

“Medium-Term Management Plan 2026” (Energy & Lifeline Segment)

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**“Medium-Term Management Plan 2026”
(MTMP26)**

01

Outline of Energy & Lifeline Segment

01

Outline of the Segment

Outline of Energy & Lifeline Segment

Energy plants and
related equipment

CFB/BFB boiler power plants

Liquid Air Energy Storage
(LAES)

Steam turbines

Main products of the segment

Chemical, food and water treatment
plants and related equipmentAgitation tanks/distillation
technology and extractorsFood and beverage
manufacturing facilities

Water treatment facilities

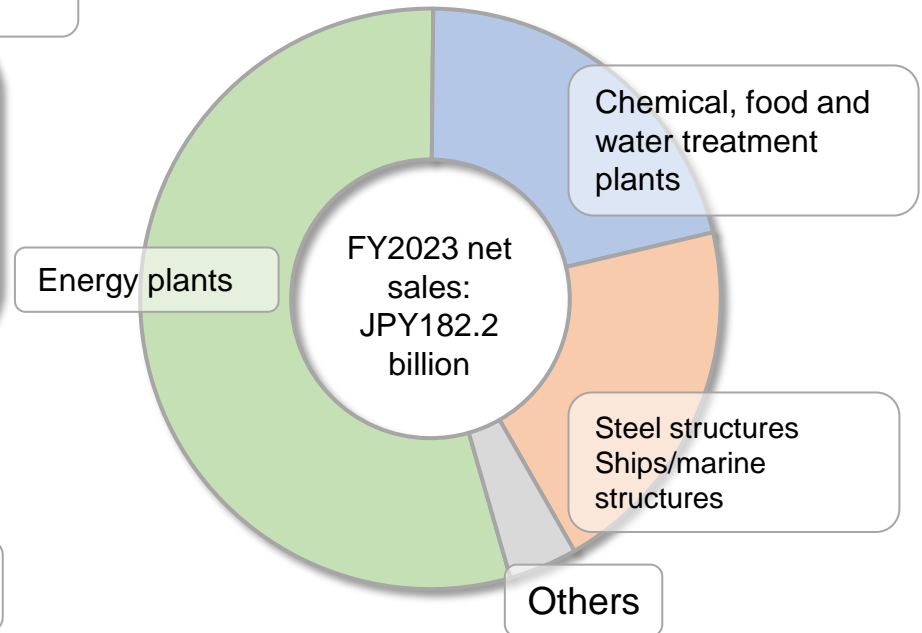
Steel structures
Ships/marine structures

Steel structures



Ships/marine structures

Sales ratio by business range



Others



02

Ideal State, Target Portfolio

02

Ideal State, Target Portfolio

We aim to become a solution provider in the fields of “decarbonized energy” and “resource recycling”

Response to changes in external environments

Changes in the business environment (market structure)

Growing demand for reducing CO₂ emissions
Changes in industrial structure due to promotion of fuel conversion

Shift to capture new business opportunities

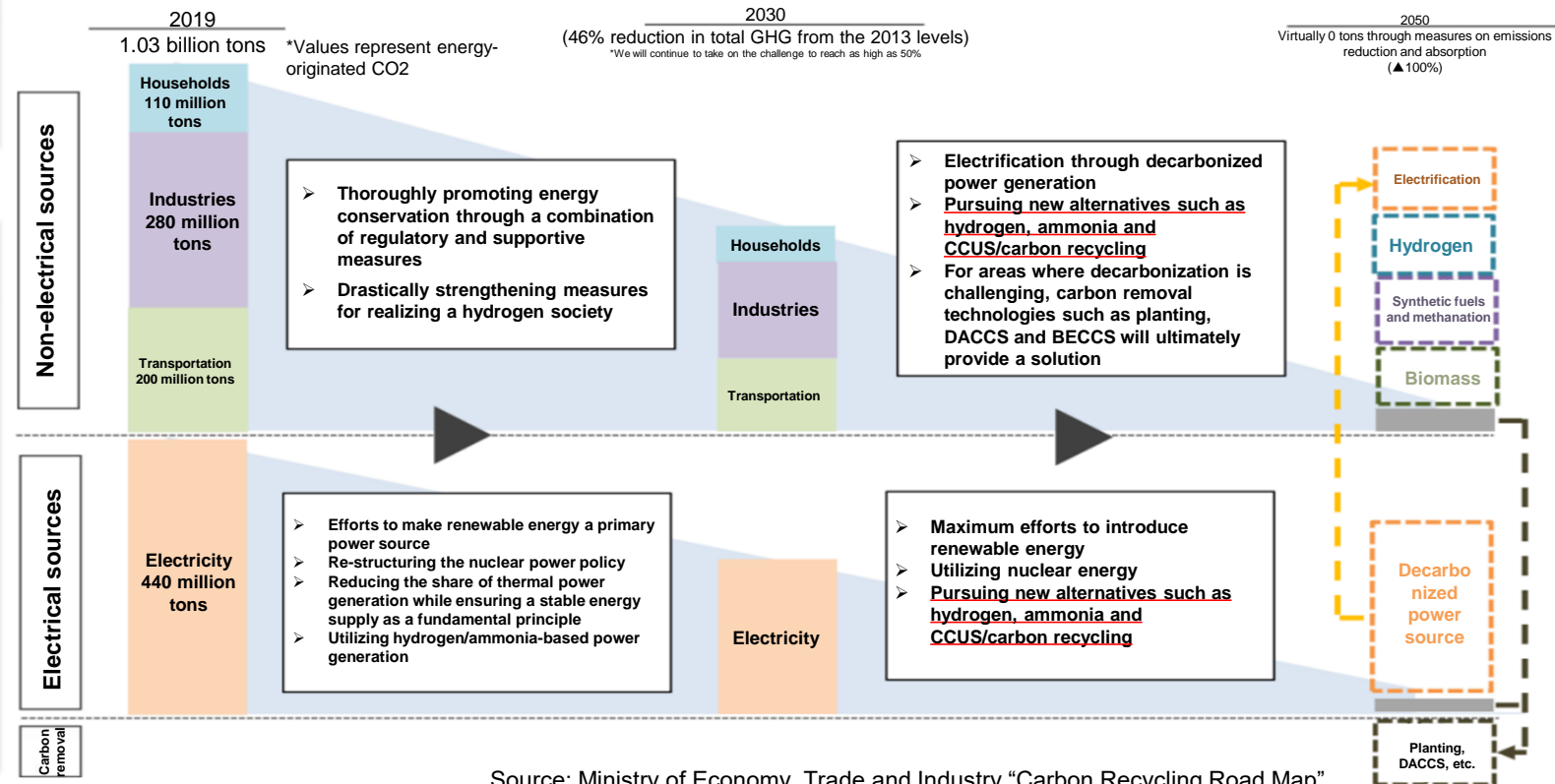
We aim to transform our business with “decarbonized energy” and “resource recycling” as the key pillars, and to further strengthen and expand in this direction

Major issues

- Establishing and commercializing carbon recycling (recovery and reuse) technologies in the CO₂ emission field
- Expanding the renewable energy promotion business by taking advantage of energy storage facilities, offshore wind power generation, etc.

The role of carbon recycling to achieve carbon neutrality

Key options for carbon neutrality are decarbonization of electricity and recycling of CO₂



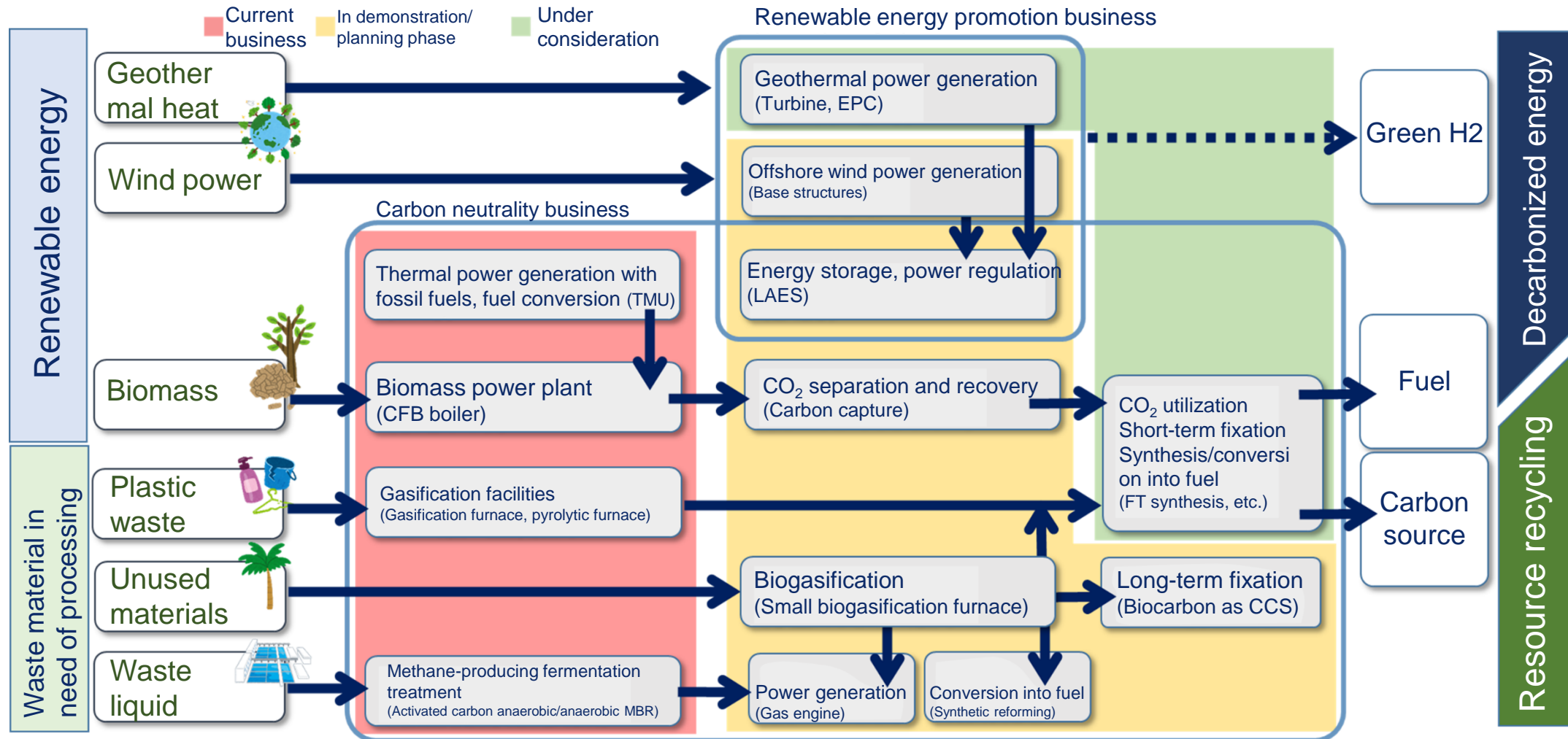
Source: Ministry of Economy, Trade and Industry “Carbon Recycling Road Map”

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Ideal State, Target Portfolio

Overview of commercialization strategy

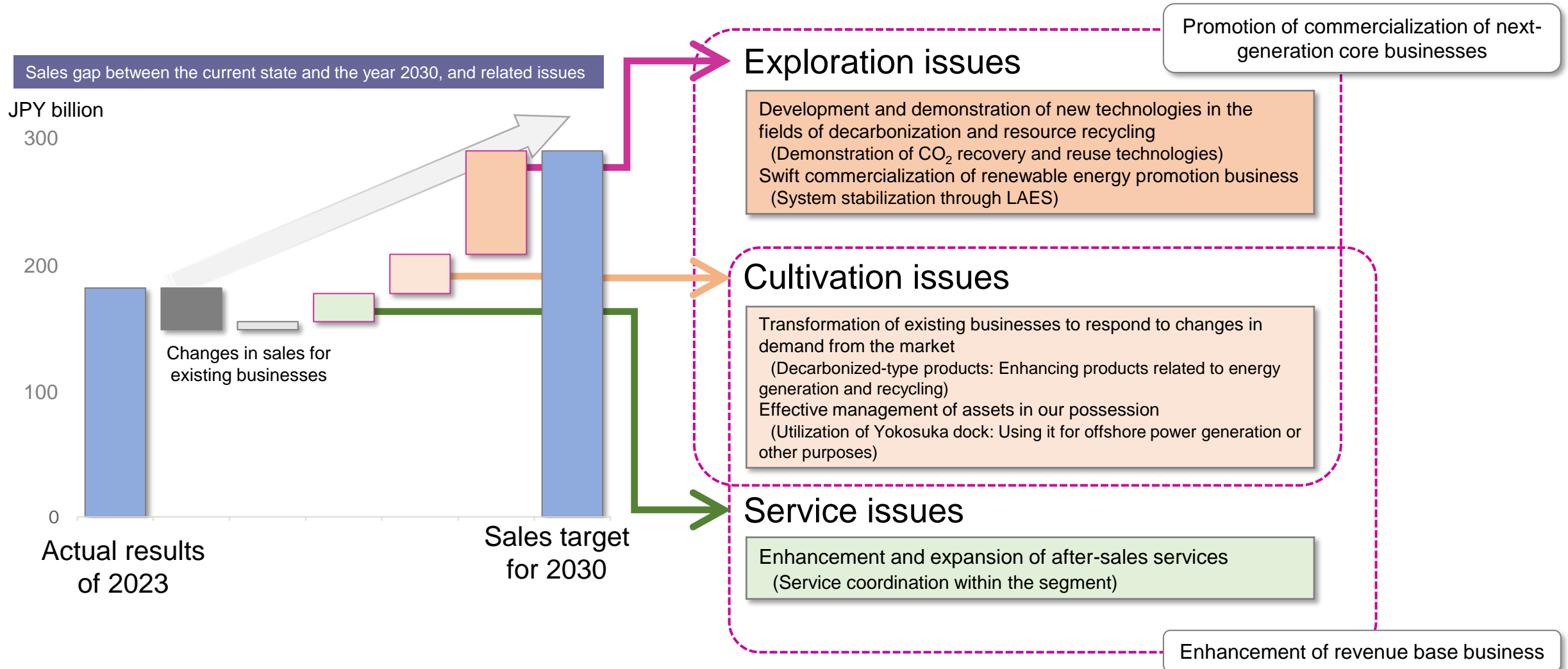
- Direction of creating a business in the fields of decarbonized energy and resource recycling



02

Ideal State, Target Portfolio

Business direction towards 2030 and related issues



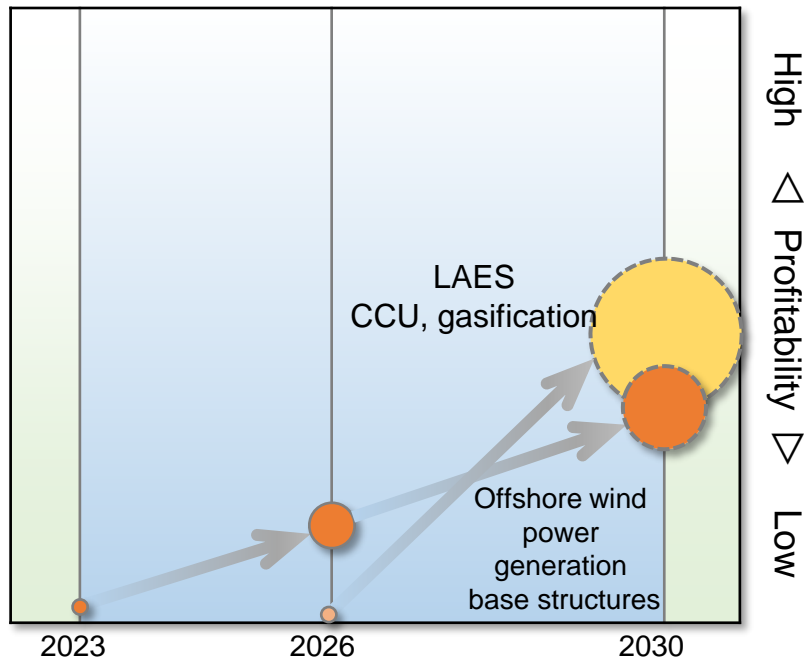
02

Ideal State, Target Portfolio

Image of the segment's businesses for 2030

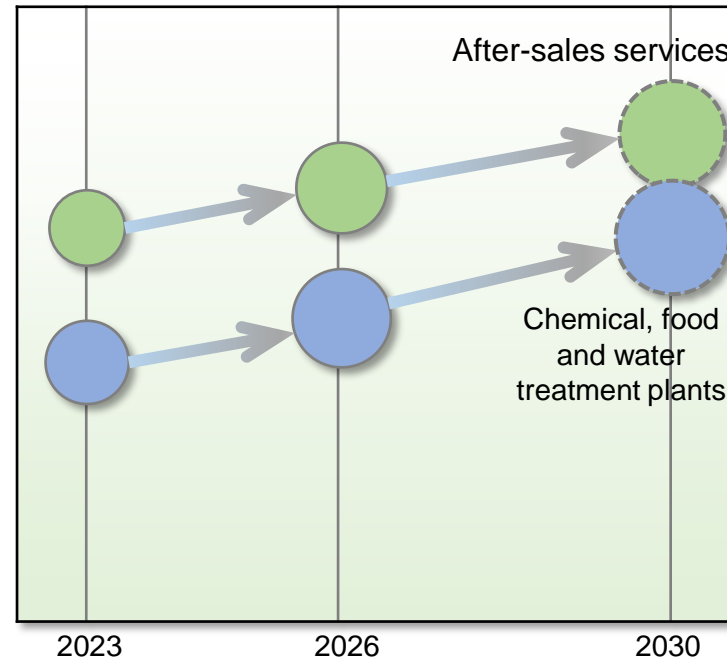
Business portfolio image

Next-generation core business



*The sizes of circles visualize sales volumes

Revenue base business



Contributing to the realization of a carbon neutral society

Contributing to the promotion of renewable energy

- Boiler fuel conversion, biomass-only combustion
- Mass production of offshore wind power base structures
- System stabilization through liquified air energy storage

Developing CO₂ recovery and reuse technologies

- Development and demonstration of carbon capture technologies
- Development and demonstration of CO₂ reuse technologies

Developing new businesses that help achieve carbon neutrality

- Establishment of carbon negative technology business
- Contribution to social implementation

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“Medium-Term Management Plan 2026”

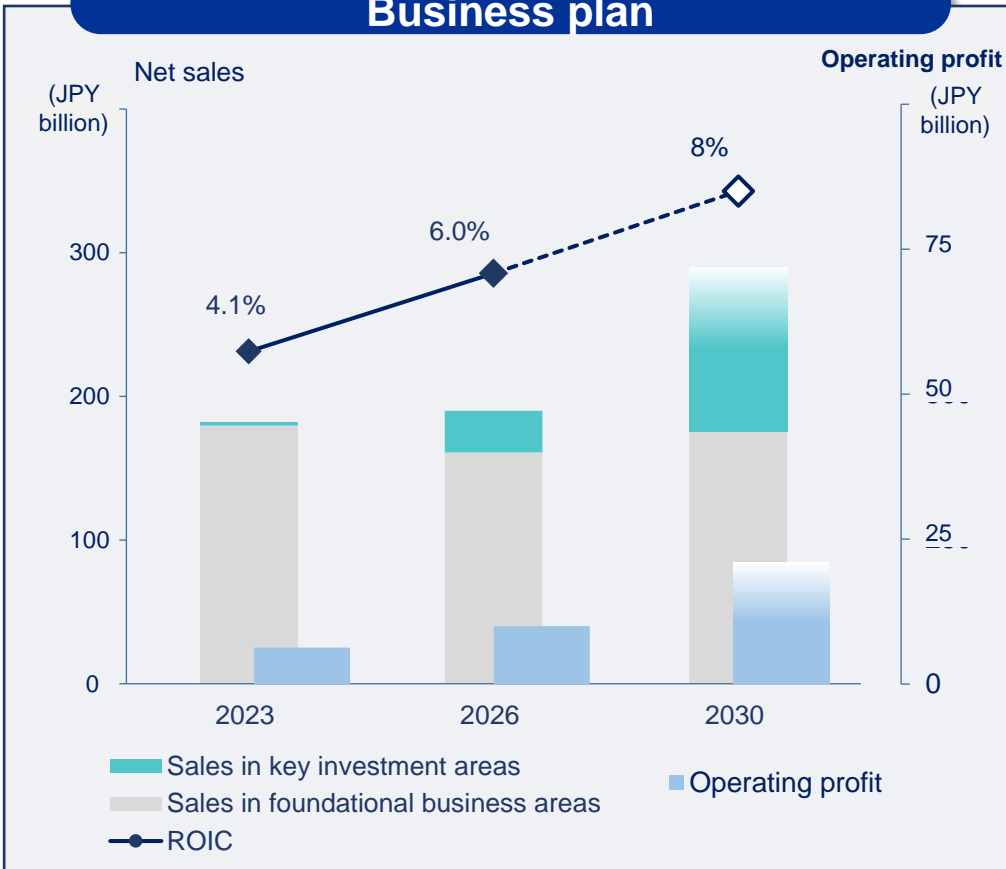
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“Medium-Term Management Plan 2026” Key Strategic Issues

**Ideal state
in 2030**

Solution provider in the decarbonized energy and resource recycling fields, built on the foundations of (1) carbon neutrality business (2) renewable energy business

Business plan



Strategic direction

(i) Growth in key investment areas

Environment/energy fields

(1) Carbon neutrality business

- Biomass power generation and the production of sustainable fuels (such as SAF) using biomass as raw materials
- Development of carbon-negative technologies, such as CO₂ recovery and recycling

(2) Renewable energy promotion business

- System stabilization using liquified air energy storage facilities
- Commercialization and mass production of base structures for offshore wind power generation

(ii) Enhancing the profitability of foundational business areas

■ Strengthening service coordination

- Enhancing functions, refining proposal menus, and promoting coordination within the segment

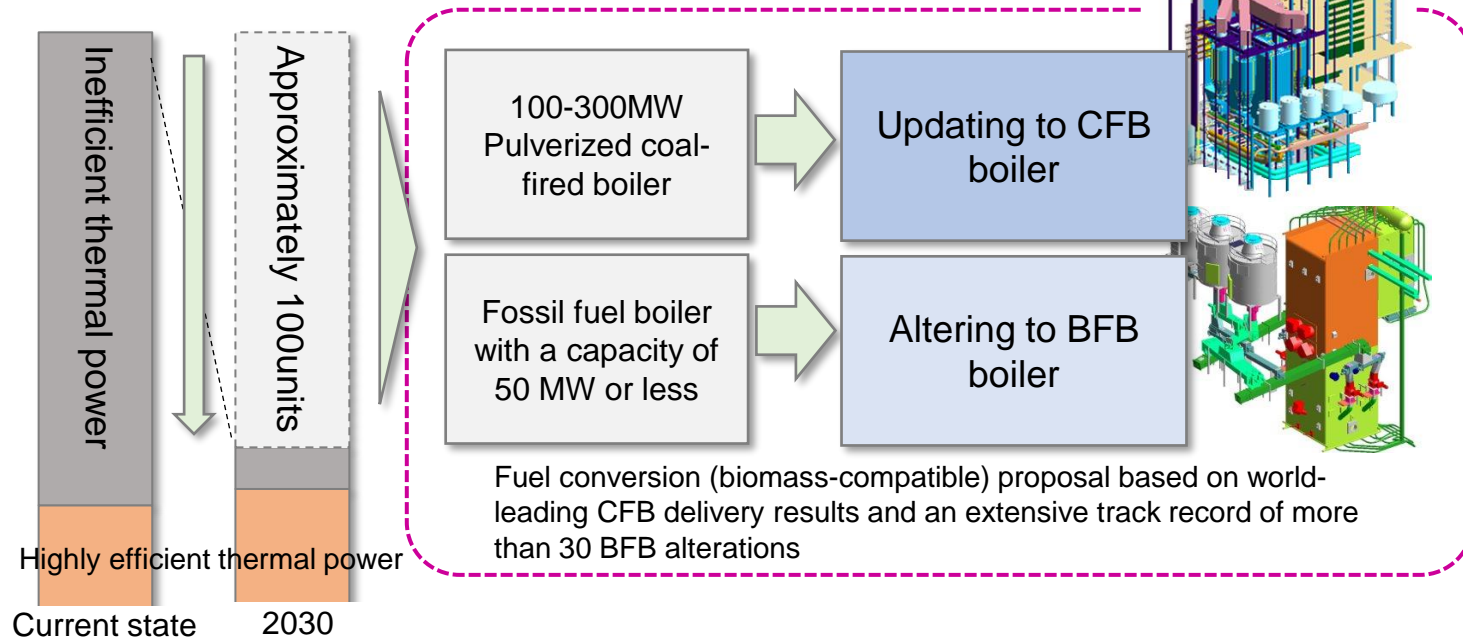
■ Thoroughly managing project profitability

- ROIC improvement points:**
- ◇ Increase profits by enhancing after-sales service
 - ◇ Foster next-generation core businesses and accelerate commercialization in the decarbonized energy and resource recycling fields

TMU: Technology Modernization & Upgrades

A customer owning fossil fuel boilers successfully decarbonized their business in line with our proposal for fuel conversion
We make optimal proposals based on the world's top-performing biomass boiler technology

Decarbonization proposal for the inefficient, phasing-out thermal power industry in Japan



Service coordination

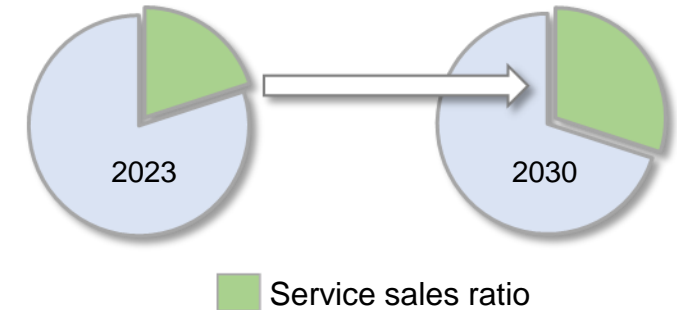
Promote service coordination within the segment

- Targeted allocation of management resources (personnel reinforcement, base enhancement)
- Expansion of service menus (such as proposal for boosting efficiency)
- Supply chain improvement
- DX introduction (plant management, predictive maintenance and management system, etc.)

Integration of competencies

Synergy creation

Expansion and enhancement of after-sales services



Sustainable fuel production technology (gasification, CCU, FT synthesis)

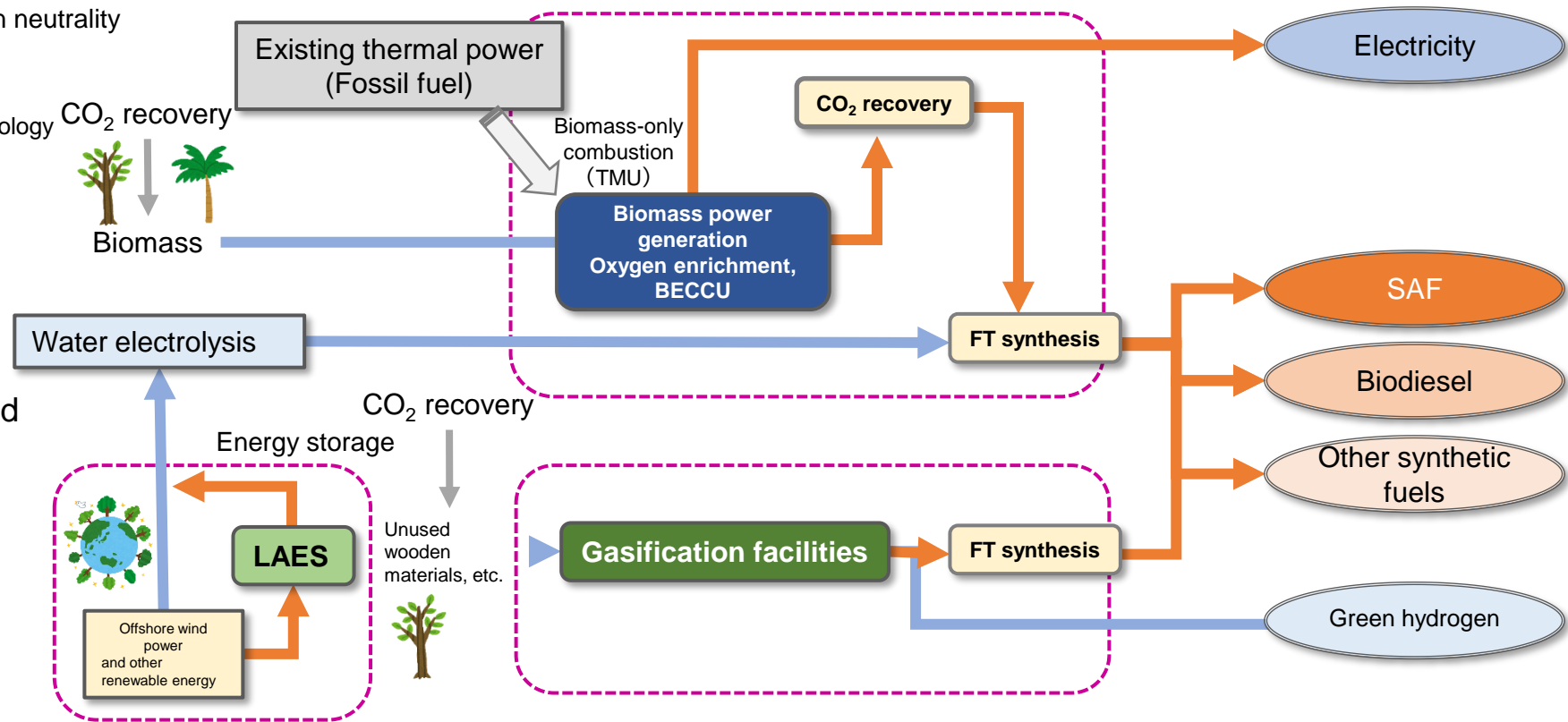
Establishing technology for transitioning to sustainable fuel production based on green CO₂ derived from biomass

Option for decarbonization technology to achieve carbon neutrality

Transition from combustion technology to fuel production technology

Establish “CO₂ recovery, gasification and FT synthesis technologies” to transform energy from biomass-derived green carbon to SAF and other green fuels

Plan the development of technologies and the implementation of various demonstration operations
Strive to promote social implementation and commercialization



LAES: Liquid Air Energy Storage

We have commenced the construction of a commercial demonstration plant
This will mark a new step towards the social implementation of initiatives aimed at making renewable energy a primary power source

Technology that stores electric energy in the form of liquid air and retrieves that energy when needed.

Air is compressed, cooled and liquefied using off-peak electricity and surplus power, and then stored in a tank.

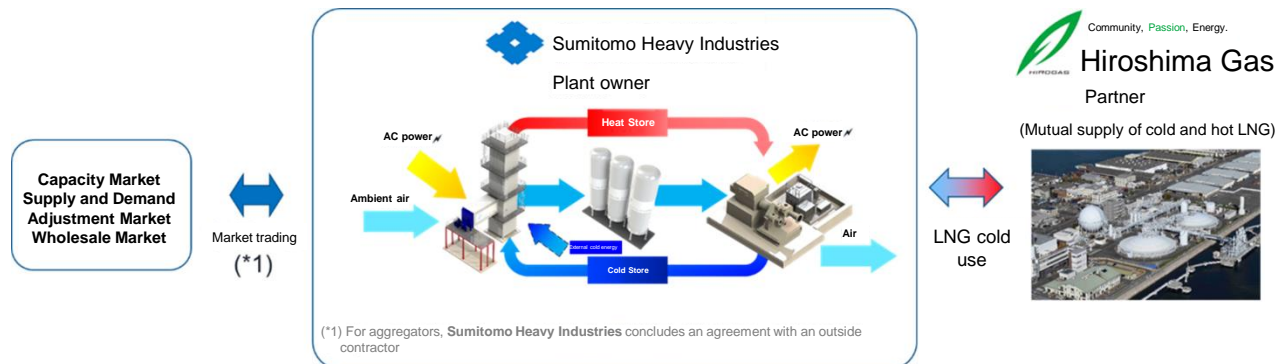
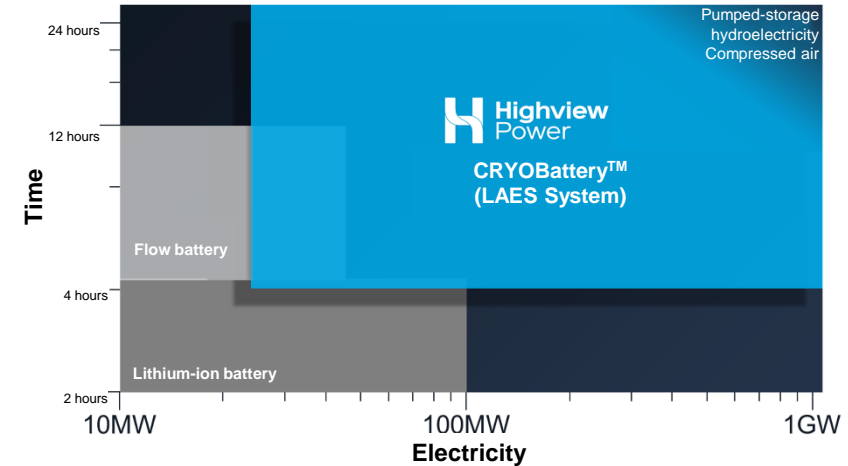
The liquid air is re-vaporized as necessary, and expansion energy is used to supply electricity via a turbine generator.

We are building an “LAES commercial demonstration plant” within the premises of Hatsukaichi Factory of Hiroshima Gas.

The cold energy produced by liquefied natural gas (LNG) at the factory is utilized in the process of air liquefaction.

Our plan is to start commercial operation in 2025.

We will promote the utilization and commercialization of this technology, targeting the capacity market, the supply-der adjustment market and the wholesale power market.



Offshore wind power generation facilities Base structures business

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

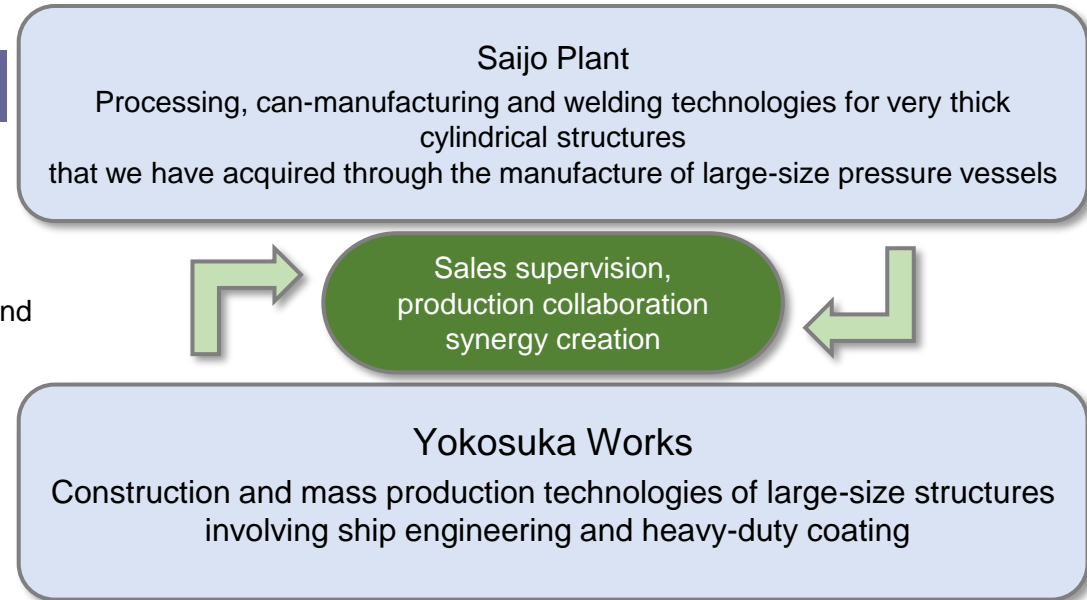
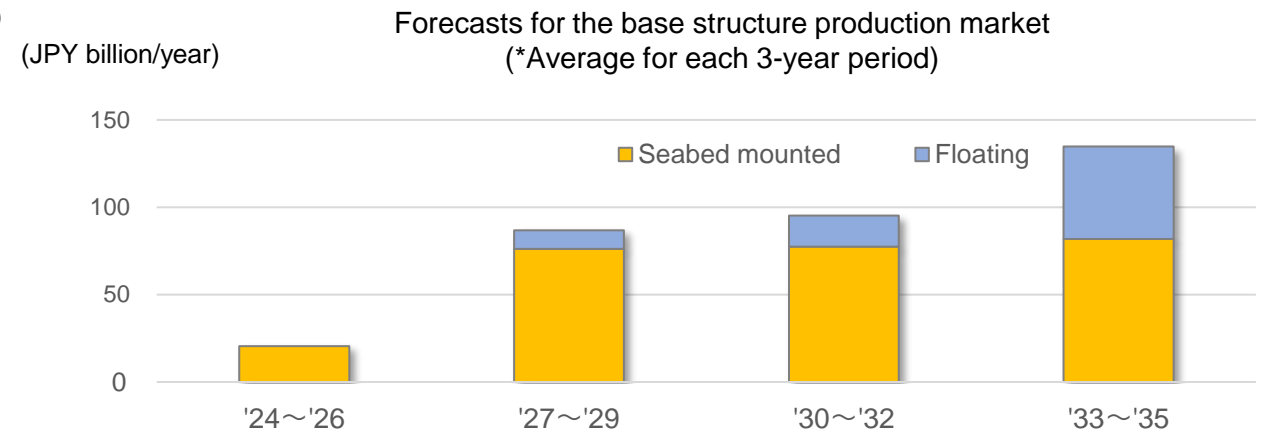
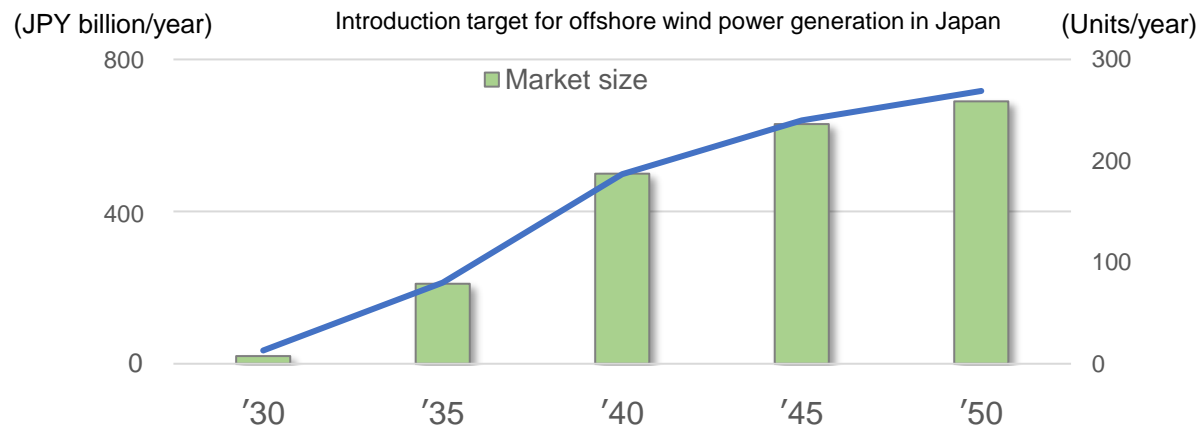
Strength

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

Targets

Commence the mass production of seabed mounted-type base structures in 2026

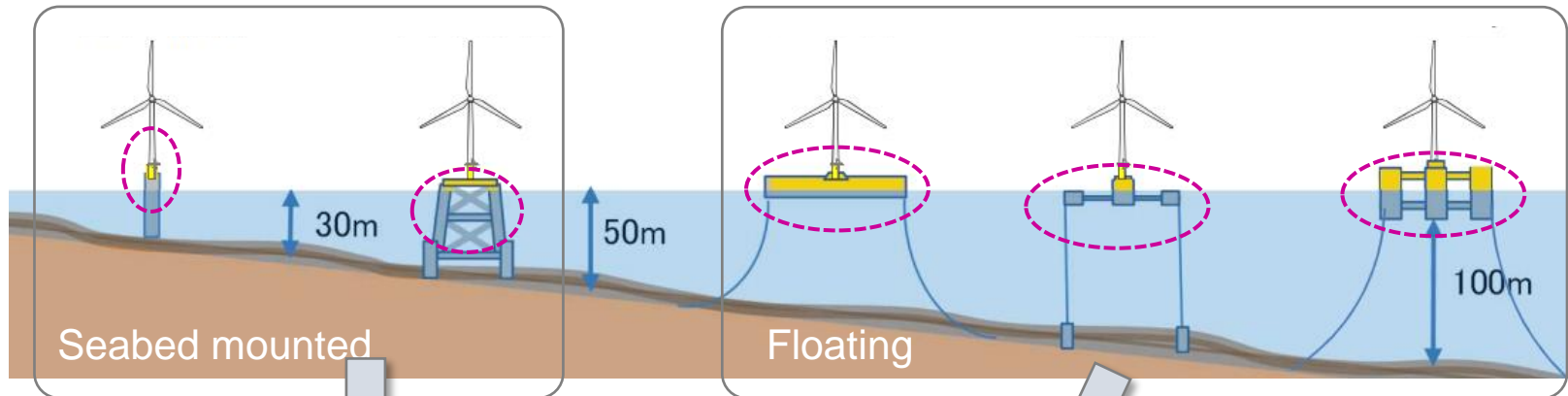
Commence the mass production of floating-type base structures in 2029



Offshore wind power generation facilities Base structures business

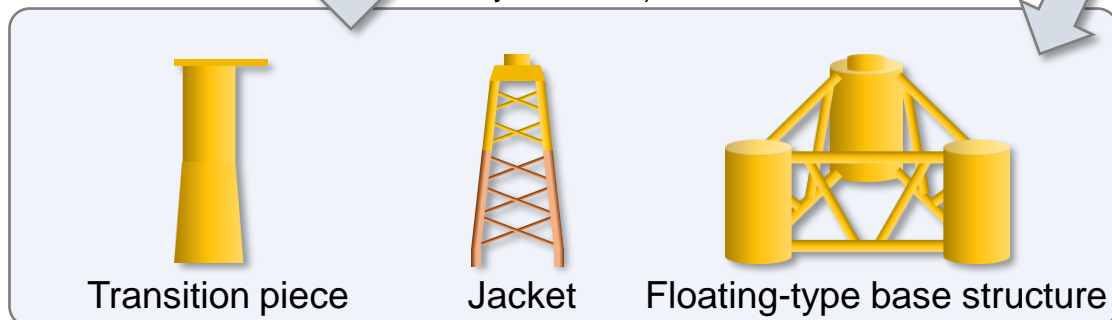
Outline of base structures

Examples of offshore wind power generation facility types



Base structures (manufactured by Sumitomo Heavy Industries)

Source: Material prepared by the Ministry of Land, Infrastructure, Transport and Tourism



The seabed mounted-type or floating-type is adopted based on the marine characteristics and other factors

- Structure production technology that can be applied to both types
- Addressing mass production needs by establishing a system of collaboration and division of labor between the factories in Saijo and Yokosuka

Promoting commercialization



Saijo Plant



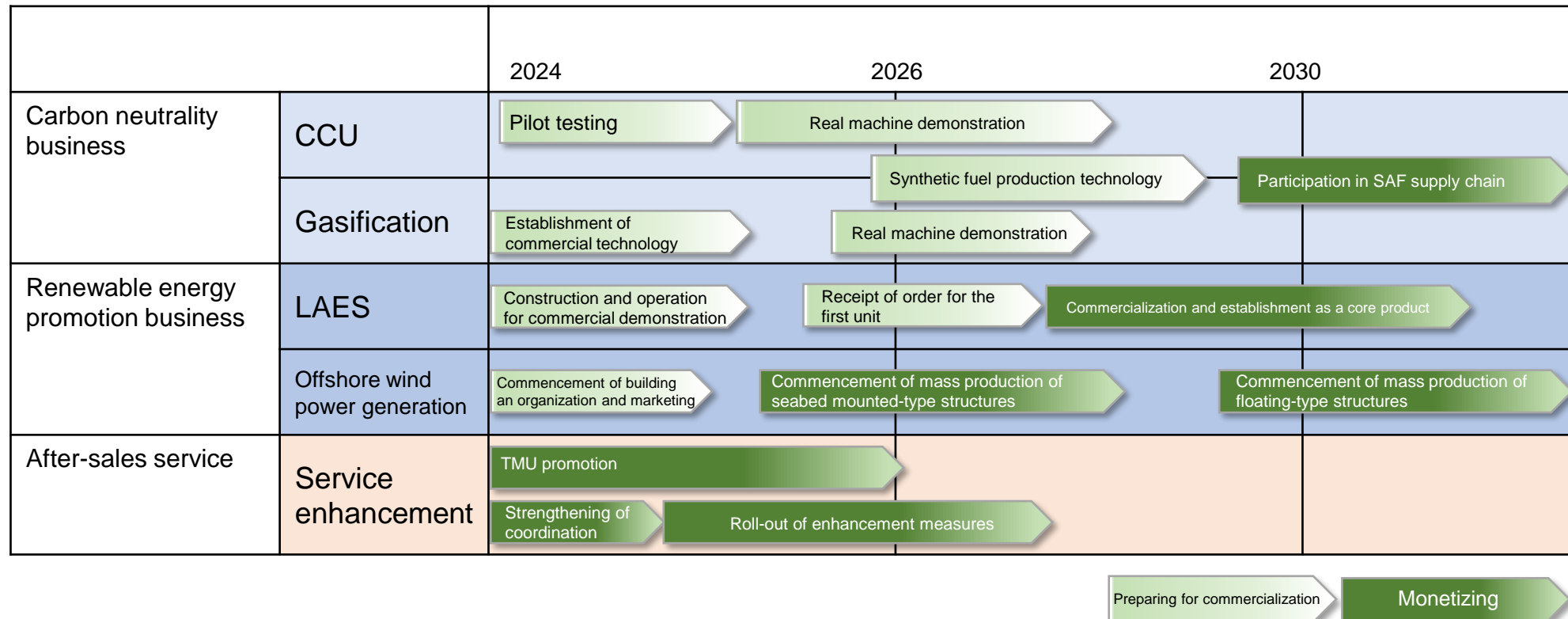
Yokosuka Works

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“Medium-Term Management Plan 2026” Outline of the Business Plan up to 2030

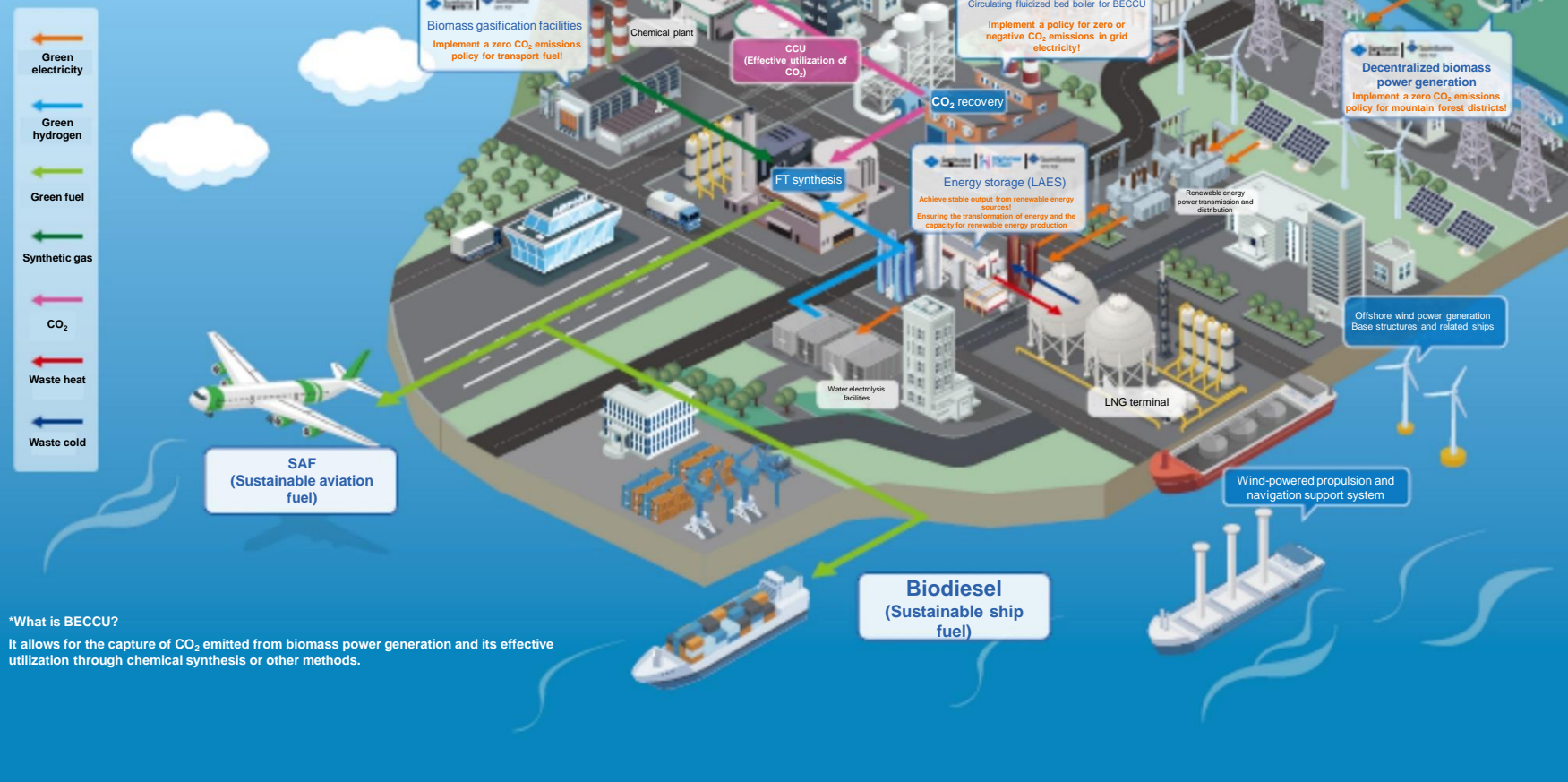
Road map for the segment's key issues

Aiming to establish the carbon neutrality business and the renewable energy promotion business range as the core businesses, we will endeavor to promote various development and demonstration activities and strengthen our production system.



- Create new relationships with resources and attain prosperity without harming the environment -

Towards a future of "ZERO"





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.