

Financial Summary for FY2025 Performance Forecast for FY2026 and Progress of “Medium-Term Management Plan 2026”

2026/2/10



I N D E X

01**Financial Summary for FY2025****02****Performance Forecast for FY2026****03****Progress of “Medium-Term Management Plan 2026” (MTMP26)****04****Appendix**

01

Financial Summary for FY2025

01

FY2025 Financial Summary at a Glance

Actual
FY2025

/Same period of previous fiscal year
(change)

1	Orders	:	JPY1,158.4 billion/	936.1 billion	222.3 billion
2	Net sales	:	JPY1,066.9 billion/	1,071.1 billion	(4.2) billion
3	Operating profit	:	JPY51.5 billion/	55.1 billion	(3.6) billion
4	ROIC	:	4.2%/	4.8%	(0.6) pt

Year-on-year
comparison

Market
environment

In Japan, the economy recovered gradually, while the US economy was robust. In China and Europe, where economic stagnation had been persistent, signs of recovery began to appear.

Orders

A general recovery in demand was observed, and orders increased across all segments.

Net sales

Increased in Mechatronics but decreased in Industrial Machinery and Logistics & Construction segments, reflecting a smaller orders received in the previous fiscal year.

Operating
profit

Declined partly in response to a decrease in sales in Industrial Machinery and Logistics & Construction segments.

01

Financial Summary for FY2025

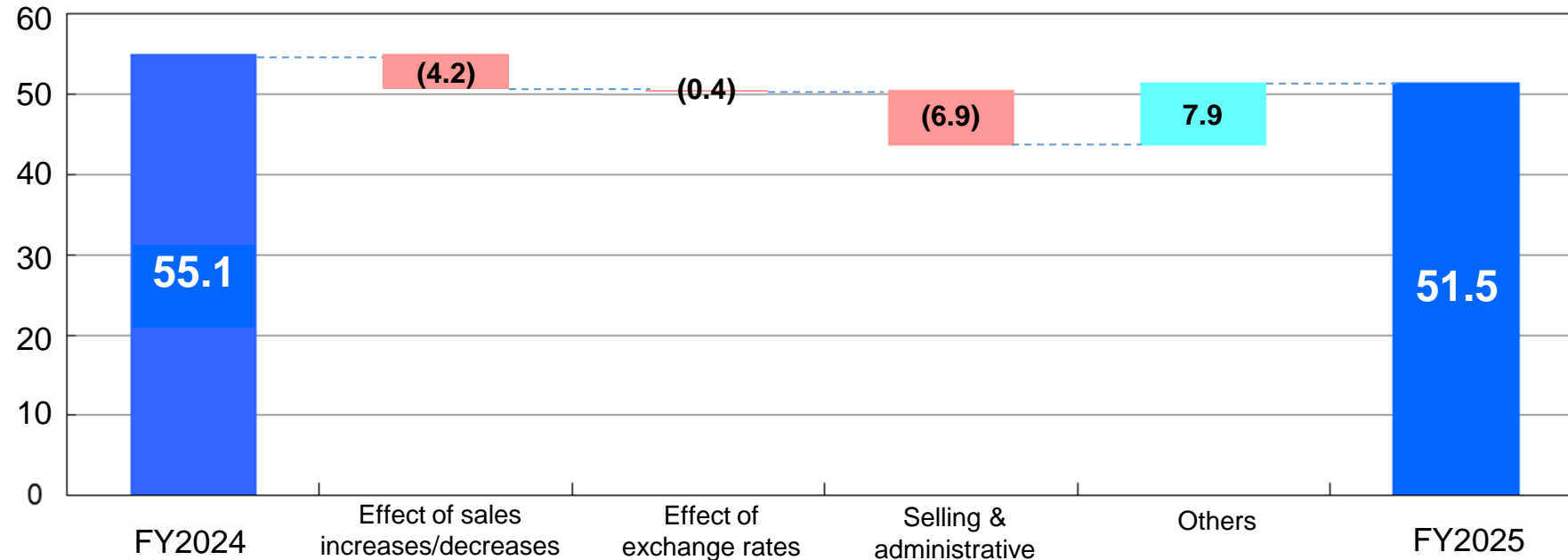
Current profit amounted to JPY30.9 billion

Unit: JPY billion	Actual FY2024 (Full year)	FY2025					Year-on-year comparison change (Full year)
		1Q	2Q	3Q	4Q	Full year	
Orders	936.1	260.2	275.3	254.2	368.8	1,158.4	222.3
Net sales	1,071.1	241.5	253.1	258.6	313.7	1,066.9	(4.2)
Operating profit	55.1	11.2	10.5	13.1	16.7	51.5	(3.6)
Operating profit ratio	5.1%	4.6%	4.1%	5.1%	5.3%	4.8%	(0.3pt)
Ordinary profit	49.2	10.0	10.2	11.3	15.9	47.3	(1.9)
Ordinary profit ratio	4.6%	4.2%	4.0%	4.4%	5.1%	4.4%	(0.2pt)
Extraordinary loss	(27.5)	(0.1)	(0.8)	(0.2)	(1.4)	(2.5)	25.0
Current profit	7.7	6.5	5.9	7.5	11.1	30.9	23.2
Current profit ratio	0.7%	2.7%	2.3%	2.9%	3.5%	2.9%	2.2pt
Currency exchange rate(USD/JPY)	¥152	-	-	-	-	¥150	-

01

Analysis of Changes in Operating Profit for FY2024/2025

Unit: JPY billion



Effect of sales increases/decreases by segment	
● Mechatronics	4.2
● Industrial Machinery	(8.2)
● Logistics & Construction	(0.7)
● Energy & Lifeline	0.5
Total	(4.2)

Unit: JPY billion

01

Financial Summary by Segment for FY2025

- Orders : A general recovery in demand was observed, and orders increased across all segments
- Net sales : Increased in Mechatronics but decreased in Industrial Machinery and Logistics & Construction segments, reflecting a smaller backlog from the previous fiscal year
- Operating profit : Declined partly in response to a decrease in sales in Industrial Machinery and Logistics & Construction segments

Unit: JPY billion	Orders			Net sales			Operating profit				
	FY2024 Actual	FY2025 Actual	Change	FY2024 Actual	FY2025 Actual	Change	FY2024 Actual /Operating profit ratio (%)		FY2025 Actual /Operating profit (%)		Change
Mechatronics	242.0	275.3	33.2	256.4	271.2	14.8	11.7	4.6	19.0	7.0	7.3
Industrial Machinery	206.0	225.1	19.1	234.0	222.6	(11.4)	12.3	5.2	4.2	1.9	(8.1)
Logistics & Construction	339.7	399.1	59.3	392.5	388.9	(3.6)	25.3	6.4	14.0	3.6	(11.3)
Energy & Lifeline	141.8	252.7	110.9	182.0	177.6	(4.3)	3.8	2.1	12.1	6.8	8.3
Others	6.5	6.3	(0.2)	6.2	6.5	0.3	2.0	-	2.1	-	0.1
Total	936.1	1,158.4	222.3	1,071.1	1,066.9	(4.2)	55.1	5.1	51.5	4.8	(3.6)

The breakdown of orders and sales for strategic business units in each segment is described in 4. Appendix

01

Consolidated Balance Sheet

Unit: JPY billion

	December 2024	December 2025	Change
Current Assets	784.5	786.8	2.3
Cash and deposits	111.1	111.1	0
Notes and accounts receivable	307.4	313.7	6.2
Inventories	333.9	328.8	(5.1)
Others	32.1	33.3	1.2
Non-current Assets	475.7	533.7	58.0
Property, plant and equipment	348.0	373.2	25.2
Intangible assets	28.3	33.1	4.8
Investments and other assets	99.5	127.4	27.9
Total	1,260.2	1,320.5	60.3

	December 2024	December 2025	Change
Liabilities	613.8	634.3	20.5
Notes and accounts payable- trade	153.2	146.4	(6.7)
Interest-bearing debts	238.6	252.7	14.1
Others	222.0	235.2	13.1
Net Assets	646.4	686.2	39.8
Shareholders' equity	473.6	488.4	14.7
Accumulated other comprehensive income	167.0	193.3	26.3
Non-controlling interests	5.7	4.6	(1.2)
Total liabilities and net assets	1,260.2	1,320.5	60.3
Net interest-bearing debts ratio	10.1%	10.7%	0.6pt
Shareholders' equity ratio	50.8%	51.6%	0.8pt

01

Consolidated Cash Flows Statement

Unit: JPY billion

Item	FY2024	FY2025	Change
Operating Activities	12.8	63.7	50.9
Profit before income taxes	21.7	44.8	23.1
Depreciation & amortization	37.4	38.6	1.2
Working capital	(53.7)	(6.0)	47.7
Other (such as taxes)	7.4	(13.8)	(21.2)
Investing Activities	(49.5)	(59.4)	(9.9)
(Free Cash Flows)	(36.7)	4.3	41.0
Financing Activities	41.9	(7.1)	(49.1)
Net increase (decrease) in cash and cash equivalents	7.3	0.1	(7.2)
Cash and cash equivalents at the end of the period	107.5	107.6	0.1

	FY2021	FY2022	FY2023	FY2024	FY2025
Free cash flow (JPY billion)	12.0	(15.9)	22.1	(36.7)	4.3
Debt repayment term (years) *1	1.8	7.5	2.5	18.7	4.0
Interest coverage ratio (times) *2	81.8	20.0	27.1	3.4	16.8

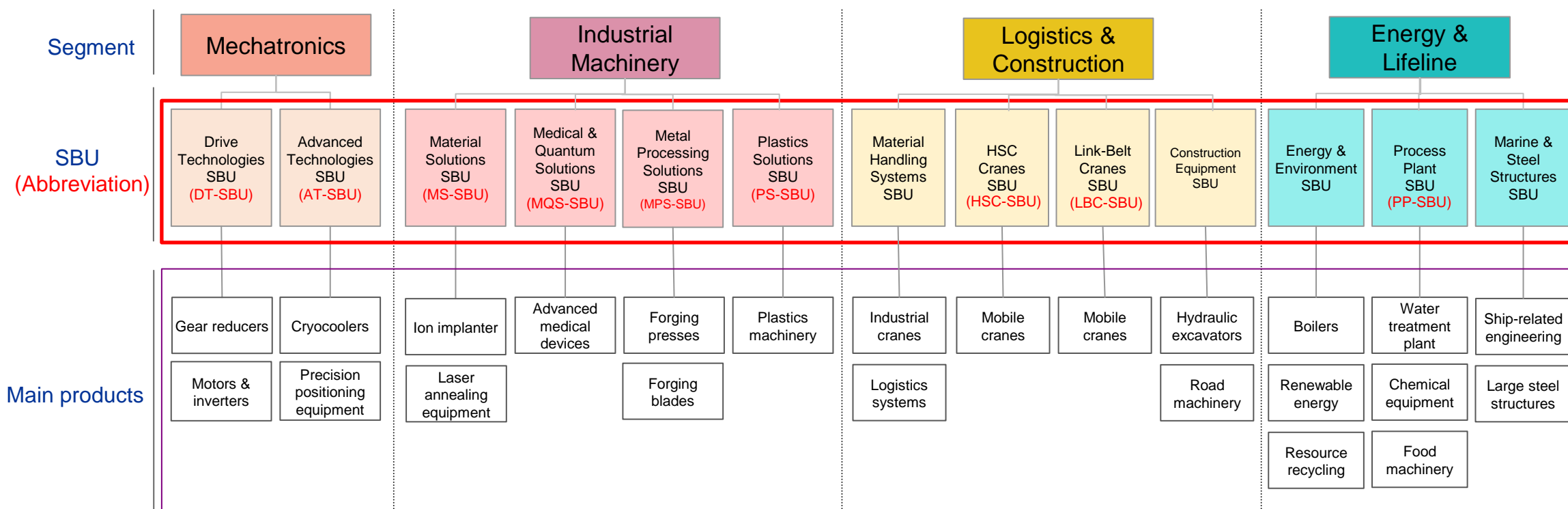
*1 Interest-bearing debts / cash flows from operating activities

*2 Cash flows from operating activities / interest expenses

02

Performance Forecast for FY2026

- Discontinue the current business unit system that forms the basis of the segment structure, and establish a strategic business unit (SBU) system that drives value creation from a market perspective and serves as the new organizational framework for the segment structure.
- Promote enhanced synergy and operational efficiency by coordinating customer bases and technologies, create new businesses that will form future growth pillars, and accelerate further growth



* Only SBU listed

02

Performance Forecast Summary for FY2026

Forecast
FY2026/Same period of previous fiscal year
(change)Year-on-year
comparisonTopics and
market condition
recognition

① Orders	: JPY1,120.0 billion	1,158.4 billion	(38.4) billion
② Net sales	: JPY1,090.0 billion	1,066.9 billion	23.1 billion
③ Operating profit	: JPY 60.0 billion /	51.5 billion	8.5 billion
④ ROIC	:	4.8%	4.2% 0.6pt

Orders

Decreased compared with the previous year, which included large orders in Energy & Lifeline, although Mechatronics saw an increase mainly in North America and Europe

Net sales

Increased due to higher orders in Mechatronics

Operating profit

Will increase due to increased sales.

- Market conditions in Japan will be strong.
- The North American market will be strong despite some uncertainty, while Europe will continue its gradual recovery.
- China will generally continue to face weak demand.

02

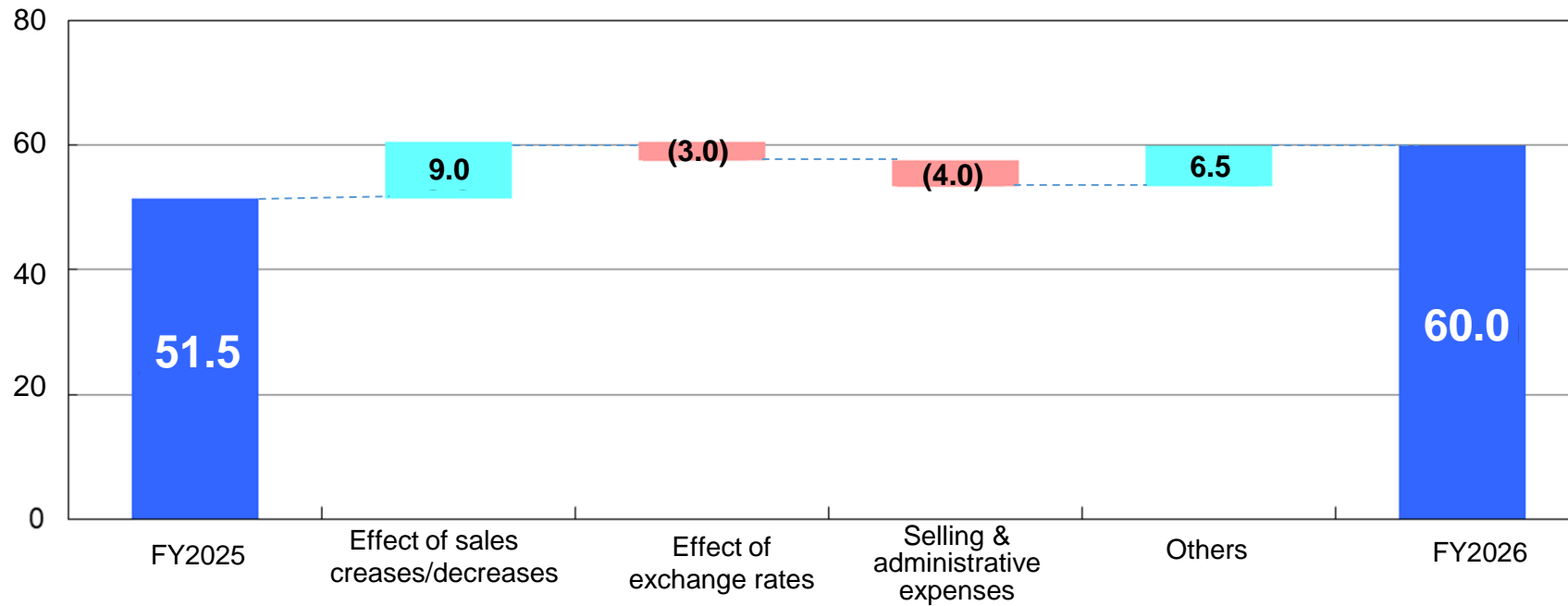
Performance Forecast for FY2026

Unit: JPY billion	Actual FY2025	Forecast FY2026	Year-on-year change
Orders	1,158.4	1,120.0	(38.4)
Net sales	1,066.9	1,090.0	23.1
Operating profit	51.5	60.0	8.5
Operating profit ratio	4.8%	5.5%	0.7pt
Ordinary profit	47.3	55.0	7.7
Ordinary profit ratio	4.4%	5.0%	0.6pt
Extraordinary loss	(2.5)	(5.0)	(2.5)
Current profit	30.9	34.0	3.1
Current profit ratio	2.9%	3.1%	0.2pt
Dividend per share	JPY 125	JPY 145	-
Total return ratio	48.6%	76.2%	-
ROIC (after Tax)	4.2%	4.8%	-
[Ref.] ROE	4.7%	5.0%	-
Currency exchange rate (US dollars)	¥150	¥145	-

02

Analysis of Changes in Operating Profit for FY2025/2026

Unit: JPY billion



Effect of changes in sales by segment		Unit: JPY billion
●	Mechatronics	5.0
●	Industrial Machinery	3.0
●	Logistics & Construction	3.0
●	Energy & Lifeline	(2.0)
	Total	9.0

02

Performance Forecast by Segment for FY2026

	Orders			Net sales			Operating profit				
	Actual FY2025	Forecast FY2026	Change	Actual FY2025	Forecast FY2026	Change	Actual FY2025 /Operating profit ratio (%)		Forecast FY2026 /Operating profit ratio (%)		Change
Unit: JPY billion											
Mechatronics	275.3	289.0	13.7	271.2	288.0	16.8	19.0	7.0	22.0	7.7	3.0
Industrial Machinery	225.1	224.0	(1.1)	222.6	228.0	5.4	4.2	1.9	8.0	3.5	3.8
Logistics & Construction	399.1	399.0	(0.1)	388.9	398.0	9.1	14.0	3.6	19.0	4.8	5.0
Energy & Lifeline	252.7	202.0	(50.7)	177.6	170.0	(7.6)	12.1	6.8	8.0	4.7	(4.0)
Others	6.3	6.0	(0.3)	6.5	6.0	(0.5)	2.1	-	3.0	-	0.8
Total	1,158.4	1,120.0	(38.4)	1,066.9	1,090.0	23.1	51.5	4.8	60.0	5.5	8.5

The breakdown of orders and sales for strategic business units in each segment is described in 4. Appendix

02

Mechatronics Segment

■ Actual FY2025 (year-on-year changes)

Orders

JPY 275.3 billion (+33.2 billion)

Demand for gear reducers recovered in Japan and overseas. For motors & inverters, customers in Europe completed inventory adjustments. Cryocoolers also saw increased demand for semiconductor-related products

Net sales

JPY 271.2 billion (+14.8 billion)

Gear reducers, motors & inverters, and cryocoolers saw an increase due to higher orders

Operating profit

JPY 19.0 billion (+7.3 billion)

Increased due to increased sales

■ Forecast FY2026 (year-on-year changes)

Orders

JPY 289.0 billion (+13.7 billion)

Both gear reducers and motors & inverters will see an increase due to strong demand from the US and Europe

Net sales

JPY 288.0 billion (+16.8 billion)

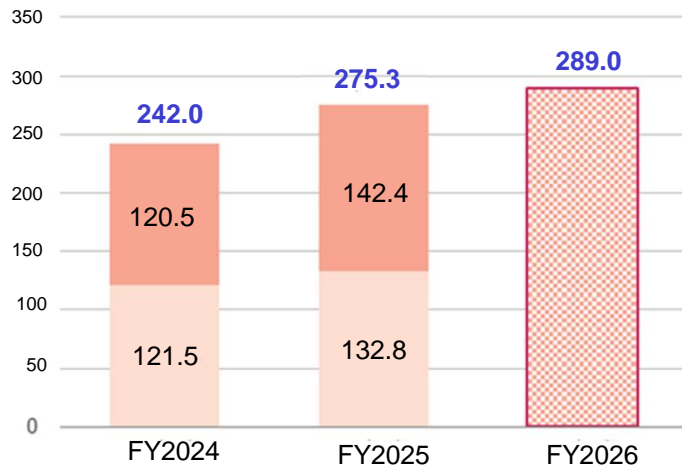
Sales of gear reducers and motors & inverters will grow, driven by higher orders

Operating profit

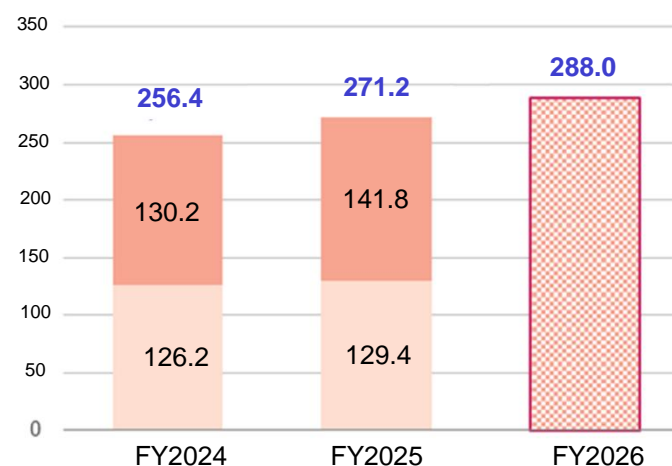
JPY 22.0 billion (+3.0 billion)

Increase due to increased sales.

■ Changes in Orders

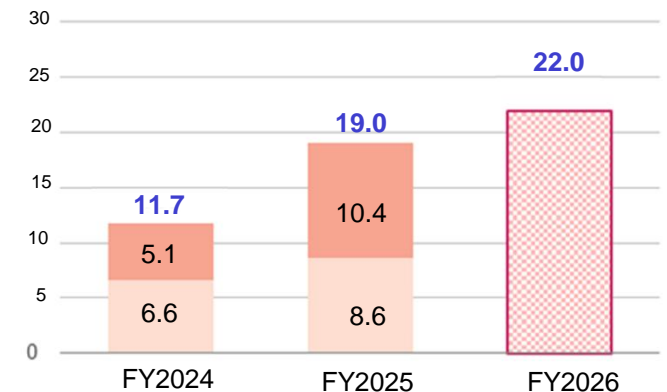


■ Changes in sales



■ Changes in Operating Profit

Unit: JPY billion



*For FY2024 and FY2025 graphs, the lower section shows the first half, and the upper section shows the second half of the fiscal year.

02

Industrial Machinery

■ Actual FY2025 (year-on-year changes)

Orders

JPY 225.1 billion (+19.1 billion)

Orders for plastics machinery increased partly due to a last-minute surge in orders ahead of the price revision. Advanced medical device orders also increased

Net sales

JPY 222.6 billion (-11.4 billion)

Decreased due to a smaller backlog of orders for semiconductor manufacturing equipment, while orders for plastics machinery increased

Operating profit

JPY 4.2 billion (-8.1 billion)

Decreased primarily due to reduced sales of semiconductor manufacturing equipment

■ Forecast 2026 (year-on-year changes)

Orders

JPY 224.0 billion (-1.1 billion)

Semiconductor manufacturing equipment will see an increase as customers partially resume investment activity. However, plastics machinery will see a decline due to a pullback following last year's increase

Net sales

JPY 228.0 billion (+5.4 billion)

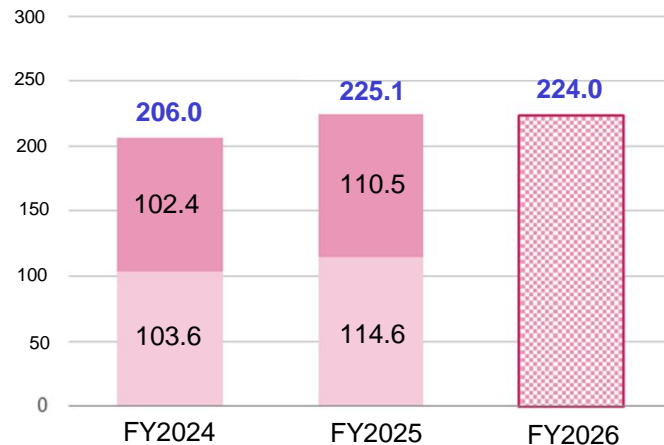
Will increase due to higher orders for semiconductor manufacturing equipment

Operating profit

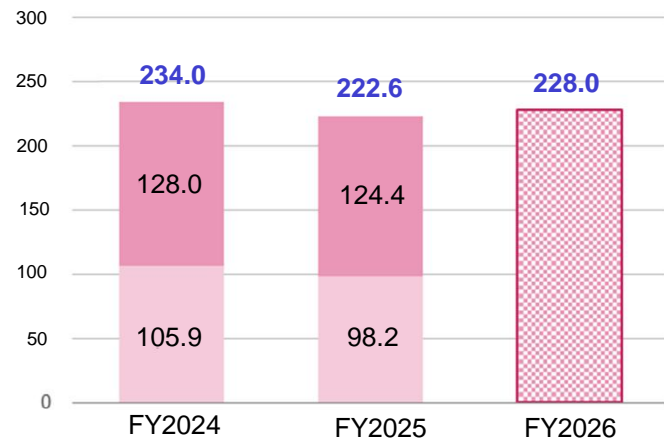
JPY 8.0 billion (+3.8 billion)

The forecast factors in the effects of structural reorganization for plastics machinery in Europe, as well as increased sales

■ Changes in Orders

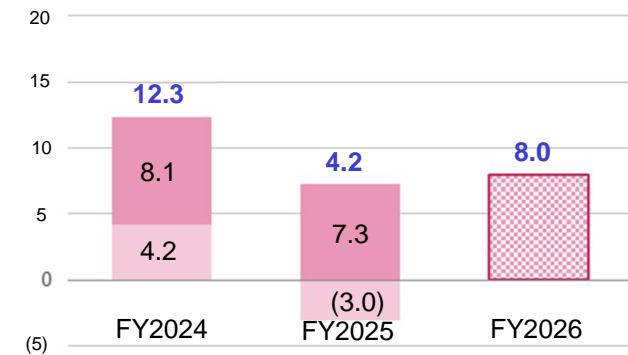


■ Changes in sales



■ Changes in Operating Profit

Unit: JPY billion



*For FY2024 and FY2025 graphs, the lower section shows the first half, and the upper section shows the second half of the fiscal year.

02

Logistics & Construction

■ Actual FY2025 (year-on-year changes)

Orders

JPY 399.1 billion (+59.3 billion)

Orders for hydraulic excavators increased due to a last-minute surge in orders ahead of the price revision in Japan. Industrial crane orders also increased, driven mainly by demand from shipbuilding and steel product applications

Net sales

JPY 388.9 billion (-3.6 billion)

Decreased due to lower orders for hydraulic excavators in the previous fiscal year, although industrial crane orders increased due to a solid order backlog

Operating profit

JPY 14.0 billion (-11.3 billion)

Decreased due to a drop in hydraulic excavator sales, a decline in highly profitable industrial crane projects, and an increase in the allowance for doubtful accounts

■ Forecast FY2026 (year-on-year changes)

Orders

JPY399.0 billion (-0.1 billion)

Orders for hydraulic excavators and mobile cranes will increase, but industrial crane orders will see a pullback following last year's increase. As a result, overall orders will remain flat year on year

Net sales

JPY398.0 billion (+9.1 billion)

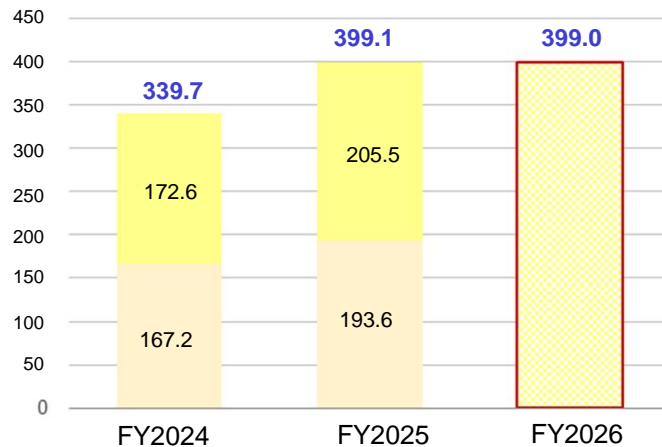
Will increase due to higher orders for both hydraulic excavators and mobile cranes

Operating profit

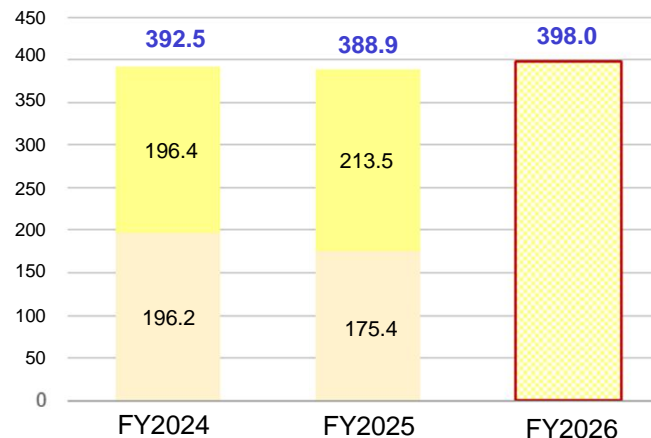
JPY 19.0 billion (+5.0 billion)

Will increase due to higher sales and the elimination of the impact of allowances for doubtful accounts

■ Changes in Orders

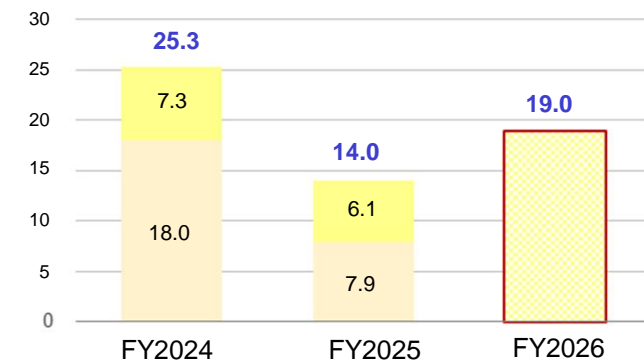


■ Changes in sales



■ Changes in Operating Profit

Unit: JPY billion



*For FY2024 and FY2025 graphs, the lower section shows the first half, and the upper section shows the second half of the fiscal year.

02

Energy & Lifeline

■ Actual FY2025 (year-on-year changes)

Orders

JPY 252.7 billion (+110.9 billion)

Increased driven by biomass power generation facility orders in Japan and Europe, as well as orders for water treatment equipment, marine structures, and other products

Net sales

JPY 177.6 billion (-4.3 billion)

Decreased primarily due to a smaller backlog for biomass power generation plants

Operating profit

JPY 12.1 billion (+8.3 billion)

Increased partly due to improved project profitability and lower development expenses for the Liquid Air Energy Storage (LAES), although sales decreased

■ Forecast FY2026 (year-on-year changes)

Orders

JPY 202.0 billion (-50.7 billion)

Will decline compared with the previous year, which benefited from large-scale project wins

Net sales

JPY 170.0 billion (-7.6 billion)

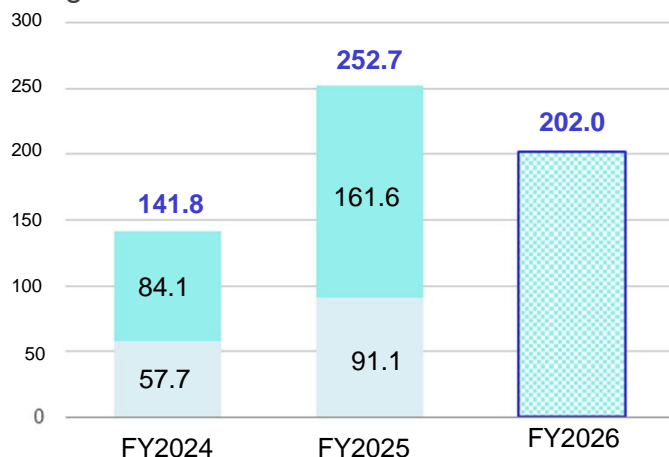
Will decrease due to the transfer of the steam turbine and process pump businesses

Operating profit

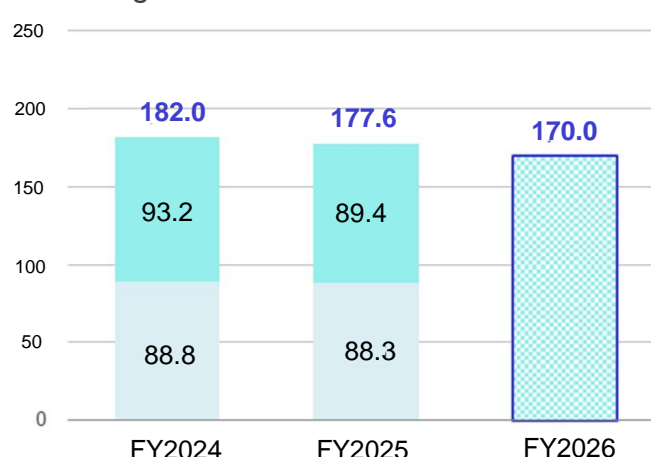
JPY 8.0 billion (-4.0 billion)

Will decrease in response to lower sales

■ Changes in Orders

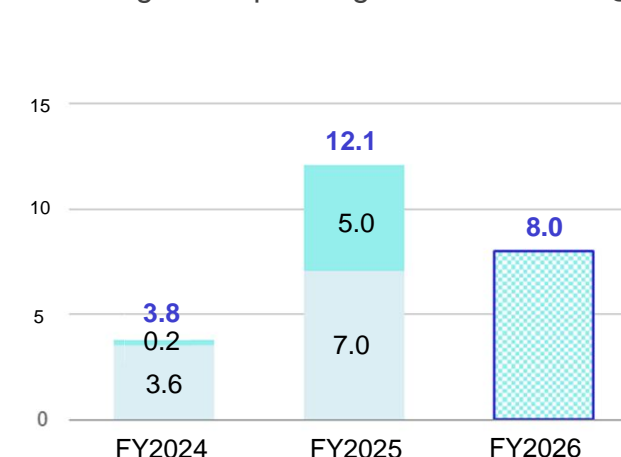


■ Changes in sales



■ Changes in Operating Profit

Unit: JPY billion



*For FY2024 and FY2025 graphs, the lower section shows the first half, and the upper section shows the second half of the fiscal year.

03

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

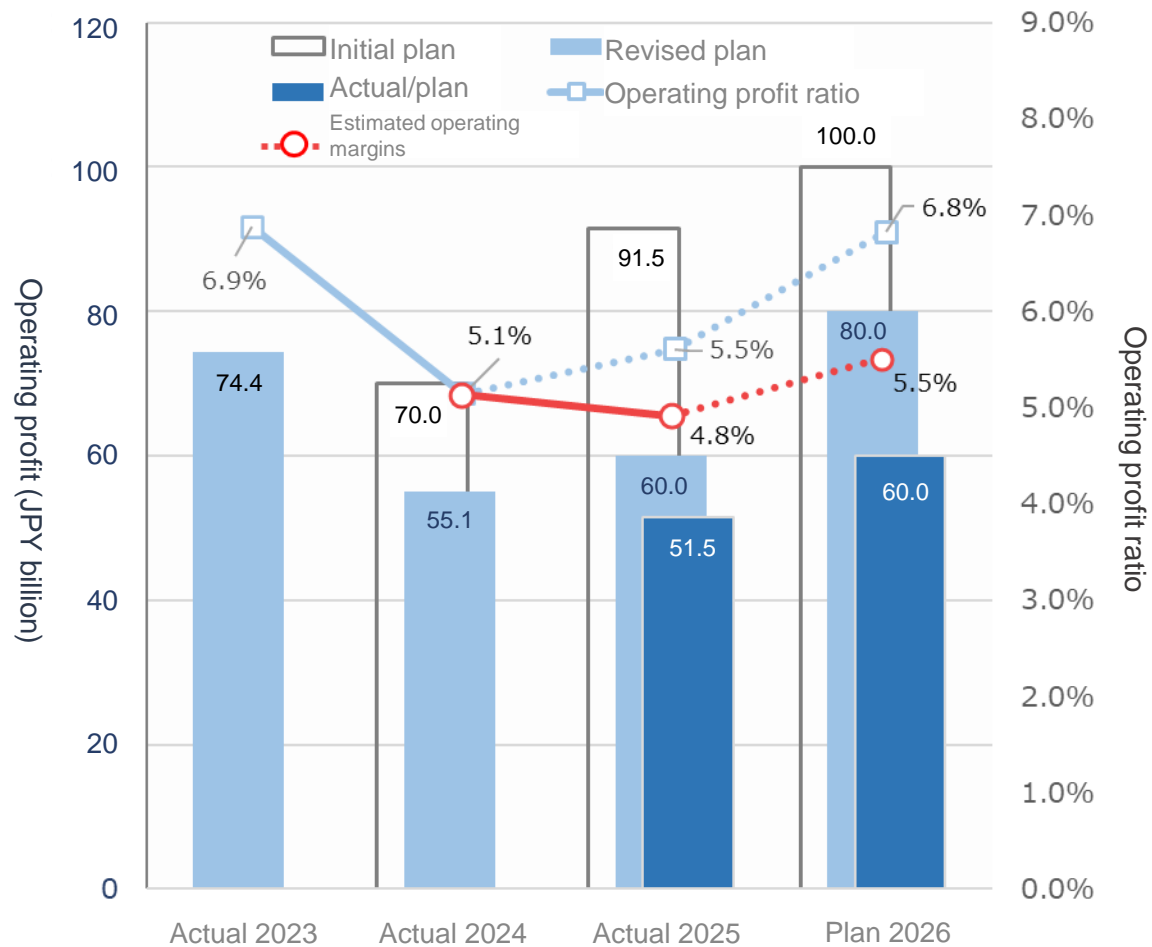
03

Basic Policy and Key Framework

- Because of a delay in responses to three key issues set in MTMP26 and weaker-than-expected performance at that time, we revised our financial plan in February 2025
- While efforts to achieve our financial targets set out in the revised MTMP are necessary, improving the profitability of the core businesses and the semiconductor equipment business is an urgent issue



03 Changes in the Business Environment and Outlook for MTMP26



Changes in the Business Environment since 1H 2025

European business

- For the electric control business, production has been reduced due to supply constraints caused by the effects of US tariffs
- Although EV demand is recovering, uncertainty over the outlook has led to a downward revision of expected demand. The impact on the plastics machinery business has continued

Semiconductor business

- For capital investment, a delay in recovery of ion implanters and superconducting magnets for MCZ has continued due to weak demand for non-AI semiconductors and power semiconductors
- In 2025, the Chinese market entered a recovery phase
- A recovery in the image sensor market is expected in the latter half of 2026 and beyond

Hydraulic excavator business

- Machinery operating rates in Japan have not declined, but machinery saturation remains
- In the US, 2025 shipments fell due to elevated distributor inventories. Starting in 2026, the tariff impact will take full effect, weakening buyer sentiment and dampening demand

In FY2025, the semiconductor equipment business and the hydraulic excavator business experienced a significant decline, with a further decrease of JPY8.5 billion in operating profit from the revised plan

Both businesses are on a recovering trend, but achieving the operating profit target of JPY80.0 billion in FY2026 will be challenging. Taking these circumstances into consideration, we will implement structural reorganization (including personnel measures) for our core businesses and strengthen our management foundation for the future

03

Summary of Structural Reorganization

Aim to improve ROIC and ROE by focusing management resources on growth areas, while enhancing earning capacity and reducing invested capital through structural reorganization.

Structural reorganization of core businesses

DT-SBU, PS-SBU,
Construction Equipment SBU,
HSC-SBU, and head office
departments

Business portfolio reformation

Sale of assets

- Implementing personnel measures
 - Voluntary retirement program
 - Review of reemployment contract renewals for employees aged over 65

Vitalize the organization through enhanced earning capacity and optimized age demographics

- Reviewing the production framework based on the revised demand outlook
- Reorganizing production sites in Japan and overseas, and other measures

- Implement measures based on assessments of capital efficiency and strategic alignment

- Sale of securities
- Disposal of idle land

Focusing management resources on growth areas

Actual FY2025

Operating profit:	JPY51.5 billion
ROIC	4.2%
ROE	4.7%



Outlook for FY2026

Operating profit:	JPY60.0 billion
ROIC	4.8%
ROE	5.0%



FY2027 and beyond

Operating profit:	JPY70.0 billion or more
ROIC	6.0% or more
ROE	6.0% or more

03

KPI Progress on Strategic Issues

- Earning capacity improvements in the gear reducers, electric control and plastics machinery businesses are largely on plan
- However, progress in improving earning capacity and capital efficiency has been delayed due to changes in the external environment
- In particular, improving the earning capacity of the semiconductor equipment and hydraulic excavator businesses is an urgent priority, and we will accelerate key initiatives and implement structural reorganization, including personnel measures

	Strategic issue		KPI	Metric	2026 target (as of February 2025)	2026 estimate (February 2026)	Progress
Corporate	Improve profitability	Strengthen profitability through deepening and implement a management approach that prioritizes profit	Operating profit ratio	Operating profit ratio Operating profit:	6.8% JPY 80.0 billion	5.5% JPY 60.0 billion	×
		Promote businesses whose strategies need to be rebuilt	Drafting and implementing a reform plan	Progress ratio	100%	100%	○
	Enhance capital efficiency	Promote an ROIC-based management approach	ROIC	ROIC	7.0%	4.8%	×
	Drive growth in key investment area businesses		Expanding sales in the semiconductor business	Sales	JPY117.2 billion	JPY86.3 billion	×
Mechatronics	Strengthen the profitability of underperforming businesses		Improving the operating margins of the gear business	Operating profit ratio	9.7%	9.2%	△
			Increasing orders for the electric control business	Orders	JPY45.6 billion	JPY46.8 billion	○
Industrial Machinery	Strengthen the profitability of underperforming businesses		Improving the operating margins of the plastics machinery business	Operating profit ratio	6.3%	6.0%	△
Logistics & Construction	Strengthen the profitability of core businesses		Increasing orders for the hydraulic excavator business	Orders	JPY260.0 billion	JPY215.0 billion	×

03

Capital Policy

- Operating cash flows were lower than expected. We will steadily implement structural reorganization and other measures toward recovery.
- Regarding shareholder returns, the policy under the MTMP revised in February 2025 will remain in place.
 - (1) Realize stable and continuous dividends (targeting a minimum dividend of JPY125 and a DOE of 3.5% or more
For FY2026, we forecast a dividend of JPY145 per share
 - (2) Continue to repurchase treasury stock in FY2026, taking the capital policy into consideration.

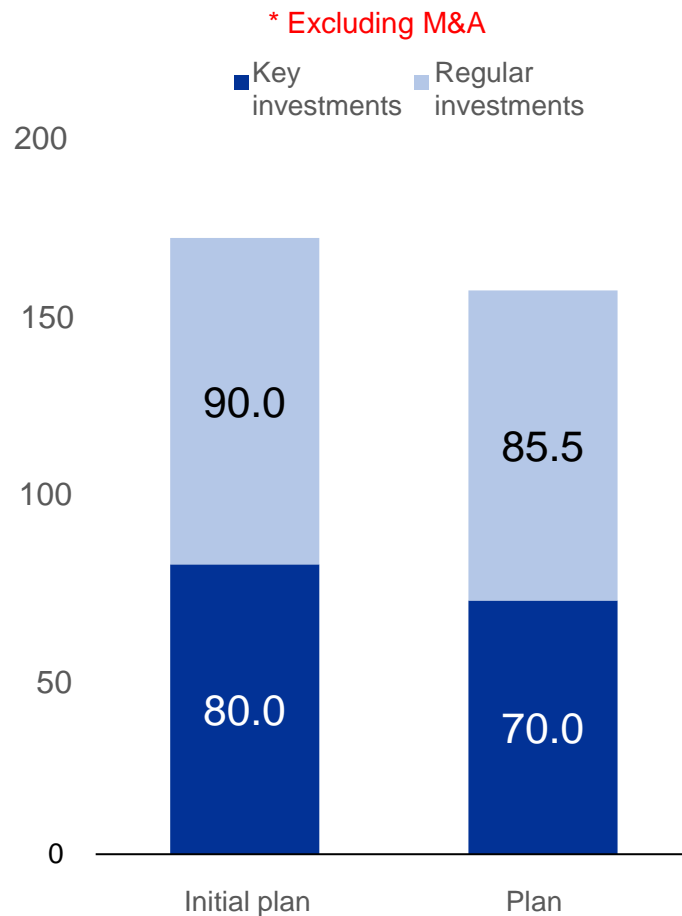
* Figures in parentheses are those calculated at the time of the revision of MTMP (February 2025)

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) JPY235.0 billion (JPY280.0 billion)	Capital investment (including M&As) JPY170.0 billion (JPY190.0 billion)	Investment in key areas: JPY70 billion Significant investments are made in robotics/automation, semiconductors, advanced medical devices and environment/energy fields.
Business portfolio reformation Business transfer, sale of assets Utilize interest-bearing debts Utilizing interest-bearing debts to an extent that does not compromise sound financial conditions	Interest-bearing debts JPY100 billion (JPY70 billion)	Research & development cost JPY95 billion (JPY90 billion)	Investment in key areas: JPY70 billion Significant investments are made in robotics/automation, semiconductors, advanced medical devices and environment/energy fields.
		Shareholder returns JPY70 billion (JPY70 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

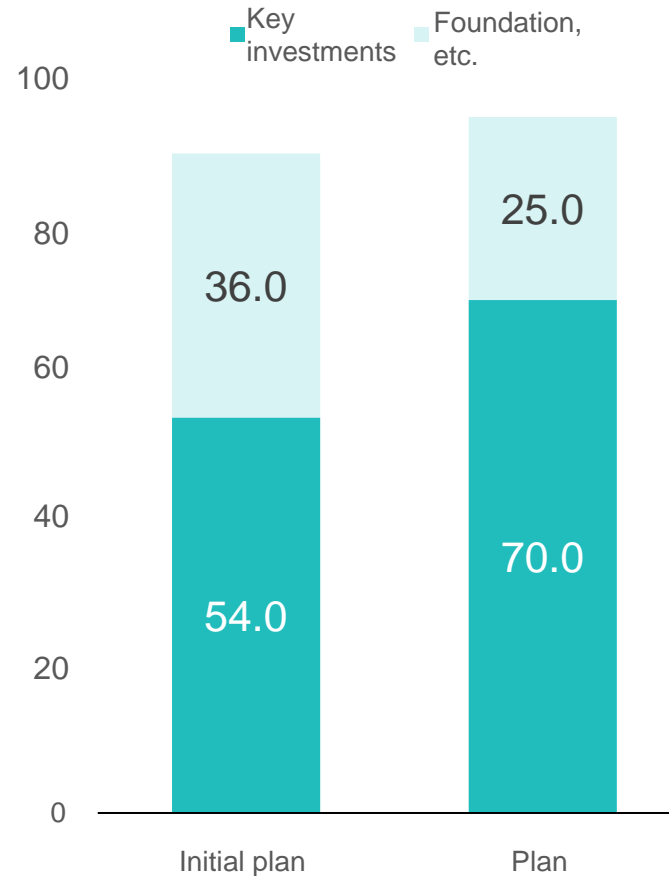
03

Status of Investment Execution

Capital investment for MTMP26



Research & development investment for MTMP26



● Capital investment:

A plan with goals set at approximately 90% of the initial plan for MTMP26 (excluding M&A)

● Research & development investment:

Mostly in line with the initial plan for MTMP26

● M&A investment:

Mostly in line with the initial plan for MTMP26 (a JPY15.0-20.0 billion investment plan over three years)

03

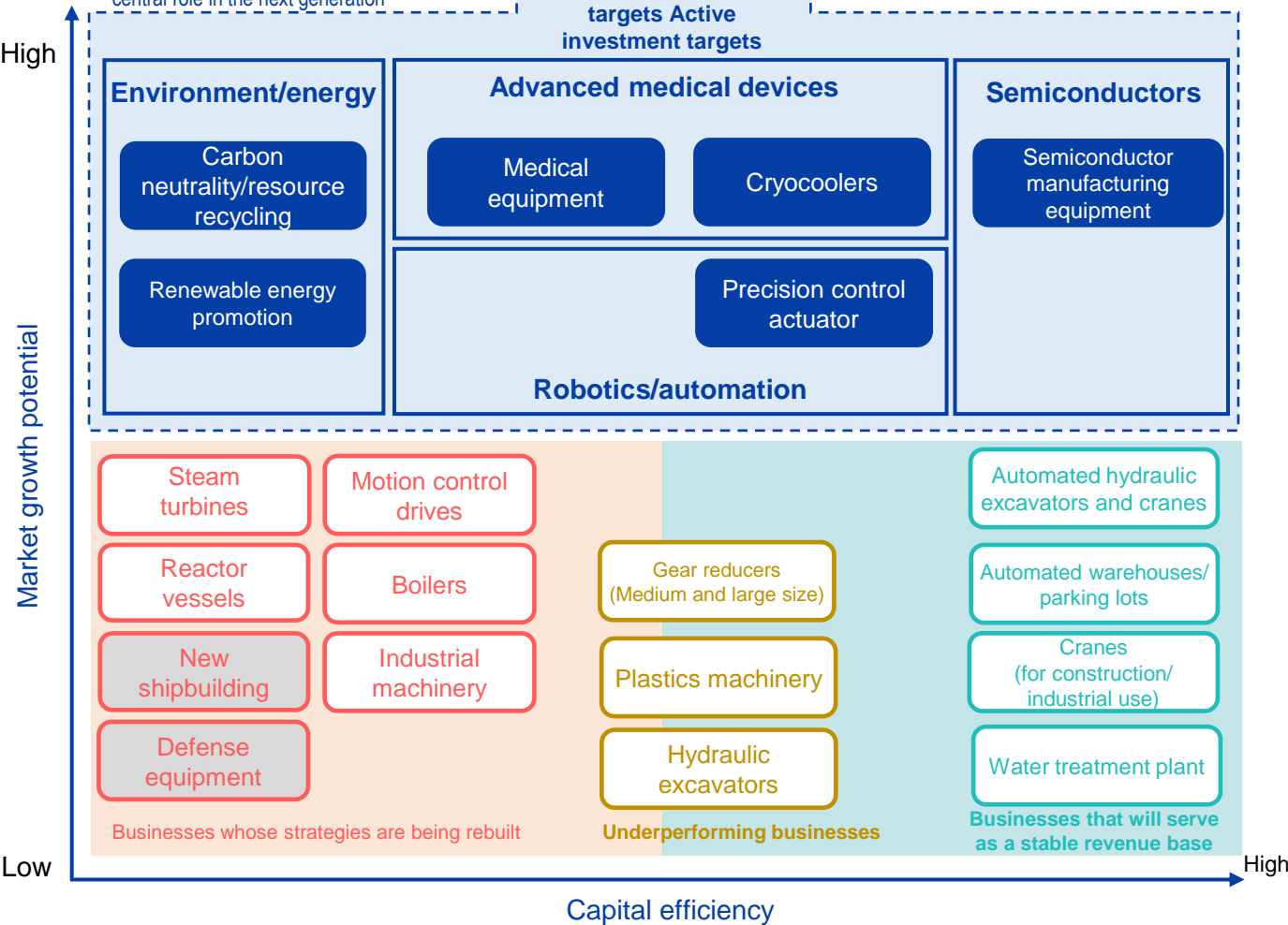
Business Portfolio

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



Key investment area businesses

Business scale

approximately
JPY340.0 billion in total

- Growth in the robotics/automation field
- Growth in the semiconductor field
- Growth in the advanced medical devices field
- Growth in the environment/energy field

Underperforming businesses

Business scale

approximately
JPY450.0 billion in total

- Improving the operating profit of the gear business
- Increasing orders for the electric control business
- Improving the operating profit of the plastics machinery business
- Improving the operating profit of the hydraulic excavator business
- Structural reorganization of the European business

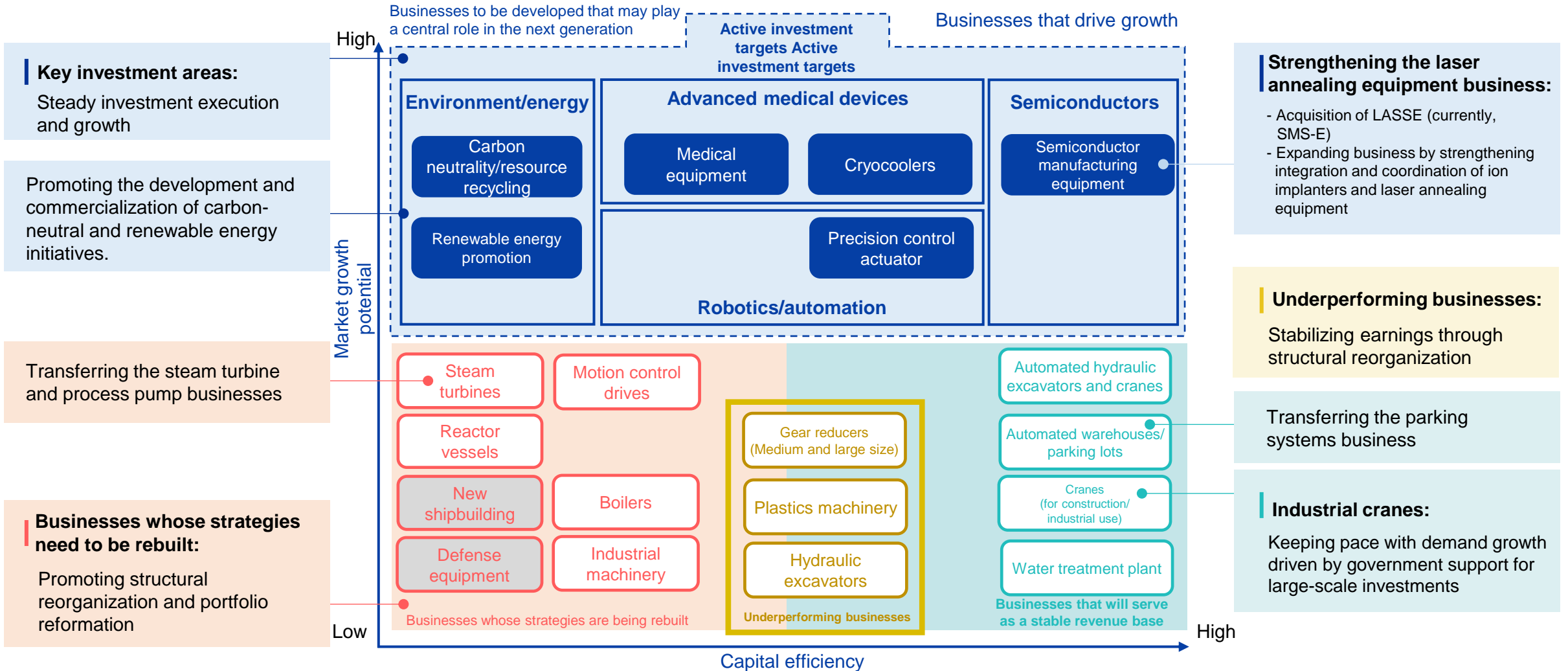
Businesses whose strategies are being rebuilt

Business scale

approximately
JPY120.0 billion in total

- Accelerating portfolio management (steam turbines, reactor vessels, boilers, industrial machinery, and motion control drives)

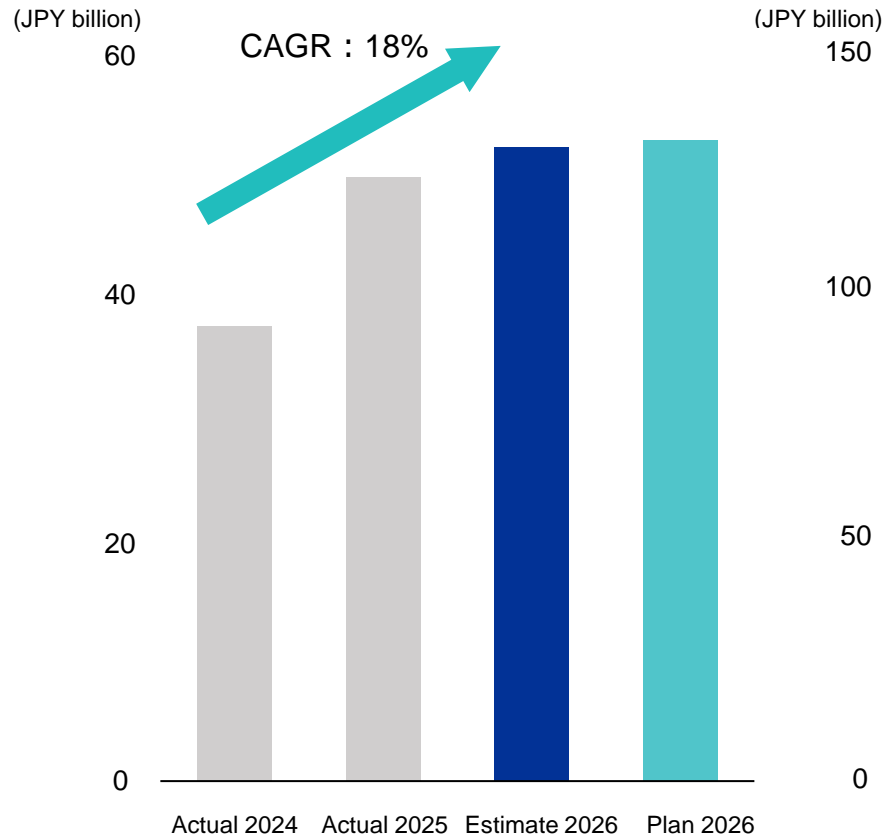
03 Business Portfolio and Issues to Be Addressed (Status of Progress)



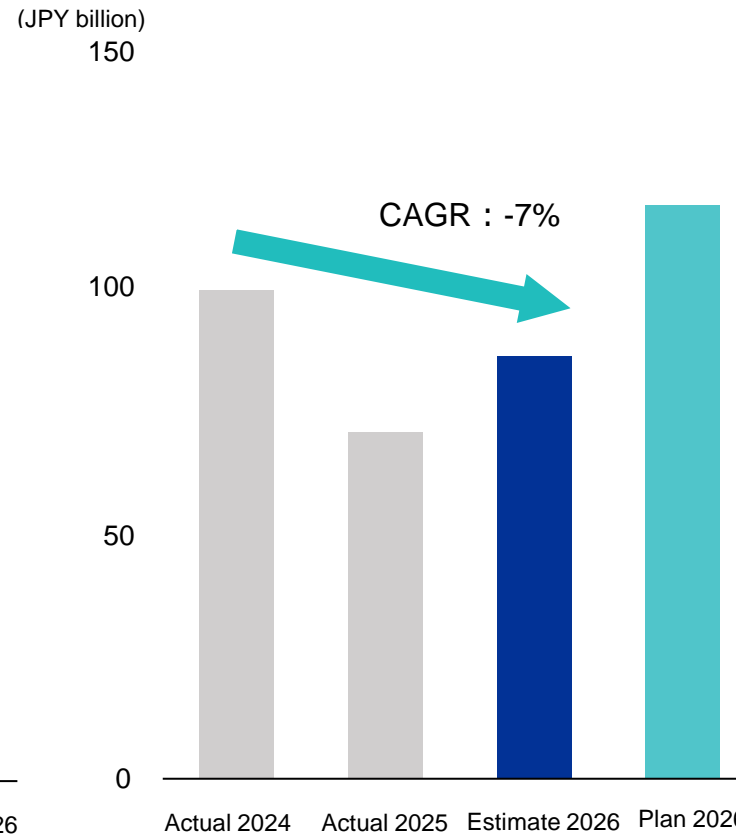
03

Growth in Key Investment Areas: Status of Progress

Robotics/automation field: Sales trend



Semiconductor field: Sales trend



Progress of MTMP26

Robotics/automation field

Growth is expected at a CAGR of approximately 18% from 2024 to 2026, with progress tracking close to plan

Semiconductor field

Demand for advanced semiconductors for AI and other applications grew, but the semiconductor equipment business significantly missed its targets, as it was affected by rapid market shifts in China, delayed market recovery, and other factors

- LASSE (currently, SMS-E) was acquired
- The production framework is being strengthened to respond to strong inquiry levels for laser annealing equipment used in advanced and other fields

Advanced medical devices field

Environment/energy fields

progress is tracking close to plan

03

Structural Reorganization of Low-profit Businesses: Status of Progress




- Decisively implement structural reorganization of low-profit businesses to enhance earning capacity

Segment	Mechatronics (DT-SBU)		Industrial Machinery (PS-SBU)	Logistics & Construction (Construction Equipment SBU)																																														
KPI	Improving the operating margins of the gear business Increasing orders for the electric control business		Improving the operating margins of the plastics machinery business	Increasing orders for the hydraulic excavator business																																														
2025 progress results	<ul style="list-style-type: none">Profitability is trending upward through streamlining of product lines, price revisions, and withdrawal from unprofitable projects.Collaboration between LSPA and IDL has driven sales synergies and market expansion, on track to meet plan		<ul style="list-style-type: none">In addition to removing ineffective models, the Chiba Works operations have been reorganized in line with expected demand.Overall, the PS-SBU met its target. In Europe, however, the target was not met, and additional measures were considered for SDG	<ul style="list-style-type: none">In Japan, results fell short of the plan due to reduced demand for rental productsIn North America, results fell significantly short of the plan due to intensified competition and elevated distributor inventories. Market share declined because promotional efforts were insufficient																																														
Plan / estimate	<div><div><p>Gear business (operating margins)</p><table border="1"><thead><tr><th>Year</th><th>Plan (%)</th><th>Estimate (%)</th></tr></thead><tbody><tr><td>Actual 2024</td><td>6.5</td><td>6.8</td></tr><tr><td>FY 2025</td><td>6.8</td><td>7.2</td></tr><tr><td>FY 2026</td><td>9.8</td><td>9.2</td></tr></tbody></table></div><div><p>Electric control (orders)</p><table border="1"><thead><tr><th>Year</th><th>Plan (JPY billion)</th><th>Estimate (JPY billion)</th></tr></thead><tbody><tr><td>Actual 2024</td><td>35</td><td>35</td></tr><tr><td>FY 2025</td><td>40</td><td>45</td></tr><tr><td>FY 2026</td><td>45</td><td>48</td></tr></tbody></table></div></div> <div><div><p>Plastics machinery (operating margins)</p><table border="1"><thead><tr><th>Year</th><th>Plan (%)</th><th>Estimate (%)</th></tr></thead><tbody><tr><td>Actual 2024</td><td>-2.5</td><td>-2.5</td></tr><tr><td>FY 2025</td><td>1.5</td><td>1.5</td></tr><tr><td>FY 2026</td><td>6.5</td><td>6.0</td></tr></tbody></table></div><div><p>Hydraulic excavators (orders)</p><table border="1"><thead><tr><th>Year</th><th>Plan (JPY billion)</th><th>Estimate (JPY billion)</th></tr></thead><tbody><tr><td>Actual 2024</td><td>150</td><td>150</td></tr><tr><td>FY 2025</td><td>220</td><td>180</td></tr><tr><td>FY 2026</td><td>250</td><td>200</td></tr></tbody></table></div></div>		Year	Plan (%)	Estimate (%)	Actual 2024	6.5	6.8	FY 2025	6.8	7.2	FY 2026	9.8	9.2	Year	Plan (JPY billion)	Estimate (JPY billion)	Actual 2024	35	35	FY 2025	40	45	FY 2026	45	48	Year	Plan (%)	Estimate (%)	Actual 2024	-2.5	-2.5	FY 2025	1.5	1.5	FY 2026	6.5	6.0	Year	Plan (JPY billion)	Estimate (JPY billion)	Actual 2024	150	150	FY 2025	220	180	FY 2026	250	200
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03

Promoting Reforms in Businesses Whose Strategies Need to Be Rebuilt

- As part of portfolio reformation, we have determined the transfer of the steam turbine, process pump, and parking systems businesses

Business/model	Product overview	Response
Steam turbine/ process pump	<div>Steam turbine</div>  <div>Process pump</div> 	<p>A share transfer agreement has been executed under which all issued shares of Shin Nippon Machinery Co., Ltd. (hereinafter, “SNM”), which manufactures and sells steam turbines and process pumps, will be transferred to Torishima Pump Mfg. Co., Ltd</p> <p>Background and expected effects</p> <ul style="list-style-type: none"> - The funds obtained from the business transfer of SNM will be invested in growth-driving businesses as well as in businesses under development that will play a central role in the next generation - Torishima Pump Mfg. Co., Ltd. is a company that holds a strong global market position in the water pump business, and we determined that it is the most suitable owner - Scale of the business to be transferred: JPY20.0 billion in net sales (FY2025) - Number of employees to be transferred: 530 - Scheduled transfer date: July 2026
Parking systems	<div>Parking systems (SUMIPARK ACE)</div> 	<p>An absorption-type company split agreement has been executed under which the business of parking systems manufactured and sold by Sumitomo Heavy Industries Material Handling Systems Co., Ltd. (hereinafter, “MH”) will be transferred to IHI Transport Machinery Co., Ltd.</p> <p>Background and expected effects</p> <ul style="list-style-type: none"> - IHI Transport Machinery Co., Ltd. is Japan’s top company in the parking systems business, and this transfer will contribute to enhancing their business foundation and developing the industry. MH will shift its management resources to the crane and other businesses, aiming to become a more profitable entity - Scale of the business to be transferred : JPY8.0 billion in net sales (FY2025) - Number of employees to be transferred : 90 - Scheduled transfer date : November 2026

03 Mechatronics Segment: Implementation Status of Key Initiatives

Target profit for FY2026



Mechatronics

(Plan as of February 2025)

JPY24.0 billion



(Forecast)

JPY22.0 billion

Assessment of current situation

- Profitability in the gear motor business has improved, although some price pass-through measures have been delayed. Efforts to enhance and expand the after-sales service business are ongoing
- Precision positioning equipment has been facing difficulties due to stagnation in semiconductor projects for PCs and smartphones. We are working to win orders from our targeted leading overseas customers

	Key initiative	Status of progress	Progress
Key investment area			
Electric control, robotics/automation (DT-SBU)	● Develop business with a focus on energy saving and efficiency improvements in the transportation and logistics market	● There is a delay in the development of gear motors with distributed control inverters for the transportation and logistics market. However, we are seeking customers globally	△
	● Expand the small precision module business	● Product development and identification of lighthouse customers are underway	△
Semiconductors (components) (AT-SBU)	● Expand a new market for precision positioning equipment	● Commencement of evaluation of the precision positioning equipment at a target US customer	○
	● Establish a development center for semiconductor subsystems and components in the US, and accelerate efforts to secure global top-tier customers	● The US development center was established in November 2025, and equipment for assessment was installed. We have begun approaching global top-tier customers	△
Foundational business area			
Medium and large-sized gear reducers (DT-SBU)	● Enhance services to meet replacement demand and propose drop-in replacements, and strengthen the product ability of gear motors combined with high-efficiency motors	● Review of the domestic service framework, enhancement of E/U activities, and acceleration of the global rollout of drop-in initiatives	○
	● Consolidate models	● Streamlining of product lines, price revisions, and withdrawal from unprofitable projects and customer segments	△

03 Industrial Machinery Segment: Implementation Status of Key Initiatives

Target profit for FY2026



Industrial
Machinery

(Plan as of February 2025)

JPY22.0 billion



(Forecast)

JPY8.0 billion

Assessment of current situation

- Ion implanters and superconducting magnets for MCZ have been facing difficulties due to weak demand for non-AI semiconductors
- Although structural reorganization of the plastics machinery business was carried out, demand recovery in the European market was slower than expected

	Key initiative	Status of progress	Progress
Key investment area			
Semiconductors (MS-SBU)	● Increase sales of ion implanters by developing differentiated products and expanding production capacity	● There was a significant decline in sales in 2025 due to lower demand for image sensors and power semiconductors. Demand for logic is expected to rise in 2026	×
	● Expand into new fields in memory and logic, grow ion implanters sales to customers in the US and Europe, and drive future development	● The Semiconductor Equipment Business Promotion Office was established in January 2026. Initiatives have been launched to increase laser annealing equipment production, and measures to attract new customers and pursue joint equipment development have been implemented (Ion implanters, laser annealing equipment)	○
Advanced medical devices (MQS-SBU)	● Develop and implement a strategy to promote proton therapy systems (superconducting type) and BNCT (next-generation high-current type)	● Profitability of proton therapy systems worsened due to a delay in percentage-of-the-completion method projects. BNCT experienced a timing mismatch in orders (An order was received for Unit No. 2 of the next-generation proton therapy system CyBeam, and an order for Unit No. 3 is expected in FY2026) BNCT Unit No. 4 will begin therapy use in 2026. An order for Unit No. 5 was received in 2025. Two additional units are anticipated to be ordered in 2026.	△
Foundational business area			
Plastics machinery (PS-SBU)	● Model consolidation and operational process reformation	● The production of 22 models was discontinued by the end of 2025 (one year ahead of schedule)	○
	● Implement additional restructuring measures	● We lowered demand forecasts, and initiated reorganization across the factory structure and functions, as well as the sales system and resource allocation	○
	● Implement the structural reorganization of SDG	● We progressed as initially planned, but are considering additional measures in light of a larger-than-expected decline in demand	△

03

Logistics & Construction Segment: Implementation Status of Key Initiatives

Target profit for FY2026



Logistics & Construction

(Plan as of February 2025)

JPY27.0 billion



(Forecast)

JPY19.0 billion

Assessment of current situation

- The development of cutting-edge technologies, such as electrification, remote control/automation and DX, is underway to solve social issues
- Profitability declined due to lower demand for mobile cranes and hydraulic excavators in Japan and reduced volume from intensified competition in North America

	Key initiative	Status of progress	Progress
Key investment area			
Robotics/automation (Segment)	● Establish a development center for this segment	● Staffing at the development center was increased. New development departments focused on DX and other areas were established	○
	● Promote the development of solutions like standardized electrification, remote control/automation, and DX (such as 13.5-ton electric hydraulic excavators)	● We exhibited a 13.5-ton electric hydraulic excavator at EXPO 2025 (International Construction & Survey Productivity Improvement) and released 'ASTRA 1.0,' an automation function for road machinery	○
Foundational business area			
Construction machinery (Construction Equipment SBU) (HSC Cranes SBU)	● Differentiate our products and improve profitability by launching new models	● New hydraulic excavator models were successively launched into leading markets in Japan and the US to explore demand	×
	● Establish an optimal production system utilizing Yokosuka Works	● Production will start in FY2027 and full-fledged production will be delayed to FY2028	△
Logistics machinery (Material Handling Systems SBU)	● Develop differentiated products focused on automation and carbon neutrality (ARTG)	● Deliveries of the FC fuel-replacement type ARTG have begun to Tokyo Port	○
	● Harness the power of DX (SIRMS®) to deliver higher-value services	● The number of SIRMS-mounted units delivered increased, bringing the cumulative total to 56	○
	● Capture shipbuilding demand and explore new markets	● Standardized proposals were used to reduce design workload, and resources were allocated preferentially to this area. In response to increased shipbuilding demand, we are considering strengthening production capacity	○

03 Energy & Lifeline Segment: Implementation Status of Key Initiatives

Target profit for FY2026



Energy & Lifeline

(Plan as of February 2025)

JPY7.0 billion



(Forecast)

JPY8.0 billion

Assessment of current situation

- We are promoting the fostering and commercialization of carbon neutrality and renewable energy promotion businesses as planned
- The structural reorganization of the boiler business is progressing close to plan, and the after-sales service has also grown through enhanced functions and expanded proposal menus

	Key initiative	Status of progress	Progress
Key investment area			
Carbon neutrality/resource recycling (Segment) (Energy & Environment SBU)	● Demonstrate and evaluate carbon capture technology	● CO ₂ separation collection testing in EU was completed. Real machine FEED phase is in progress	○
	● Biomass gasification to SAF production demonstration	● Participation in a NEDO demonstration project for the process from gasification to SAF production, and application for a NEDO research project for the carbon recycling business in Sakata District	○
	● Demonstrate the feasibility of a carbon fixation business utilizing carbon derived from unused biomass	● Demonstration of biochar production using various fuels was completed	○
Renewable energy promotion (Energy & Environment SBU) (Marine & Steel Structures SBU)	● Commencement of commercial operation of the LAES demonstration facilities in FY2025	● Demonstration operations started in December 2025 (jointly with Hiroshima Gas Co., Ltd.)	○
	● Strengthen our marketing capabilities for the commercialization of base structures for offshore wind power generation	● Round 1 is being re-tendered, while estimates are being prepared to secure orders in Round 2	△
Foundational business area			
Energy plants (Energy & Environment SBU) Process machinery/plants (PP-SBU) Service (Segment)	● Implement the structural reorganization of the boiler business	● Planning additional fixed-cost measures based on operating volume	△
	● Promote boiler fuel conversion and modification (through TMU)	● Order reception for TMU projects was delayed, and a dedicated organizational structure was established to strengthen the response	△
	● Expand chemical equipment, water treatment, and food machinery businesses	● Sales surpassed the plan due to increased orders	○
	● Expand after-sales service and strengthen coordination within the segment	● Service sales increased through coordination between business departments	○

03

Segments: Examples of Key Initiatives

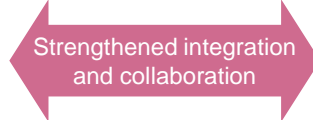


Industrial Machinery Segment: Semiconductor-related (MS-SBU)

Expand business through strengthened integration and collaboration of ion implanters and laser annealing equipment



Ion implanter



- Development
- Sales
- Production
- Service



Laser annealing equipment



Logistics & Construction Segment: Industrial Cranes (Material Handling Systems SBU)

Demand for cranes for the shipbuilding field increased in line with the shipbuilding industry revitalization roadmap developed by the government

- Main target models



Jib crane



Goliath crane

■ Situation surrounding laser annealing equipment:

- Development of new applications using laser annealing to address the miniaturization and high-density stacking of advanced logic, DRAM (HBM), and 3D NAND is underway
- We received inquiries from multiple leading manufacturers, and plan to establish a production capacity in 2027 at 4x the 2025 level.
- The Semiconductor Equipment Business Promotion Office was established, and efforts to address integration and coordination issues are now underway

■ Situation surrounding shipbuilding cranes

- The Shipbuilding Industry Revitalization Roadmap was announced at the end of 2025, with the goal of doubling shipbuilding capacity by 2035
- Our company is the only manufacturer of these cranes in Japan. We have gathered information on shipbuilders' capital investments and are considering increasing production capacity to respond to robust inquiries

04

Appendix

04

Changes in ROIC by Segment

	Actual FY2024	Actual FY2025	targets for FY2026	Issues to be addressed	Future response strategies
Mechatronics	4.5%	6.0%	7.0%	<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 	<ul style="list-style-type: none"> - Complete the development of new products and expand synergies between sales and R&D - Consolidate models and optimize unprofitable models - Review the supply chain
Industrial Machinery	5.2%	2.7%	4.3%	<ul style="list-style-type: none"> - Improving the revenue of the plastics machinery business - Improving the productivity - Expanding into new fields in semiconductor/memory and logic 	<ul style="list-style-type: none"> - Reorganize the factory and sales structures in line with the revision of demand forecasts - Reduce capital investment - Strengthen coordination between ion implanters and laser annealing equipment
Logistics & Construction	7.6%	4.7%	5.7%	<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 - Optimize the framework and control fixed costs - Reduce the number of months of inventory on hand
Energy & Lifeline	2.6%	6.4%	4.9%	<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
Consolidated	4.8%	4.2%	4.8%		

04

Key Figures by Strategic Business Unit (SBU) (1)

Unit: JPY billion

	Orders			Net sales			Operating profit					
	Actual FY2024	Actual FY2025	Forecast FY2026	Actual FY2024	Actual FY2025	Forecast FY2026	Actual FY2024/Operating profit ratio (%)		Actual FY2025/Operating profit ratio (%)		Forecast FY2026/Operating profit ratio (%)	
Drive Technologies	191.3	208.4	224.0	196.6	206.8	222.0						
Advanced Technologies	52.4	67.9	68.0	65.2	68.3	71.0						
Other businesses, deductions, adjustments, etc.	(1.7)	(1.0)	(3.0)	(5.5)	(3.9)	(5.0)						
Mechatronics	242.0	275.3	289.0	256.4	271.2	288.0	11.7	4.6%	19.0	7.0%	22.0	7.7%
Material Solutions	39.5	35.2	45.0	63.7	38.8	50.0						
Medical & Quantum Solutions	14.6	25.3	25.0	23.4	24.2	20.0						
Metal Processing Solutions	29.7	34.5	30.0	25.0	26.4	29.0						
Plastics Solutions	89.9	101.3	93.0	92.8	102.4	95.0						
Other businesses, deductions, adjustments, etc.	32.3	28.8	31.0	29.1	30.8	34.0						
Industrial Machinery	206.0	225.1	224.0	234.0	222.6	228.0	12.3	5.2%	4.2	1.9%	8.0	3.5%

04

Key Figures by Strategic Business Unit (SBU) (2)

Unit: JPY billion

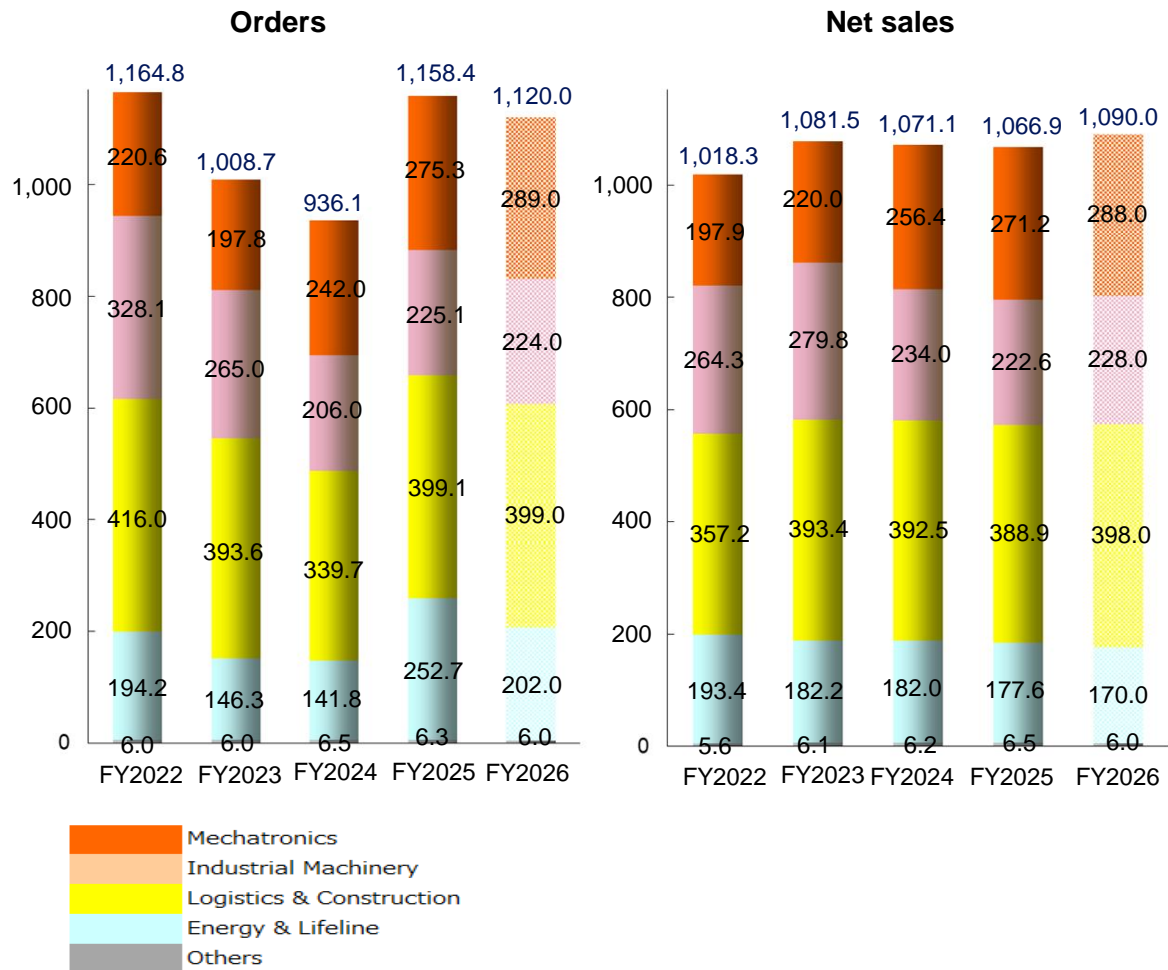
	Orders			Net sales			Operating profit					
	Actual FY2024	Actual FY2025	Forecast FY2026	Actual FY2024	Actual FY2025	Forecast FY2026	Actual FY2024/Operating profit ratio (%)		Actual FY2025/Operating profit ratio (%)		Forecast FY2026/Operating profit ratio (%)	
Material Handling Systems	68.6	86.9	60.0	51.9	63.6	62.0						
HSC Cranes	39.2	39.1	33.0	44.3	41.1	37.0						
Link-Belt Cranes	77.1	87.7	100.0	83.8	87.9	97.0						
Construction Equipment	167.2	199.1	216.0	227.2	212.4	215.0						
Other businesses, deductions, adjustments, etc.	(12.4)	(13.7)	(10.0)	(14.6)	(16.1)	(13.0)						
Logistics & Construction	339.7	399.1	399.0	392.5	388.9	398.0	25.3	6.4%	14.0	3.6%	19.0	4.7%
Energy & Environment	54.3	127.6	83.0	79.6	71.1	70.0						
Process Plant	50.6	63.7	72.0	46.4	53.6	57.0						
Marine & Steel Structures	21.3	45.0	40.0	41.3	37.6	34.0						
Other businesses, deductions, adjustments, etc.	15.5	16.4	7.0	14.7	15.3	9.0						
Energy & Lifeline	141.8	252.7	202.0	182.0	177.6	170.0	3.8	2.1%	12.1	6.8%	8.0	4.7%
Others	6.5	6.3	6.0	6.2	6.5	6.0	2.0	-	2.1	-	3.0	-
Total	936.1	1,158.4	1,120.0	1,071.1	1,066.9	1,090.0	55.1	5.1%	51.5	4.8%	60.0	5.5%

04

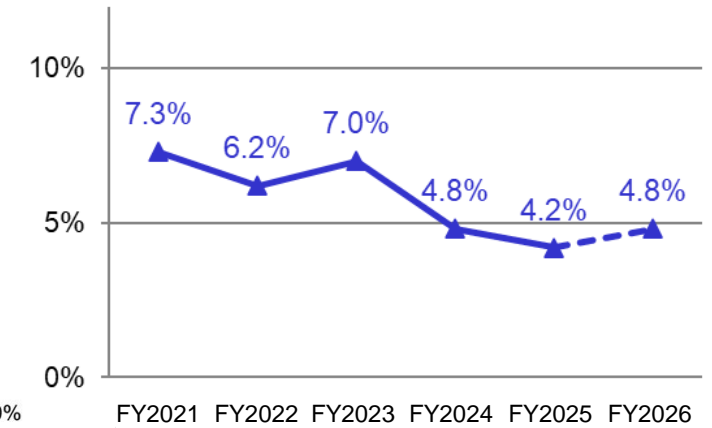
Changes in Financial Values (Consolidated)

Changes in Orders/Sales/Operating Profit

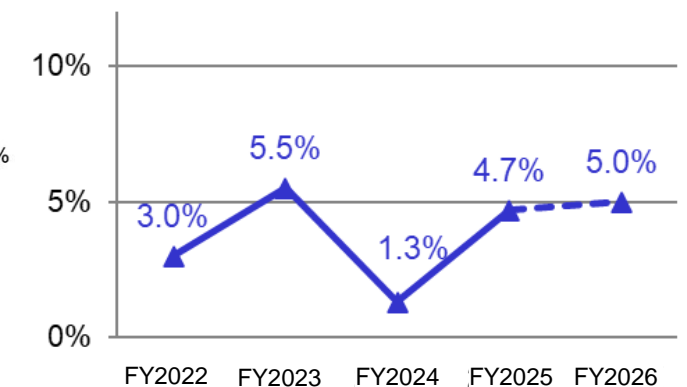
Unit: JPY billion



Changes in ROIC



(Ref.) Changes in ROE

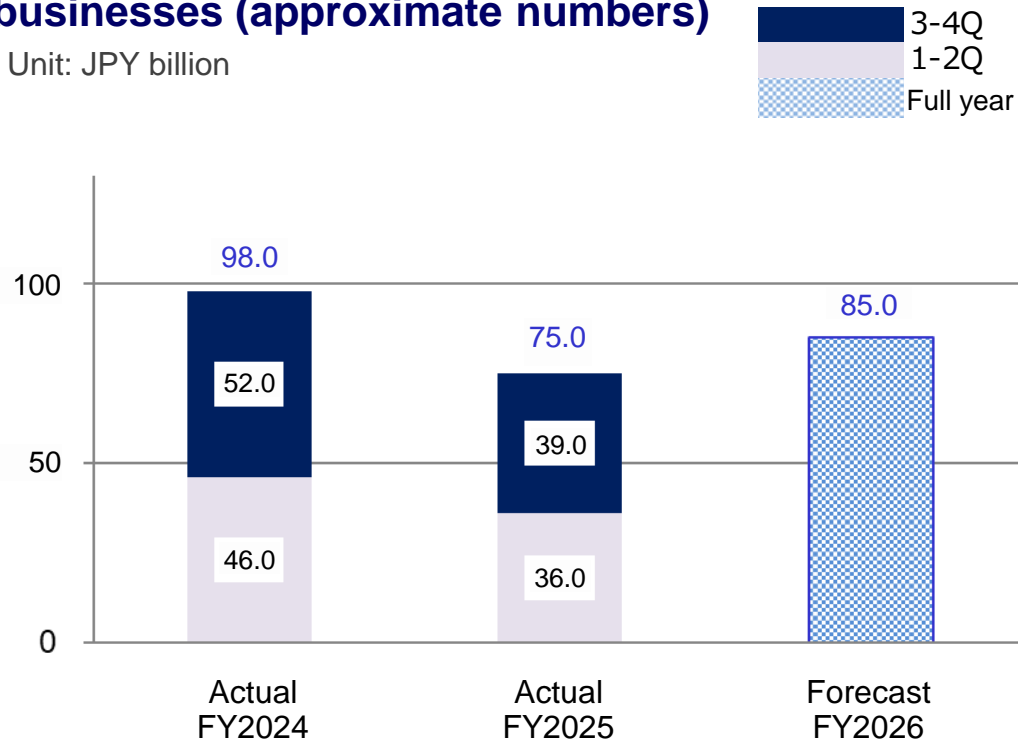


04

Sales of the Semiconductor Related Product 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	SBU	Key technologies		
				Beam control	Ultracold	Vacuum
Component	4KGM Cryocooler/ Cryopump	Mechatronics	Advanced Technologies		◎	◎
	Vacuum robot					◎
Equipment	Laser annealing equipment	Industrial Machinery	Material Solutions	◎		
	Ion implanter			◎		○
	Ion irradiation business			◎		○
	Superconducting magnet for MCZ		Medical & Quantum Solutions		◎	○

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

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
FY2025	40%	20%	10%	10%	20%	100%
FY2024	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
FY2025	20%	15%	50%	15%	100%
FY2024	15%	20%	50%	15%	100%

04

Reference information on each segment [2]

<Logistics & Construction>

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

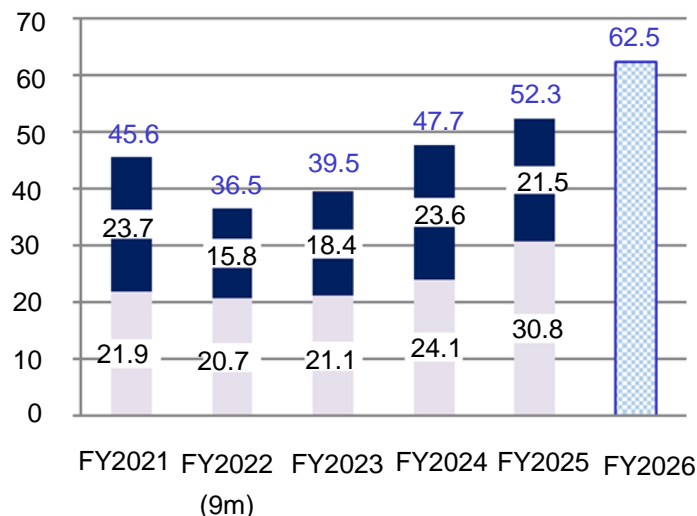
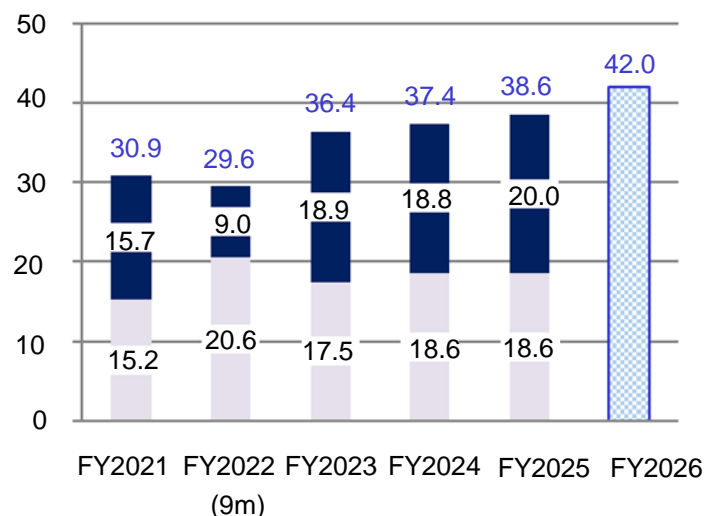
Unit: 10,000 units		*Only foreign capital				
		North America	Europe	Asia (Excluding China)	China*	Japan
FY2026	Demand(forecast)	3.5	3.3	2.7	1.5	2.0
FY2025	Demand	4.0	3.2	3.0	1.3	1.9
FY2024	Demand	3.9	2.9	2.7	1.1	2.3

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

	Electricity	Steel	Shipbuilding	Ports	Others	Total
FY2025	0%	20%	50%	10%	20%	100%
FY2024	25%	35%	35%	0%	5%	100%

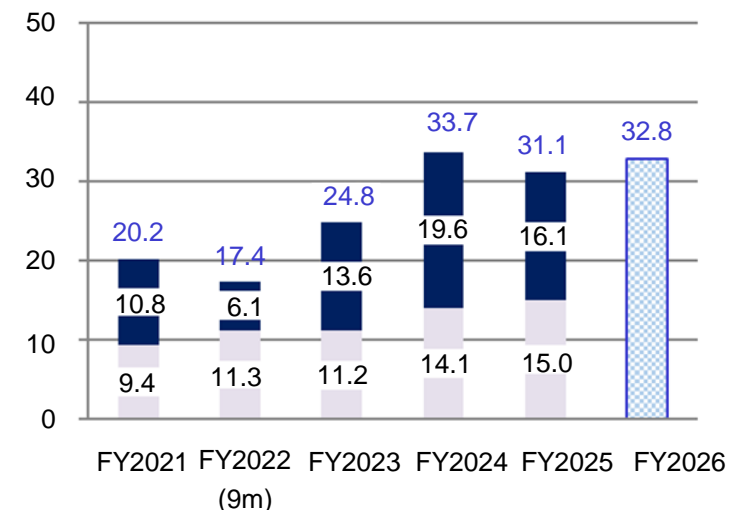
Capital investment*

*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	FY2022	FY2023	FY2024	FY2025
Consolidated total	25,211	25,303	25,337	25,123

Forex sensitivity (FY2026 forecast)

Unit: JPY billion	Dollar	Euro	Total
Effect of a 1-yen change on operating profit*	0.44	0.12	0.56

*Assumed exchange rates for FY2026 are JPY145 per US dollar and JPY170 per euro

04

Sales by Regional Segment

<Exchange rate: JPY150 per US dollar> :Unit JPY billion	Actual FY2025																													
	North America		Europe		Asia (Excluding China)		China		Others		Overseas total		Japan		Total sales															
Mechatronics	59.7		58.1		34.3		29.0		19.8		201.0		70.2		271.2															
Industrial Machinery	19.0		28.2		33.5		44.4		5.9		131.0		91.6		222.6															
Logistics & Construction	141.2		15.1		50.2		7.0		13.0		226.3		162.6		388.9															
Energy & Lifeline	13.4		32.1		23.1		1.9		8.6		79.1		98.6		177.6															
Others	-		-		-		0.1		-		0.1		6.5		6.5															
Total / Sales ratio (%)	233.3		22		133.6		13		141.1		13		82.3		8		47.3		4		637.4		60		429.4		40		1,066.9	



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.