

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

2025/2/14



I N D E X

01**Financial Summary for FY2024****02****Performance Forecast for FY2025****03****Revision of the “Medium-Term Management Plan 2026” (MTMP26)****04****Appendix**

01

Financial Summary for FY2024

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
comparisonMarket
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.

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					Year-on-year comparison change (Cumulative total)
		1Q	2Q	3Q	4Q	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	-

01

Recording of Extraordinary Losses in FY2024

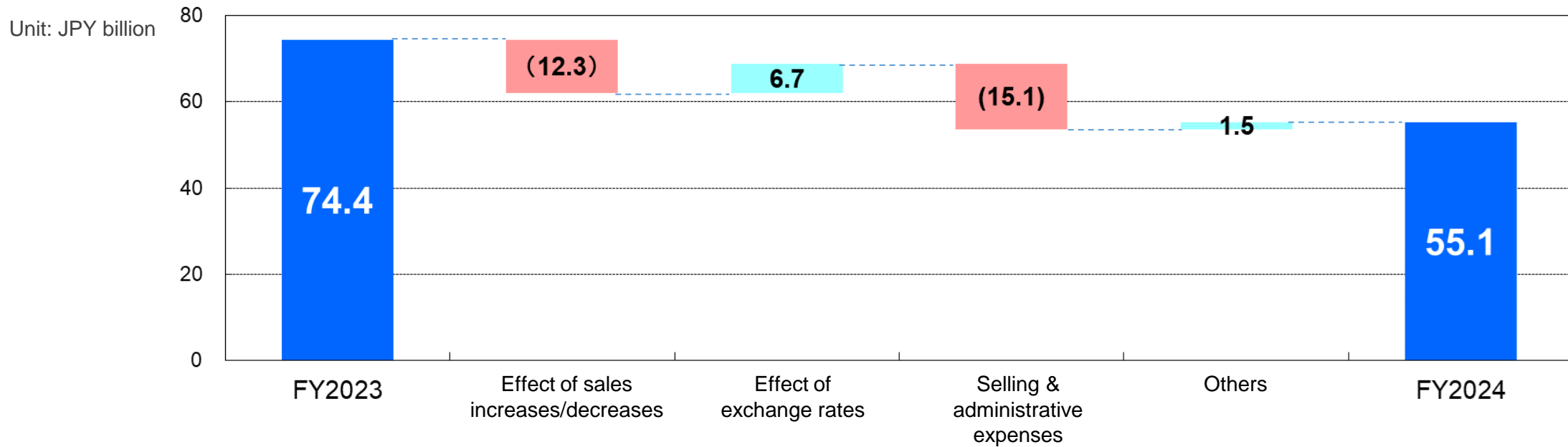
Expense item	Details of loss	Amount of loss	Timing of acquisition/investment	Amount of acquisition/investment	Location of head office	Segment
Impairment loss	① Fixed assets including goodwill related to Lafert	JPY23.2 billion	June 2018	JPY 21.4 billion	Italy	Mechatronics
	② Business assets, etc.	JPY1.7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

[Impairment loss at Lafert]

Factors	Future direction
<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - 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)

01

Analysis of Changes in Operating Profit for FY2023/2024



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)

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)

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)

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

02

Performance Forecast for FY2025

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.

02

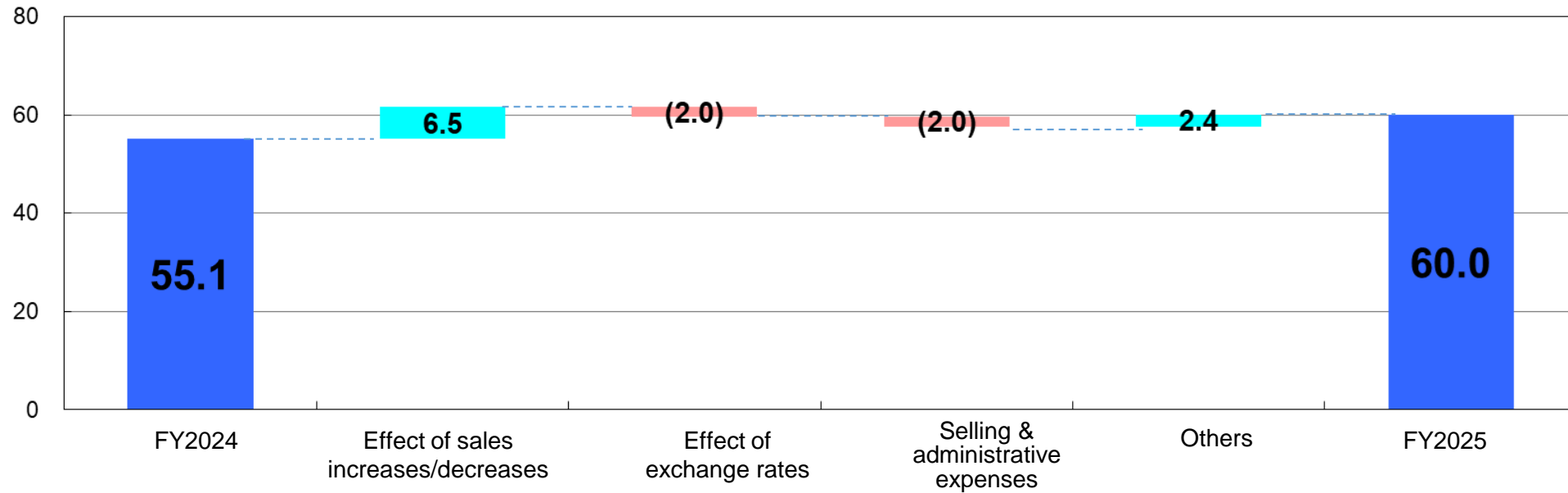
Performance Forecast for FY2025

	Actual FY2024 (2024.1-2024.12)	Forecast FY2025 (2025.1-2025.12)	Year-on-year change
Unit: JPY billion			
Orders	939.1	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	1.3%	4.4%	-
Currency exchange rate (US dollars)	¥147	¥145	-

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

02

Performance Forecast by Segment for FY2025

		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	
Unit: JPY billion																
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

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)

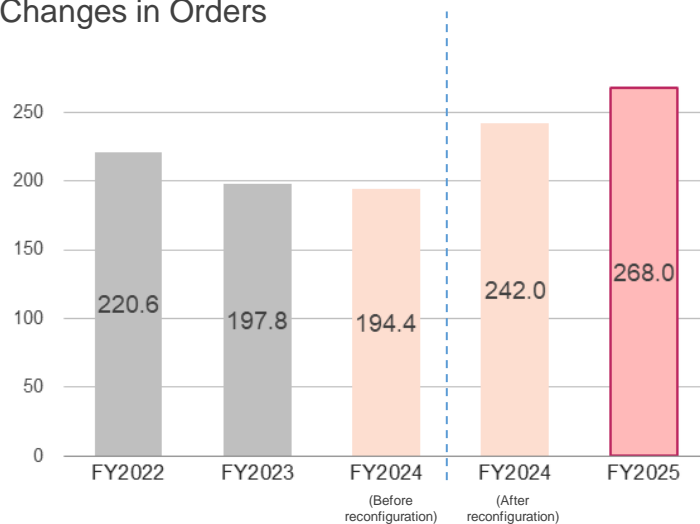
Increase due to higher orders.

Operating profit

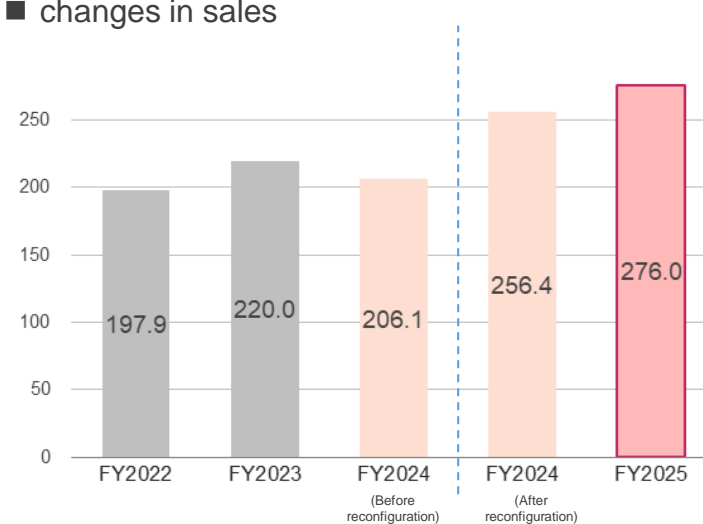
JPY 15.0 billion (+3.3 billion)

Increase due to higher sales.

■ Changes in Orders

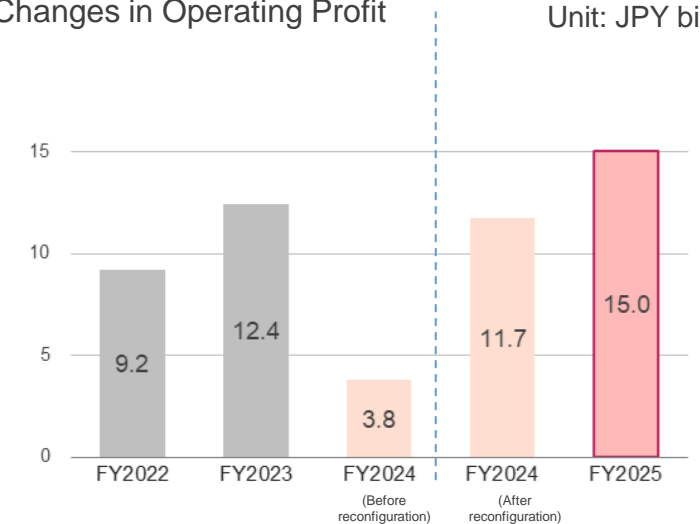


■ changes in sales



■ Changes in Operating Profit

Unit: JPY billion



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 (+JPY 4.4 billion)

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

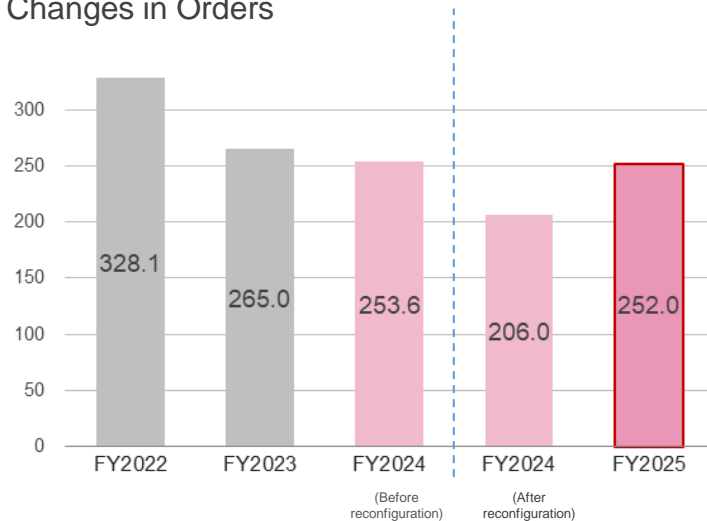
<Other> Increased because of a backlog of orders.

Operating profit

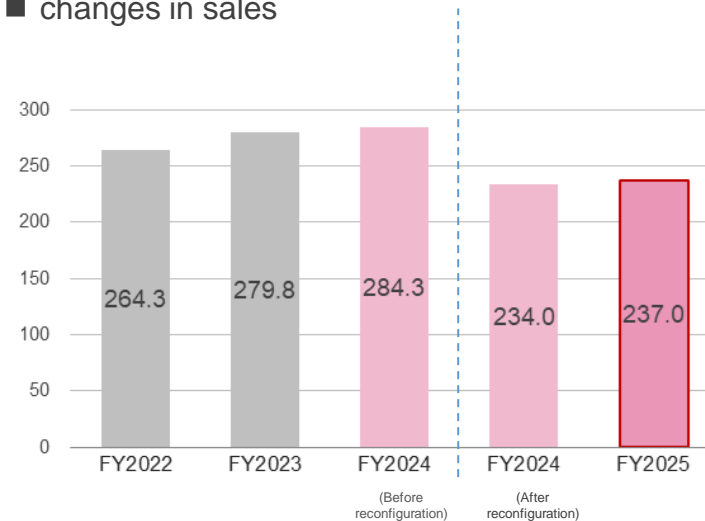
JPY 20.3 billion (-5.3 billion)

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

■ Changes in Orders

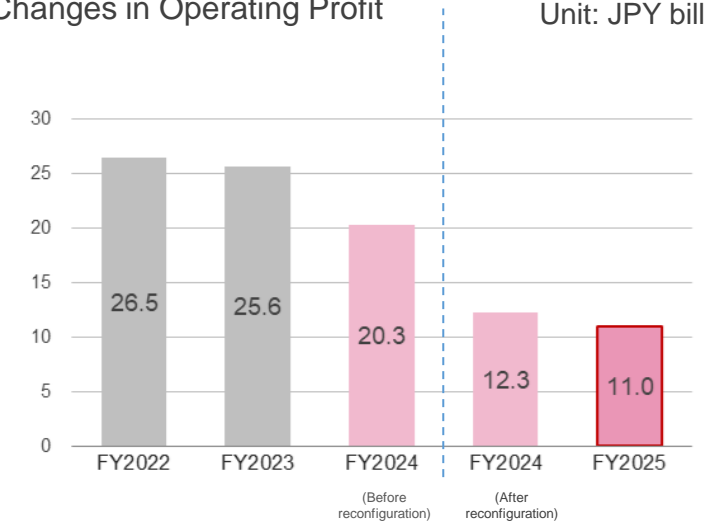


■ changes in sales



■ Changes in Operating Profit

Unit: JPY billion



■ 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.

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.

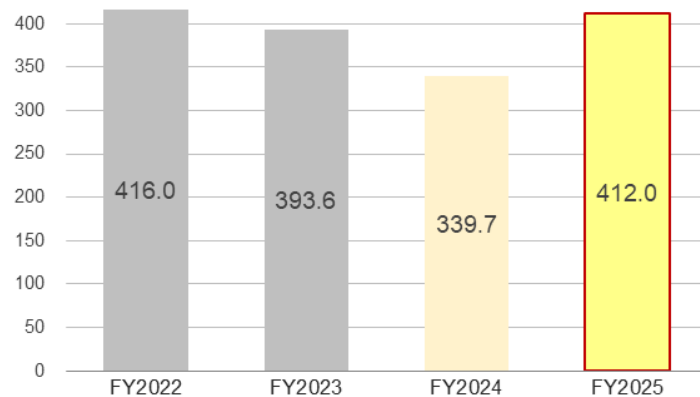
<Other> Both mobile cranes and industrial cranes will increase due to order backlogs.

Operating profit

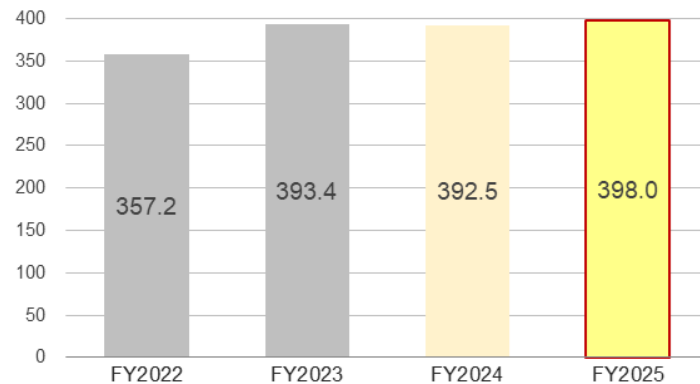
JPY25.0 billion (-0.3 billion)

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

■ Changes in Orders

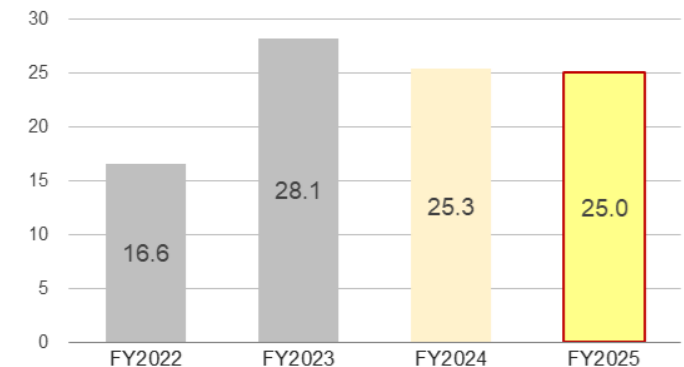


■ changes in sales



■ Changes in Operating Profit

Unit: JPY billion



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)

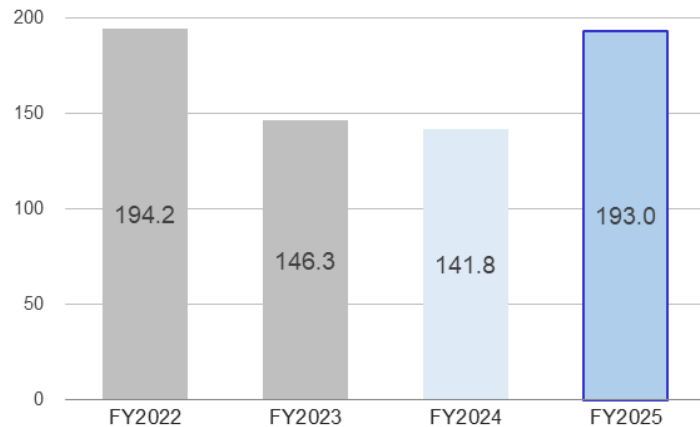
The energy plant business saw a decline due to a smaller order backlog. For the other businesses, sales saw an uptick because of a rise in projects that could be factored into sales in this fiscal year.

Operating profit

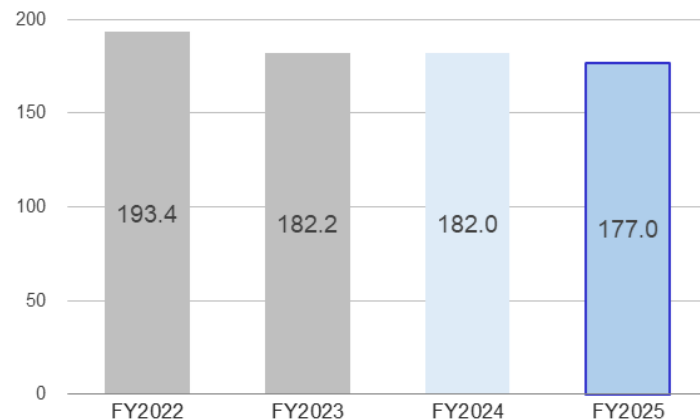
JPY 3.8 billion (-2.6 billion)

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.

■ Changes in Orders

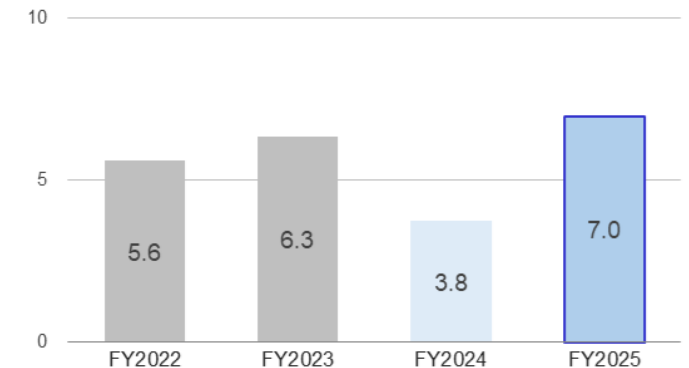


■ changes in sales



■ Changes in Operating Profit

Unit: JPY billion



■ 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)

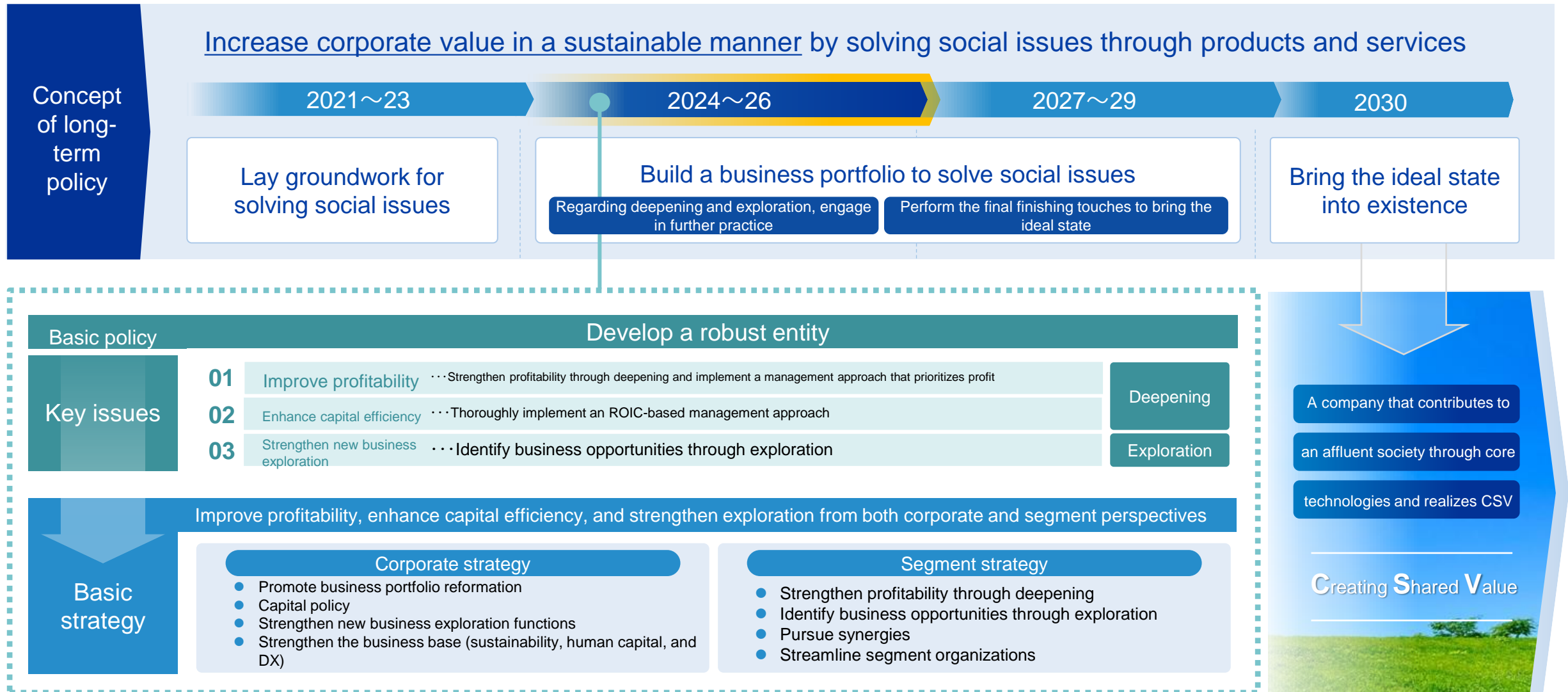
Increase due to a reduction in development costs, despite a decline in sales.

03

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

03

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



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

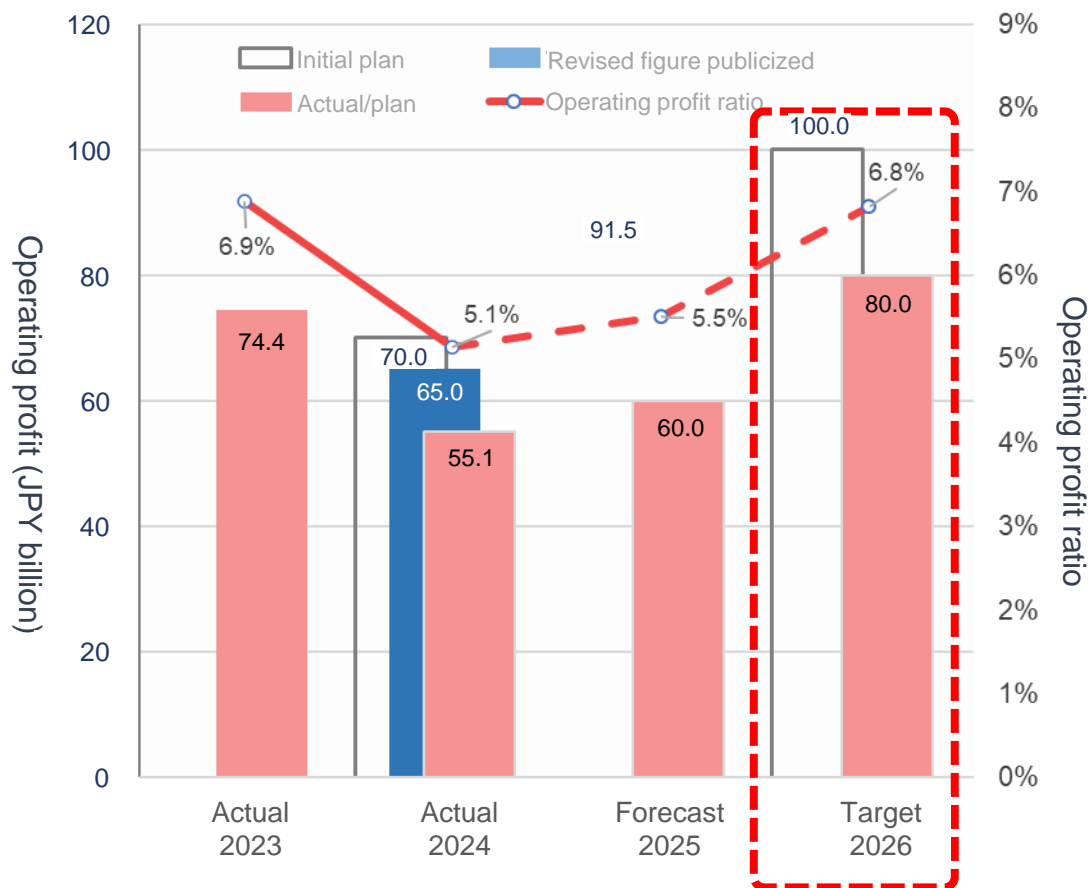
- The weak performance of the automobile industry due to a slowdown in demand for EVs, along with deteriorating market conditions across Europe caused by rising energy costs and other factors
- Delay in capital investment by customers in the electric control and plastics machinery segments, along with 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



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

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	1.3%	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	—

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)

03

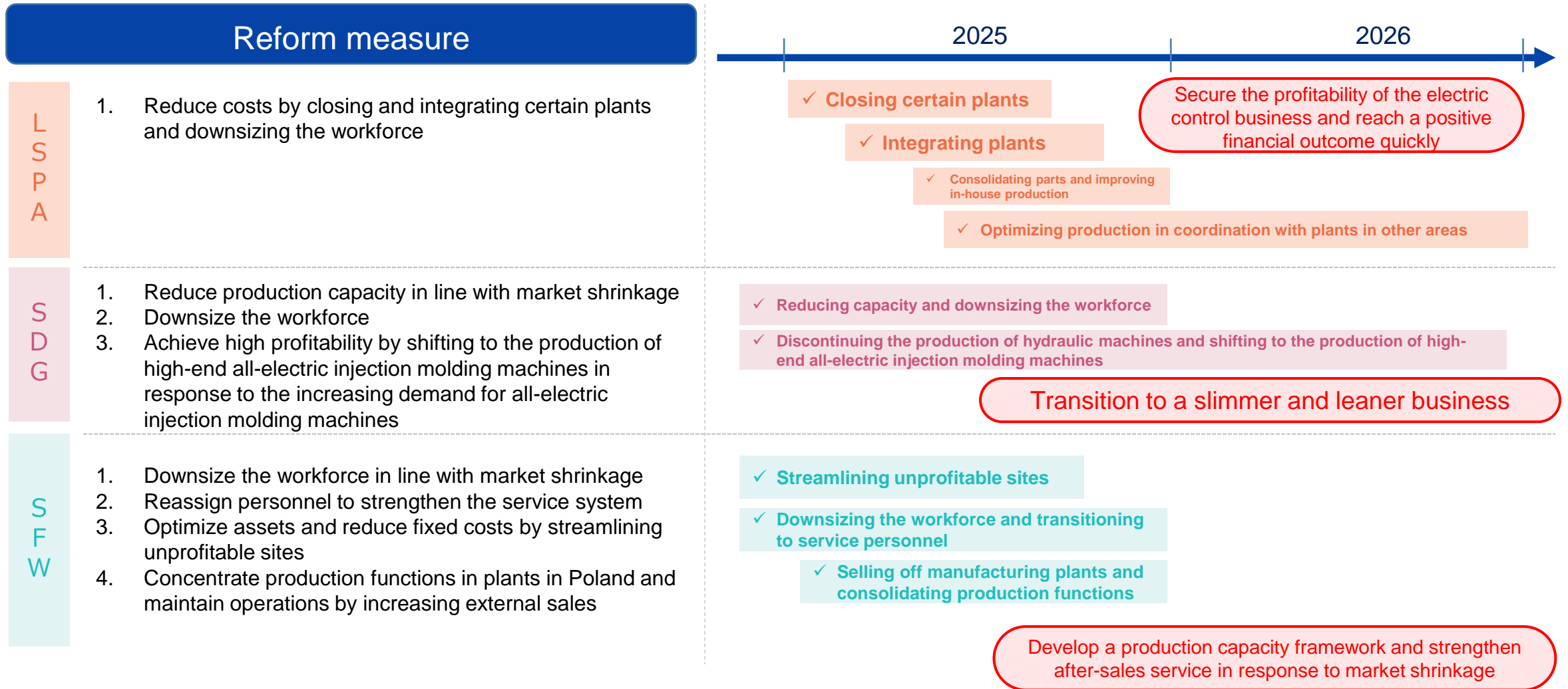
“Medium-Term Management Plan 2026” - Change in Targets by Segment

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)

- 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	<ul style="list-style-type: none"> ● Enhancing profitability in revenue base businesses <ul style="list-style-type: none"> • Strengthen the ability to respond to market fluctuations • Improving productivity and profitability 	<ul style="list-style-type: none"> ● Implementing a structural reorganization of revenue base businesses <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> ● Accelerating business portfolio reformation <ul style="list-style-type: none"> • Streamline segment organizations • Accelerate portfolio management (Implement a strategy of selection and concentration) 	<ul style="list-style-type: none"> ● Implementing business portfolio reformation <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> ● Thoroughly implementing an ROIC-based management approach <ul style="list-style-type: none"> • Review the structure of fixed costs • Expand after-sales services • Ensure early revenue contribution from the acquired business 	<ul style="list-style-type: none"> ● Strengthening the management of investment returns and improving return on capital <ul style="list-style-type: none"> • 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)

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



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

04

“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

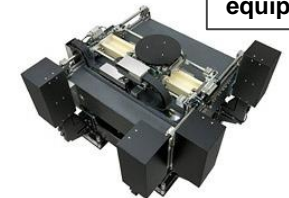
Evaluation and
Development Center
in the US

(Precision positioning
equipment)
Expand the vacuum
robot business

★ Santa Clara

★ Boston
(SHI-USA/
PERSIMMON)

Precision positioning
equipment



Europe	Promoting collaboration with LASSE	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Synergies derived from integrating ion implantation and laser annealing businesses Enhance the power semiconductor segment by establishing the high-temperature ion implantation process

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.

Businesses to be developed that may play a central role in the next generation

Active investment targets
Active investment targets

Businesses that drive growth

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

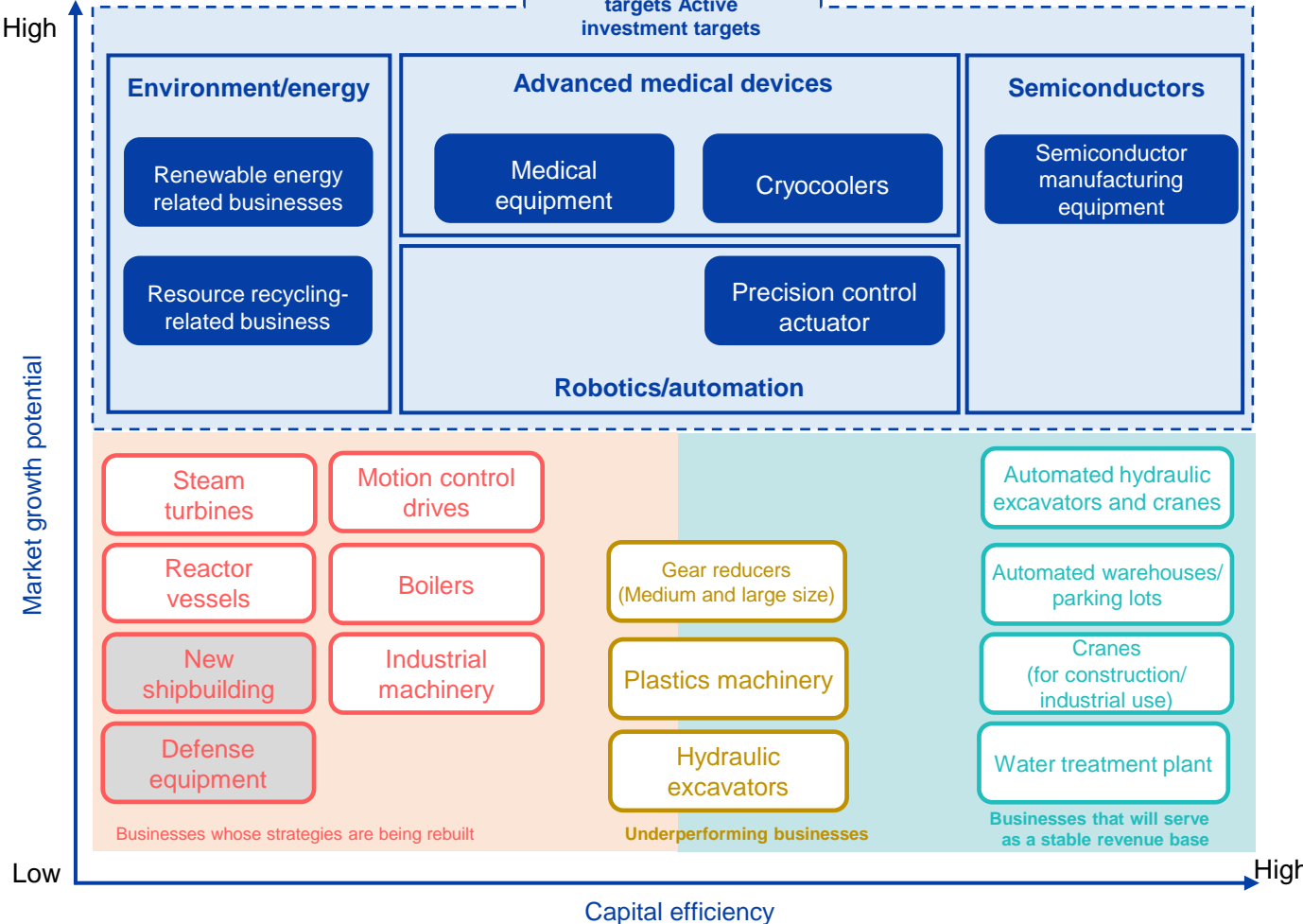
Developing LAES-based products

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



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) Research & development cost JPY 90 billion (JPY 90 billion)	Investment in key areas: JPY80 billion Significant investments are made in robotics/automation, semiconductors, advanced medical devices and environment/energy fields. 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)

“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	<ul style="list-style-type: none"> - Measures to reduce CO₂ 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 	CO₂ emission reduction (compared to 2019) <ul style="list-style-type: none"> - 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) <ul style="list-style-type: none"> - At time of manufacturing products: -35% - At time of using products: -50%
	Create better ways to live and work	<ul style="list-style-type: none"> - 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)
Issue of strengthening the business base	S Prioritize employee safety, health, and development	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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

Target profit for FY2026	Basic strategy of the “Medium-Term Management Plan 2026”	
JPY24.0 billion (+JPY12.3 billion)	<ul style="list-style-type: none"> ● 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)	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● 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)	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● Strong demand for replacing large gear reducers in aging facilities used in industries such as tire manufacturing, mining, and chemical production 	<ul style="list-style-type: none"> ● 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

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)



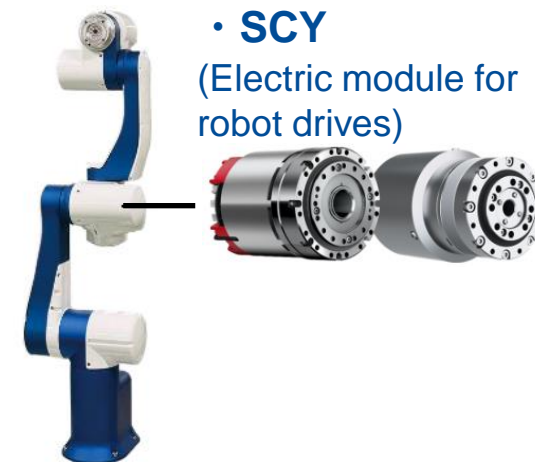
KeiganALI



• 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



Target profit for FY2026	Basic strategy of the “Medium-Term Management Plan 2026”	
JPY22.0 billion (+JPY9.7 billion)	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● Increase sales in the power semiconductor field by developing differentiated products (high-temperature ion implanters)
Advanced medical devices	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● Develop and implement a strategy to promote proton therapy systems (superconducting type) and BNCT (next-generation high-current type)
Foundational business area		
Plastics machinery	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● 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

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



Laser annealing equipment offered by LASSE



Appearance of the BNCT Center building (schematic image)

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

Target profit for FY2026	Basic strategy of the “Medium-Term Management Plan 2026”	
JPY27.0 billion (+JPY1.7 billion)	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● Strong demand for carbon neutrality initiatives ● Growing need for productivity improvement, safety, and labor savings 	<ul style="list-style-type: none"> ● 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)	<ul style="list-style-type: none"> ● Robust demand in Japan ● Demand from North America is expected to recover in the 2H of 2025 or later 	<ul style="list-style-type: none"> ● 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)	<ul style="list-style-type: none"> ● There is a continuing demand for the replacement of industrial cranes ● Growing need for automation 	<ul style="list-style-type: none"> ● 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

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.



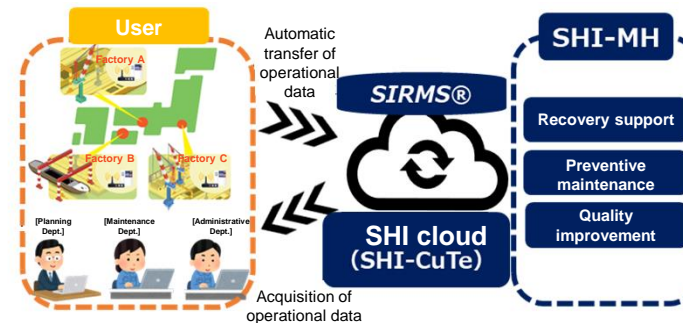
7.5-ton electric hydraulic excavator
International Construction & Survey Productivity Improvement EXPO (CSPI-EXPO2023)



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.



Target profit for FY2026	Basic strategy of the “Medium-Term Management Plan 2026”	
JPY7.0 billion (+JPY3.2 billion)	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● In response to growing need for decarbonization, progress has been made in public and private technology and infrastructure development in the CCUS sector. 	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● To utilize renewable energy and promote resource recycling, infrastructure development has been advancing through government-private collaboration, with investment accelerating. 	<ul style="list-style-type: none"> ● 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.)	<ul style="list-style-type: none"> ● 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. 	<ul style="list-style-type: none"> ● 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

Energy plants (boilers)

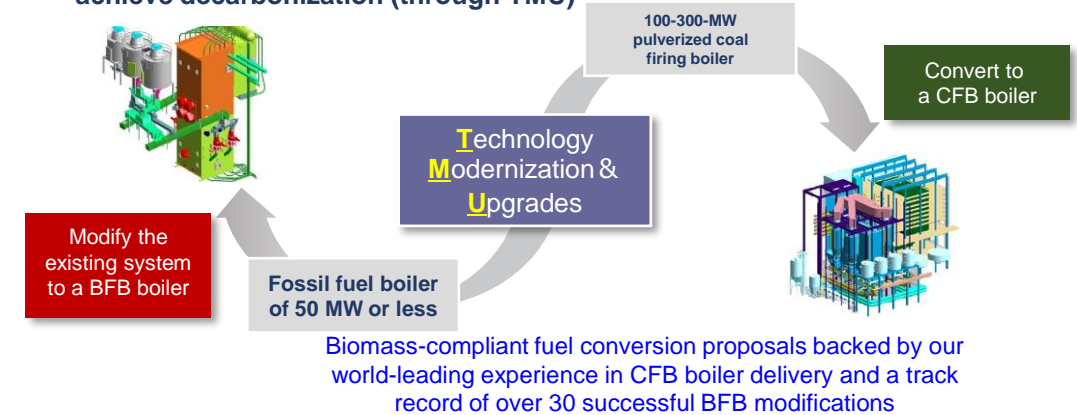
- **Services (fuel conversion modification proposals (through TMU), and basic maintenance)**
 - We aim to expand the scope of our inspection services by enhancing daily checks through site expansion, strengthening repair proposals for existing boilers, and including regular inspections of boilers from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

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



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



- **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

04

Appendix

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

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 CO₂ 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

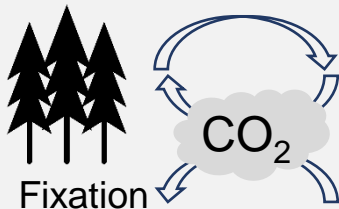
L&C

E&L

Utilizing biomass and CO₂

- Utilizing waste materials
- CO₂ recovery, utilization and fixation

E&L



Promoting renewable energy

- Offshore wind power generation
- Energy storage (LAES)

E&L



Mechatro:

Mechanics

IM :

Industrial Machinery

L&C :

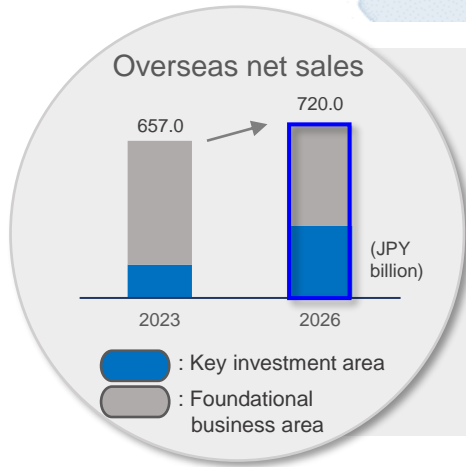
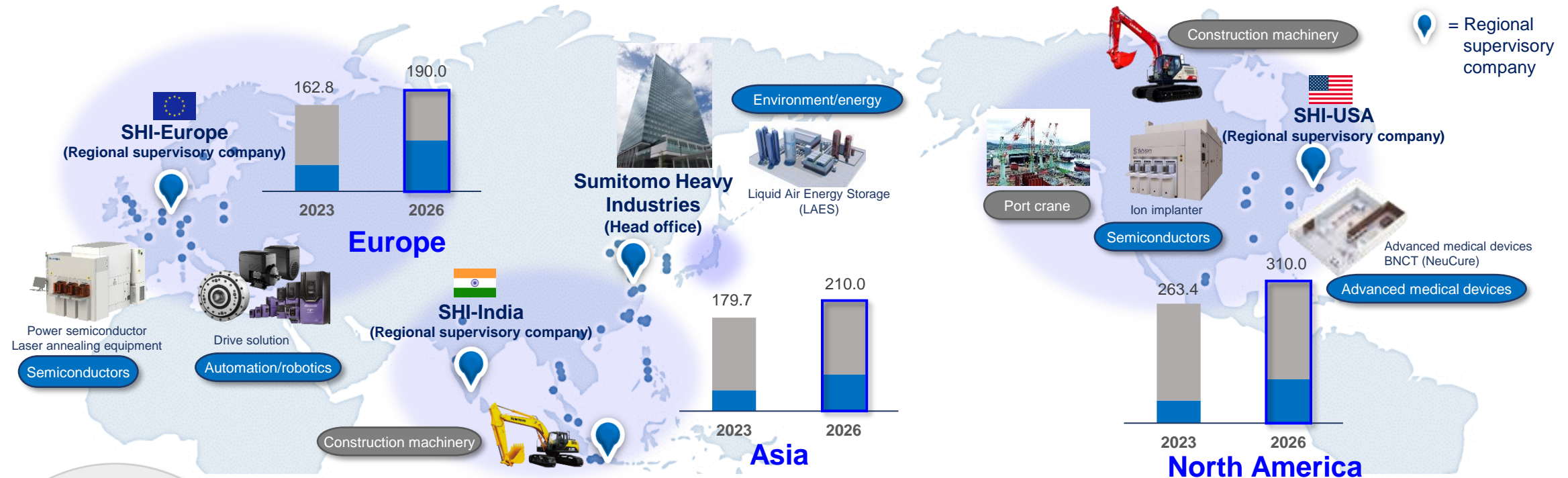
Logistics & Construction

L&C :

Energy & Lifeline

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)

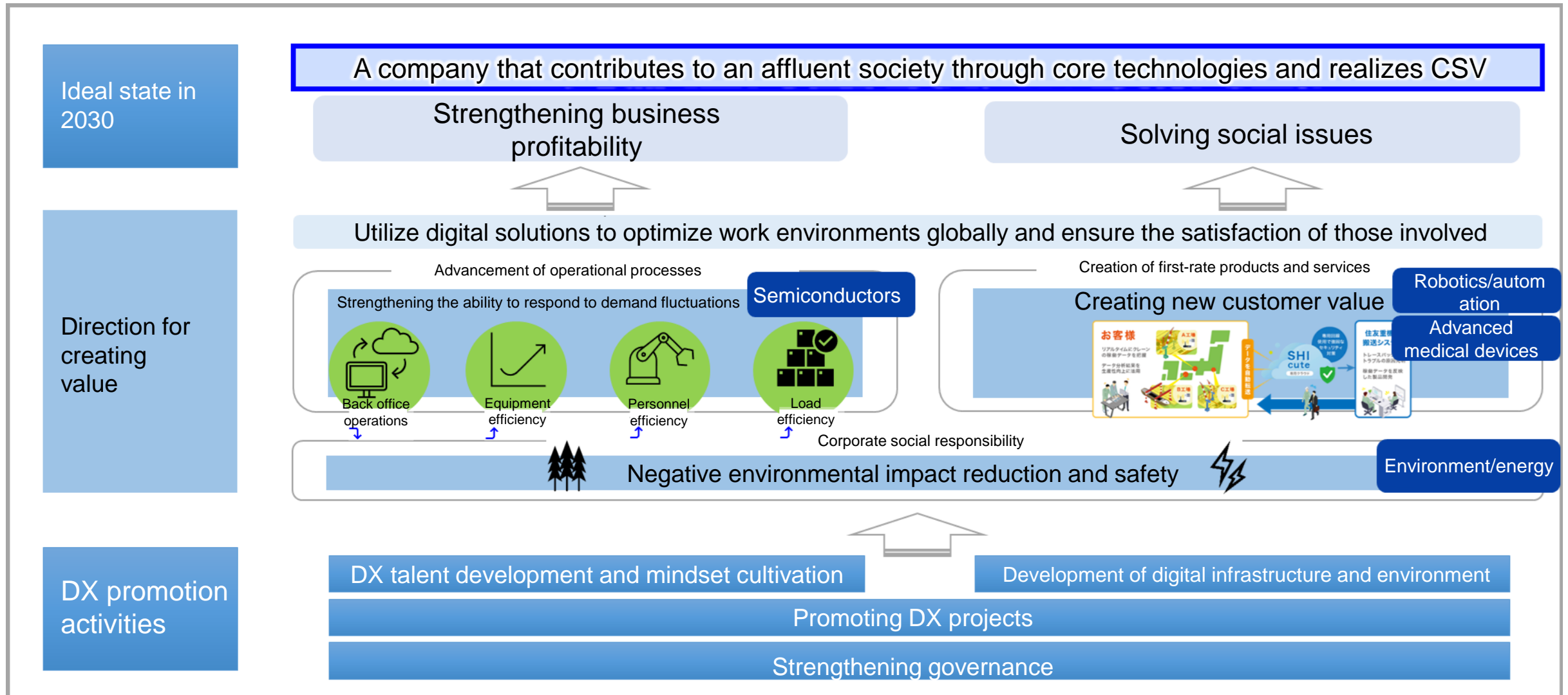
Supply chain strategy

- 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.

04

Corporate Strategy: DX Strategy



04

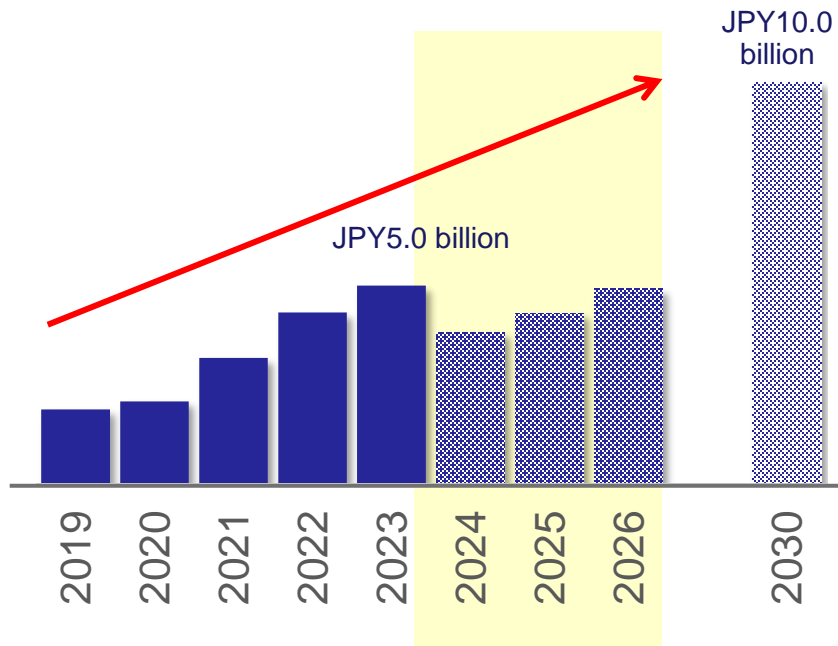
Changes in ROIC by Segment

	Actual FY2024	Forecast FY2025	targets for FY2026	Issues to be addressed	Future response strategies
Mechatronics (After reconfiguration)	4.5%	5.2%	8.0%	<ul style="list-style-type: none"> - Improving the revenue of the electric control business (in Europe) - Improving the revenue of gearmotor models - Reducing inventories and fixed assets 	<p>Mass-produce new products, implement price pass-through measures, and improve the in-house production rate</p> <ul style="list-style-type: none"> - 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%	<ul style="list-style-type: none"> - Improving the revenue of the plastics machinery business - Improving the productivity - Strengthening the product lineup in preparation for semiconductor market recovery 	<ul style="list-style-type: none"> - 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%	<ul style="list-style-type: none"> - Securing orders and sales - Improving the revenue of the construction machinery business - Reducing inventories 	<ul style="list-style-type: none"> - 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%	<ul style="list-style-type: none"> - Finishing the structural reorganization of the boiler business - Securing orders and improving individual profits and losses 	<ul style="list-style-type: none"> - Implement strict financial discipline - Enhance after-sales services - Make growth investments in the new business area

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

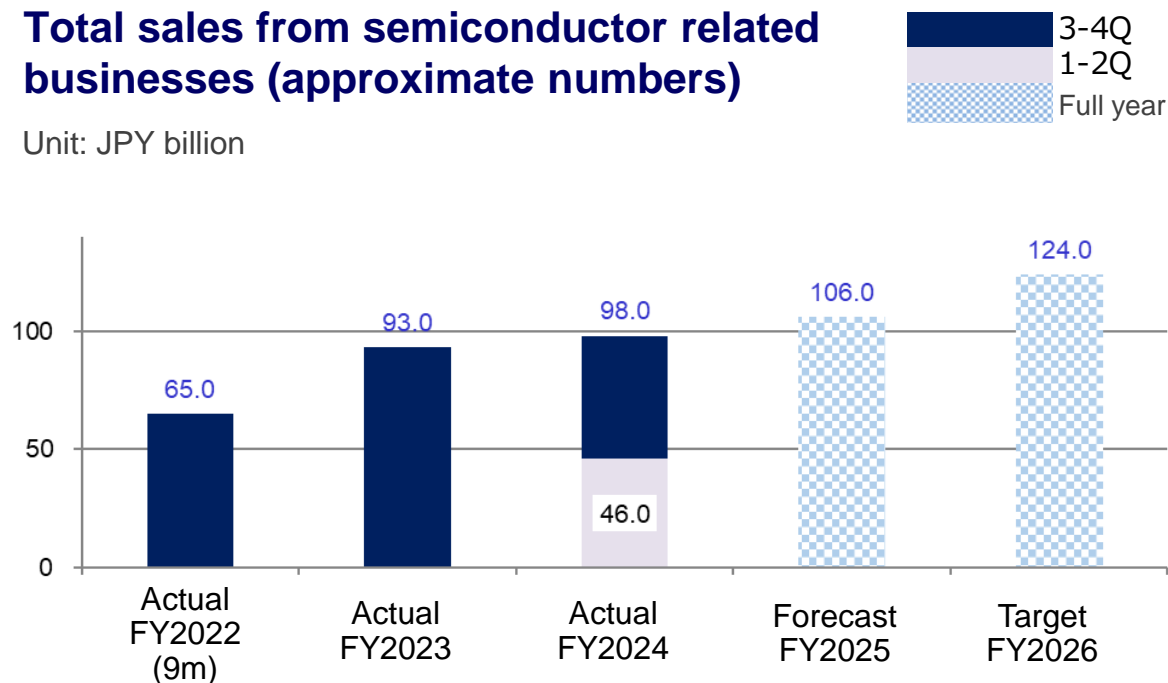
*HVAC: Heating, Ventilation and Air Conditioning

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

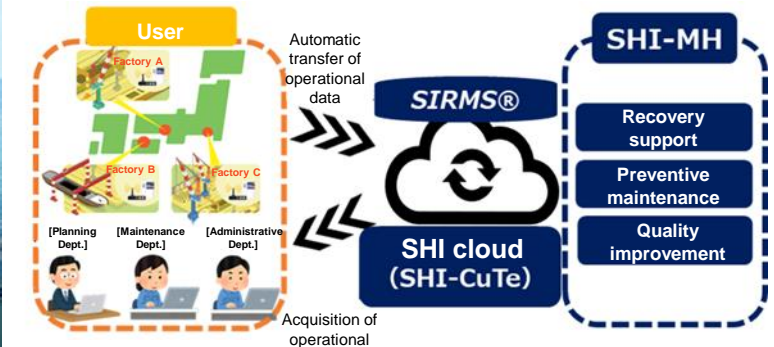
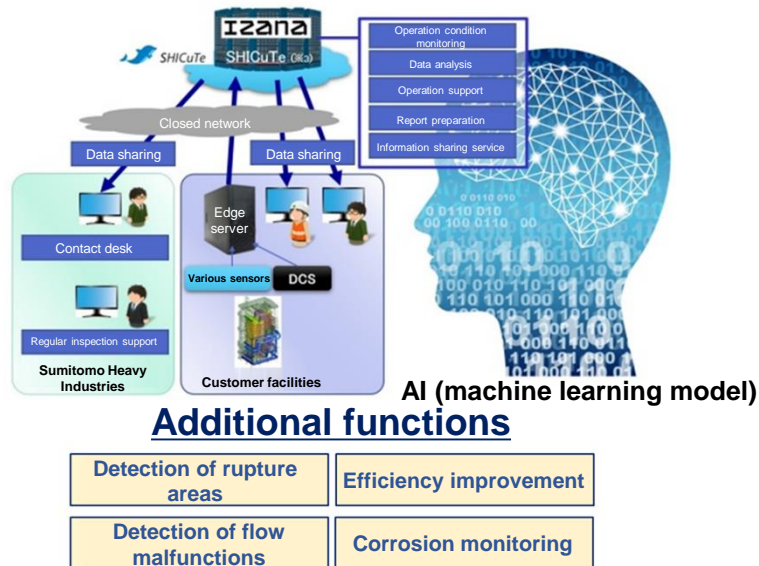
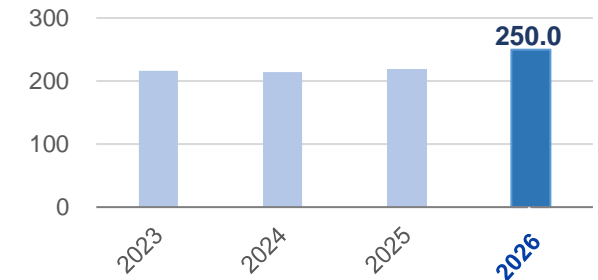
04 Segment Strategy: Main KPIs (After-sales Service Business)

[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.

Service sales for SHI Group
(JPY billion)



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

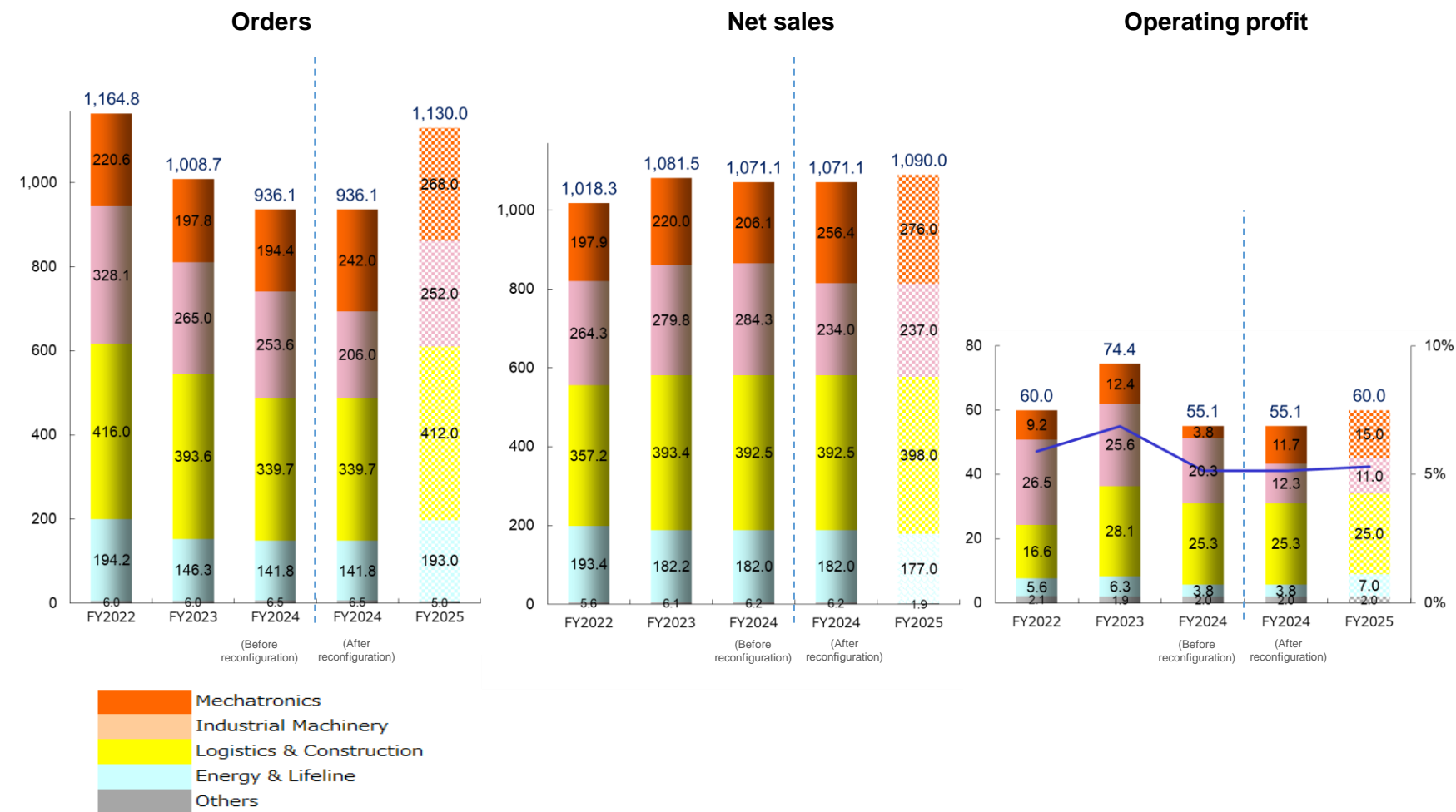
Supportive DX tool for improving productivity for large cranes SIRMS® (SHI-MH Integrated Remote Monitoring System)

04

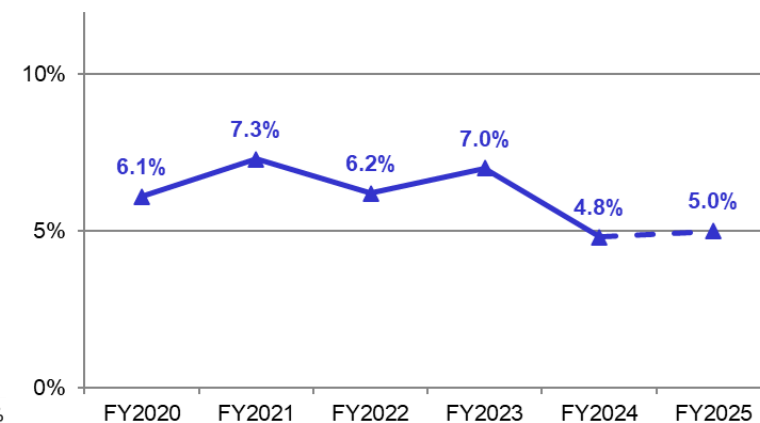
Changes in Financial Values (Consolidated)

Changes in Orders/Sales/Operating Profit

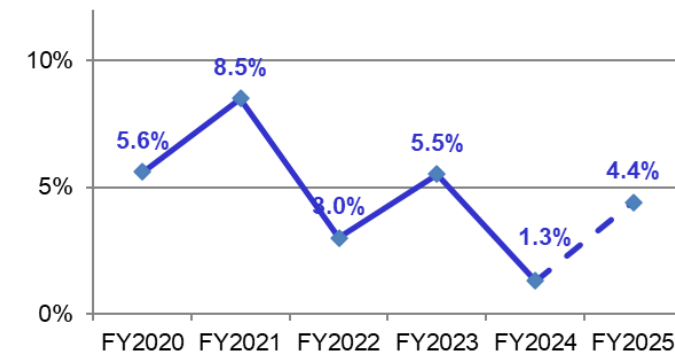
Unit: JPY billion



Changes in ROIC



(Ref.) Changes in ROE



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, miscellaneo us goods	Others	Total
FY2024	15%	20%	50%	15%	100%
FY2023	15%	20%	55%	10%	100%

04

Reference information on each segment [2]

<Logistics & Construction>

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

Unit: 10,000 units (upper row) JPY billion (lower row)		*Only foreign capital						Total
		North America	Europe	Asia (Excluding China)	China*	Japan	Others	
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)

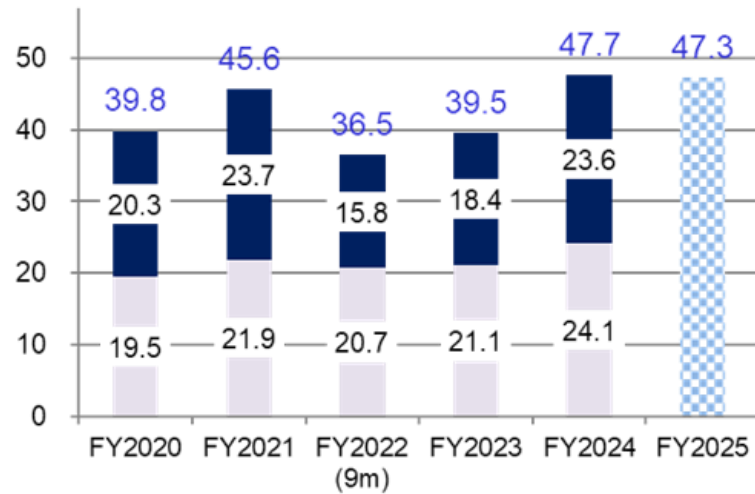
	FY2023 Actual	FY2024 Actual	FY2025 Forecast
Unit: JPY billion			
Orders	45.0	39.0	38.0
Sales	43.0	44.0	43.0

04

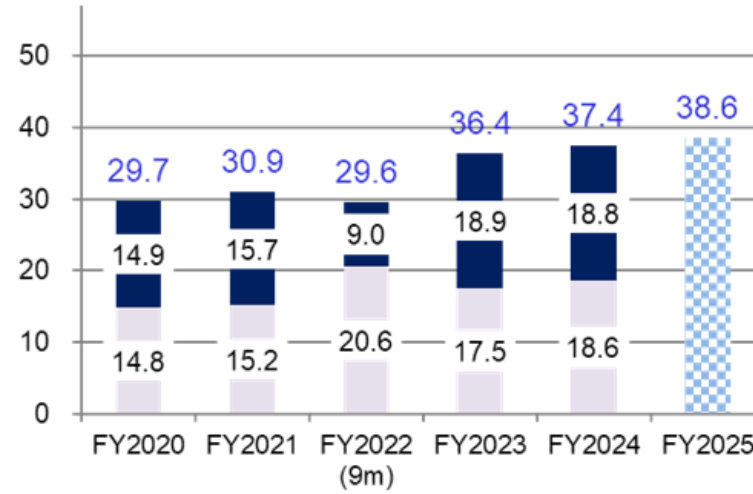
Capital Investment, Depreciation Cost, Research & Development Cost, Personnel, Forex Sensitivity

Capital investment*

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



Depreciation & amortization

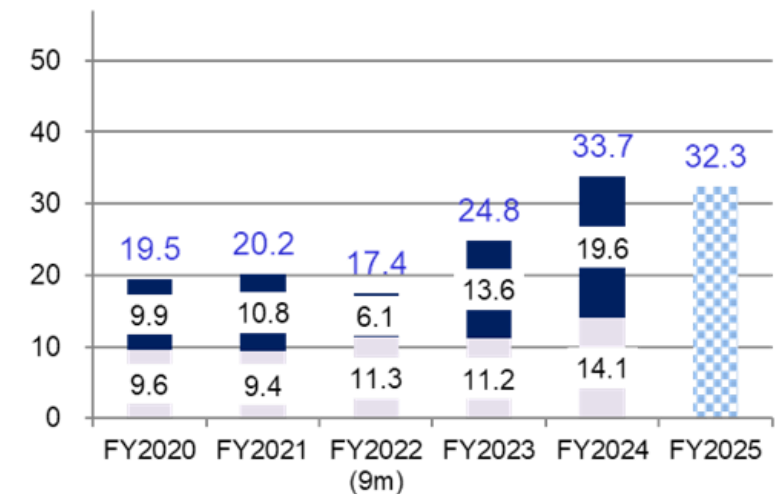


Research & development cost*

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

Unit: JPY billion

3-4Q
1-2Q
Full year



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

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



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.