

# Financial Summary for Q2 FY2024 and Projections for FY2024

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2024/8/7



President Shinji Shimomura

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Plan 2026 (MTMP26)**

# 01

## Financial Summary for Q2 FY2024

## 01

## Financial Summary for FY2024-2Q

<p><b>Actual FY2024-2Q</b> /Same period of previous fiscal year (after adjustment), (change)</p>	<p><b>Orders: JPY453.1 billion / 512.7 billion (59.5) billion</b></p> <hr/> <p><b>Net sales: JPY520.4 billion / 510.1 billion 10.3 billion</b></p> <hr/> <p><b>Operating profit: JPY33.3 billion / 30.7 billion 2.7 billion</b></p>
<p><b>Year-on-year comparison</b></p>	<p>- Market environment: In Japan, signs of hesitancy were observed in the semiconductor market's recovery Europe continued to experience deterioration due to monetary tightening In China, demand remained sluggish, impacting even Southeast Asia</p> <p>- Orders : Decreased due to inventory adjustment in hydraulic excavators, a drop in demand for semiconductor-related products, and other factors.</p> <p>- Net sales : Increased year on year because our overall performance improved due to foreign exchange gains and backlog of orders led to sales increases in Logistics &amp; Construction and Energy &amp; Lifeline, although reductions were observed in Mechatronics and Industrial Machinery.</p> <p>- Operating profit : Increased year on year due to an increase in sales and foreign exchange profit.</p>

## 01

## Financial Summary for FY2024-2Q

Unit: JPY billion	FY2023			FY2024			Change (1H FY2024 - 1H FY 2023)
	Actual 1Q (Jan-Mar)	Actual 2Q (Apr-Jun)	Actual 1H	Actual 1Q (Jan-Mar)	Actual 2Q (Apr-Jun)	Actual 1H	
Orders	260.0	252.7	512.7	221.1	232.0	453.1	(59.5)
Net sales	248.2	261.8	510.1	254.8	265.5	520.4	10.3
Operating profit	16.2	14.5	30.7	18.4	14.9	33.3	2.7
Operating profit ratio	6.5%	5.5%	6.0%	7.2%	5.6%	6.4%	-
Ordinary profit	16.4	16.5	32.9	18.8	15.1	33.9	1.0
Ordinary profit ratio	6.6%	6.3%	6.4%	7.3%	5.7%	6.5%	-
Extraordinary loss	(0.1)	(0.2)	(0.3)	(0.2)	(0.2)	(0.4)	(0.1)
Current profit	10.8	11.7	22.5	13.6	9.9	23.5	1.0
Current profit ratio	4.4%	4.5%	4.4%	5.3%	3.7%	4.5%	-
Dividend per share			JPY60			JPY60	-
Currency exchange rate (US dollars)			¥ 136			¥ 154	-

## 01

## Performance by Segment for FY2024-2Q

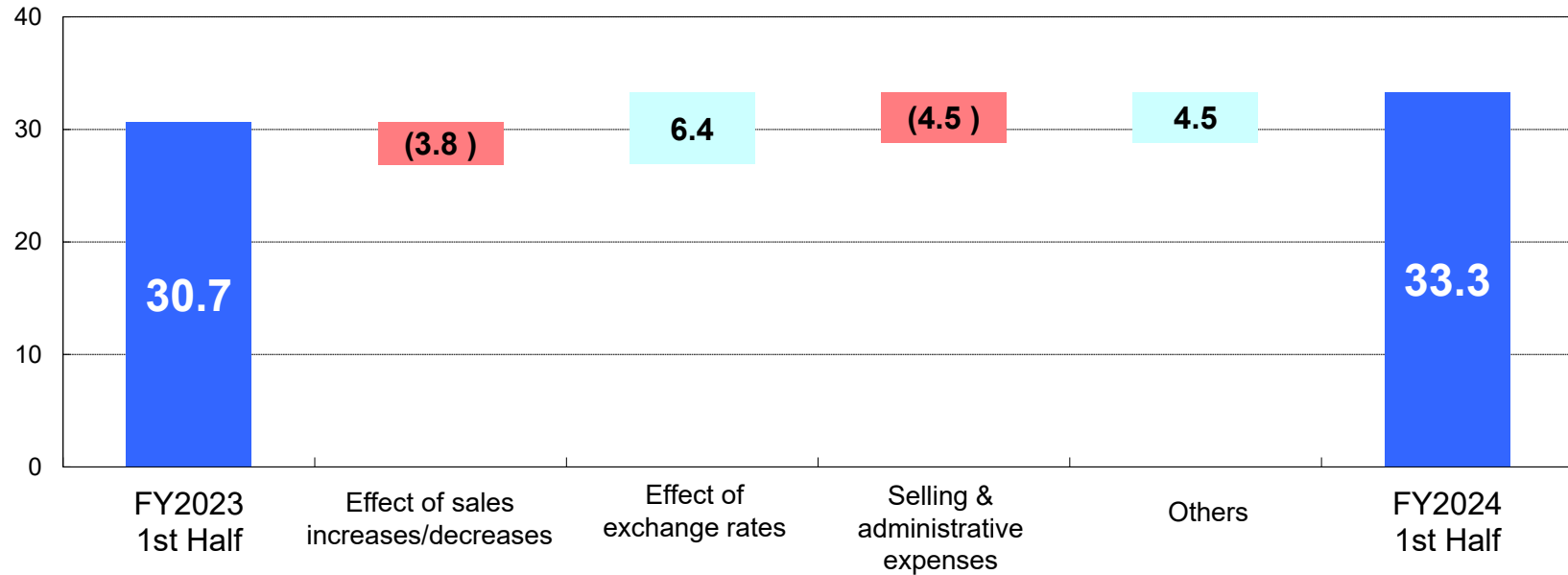
Unit: JPY billion

	Orders			Net sales			Operating profit				
	1H FY2023 Actual	1H FY2024 Actual	Change	1H FY2023 Actual	1H FY2024 Actual	Change	1H FY2023 Actual /Operating profit ratio (%)		1H FY2024 Actual /Operating profit ratio (%)		Change
<b>Mechatronics</b>	<b>105.7</b>	<b>98.7</b>	<b>(7.0)</b>	<b>106.9</b>	<b>101.0</b>	<b>(5.9)</b>	<b>5.8</b>	5.5	<b>1.8</b>	1.8	<b>(4.0)</b>
(Plastics machinery)	43.2	41.4	(1.8)	50.9	42.3	(8.6)					
(Others)	97.3	85.0	(12.3)	83.0	88.8	5.8					
<b>Industrial Machinery</b>	<b>140.5</b>	<b>126.4</b>	<b>(14.1)</b>	<b>133.9</b>	<b>131.1</b>	<b>(2.8)</b>	<b>11.2</b>	8.4	<b>9.1</b>	6.9	<b>(2.2)</b>
(Hydraulic excavators)	113.0	77.1	(35.9)	112.5	113.0	0.5					
(Others)	84.1	90.1	5.9	72.4	83.2	10.9					
<b>Logistics &amp; Construction</b>	<b>197.2</b>	<b>167.2</b>	<b>(30.0)</b>	<b>184.9</b>	<b>196.2</b>	<b>11.3</b>	<b>12.3</b>	6.7	<b>18.0</b>	9.2	<b>5.6</b>
<b>Energy &amp; Lifeline</b>	<b>66.4</b>	<b>57.7</b>	<b>(8.6)</b>	<b>81.3</b>	<b>88.8</b>	<b>7.4</b>	<b>0.4</b>	0.5	<b>3.6</b>	4.0	<b>3.2</b>
<b>Others</b>	<b>2.9</b>	<b>3.1</b>	<b>0.2</b>	<b>3.0</b>	<b>3.3</b>	<b>0.2</b>	<b>0.9</b>	-	<b>0.9</b>	-	<b>0</b>
<b>Total</b>	<b>512.7</b>	<b>453.1</b>	<b>(59.5)</b>	<b>510.1</b>	<b>520.4</b>	<b>10.3</b>	<b>30.7</b>	6.0	<b>33.3</b>	6.4	<b>2.7</b>

## 01

## Analysis of Changes in Operating Profit for FY2024-2Q

Unit: JPY billion



## &lt;Effect of changes in sales by segment&gt;

Unit: JPY billion

Mechatronics	(3.7)
Industrial Machinery	(0.6)
Logistics & Construction	0.2
Energy & Lifeline	0.3

## &lt;Selling &amp; administrative expenses&gt;

- Personnel costs, R&amp;D expenditures, etc., increased

## &lt;Others&gt;

- Improvements in the ship business: increase of JPY2.4 billion

## 01

## Consolidated Balance Sheet

Unit: JPY billion	December 2023	June 2024	Change	Unit: JPY billion	December 2023	June 2024	Change
<b>Current Assets</b>	<b>748.3</b>	<b>779.7</b>	<b>31.4</b>	<b>Liabilities</b>	<b>573.4</b>	<b>589.4</b>	<b>16.0</b>
Cash and deposits	104.5	103.9	(0.6)	Notes and accounts payable - trade	180.8	170.0	(10.9)
Notes and accounts receivable	289.9	276.5	(13.4)	Interest-bearing debts	162.2	195.6	33.4
Inventories	321.1	364.1	43.0	Others	230.3	223.9	(6.5)
Others	32.9	35.2	2.3	<b>Net Assets</b>	<b>627.5</b>	<b>667.4</b>	<b>39.9</b>
<b>Non-current Assets</b>	<b>452.6</b>	<b>477.1</b>	<b>24.5</b>	Shareholders' equity	488.5	494.6	6.1
Property, plant and equipment	330.0	350.0	19.9	Accumulated other comprehensive income	131.3	165.7	34.4
Intangible assets	45.6	48.4	2.8	Non-controlling interests	7.7	7.1	(0.6)
Investments and other assets	77.0	78.7	1.8	<b>Total liabilities and net assets</b>	<b>1,200.9</b>	<b>1,256.8</b>	<b>55.9</b>
<b>Total</b>	<b>1,200.9</b>	<b>1,256.8</b>	<b>55.9</b>	Net interest-bearing debts ratio	4.8%	7.3%	2.5%
				Shareholders' equity ratio	51.6%	52.5%	0.9%



## 01

## Consolidated Cash Flows Statement

Unit: JPY billion

Item	1H FY2024
<b>Operating Activities</b>	<b>11.7</b>
Profit before income taxes	33.5
Depreciation & amortization	18.6
Working capital	(22.9)
Other (such as taxes)	(17.5)
<b>Investing Activities</b>	<b>(23.8)</b>
<b>(Free Cash Flows)</b>	<b>(12.1)</b>
<b>Financing Activities</b>	<b>8.6</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>0.1</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>100.3</b>

	FY2019	FY2020	FY2021	FY2022	FY2023	1H FY2024
Free cash flow (JPY billion)	(21.5)	20.4	12.0	(15.9)	22.1	(12.1)
Debt repayment term (years)*1	3.4	1.9	1.8	7.5	2.5	
Interest coverage ratio (times)*2	30.5	66.2	81.8	20.0	27.1	

\*1 Interest-bearing debts / cash flows from operating activities

\*2 Cash flows from operating activities / interest expenses

# 02

## Performance Forecast for FY2024

## 02

## Performance Forecast for FY2024

**Forecast FY2024**

/Previous forecast (as of  
February 2024),  
(change)

**Orders : JPY1,030.0 billion / 1,120.0 billion (90.0) billion**

**Net sales : JPY1,070.0 billion / 1,110.0 billion (40.0) billion**

**Operating profit : JPY 65.0 billion / 70.0 billion (5.0) billion**

**Change from  
previous forecast  
(as of February 2024)**

- Orders : Expected to decrease due to inventory adjustments of hydraulic excavators in North America, a decline in energy plant projects and a delay in the recovery of the semiconductor-related market
- Net sales : Expected to decrease mainly in Logistics & Construction due to a decline in orders
- Operating profit : Expected to decrease due to a decline in sales, although exchange rate fluctuations are projected to have a positive effect

**Topics and  
market condition  
recognition**

- In Japan, market conditions in some business range are expected to recover, but the pace of recovery will be slower than anticipated, and some businesses will continue to experience sluggishness. While the North American economy is projected to see strong capital investment, the Chinese economy is expected to continue experiencing sluggishness due to an economic slowdown. Europe will not be able to emerge from the economic stagnation resulting from monetary tightening and will continue to face weak demand.
- There are concerns about a slowdown in economic growth due to the monetary policies of different countries in addition to uncertainties resulting from geopolitical risks

## 02

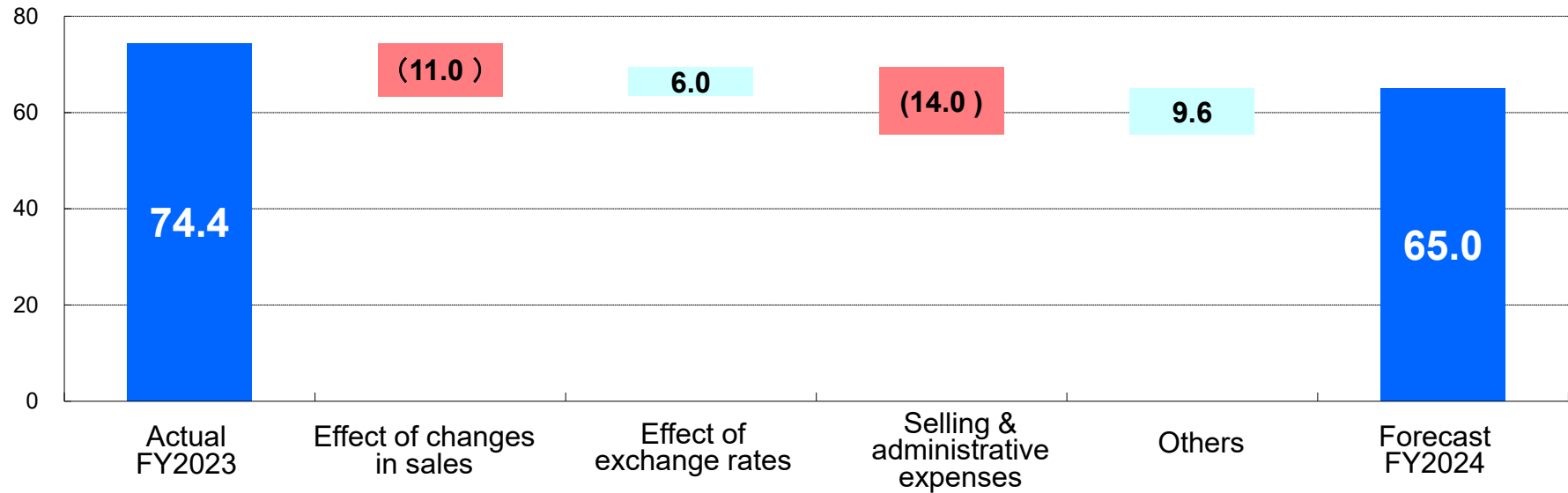
## Performance Forecast for FY2024

Unit: JPY billion	1H FY2023 Actual (2023.1-2023.6)	1H FY2024 Actual (2024.1-2024.6)	Actual FY2023 (2023.1-2023.12)	(Reference) Forecast FY2024 (As of February 2024) (2024.1-2024.12)	Forecast FY2024 (As of August 2024) (2024.1-2024.12)
Orders	512.7	453.1	1,008.7	1,120.0	1,030.0
Net sales	510.1	520.4	1,081.5	1,110.0	1,070.0
Operating profit	30.7	33.3	74.4	70.0	65.0
Operating profit ratio	6.0%	6.4%	6.9%	6.3%	6.1%
Ordinary profit	32.9	33.9	70.2	66.0	61.0
Ordinary profit ratio	6.4%	6.5%	6.5%	5.9%	5.7%
Extraordinary loss	(0.3)	(0.4)	(18.8)	(5.0)	(5.0)
Current profit	22.5	23.5	32.7	41.0	38.0
Current profit ratio	4.4%	4.5%	3.0%	3.7%	3.6%
Dividend per share	JPY60	JPY60	JPY120	JPY125	JPY125
Total return ratio			44.9%	61.7%	65.9%
ROIC (after Tax)			7.0%	6.2%	5.6%
[Ref.] ROE			5.5%	6.5%	6.0%
Currency exchange rate (US dollars)	¥136	¥154	¥139	¥135	¥145

## 02

## Analysis of Changes in Operating Profit for FY2023/2024

Unit: JPY billion



## &lt;Effect of sales increases by segment&gt;

Unit: JPY billion

Mechatronics	(5.0)
Industrial Machinery	(1.0)
Logistics & Construction	(4.0)
Energy & Lifeline	(1.0)

## &lt;Selling &amp; administrative expenses&gt;









Personnel costs, R&amp;D expenditures, etc., increased

## &lt;Others&gt;

Improvements in the ship business: increase of JPY2.5 billion

## 02

## FY2024 Business Environment Forecast

Product/sector	Aug 2024 forecast	Situation
Gear reducers		In Japan, the order environment is expected to be on a gradual recovery trend. The Chinese market will also continue to be sluggish In Europe, a recovery is expected in the second half, although inventory adjustments by customers in the electric control field are projected to be prolonged.
Plastics machinery		Recovery in the electric and electronic product sector and other areas of the Chinese market will be slower than expected. Europe is expected to continue experiencing sluggishness In general, demand is expected to start recovering in the second half.
Hydraulic excavators		Rental customers in Japan and North America will remain cautious about placing new orders. The retail business will also show a lack of strength The markets of Europe, Latin America and China will continue to be sluggish.
Mobile cranes		In Japan, demand is experiencing a gradual slowdown. The North American market will be strong.
Industrial crane		The business will see strength due to demand for replacements from power companies, steelmakers, and shipbuilders in Japan, as well as demand for minimizing labor in port material handling.
Energy plants		The acceleration of decarbonization has increased demand for fuel conversion, such as biomass. However, projects have been postponed or canceled one after another due to yen depreciation, rising fuel costs, and other factors.
Semiconductor-related		In general, semiconductor-related market conditions have bottomed out and are on a recovery trend. However, the recovery of demand for our products is slower than expected. Demand for memory products will see an uptick, but power semiconductor customers will continue to postpone investments.
Automobile-related		In general, the automobile-related market conditions are expected to continue on a recovery trend, but have still not reached pre-COVID levels. Demand for conversion to EVs is currently slowing.

## 02

## Performance Forecast by Segment for FY2024

		Orders			Net sales			Operating profit					
		Actual 1H FY2024	(Reference) Forecast FY2024 (As of February 2024)	Forecast FY2024 (As of August 2024)	Actual 1H FY2024	(Reference) Forecast FY2024 (As of February 2024)	Forecast FY2024 (As of August 2024)	Actual 1H FY2024 /Operating profit ratio (%)		(Ref.) Forecast FY2024 (As of February 2024) /Operating profit ratio (%)		Forecast FY2024 (As of August 2024) /Operating profit ratio (%)	
Unit: JPY billion													
Mechatronics		98.7	221.0	210.0	101.0	213.0	210.0	1.8	1.8	10.0	4.7	7.5	3.5
	(Plastics machinery)	41.4	102.5	95.0	42.3	95.0	90.0						
	(Others)	85.0	184.5	180.0	88.8	190.0	190.0						
Industrial Machinery		126.4	287.0	275.0	131.1	285.0	280.0	9.1	6.9	26.0	9.1	22.0	7.9
	(Hydraulic excavators)	77.1	260.0	200.0	113.0	271.0	235.0						
	(Others)	90.1	159.0	170.0	83.2	157.0	160.0						
Logistics & Construction		167.2	419.0	370.0	196.2	428.0	395.0	18.0	9.2	31.5	7.4	31.0	7.9
Energy & Lifeline		57.7	189.0	170.0	88.8	181.0	181.0	3.6	4.0	1.0	0.6	2.0	1.1
Others		3.1	4.0	5.0	3.3	3.0	4.0	0.9	-	1.5	-	2.5	-
Total		453.1	1,120.0	1,030.0	520.4	1,110.0	1,070.0	33.3	6.4	70.0	6.3	65.0	6.1

## 02

## Mechatronics

**1H FY2024:** While the Japanese market for small-to-medium-sized gear reducers was strong, China continued to be sluggish.

For motors and inverters, orders, sales and operating profit all decreased due to lower demand attributable to inventory adjustments by customers in Europe.

**FY2024 :** Orders are expected to increase, assuming that demand in Europe and China will begin to recover in the second half. Sales and operating profit are projected to decline due primarily to the impact of inventory adjustments of electric control products in Europe.

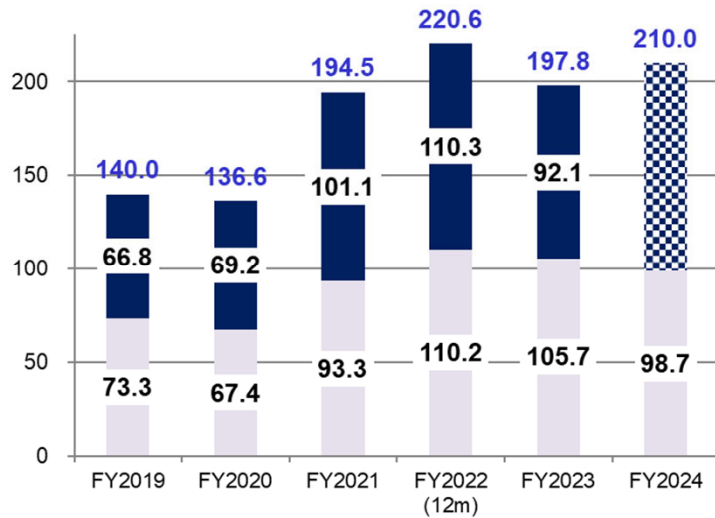
	FY2023		FY2024				Change (1H FY2024 - 1H FY 2023)
	Actual 1H (23.1-23.6)	Actual (23.1-23.12)	Actual 1H (24.1-24.6)	(Ref.) Forecast FY2024 (As of February 2024) (24.1-24.12)	Forecast August 2024 (24.1-24.12)	Estimated change	
Unit: JPY billion							
Orders	105.7	197.8	98.7	221.0	210.0	(11.0)	(7.0)
Net sales	106.9	220.0	101.0	213.0	210.0	(3.0)	(5.9)
Operating profit	5.8	12.4	1.8	10.0	7.5	(2.6)	(4.0)
Operating profit ratio (%)	5.5	5.6	1.8	4.7	3.5	-	-
Backlog of orders		95.4	93.0				



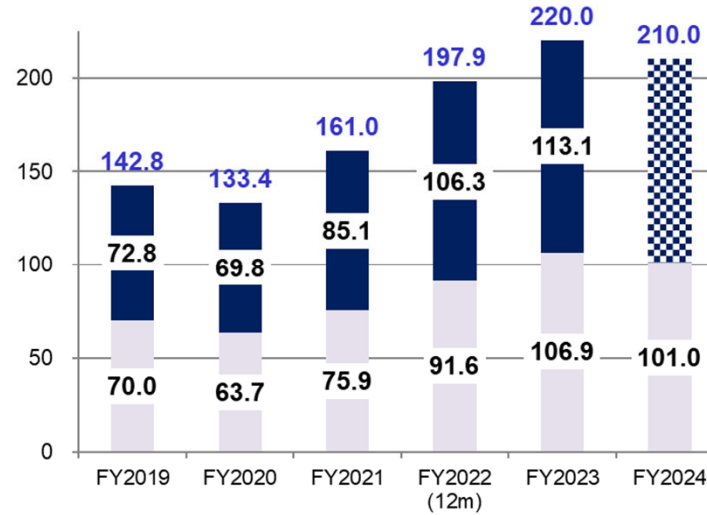
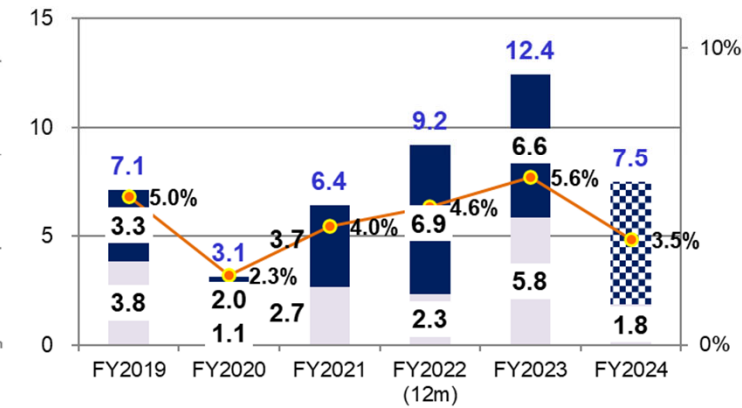
## 02

## Mechatronics

Orders



Net sales

Operating profit (left scale)  
Profit ratio (right scale)Unit: JPY billion  


## &lt;Reference&gt; - Gear reducers Sales contribution ratio by model (approximate numbers)

	Gear motor (middle size)	Gear box (large size)	For use in precision equipment (MCD)	Service	Electric control	Total
1H FY2024	40%	20%	10%	10%	20%	100%
FY2023	40%	20%	10%	10%	20%	100%
FY2022	40%	20%	10%	10%	20%	100%

## 02

## Industrial Machinery

## &lt;Plastics machinery&gt;

**1H FY2024:** Orders, sales and operating profit all decreased due to a slowdown in demand centering on electric and electronics-related products in China and continuing sluggish investment in Europe.

**FY2024 :** Orders are expected to increase from the second half as the market recovers, particularly in China and Japan. Sales and operating profit will decline due to a decrease in orders.

## &lt;Others&gt;

**1H FY2024:** Orders declined due partly to inventory adjustment and investment postponement by customers, which were caused by the sluggishness of semiconductor market conditions.

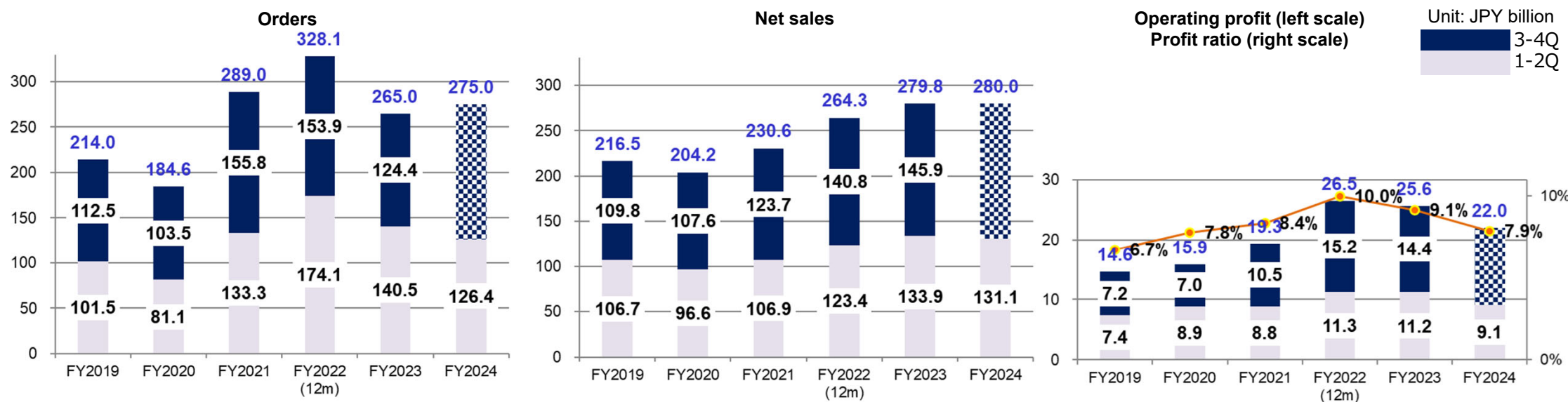
Sales and operating profit saw an increase due partly to a substantial backlog of orders.

**FY2024 :** Orders and sales are expected to increase as the semiconductor market bottoms out in the second half. Operating profit is expected to decrease due to changes in model configuration and an increase in fixed costs.

Unit: JPY billion	FY2023		FY2024				Change (1H FY2024 - 1H FY 2023)
	Actual 1H (23.1-23.6)	Actual (23.1-23.12)	Actual 1H (24.1-24.6)	(Ref.) Forecast FY2024 (As of February 2024) (24.1-24.12)	Forecast August 2024 (24.1-24.12)	Estimated change	
Plastics machinery	43.2	89.3	41.4	102.5	95.0	(7.5)	(1.8)
Others	97.3	175.6	85.0	184.5	180.0	(4.5)	(12.3)
<b>Orders</b>	<b>140.5</b>	<b>265.0</b>	<b>126.4</b>	<b>287.0</b>	<b>275.0</b>	<b>(12.0)</b>	<b>(14.1)</b>
Plastics machinery	50.9	97.1	42.3	95.0	90.0	(5.0)	(8.6)
Others	83.0	182.8	88.8	190.0	190.0	0	5.8
<b>Net sales</b>	<b>133.9</b>	<b>279.8</b>	<b>131.1</b>	<b>285.0</b>	<b>280.0</b>	<b>(5.0)</b>	<b>(2.8)</b>
<b>Operating profit</b>	<b>11.2</b>	<b>25.6</b>	<b>9.1</b>	<b>26.0</b>	<b>22.0</b>	<b>(4.0)</b>	<b>(2.2)</b>
<b>Operating profit ratio (%)</b>	<b>8.4</b>	<b>9.1</b>	<b>6.9</b>	<b>9.1</b>	<b>7.9</b>	<b>-</b>	<b>-</b>
<b>Backlog of orders</b>		<b>184.2</b>	<b>179.4</b>				

## 02

## Industrial Machinery



<Reference> - Sales mix of injection molding machines by segment (approximate numbers)

	Electric and electronic product-related	Automobile	Medical care, foods, containers, miscellaneous goods	Others	Total
1H FY2024	20%	20%	50%	10%	100%
FY2023	15%	20%	55%	10%	100%
FY2022	20%	15%	50%	15%	100%

- Business performance for semiconductor production equipment (ion implanters) (approximate numbers)

	Actual FY2022	FY2023		FY2024	
		Actual 1H	Actual	Actual 1H	Forecast
Orders	66.0	35.0	55.0	18.2	39.5
Sales	50.0	21.0	51.0	26.7	54.0

Unit: JPY billion

## 02

## Logistics &amp; Construction

## &lt;Hydraulic excavators&gt;

1H FY2024

: Orders decreased due partly to the absence of the previous fiscal year's surge in orders before the price revisions in Japan, and a decline in response to a significant number of advance orders in the U.S. during the previous fiscal year.

Sales increased due to foreign exchange gains, although the number of units sold declined in the US. Operating profit increased in part due to price revisions in Japan.

FY2024

&lt;Others&gt;

: Orders and sales are expected to decrease due to inventory adjustments in the U.S. Operating profit will increase due to lower fixed costs and favorable exchange rates.

1H FY2024

: Mobile cranes saw increases in all of orders, sales, and operating profit because demand remained strong in both North America and Japan.

For industrial cranes, orders increased due to large-scale projects for iron manufacturing and shipbuilding. Sales and operating profit remained unchanged from the previous year.

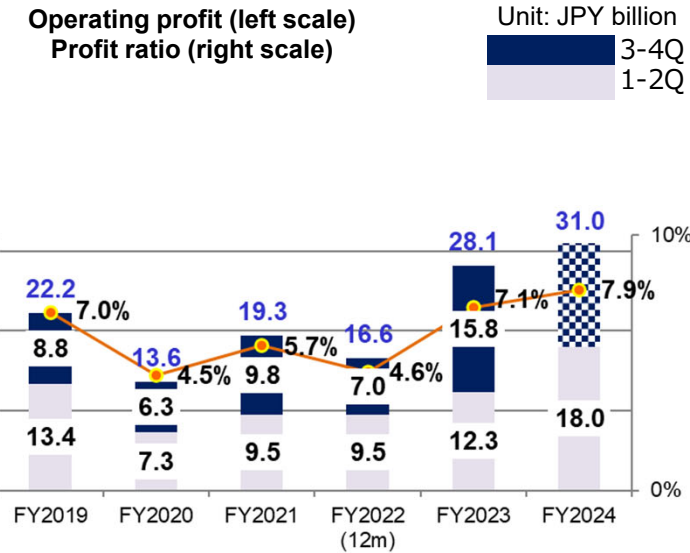
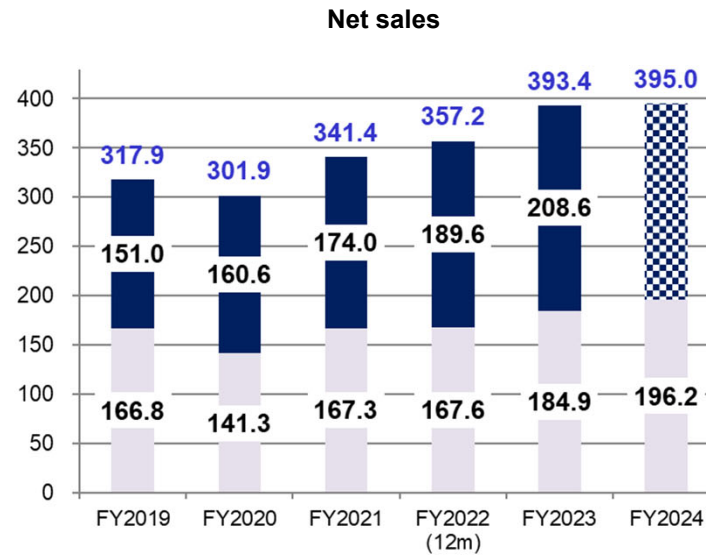
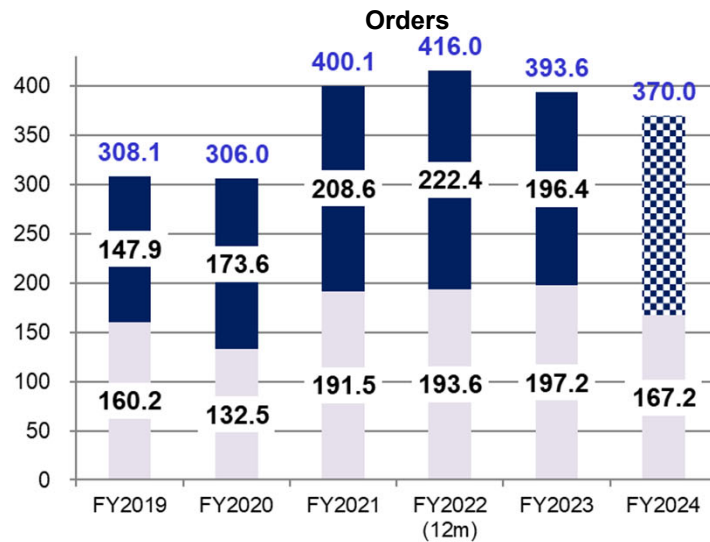
FY2024

: Orders are expected to decrease due to a reduction in projects for industrial cranes. Sales and operating profit will increase as there is a rise in demand for mobile cranes in North America.

	FY2023		FY2024				Change (1H FY2024 - 1H FY2023)
	Actual 1H (23.1-23.6)	Actual (23.1-23.12)	Actual 1H (24.1-24.6)	(Ref.) Forecast FY2024 (As of February 2024) (24.1-24.12)	Forecast August 2024 (24.1-24.12)	Estimate d change	
Unit: JPY billion							
Hydraulic excavators	113.0	212.5	77.1	260.0	200.0	(60.0)	(35.9)
Others	84.1	181.1	90.1	159.0	170.0	11.0	5.9
<b>Orders</b>	<b>197.2</b>	<b>393.6</b>	<b>167.2</b>	<b>419.0</b>	<b>370.0</b>	<b>(49.0)</b>	<b>(30.0)</b>
Hydraulic excavators	112.5	242.4	113.0	271.0	235.0	(36.0)	0.5
Others	72.4	151.0	83.2	157.0	160.0	3.0	10.9
<b>Net sales</b>	<b>184.9</b>	<b>393.4</b>	<b>196.2</b>	<b>428.0</b>	<b>395.0</b>	<b>(33.0)</b>	<b>11.3</b>
<b>Operating profit</b>	<b>12.3</b>	<b>28.1</b>	<b>18.0</b>	<b>31.5</b>	<b>31.0</b>	<b>(0.5)</b>	<b>5.6</b>
<b>Operating profit ratio (%)</b>	<b>6.7</b>	<b>7.1</b>	<b>9.2</b>	<b>7.4</b>	<b>7.9</b>	<b>-</b>	<b>-</b>
<b>Backlog of orders</b>		<b>261.4</b>	<b>232.4</b>				

## 02

## Logistics &amp; Construction



### <Reference> - Hydraulic excavators: demand by region/changes in sales (approximate numbers)

Unit: 10,000 units (upper row)/ JPY billion (lower row)

\*Only foreign capital

		North America	Europe	Asia (Excluding China)	China*	Japan	Others	Total
FY2024	Demand forecast	4.2	3.2	2.2	1.2	2.7	-	
	Net sales							
FY2023								
	Demand	4.3	4.0	2.3	1.0	2.5	-	
	Net sales							
FY2022	1H	37.6	7.2	16.6	2.9	43.3	5.4	113.0
	Full year	80.8	24.2	28.3	6.1	86.0	16.9	242.4
FY2022	Demand	4.2	4.3	2.6	2.2	2.6	-	
	Net sales	58.4	16.6	33.1	13.4	73.7	16.1	211.4

### - Industrial cranes: order mix by segment (approximate numbers)

	Electricity	Steel	Shipbuilding	Ports	Others	Total
1H FY2024	0%	55%	40%	0%	5%	100%
FY2023	0%	20%	10%	60%	10%	100%
FY2022	20%	30%	30%	10%	10%	100%

### - Mobile crane business: (Domestic) business performance (approximate numbers)

Unit: JPY billion

	FY2022 Actual	FY2023		FY2024	
		Actual 1H	Actual	Actual 1H	Forecast
Orders	45.0	22.0	45.0	22.0	44.0
Sales	41.0	20.0	43.0	21.0	46.0

## 02

## Energy &amp; Lifeline

**1H FY2024** : For energy plants, orders decreased due to a reduction in service projects in Europe. However, variations in the progress of construction work led to an increase in sales, and operating profit slightly declined due to an increase in development costs. For other businesses, orders decreased partly as a result of the suspension of new shipbuilding orders from FY2024 onward. Sales decreased because there were a limited number of projects that could be factored into sales in the period under review, but operating profit increased partly due to improved profitability of individual projects.

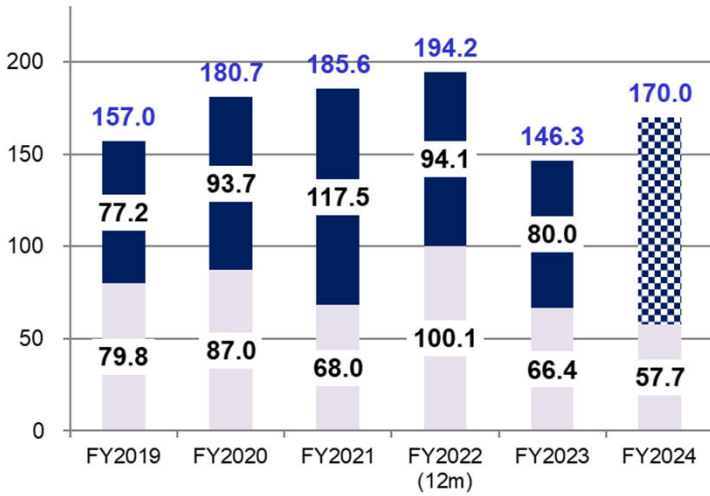
**FY2024** : For energy plants, orders are anticipated to increase as new projects involving biomass power generation facilities have been factored in. Sales will decline slightly because of a reduction in projects that can be factored into sales in this fiscal year. Operating profit is forecasted to decrease due to an increase in development costs associated with LAES commercialization. For other businesses, orders are expected to decrease due to the halt in new shipbuilding orders; however, sales and operating profit are projected to increase.

	FY2023		FY2024				Change (1H FY2024 - 1H FY 2023)
	Actual 1H (23.1-23.6)	Actual (23.1-23.12)	Actual 1H (24.1-24.6)	(Ref.) Forecast FY2024 (As of February 2024) (24.1-24.12)	Forecast August 2024 (24.1-24.12)	Estimated change	
Unit: JPY billion							
<b>Orders</b>	<b>66.4</b>	<b>146.3</b>	<b>57.7</b>	<b>189.0</b>	<b>170.0</b>	<b>(19.0)</b>	<b>(8.6)</b>
<b>Net sales</b>	<b>81.3</b>	<b>182.2</b>	<b>88.8</b>	<b>181.0</b>	<b>181.0</b>	<b>0.1</b>	<b>7.4</b>
<b>Operating profit</b>	<b>0.4</b>	<b>6.3</b>	<b>3.6</b>	<b>1.0</b>	<b>2.0</b>	<b>1.0</b>	<b>3.2</b>
<b>Operating profit ratio (%)</b>	<b>0.5</b>	<b>3.5</b>	<b>4.0</b>	<b>0.6</b>	<b>1.1</b>	<b>-</b>	<b>-</b>
<b>Backlog of orders</b>		<b>230.4</b>	<b>199.3</b>				

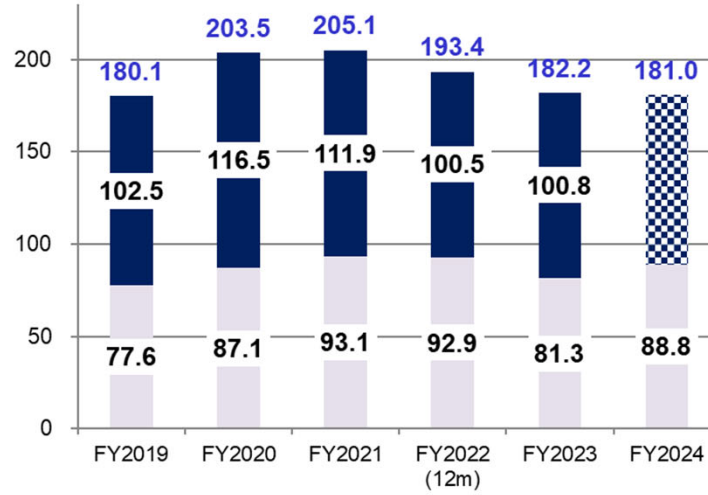
## 02

## Energy &amp; Lifeline

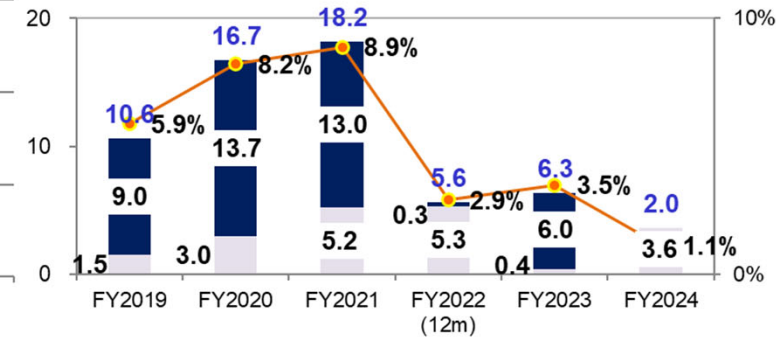
Orders



Net sales

Operating profit (left scale)  
Profit ratio (right scale)

Unit: JPY billion

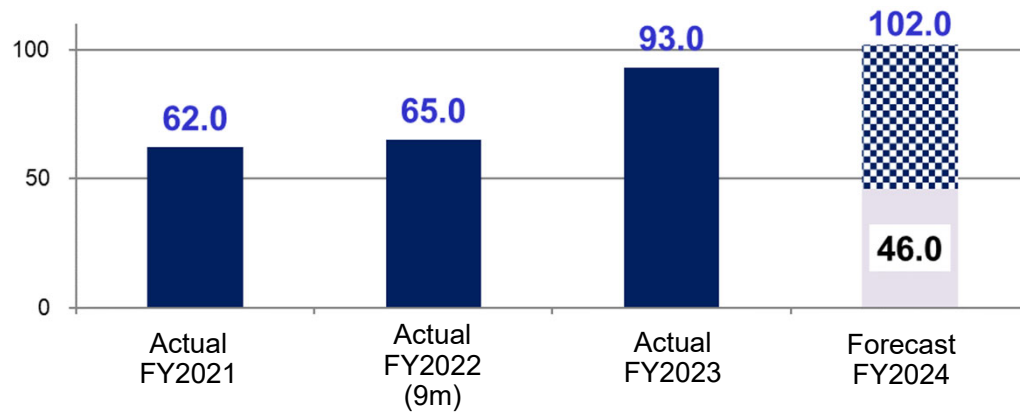
 3-4Q  
 1-2Q


## 02

## Sales of the Semiconductor-Related Product Business

## Total sales from semiconductor related businesses (approximate numbers)

Unit: JPY billion



## Products for the semi-conductor sector that we possess and their key technologies

Product	Relevant segment	Key technologies		
		Beam control	Ultracold	Vacuum
Laser annealing equipment	Mechatronics	◎		
Ion implanter		◎		○
Ion irradiation business	Industrial Machinery	◎		○
Superconducting magnet for MCZ			◎	○
4K GM Cryocooler/ Cryopump			◎	◎
Vacuum robotics				◎

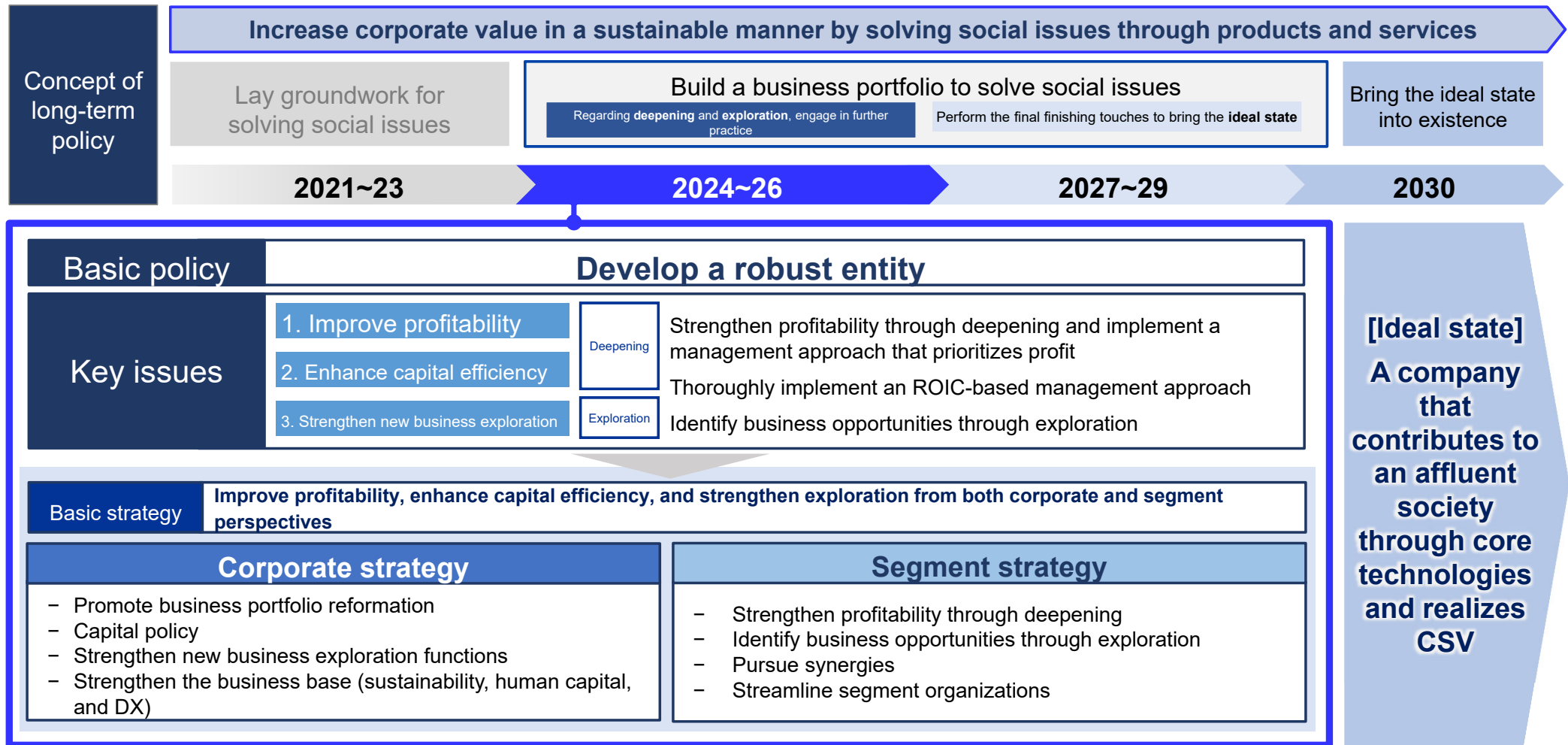
Relationship with key technologies (◎: Close ○: Moderate)



# 03

## Progress of Medium-Term Management Plan 2026

# 03 Basic Policy and Key Framework of “Medium-Term Management Plan 2026”



## 03

## Basic Strategy (Corporate Strategy) for the Medium-Term Management Plan 2026

## Corporate strategy

An explanation regarding items marked with \* is provided on pages 28 and 29

Strategy		Implementation status in 1H of FY2024
- Promote business portfolio reformation		<ul style="list-style-type: none"> <li>- The receipt of new shipbuilding orders has been halted in line with the restructuring of the shipbuilding business               <ul style="list-style-type: none"> <li>- Container cranes are being manufactured in Yokosuka Works</li> <li>- In the Energy &amp; Lifeline segment, an offshore wind power project was launched.</li> </ul> </li> <li>- The integration of Sumitomo Heavy Industries PTC Sales Co., Ltd. has been completed to streamline operations and scale up new businesses</li> <li>- The integration of Sumiju Tokki Service Co., Ltd. has been decided to improve production efficiency, quality, and other aspects</li> </ul>
- Capital policy		<ul style="list-style-type: none"> <li>- The acquisition of treasury shares began in March 2024, and the acquisition of treasury shares worth JPY10.0 billion was completed in June 2024, as planned for this fiscal year</li> </ul>
- Strengthen new business exploration functions	*1	<ul style="list-style-type: none"> <li>- Boston Office was opened in North America in April 2024 to conduct research on advanced technologies and to explore and develop new business opportunities</li> </ul>
- Strengthen the business base (sustainability, human capital, and DX)	*2	<ul style="list-style-type: none"> <li>- Sustainability: Defining a Company-Wide Purpose, implementing human rights due diligence (DD), assessing the effectiveness of the Board of Directors, and publicizing the assessment results</li> <li>- Human capital: A human resource development center was established to further develop and strengthen human resourcesA global talent program was launched to enhance the ability to address global issues</li> <li>- DX: Began providing SIRMS, a supportive DX tool for improving productivity in the shipbuilding sector As part of our efforts to enhance SHI Cloud (SHICuTe), we began developing a system to minimize labor involved in collecting IoT data A new program was initiated to support DX projects across seven themes</li> </ul>

# 03

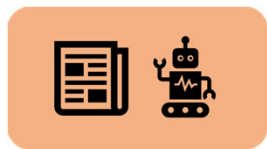
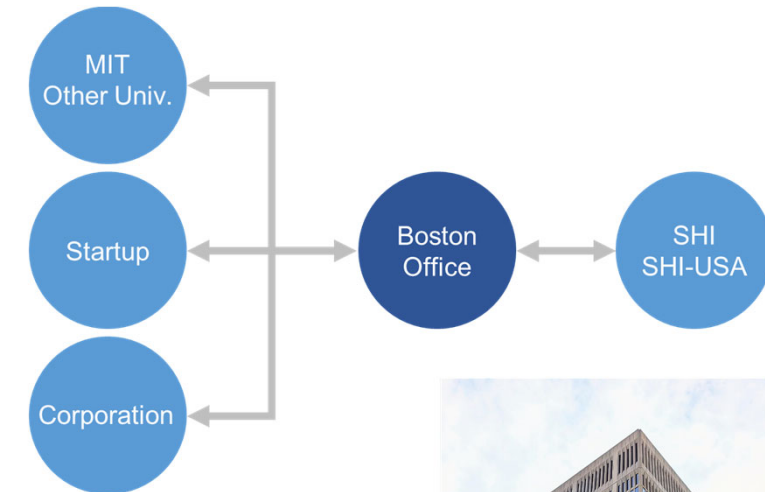
## \*1. Corporate Strategy: Strengthening New Business Exploration Functions

### We have opened the Boston Office (Boston Office Co-Innovation Hub) to conduct research on advanced technologies and explore and develop new business opportunities

The SHI-USA Boston Office has been opened in a location that provides access to innovative technologies and ideas, as it is situated near Massachusetts Institute of Technology (MIT), a hub of global technology

We will actively develop and strengthen networks with MIT, other universities and laboratories, startups with advanced technologies, and other entities in the U.S., and collect technical information, particularly in four key investment areas, in North America

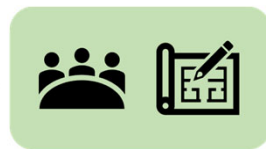
In collaboration with the Technology Research Center, the New Business Exploration Department and each business unit, the Boston Office, as a hub for research on technology trends and advanced studies, aims to identify new innovative businesses that incorporate technologies and products owned by the Group



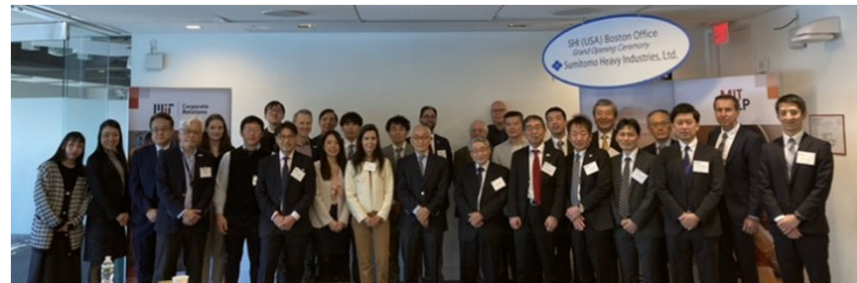
Information  
collection



Analysis/asse  
ssment



New business  
development



A scene from the office opening ceremony and CIC Cambridge Building, which houses the Boston Office

# 03

## \*2. Corporate Strategy: Strengthening the Business Base (Sustainability)

### “Medium-Term Management Plan 2026” Basic Sustainability Policy

By strengthening measures to achieve SDGs and the Group’s goal of achieving carbon neutrality by 2050, as well as transforming risks associated with changes in the social environment into opportunities, we aim to enhance corporate value

Category	Material issue	Actual 2023	Target 2026	Actual 1H of 2024
Issue of value creation	<b>E Reduce environmental burden</b>	CO <sub>2</sub> emission reduction (compared to 2019) - At time of manufacturing products: -17% - At time of using products: -67%	CO <sub>2</sub> emission reduction (compared to 2019) - At time of manufacturing products: -35% - At time of using products: -50%	- Obtained an “A-” rating in the CDP categories of “Climate Change” and “Water Security” - Held a “carbon footprint” workshop for board members and executive officers
	<b>Create better ways to live and work</b>	—	(Further advancement of automation technology)	- Began providing SIRMS® (a supportive DX tool for improving productivity in the shipbuilding sector)
Issue of strengthening the business base	<b>S Prioritize employee safety, health, and development</b>	- Female manager ratio: 2.1% (on a consolidated basis in Japan)	- Female manager ratio: 3.7% (on a consolidated basis in Japan)	- Held a diversity-oriented management workshop for board members and executive officers; and made a statement of actions - Held an LGBTQ+ lecture session for employees - Human rights DD: Survey on the work environment of employees at overseas sites (Indonesia)
	<b>Emphasize coexistence and co-prosperity with local communities</b>	- Spending for social contribution activities: JPY150 million	- Spending for social contribution activities: JPY200 million	- The actual results for the first half approximately doubled year on year (JPY100 million). This includes the amount spent on employees’ social contribution activities, which was 1.5 times larger than the previous year’s amount (JPY15 million).
	<b>Establish a sustainable supply chain</b>	- A trial run began	- Survey on high risk suppliers :100%	- Survey on high risk suppliers: 50% completed - Human rights DD: Survey of overseas suppliers (Indonesia, South Korea)
	<b>G Strengthen governance</b>	- Number of female directors: 1	- Number of female directors: 2	- Revised key sustainability issues - Revised the basic policy for sustainability and the human rights policy in line with the establishment of a Company-wide Purpose - Appointed two female directors
	<b>Ensure high product quality</b>	- Number of serious incidents related to products: 0	- Number of serious incidents related to products: 0	- Number of incidents: 0 - In terms of quality audits, a transition was made from ISO conformity evaluation to effectiveness evaluation

## 03

## Basic Strategy (Segment Strategy) for the Medium-Term Management Plan 2026 (1)

## Segment strategy

An explanation regarding items marked with \* is provided on page 32 and onwards

Segment	Key investment area	Strategic direction		Actual 1H FY2024
Mechatronics	Robotics/automation	<ul style="list-style-type: none"> <li>- In response to the growing demand for AGV/AMR, develop and expand the sales of electrically driven modules for robots</li> <li>- Expand the sales of energy-saving and highly efficient inverter-mounted modules for HVAC applications</li> </ul>	*3	<ul style="list-style-type: none"> <li>- The establishment of an innovation center within UK-based Invertek is being planned</li> <li>- For KeiganALI, a person in charge was appointed at domestic sites, and preparations for the overseas rollout are underway</li> <li>- Preparations have started to launch TUAKA in FY2024 and to increase its production in the following fiscal year</li> <li>- A practical type of wall-climbing robot has been developed (inquiries increased after it was televised)</li> </ul>
	Semiconductors	Laser annealing equipment <ul style="list-style-type: none"> <li>- Expand global sales channels, and enhance production capacity and supply chains</li> </ul> Precision positioning equipment <ul style="list-style-type: none"> <li>- Accelerate the global rollout, establish assessment sites overseas and develop next-generation models</li> </ul>		<ul style="list-style-type: none"> <li>- Additional cleanrooms were established and the workforce was reinforced</li> <li>- Suppliers were increased to shorten the procurement lead-times. Information sharing and coordination with suppliers were strengthened</li> <li>- Procedures for establishing a stage assessment center in the US were being taken, and detailed designing was underway</li> </ul>
Industrial Machinery	Semiconductors	<ul style="list-style-type: none"> <li>- Enhance competitiveness by developing new products</li> <li>- Expand global reach and enhance production capacity and supply chains</li> </ul>	*4	<ul style="list-style-type: none"> <li>- New products and functions for ion implanters are currently being developed for market launch in 2025</li> </ul>
	Advanced medical devices	<ul style="list-style-type: none"> <li>- Enhance competitiveness by introducing developed models to the market and leveraging the expanded range of indicated conditions</li> <li>- Conduct development activities in the nuclear medicine field (such as internal therapy)</li> </ul>		<ul style="list-style-type: none"> <li>- Initiated joint research activities in the TAT Cyclotron Building at the Research Center for Nuclear Physics, Osaka University</li> </ul>

## 03

## Basic Strategy (Segment Strategy) for the Medium-Term Management Plan 2026 (2)

## Segment strategy

An explanation regarding items marked with \* is provided on page 32 and onwards

Segment	Key investment area	Strategic direction		Actual 1H FY2024
Logistics & Construction	Robotics/automation	<ul style="list-style-type: none"> <li>- Establish a development system for the segment, and focus on development of advanced elemental technologies, such as electrification, automation, DX and other universally applied technologies</li> <li>- Promote the exploration of new models through collaborative development</li> </ul>	*5	<ul style="list-style-type: none"> <li>- Our efforts to utilize generative AI for the automatic operation and remote control of hydraulic excavators were announced at CSPI-EXPO 2024 (Construction &amp; Survey Productivity Improvement EXPO) held in May</li> <li>- Began providing SIRMS®, a supportive DX tool for improving productivity in the shipbuilding sector</li> </ul>
Energy & Lifeline	Environment/energy	<p>Carbon neutrality business</p> <ul style="list-style-type: none"> <li>- Biomass power generation and the production of sustainable fuel (such as SAF) using biomass as raw material</li> <li>- Development of carbon-negative technologies, such as CO<sub>2</sub> recovery and recycling</li> </ul> <p>Renewable energy promotion business</p> <ul style="list-style-type: none"> <li>- System stabilization using liquified air energy storage facilities</li> <li>- Commercialization and mass production of base structures for offshore wind power generation</li> </ul>	*6	<ul style="list-style-type: none"> <li>- Joint activities with related companies are being conducted to build a supply chain for SAF production. In addition, development activities are ongoing to establish technologies for the widespread use and market penetration of SAF</li> <li>- Started a demonstration test of carbon capture technologies targeting emissions from biomass boilers</li> <li>- The world's first full-scope commercial demonstration equipment for LAES is being constructed within the Hatsukaichi Factory of Hiroshima Gas</li> <li>- Established an offshore wind power commercialization organization and began efforts to promote sales activities as well as develop and strengthen an in-segment production system</li> </ul>



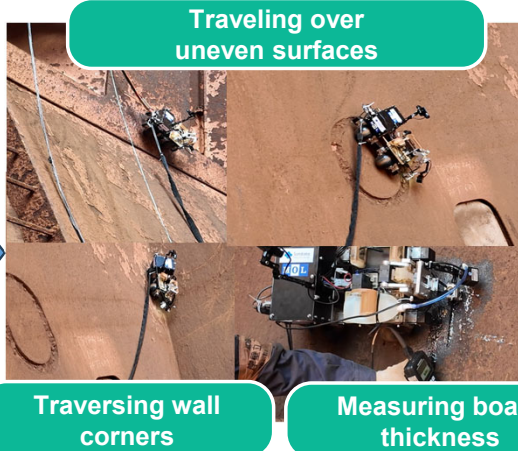
## Mechatronics (Robotics, Automation): Wall-climbing Robot

## Development of a practical type of wall-climbing robot and its key features

We have developed a wheeled robot with excellent ability to travel over curved surfaces by magnetic adhesion in order to automate operations at production sites for large-scale steel structures

## Social trends in infrastructure/plant maintenance

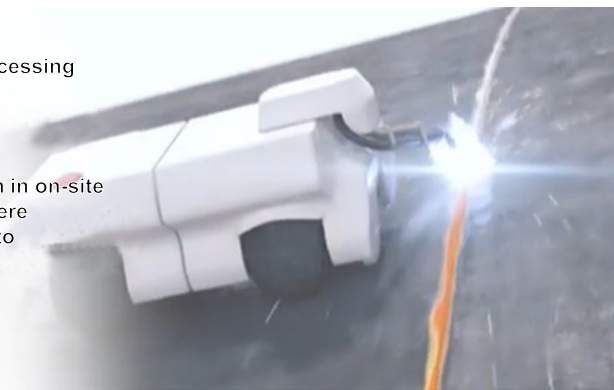
- ✓ Issues related to maintaining aging facilities
- ✓ Highly efficient operation through DX-driven predictive maintenance
- ✓ Demand for automation due to manpower shortages
- ✓ Freed from dangerous work and arduous tasks



- “Excellent traveling performance” by leveraging our unique wheel technology
- “Able to reach places that are difficult” for drones or conventional robots

Everything from processing to maintenance and dismantling of large structures

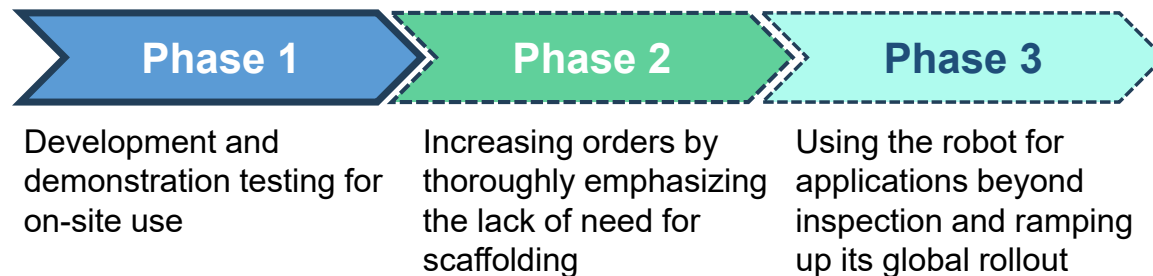
Aiming for utilization in on-site operations, which were considered difficult to automate



## Development achievements to date

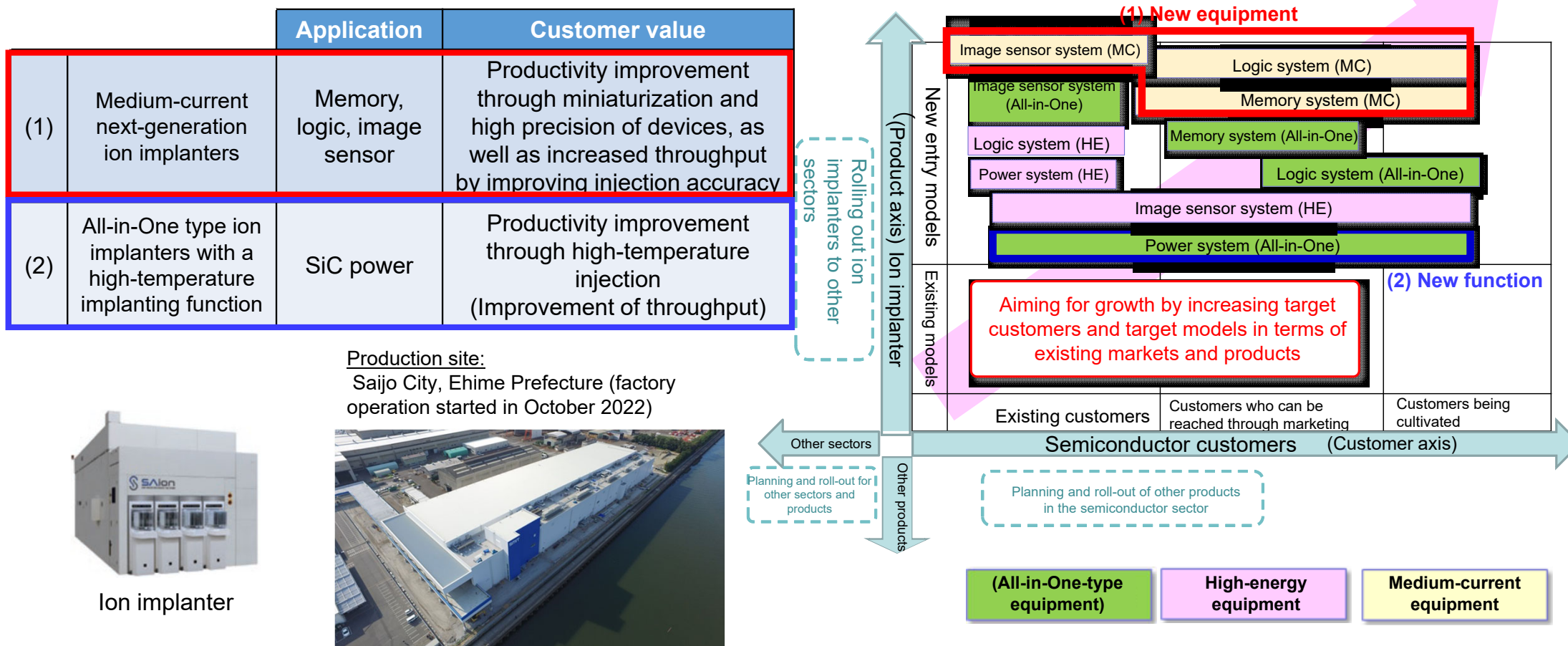
- Received an Innovation Endorsement Certificate from Nippon Kaiji Kyokai in collaboration with Mitsui O.S.K. Lines
  - Reducing inspection personnel's labor, risks associated with high-place work and docking costs
- Televised on TV Tokyo's "World Business Satellite/Toretama" in April 2024
  - Inquiries and questions about new introductions have increased

## Future development steps





## New equipment and functions are being developed for market launch in 2025



New product: SIRMS® (SHI-MH Integrated Remote Monitoring System), a supportive DX tool for improving productivity in the shipbuilding sector



In the shipbuilding industry, where a reduction in man-hours directly leads to performance improvement, improving the operational efficiency of assembly cranes is one of the highest priorities. Conventionally, managers did not have information on the operational status of cranes. **Therefore, we have developed this new product to respond to customers who have voiced their need for accurately ascertaining operational status in order to draft and implement appropriate work plans.**

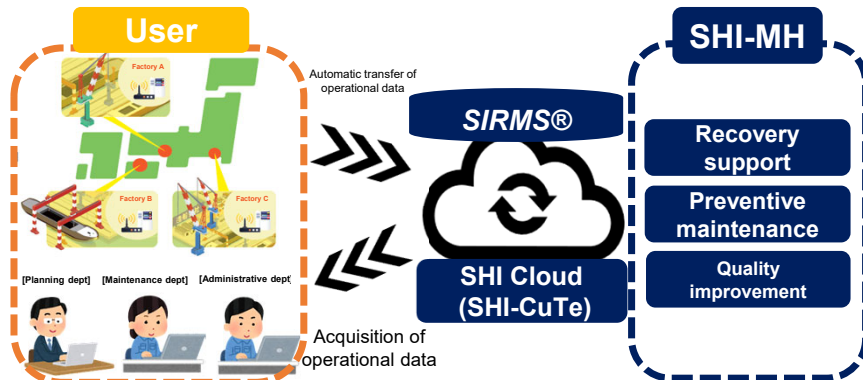
#### < Before >

- ✓ Is the crane operated?
- ✓ How is the crane operated?
- ✓ Is the crane operated as planned?
- ▶ **The manager cannot ascertain it clearly**

SIRMS®  
Visualizing the  
operational status  
and accumulating  
data

#### < After >

- ✓ Capable of ascertaining the operational status of cranes (what they are doing) at all factories
- ✓ Capable of ascertaining the progress of operations, etc.
- ▶ **The manager can clearly ascertain it in real time**



#### Realizing stable operation

- Reduce downtime through automatic notifications and a recovery support system
- Capable of preventive maintenance based on replacement timing by leveraging operational data

#### Improving plan accuracy

- Capable of accurately ascertaining data that were conventionally difficult to obtain, such as transferred weight and distance, and generating a list to visualize the differences between plans and actual results

#### Information sharing

- Capable of eliminating omissions, errors and waste because anyone can check the status of all cranes at all locations in real time

## [Productivity Improvement]

◆ We are planning to apply the product to models in other sectors.

SHI-MH: Sumitomo Heavy Industries Material Handling Systems Co., Ltd.

### Launch of an offshore wind power business promotion project (March 2024)

An **offshore wind power business promotion project** was launched to strengthen base structures for offshore wind power generation and related ship businesses

#### Segment strategy issue

Developing and strengthening businesses in the resource recycling field with a focus on carbon neutrality and renewable energy promotion

Competences are integrated within the segment to create synergies  
We have established an organization to move forward with the renewable energy promotion business and are proceeding with commercialization

#### Offshore wind power business promotion project

Offshore wind power base structure business

##### Sumitomo Heavy Industries Process Equipment Co., Ltd. (Saijo Factory)

Processing, can manufacturing and welding technologies for extremely thick cylindrical structures, which have been cultivated through our experience in manufacturing large pressure vessels

Business operation supervision,  
production collaboration,  
synergy creation

##### Sumitomo Heavy Industries Marine&Engineering Co., Ltd. (Yokosuka Works)

Construction and mass production technologies of large-size structures involving ship engineering and heavy-duty coating

#### ■ Achieving synergy through a project framework

- Integration of technologies that can be applied to both seabed mounted-type and floating-type basic structures
- Highlighting the large capacity to meet mass production demands and a locational advantage as the only and largest facility in East Japan

#### ■ Major activities in FY2024

- Taking collaboration measures and strengthening a system to receive orders in 2026 and 2027
- Increasing our brand awareness and collecting information by participating in activities of related organizations
- Exploring technology partnerships and business alliances to develop the next-generation floating type

#### ■ Commercialization plan

**2024** : Establishing an organization and initiating business operations

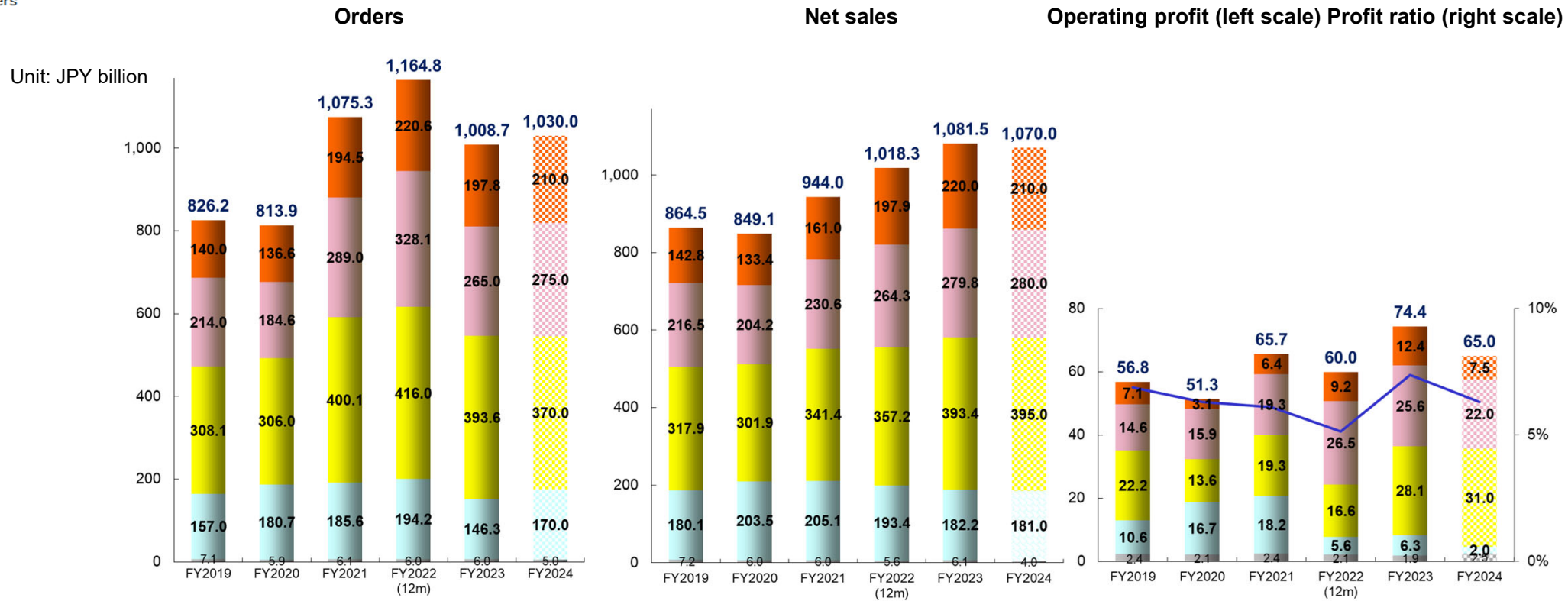
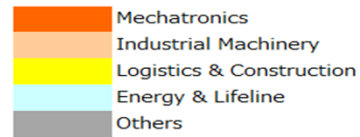
**From 2026**: Commencing the mass production of seabed mounted-type base structures

**From 2029**: Commencing the mass production of floating-type base structures

# Reference Materials

Ref.

## Changes in Financial Values (Consolidated)

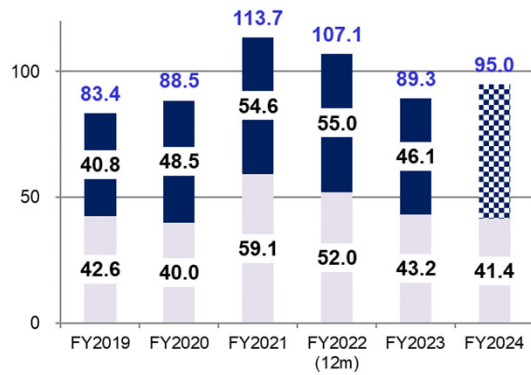


Ref.

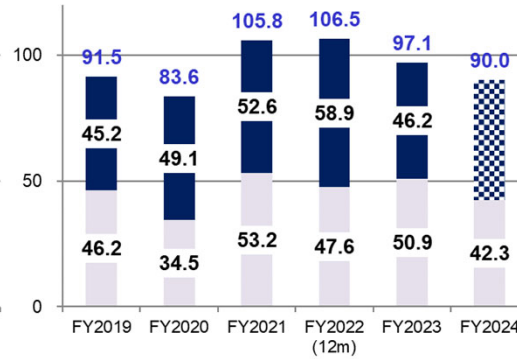
## Segment Breakdown (Plastics Machinery and Hydraulic Excavators)

## Plastics machinery

Orders

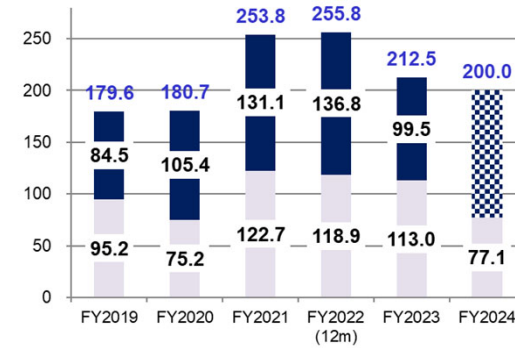


Net sales

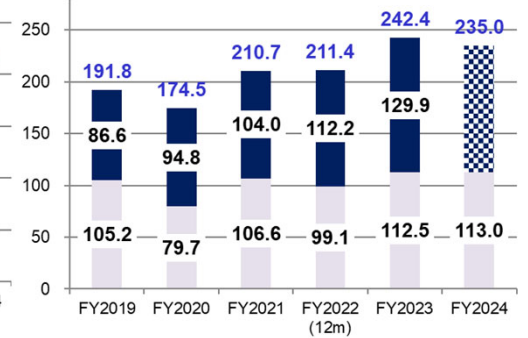


## Hydraulic excavators

Orders



Net sales



Unit: JPY billion  
 3-4Q  
 1-2Q

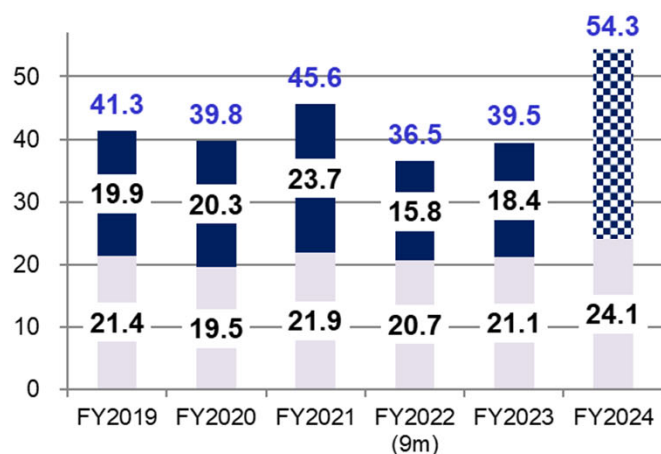


Ref.

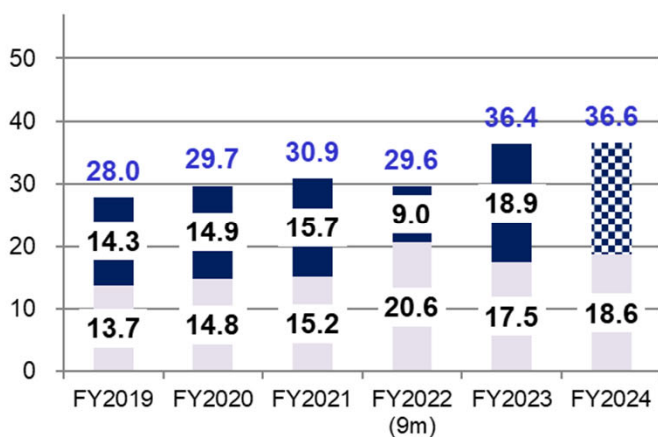
## Capital Investment, Depreciation Cost, Research &amp; Development Cost, Personnel, Forex Sensitivity

## Capital investment\*

\*Actuals are based on cash flow. Forecast is based on budget.



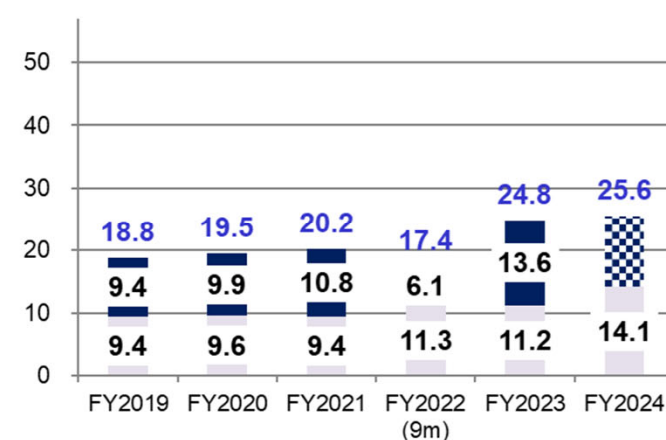
## Depreciation &amp; amortization



## Research &amp; development cost\*

\*Actuals are based on P/L. Forecast is based on budget.

Unit: JPY billion



## Personnel (as of end of each fiscal year)

Unit: persons	FY2021	FY2022	FY2023	FY2024 (end June)
Consolidated total	24,584	25,211	25,303	25,396

## Forex sensitivity (FY2024 forecast)

Unit: JPY billion	Dollar	Euro	Total
Effect of a 1-yen change on operating profit*	0.26	0.15	0.41

\*Assumed exchange rates for FY2024 are  
JPY145 per US dollar and JPY160 per euro

Ref.

## Sales by Regional Segment

<Exchange rate: JPY154 per US dollar> Unit: JPY billion		Actual 1H FY2024 (2024.1-2024.6)																							
		North America		Europe		Asia (Excluding China)		China		Others		Overseas total		Japan		Total sales									
Mechatronics		21.3		22.8		10.2		6.9		8.2		69.4		31.6		101.0									
	(plastics machinery)	4.2		10.5		5.0		10.4		3.2		33.3		8.9		42.3									
Industrial Machinery		12.5		17.3		19.0		30.3		3.3		82.3		48.8		131.1									
	(hydraulic excavators)	37.6		7.3		16.7		2.9		5.4		69.7		43.3		113.0									
Logistics & Construction		77.4		9.2		22.4		3.0		6.7		118.7		77.5		196.2									
Energy & Lifeline		8.4		17.5		7.2		0.3		7.1		40.5		48.2		88.8									
Others		-		-		-		-		-		0.0		3.2		3.3									
Total / Sales ratio (%)		119.6		23	66.8		13	58.8		11	40.5		8	25.4		5	311.0		60	209.3		40	520.4		
<Exchange rate: JPY136 per US dollar> Unit: JPY billion		Actual 1H FY2023 (2023.1-2023.6)																							
		North America		Europe		Asia (Excluding China)		China		Others		Overseas total		Japan		Total sales									
Mechatronics		21.3		27.4		9.5		8.0		8.0		74.2		32.7		106.9									
	(plastics machinery)	5.8		14.6		6.7		12.6		3.5		43.1		7.7		50.9									
Industrial Machinery		12.7		21.5		19.2		29.4		3.8		86.6		47.3		133.9									
	(hydraulic excavators)	35.6		11.9		13.3		3.4		8.8		72.9		39.6		112.5									
Logistics & Construction		67.4		12.3		16.6		3.4		9.5		109.3		75.6		184.9									
Energy & Lifeline		8.4		12.3		8.5		0.5		5.3		34.9		46.4		81.3									
Others		-		-		-		-		-		0		3.0		3.0									
Total / Sales ratio (%)		109.8		22	73.5		14	53.8		11	41.3		8	26.6		5	305.0		60	205.0		40	510.1		





All forward-looking statements regarding the company's future performance are based on information currently available to Sumitomo Heavy Industries and determined subjectively. Future performance is not guaranteed and all information related to future performance contained herein is subject to changes in business environments.