1 Introduction 2 3 4 5

Purpose

Enhance society and those within it with compassion through our ownership and vision

The Sumitomo Heavy Industries (SHI) Group has evolved along with the development of society and industry since it was established in 1888 as a machinery production and repair shop for the Besshi Copper Mine, the founding business of the Sumitomo Group. We firmly maintain the Sumitomo Business Philosophy that has been passed down as the principle shared across the Sumitomo Group companies. We are also committed to the SHI Group's Business Priciple to achieve sustainable growth and greater corporate value, thereby meeting stakeholders' expectations.

THE SUMITOMO BUSINESS PHILOSOPHY

Fundamental idea and philosophy

Business Principles

Article 1

Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

Article :

Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.

Our reason for existence

PURPOSE

The Sumitomo Heavy Industries Group defined its reason for existence by unveiling its Purpose in January 2024.

We view our Purpose as a guide in management, bringing together the group's collective strengths for future growth. https://www.shi.co.jp/english/company/purpose/index.html

BUSINESS PRINCIPLE

Our mission

We will aim to become a machinery manufacturer that continues to provide excellent products and services to the world. With integrity being a key principle in the Group, we will contribute towards society by gaining high respect and confidence from all stakeholders.

Our Values

Corporate Mission Statement

Approach to the mission

Customer First

We exceed customer expectations by providing sophisticated efficient products and services, giving the utmost consideration to their needs and requirements.

Embrace Changes

We will continue to drive and embrace changes without accepting the status quo.

Commit to Technology and Innovation

We are passionate about contributing to society by further developing our unique, in-house technologies.

Respect People

We will nurture an organizational climate that fosters mutual respect, tolerance and learning for growth.

Our Ideal State in 2030 and Medium-Term Management Plan 2026

Our Ideal State in 2030

We established our Purpose in January 2024. We have also defined our ideal state we should achieve by 2030 as "a company that contributes to an affluent society through core technologies and realizes CSV." We have set financial and non-financial targets in line with this vision. To achieve the financial targets, we have set up four key investment areas based on our core technologies, while strengthening the revenue bases for our existing businesses.

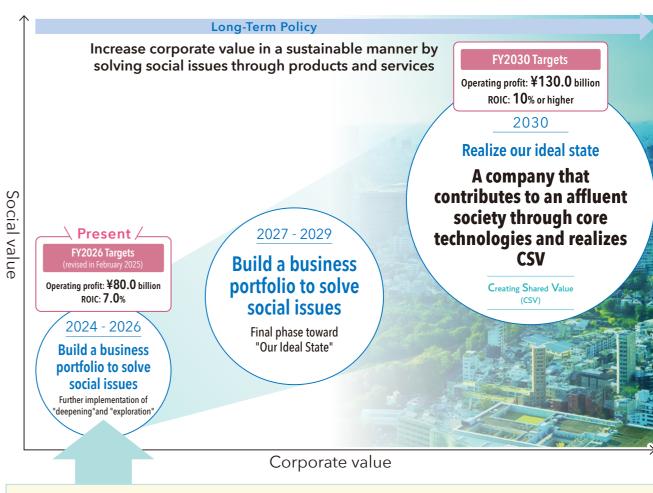
Purpose Enhance society and those within it with compassion through our ownership and vision

While strengthening the revenue bases for the existing businesses, we will achieve growth in the following key investment areas based on core technologies in the four segments, thereby aiming to create new value and improve corporate value.

[Key investment areas]
Robotics / automation
Semiconductors
Advanced medical devices
Environment / energy

Financial and non-financial targets are established to maximize our corporate and social values.

The financial targets are set to achieve profitability that continuously surpasses capital costs.



Basic policy		Develop a robust entity				Improve profitability, enhance	
Key	1	Improve profitability	Strengthen profitability through deepening, and implement a management approach that prioritizes profit	Deepening	Basic st	capital efficiency, and strengthen exploration from both corporate and segment perspectives	
issues	2	Enhance capital efficiency	Thoroughly implement an ROIC-based management approach		strategy	Corporate	Segment
es	3	Strengthen new business exploration	Identify business opportunities through exploration	Exploration	у	strategy	strategy

Introduction

Introduction by Representative Directors



Upon Publication of Integrated Report 2025

The Sumitomo Heavy Industries Group published its first annual report in the 1970s. Since 2017, we have been publishing an integrated report. With each publication, we have endeavored to ensure that the report serves as an effective tool for communicating with stakeholders and helping them understand who we are and what we do as a company. We have not only incorporated the opinions and requests we received from shareholders and investors into our management but have also used them to enhance our information disclosure.

Currently, based on the Purpose established in January 2024, we are working to advance the business operation geared to achieving the goals set in the Medium-Term Management Plan 2026 ("MTMP 2026"), which has been developed through backcasting from our ideal state in 2030, which is our long-term vision. Integrated Report 2025 illustrates our progress toward the vision, and why we have revisited the targets set in MTMP 2026 and what new measures have been added, taking into consideration the changing business environment. It also presents our aspirations to achieve the goals, along with the details of our business strategies. Moreover, it describes the various sustainability activities that we engage in to improve our social value, as well as the state that we are currently in and our future outlook. In particular, from our Integrated Report 2024 onwards, we would like to communicate the financial and social value we aim to achieve by strengthening our disclosure of how our material issues of sustainability are linked to the business strategies and performance of each segment, as well as the status of implementation of measures on both fronts.

We hope that this report will help deepen your understanding of the SHI Group.

Editorial Policy and Contents

CONTENTS

Introduction

- 1 | Purpose
- Our Ideal State in 2030 and Medium-Term Management Plan 2026
- Introduction by Representative Directors
- **Editorial Policy and Contents**
- Products from SHI Group Providing Support for
- Timeline of Our Business Portfolio
- History of Our Medium-Term Management Plan

Value Creation Story

- 9 | Message from the President
- 15 Value Creation Process
- Sumitomo Heavy Industries Group's Value
- 19 | Seven Material Issues of Sustainability

Growth Strategy

- 21 | Medium-Term Management Plan 2026
- Financial Capital / Message from the CFO
- Intellectual Capital / Message from the General Manager, Corporate Technology Management Group
- DX Strategy
- 35 Manufacturing Capital
- Highlights of Our Segments
- Mechatronics Segment
- Industrial Machinery Segment
- Logistics & Construction Segment
- **Energy & Lifeline Segment**

Sustainability

- 47 | Environmental Initiatives
- Addressing Climate Change Risks
- Information Disclosure based on the TCFD Recommendations
- Initiatives for Biodiversity Conservation and Natural Capital
- Interview with General Manager of the Human Resources Group
- 55 Our Human Resource Strategy
- Human Rights
- 59 Responsible Procurement
- Stakeholder Engagement and Coexistence and Co-prosperity with Local Communities

Corporate Governance

- Interviews with Outside Directors
- Corporate Governance System
- Necessary Attributes of the Board of Directors and Composition of each committee in 2025; Reasons for Selection of Necessary Attributes of the Board of Directors; Executive Officers
- Message from Board Chair
- Officers' Remuneration and Succession Plan
- Evaluation of Effectiveness of the Board of Directors and Board of Corporate Auditors
- Sustainability-oriented Management 72
- Risk Management
- Compliance 74

Corporate Data

- | Eleven-Year Summary and Key Financial Data
- Non-Financial Key Data
- Corporate Data and Stock-Related Information

Positioning of Integrated Report 2025

Integrated Report 2025

Corporate Information

82 Recognition from External Organizations

Editorial Policy

The Sumitomo Heavy Industries Group (SHI Group) published an Integrated Report for FY2017 in lieu of the Annual Report that it had published since the 1970s. Integrated Report 2025 contains reports on financial information as well as the SHI Group's unique strengths and the sources of its medium- to long-term growth with the aim of deepening understanding among stakeholders, including shareholders and investors. Please refer to our website for detailed information and figures related to financial data (including Securities Reports) and non-financial data (such as sustainability data).

This report covers Sumitomo Heavy Industries, Ltd. and 141 consolidated subsidiaries (36 in Japan, 105 overseas). Context changes are duly noted in the text.

This report covers FY2024(January 1,2024~December 31, 2024), with the exception of one overseas subsidiary. Some content makes references to dates outside of this time period.

Reference Guidelines

- "International Integrated Reporting Framework," IFRS Foundation
- GRI Standards
- "WICI Intangibles Reporting Framework Version 1.0," World Intellectual Capital Initiative
- "Guidance for Collaborative Value Creation," METI of Japan



"To Our Shareho





Cautionary Note Concerning Forward-Looking Statements

This report includes forward-looking statements regarding the future performance of Sumitomo Heavy Industries, Ltd. These forward-looking statements are based on information currently available to the Company and determined subjectively. All information contained herein is subject to changes in actual business performance.

Introduction

Products from SHI Group Providing Support for Society

In daily life scenes such as office buildings, condominium buildings, and commercial facilities, and in industrial activity scenes such as port facilities, construction sites, factories, and warehouses. You can find the products of the SHI Group, which are classified into four segments, actively working around you.















Food Factory

Gear Reducer

Gear reducers that decrease the rotation rate of motors to an appropriate speed and increase their torque are used in a variety of applications, including elevators, escalators, industrial robots, and factory production lines.



Semiconductor Factory

Ion Implanter

This is one of the most important pieces of equipment used to manufacture the semiconductors installed in the electrical products around us, such as smartphones and household appliances. We support the manufacturing process with cutting-edge technologies that facilitate the miniaturization of semiconductors.



Office (Smartphone, PC)

Plastic Injection Molding Machines

Plastic injection molding machines excel at ultra-precise and difficult molding. They are used to mold plastic products that are indispensable to daily life. These products include electronic parts, such as CDs, DVDs, PCs, and smartphones, as well as lenses, switches, medical parts, and



Hospital

Cryocoolers for Medical MRI

This equipment can cool down to -269°C by compressing and expanding helium gas. Cryocoolers for medical MRIs dominate the global cryocooler market with a share of more than 90%.



Hospital

Proton Therapy Device

This device uses the properties of proton beams to deliver an adequate dose of radiation directly to cancerous tissue. Proton therapy has been used to treat various diseases and is gaining popularity in Japan and abroad.



Offshore Wind Power Generation

Foundation Structures of Offshore Wind Power Generation

In recent years, as awareness of climate change measures has grown, we have been proactively expanding into the clean energy sector. Leveraging our large-scale docks, we are developing and commercializing foundation structures for offshore wind power facilities and related vessels.



Biomass Power Plant

Circulating Fluidized Bed (CFB) Boiler Power Plant

In addition to coal, biomass fuel, which includes plant-derived fuels such as unused trees (thinned wood) and coconut shells, is used to generate electricity at high efficiency and reduce



Logistics Warehouse

Logistics System

The system can manage a series of processes, from inventory control via tags and barcodes to shipping. This contributes to labor savings, work safety, and efficiency.



For more information, see page [Logistics & Construction Segment] (P43)

Construction Site

Hydraulic Excavators

Our excavators offer high performance, quality, and safety features through our proprietary technology. They are used in a wide range of fields, including maintaining lifelines indispensable to our daily lives and infrastructure such as transportation and communication networks.



For more information, see page [Logistics & Construction Segment] (P43)

Harbor

Rubber Tired Gantry crane

These self-propelled cranes are used to transport containers at ports and harbors. The remotely-controlled, automated RTG system allows an operator to control and monitor the crane from a remote control roo away from the container yard.

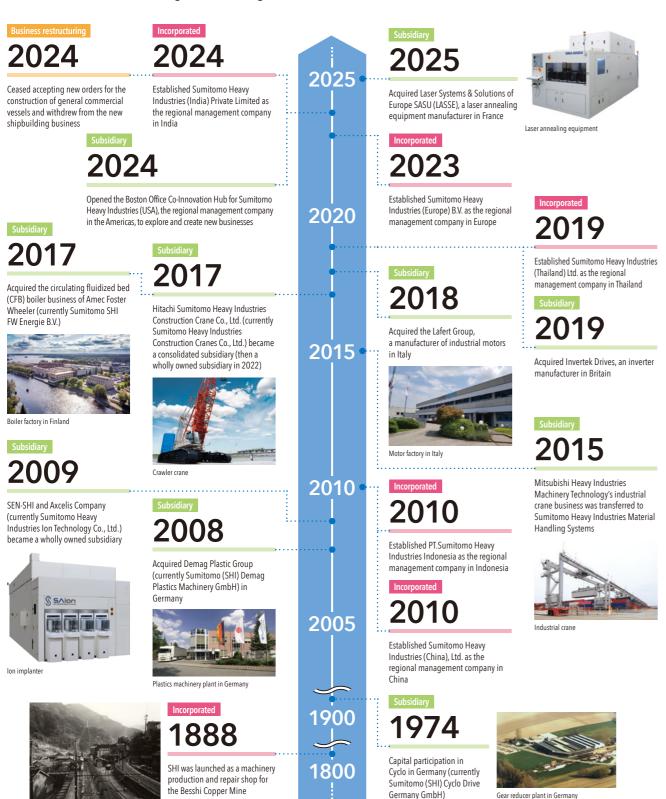


For more information, see page [Logistics & Construction Segment] (P43)

Introduction

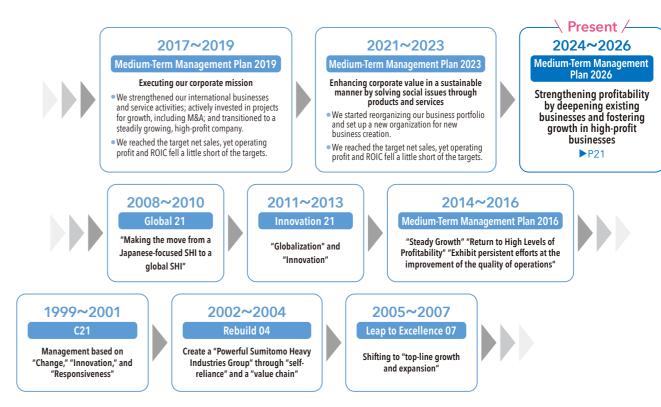
Timeline of Our Business Portfolio

The SHI Group has addressed customer and societal challenges through its products and services, building on its heritage as a core manufacturing company of the Sumitomo Group. We have set out to reform our business portfolio in accordance with the Medium-Term Management Plan 2026 that started in FY2024, allocating our management resources mostly to the four key investment areas in order to expand our businesses. We will also implement drastic measures to improve the profitability of businesses experiencing a profit slump, while reforming the structures of businesses that need rebuilding of their strategies.

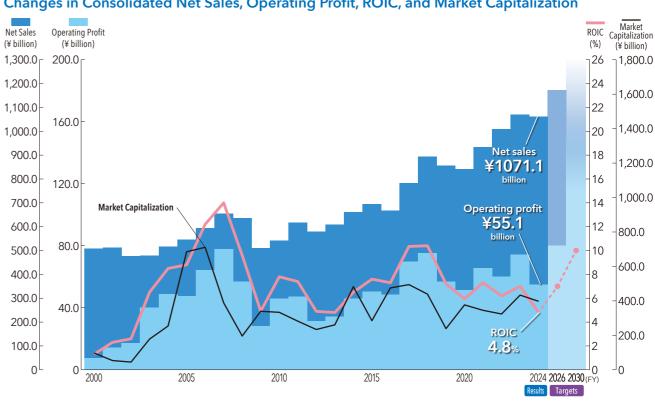


History of Our Medium-Term Management Plan

Consolidated net sales of the SHI Group have been on a growing trend, setting new record highs, while operating profit and ROIC have been showing little growth. The current medium-term plan focuses on strengthening our profitability to implement an ROIC-based management approach that prioritizes profit and to explore business opportunities. We plan to continue the efforts into the next medium-term plan as we work toward the ideal state we want to achieve by 2030.



Changes in Consolidated Net Sales, Operating Profit, ROIC, and Market Capitalization



Sumitomo Heavy Industries, Ltd. / Integrated Report 2025 Sumitomo Heavy Industries, Ltd. / Integrated Report 2025