Financial Summary for FY2024, Revision of the Medium-Term Management Plan

2025/2/14

Sumitomo Heavy Industries, Ltd.

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01 Financial Summary for FY2024

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01 Financial Summary at a Glance

Actual FY2024

/Same period of previous fiscal year (change)

1	**Orders**	:	**JPY936.1 billion** /	**1,008.7 billion**	(72.5) billion
2	**Net sales**	:	**JPY1,071.1 billion** /	**1,081.5 billion**	(10.4) billion
3	**Operating profit**	:	**JPY55.1 billion** /	**74.4 billion**	(19.3) billion
4	**ROIC**	:	**4.8%** /	**7.0%**	(2.2) pt

Year-on-year comparison

Market environment

In Japan, signs of hesitancy were observed in the semiconductor market's recovery.
While strong capital investment was observed in North America, the hydraulic excavator market was stagnant.
The European economy remained weak due to monetary tightening, and the Chinese economy also continued to see a slowdown in demand.

Orders

Decreased due to the continuation of a drop in demand for hydraulic excavators and semiconductor-related products.

Net sales

Decreased across all segments other than Industrial Machinery due to a reduction in orders.

Operating profit

A decline was observed across all segments due to lower sales and higher development investments.

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01 Financial Summary

Extraordinary losses totaling JPY27.5 billion were recognized, resulting in a current profit of JPY7.7 billion.

Unit: JPY billion	Actual FY2023 (Full year)	FY2024 1Q	FY2024 2Q	FY2024 3Q	FY2024 4Q	FY2024 Cumulative total	Year-on-year comparison change (Cumulative total)
Orders	1,008.7	221.1	232.0	212.7	**270.3**	**936.1**	**(72.5)**
Net sales	1,081.5	254.8	265.5	251.7	**299.1**	**1,071.1**	**(10.4)**
Operating profit	74.4	18.4	14.9	7.7	**14.1**	**55.1**	**(19.3)**
Operating profit ratio	6.9%	7.2%	5.6%	3.1%	**4.7%**	**5.1%**	**(1.7pt)**
Ordinary profit	70.2	18.8	15.1	1.4	**13.9**	**49.2**	**(21.1)**
Ordinary profit ratio	6.5%	7.4%	5.7%	0.6%	**4.6%**	**4.6%**	**(1.9pt)**
Extraordinary loss	(18.8)	(0.2)	(0.2)	(0.4)	**(26.7)**	**(27.5)**	**(8.7)**
Current profit	32.7	13.6	9.9	0.8	**(16.6)**	**7.7**	**(25.0)**
Current profit ratio	3.0%	5.3%	3.7%	0.3%	**(5.5%)**	**0.7%**	**(2.3pt)**
Currency exchange rate(USD/JPY)	¥139	-	-	-	**-**	**¥147**	**-**

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01 Recording of Extraordinary Losses in FY2024

Expense item	Details of loss	Amount of loss	Timing of acquisition/investment	Amount of acquisition/investment	Location of head office	Segment
Impairment loss	① Fixed assets including goodwill related to Lafert	**JPY23.2 billion**	June 2018	JPY 21.4 billion	Italy	Mechatronics
	② Business assets, etc.	**JPY1.7 billion**				
Business structure improvement expenses	③ European business-related	**JPY2.6 billion**				
Total		**JPY27.5 billion**				

[Impairment loss at Lafert]

Factors	Future direction
- Continued sluggish market conditions in Europe - Increases in capital investment and personnel compared to the plan at the time of acquiring Lafert - Delay in achieving synergies	- Implement structural reorganization through the consolidation and elimination of production equipment, as well as workforce downsizing - Enhance investment and loan management functions (investment decision-making and PMI) - Improve return on capital by developing an efficient business focusing on highly profitable models, as a core business for robotics/automation (Cross-selling with Invertek and the roll-out of products for the US market)

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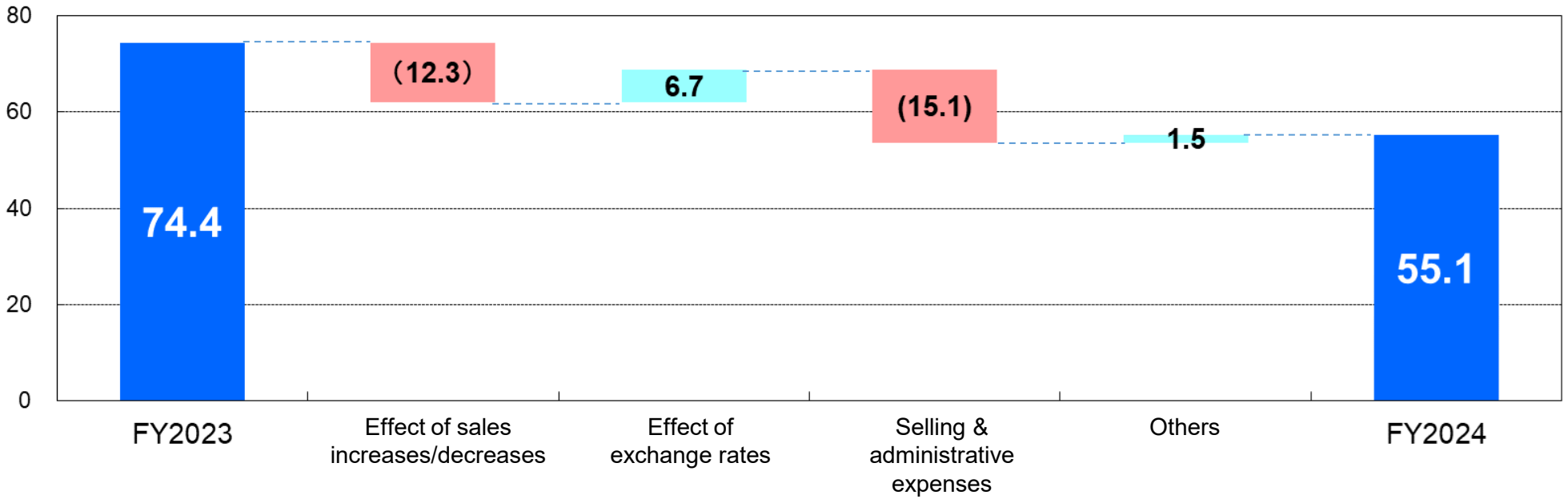
01 Analysis of Changes in Operating Profit for FY2023/2024

Unit: JPY billion



Effect of sales increases/decreases by segment

Unit: JPY billion

● Mechatronics	(6.6)
● Industrial Machinery	(0.0)
● Logistics & Construction	(4.6)
● Energy & Lifeline	(1.1)

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01 Financial Summary by Segment

- Orders : Decreased due to the continuation of a drop in demand for hydraulic excavators and semiconductor-related products.
- Net sales : Decreased across all segments other than Industrial Machinery due to a reduction in orders.
- Operating profit : A decline was observed across all segments due to lower sales and higher development investments.

Unit: JPY billion	Orders			Net sales			Operating profit				
	FY2023 Actual	**FY2024 Actual**	Change	FY2023 Actual	**FY2024 Actual**	Change	FY2023 Actual /Operating profit ratio (%)		**FY2024 Actual /Operating profit ratio (%)**		Change
Mechatronics	197.8	**194.4**	(3.4)	220.0	**206.1**	(13.9)	12.4	5.6	**3.8**	**1.8**	(8.6)
(Plastics machinery)	89.3	**89.8**	**0.5**	97.1	**92.5**	**(4.5)**					
(Others)	175.6	**163.8**	**(11.8)**	182.8	**191.7**	**9.0**					
Industrial Machinery	265.0	**253.6**	(11.3)	279.8	**284.3**	4.4	25.6	9.1	**20.3**	**7.1**	(5.3)
(Hydraulic excavators)	212.5	**163.8**	(48.7)	242.4	**221.5**	(20.9)					
(Others)	181.1	**175.9**	(5.2)	151.0	**171.1**	20.0					
Logistics & Construction	393.6	**339.7**	(53.8)	393.4	**392.5**	(0.9)	28.1	7.1	**25.3**	**6.4**	(2.8)
Energy & Lifeline	146.3	**141.8**	(4.5)	182.2	**182.0**	(0.2)	6.3	3.5	**3.8**	**2.1**	(2.6)
Others	6.0	**6.5**	0.5	6.1	**6.2**	0.1	1.9	-	**2.0**	**-**	0.1
Total	1,008.7	**936.1**	(72.5)	1,081.5	**1,071.1**	(10.4)	74.4	6.9	**55.1**	**5.1**	(19.3)

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01 Consolidated Balance Sheet

Unit: JPY billion	December 2023	December 2024	Change
Current Assets	**748.3**	**784.5**	**36.2**
Cash and deposits	104.5	111.1	6.7
Notes and accounts receivable	289.9	307.4	17.6
Inventories	321.1	333.9	12.8
Others	32.9	32.1	(0.8)
Non-current Assets	**452.6**	**475.7**	**23.2**
Property, plant and equipment	330.0	348.0	18.0
Intangible assets	45.6	28.3	(17.4)
Investments and other assets	77.0	99.5	22.5
Total	**1,200.9**	**1,260.2**	**59.4**

Unit: JPY billion	December 2023	December 2024	Change
Liabilities	**573.4**	**613.8**	**40.4**
Notes and accounts payable- trade	180.8	153.2	(27.7)
Interest-bearing debts	162.2	238.6	76.4
Others	230.3	222.0	(8.3)
Net Assets	**627.5**	**646.4**	**19.0**
Shareholders' equity	488.5	473.6	(14.8)
Accumulated other comprehensive income	131.3	167.0	35.7
Non-controlling interests	7.7	5.7	(2.0)
Total liabilities and net assets	**1,200.9**	**1,260.2**	**59.4**
Net interest-bearing debts ratio	**4.8%**	**10.1%**	**5.3pt**
Shareholders' equity ratio	**51.6%**	**50.8%**	**(0.8pt)**

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01 Consolidated Cash Flows Statement

Unit: JPY billion

Item	FY2023	FY2024	Change
Operating Activities	**65.4**	**12.8**	**(52.6)**
Profit before income taxes	51.4	21.7	(29.7)
Depreciation & amortization	36.4	37.4	1.0
Working capital	(45.4)	(53.7)	(8.3)
Other (such as taxes)	23.0	7.4	(15.6)
Investing Activities	**(43.3)**	**(49.5)**	**(6.2)**
(Free Cash Flows)	**22.1**	**(36.7)**	**(58.8)**
Financing Activities	**(17.2)**	**41.9**	**59.1**
Net increase (decrease) in cash and cash equivalents	**6.5**	**7.3**	**0.8**
Cash and cash equivalents at the end of the period	**100.2**	**107.5**	**7.3**

	FY2020	FY2021	FY2022	FY2023	FY2024
Free cash flow (JPY billion)	20.4	12.0	(15.9)	22.1	**(36.7)**
Debt repayment term (years) *1	1.9	1.8	7.5	2.5	**18.7**
Interest coverage ratio (times) *2	66.2	81.8	20.0	27.1	**3.4**

*1 Interest-bearing debts / cash flows from operating activities
*2 Cash flows from operating activities / interest expenses

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02 Performance Forecast for FY2025

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02 Forecast FY2025: Summary

Forecast FY2025

1. **Orders** : **JPY1,130.0 billion**
2. **Net sales** : **JPY1,090.0 billion**
3. **Operating profit** : **JPY 60.0 billion** / **Profit attributable to owners of parent: JPY28.0 billion**
4. **ROIC** : **5.0%**

Year-on-year comparison

Orders	Will increase across all segments, driven by a recovery in markets for hydraulic excavators and semiconductor-related products, and bolstered by new orders for energy plants.
Net sales	Will increase across all segments excluding Energy & Lifeline due to higher orders.
Operating profit	Will increase due to higher sales and a decline in large-scale development investments.

Topics and market condition recognition

- Market conditions in Japan will be strong.
- While North America is expected to see a recovery in demand for hydraulic excavators, there are concerns about uncertainties due to the new administration's policies.
- We expect Europe to bottom out and gradually recover.
- The overall Chinese economy is expected to experience a continued slowdown. Uncertainties regarding US policies toward China persist.

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02 Performance Forecast for FY2025

Unit: JPY billion	Actual FY2024 (2024.1-2024.12)	Forecast FY2025 (2025.1-2025.12)	Year-on-year change
Orders	936.1	1,130.0	193.9
Net sales	1,071.1	1,090.0	18.9
Operating profit	**55.1**	**60.0**	**4.9**
Operating profit ratio	5.1%	5.5%	0.4pt
Ordinary profit	**49.2**	**53.0**	**3.8**
Ordinary profit ratio	4.6%	4.9%	0.3pt
Extraordinary loss	(27.5)	(3.0)	24.5
Current profit	**7.7**	**28.0**	**20.3**
Current profit ratio	0.7%	2.6%	1.9pt
Dividend per share	125JPY	125JPY	-
Total return ratio	324.2%	53.7%	-
ROIC (after Tax)	4.8%	5.0%	-
[Ref.] ROE	1.2%	4.4%	-
Currency exchange rate (US dollars)	¥147	¥145	-

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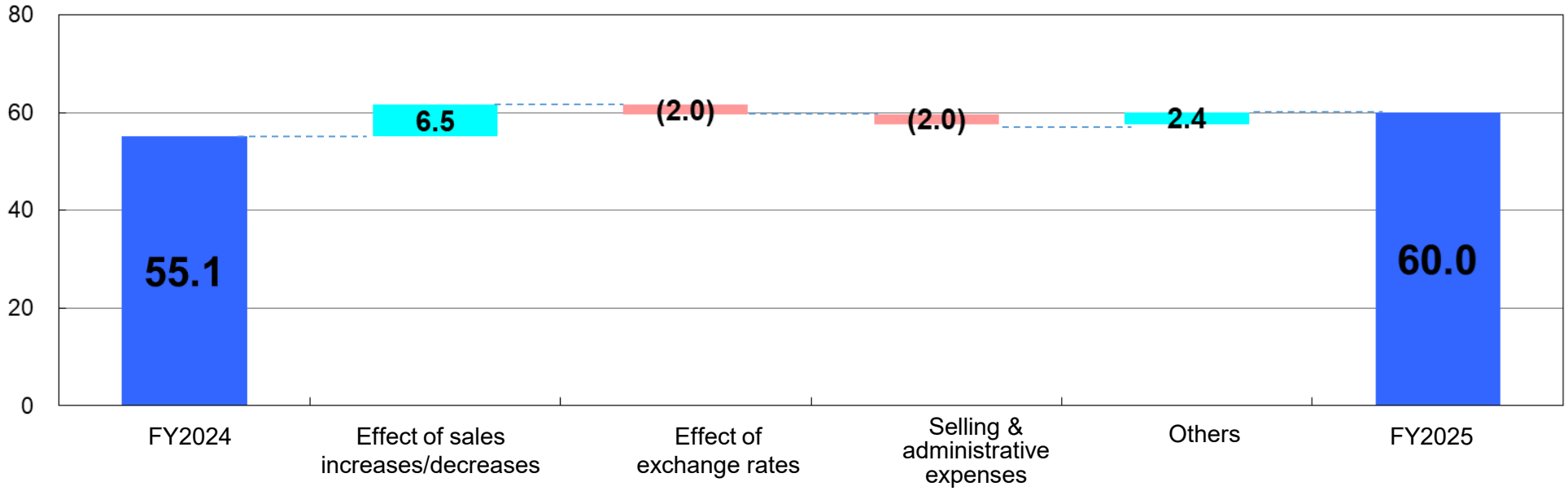
02 Analysis of Changes in Operating Profit for FY2024/2025

Unit: JPY billion



Effect of changes in sales by segment

Unit: JPY billion

● Mechatronics	4.0
● Industrial Machinery	0.0
● Logistics & Construction	2.0
● Energy & Lifeline	0.5

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02 Performance Forecast by Segment for FY2025

Unit: JPY billion

	Orders				Net sales				Operating profit							
	Actual FY2024	Actual FY2024 (After reconfiguration)	**Forecast FY2025**	Change	Actual FY2024	Actual FY2024 (After reconfiguration)	**Forecast FY2025**	Change	Actual FY2024 /Operating profit ratio (%)		Actual FY2024 /Operating profit ratio (%) (After reconfiguration)		**Forecast FY2025 /Operating profit ratio (%)**		Change
Mechatronics	194.4	242.0	**268.0**	26.0	206.1	256.4	**276.0**	19.6	3.8	1.8	11.7	4.6	**15.0**	5.4	3.3
(Plastics machinery)	**89.8**	**89.8**	**99.0**	**9.2**	**92.5**	**92.5**	**95.0**	**2.5**							
(Others)	**163.8**	**116.2**	**153.0**	**36.8**	**191.7**	**141.4**	**142.0**	**0.5**							
Industrial Machinery	253.6	206.0	**252.0**	46.0	284.3	234.0	**237.0**	3.0	20.3	7.1	12.3	5.2	**11.0**	4.6	(1.3)
(Hydraulic excavators)	**163.8**	**163.8**	**232.0**	**68.2**	**221.5**	**221.5**	**223.0**	**1.5**							
(Others)	**175.9**	**175.9**	**180.0**	**4.1**	**171.1**	**171.1**	**175.0**	**3.9**							
Logistics & Construction	339.7	339.7	**412.0**	72.3	392.5	392.5	**398.0**	5.5	25.3	6.4	25.3	6.4	**25.0**	6.3	(0.3)
Energy & Lifeline	141.8	141.8	**193.0**	51.2	182.0	182.0	**177.0**	(5.0)	3.8	2.1	3.8	2.1	**7.0**	3.9	3.2
Others	6.5	6.5	**5.0**	(1.5)	6.2	6.2	**2.0**	(4.3)	2.0	-	2.0	-	**2.0**	-	0.1
Total	936.1	936.1	**1,130.0**	193.9	1,071.1	1,071.1	**1,090.0**	18.9	55.1	5.1	55.1	5.1	**60.0**	5.5	4.9

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02 Mechatronics Segment

■ Actual FY2024 (before reconfiguration) (year-on-year changes)

Orders

JPY 194.4 billion (-3.4 billion)

Demand for small and medium-sized gear reducers remained steady in Japan, whereas semiconductor-related products decreased.

Net sales

JPY 206.1 billion (-13.9 billion)

Decreased because no recovery in demand for gear reducers and motors was observed in Europe and China.

Operating profit

JPY 3.8 billion (-8.6 billion)

Decreased due to lower sales.

■ Forecast FY2025 (After reconfiguration) (year-on-year changes)

Orders

JPY 268.0 billion (+26.0 billion)

Increase due to a recovery in market conditions in Japan and Europe, as well as an improvement in semiconductor-related markets.

Net sales

JPY 276.0 billion (+19.6 billion)

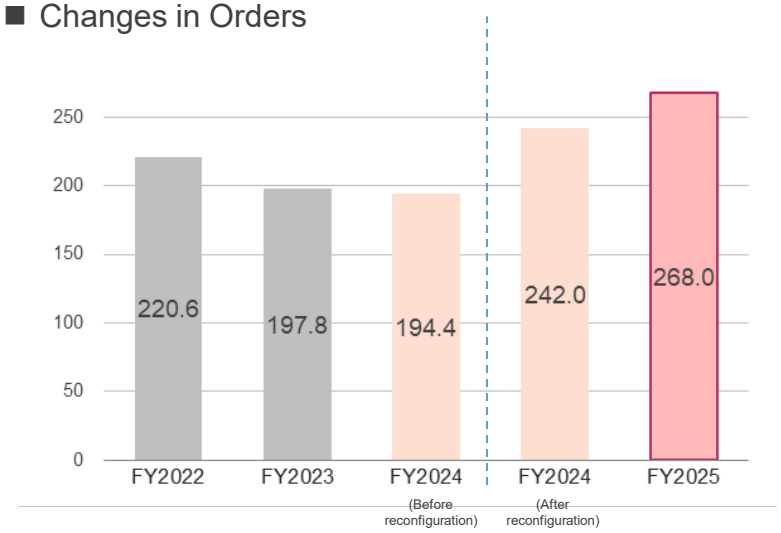
Increase due to higher orders.

Operating profit

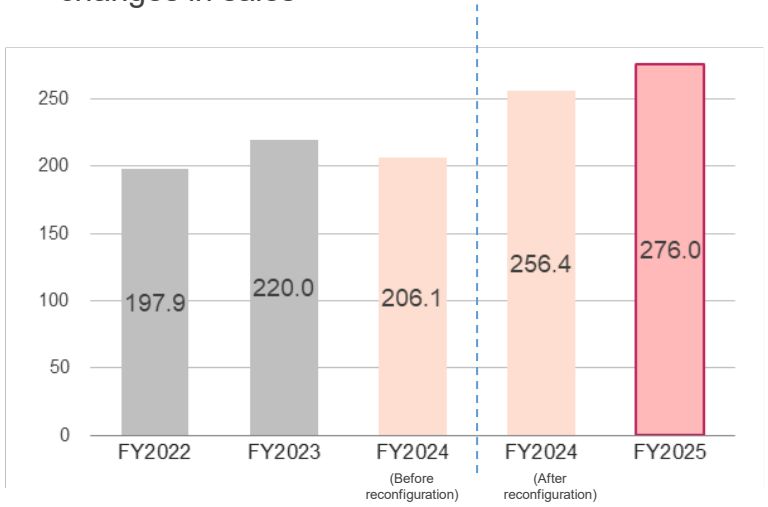
JPY 15.0 billion (+3.3 billion)

Increase due to higher sales.

■ Changes in Orders

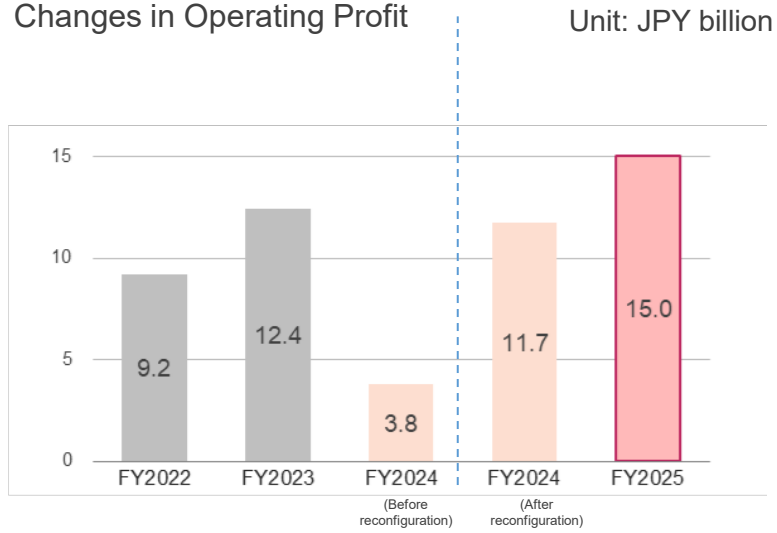


■ changes in sales



■ Changes in Operating Profit

Unit: JPY billion



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02 Industrial Machinery

■ Actual FY2024 (before reconfiguration) (year-on-year changes)

Orders

JPY 253.6 billion (-11.3 billion)

<Plastics machinery> Remained unchanged year on year, as investment cooling persisted in Europe, despite demand for electrical and electronics-related products bottoming out in China.

<Other> Declined partly due to the continued impact of inventory adjustment and investment postponement by customers, which were caused by stagnation in semiconductor market conditions.

Net sales

JPY 284.3 billion (+4.4 billion)

<Plastics machinery> Declined as the backlog of orders shrank, particularly in Europe.

<Other> Increased because of a backlog of orders.

Operating profit

JPY 20.3 billion (-5.3 billion)

Decreased mainly due to a decline in sales of plastics machinery.

■ Forecast FY2025 (After reconfiguration) (year-on-year changes)

Orders

JPY 252.0 billion (+46.0 billion)

<Plastics machinery> Increase as Europe's market bottoms out and Japan experiences a recovery.

<Other> Increase due to anticipated demand in the semiconductor market and medical projects.

Net sales

JPY 237.0 billion (+3.0 billion)

<Plastics machinery> Increase due to higher orders.

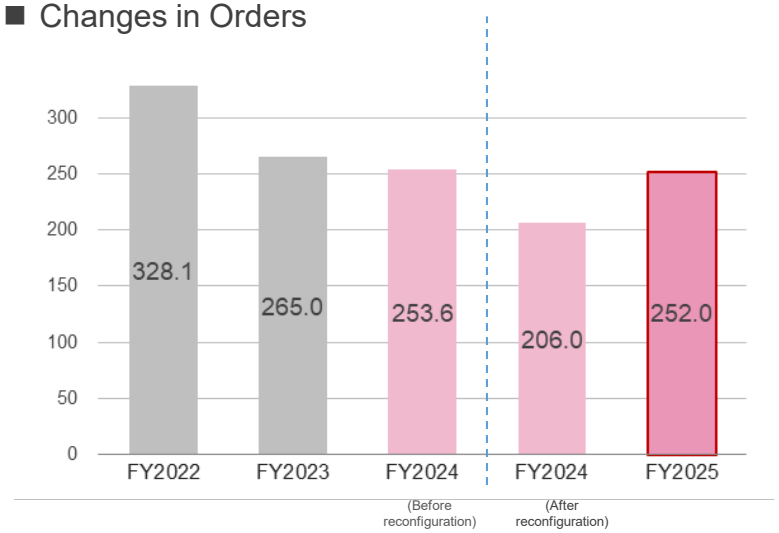
<Other> Remain unchanged due to order backlogs for other businesses, despite a decline in sales of semiconductor-related products caused by a smaller order backlog.

Operating profit

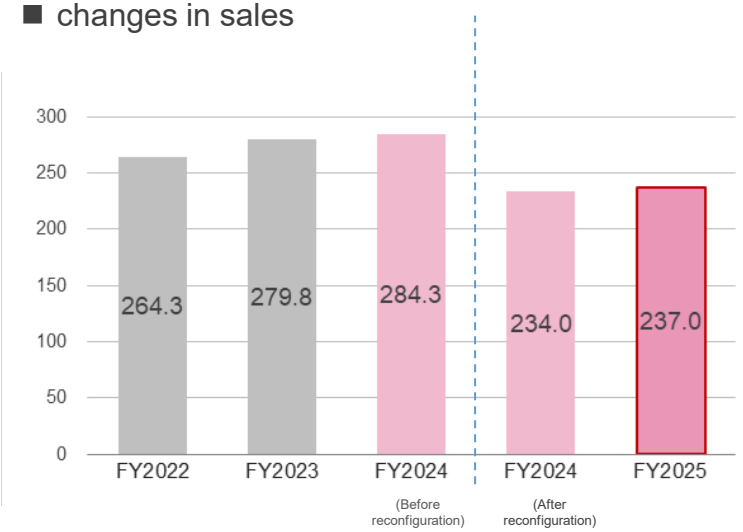
JPY 11.0 billion (-1.3 billion)

Decrease mainly due to a decline in semiconductor-related sales.

■ Changes in Orders

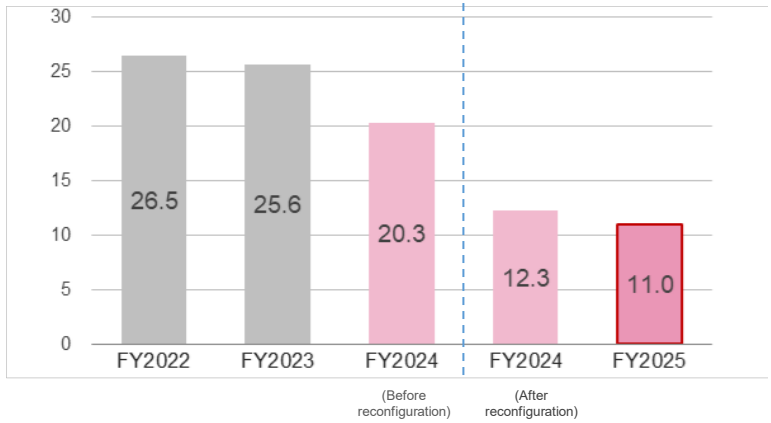


■ changes in sales



■ Changes in Operating Profit

Unit: JPY billion



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02 Logistics & Construction

■ Actual FY2024 (year-on-year changes)

Orders

JPY 339.7 billion (-53.8 billion)

<Hydraulic excavator>Demand reduced in the rental markets in the US and Japan.

<Other> Mobile cranes decreased on weak demand in Japan. Industrial cranes increased because of large projects in steelmaking and shipbuilding.

Net sales

JPY 392.5 billion (-0.9 billion)

<Hydraulic excavator> Decreased due to lower orders.

<Other> Both mobile cranes and industrial cranes increased due to order backlogs

Operating profit

JPY 25.3 billion (-2.8 billion)

Decreased mainly due to a decline in sales of hydraulic excavators.

■ Forecast FY2025 (year-on-year changes)

Orders

JPY412.0 billion (+72.3 billion)

<Hydraulic excavator> Increase due to a recovery in the US market.

<Other> Both mobile cranes and industrial cranes will increase as demand strengthens.

Net sales

JPY398.0 billion (+5.5 billion)

<Hydraulic excavator> Increase due to higher orders.

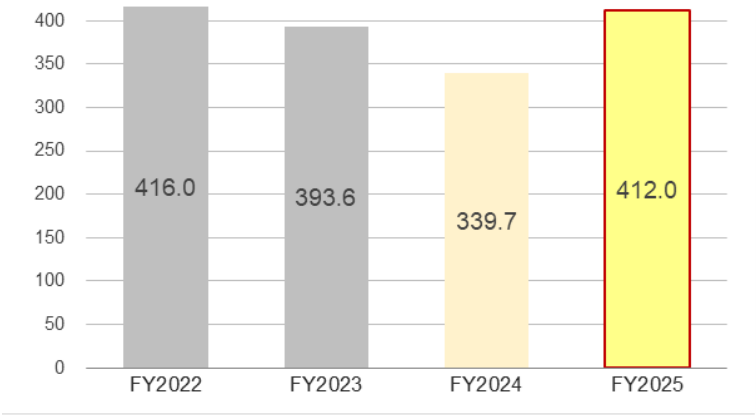
<Other> Both mobile cranes and industrial cranes will increase due to order backlogs.

Operating profit

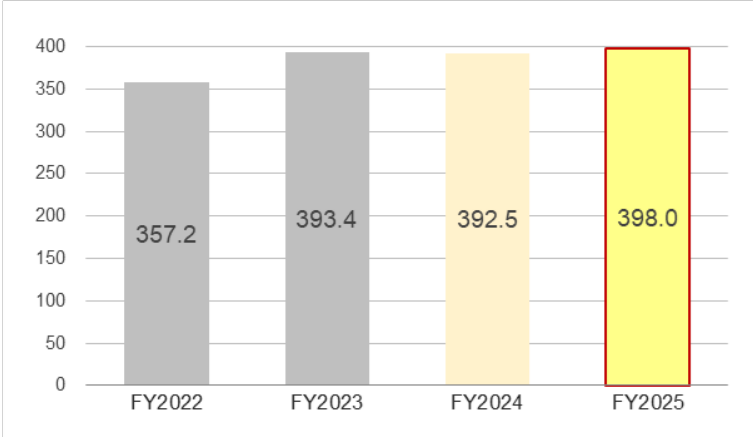
JPY25.0 billion (-0.3 billion)

Remain unchanged due to sales differences caused by variations in the model lineup.

■ Changes in Orders

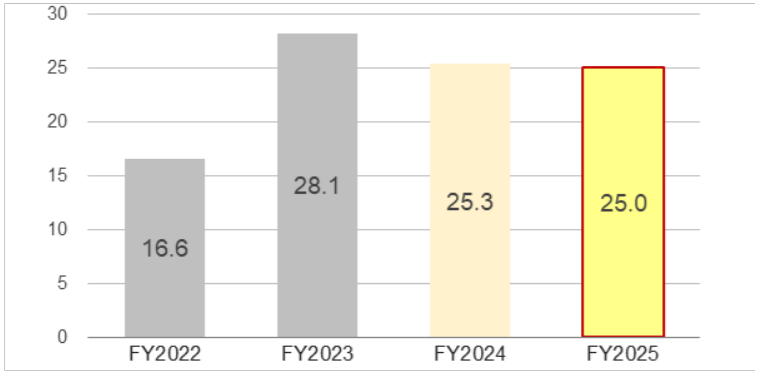


■ changes in sales



■ Changes in Operating Profit

Unit: JPY billion



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02 Energy & Lifeline

■ Actual FY2024 (year-on-year changes)

Orders

JPY 141.8 billion (-4.5 billion)

The energy plant business saw an increase due to a rise in projects for biomass power generation plants in Japan. For the other businesses, there was a decline partly due to withdrawal from the new shipbuilding business.

Net sales

JPY 182.0 billion (-0.2 billion)

The energy plant business saw a decline due to a smaller order backlog. For the other businesses, sales saw an uptick because of a rise in projects that could be factored into sales in this fiscal year.

Operating profit

JPY 3.8 billion (-2.6 billion)

Decreased primarily due to an increase in development expenses incurred for commercializing Liquid Air Energy Storage (LAES) system, while sales remained flat year on year.

■ Forecast FY2025 (year-on-year changes)

Orders

JPY193.0 billion (+51.2 billion)

For the energy plant business, we anticipate an increase in biomass power generation facility projects both in Japan and overseas. For the other businesses, expected to see an increase in large-scale structure projects.

Net sales

JPY177.0 billion (-5.0 billion)

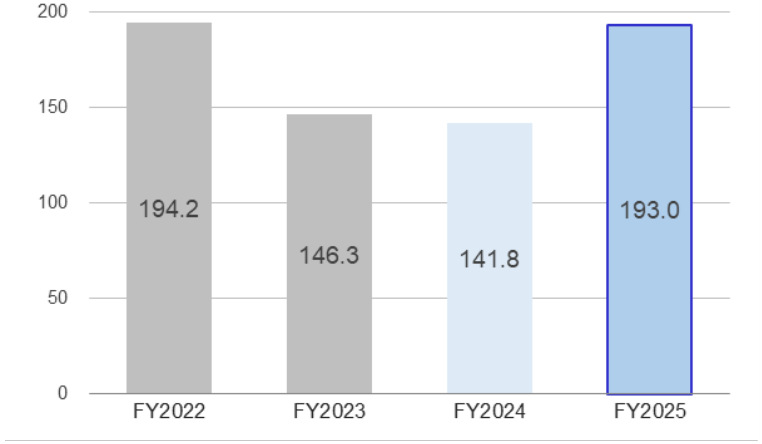
The energy plant business will see a decline due to a reduction in projects that could be factored into sales in this fiscal year. For the other businesses, growth will be observed because of order backlogs.

Operating profit

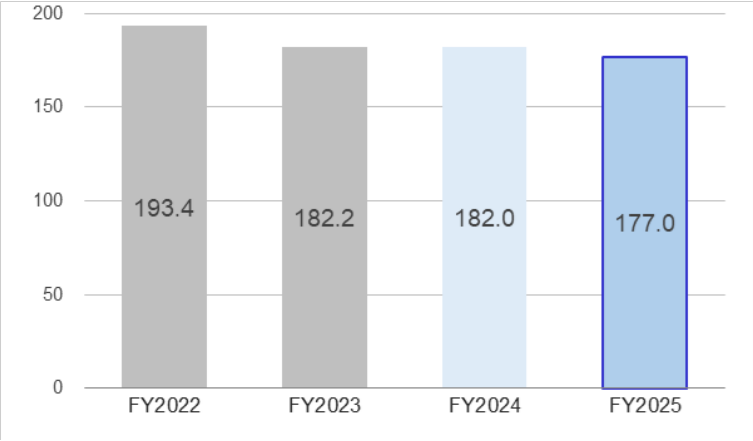
JPY7.0 billion (+3.2 billion)

Increase due to a reduction in development costs, despite a decline in sales.

■ Changes in Orders

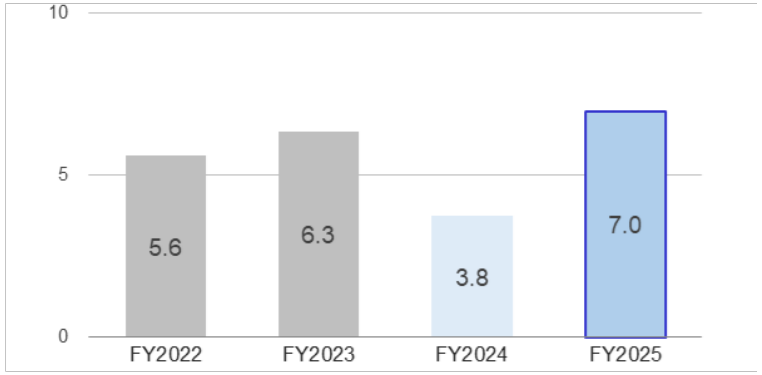


■ changes in sales



■ Changes in Operating Profit

Unit: JPY billion



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03 Revision of the “Medium-Term Management Plan 2026” (MTMP26)

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

Concept of long-term policy

Increase corporate value in a sustainable manner by solving social issues through products and services

2021～23	2024～26	2027～29	2030
Lay groundwork for solving social issues	Build a business portfolio to solve social issues Regarding deepening and exploration, engage in further practice Perform the final finishing touches to bring the ideal state		Bring the ideal state into existence

Basic policy

Develop a robust entity

Key issues

01	Improve profitability	･･･Strengthen profitability through deepening and implement a management approach that prioritizes profit	Deepening
02	Enhance capital efficiency	･･･Thoroughly implement an ROIC-based management approach	
03	Strengthen new business exploration	･･･Identify business opportunities through exploration	Exploration

Basic strategy

Improve profitability, enhance capital efficiency, and strengthen exploration from both corporate and segment perspectives

Corporate strategy

- Promote business portfolio reformation
- Capital policy
- Strengthen new business exploration functions
- Strengthen the business base (sustainability, human capital, and DX)

Segment strategy

- Strengthen profitability through deepening
- Identify business opportunities through exploration
- Pursue synergies
- Streamline segment organizations

A company that contributes to an affluent society through core technologies and realizes CSV

Creating Shared Value

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03 “Medium-Term Management Plan 2026” - Revision of Targets (1): Changes in the Business Environment

The Medium-Term Management Plan 2026 was developed by backcasting from the ideal state and goals for 2030. However, our recent performance has been below expectations partly due to a change in the business environment and delays in improving the profitability of our core businesses.

In the MTMP26, we aimed to improve profitability through reforms while securing a certain volume.

However, the basis for sales expansion has been undermined by stagnant orders in the first fiscal year of the MTMP.

As a result, we will revise the goals for FY2026.

Change in the Business Environment Compared to the Initial Plan

European business	- The weak performance of the automobile industry due to a slowdown in demand for EVs, along with deteriorating market conditions across Europe caused by rising energy costs and other factors - Delay in capital investment by customers in the electric control and plastics machinery segments, along with reduced demand in the boiler business due to decarbonization and stricter environmental regulations
Semiconductor business	- Delayed recovery of demand in the markets targeted by the Group and sluggish customer capital investment
Hydraulic excavator business	- Decrease in demand resulting from persistently high interest rates in North America, and excess inventory due to reduced orders

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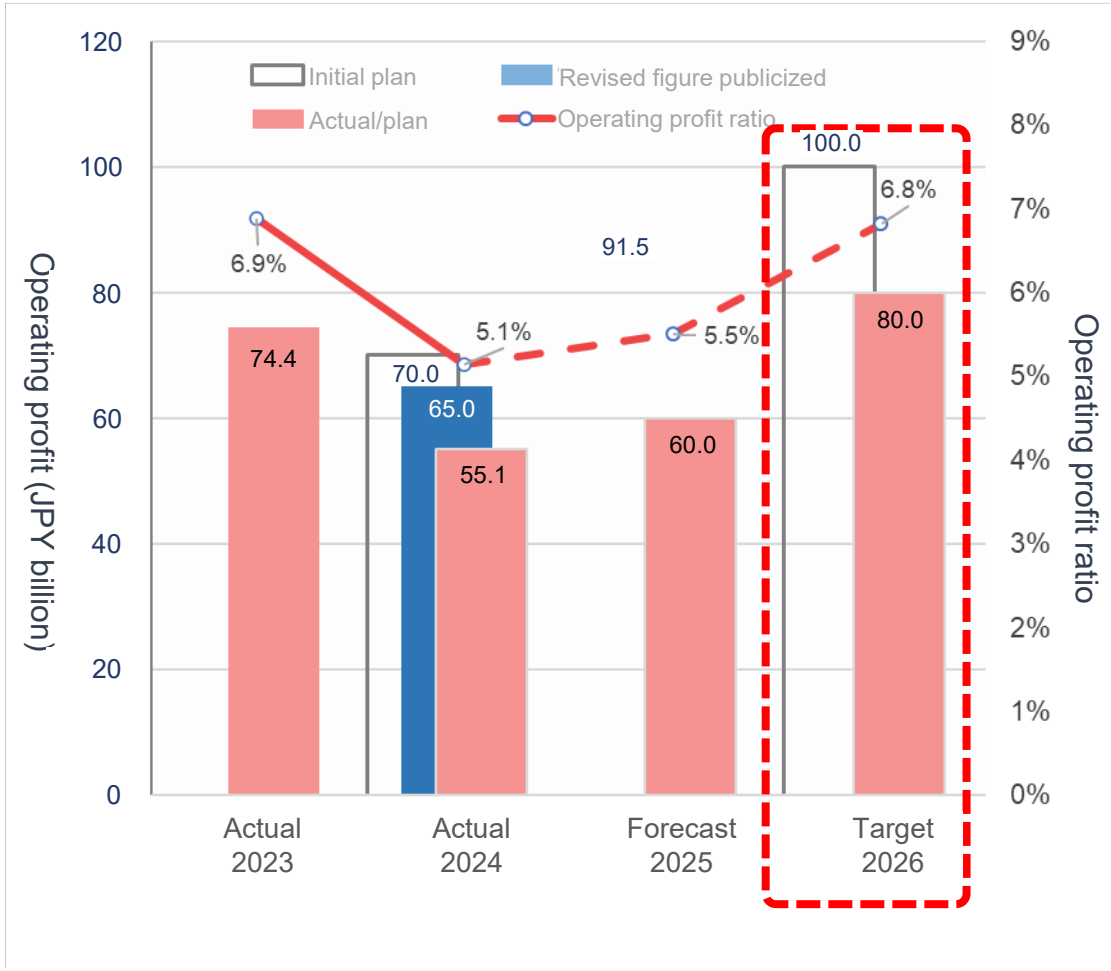
“Medium-Term Management Plan 2026” - Revision of Targets (2): (Revised Figures and Response Strategies)



Changes

Operating profit Target

Initial plan
JPY100.0 billion

After revision
JPY 80.0 billion

Given the current business environment, we have determined that it is difficult to achieve the goals by FY2026.

***There is no change in the ideal state and goals for 2030.**

To achieve them, we will strive for a quick return to the profit target line by revising certain aspects of our strategies, and by accelerating the addition and implementation of measures.

<Main measures and response strategies>

1. Structural reorganization, including personnel reductions for our business in Europe
2. Realizing the benefits of business integration in semiconductor manufacturing equipment and expanding sales in the US and Europe
3. Revising the production system for the hydraulic excavator business, and implementing operational quality improvements
4. Reforming the portfolio/clarifying the subject businesses and implementing the changes

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03 “Medium-Term Management Plan 2026” - Revision of Targets

Orders are sluggish due to changes in the business environment, and the profitability of existing businesses has declined.
→Considering the current business environment and financial condition, we will revise the targets of the Medium-Term Management Plan 2026 as follows.

	FY2024 Actual	FY2026 target Previously announced (as of February 2024)	FY2026 target **After revision** (as of February 2025)	Changes from previously announced target values
Orders	JPY936.1 billion	JPY1,280.0 billion	**JPY1,200.0 billion**	(JPY80.0 billion)
Net sales	JPY1,071.1 billion	JPY1,250.0 billion	**JPY1,173.0 billion**	(JPY77.0 billion)
Operating profit	JPY55.1 billion	JPY100.0 billion	**JPY80.0 billion**	(JPY20.0 billion)
Operating profit ratio	5.1%	8.0%	**6.8%**	(1.2pt)
ROIC	4.8%	8.0%	**7.0%**	(1.0pt)
(Ref.) ROE	1.2%	10.0%	**7.8%**	(2.2pt)
Capital investment (The targets are for a three-year cumulative total)	JPY48.0 billion	JPY190.0 billion	**JPY190.0 billion**	-
Research and development (The targets are for a three-year cumulative total)	JPY37.7 billion	JPY90.0 billion	**JPY90.0 billion**	-
Currency exchange rate (USD/JPY)	¥147	¥135	**¥135**	—

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“Medium-Term Management Plan 2026” - Reconfiguration of the Models That Constitute the Segments

Businesses within the segments have been configured to streamline segment management and promote synergy

- The component business and the semiconductor equipment business have been integrated into Mechatronics and Industrial Machinery, respectively
- For Mechatronics, drive the growth of the component business and promote inter-business synergy
- Consolidate the laser system business into Industrial Machinery, thereby enhancing the semiconductor manufacturing equipment business while also leveraging the acquisition of an overseas company (LASSE)

[Before reconfiguration]

Segment name	Business (Product)
Mechatronics	Gear reducers, motors, inverters, **laser systems**, precision positioning equipment
Industrial Machinery	Plastics machinery, **cryogenic equipment**, precision parts, semiconductor production equipment, quantum equipment, accelerators, forging presses, industrial/environmental equipment, machining tools, defense equipment

[After reconfiguration]

Segment name	Business (Product)
Mechatronics	Gear reducers, motors, inverters, **cryogenic equipment**, precision positioning equipment
Industrial Machinery	Plastics machinery, precision parts, semiconductor production equipment, **laser systems**, quantum equipment, accelerators, forging presses, industrial/environmental equipment, machining tools, defense equipment

LASSE: Laser Systems & Solutions of Europe SASU (France)

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03 “Medium-Term Management Plan 2026” - Change in Targets by Segment

Unit: JPY billion	FY2026 target Previously announced [After segment reconfiguration] (as of February 2024)				FY2026 target **After revision** (as of February 2025)				Change		
	Orders	Net sales	Operating profit	ROIC	Orders	Net sales	Operating profit	ROIC	Orders	Net sales	Operating profit
Mechatronics	330.0	323.0	30.0	9.0%	**295.0**	**295.0**	**24.0**	**8.0%**	(35.0)	(28.0)	(6.0)
(plastics machinery)	110.0	110.0			**105.0**	**105.0**			(5.0)	(5.0)	
Industrial Machinery	280.0	277.0	27.0	10.0%	**275.0**	**275.0**	**22.0**	**8.5%**	(5.0)	(2.0)	(5.0)
(hydraulic excavators)	290.0	290.0			**260.0**	**260.0**			(30.0)	(30.0)	
Logistics & Construction	460.0	460.0	33.0	10.0%	**435.0**	**433.0**	**27.0**	**8.0%**	(25.0)	(27.0)	(6.0)
Energy & Lifeline	210.0	190.0	10.0	6.0%	**195.0**	**170.0**	**7.0**	**4.0%**	(15.0)	(20.0)	(3.0)
Total	1,280.0	1,250.0	100.0	8.0%	**1,200.0**	**1,173.0**	**80.0**	**7.0%**	(80.0)	(77.0)	(20.0)

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03 Review of the First Year of the “Medium-Term Management Plan 2026” and Future Response Strategies

- The results of FY2024, the first year of the Medium-Term Management Plan were far below the initial plan, and our profitability has degraded.
- To bridge the gap between the to-be state by 2030 and the current situation, we will revise certain aspects of our strategies, while accelerating the implementation of measures to rebuild our profitability. Through these efforts, we aim to quickly achieve profitability that exceeds our capital costs.

	Issues to be addressed	Future response strategies
1	● **Enhancing profitability in revenue base businesses** • Strengthen the ability to respond to market fluctuations • Improving productivity and profitability	● **Implementing a structural reorganization of revenue base businesses** • Reduce production capacity, carry out consolidations and closures and optimize unprofitable models (electric control business, plastics machinery) • Improve the accuracy of demand forecasts and enhance productivity by strengthening the division of the labor system in main plants (hydraulic excavators)
2	● **Accelerating business portfolio reformation** • Streamline segment organizations • Accelerate portfolio management (Implement a strategy of selection and concentration)	● Implementing business portfolio reformation • Strengthen the segment-based system and Promote the full-scale transition • Develop and promote a structural reorganization plan for businesses whose strategies are being rebuilt
3	● **Thoroughly implementing an ROIC-based management approach** • Review the structure of fixed costs • Expand after-sales services • Ensure early revenue contribution from the acquired business	● **Strengthening the management of investment returns and improving return on capital** • Improve the efficiency of back-office operations, and streamline unnecessary assets • Expand the high-value-added service business utilizing DX • Enhance investment and loan management functions (Enhancing investment decisions and PMI)

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03 “Medium-Term Management Plan 2026” - Structural Reorganization and Roadmap for the European Business

Reform measure

LSPA

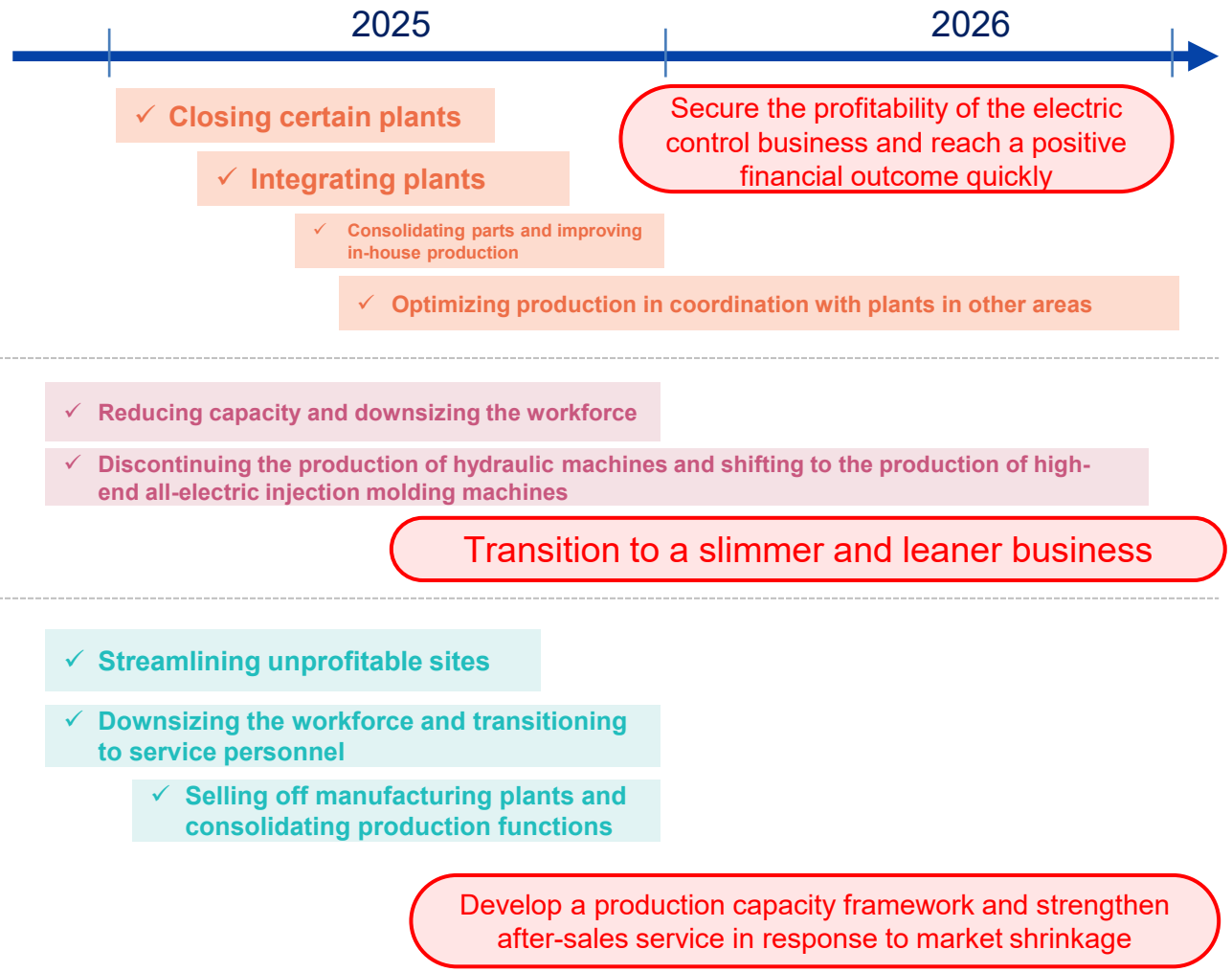
1. Reduce costs by closing and integrating certain plants and downsizing the workforce

SDG

1. Reduce production capacity in line with market shrinkage
2. Downsize the workforce
3. Achieve high profitability by shifting to the production of high-end all-electric injection molding machines in response to the increasing demand for all-electric injection molding machines

SFW

1. Downsize the workforce in line with market shrinkage
2. Reassign personnel to strengthen the service system
3. Optimize assets and reduce fixed costs by streamlining unprofitable sites
4. Concentrate production functions in plants in Poland and maintain operations by increasing external sales



LSPA: Lafert S.p.A.; SDG: Sumitomo (SHI) Demag Plastics Machinery GmbH; SFW: Sumitomo SHI FW Energie GmbH

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“Medium-Term Management Plan 2026” - Enhancement of Semiconductor-related Businesses

Determine specific details of initiatives and accelerate them, focusing primarily on Europe, North America, and Japan/Asia

Europe

Collaboration with LASSE (Laser annealing equipment)

★Gennevilliers, France (LASSE)

Laser annealing equipment offered by LASSE

Japan/Asia

Integrate ion implantation and laser annealing businesses

North America

Evaluation and Development Center in the US

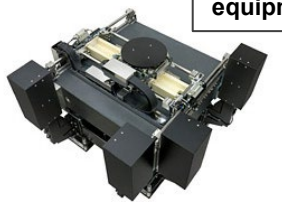
(Precision positioning equipment)

Expand the vacuum robot business

★Santa Clara

★Boston (SHI-USA/ PERSIMMON)

Precision positioning equipment



Europe	**Promoting collaboration with LASSE**	● Establish sales channels for major power semiconductor manufacturing customers in Europe ● Stand against competitors and secure markets by acquiring high-productivity laser annealing equipment ● Collaborate to develop next-generation processes involving laser annealing equipment and ion implanters
North America	**Establish an evaluation and development center (Santa Clara, 2025)**	● Strengthen relationships with customers in North America through evaluation and development ● A platform for acquiring new customers for precision positioning equipment in North America
Japan	**Integrate ion implantation and laser annealing businesses**	● Synergies derived from integrating ion implantation and laser annealing businesses ● Enhance the power semiconductor segment by establishing the high-temperature ion implantation process

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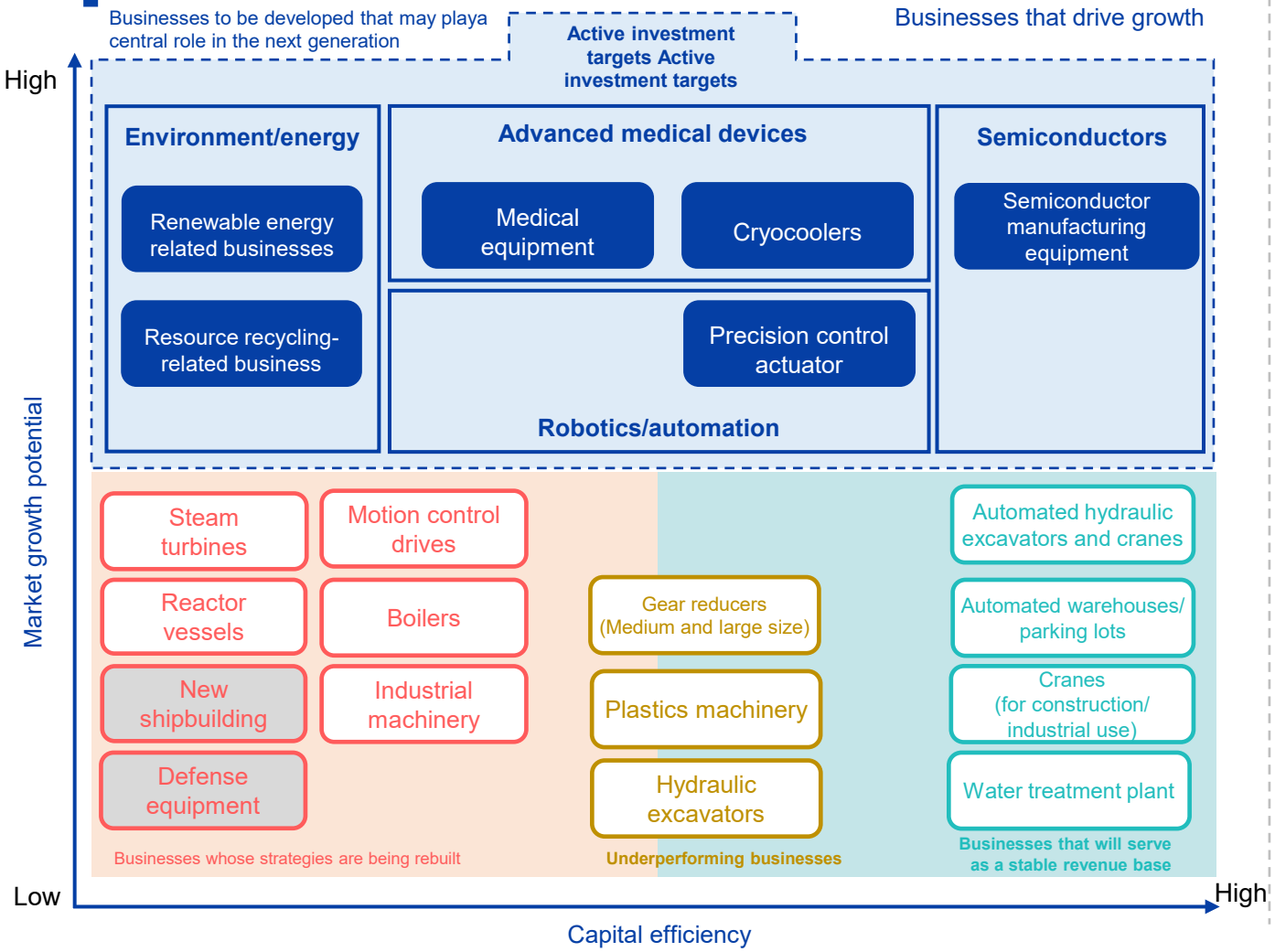
03 “Medium-Term Management Plan 2026” - Progress of Business Portfolio Reformation

Rebuild strategies for low-growth, low-profit businesses, focus management resources on four key investment areas with anticipated growth, and strive to expand these businesses.



Status of investment in key areas

Semiconductors	Acquiring France-based LASSE, establishing an evaluation/ development center in the US, and developing a high-temperature injection system for SiC semiconductors
Robotics/automation	Developing a safety system for the functions of next-generation hydraulic excavators
Advanced medical devices	Developing an internal therapy system
Environment/energy	Developing LAES-based products

Underperforming businesses

For medium and large-sized gear reducers, plastics machinery and hydraulic excavators whose revenues are underperforming and are included in businesses that will serve as a stable revenue base, implement measures to enhance their earning capacity

Businesses whose strategies are being rebuilt

- Ceasing new orders and withdrawing from the shipbuilding business (implemented in FY2024) A container crane is being built at Yokosuka Works. Concentrate management resources on key areas such as base structures for offshore wind power generation
- For the defense equipment business: merging Sumiju Tokki Service Co., Ltd. (implemented in January 2025)
- For steam turbines, reactor vessels, boilers, industrial machinery, and motion control drives, formulate and implement structural reorganization plans successively

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LAES: Liquid Air Energy Storage

03 “Medium-Term Management Plan 2026” - Capital Policy

Regarding the shareholder return policy, the following policy will remain in place.
(1) Maintain a minimum dividend of JPY125 throughout the MTMP26 period and aim to achieve a DOE of 3.5% in the final fiscal year of the plan.
(2) For share buybacks, continue to consider conducting them flexibly based on our share prices and financial balance.

Focus on reducing working capital while maintaining capital and development investment plans.

Cash in		Cash out	
Improve profitability Enhance cash flow generation **Reduce working capital** Improving production lead time through production reformation activities **Restructure low-ROIC businesses**	Operating cash flow (before deduction of research & development costs) **JPY280.0 billion** (JPY 300.0 billion)	Capital investment (including M&As) **JPY190.0 billion** (JPY 190.0 billion)	**Investment in key areas: JPY80 billion** Significant investments are made in robotics/automation, semiconductors, advanced medical devices and environment/energy fields.
		Research & development cost **JPY 90 billion** (JPY 90 billion)	**Investment in key areas: JPY54 billion** Significant investments are made in robotics/automation, semiconductors, advanced medical devices and environment/energy fields.
Utilize interest-bearing debts Utilizing interest-bearing debts to an extent that does not compromise sound financial conditions	Interest-bearing debts **JPY 70 billion** (JPY 60 billion)	Shareholder returns **JPY 70 billion** (JPY 80 billion)	**Consistently distribute dividends commensurate with shareholders’ equity** DOE of 3.5% or higher The minimum dividend is JPY125/share **Repurchase treasury stock, taking the capital policy into consideration** Total return ratio of 40% or more

*Figures in parentheses represent those under the initial plan (as of Feb. 2024)

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03 “Medium-Term Management Plan 2026” - 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	Implementation details for FY2024	Actual 2024	Target 2026
Issue of value creation	E	Reduce environmental burden	- Measures to reduce CO_2 emissions (Scope 1 and 2) during product manufacturing were implemented as planned - Expand the calculation scope for Scope 3 Category 1 (Procurement) in Japan - CFP calculation measures for main products	**CO_2 emission reduction (compared to 2019)** - At time of manufacturing products: -24% - At time of using products: -65% *Actual results for FY2023 (Actual results for FY2024 will be disclosed in the Integrated Report)	CO_2 emission reduction (compared to 2019) - At time of manufacturing products: -35% - At time of using products: -50%
Issue of strengthening the business base	S	Create better ways to live and work	- Certification for wall climbing robot for steel structures was acquired and demonstration experiments were conducted - The scope of application for remote control systems was expanded (SIRMS®: large crane-integrated remote monitoring system)	(Refer to the rightmost column)	(Further advancement of automation technology)
		Prioritize employee safety, health, and development	- Declaration of diversity promotion activities by each officer - Certified as an Excellent Health Management Corporation for 2024 (4 consecutive years) - Awarded the Gold Prize in the PRIDE Indicator 2024 (for 2 consecutive years)	- **Female manager ratio:** 2.5% (on a consolidated basis in Japan)	- Female manager ratio: 3.7% (on a consolidated basis in Japan)
		Emphasize coexistence and co-prosperity with local communities	- “School for a Compassionate Future” (STEAM education workshop) was held in Niihama City	- Spending for social contribution activities: JPY260 million	- Spending for social contribution activities: JPY200 million
		Establish a sustainable supply chain	- A working environment survey of our manufacturing sites and suppliers in Vietnam and Indonesia was conducted (human rights due diligence)	- Survey on high risk suppliers :67%	- Survey on high risk suppliers :100%
	G	Strengthen governance	- The number of female directors was increased to 2 - The ideal state of the Board of Directors was discussed, and matters to be presented to the Board of Directors were revised	- Number of female directors: 2 (18%)	- Number of female directors: 2
		Ensure high product quality	- Efforts to improve the quality of software in products were strengthened	- Number of serious incidents related to products: 0	- Number of serious incidents related to products: 0

SIRMS®: SHI-MH Integrated Remote Monitoring System

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“Medium-Term Management Plan 2026” - Mechatronics: Initiatives for FY2025 and FY2026 (1)

Target profit for FY2026	Basic strategy of the “Medium-Term Management Plan 2026”
JPY24.0 billion (+JPY12.3 billion)	● Key investment areas: Expand high-growth and high-profit sectors, and drive sales expansion in target markets ● Foundational business areas: Enhance the earning capacity of the gearmotor business, and expand services

	External environment	Key initiative
Key investment area		
Robotics/automation (Lafert and Invertek)	● Increased demand for energy conservation driven by rising energy prices and tighter environmental regulations ● Increased demand for collaborative service robots and AMR, triggered by labor shortages and escalating personnel costs	● Strengthen sales expansion of collaborative robots and AMR for use in transportation and logistics that leverage optimized modules using high-efficiency motors and inverters (smartris, KeiganALI, TUAKA, SCY)
Semiconductors (components)	● Surging demand for precision positioning equipment, driven by the growing AI-related market ● A rebound in demand for automotive and industrial use is projected from late 2025	● Expand a new market for precision positioning equipment ● Establish a precision stage evaluation center in the US and accelerate acquisition of global top-tier customers
Foundational business area		
Medium and large-sized gear reducers	● Strong demand for replacing large gear reducers in aging facilities used in industries such as tire manufacturing, mining, and chemical production	● Enhance services to meet replacement demand and propose upgrades ● Strengthen the product ability of gear motors combined with high-efficiency motors ● Consolidate models

*Figures in parentheses indicate the improvement amounts for the period from FY2024 to FY2026

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03 “Medium-Term Management Plan 2026” - Mechatronics: Initiatives for FY2025 and FY2026 (2)

Robotics/automation

- **smartris/KeiganALI/TUAKA/SCY**

Integrate the gear, motor, and driver into a single package.

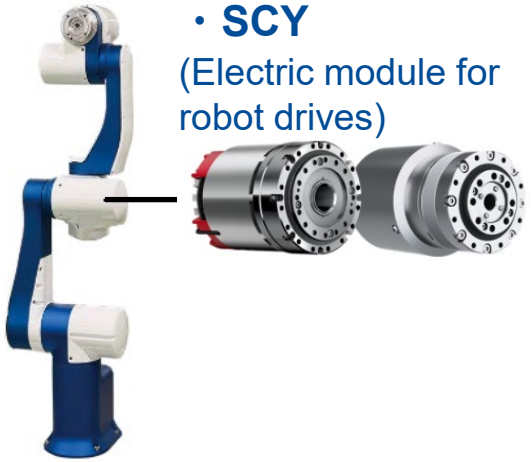
Enhance the product lineup for automation & robotics and logistics markets.

smartris
(Drive module)

KeiganALI

- **TUAKA**
- **SCY**

(Electric module for robot drives)



Service

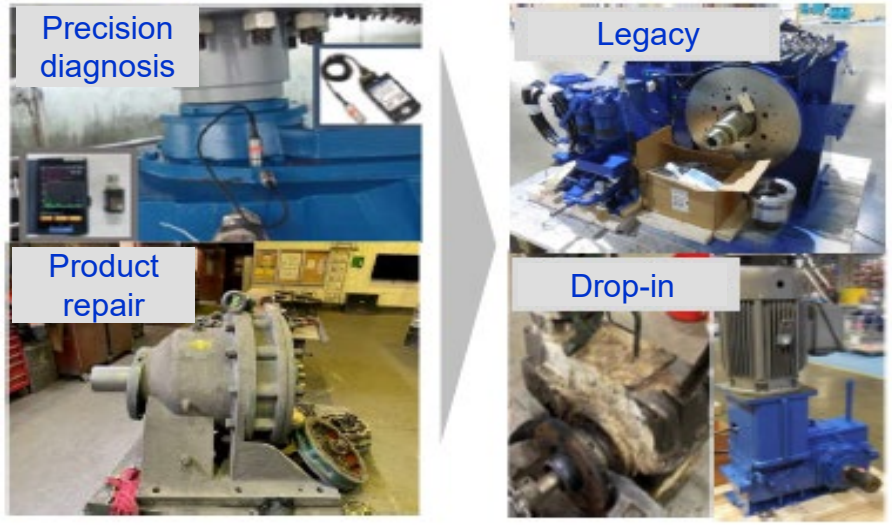
- **Installation-based business**

Respond to various customer requests, and implement measures to secure orders from customers for replacement and substitution when inspecting and servicing both our products and those of other companies

[Key initiative] Comprehensive maintenance solution

- Support for gear reducer implementation
- Maintenance and inspection
- Diagnosis using the condition monitoring system (CMS)
- Proposals for overhaul, replacement, legacy system upgrades, retrofitting and drop-in solutions

Installation-based business



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03 “Medium-Term Management Plan 2026” - Industrial Machinery: Initiatives for FY2025 and FY2026 (1)

Target profit for FY2026	Basic strategy of the “Medium-Term Management Plan 2026”
JPY22.0 billion (+JPY9.7 billion)	● Key investment areas: Achieve decisive victories in sectors where we hold a competitive edge ● Foundational business areas: Implement the structural reorganization of the plastics machinery business

	External environment	Key initiative
Key investment area		
Semiconductors	● There is a delay in customer capital investment due to the slow recovery of demand in the markets targeted by the Group, despite the growth in the AI-related market ● A return to positive growth from late 2025 is projected	● Increase sales in the power semiconductor field by developing differentiated products (high-temperature ion implanters)
Advanced medical devices	● Proton beam: Projects tend to be postponed due to rising costs ● BNCT: Strong interest continues, and the establishment of standards and guidelines is ongoing in Japan and overseas	● Develop and implement a strategy to promote proton therapy systems (superconducting type) and BNCT (next-generation high-current type)
Foundational business area		
Plastics machinery	● There are signs of recovery in the Chinese market ● The continued sluggish market conditions in Europe and the shrinking automobile market are having an ongoing impact. Additionally, competition has intensified due to the entry of all-electric injection molding machines from Asian countries	● Model consolidation and operational process reformation ● Implement the structural reorganization of Demag

*Figures in parentheses indicate the improvement amounts for the period from FY2024 to FY2026

BNCT: Boron Neutron Capture Therapy System

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“Medium-Term Management Plan 2026” - Industrial Machinery: Initiatives for FY2025 and FY2026 (2)

Semiconductors

- **Ion Implanters for power semiconductors (SMIT)**
  Finalize the high-temperature implantation technology
- **Next-generation ion implanter (SMIT)**
  Complete the development of devices for the memory market and collect customer feedback
- **Laser annealing equipment (LASSE)**
  Establish sales channels for major semiconductor manufacturing customers in Europe

Advanced medical devices

- **Proton cancer treatment devices**
  Secure orders for new proton systems (Showcasing the superiority of high-speed scanning radiation)
- **BNCT cancer treatment devices**
  Expand the treatment indication for deep-seated cancer; explore the US market in collaboration with SHI-USA

Service

- **Plastics machinery**
  - Manage sales and project activities for modifications
  - Promote sales activities for parts in Vietnam, Indonesia, and China
- **Ion implanter (SMIT)**
  Establish a service support system in the Asian region
- **Advanced medical device**
  Increase sales from overseas subsidiaries and ensure profits through maintenance projects

Laser annealing equipment offered by LASSE

Appearance of the BNCT Center building (schematic image)

SMIT: Sumitomo Heavy Industries Ion Technology Co., Ltd.

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03 “Medium-Term Management Plan 2026” - Logistics & Construction: Initiatives for FY2025 and FY2026 (1)

Target profit for FY2026	Basic strategy of the “Medium-Term Management Plan 2026”
JPY27.0 billion (+JPY1.7 billion)	● Key investment areas: Promote the development of cutting-edge technologies, such as electrification, remote control/automation and DX, to solve social issues ● Foundational business areas: Secure revenues and establish a global production system in developed markets, including Japan, the US, and Europe.

	External environment	Key initiative
Key investment area		
Robotics/automation	● Strong demand for carbon neutrality initiatives ● Growing need for productivity improvement, safety, and labor savings	● Establish a development center for this segment ● Promote the development of solutions like standardized electrification, remote control/automation, and DX (such as 13.5-ton electric hydraulic excavators)
Foundational business area		
Construction machinery (Hydraulic excavators and mobile cranes)	● Robust demand in Japan ● Demand from North America is expected to recover in the 2H of 2025 or later	● Differentiate our products and improve profitability by launching new models ● Establish an optimal production system utilizing Yokosuka Works
Logistics machinery (Industrial cranes and logistics warehouses)	● There is a continuing demand for the replacement of industrial cranes ● Growing need for automation	● Develop differentiated products focused on automation and carbon neutrality (ARTG) ● Harness the power of DX (SIRMS®) to deliver higher-value services

*Figures in parentheses indicate the improvement amounts for the period from FY2024 to FY2026

ARTG: Automatic Rubber Tired Gantry crane

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03 “Medium-Term Management Plan 2026” - Logistics & Construction: Initiatives for FY2025 and FY2026 (2)

Robotics/automation

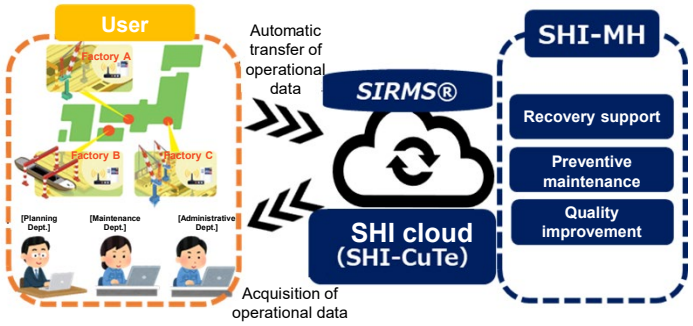
- **13.5-ton electric hydraulic excavator**
  Development of the 13.5-ton machine is ongoing, following the completion of the 7.5-ton machine, and it is scheduled for sale.
  (International Construction & Survey Productivity Improvement EXPO: We are planning to exhibit demo machines at CSPI-EXPO2025 (at Makuhari Messe in June))
  Respond to growing customer demand for carbon neutrality initiatives.
- **ARTG: Automatic Rubber Tired Gantry (Rubber Tired Gantry crane)**
  Develop differentiated products focused on automation and carbon neutrality.
  The product is being developed as an automated system with features such as loading onto manned trucks.

7.5-ton electric hydraulic excavator
International Construction & Survey Productivity Improvement EXPO (CSPI-EXPO2023)

ARTG: Automatic Rubber Tired Gantry

Service

- **Large cranes**
  - Enhancing services by increasing their value (through ESG proposals, etc.), utilizing SIRMS®—a tool to support productivity improvement for large cranes with the DX solution (Sumitomo Heavy Industries Group-dedicated cloud: SHICuTe)
  - Demand for modifications is experiencing significant growth due to labor shortages in the logistics industry.



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03 “Medium-Term Management Plan 2026” - Energy & Lifeline: Initiatives for FY2025 and FY2026 (1)

Target profit for FY2026	Basic strategy of the “Medium-Term Management Plan 2026”
JPY7.0 billion (+JPY3.2 billion)	● Key investment areas: Promote the fostering and commercialization of the next-generation core businesses in carbon neutrality and renewable energy promotion businesses ● Foundational business areas: Implement the structural reorganization of the boiler business and strengthen the after-sales service by enhancing functions and expanding proposal menus

	External environment	Key initiative
Key investment area		
Carbon neutrality business	● In response to growing need for decarbonization, progress has been made in public and private technology and infrastructure development in the CCUS sector.	● Carry out demonstration tests and assess carbon capture systems and biomass gasification facilities ● Demonstrate carbon fixation technology for unused biomass-derived carbon
Renewable energy promotion business	● To utilize renewable energy and promote resource recycling, infrastructure development has been advancing through government-private collaboration, with investment accelerating.	● Commencement of commercial operation of the LAES demonstration facilities in FY2025 ● Strengthen our marketing capabilities for the commercialization of base structures for offshore wind power generation
Foundational business area		
Energy plants (Boilers, etc.)	● Despite the long-term gradual decline expected from decarbonization, the boiler market has been rapidly slowing down in both Japan and overseas due to prolonged inflation in the EU, rising fuel costs, and other factors.	● Implement the structural reorganization of the boiler business ● Expand after-sales service and strengthen coordination within the segment ● Promote boiler fuel conversion and modification (through TMU)

*Figures in parentheses indicate the improvement amounts for the period from FY2024 to FY2026　CCUS: Carbon dioxide Capture, Utilization and Storage　TMU: Technology Modernization & Upgrades

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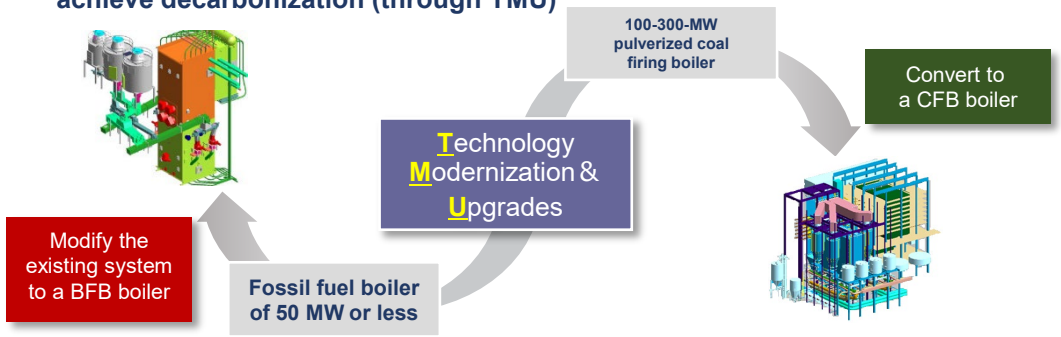
“Medium-Term Management Plan 2026” - Energy & Lifeline: Initiatives for FY2025 and FY2026 (2)

Energy plants (boilers)

- **Services (fuel conversion modification proposals (through TMU), and basic maintenance)**
  - We aim to expand the scope of our inspection services by enhancing daily checks through site expansion, strengthening repair proposals for existing boilers, and including regular inspections of boilers from other manufacturers.
  - We will also explore the demand for major renovation services, such as fuel conversion modifications, for customers who own fossil fuel boilers.

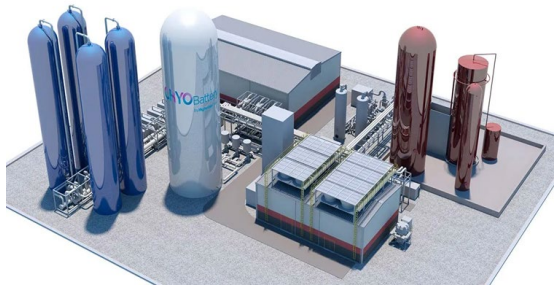
Make fuel conversion proposals to help customers with fossil fuel boilers achieve decarbonization (through TMU)



Biomass-compliant fuel conversion proposals backed by our world-leading experience in CFB boiler delivery and a track record of over 30 successful BFB modifications

Renewable energy promotion business (LAES and offshore wind power generation)

- **Building demonstration facilities and conducting test runs of the LAES for market entry**
  - For the demonstration facilities under construction on the premises of Hiroshima Gas, the delivery of main equipment has been completed and test runs are scheduled to begin in FY2025
  - A business model is being developed through multiple feasibility study contracts



- **Developing infrastructure for mass production of base structures for offshore wind power generation**
  - Create synergies by combining competencies within the segment
  - Promote the enhancement and improvement of a production system toward mass production of base structures

Sumitomo Heavy Industries Process Equipment Co., Ltd.

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

Offshore wind power generation business promotion project
Collaboration and mutual synergy

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

Sumitomo Heavy Industries Marine & Engineering Co., Ltd.

Ehime Works (Saijo Plant)

Yokosuka Works

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04 Appendix

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04 Corporate Strategy: Strengthening the Business Base (Sustainability)

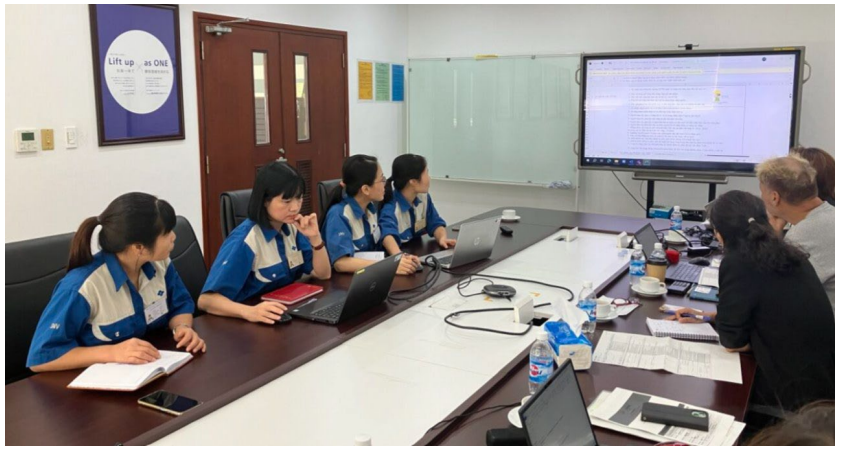
Signing the UN Global Compact*

- We signed to clearly demonstrate our commitment to sustainability management
- We will strive for human rights due diligence, assess our company's impact on human rights and the environment, and work to reduce negative impacts

*International initiative to promote sustainable business practices, advocated by the UN

Human rights due diligence

- A working environment survey of employees at the Group's manufacturing sites (3 in total) and suppliers (4 in total) in the Asian region (Indonesia and Vietnam) was conducted (Conducted together with The Global Alliance for Sustainable Supply Chain, a general incorporated association)
- Interviews with employees were conducted (14 employees of the Group and 14 employees of suppliers)
- No matters identified as human rights violations or other human rights issues were detected



A scene from a survey at a factory in Vietnam

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04 Corporate Strategy: Efforts toward Carbon Neutrality

We will review our energy consumption to achieve carbon neutrality. Additionally, we are developing and considering products to reduce CO_2 emissions during their use

Scope1・2

- Implementing existing energy-saving measures continuously
- Installing solar power generation equipment
- Purchasing renewable energy

Scope3 (Cat11: At time of using products)

Reducing electricity and energy consumption

- Improving the efficiency of motors, etc.
- Optimizing energy consumption

Mechatro | IM | L&C | E&L

Electrification and fuel conversion

- Electrification
- Utilizing hydrogen and biofuels

IM | L&C | E&L

Utilizing biomass and CO_2

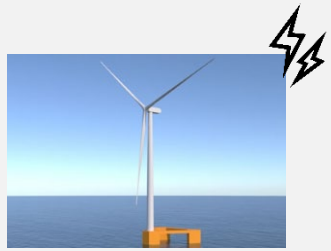
- Utilizing waste materials
- CO_2 recovery, utilization and fixation

E&L

Promoting renewable energy

- Offshore wind power generation
- Energy storage (LAES)

E&L



Mechatro:	Mechatronics	IM :	Industrial Machinery
L&C :	Logistics & Construction	L&C :	Energy & Lifeline

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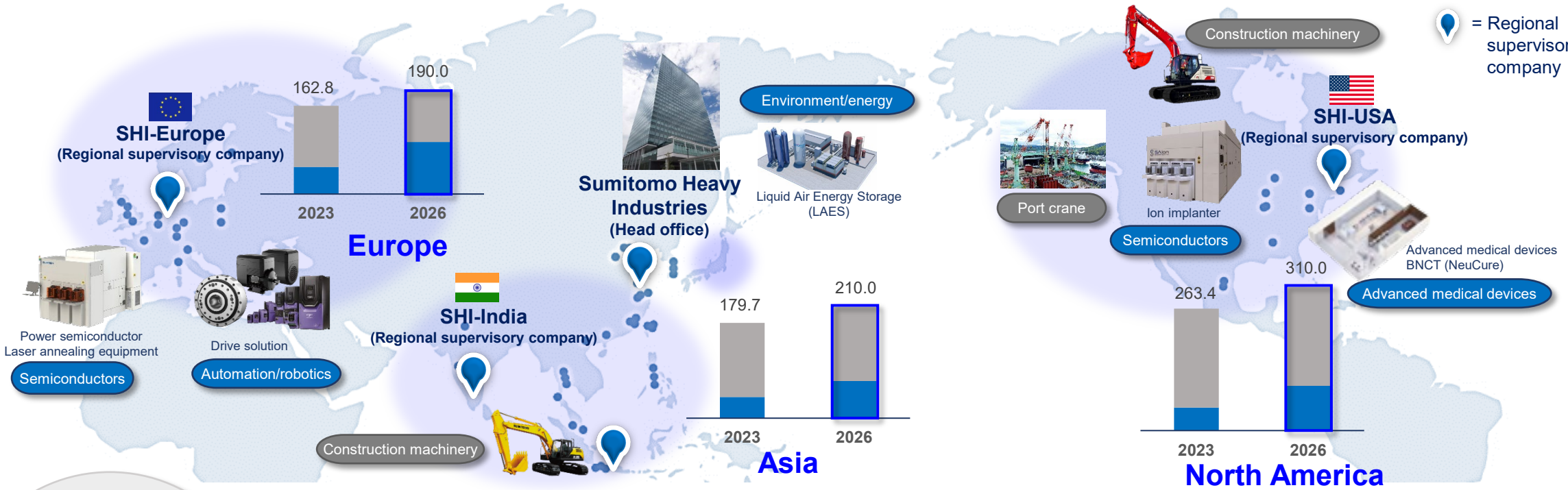
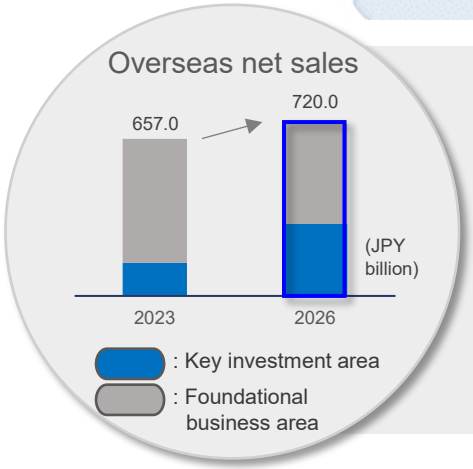
04 Corporate Strategy: Global Strategy





Key area

- Focus on North America, Europe and the Global South (including India)
- Maintain market share in East Asia (Japan, China and Korea) by addressing domestic demand

Strengthening regional supervision

- Enhance the functions of regional supervisory companies (USA, Europe and India), re-define their roles, and strengthen global governance

Expanding business into overseas markets

- Make active investments in key areas (semiconductors, advanced medical devices, automation/robotics, and environment/energy)
- Enhance the development of foundational businesses (construction machinery and port cranes)

Supply chain strategy

- Achieve BCM and responsible procurement
- Secure the supply chain in each area (nearshore strategy)

*Figures for each region are before deducting transactions for consolidated groups.

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04 Corporate Strategy: DX Strategy

Ideal state in 2030

A company that contributes to an affluent society through core technologies and realizes CSV

Strengthening business profitability

Solving social issues

Direction for creating value

Utilize digital solutions to optimize work environments globally and ensure the satisfaction of those involved

Advancement of operational processes

Strengthening the ability to respond to demand fluctuations

Semiconductors

Back office operations

Equipment efficiency

Personnel efficiency

Load efficiency

Creation of first-rate products and services

Creating new customer value

Robotics/automation

Advanced medical devices

Corporate social responsibility

Negative environmental impact reduction and safety

Environment/energy

DX promotion activities

DX talent development and mindset cultivation

Development of digital infrastructure and environment

Promoting DX projects

Strengthening governance

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04 Changes in ROIC by Segment

	Actual FY2024	Forecast FY2025	targets for FY2026	Issues to be addressed	Future response strategies
Mechatronics (After reconfiguration)	4.5%	5.2%	8.0%	- Improving the revenue of the electric control business (in Europe) - Improving the revenue of gearmotor models - Reducing inventories and fixed assets	Mass-produce new products, implement price pass-through measures, and improve the in-house production rate - Consolidate models and optimize unprofitable models - Review the supply chain and carry out consolidations and closures of production equipment
Industrial Machinery (After reconfiguration)	5.2%	4.4%	8.5%	- Improving the revenue of the plastics machinery business - Improving the productivity - Strengthening the product lineup in preparation for semiconductor market recovery	- Carry out consolidations into highly profitable models (such as all-electric injection molding machines) - Reduce excess production capacity and enhance global responsiveness to supply and demand fluctuations - Expand sales by developing differentiated products (such as high-temperature ion implanters)
Logistics & Construction	7.6%	7.0%	8.0%	- Securing orders and sales - Improving the revenue of the construction machinery business - Reducing inventories	- Make a shift to provide products and services of higher value - Increase the construction machinery market share in North America - Build an optimum production system
Energy & Lifeline	2.6%	3.4%	4.0%	- Finishing the structural reorganization of the boiler business - Securing orders and improving individual profits and losses	- Implement strict financial discipline - Enhance after-sales services - Make growth investments in the new business area

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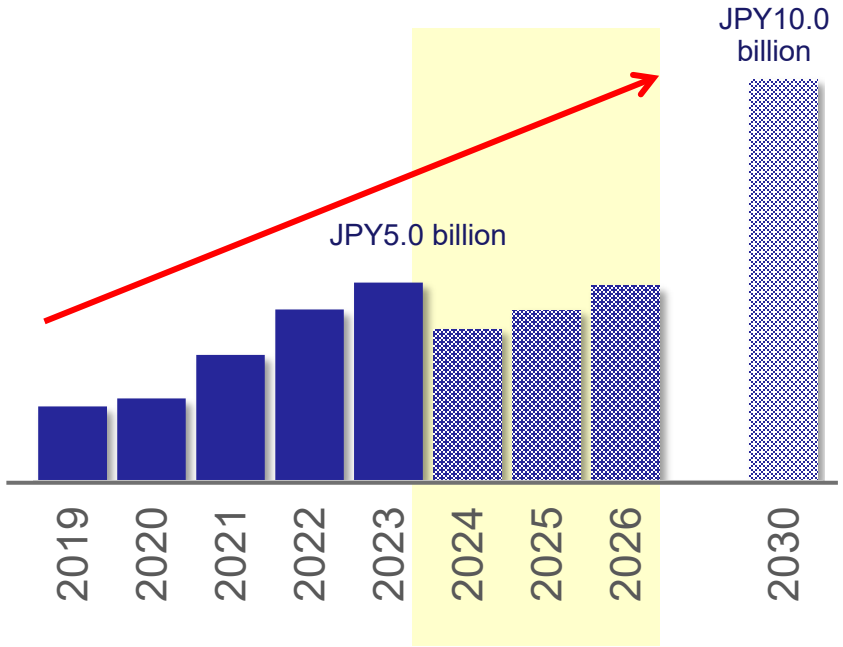
04 Segment Strategy: Main KPIs (Electric Control Business)

Trends in sales of Lafert and Invertek



Invertek (inverter)

Offers a wide range of solutions to address energy conservation, environmental regulations and other issues

- Expanded an application center and a factory and will construct a new development center.
  → Promote sales expansion mainly in the HVAC* field

- Dispatching engineers from the Mechatronics Division and the Technology Research Center, and conducting collaborative work for new development projects

High-efficiency Inverter

Lafert (motor)

Strengthens relationships by offering solutions, including modules, to specific customers

- Construction of a dedicated factory for high-efficiency motors, expansion of shaft processing facilities, increase in production volumes and broadening of operations
  → Development and sales expansion of inverter-mounted gear motors and smartris and other electric modules

Growth and expansion of electric modules

– Responding to the demand for electrification driven by environmental regulations and the need for energy conservation –

Planned establishment of “development site in Europe” – Accelerating technology research and development for “electrification” –

High-efficiency motor

smartris

*HVAC: Heating, Ventilation and Air Conditioning

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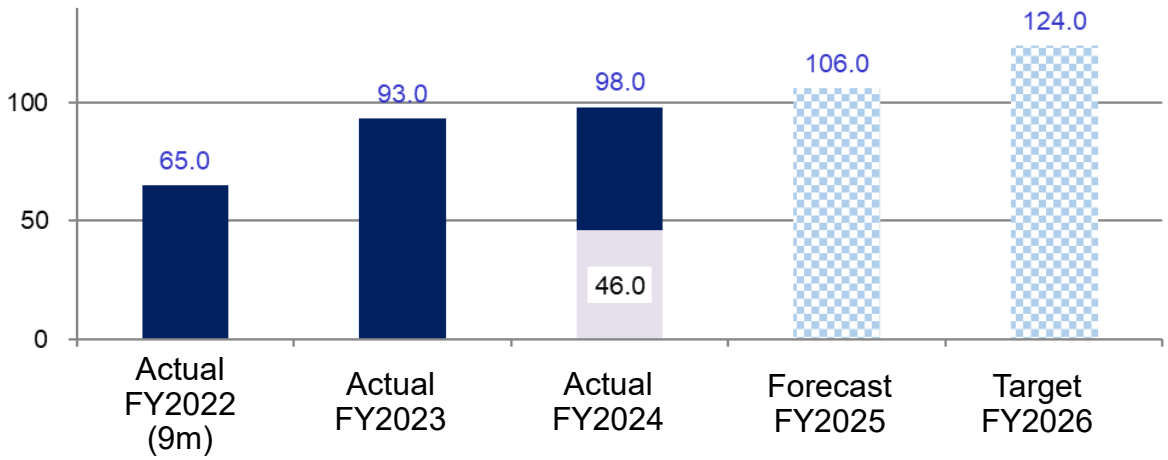
04 Segment Strategy: Main KPIs (Semiconductor Business)

Total sales from semiconductor related businesses (approximate numbers)

Unit: JPY billion



The Company's components, equipment and key technologies in the semiconductor field

	Product	Segment	Key technologies		
			Beam control	Ultracold	Vacuum
Component	4KGM Cryocooler/ Cryopump	Mechatronics		◎	◎
	Vacuum robot				◎
Equipment	Laser annealing equipment	Industrial Machinery	◎		
	Ion implanter		◎		○
	Ion irradiation business		◎		○
	Superconducting magnet for MCZ			◎	○

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

Main initiatives for expanding sales

- Laser annealing equipment : Establish sales channels for major semiconductor manufacturing customers in Europe
- Ion implanters for power semiconductors : Finalize the high-temperature implantation technology
- Next-generation ion implanters : Complete the development of devices for the memory market and collect customer feedback

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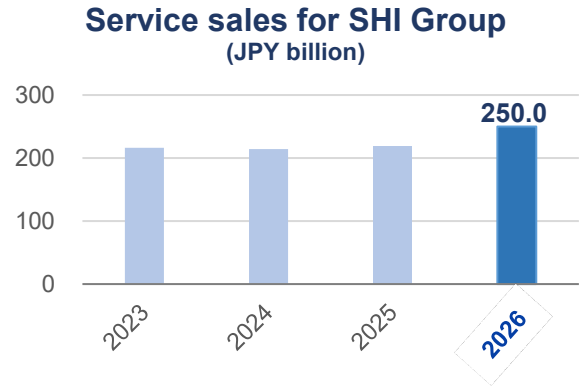
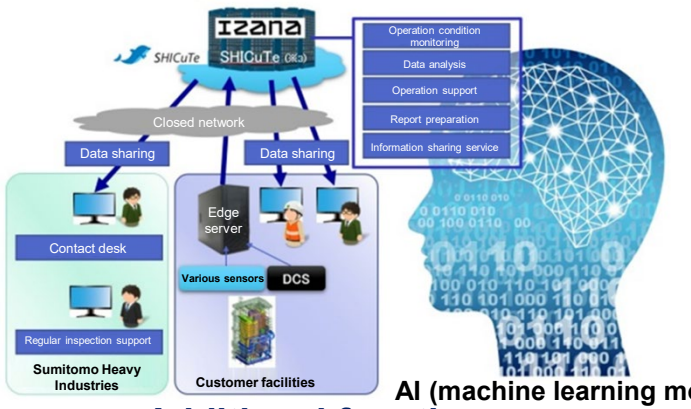
04 Segment Strategy: Main KPIs (After-sales Service Business)

[After-sales service business target for 2026]: Net sales of JPY250.0 billion

[Current situation and issues]

- Strengthen the engineering and manufacturing system for modification after-sales service
- Enhance coverage and strengthen the global service system (including parts supply and inspections) for corrective and preventive maintenance after-sales services. Additionally, promoting high-value-added services (such as IZANA and SIRMS®) through DX.

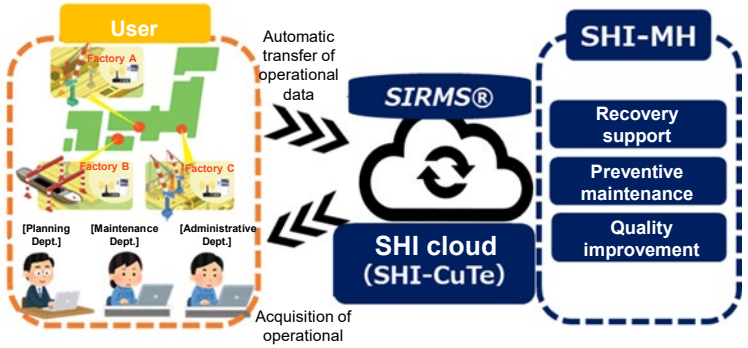




AI (machine learning model)

Additional functions

Detection of rupture areas	Efficiency improvement
Detection of flow malfunctions	Corrosion monitoring



Strengthen the after-sales service business by adding four after-sales service functions to the CFB boiler operation support system, IZANA

Supportive DX tool for improving productivity for large cranes SIRMS® (SHI-MH Integrated Remote Monitoring System)

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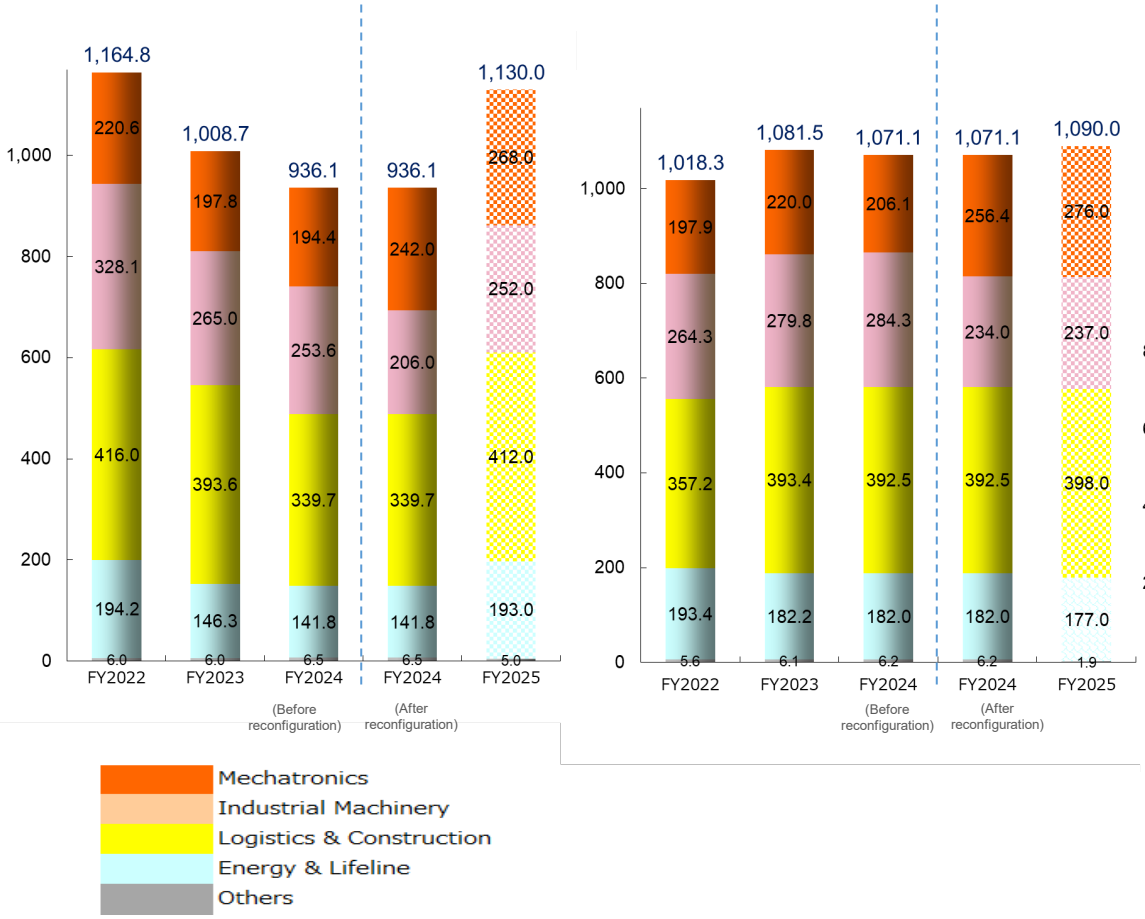
04 Changes in Financial Values (Consolidated)

Changes in Orders/Sales/Operating Profit

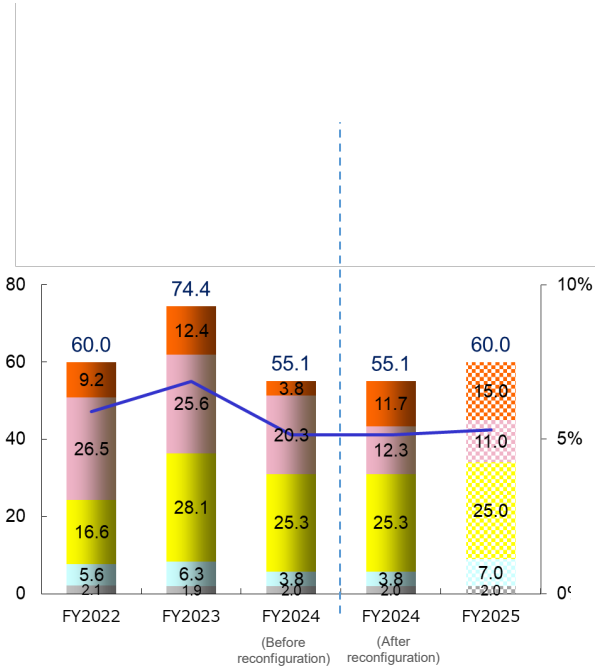
Unit: JPY billion

Orders

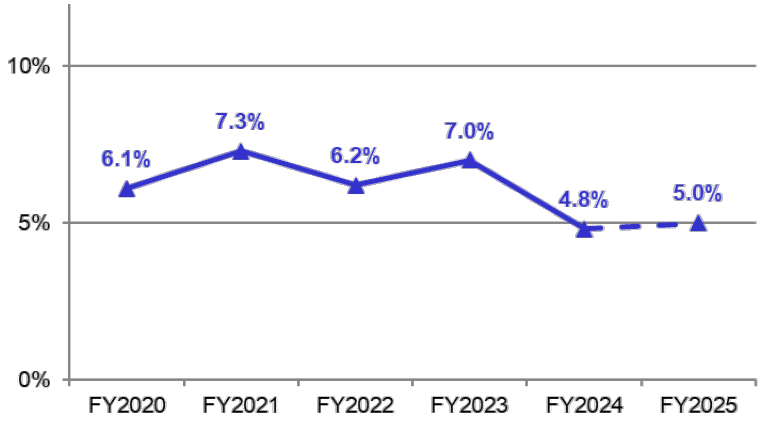


Net sales

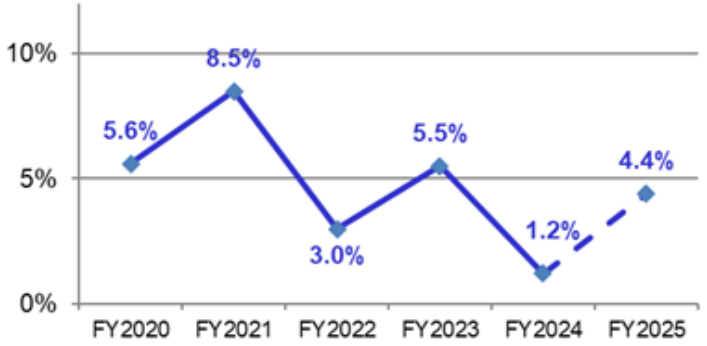
Operating profit



Changes in ROIC



(Ref.) Changes in ROE



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04 Reference information on each segment [1]

<Mechatronics>

-Gear reducer business : 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
FY2024	40%	20%	10%	10%	20%	100%
FY2023	40%	20%	10%	10%	20%	100%

<Industrial Machinery>

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

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

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04 Reference information on each segment [2]

<Logistics & Construction>

- Hydraulic excavators: demand by region/changes in sales (approximate numbers)

*Only foreign capital

Unit: 10,000 units (upper row) JPY billion (lower row)		North America	Europe	Asia (Excluding China)	China*	Japan	Others	Total
FY2025	Demand(forecast)	3.8	4.0	2.3	1.3	2.2	-	
FY2024	Demand	3.9	3.5	2.3	1.1	2.3	-	
	Net sales	63.6	12.2	37.0	5.4	91.2	12.2	221.5
FY2023	Demand	4.3	4.0	2.3	1.0	2.5	-	
	Net sales	80.8	24.2	28.3	6.1	86.0	16.9	242.4

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

	Electricity	Steel	Shipbuilding	Ports	Others	Total
FY2024	25%	35%	35%	0%	5%	100%
FY2023	0%	20%	10%	60%	10%	100%

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

Unit: JPY billion	FY2023 Actual	FY2024 Actual	FY2025 Forecast
Orders	45.0	39.0	38.0
Sales	43.0	44.0	43.0

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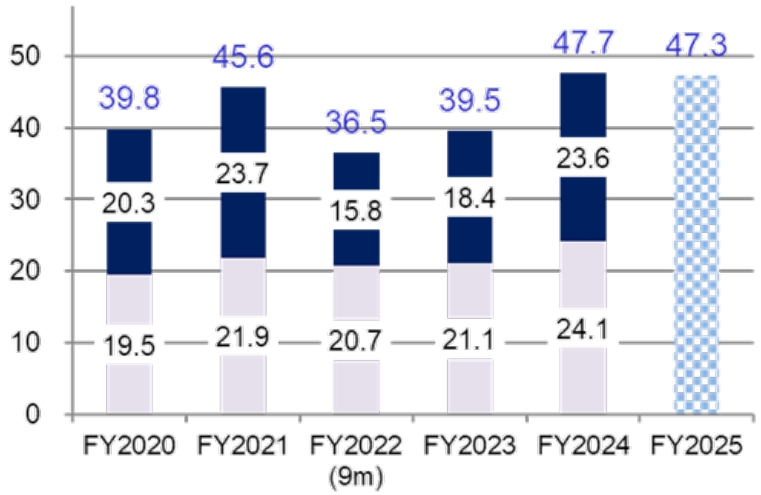
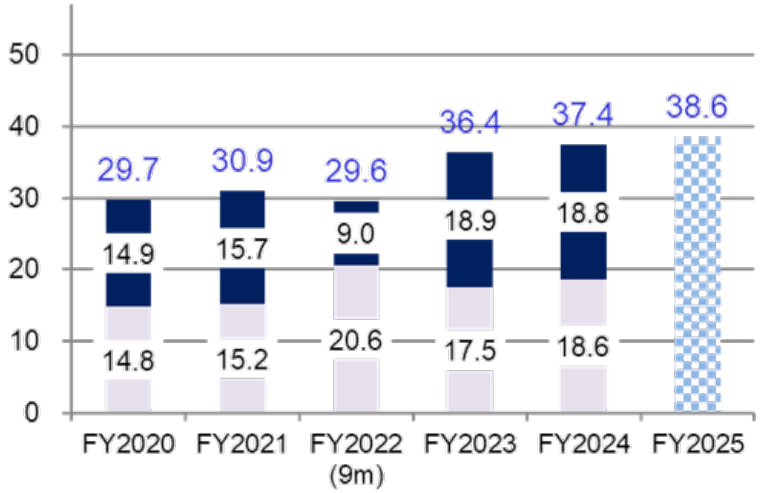
04 Capital Investment, Depreciation Cost, Research & Development Cost, Personnel, Forex Sensitivity

Capital investment*

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



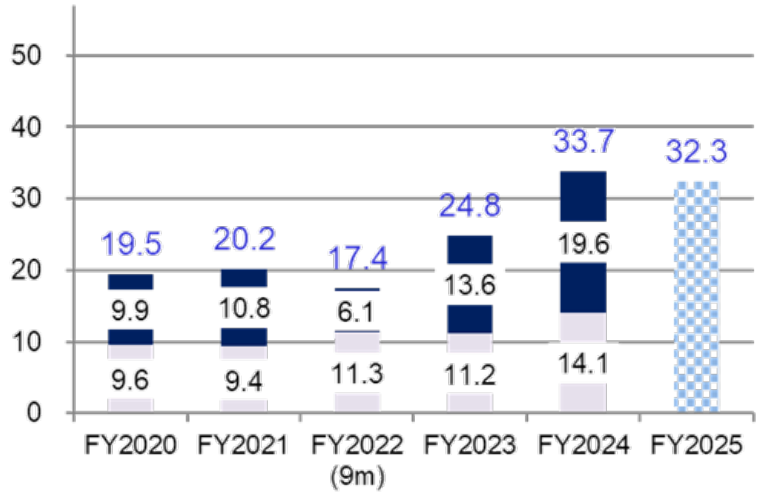
Depreciation & amortization



Research & 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
Consolidated total	24,584	25,211	25,303	25,337

Forex sensitivity (FY2025 forecast)

Unit: JPY billion	Dollar	Euro	Total
Effect of a 1-yen change on operating profit*	0.35	0.05	0.39

*Assumed exchange rates for FY2025 are JPY145 per US dollar and JPY155 per euro

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04 Sales by Regional Segment

<Exchange rate: JPY147 per US dollar> :Unit JPY billion	Actual FY2024 (2024.1-2024.12)													
	North America		Europe		Asia (Excluding China)		China		Others		Overseas total		Japan	Total sales
Mechatronics	**43.8**		**42.2**		**20.7**		**14.4**		**17.5**		**138.6**		**67.5**	**206.1**
(plastics machinery)	10.3		21.9		12.3		24.0		6.9		75.4		17.1	92.5
Industrial Machinery	**29.9**		**37.8**		**41.0**		**68.4**		**7.9**		**185.0**		**99.3**	**284.3**
(hydraulic excavators)	63.6		12.2		37.0		5.4		12.2		130.3		91.2	221.5
Logistics & Construction	**145.7**		**15.0**		**49.8**		**5.5**		**14.9**		**230.9**		**161.6**	**392.5**
Energy & Lifeline	**13.9**		**35.5**		**18.4**		**1.5**		**14.0**		**83.2**		**98.8**	**182.0**
Others	**-**		**-**		**-**		**0.0**		**-**		**0.0**		**6.2**	**6.2**
Total / Sales ratio (%)	**233.2**	22	**130.5**	12	**129.9**	12	**89.8**	8	**54.3**	5	**637.7**	60	**433.4**	40	**1,071.1**

<Exchange rate: JPY139 per US dollar> Unit: JPY billion	Actual FY2023 (2023.1-2023.12)													
	North America		Europe		Asia (Excluding China)		China		Others		Overseas total		Japan	Total sales
Mechatronics	44.2		52.1		21.3		15.8		18.4		151.8		68.3	220.0
(plastics machinery)	11.2		27.6		13.7		22.9		6.1		81.5		15.6	97.1
Industrial Machinery	27.9		43.7		43.7		62.3		6.5		184.2		95.7	279.8
(hydraulic excavators)	80.8		24.2		28.3		6.1		16.9		156.4		86.0	242.4
Logistics & Construction	151.9		26.2		36.1		6.4		18.7		239.3		154.1	393.4
Energy & Lifeline	15.9		35.9		19.7		1.8		8.5		81.7		100.4	182.2
Others	-		-		-		0.0		-		0.0		6.1	6.1
Total / Sales ratio (%)	239.9	22	157.9	15	120.8	11	86.3	8	52.1	5	657.0	61	424.6	39	1,081.5

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