“Medium-Term Management Plan 2026”
(Industrial Machinery Segment)

2024/4/24

Sumitomo Heavy Industries, Ltd.

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01 Outline of Industrial Machinery Segment

01 Outline of the Segment

Industrial Machinery segment

*Industrial Machinery segment: (Abbreviation) IM segment

	Core business units
Semiconductor/panel	SMIT Industrial Machinery Precision
Advanced medicine	Industrial Machinery Precision
Material processing/ processing machine (Resin)	Plastic machinery
Material processing/ processing machine (Metal)	Industrial Machinery Precision
Advanced technology, space and other sectors	Industrial Machinery Precision


Ion implanter


Superconducting magnet for MCZ


Cancer treatment device

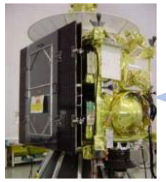
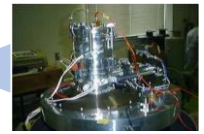

Cancer diagnosis device


Injection molding machine


Laminating machine


STAF


Forging press



Sampling mechanism of “Hayabusa”

Use a matrix to develop a portfolio of business areas that are not clearly defined from the perspective of each business unit (BU)
- The segment’s basic strategy based on business areas organized across the boundaries of BUs
- Investment allocation in strategic business areas, leveraging scale and commonality
- Enhancement of competitiveness in strategic business areas through long-term planning and backcasting approaches

BU (execution) axis

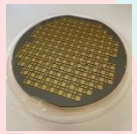
Business area axis

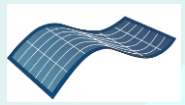
Business area/BU			SMIT	Industrial machinery	Precision	Plastic machinery	…
			Semiconductors				
				Medicine			
			Environment/energy				
			Robotics/automation				
Strategic business area	Semiconductor/panel		○	○	○		
	Advanced medicine			○	○		
Foundational business area	Material processing/ processing machine	Resin				○	
		Metal		○	○		
	Advanced technology, space and other sectors			○	○		

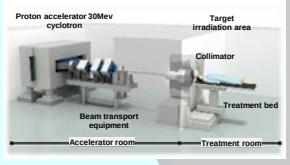
01 Outline of the Segment

■ A development-oriented segment with expertise in advanced applied physics and mechanical system technology

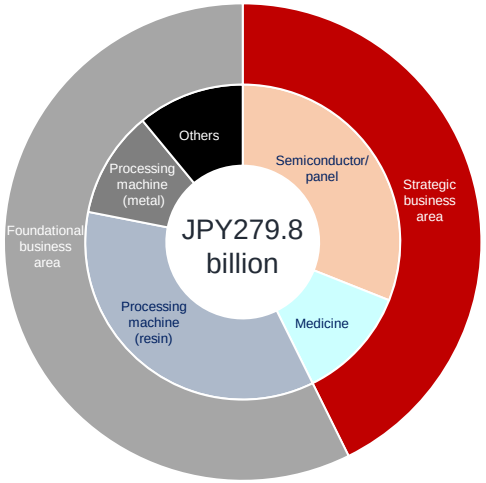
	Digital infrastructure/device	Energy	Medicine	Mobility/EV
Growth market	Semiconductor/panel	Diagnosis	Nuclear medicine / Medical treatment	Processing machine (Resin/metal)
Model	Ion irradiation service, Ion implanter, Superconducting magnet for MCZ	Coating equipment, Cryocooler	Cancer diagnosis device, Cancer treatment device	STAF, Injection molding machine
Competence	Vacuum/ultracold	Ion beam: Accelerator (cyclotron), Magnetism (magnet)	Advanced applied physics	Structural design of materials and metals, Motor, control, actuator / Mechanical system technology







Net sales of the Industrial Machinery segment (FY2023)



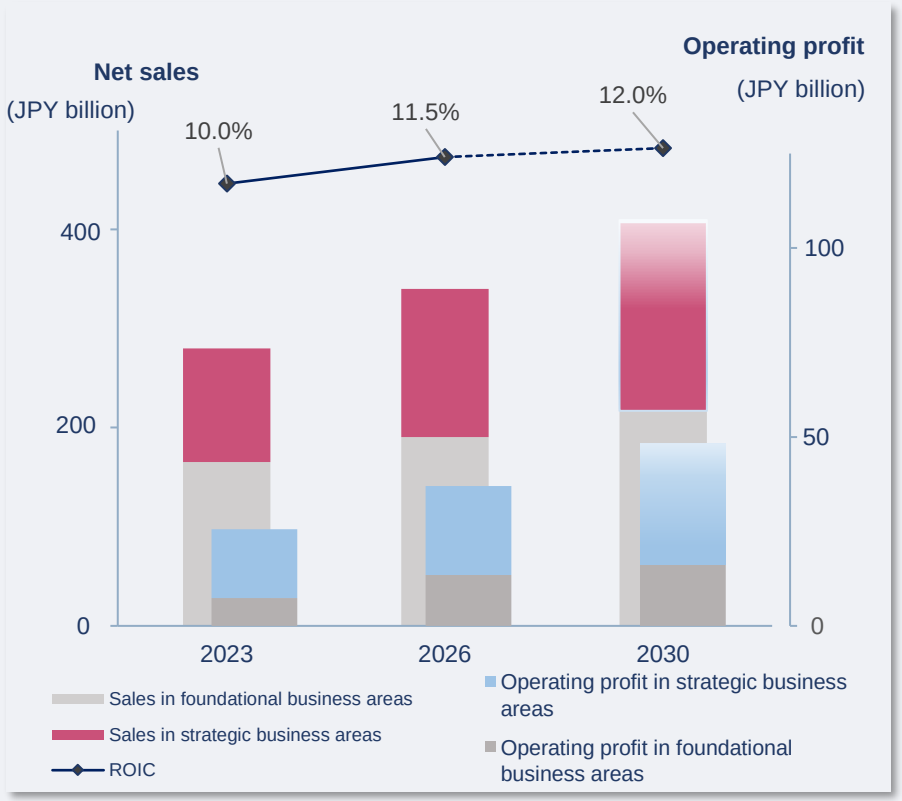
02 Ideal State, Target Portfolio

02 Ideal State, Target Portfolio

Ideal state in 2030

Highly profitable business entity that uses advanced technologies to respond to the global growth market and features an evolving portfolio

Business plan



Strategic direction

(1) Growth in strategic business areas

Semiconductor field

- Enhance competitiveness by developing new products
- Expand global reach and enhance production capacity and supply chains

Advanced medical devices field

- Enhance competitiveness by introducing developed models to the market and leveraging the expanded range of indicated conditions
- Conduct development activities in the nuclear medicine field (such as internal therapy)

(2) Enhancing the profitability of foundational business areas

- Enhance profitability through model portfolio reorganization
- Effectively utilize management resources (development, procurement and bases)

ROIC improvement points:

◊ Enhance competitiveness by concentrating management resources in the “semiconductor and advanced medical device” fields, which constitute our strategic business areas

◊ Growth in semiconductor-related businesses

◊ Enhance production capacity to drive growth

02 Ideal State, Target Portfolio

Ideal state

Highly profitable business entity that uses advanced technologies to respond to the global growth market (in digital, medicine and mobility) and features an evolving portfolio

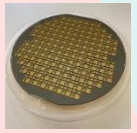
Social issues

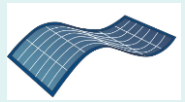
- Climate change response/realization of a sustainable society
- Improvement of customer labor productivity and safety levels
- Improvement of well-being and quality of life

Growth market

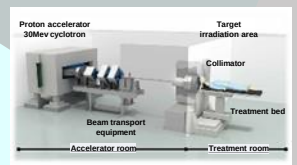
Digital infrastructure/device | Energy | Medicine | Mobility/EV

Semiconductor/panel





Diagnosis Nuclear medicine Medical treatment



Processing machine (Resin/metal)

Model

Ion irradiation service

Ion implanter

Superconducting magnet for MCZ

Coating equipment

Cryocooler

Cancer diagnosis device

Cancer treatment device

STAF

Injection molding machine

Competence

Vacuum/ultracold

Ion beam

Accelerator (cyclotron)

Magnetism (magnet)

Advanced applied physics

Structural design of materials and metals

Motor, control, actuator

Mechanical system technology

02 Ideal State, Target Portfolio

Business area (Company-wide)	Business area (IM segment)		Direction of IM segment
	Direct contribution	Indirect contribution	
Semiconductor/panel fields	Semiconductor/panel		- Enhance competitiveness through technology development to respond to changes in the market - Strengthen the production capacity of semiconductor-related models - Accelerate the development of businesses for ion irradiation technology - Realize highly-efficient solar power generation using vacuum coating equipment and address the issue of configuration freedom
Advanced medical devices field	Medicine		- Continue the development of advanced medical devices using applied physics technology and establish brands - Accelerate the development of advanced medical device models such as for internal therapy - Grow the component business for medical devices using helium-saving and energy-saving technologies
Environment/energy fields	Advanced space Processing/metal	Processing/resin	- Explore applications required for new energy technology and a hydrogen society - Contribute to carbon neutrality by utilizing STAF to make vehicles lighter and address issues associated with materials - Establish a new business model that meets recycling and energy-saving needs
Robotics/automation equipment fields	Semiconductor/panel	Processing/metal Processing/resin	- Enhance competitiveness by automating industrial machinery, reducing and streamlining workload through systematization, and promoting energy conservation in energy usage - Take electrification measures to meet automation and energy-saving needs in Europe

02 Ideal State, Target Portfolio

[Ideal state in 2030]

Highly profitable business entity that uses advanced technologies to respond to the global growth market and features an evolving portfolio

We will strive to enhance the revenue base of existing businesses, and create new value and improve corporate value by positioning the “semiconductor/panel” and “advanced medical device” fields as strategic business areas

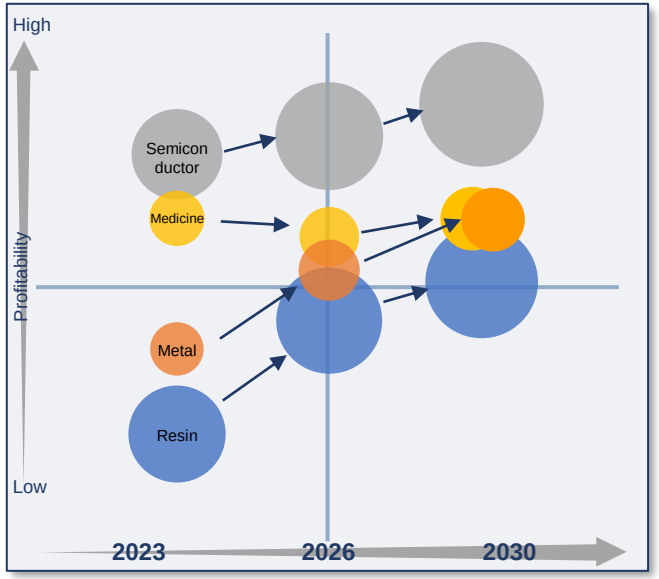
[Towards FY2030]

- Strategic business areas:

  Utilize advanced technologies to respond to growth markets, and establish a growing and highly profitable business entity through active investment
  - Semiconductor/panel
  - Advanced medical device

- Foundational business areas:

  Restructure the portfolio to establish a revenue base
  - Material processing/processing machine (resin)
  - Material processing/processing machine (metal)



03 “Medium-Term Management Plan 2026”

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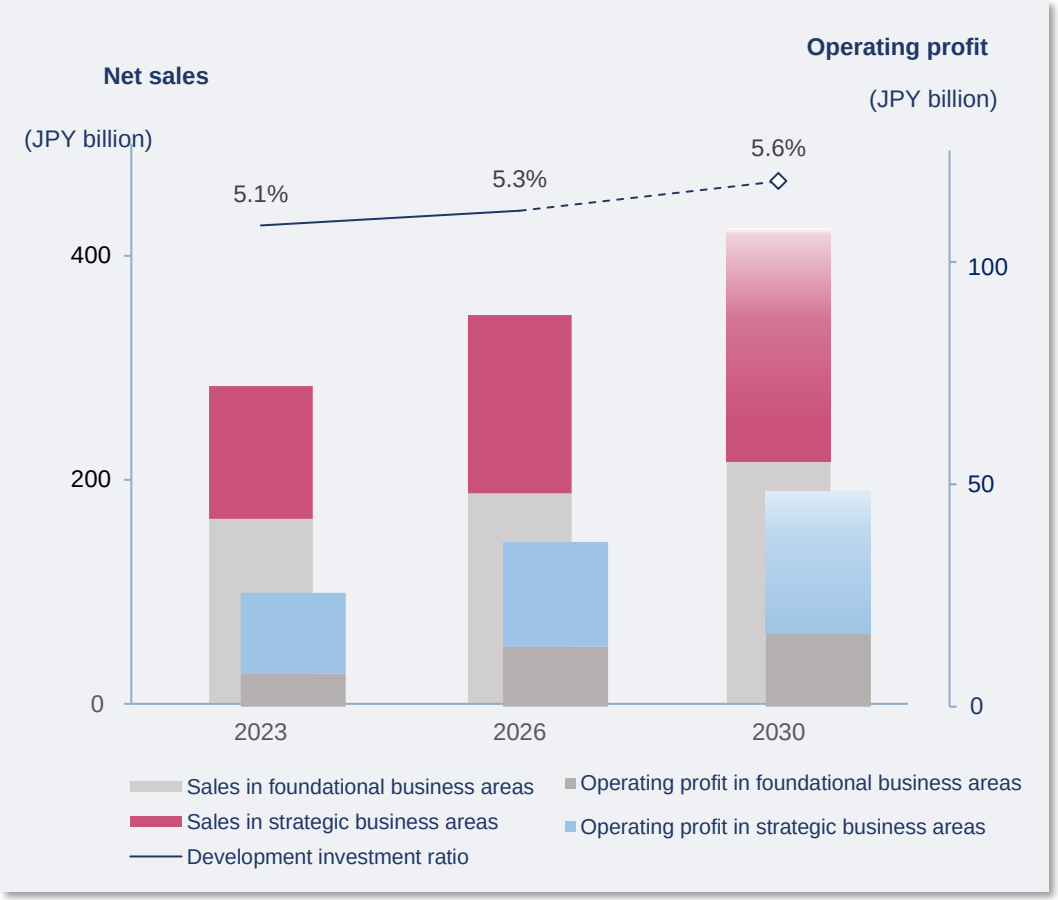
■ **Towards FY2030, enhance competitiveness through active investment in development and production increase in strategic business areas, and restructure the portfolio of foundational business areas to establish a revenue base.**



*Development investment ratio: Development-related costs (Development expenses + R&D and other expenses) / Net sales

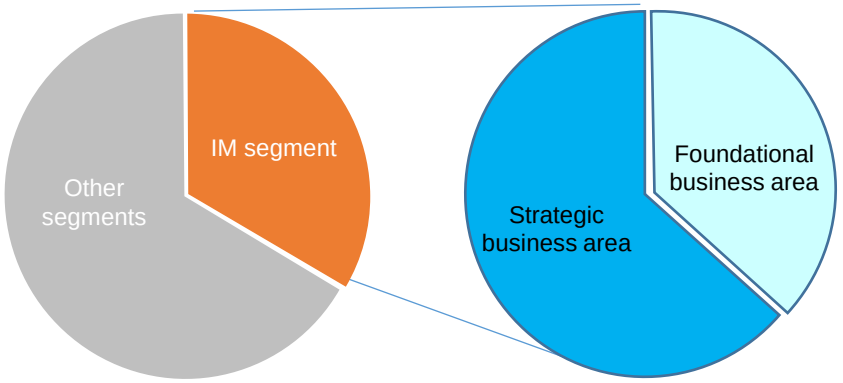
Business area	Business issue
Strategic business area	(Semiconductor/panel) - Enhance competitiveness by developing new products (Advanced medicine) - Enhance competitiveness by introducing developed models to the market and leveraging the expanded range of indicated conditions - Conduct development activities in the nuclear medicine field (such as internal therapy) - Strengthen production capacity and supply chains to respond to growth markets - Strengthen business development globally
Foundational business area	- Organize the model portfolio and implement price pass-through measures properly - Promote the commercialization of new businesses leveraging STAF and other technologies - Improve productivity to respond to demand fluctuations and increases

03 “Medium-Term Management Plan 2026”: Investment Plan

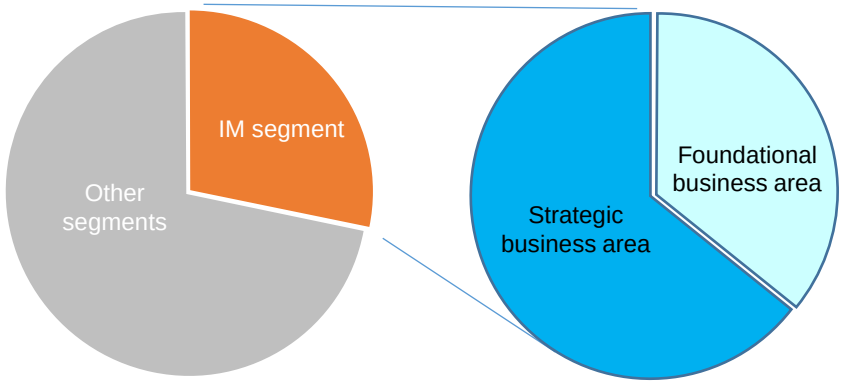
Investment field	MTMP26 plan	
Capital investment	JPY64.0 billion [Including JPY40.0 billion for strategic investment areas]	- Production increase investment to drive growth in strategic business areas (semiconductor, panel, advanced medicine), etc.: Development site and factory expansion, new clean shop, etc.
Development investment	Research & development JPY25.0 billion [Including JPY16.0 billion for strategic investment areas]	- Make investments to drive growth and enhance competitiveness in strategic business and other areas: Semiconductor/panel-related technologies, ion implanters, nuclear medicine, etc. - Continue investing in advanced fields to address the exploration issues: Cryocoolers, physics and chemistry [hydrogen/quantum technology/nuclear fusion-related technologies], etc. - Aim to ensure that development-related costs are at 5% of net sales

*Development-related costs: Development expenses + R&D and other expenses

Capital investment



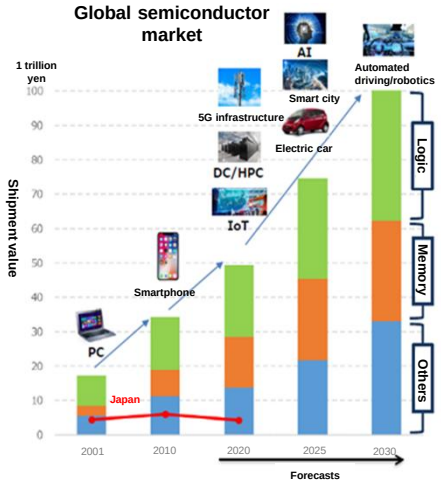
Development investment



03 “Medium-Term Management Plan 2026”: Strategic Business Areas (Semiconductor/Panel Models)

Market growth forecasts

- The global semiconductor market is estimated to grow to the 100 trillion yen level by 2030.



	Market size in 2018	Product example	Leading companies
Logic (for control)	21 trillion yen	Processor	intel, tsmc
		GPU	QUALCOMM, NVIDIA
		SoC	
Memory (for data storage)	18 trillion yen	DRAM	SAMSUNG, SK hynix
		NAND	Micron, KIOXIA
Others	15 trillion yen	Analog LSI	Infineon, SONY
		Power semiconductor	ON Semiconductor, MITSUBISHI ELECTRIC
		Image sensor	

(Source) Complied by the Ministry of Economy, Trade and Industry based on data from Omdia

Market needs

- Logic products cater to the needs of AI/cloud computing
- Memory products are tailored for use in data centers and SSD
- Power products are designed for EV and energy-saving applications.

Major investments aimed at fostering growth in semiconductor models

- Enhance production capacity through factory expansion
- Improve development sites and increase the number and capabilities of personnel

Developing semiconductor/panel models

Ion implanter

Memory, logic
Image sensor
Power semiconductor

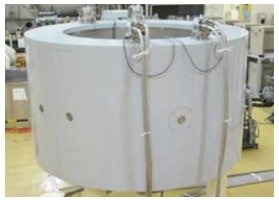
- Develop new models for power semiconductors, etc.
- Develop next-generation equipment

Ion implanter

Superconducting magnet for MCZ

Silicon wafer
Power semiconductor

- Develop new models for power semiconductors and sophisticated devices



Superconducting magnet for MCZ

Ion irradiation service

Irradiating samples to meet the needs of semiconductor applications; undertaking a part of the semiconductor manufacturing process

- Develop processes for next-generation power semiconductors, etc.

Ion irradiation service

Vacuum coating equipment

Solar panel

- Use silicon, perovskite and other solar cells in the production of highly-efficient solar panels

Vacuum coating equipment

03 “Medium-Term Management Plan 2026”: Strategic Business Areas (Advanced Medical Devices)

Market growth forecasts

- The aging of the population, the development of medical infrastructure in emerging economies, and the introduction of advanced medicine in developed countries will progress in the medium-to-long term
- The global demand for medical devices is projected to grow approximately 6% compared to 2022

Market needs

- Maintain patients’ QoL (Quality of Life) by reducing their burdens
- Expand sites with indicated conditions in radiation therapy

Major investments aimed at fostering growth in advanced medical devices

- Medicine/semiconductors New clean shop
- Strengthen production capacity through factory expansion and secure human resources for development and O&M

Developing next-generation advanced therapy devices, nuclear medicine-related models and cryocoolers for MRI

Proton/BNCT therapy devices

- Market expansion due to the broadening of sites with indicated cancer conditions
- Development of next-generation products
  - Next-generation proton system
  - World’s only approved medical device (BNCT)

Proton therapy system


BNCT therapy system

Nuclear medicine model

- Increased demand for PET resulting from the development of new drugs
- Development toward expanded application of internal therapy (RI)


Cyclotrons for PET


Cyclotrons for internal therapy

Cryocoolers for MRI

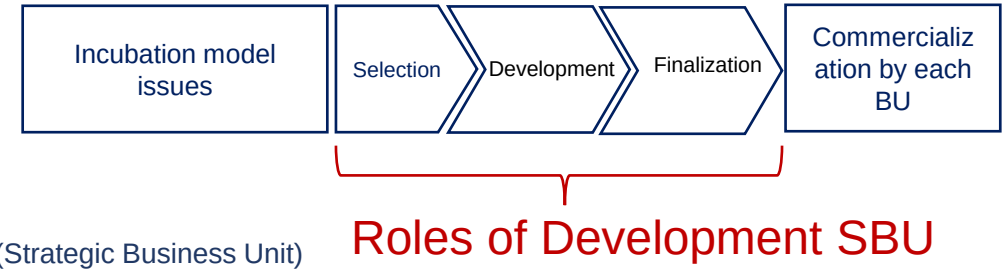
- Helium (He) conservation needs (shifts in customer demand caused by a surge in He prices and supply challenges); energy conservation needs
- Development of He conservation solutions for MRI equipment, etc.


Cryocooler

03 “Medium-Term Management Plan 2026”: Commercialization Development Process

Growth through commercialization development

- Since 2017, we have managed a “Development SBU*” for product development and commercialization. This SBU works on projects (incubation models) related to promising future businesses where we make long-term development investments.
- The Development SBU is Sumitomo Heavy Industries’ project and framework for commercializing products that respond to exploration issues. *Development SBU (Strategic Business Unit)



- The IM segment will strengthen its commercialization efforts for exploration issues by utilizing the company-wide Development SBU and the segment’s Development SBU.

3 models managed by Development SBU

Next-generation proton therapy system

- This compact system reduces the required building volume by approx. 30% compared to the previous system. It also enables highly-accurate patient positioning, thanks to a large-field cone-beam CT mounted on a 360-degree gantry. It is possible to treat moving organs, such as the lungs and liver, with high precision through short-term irradiation.
- Next-generation technologies and treatment methods are under development to further improve QoL.

(*) The next-generation proton therapy system is an unapproved medical device.

BNCT therapy system (Boron Neutron Capture therapy system)

- World’s only approved medical device. This system uses a treatment method that destroys cancer cells by accumulating boron agents within them and then inducing a nuclear reaction with thermal neutrons (therapy based on a combination of agents and neutrons). The BNCT enables high-precision micro-irradiation that causes little damage to normal cells and selectively destroys cancer cells.
- Technologies for further reducing the duration of treatments are under development.

New plastic processing (STAF: Steel Tube Air Forming)

- STAF is a new technology for tube hot air blow forming that combines press forming and blow forming techniques. STAF achieves both unique, continuous, irregular closed cross-sections with flanges and high material strength of Press Hardened Steel (PHS). This contributes to making automobiles lighter and improving their crash safety.
- Development is underway to accommodate new shapes, improve yield ratios, reduce equipment introduction expenses and tackle other issues.

03 “Medium-Term Management Plan 2026”: Commercialization Development Process

- Issues of the Industrial Machinery segment:

The segment-based framework allows for the use of segment-wide resources, rather than relying on a single business unit. This approach enhances the ability to tackle issues like resource shortages during environmental changes.

Accelerator for manufacturing alpha-ray-emitting nuclide astatine-211, and purification and synthesis equipment

- Alpha-ray nuclear medicine treatment is a new method of treatment that combines targeted agents that selectively accumulate in cancer cells with alpha-ray emitting radionuclides to deliver alpha rays directly to cancer cells, irradiating them inside the body. This treatment is expected to be effective on difficult-to-cure cancer.
  The Company have partnered with Osaka University, Toshiba Energy Systems & Solutions Corporation, and Alpha Fusion Inc. to accelerate the social implementation of alpha-ray nuclear medicine treatment, through conducting joint research on the production, extraction, purification, and synthesis of the alpha-ray-emitting nuclide astatine-211. Through these activities, the Company will contribute to the social implementation of alpha-ray nuclear medicine treatment by developing accelerators and purification and synthesis equipment.

Cyclotrons for internal therapy

Vacuum coating equipment

- The Company manufactures RPD coating equipment, leveraging its unique Reactive Plasma Deposition (RPD) technology.
  This equipment is characterized by low resistance, limited damage to underlayers, continuous operation for a long time, high discharge stability, high adhesion, and high coating speed. Since this equipment allows for high quality coating, it can be used in the production of transparent electrode coating for perovskite and other solar cells.

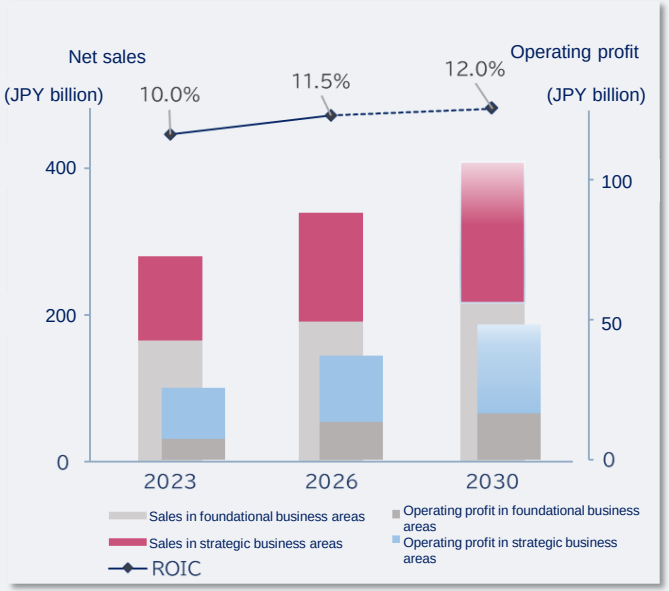
03 “Medium-Term Management Plan 2026”: Basic Policy

Basic policy for MTMP26

- **Organize the portfolio to build a highly-profitable business entity and allocate management resources in strategic business areas**
- **Promote the development of new technologies for growth markets and establish a commercialization framework**

Profit plan

FY	Net sales	Operating profit	ROIC
2023	JPY279.8 billion	JPY25.6 billion	10.0%
2026	JPY340.0 billion	JPY37.0 billion	11.5%



Strategic direction

(1) Using a matrix to develop a portfolio of multiple business areas

- Concentrate management resources in strategic business areas: enhancement of development/design resources and production capacity

(2) Growth in strategic business areas

Exploration | Synergy | Earning power

Semiconductor/panel fields

- Enhance competitiveness by developing new products for growth markets with potential for demand increase
- Expand target customers through global reach and enhance supply chains

Advanced medical devices field

- Introduce developed models to the market and expand the range of indicated conditions. Initiatives for internal therapy

(3) Enhancing the profitability of foundational business areas

Synergy | Earning power

“Material processing/processing machine (metal/resin)” fields

- Organize and reform the model portfolio and establish a stable revenue base
- Effectively utilize abundant management resources (development, procurement and bases)

Sumitomo Heavy Industries, Ltd.

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.