

Sumitomo Heavy Industries, Ltd.

CONSOLIDATED FINANCIAL REPORT

For the Six-Month Period from January 1 to June 30, 2025

All financial information has been prepared in accordance with generally accepted accounting principles in Japan. This document has been translated from the Japanese original as a guide to non-Japanese investors, and contains forward-looking statements that are based on management's estimates, assumptions, and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. Amounts shown in this financial statement have been rounded to the nearest million yen.

Summary of Consolidated Financial Results
For the Six-Month Period from January 1 to June 30, 2025 (Interim)
Presented August 5, 2025

Sumitomo Heavy Industries, Ltd.

| | |
|---|--|
| Listed exchanges | Tokyo Stock Exchange |
| Stock code | 6302 |
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| Scheduled date for submitting semi-annual report | August 7, 2025 |
| Scheduled date of payment of cash dividends | September 1, 2025 |
| Availability of supplementary explanatory materials for financial statement | Yes |
| Holding of meeting to explain financial statement | Yes |

1. FY2025 Second Quarter (Interim) Consolidated Results (January 1, 2025 to June 30, 2025)

(1) Business Results

(Units: millions of yen)

| | 1st half of fiscal year ending December 31, 2025 | | 1st half of fiscal year ending December 31, 2024 | |
|---|---|--------|---|-----|
| | % change | | % change | |
| Net sales | 494,627 | (4.9) | 520,353 | 2.0 |
| Operating profit | 21,655 | (35.0) | 33,330 | 8.7 |
| Ordinary profit | 20,237 | (40.2) | 33,858 | 2.9 |
| Profit attributable to owners of parent | 12,400 | (47.3) | 23,509 | 4.6 |
| Profit attributable to owners of parent ratio (yen) | 103.17 | | 193.26 | |
| Fully diluted profit attributable to owners of parent ratio | — | | — | |

Note 1: Comprehensive income:

1st half of fiscal year ending December 31, 2025: (7,856) million yen, (— %)

1st half of fiscal year ended December 31, 2024: 59,533 million yen, (22.0 %)

(2) Financial Position

(Units: millions of yen)

| | First half of fiscal year ending December 31, 2025 | End of Previous Full Year December 31, 2024 |
|------------------|---|--|
| Total assets | 1,236,975 | 1,260,242 |
| Total net assets | 630,410 | 646,418 |
| Equity ratio (%) | 50.5 | 50.8 |

Reference: Equity:

First half of fiscal year ending December 31, 2025: 624,896 million yen

Fiscal year ended December 31, 2024: 640,681 million yen

2. Dividends

(Unit: yen)

| | Year Ended December 31, 2024 | Year Ending December 31, 2025 | Year Ending December 31, 2025 (forecast) |
|----------------------------|---------------------------------|----------------------------------|--|
| Annual dividends per share | | | |
| First quarter | — | — | |
| Second quarter | 60.00 | 60.00 | |
| Third quarter | — | | — |
| End of term | 65.00 | | 65.00 |
| Annual dividends | 125.00 | | 125.00 |

Note: Changes from the most recent dividend forecast: No

3. FY2025 Consolidated Forecasts (January 1, 2025 to December 31, 2025)

(Units: millions of yen)

| | Full Year January 1, 2025 to December 31, 2025 | |
|---|--|----------|
| | | % change |
| Net sales | 1,050,000 | (2.0) |
| Operating profit | 50,000 | (9.3) |
| Ordinary profit | 44,000 | (10.5) |
| Profit attributable to owners of parent | 25,000 | 223.8 |
| Profit attributable to owners of parent ratio (yen) | 208.02 | |

Note: Changes from the most recent dividend forecast: Yes

Additional Notes

- (1) Significant changes in the scope of consolidation during the first half under review: None
- Newly consolidated: —
- Excluded from consolidation: —
- (2) Special accounting measures applied in the interim consolidated financial report: Yes
- (3) Changes to accounting policies, changes to accounting estimates, and retrospective restatements
- (i) Changes to accounting policies due to revisions to accounting standards: Yes
- (ii) Changes to accounting policies not otherwise stated in (i): None
- (iii) Changes to accounting estimates: None
- (iv) Retrospective restatements: None
- (4) Number of shares issued (share capital)
- (i) Number of shares issued at end of fiscal period (including treasury shares):
- | | |
|--|--------------------|
| First half of fiscal year ending December 31, 2025 | 122,905,481 shares |
| As of December 31, 2024 | 122,905,481 shares |
- (ii) Number of treasury shares at end of fiscal period:
- | | |
|--|------------------|
| First half of fiscal year ending December 31, 2025 | 2,722,064 shares |
| As of December 31, 2024 | 2,725,562 shares |
- (iii) Average number of shares during fiscal period (interim) :
- | | |
|--|--------------------|
| First half of fiscal year ending December 31, 2025 | 120,183,654 shares |
| First half of fiscal year ended December 31, 2024 | 121,644,244 shares |

*Treasury stock that is deducted to calculate the number of term-end treasury stock and the average number of shares during the fiscal period includes shares of the Company held in the trust account related to the share delivery trust established for the stock compensation plan for directors and others.

* Summary of Financial Results for the Second Quarter (Interim) is not subject to review by a Certified Public Accountant or an Independent Auditor

* Explanation on the proper use of earnings forecasts, and other special remarks

Earnings and outlooks concerning future financial results are believed to be reasonable based on information available at the time of publication. Actual financial results may vary from the above forecast and outlook due to a variety of factors. For information on the assumptions that form the basis of the earnings forecast and items to note concerning the use of earnings forecasts, please refer to the *Explanation of the Consolidated Earnings Forecast and Other Forward-Looking Estimates* in the *Supplementary Materials* section beginning on page 8.

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I. Summary of Operating Performance, etc.

1. Summary of Operating Performance during the First Half under Review

Regarding the economic environment surrounding the Group for the first half under review, in Japan, capital investment and exports were on a gradual recovery trend, while the recovery of the semiconductor market continued to show signs of hesitancy. Turning to overseas regions, uncertainty surrounding the United States increased due to its trade policy, but recent economic conditions there remained robust. In Europe, there were signs of an economic recovery, while in China, the slowdown continued as the impact of its domestic demand-stimulating policies remained limited.

In this business environment, according to the “Medium-Term Management Plan 2026,” the Group aimed to increase corporate value in a sustainable manner by solving social issues through products and services. Also, we moved forward with measures, such as expanding contribution to SDGs and strengthening initiatives for reducing negative environmental impacts, as well as improving our earning capacity and capital efficiency and strengthening our efforts to explore new businesses in order to develop a robust entity.

As a result, the Group’s orders amounted to JPY535.5 billion (up 18% year on year). On the other hand, since there was a smaller order backlog, the Group posted sales of JPY494.6 billion (down 5% year on year), operating profit of JPY21.7 billion (down 35% year on year), ordinary profit of JPY20.2 billion (down 40% year on year) and profit attributable to owners of parent came to JPY12.4 billion (down 47% year on year).

The situation by segment is described below.

In addition, starting in the current consolidated fiscal year, we have decided to reconfigure businesses across segments to streamline segment management and promote synergies. Specifically, we have reallocated the laser systems business in the Mechatronics segment to the Industrial Machinery segment, and the cryocoolers business in the Industrial Machinery segment to the Mechatronics segment. For this reason, the year-on-year figures are presented as a comparison with the figures for the previous consolidated first half, which have been restated based on the reporting segment categories after the reconfiguration.

(i) Mechatronics

Orders increased for gear reducers due to a recovery in demand in Japan and abroad. Orders for motors and inverters also rose, following the resolution of inventory adjustments by customers in Europe. In addition, orders for semiconductor-related products grew due to increased demand in China. Sales and operating profit also increased due to a rise in orders.

As a result, orders increased by 9% year on year to finish at JPY132.8 billion, while sales increased by 3% to JPY129.4 billion. Operating profit increased by 30% to JPY8.6 billion.

(ii) Industrial Machinery

The plastics machinery business saw increases in orders and sales, driven by rising demand from China, mainly for electrical and electronics-related products. However, operating profit decreased due to declining profitability in Europe.

For other businesses, orders increased despite a decline in demand for semiconductor-related products, as demand for other products generally rose. Meanwhile, sales and operating profit decreased due to a smaller order backlog for semiconductor-related products.

As a result, in year-on-year terms, orders increased by 11% to JPY114.6 billion, sales declined by 7% to JPY98.2 billion, and operating loss amounted to JPY3.0 billion.

(iii) Logistics & Construction

The hydraulic excavator business saw an increase in orders as previously stagnant demand recovered in both Japan and North America. Meanwhile, sales and operating profit declined due to fewer orders from Japan and North America in the previous fiscal year.

For other businesses, the mobile crane business recorded orders at a level comparable to the same period last year, but sales and operating profit increased due to a backlog of orders. In the material handling system business, orders and sales increased due to strong market conditions, but a decrease in highly profitable projects led to a decline in operating profit.

As a result, in year-on-year terms, orders increased by 16% to JPY193.6 billion, sales decreased by 11% to JPY175.4 billion, and operating profit decreased by 56% to JPY7.9 billion.

(iv) Energy & Lifeline

The energy plant business saw an increase in orders as a result of winning biomass power generation facility projects in Europe. Sales declined due to a lower order backlog but improved project profitability led to higher operating profit.

For other businesses, orders for water treatment equipment and other products increased. Sales and operating profit also rose due to a backlog of orders .

As a result, in year-on-year terms, orders increased by 58% to JPY91.1 billion, sales decreased by 1% to JPY88.3 billion, and operating profit increased by 98% to JPY7.0 billion.

(v) Others

In year-on-year terms, orders increased by 7% to JPY3.4 billion, sales increased by 5% to JPY3.4 billion, and operating profit increased by 18% to JPY1.1 billion.

2. Summary of Financial Condition for the First Half under Review

1. Condition of Assets, Liabilities, and Net Assets

Total assets at the end of the first half of the current consolidated fiscal year (ended June 30, 2025) amounted to JPY1,237.0 billion, a decrease of JPY23.3 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to decreases of JPY40.8 billion in notes and accounts receivable - trade and contract assets as compared to the end of the previous consolidated fiscal year, while inventory assets and tangible fixed assets increased by JPY6.5 billion and JPY7.5 billion, respectively.

Total liabilities came to JPY606.6 billion, a decrease of JPY7.3 billion as compared to the end of the previous consolidated fiscal year. This was partly because notes and accounts payable - trade decreased by JPY4.6 billion.

Net assets amounted to JPY630.4 billion, a decrease of JPY16.0 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of JPY18.0 billion in foreign currency translation adjustments, while retained earnings increased by JPY4.8 billion.

As a result of the above, the shareholders' equity ratio experienced a 0.3 point drop from the end of the previous consolidated fiscal year to finish at 50.5%.

2. Cash Flow Condition

Cash and cash equivalents at the end of the first half of the current consolidated fiscal year came to JPY113.0 billion, an increase of JPY5.5 billion from the end of the previous consolidated fiscal year. Cash flows for the first half of the current consolidated fiscal year and the factors contributing to increases or decreases in cash flows are as follows.

(Cash Flow from Operating Activities)

During the first half of the current consolidated fiscal year, cash flow from operating activities generated a JPY46.6 billion increase in cash, up by JPY34.9 billion year on year. This was mainly due to a greater reduction in accounts receivable - trade and contract assets, as well as an increase in notes and accounts payable, while profit before income taxes decreased for the first half under review.

(Cash Flow from Investing Activities)

Cash flow from investing activities resulted in a JPY30.9 billion cash outflow during the first half of the current consolidated fiscal year. This represented a JPY7.1 billion year-on-year increase in outflow. This was partly due to increased spending on tangible and intangible fixed assets, as well as the acquisition of shares in subsidiaries, which resulted in a change in the scope of consolidation.

(Cash Flow from Financing Activities)

Cash flow from financing activities resulted in a JPY6.7 billion cash outflow during the first half of the current consolidated fiscal year. This represented a JPY15.3 billion year-on-year decrease in inflow. This was partly because the increase in interest-bearing debts slowed down, while expenses for the acquisition of treasury shares decreased.

3. Explanation of the Consolidated Earnings Forecast and Other Forward-Looking Estimates

As indicated below, we have revised the consolidated earnings forecast for the fiscal year ending December 31, 2025 that was announced in the financial report dated February 14, 2025.

(Full fiscal year ending December 31, 2025)

(Units: millions of yen)

| | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent | Profit attributable to owners of parent ratio (yen) |
|--|-----------|------------------|-----------------|---|---|
| Previous forecast (A) | 1,090,000 | 60,000 | 53,000 | 28,000 | 232.98 |
| Revised forecast (B) | 1,050,000 | 50,000 | 44,000 | 25,000 | 208.02 |
| Difference (B-A) | (40,000) | (10,000) | (9,000) | (3,000) | — |
| % Change | (3.7) | (16.7) | (17.0) | (10.7) | — |
| (Reference) Results for previous fiscal year | 1,071,126 | 55,103 | 49,184 | 7,721 | 63.86 |

Taking into account a more-than-expected delay in the recovery of semiconductor-related and hydraulic excavator market conditions, we have decided to revise downward our previous forecasts for net sales, operating profit, ordinary profit, and profit attributable to owners of the parent company.

For main exchange rates for the first half of the current consolidated fiscal year and onwards, we assume that 1 dollar = 145 yen and 1 euro = 152 yen.

II. Interim Consolidated Financial Statements and Key Explanatory Notes

1. Interim Consolidated Balance Sheets

(Units: millions of yen)

| | End of Full Year As of December 31, 2024 | End of Present First Half As of June 30, 2025 |
|---|---|--|
| | Amount | Amount |
| Assets | | |
| Current assets | | |
| Cash and deposits | 111,132 | 116,132 |
| Notes and accounts receivable - trade and contract assets | 307,423 | 266,648 |
| Inventory assets | 333,852 | 340,345 |
| Other | 34,350 | 34,309 |
| Allowance for doubtful accounts | (2,263) | (2,070) |
| Total current assets | 784,495 | 755,364 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Land | 112,062 | 111,479 |
| Other (net) | 235,936 | 244,037 |
| Total tangible fixed assets | 347,998 | 355,516 |
| Intangible fixed assets | | |
| Goodwill | 8,020 | 8,964 |
| Other | 20,241 | 20,445 |
| Total intangible fixed assets | 28,261 | 29,409 |
| Investments and other assets | | |
| Other | 100,431 | 97,948 |
| Allowance for doubtful accounts | (944) | (1,262) |
| Total investments and other assets | 99,487 | 96,686 |
| Total fixed assets | 475,747 | 481,611 |
| Total assets | 1,260,242 | 1,236,975 |

| | End of Full Year As of December 31, 2024 | End of Present First Half As of June 30, 2025 |
|---|---|--|
| | Amount | Amount |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 153,158 | 148,565 |
| Short-term loans payable | 84,806 | 74,860 |
| Current portion of bonds payable | 20,000 | 20,000 |
| Current portion of long-term loans payable | 4,649 | 3,466 |
| Commercial Papers | 17,000 | 5,000 |
| Provision for bonuses | 7,963 | 7,439 |
| Provision for construction warranties | 11,451 | 11,704 |
| Other provision amount | 4,077 | 2,813 |
| Other | 112,788 | 109,689 |
| Total current liabilities | 415,892 | 383,535 |
| Fixed liabilities | | |
| Bonds payable | 40,000 | 60,000 |
| Long-term debt due after one year | 72,166 | 74,579 |
| Defined benefit liability | 35,011 | 35,844 |
| Deferred income taxes on revaluation | 20,408 | 20,868 |
| Provision amount | 167 | 162 |
| Other | 30,181 | 31,576 |
| Total fixed liabilities | 197,933 | 223,030 |
| Total liabilities | 613,824 | 606,565 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 30,872 | 30,872 |
| Capital surplus | 25,203 | 25,201 |
| Retained earnings | 428,776 | 433,605 |
| Treasury shares | (11,207) | (11,197) |
| Total shareholders' equity | 473,644 | 478,482 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 7,953 | 6,793 |
| Deferred gains or losses on hedges | (1,233) | (455) |
| Revaluation reserve for land | 40,307 | 39,402 |
| Foreign currency translation adjustments | 96,993 | 78,960 |
| Remeasurements of defined benefit plans | 23,017 | 21,715 |
| Total accumulated other comprehensive income | 167,037 | 146,415 |
| Non-controlling interests | 5,737 | 5,513 |
| Total net assets | 646,418 | 630,410 |
| Total liabilities and net assets | 1,260,242 | 1,236,975 |

2. Interim Consolidated Income Statements and Interim Consolidated Statement of Comprehensive Income

Interim Consolidated Income Statements

(Units: millions of yen)

| | Previous First Half January 1, 2024 to June 30, 2024 | Present First Half January 1, 2025 to June 30, 2025 |
|--|--|---|
| | Amount | Amount |
| Net sale | 520,353 | 494,627 |
| Cost of sales | 391,216 | 372,565 |
| Gross income | 129,138 | 122,062 |
| Selling, general and administrative expenses | 95,808 | 100,407 |
| Operating profit | 33,330 | 21,655 |
| Non-operating profit | | |
| Interest income | 773 | 928 |
| Dividend income | 763 | 970 |
| Foreign exchange profit | 1,376 | — |
| Proceeds from sale of investment securities | 838 | 1,345 |
| Other | 1,160 | 1,926 |
| Total non-operating profit | 4,910 | 5,169 |
| Non-operating expenses | | |
| Interest expenses | 1,745 | 1,753 |
| Foreign exchange loss | — | 1,713 |
| Patent related expenses | 720 | 652 |
| Other | 1,916 | 2,469 |
| Total non-operating expenses | 4,381 | 6,587 |
| Ordinary profit | 33,858 | 20,237 |
| Extraordinary losses | | |
| Impairment loss | 375 | 466 |
| Business restructuring expenses | — | 422 |
| Total extraordinary losses | 375 | 887 |
| Profit before income taxes | 33,482 | 19,350 |
| Income taxes | 9,102 | 6,745 |
| Profit | 24,380 | 12,605 |
| Interim profit attributable to non-controlling interests | 871 | 205 |
| Interim profit attributable to owners of parent | 23,509 | 12,400 |

Interim Consolidated Statement of Comprehensive Income

(Units: millions of yen)

| | Previous First Half January 1, 2024 to June 30, 2024 | Present First Half January 1, 2025 to June 30, 2025 |
|---|--|---|
| | Amount | Amount |
| Profit | 24,380 | 12,605 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,016 | (1,160) |
| Deferred gains or losses on hedges | (1,202) | 779 |
| Revaluation reserve for land | — | (596) |
| Foreign currency translation adjustments | 36,314 | (18,185) |
| Adjustment to retirement benefits | (981) | (1,297) |
| Share of other comprehensive income of entities accounted for using equity method | 6 | (2) |
| Total other comprehensive income | 35,153 | (20,461) |
| Comprehensive income | 59,533 | (7,856) |
| (Breakdown) | | |
| Interim comprehensive income attributable to owners of parent | 57,882 | (7,914) |
| Interim comprehensive income attributable to non-controlling interests | 1,651 | 58 |

3. Interim Consolidated Cash Flows Statement

(Units: millions of yen)

| | Previous First Half January 1, 2024 to June 30, 2024 | Present First Half January 1, 2025 to June 30, 2025 |
|--|--|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 33,482 | 19,350 |
| Depreciation | 18,644 | 18,592 |
| Impairment loss | 375 | 466 |
| Business restructuring expenses | — | 422 |
| Proceeds from sale of investment securities | (838) | (1,345) |
| Interest and dividend income | (1,536) | (1,898) |
| Interest expenses | 1,745 | 1,753 |
| Increase (decrease) in reserve amount | (3,019) | (1,185) |
| (Increase) decrease in notes and accounts receivable and contract assets | 20,811 | 37,756 |
| (Increase) decrease in inventories | (21,593) | (14,836) |
| Increase (decrease) in notes and accounts payable | (22,159) | 59 |
| Other | (2,597) | (6,120) |
| Subtotal | 23,315 | 53,013 |
| Interest and dividends received | 1,102 | 1,727 |
| Interest expenses | (1,902) | (1,608) |
| Payments for income taxes | (10,815) | (6,500) |
| Net cash provided by or used in operating activities | 11,699 | 46,633 |
| Cash flows from investing activities | | |
| Cash outflow due to the acquisition of tangible and intangible fixed assets | (24,077) | (30,830) |
| Cash flow from the sale of tangible and intangible fixed assets | 56 | 1,179 |
| Cash outflow due to the acquisition of shares in subsidiaries that results in change in scope of consolidation | — | (3,047) |
| Purchase of investment securities | (4) | (12) |
| Proceeds from the sale of investment securities | 1,106 | 1,724 |
| (Increase) decrease in short-term loans | (81) | (26) |
| Payments of loans receivable | (3,853) | (5,272) |
| Cash flow from loan recoveries | 2,694 | 5,150 |
| Other | 349 | 270 |
| Net cash used in investing activities | (23,811) | (30,865) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans | 1,206 | (6,957) |
| Increase (decrease) in commercial papers | — | (12,000) |
| Proceeds from long-term debt | 16,424 | 4,336 |
| Repayments for long-term debt | (8,974) | (2,580) |
| Proceeds from the issuance of corporate bonds | 20,000 | 20,000 |
| Cash dividends paid | (7,336) | (7,799) |
| Payment of dividends to non-controlling stockholders | (1,133) | (97) |
| Acquisition of treasury shares | (10,027) | (7) |
| Other | (1,584) | (1,575) |
| Net cash provided by financing activities | 8,575 | (6,679) |
| Effect of exchange rate changes on cash and cash equivalents | 3,612 | (3,730) |
| Net increase (decrease) in cash and cash equivalents | 77 | 5,359 |
| Cash and cash equivalents at beginning of year | 100,235 | 107,542 |
| Increase in cash and cash equivalents due to newly consolidated subsidiaries | — | 243 |
| Decrease in cash and cash equivalents due to deconsolidation | — | (135) |
| Cash and cash equivalents at end of year | 100,312 | 113,009 |

4. Items of Special Note Concerning the Interim Consolidated Financial Statements (Significant Events or Conditions that Question the Premise of a Going Concern)

There are no applicable items.

(Application of Accounting Procedures Specific to Preparation of Interim Consolidated Financial Statements)

(Calculation of tax expenses)

The effective tax rate expected to be imposed on pretax profit (after tax effect accounting) applicable to the consolidated fiscal year in which the interim period under review is included was estimated based on reasonable assumptions, and tax expenses were calculated by multiplying the interim pretax profit by the estimated effective tax rate.

(Changes to Accounting Policies)

(Application of “Accounting Standards for Corporation Tax, Resident Tax, Business Tax, etc.”)

“Accounting Standards for Corporation Tax, Resident Tax, Business Tax, etc.” (ASBJ Statement No. 27, issued on October 28, 2022; hereinafter referred to as “2022 Revised Accounting Standards”), along with other guidance, have been applied from the beginning of the first half of the current consolidated fiscal year.

In connection with the amendment to the accounting classification of corporation taxes, etc. (taxation on other comprehensive income), we follow the transitional treatments set forth in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standards and in the proviso to Paragraph 65-2 (2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, issued on October 28, 2022; hereinafter referred to as the “2022 Revised Implementation Guidance”). This change in accounting policy has no impact on the consolidated financial statements for the first half under review.

In addition, regarding the amendments related to the revision of the treatment in consolidated financial statements when gains or losses from the sale of subsidiary shares, etc., between consolidated companies are deferred for tax purposes, the 2022 Revised Implementation Guidance has been applied from the beginning of the first half of the current consolidated fiscal year. Please note that since the impact of this change in accounting policy on prior periods is minimal, no retroactive application or modification of retained earnings, etc., at the beginning of the current consolidated fiscal year has been made. In addition, the impact of this change on consolidated financial statements for the first half under review is minimal.

(Notes regarding Significant Fluctuations to Shareholders’ Equity)

There are no applicable items.

(Segment Information)

1. Summary of Reporting Segments

The Group's reporting segments are based on those units within the Group where separate financial information is available and where the Group's Board of Directors periodically deliberates over such matters as the distribution of management resources and the financial performance of such segments.

The Group formulates a comprehensive international and domestic strategy for individual products and services for the head office and for each consolidated subsidiary, and executes such strategies at the operating level. Consequently, the Group comprises segments that are split by categories of products and services offered by the head office and consolidated subsidiaries. More specifically, the four reporting segments of the Group are "Mechatronics", "Industrial Machinery", "Logistics & Construction", and "Energy & Lifeline".

| Businesses | Main Products |
|--------------------------|---|
| Mechatronics | Gear reducers, motors, inverters, cryogenic equipment, precision positioning equipment, control components |
| Industrial Machinery | Plastics machinery, film forming machines, precision forgings, semiconductor production equipment, laser processing systems, ion accelerators, medical machines and equipment, forging press machines, machining tools, air-conditioning equipment, defense equipment |
| Logistics & Construction | Hydraulic excavators, mobile cranes, road machinery, material handling systems, logistics systems, automated parking systems |
| Energy & Lifeline | Private power generation facilities, boilers, air pollution control equipment, water and sewage treatment systems, turbines, pumps, pressure vessels, mixing vessels, food processing machinery, ships |

2. Matters Related to Changes in Reporting Segments, etc.

Starting in the current consolidated fiscal year, we have decided to reconfigure businesses across segments to streamline segment management and promote synergies. Specifically, we have reallocated the laser processing systems in the Mechatronics segment to the Industrial Machinery segment, and the cryogenic equipment in the Industrial Machinery segment to the Mechatronics segment. For this reason, the figures for the previous consolidated first half, as outlined in “3. Information on Sales, Profit, and Loss Amounts by Reporting Segment,” have been restated in this document based on the reporting segment categories after the reconfiguration.

3. Information on Sales, Profit, and Loss Amounts by Reporting Segment

The first half of the previous consolidated fiscal year (January 1, 2024 to June 30, 2024)

(Units: millions of yen)

| Item \ Segment | A | B | C | D | Subtotal | Other ¹ | Total | E ² | F ³ |
|--|---------|---------|---------|--------|----------|--------------------|---------|----------------|----------------|
| Net sales | | | | | | | | | |
| Sales to external customers | 126,175 | 105,943 | 196,199 | 88,774 | 517,092 | 3,262 | 520,353 | — | 520,353 |
| Internal sales between segments or exchanges | 1,271 | 726 | 192 | 274 | 2,462 | 1,732 | 4,194 | (4,194) | — |
| Total | 127,446 | 106,669 | 196,391 | 89,048 | 519,554 | 4,994 | 524,547 | (4,194) | 520,353 |
| Segment profit | 6,632 | 4,218 | 17,978 | 3,559 | 32,386 | 951 | 33,337 | (7) | 33,330 |

Segments:

- A: Mechatronics
- B: Industrial Machinery
- C: Logistics & Construction
- D: Energy & Lifelines
- E: Adjustments
- F: Value included on the Interim Consolidated Income Statement

Notes:

1. “Other” represents businesses that are not included in the reporting segments. This includes the Group’s real-estate businesses, software-related business, and other businesses.
2. The segment profit (loss) adjustment of minus JPY7 million is due to the deletion of intersegment transactions.
3. Segment profits have been adjusted as compared to the operating profit recorded in the Interim Consolidated Income Statement.

The first half of the current consolidated fiscal year (January 1, 2025 to June 30, 2025)

(Units: millions of yen)

| Item \ Segment | A | B | C | D | Subtotal | Other ¹ | Total | E ² | F ³ |
|--|---------|---------|---------|--------|----------|--------------------|---------|----------------|----------------|
| Net sales | | | | | | | | | |
| Sales to external customers | 129,350 | 98,176 | 175,424 | 88,263 | 491,213 | 3,414 | 494,627 | — | 494,627 |
| Internal sales between segments or exchanges | 1,123 | 573 | 304 | 1,376 | 3,376 | 1,724 | 5,100 | (5,100) | — |
| Total | 130,473 | 98,749 | 175,728 | 89,638 | 494,589 | 5,138 | 499,727 | (5,100) | 494,627 |
| Segment profit (loss) | 8,607 | (3,033) | 7,928 | 7,039 | 20,542 | 1,117 | 21,659 | (3) | 21,655 |

Segments:

A: Mechatronics

B: Industrial Machinery

C: Logistics & Construction

D: Energy & Lifelines

E: Adjustments

F: Value included on the Interim Consolidated Income Statement

Notes:

1. "Other" represents businesses that are not included in the reporting segments. This includes the Group's real-estate businesses, software-related business, and other businesses.
2. The segment profit (loss) adjustment of minus JPY3 million is due to the deletion of intersegment transactions.
3. Segment profits have been adjusted as compared to the operating profit recorded in the Interim Consolidated Income Statement.

(Subsequent Events of Significant Importance)

There are no applicable items.

III. Supplemental Information

(Orders Received, Sales, and Balance of Orders Received, by Segment)

As described in "1. Summary of Operating Performance, etc. (1) Summary of Operating Performance during the First Half under Review," businesses across segments have been reconfigured starting in the current consolidated fiscal year. For this reason, the figures for the previous consolidated first half and the previous consolidated fiscal year have been restated in this document based on the reporting segment categories after the reconfiguration.

(1) Orders Received

(Units: millions of yen)

| Segment | Previous First Half January 1, 2024 to June 30, 2024 | Present First Half January 1, 2025 to June 30, 2025 | Y/Y Change | |
|--------------------------|--|---|------------|------|
| | Amount | Amount | Amount | % |
| Mechatronics | 121,454 | 132,833 | 11,378 | 9.4 |
| Industrial Machinery | 103,631 | 114,609 | 10,978 | 10.6 |
| Logistics & Construction | 167,187 | 193,593 | 26,406 | 15.8 |
| Energy & Lifelines | 57,714 | 91,107 | 33,393 | 57.9 |
| Others | 3,147 | 3,383 | 236 | 7.5 |
| Total | 453,134 | 535,524 | 82,390 | 18.2 |

(2) Sales

(Units: millions of yen)

| Segment | Previous First Half January 1, 2024 to June 30, 2024 | Present First Half January 1, 2025 to June 30, 2025 | Y/Y Change | |
|--------------------------|--|---|------------|--------|
| | Amount | Amount | Amount | % |
| Mechatronics | 126,175 | 129,350 | 3,175 | 2.5 |
| Industrial Machinery | 105,943 | 98,176 | (7,767) | (7.3) |
| Logistics & Construction | 196,199 | 175,424 | (20,775) | (10.6) |
| Energy & Lifelines | 88,774 | 88,263 | (512) | (0.6) |
| Others | 3,262 | 3,414 | 152 | 4.7 |
| Total | 520,353 | 494,627 | (25,727) | (4.9) |

(3) Balance of Orders Received

(Units: millions of yen)

| Segment | End of Full Year As of December 31, 2024 | End of Present First Half As of June 30, 2025 | Y/Y Change | |
|--------------------------|---|--|------------|-------|
| | Amount | Amount | Amount | % |
| Mechatronics | 90,319 | 93,801 | 3,482 | 3.9 |
| Industrial Machinery | 144,322 | 160,755 | 16,433 | 11.4 |
| Logistics & Construction | 203,478 | 221,647 | 18,169 | 8.9 |
| Energy & Lifelines | 189,713 | 192,557 | 2,845 | 1.5 |
| Others | 1,926 | 1,894 | (31) | (1.6) |
| Total | 629,757 | 670,655 | 40,898 | 6.5 |