

It became clear from the analysis of the July 2022 D&I Survey that a key challenge for improving employee engagement is the sharing of values between supervisors and their subordinates. To share values, both the supervisor and the subordinates need to first reflect on themselves so as to be able to know their own values and have a vision of who they want to be. To this end, we launched a program for managers in December 2023 and extended it to other employees starting this fiscal year. Ultimately, all employees of the Company are scheduled to attend the program, which will lead to increased employee engagement. The degree of improvement will be monitored using the engagement survey scores.

#### Next-Generation Executive Development Program

Amid dramatic changes in our business environment, we are systematically training employees that exhibit high potential as future business leaders. At an early stage, we select employees who can be expected to take charge of management from a medium- to long-term perspective, and enable them to develop the basic skills needed to transform our business.

### Health management

#### Health management declaration

The ShinMaywa Group is committed to practicing its corporate principles of Clean, Sincere, Steady, Enterprising, and believes that its mission is to realize the management philosophy to "contribute to the overall well-being of humanity, bringing unstinting innovation for a stable society and positive living environment."

With the aim of creating an environment to accomplish these missions, we are committed to creating a healthy and safe work environment and further raising health awareness so that each employee can continue working in good health of mind and body, cheerfully and energetically.

#### Certified Health & Productivity Management Outstanding Organizations

On March 11, 2024, the Company obtained certification in the large enterprise category under the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program led by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. We will further promote health management and push forward with initiatives set forth in our health management declaration.



#### Human resources portfolio

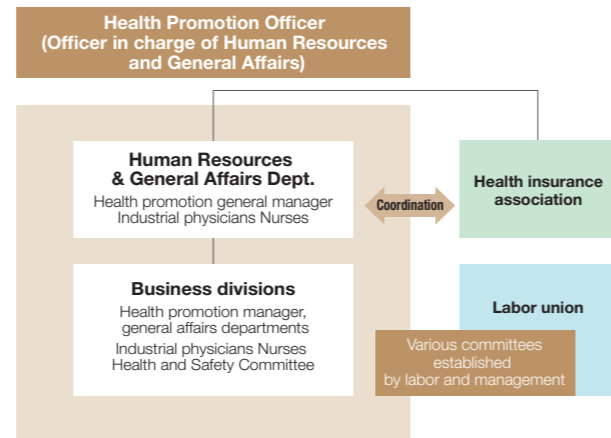
By visualizing our human resources composition by type based on the roles played, we are building a strategic human resources structure. In addition, we aim to maximize effectiveness by appropriately allocating human resources in accordance with our long-term business strategies. As we manage our human resources portfolio, we analyze the overall composition in quantitative and qualitative terms, and respond flexibly according to each business strategy.

#### Other initiatives for developing human resources

- 1 Training program up to the third year with the Company
- 2 Self-development support system
- 3 In-house skills competition and maintenance skills competition

#### Health management promotion system

We carry out initiatives for maintaining and promoting good health. These initiatives are led by the officer in charge of Human Resources and General Affairs, who is responsible for health management, with the Human Resources & General Affairs Dept. as the primary coordinator, in coordination with the General Affairs departments of each business division and also with the health insurance association. In addition, the Health and Safety Committee and various committees established by labor and management take up relevant health management issues as agenda items in a timely manner, and coordinate with labor and management to promote health management.



### Occupational health and safety

Company-wide key safety theme for FY2024

Let's foster a culture of safety through reporting, fairness, flexibility, and learning!

#### Basic principles of occupational health and safety

The Group acts in accordance with its basic principles of occupational health and safety, which state that safety and health take precedence over everything else. We are working to build a safe working environment and to achieve zero accidents.

#### Health and safety action guidelines (Company-wide key safety themes)

Each fiscal year, we define a Company-wide key safety theme, and set ourselves a goal as a means of preventing industrial accidents among our employees. We are joining forces to engage in health and safety activities to create a safe and secure working environment.

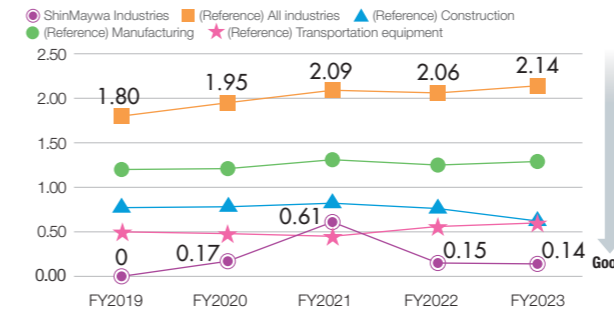
#### Specific initiatives in occupational health and safety

In order to prevent workplace accidents among employees, the Group has established a Health and Safety Committee in each business division and Group company to carry out safety and health activities, but in order to further improve effectiveness, we have reviewed the safety and health promotion framework from FY2024 and established a central safety management system with the "President" at the top, followed by the "Executive Meeting," "Labor Department Manager Meeting," and "Safety Officer Meeting." This has created a mechanism to quickly share information from the "Health and Safety Committee" of each business division and Group company, and to quickly and reliably convey instructions to all employees to maintain and improve safety through a top-down approach.

We are working to improve safety measures in both tangible and intangible ways by establishing, operating, and improving risk assessment systems on an ongoing basis and at the same time utilizing IT and digital technologies to prevent accidents.

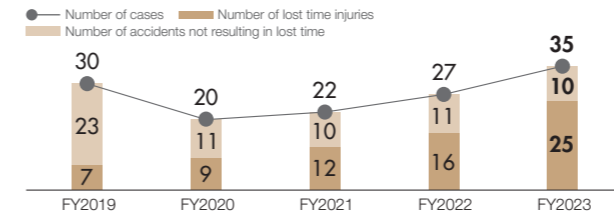
In addition, we are also focusing on health and safety training for employees. Through various measures, we are working to establish a training system that is tailored to each organization and business contents. For example, we hold safety conferences to share the results of health and safety activities in each business division and at each Group company, provide special training to new employees and to those who were transferred to new assignments, and offer thorough guidance through on-site training and safety and health patrols during on-the-job training.

#### Frequency rate of lost time injury (%)<sup>2</sup>



Source: Ministry of Health, Labour and Welfare, Results of Survey on Industrial Accidents

#### Number of occupational accidents (number of cases)<sup>1)</sup>



### Relationship with shareholders

The dialogues with our shareholders and investors held in FY2023 are as shown below. In addition to the semiannual presentations of financial results, we held a total of over 100 individual IR and SR meetings hosted mainly by the President & CEO and also the Directors Members of the Board, Managing Executive Officers.

Opinions gathered and management issues that emerged through these dialogues are put together by the IR department on a quarterly basis and reported to the Board of Directors as feedback to the management team.

#### 1. Financial results presentations and other IR activities

Date	Activity	Person representing the Company
May	Financial results presentation, video streaming	President & CEO
November	Financial results presentation, video streaming	President & CEO

#### 2. IR meetings with institutional investors

Investor Type	Number of meetings held	Person representing the Company
Overseas investors	13	Director, Member of the Board, Managing Executive Officer; IR department
Domestic investors	92	President & CEO; Director, Member of the Board, Managing Executive Officer; IR department
Securities companies	5	Director, Member of the Board, Managing Executive Officer; IR department

#### 3. SR meetings with persons in charge of exercising voting rights

Investor Type	Number of meetings held	Person representing the Company
Overseas investors	—	—
Domestic investors	4	Director, Member of the Board, Deputy Chief Executive Officer; Director, Member of the Board, Managing Executive Officer; IR department

# Relationship with business partners

Value we aim to provide

Realize a relationship of “live and let live in mutual prosperity” with business partners through fair business dealings and equal partnership

## CSR/Sustainable procurement

The Group works closely with its business partners in a fair and sound environment to create a sustainable society together.

### New supplier evaluation procedures

#### ① Potential business partners

New business partners are asked to submit such necessary documents as a supplier survey form and a request form concerning receipt of transaction proceeds, indicating their company name, business address, main customers, suppliers, and other information.



#### ② Credit check/judgment

After we receive the required documents, we conduct a credit review, which includes a review regarding association with antisocial forces.



#### ③ Signing of basic contract/survey form registration/new account opening procedures

After confirming that a “transaction possible” decision has been reached after review, a contract is signed, the contents of the survey form are registered in our system, and the procedures are taken to open a trading account.



#### ④ Management assessment

We check for any dangerous signs related to people, things, or money, and monitor these aspects.



#### ⑤ Evaluation of CSR activities

Business partners are requested to answer questions such as those regarding their efforts on human rights and other social issues, as well as on environmental protection. If the content of responses does not exceed a certain level, a further survey will be conducted. (For CSR, we plan to update our survey form based on new procurement guidelines to be established in the future.)



#### ⑥ Input of management items/judgment

We register in our system information such as the business partner's quality control system and whether the Subcontract Act applies. A further survey will be conducted for any insufficient information.



#### ⑦ Start of transactions/information disclosure

After these procedures, a trading account is opened, a supplier code is created, and the supplier is registered in the procurement system, which will allow procurement personnel to handle the system and begin transactions.

### CSR/results of sustainable procurement activities

#### ■ Activities in FY2023

Aiming to create a sustainable society together with our business partners, the Company has been providing the members of materials procurement divisions with CSR education on an on-going basis and enhancing their awareness and knowledge.

In FY2023, we continued to provide CSR education in response to changes in society, while gradually putting in place a system to finally fully implement sustainable procurement practices.

#### Policy distribution

1 The second edition of the ShinMaywa CSR Procurement Guidelines, published on our website on October 1, 2023, added content that was lacking in terms of putting the guidelines into practice.

#### Partnership Building Declaration

2 On March 22, 2023, we also made the “Partnership Building Declaration”, which is promoted by the Japanese government and requires business operators to make a declaration in the name of a person with representative authority from the perspective of the “ordering party”, with the aim of increasing added value throughout the entire supply chain and achieving coexistence and prosperity between large and small corporations.

#### CSR education

3 It is important that persons in charge of procurement, who are in touch with suppliers, act with deep understanding of CSR/sustainable procurement. We have established a website dedicated to materials procurement/CSR/Sustainable Procurement on our internal portal site and created an environment that facilitates the sharing of information within the company, including educational videos reflecting the content of the 2nd edition of “ShinMaywa CSR Procurement Guidelines”.

#### Educational activities

4 In FY2023 as well, we posted messages on “Corporate Social Responsibility (CSR)/Sustainable Procurement” on the digital bulletin board for all employees. In FY2023, we have added content on the risk of encouraging human rights violations.

#### Launch of supplier portal site

5 We decided to open the ShinMaywa Supplier Portal Site with the aim of mutually improving productivity in the future through smooth communication, information sharing, and mutual use of data with suppliers, and have initially requested 110 companies, which account for approximately half of the total amount of our material transactions, to register on our supplier portal site.

For the time being, we plan to conduct a trial run of the system limited to companies whom we have requested to register, and after incorporating feedback and making improvements, we will roll it out to all material suppliers.

As a first step in sharing information, we are sharing links to related information and making available to a limited extent our in-house CSR/sustainable procurement education and awareness-raising materials, which we hope will be useful in training registered companies on CSR procurement.

# Relationship with local communities and society

## ■ Concluded a comprehensive partnership agreement with Takarazuka City, Hyogo

In March 2024, we concluded a comprehensive partnership agreement with Takarazuka City, Hyogo.

Under the agreement, both parties share such themes as “building disaster resilient communities,” “building communities towards a carbon-free society” and “making urban, transportation, and environmental infrastructure more advanced,” and we are looking to play a part in the sustainable growth and development of Takarazuka City through opportunities and situations where we can utilize our expertise and know-how related to these themes.

Since the city is focusing on education for children, who will be the leaders of the next generation, we also plan to actively receive visitors to our production bases in the city.

## ■ Donation to the Kawanishi Memorial ShinMaywa Education Foundation

ShinMaywa Industries makes annual donations to the Kawanishi Memorial ShinMaywa Education Foundation, a public interest foundation that bears its name, to support the foundation's activities.

The foundation was established in 1992 as an incorporated foundation. Mr. Hajime Kawanishi, the founding president of the foundation (whose father, Mr. Ryozo Kawanishi, was the founder of Kawanishi Aircraft Company), designated universities (laboratories) involved in the development of science and technology in Hyogo prefecture, the place where Kawanishi Aircraft Company was founded, and students from countries in Asia and other regions studying at their own expense at universities in the prefecture, etc., as the main beneficiaries, and donated his private funds to cover the foundation's operating expenses. Drawing on the investment profit of these funds and the Company's donations in support of the foundation's activities, the foundation invites application from eligible researchers with research themes and international students every year, and the selection committee members conduct the screening.

In FY2023, the 32nd year since the grants were established, grants were provided to the following universities and international students.

### 1. FY2023 Research grant program

(Honorary titles omitted)

	Name of researcher, affiliation and research theme
1	<b>Yuki Ogawa, Department of Mechanical Engineering, Graduate School of Engineering, Kobe University</b> Development of in-situ measurement of fatigue fracture mechanism of multi-material structure by infrared thermography
2	<b>Naru Yoneda, Department of Systems Science, Graduate School of System Informatics, Kobe University</b> Holographic videography using single-pixel image sensor
3	<b>Masayuki Kusakabe, Biosignal Research Center, Kobe University</b> Elucidation of the molecular mechanism of DNA damage recognition via intrinsically disordered region
4	<b>Ipppei Tanaka, Department of Mechanical Engineering, Graduate School of Engineering, University of Hyogo</b> Fabrication of ultra-hard nanocrystalline diamond films using modulated plasma
5	<b>Yoshihiro Miyake, Department of Material Science, Graduate School of Science, University of Hyogo</b> Development of Porous Materials for Sodium Ion Rechargeable Batteries
6	<b>Ryohei Akiyoshi, Department of Chemistry, School of Science, Kwansai Gakuin University</b> Development of Sulfur-Containing Semiconductive Coordination Polymers with Structural Flexibility

\*Research grant was awarded to a total of 140 researchers since the Foundation's establishment.

### 2. FY2023 Scholarship program for international students

Number of international students by country of origin	
People's Republic of China	2
Turkey	1
Pakistan	1
Nepal	1

\*Scholarship was granted to a total of 159 students from 16 countries since the Foundation's establishment.

For the Foundation's profile and record of activities, please visit its website by scanning this code.▶



## Matters for collaboration and cooperation under the agreement

1	Matters concerning the building of disaster resilient communities
2	Matters concerning the building of communities towards a carbon-free society
3	Matters concerning the advancement of urban, transportation, and environmental infrastructure
4	Matters concerning the building of communities with diversity
5	Matters concerning the solving of regional issues with leading edge technologies and innovation
6	Matters which the parties deem necessary in addition to the preceding five clauses

## ■ Cooperating with JICA Knowledge Co-Creation Program “Basics of Solid Waste Management”

In accordance with its Sustainability Management Policy, the Group aims to contribute to society at large through its business activities. Since FY2011, we have been cooperating with the Knowledge Co-Creation Program “Basics of Solid Waste Management,” a training program hosted by the Kansai Center of the Japan International Cooperation Agency (JICA).

This training program was organized by the Learning and Ecological Activities Foundation for Children (LEAF), a non-profit organization commissioned by JICA, for government and municipal officials in the Pacific, Asia, Latin America and other regions. The objective of the program is to learn about solid waste management in partnership with private sector and civil society. The curriculum consists of lectures and on-site tours on such topics as waste treatment in local governments in Japan, building a recycling-based society, and recycling of recyclable materials. We gave presentations on the two themes of “Our Initiatives as a Refuse Compactor Manufacturer” and “Training on the Operation and Repair of Refuse Compactors.” Following the lectures in the morning, we took the group to the Hiroshima Plant in the afternoon for a tour of the production site and explanations on operation methods and safe handling using actual vehicles. This training was held for the first time in four years in FY2023 as it had been suspended since FY2020 due to the COVID-19, and was attended by participants from the countries shown below.

By continuing to actively cooperate with JICA trainings, we aim to contribute to solving the world's waste issues with our refuse compactors.

### Reception of trainees under the JICA Knowledge Co-Creation Program “Basics of Solid Waste Management”

Date	Country	Number of trainees
September 27, 2023	Azerbaijan, Cook Islands, Kyrgyz, Palestine, Algeria	5
February 6, 2024	Cambodia, the Maldives, Nepal, Jordan, Solomon Islands, South Sudan	6



Trainees listening to explanation on refuse compactors (September 2023)



Completion of training program (February 2024)

# Financial Summary (Consolidated)

## Financial indicators

(FY)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Management results</b>											
Net sales (Millions of yen)	174,010	193,131	203,917	201,204	207,335	217,297	227,231	209,226	216,823	225,175	257,060
Operating profit (Millions of yen)	10,872	13,635	15,260	13,067	10,594	10,708	12,836	10,479	10,569	9,293	11,765
Operating profit ratio (%)	6.2	7.1	7.5	6.5	5.1	4.9	5.6	5.0	4.9	4.1	4.6
Profit attributable to owners of parent (Millions of yen)	7,444	9,159	10,281	8,954	7,086	6,996	7,378	5,487	6,907	7,313	7,279
Ratio of profit to net sales (%)	4.3	4.7	5.0	4.5	3.4	3.2	3.2	2.6	3.2	3.2	2.8
Return on equity (ROE) (%)	8.1	9.1	9.4	7.7	5.8	6.8	8.9	6.4	7.7	7.6	7.1
Return on invested capital (ROIC) (%)	6.8	8.3	9.1	7.7	6.0	5.8	6.5	5.1	5.1	4.4	5.3
<b>Financial situation</b>											
Total assets (Millions of yen)	167,460	182,167	186,780	188,632	190,001	209,195	214,157	212,060	221,206	226,907	260,102
Total assets turnover (times)	1.08	1.10	1.11	1.07	1.10	1.09	1.07	0.98	1.00	1.00	1.06
Equity (Millions of yen)	95,130	105,865	112,993	118,268	124,893	82,340	82,946	87,945	92,465	98,747	107,008
Equity ratio (%)	56.8	58.1	60.5	62.7	65.7	39.4	38.7	41.5	41.8	43.5	41.1
Interest-bearing debt (Millions of yen)	6,000	4,188	2,000	150	90	49,893	57,568	54,539	52,254	52,417	50,616
Net D/E ratio (times)	(0.07)	(0.08)	(0.13)	(0.16)	(0.15)	0.32	0.46	0.36	0.28	0.30	0.25
<b>Cash flows</b>											
Cash flows from operating activities (Millions of yen)	6,477	9,485	14,767	14,342	8,699	13,452	8,509	18,120	15,998	6,404	14,065
Cash flows from investing activities (Millions of yen)	(5,554)	(5,817)	(6,458)	(6,039)	(7,076)	(9,693)	(12,408)	(9,133)	(7,221)	(7,164)	(8,217)
Cash flows from financing activities (Millions of yen)	(3,390)	(3,503)	(4,023)	(6,619)	(1,647)	(526)	1,419	(5,972)	(5,203)	(4,108)	(5,884)
Cash and cash equivalents at end of period (Millions of yen)	12,550	12,920	17,085	18,772	18,750	21,952	19,342	22,667	26,549	22,535	22,891
<b>Others</b>											
Dividends per share (Yen)	12	14	14	14	23	45	87	38	42	45	47
Dividend payout ratio (%)	16.1	15.2	13.6	15.0	31.0	58.9	76.9	45.5	40.0	40.5	42.6
Earnings per share (Yen)	74.67	91.88	103.15	93.17	74.23	76.41	113.11	83.47	104.96	111.00	110.38
Capital investments (Millions of yen)	5,834	4,408	5,657	6,854	6,525	6,442	7,100	9,205	4,782	4,465	6,891
Depreciation (Millions of yen)	3,978	4,093	4,362	4,763	5,025	5,064	5,442	5,768	5,564	5,321	5,225
Research and development expenses (Millions of yen)	2,313	2,789	2,845	2,717	2,836	2,575	2,401	2,356	2,282	2,476	2,602
Number of employees (people)	4,588	4,612	4,700	4,726	4,773	5,037	5,075	5,288	5,783	5,932	6,181
Overseas sales (Millions of yen)	36,039	45,608	48,142	43,076	42,556	42,899	43,250	27,108	31,022	46,382	53,219
Overseas sales ratio (%)	20.7	23.6	23.6	21.4	20.5	19.7	19.0	13.0	14.3	20.6	20.7

\*Note: ROIC calculation

ROIC = operating profit x (1 - effective tax rate) / average of invested capital (= interest-bearing debt + equity) at the beginning and end of the period

# Network

The ShinMaywa Group is headquartered in Takarazuka-shi, Hyogo, and operates in key locations in Japan and overseas in view of the relationships with our customers and business partners.

In recent years, an increasing number of new companies have been welcomed into the Group as part of efforts to strengthen our management structure.

### Special Purpose Truck Business

Sano Plant ●  
Samukawa Plant ●  
Hiroshima Plant ●



#### Group companies in Japan

ShinMaywa Auto Engineering, Ltd.  
Iwafuji Industrial Co., Ltd. ●  
TOHO CAR CORPORATION ●  
TOHO CAR SERVICE CORPORATION  
ShinMaywa Auto Sales, Ltd.

ASN Ltd.  
OSK, Ltd. ●  
WAKO, Ltd. ●

#### Group companies overseas

Thai ShinMaywa Co., Ltd. ●

### Parking Systems Business



#### Group companies in Japan

ShinMaywa Parking Technologies, Ltd. ●

#### Group companies overseas

Taiwan ShinMaywa Industries Co., Ltd.  
ShinMaywa (Asia) Pte. Ltd. ●

ShinMaywa Aerobridge Malaysia Sdn. Bhd. ●

### Industrial Machinery & Environmental Systems

Takarazuka Plant ●



#### Group companies in Japan

ShinMaywa Waste Technology, Ltd.

DIAVAC Limited ●

#### Group companies overseas

ShinMaywa (America), Ltd.  
ShinMaywa (Shanghai) Trading Co., Ltd.  
ShinMaywa (Bangkok) Co., Ltd.  
ShinMaywa (Shanghai)  
High-Tech Machinery Co., Ltd. ●

ShinMaywa (Chongqing)  
Environmental Solutions Co., Ltd. \*2 ●  
KOREA VACUUM LIMITED ●  
ShinMaywa Mexico S. A. de C.V. \*2  
ShinMaywa Philippines, Inc.

### Fluid Business

Ono Plant ●



#### Group companies in Japan

ShinMaywa Aqua Technology Service, Ltd.

FLUTECH Co., Ltd. ●

#### Group companies overseas

Thai ShinMaywa Co., Ltd. ●  
TurboMAX Co., Ltd. ●  
TurboMAX (ChangZhou) Technology Co., Ltd. \*3

Changzhou TurboMAX  
Environment Technology Co., Ltd. \*2  
TurboMAX India Private Limited \*2

### Aircraft Business

Konan Plant ● Tokushima Plant ●  
Takarazuka Plant ● Harima Plant ●



#### Group companies in Japan

ShinMaywa Iwakuni Aircraft Maintenance, Ltd.

Wing Field Co., Ltd. ●

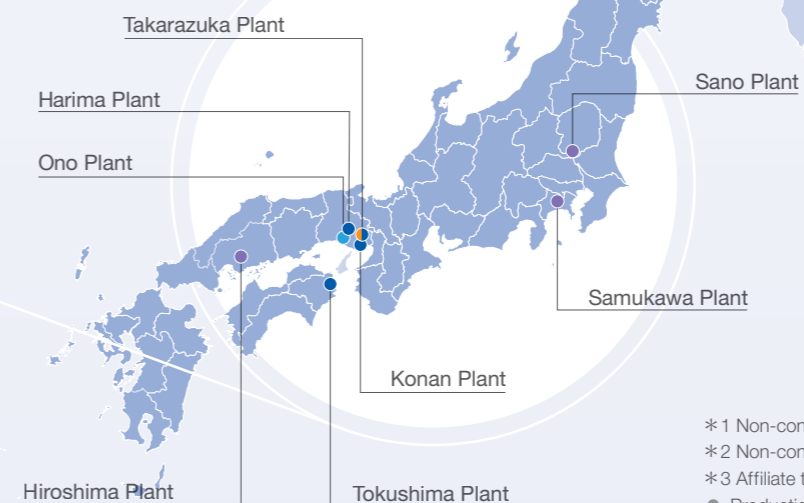
#### Group companies overseas

ShinMaywa (California), Ltd. \*1

### Other Business

Maywa Komuten, Ltd.  
ShinMaywa Shoji, Ltd.  
ShinMaywa Soft Technologies, Ltd.

ShinMaywa Heartful, Ltd. \*2  
GODO SOLUTION Inc. \*1



\*1 Non-consolidated subsidiary to which the equity method is applied  
\*2 Non-consolidated subsidiary to which the equity method is not applied  
\*3 Affiliate to which the equity method is not applied  
● Production bases

# Company Profile

## Company Profile (As of March 31, 2024)

Date of establishment	November 5, 1949
Share capital	15,981,967,991 yen
Number of employees	3,264
Number of employees (consolidated)	6,453

## Directors, Members of the Board and Audit & Supervisory Board Members (As of June 25, 2024)

President and CEO	Tatsuyuki Isogawa
Director, Member of the Board/ Deputy Chief Executive Officer	Kanji Ishimaru
Director, Member of the Board/ Senior Managing Executive Officer	Akira Nishioka
Director, Member of the Board/ Managing Executive Officer	Toshiki Kume
Director, Member of the Board/ Managing Executive Officer	Takashi Kuniyama
Outside Director, Member of the Board	Yoshifumi Kanda
Outside Director, Member of the Board	Seiko Nagai
Outside Director, Member of the Board	Toshiyuki Umehara
Audit & Supervisory Board Member	Koji Nishida
Audit & Supervisory Board Member	Tadahiro Shimasaka
Outside Audit & Supervisory Board Member	Tomosaburo Kinda
Outside Audit & Supervisory Board Member	Eri Sugiyama
Outside Audit & Supervisory Board Member	Fumihiko Kimura

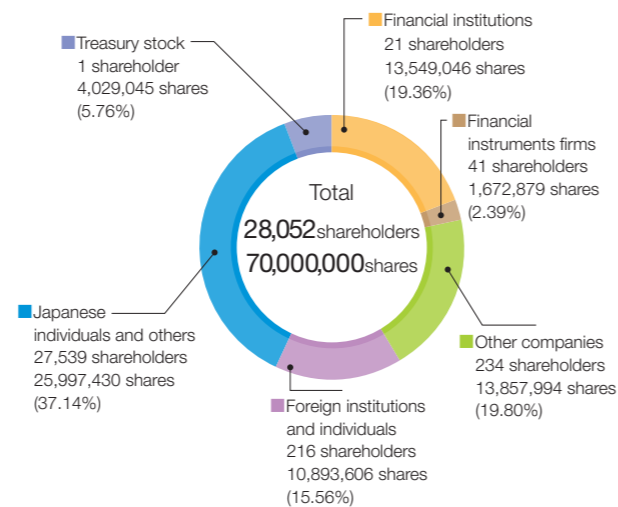
## Status of shares (As of March 31, 2024)

- (1) Total number of authorized shares ..... 300,000,000 shares
- (2) Total number of shares issued ..... 70,000,000 shares
- (3) Number of shareholders ..... 28,052
- (4) Major shareholders (top 10)

Shareholder name	Number of shares held Shares	Share- holding ratio %
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,727,400	11.71
SANSHIN CO., LTD.	6,749,065	10.23
Custody Bank of Japan, Ltd. (Trust Account)	4,059,100	6.15
ShinMaywa Employees' Stock Ownership	3,189,614	4.83
Sumitomo Realty & Development Co., Ltd.	1,837,800	2.78
TOYO BLDG. MAINTENANCE CO., LTD.	1,391,300	2.10
ShinMaywa Suppliers' Stock Ownership	957,069	1.45
STATE STREET BANK WEST CLIENT - TREATY 505234	917,200	1.39
JP MORGAN CHASE BANK 385781	777,217	1.17
BNP PARIBAS LUXEMBOURG/2S/JASDEC/JANUS HENDERSON HORIZON FUND	734,600	1.11

Note: The number of treasury shares (4,029,045) is excluded in the calculation of the shareholding ratios, which are rounded down to the second decimal place.

## (5) Distribution of shares (As of March 31, 2024)



## Our website

Various information on ShinMaywa Group is available at our official website. Please refer to it alongside this report.

<https://www.shinmaywa.co.jp/english/index.html>

ShinMaywa Search

