Sumitomo Heavy Industries, Ltd.

CONSOLIDATED FINANCIAL REPORT

For the Twelve-Month Period from January 1 to December 31, 2024

All financial information has been prepared in accordance with generally accepted accounting principles in Japan. This document has been translated from the Japanese original as a guide to non-Japanese investors, and contains forward-looking statements that are based on management's estimates, assumptions, and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. Amounts shown in this financial statement have been rounded to the nearest million yen.

Summary of Consolidated Financial Results
For the Twelve-Month Period from January 1 to December 31, 2024
Presented February 14, 2025

Sumitomo Heavy Industries, Ltd.

Listed exchanges	Tokyo Stock Exchange
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Scheduled date of ordinary shareholders' meeting	March 28, 2025
Scheduled date of payment of cash dividends	March 31, 2025
Scheduled date of securities report filing	March 28, 2025
Availability of supplementary explanatory materials for financial statement	Yes
Holding of meeting to explain financial statement	Yes

1. FY2024 Consolidated Results *(January 1, 2024 to December 31, 2024)*

(1) Business Results

(Units: millions of yen)

	Current Full Term January 1 to December 31, 2024		Previous Full Term January 1 to December 31, 2023	
		% change		% change
Net sales	1,071,126	(1.0)	1,081,533	—
Operating profit	55,103	(25.9)	74,367	—
Ordinary profit	49,184	(30.0)	70,250	—
Profit attributable to owners of parent	7,721	(76.4)	32,742	—
Profit attributable to owners of parent ratio (yen)	63.86		267.3	
Fully diluted profit attributable to owners of parent ratio	—		—	
Return on equity (ROE, %)	1.2		5.5	
Return on assets (%)	4.0		6.0	
Ordinary income to net sales (%)	5.1		6.9	

Note 1: Comprehensive income:

Fiscal year ended December 31, 2024: 44,708 million yen, ((30.0)%)
Fiscal year ended December 31, 2023: 63,905 million yen, (— %)

Reference: Equity method investment profit and loss:

Fiscal year ended December 31, 2024: 165 million yen
Fiscal year ended December 31, 2023: (510) million yen

Note2: The Company changed the closing date from March 31 to December 31 starting from the fiscal year ended December 31, 2022. Due to this, a consolidation period differs between the fiscal year ended December 31, 2023 and the fiscal year ended December 31, 2022. Therefore, year-on-year change rates for the fiscal year ended December 31, 2023 are not presented in this document.

(2) Financial Position

(Units: millions of yen)

	End of Current Full Year December 31, 2024	End of Previous Full Year December 31, 2023
Total assets	1,260,242	1,200,857
Total net assets	646,418	627,464
Equity ratio (%)	50.8	51.6
Net assets per share (yen)	5,331.01	5,059.88

Reference: Equity:
Fiscal year ended December 31, 2024: 640,681 million yen
Fiscal year ended December 31, 2023: 619,771 million yen

(3) Cash Flows

(Units: millions of yen)

	End of Current Full Year December 31, 2024	End of Previous Full Year December 31, 2023
Cash Flow from Operating Activities	12,763	65,370
Cash Flow from Investing Activities	(49,482)	(43,271)
Cash Flow from Financing Activities	41,908	(17,207)
Cash and cash equivalents at end of period	107,542	100,235

2. Dividends

(Unit: yen)

	Year Ended December 31, 2023	Year Ending December 31, 2024	Year Ending December 31, 2025 (forecast)
Annual dividends per share			
First quarter	—	—	—
Second quarter	60.00	60.00	60.00
Third quarter	—	—	—
End of term	60.00	65.00	65.00
Annual dividends	120.00	125.00	125.00
Total dividends (million yen)	14,707	15,031	
Payout ratio (consolidated, %)	44.9	194.7	53.7
Net assets dividend yield (consolidated, %)	2.4	2.3	

Note: Changes from the most recent dividend forecast: No

3. FY2025 Consolidated Forecasts (January 1, 2025 to December 31, 2025)

(Units: millions of yen)

	Full Year January 1, 2025 to December 31, 2025	
		% change
Net sales	1,090,000	1.8
Operating profit	60,000	8.9
Ordinary profit	53,000	7.8
Profit attributable to owners of parent	28,000	262.6
Profit attributable to owners of parent ratio (yen)	232.98	

Additional Notes

(1) Significant changes in the scope of consolidation during the period under review: Yes

Newly consolidated: —

Excluded from consolidation: One companies (Company names)

Sumitomo Heavy Industries PTC Sales Co., Ltd.

(2) Changes to accounting policies, changes to accounting estimates, and retrospective restatements

(i) Changes to accounting policies due to revisions to accounting standards: None

(ii) Changes to accounting policies not otherwise stated in (i): None

(iii) Changes to accounting estimates: None

(iv) Retrospective restatements: None

(3) Number of shares issued (share capital)

(i) Number of shares issued at end of fiscal period (including treasury shares):

As of December 31, 2024 122,905,481 shares
As of December 31, 2023 122,905,481 shares

(ii) Number of treasury shares at end of fiscal period:

As of December 31, 2024 2,725,562 shares
As of December 31, 2023 418,174 shares

(iii) Average number of shares during fiscal period (cumulative quarterly period):

As of December 31, 2024 120,912,444 shares
As of December 31, 2023 122,490,896 shares

*Treasury stock that is deducted to calculate the number of term-end treasury stock and the average number of shares during the fiscal period includes shares of the Company held in the trust account related to the share delivery trust established for the stock compensation plan for directors and others.

Reference:

1. FY2024 Non-Consolidated Results (January 1, 2024, to December 31, 2024)

(1) Non-Consolidated Business Results

(Units: millions of yen)

	Current Full Term January 1, 2024 to December 31, 2024		Previous Full Term January 1, 2023 to December 31, 2024	
		% change		% change
Net sales	225,595	1.7	221,864	—
Operating profit	(3,128)	—	7,444	—
Ordinary profit	37,495	65.7	22,625	—
Profit attributable to owners of parent	16,800	101.3	8,347	—
Profit per share attributable to owners of parent (yen)	138.95		68.14	
Fully diluted profit attributable to owners of parent ratio	—		—	

*The Company changed the closing date from March 31 to December 31 starting from the fiscal year ended December 31, 2022. For the fiscal year ended December 31, 2022, a transition period for the change of the closing date, accounts were closed in an irregular manner with a consolidation period being set to be nine months from April 1, 2022 to December 31, 2022. Therefore, year-on-year change rates for the fiscal year ended December 31, 2023 are not presented in this document.

(2) Non-Consolidated Financial Position

(Units: millions of yen)

	End of Current Full Year December 31, 2024	End of Previous Full Year December 31, 2023
Total assets	584,005	570,141
Total net assets	173,029	179,365
Equity ratio (%)	29.6	31.5
Net assets per share (yen)	1,439.75	1,464.35

Reference: Equity:
Fiscal year ended December 31, 2024: 173,029 million yen
Fiscal year ended December 31, 2023: 179,365 million yen
The financial summary is not subject to the Review by a Certified Public Accountant or an Independent Auditor.

* Explanation on the proper use of earnings forecasts, and other special remarks

Earnings forecasts and outlooks concerning future financial results are believed to be reasonable based on information available at the time of publication. Actual financial results may vary from the above forecast and outlook due to a variety of factors. For information on the assumptions that form the basis of the earnings forecast and items to note concerning the use of earnings forecasts, please refer to “Summary of Operating Performance for the Current Period Under Review” and “Future Outlook” on page 8 and page 11, respectively, of the Supplementary Materials.

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I. Summary of Operating Performance

1. Summary of Operating Performance for the Period Under Review

(1) Summary of Economic Climate during the Consolidated Fiscal Year

Regarding the economic environment surrounding the Group for the fiscal year under review, in Japan, capital investment was on a gradual recovery trend mainly in the manufacturing industry, while some sectors showed a lack of strength, such as signs of hesitancy observed in the semiconductor market's recovery. Turning to overseas regions, the US economy saw strong capital investment; however, the hydraulic excavator market experienced a decline in demand. The European economy remained weak due to the economic downturn caused by monetary tightening, while the Chinese economy also experienced a continued slowdown, triggered by a worsening real estate market.

In this business environment, according to the "Medium-Term Management Plan 2026," the Group aimed to increase corporate value in a sustainable manner by solving social issues through products and services. Also, we moved forward with measures, such as expanding contribution to SDGs and strengthening initiatives for reducing negative environmental impacts, as well as improving our earning capacity and capital efficiency and strengthening our efforts to explore new businesses in order to develop a robust entity.

As a result, the Group's orders amounted to JPY936.1 billion (down 7% year on year) and sales came to JPY1,071.1 billion (down 1% year on year). In terms of profitability, the Group posted operating profit of JPY55.1 billion (down 26% year on year) and ordinary profit of JPY49.2 billion (down 30% year on year), while profit attributable to owners of parent came to JPY 7.7 billion (down 76% year on year) as a result of recording an extraordinary loss of JPY27.5 billion. The extraordinary loss is mainly attributable to the recognition of impairment losses on fixed assets, including goodwill. This is because we have determined that achieving the anticipated sales proceeds at the time of acquiring Lafert S.p.A, our consolidated subsidiary, will be difficult, given the continued uncertainties in the business environment for Lafert, caused by the economic downturn in Europe.

Finally, the ROIC ended at 4.8%.

(2) Situation by Segment

(i) Mechatronics

Demand for small- and medium-size gear reducers was strong in Japan, whereas demand for semiconductor-related products decreased, resulting in a reduction in orders. Sales and operating profit also declined due to the lack of recovery in demand for gear reducers and motors in Europe and China.

As a result, in year-on-year terms, orders decreased by 2% to JPY194.4 billion, sales decreased by 6% to JPY206.1 billion, and operating profit decreased by 69% to JPY3.8 billion.

(ii) Industrial Machinery

For the plastics machinery business, orders remained unchanged year on year, as investment cooling persisted in Europe, despite demand for electrical and electronics-related products bottoming out in China. On the other hand, sales and operating profit decreased due to a decline in order backlogs, primarily in Europe.

Orders in other businesses declined due to the ongoing impact of inventory adjustment and investment postponement by customers, which were caused by stagnation in semiconductor market conditions. Sales increased due to a substantial backlog of orders, while operating profit slightly decreased due to a change in the model lineup.

As a result, in year-on-year terms, orders decreased 4% to JPY253.6 billion, sales increased by 2% to JPY284.3 billion, and operating profit decreased by 21% to JPY20.3 billion.

(iii) Logistics & Construction

In the hydraulic excavator business, orders, sales and operating profit all decreased, partly due to lower demand, mainly for rental equipment in Japan and the US.

For other businesses, the mobile crane business decreased in orders due to weak demand in Japan, while sales and operating profit increased, benefiting from a substantial order backlog in North America. For the material handling system business, orders and sales increased due to large-scale projects for iron production and shipbuilding, but operating profit

maintained the same level as the previous fiscal year due to a reduction in highly profitable projects.

As a result, in year-on-year terms, orders decreased by 14% to JPY339.7 billion, sales remained unchanged year on year at JPY392.5 billion, and operating profit decreased by 10% to JPY25.3 billion.

(iv) Energy & Lifeline

For the energy plant business, orders increased, driven by a rise in projects for biomass power generation facilities. However, sales decreased due to a smaller order backlog, and operating profit also declined primarily because of an increase in development expenses incurred for commercializing the Liquid Air Energy Storage (LAES).

For other businesses, orders decreased partly due to withdrawal from the new shipbuilding business. However, sales and operating profit saw an uptick because of a rise in projects that could be factored into sales in the fiscal year under review.

As a result, in year-on-year terms, orders decreased by 3% to JPY141.8 billion, sales remained unchanged year on year at JPY182.0 billion, and operating profit decreased by 41% to JPY3.8 billion.

(v) Others

In year-on-year terms, orders increased by 9% to JPY6.5 billion, sales increased by 2% to JPY6.2 billion, and operating profit increased by 3% to JPY2.0 billion.

2. Summary of Financial Condition for the Fiscal Year Under Review

Total assets amounted to JPY1,260.2 billion, an increase of JPY59.4 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to increases of JPY17.6 billion in notes and accounts receivable - trade and contract assets and JPY18.0 billion in tangible fixed assets as compared to the end of the previous consolidated fiscal year, while intangible fixed assets decreased by JPY17.4 billion.

Total liabilities came to JPY613.8 billion, an increase of JPY40.4 billion as compared to the end of the previous consolidated fiscal year. This was partly because interest-bearing liabilities increased by JPY76.4 billion, while notes and accounts payable - trade decreased by JPY27.7 billion.

Net assets amounted to JPY646.4 billion, an increase of JPY19.0 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of JPY24.8 billion in foreign currency translation adjustments, despite a decrease of JPY10.0 billion attributable to the acquisition of treasury shares.

As a result of the above, the shareholders' equity ratio experienced a 0.8 point drop from the end of the previous consolidated fiscal year to finish at 50.8%.

3. Summary of Cash Flow Conditions during the Fiscal Year Under Review

At the conclusion of the consolidated fiscal year under review, cash and cash equivalent balance came to JPY107.5 billion, representing a JPY7.3 billion increase from the end of the previous consolidated fiscal year. Cash flows and the factors contributing to increases or decreases in cash flows are as follows.

(Cash Flow from Operating Activities)

In the consolidated fiscal year under review, cash flow from operating activities resulted in an increase in cash by JPY12.8 billion, reflecting a JPY52.6 billion decrease compared to the previous consolidated fiscal year. This was mainly attributable to increases of accounts receivable - trade and contract assets, an expansion in the decrease of notes and accounts payable, a decrease in profit before income taxes, and an increase in payments for income taxes, while inventory assets decreased.

(Cash Flow from Investing Activities)

In the consolidated fiscal year under review, cash flow from investing activities resulted in a decrease in cash by JPY49.5 billion, reflecting a JPY6.2 billion increase in cash outflow compared to the previous consolidated fiscal year. This was partly due to an increase in expenses for acquisition of tangible and intangible fixed assets.

(Cash Flow from Financing Activities)

In the consolidated fiscal year under review, cash flow from financing activities resulted in an increase in cash by JPY41.9 billion, reflecting a JPY59.1 billion increase in cash inflow compared to the previous consolidated fiscal year. This was partly due to an increase in interest-bearing debt, driven by a decline in cash flow from operating activities and other factors, as we continued to make capital investments mainly in key investment areas.

Trends in the Group's cash flow indices are provided below:

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Shareholders' equity ratio (%)	47.6	50.4	49.5	51.6	50.8
Shareholders' equity ratio on a market price basis (%)	36.5	31.5	28.2	36.3	30.9
Redemption period (years)	1.9	1.8	7.5	2.5	18.7
Interest coverage ratio (multiples)	66.2	81.8	20.0	27.1	3.4

Shareholders' equity ratio = shareholders' equity / total assets

Shareholders' equity ratio on market price basis = total market value of shares / total assets

Redemption period = outstanding interest-bearing debt / operating cash flow

Interest coverage ratio = operating cash flow / interest expense

(Note) The fiscal year 2022 is a transition period for the change of the closing date. Therefore, with regard to the number of years for debt redemption and the interest coverage ratio, values calculated based on the irregular consolidated period are stated.

4. Future Outlook

As of now, forecasts for earnings results of the fiscal year ending December 31, 2025 are as follows.

[Consolidated results]

Net sales	JPY1,090.0 billion
Operating profit	JPY60.0 billion
Ordinary profit	JPY53.0 billion
Profit attributable to owners of parent	JPY28.0 billion

(Assumed exchange rates are: JPY145 per US dollar, and JPY155 per Euro.)

*Earnings forecasts and outlooks concerning future financial results mentioned above are believed to be reasonable based on information available at the time of publication. Actual financial results may vary from the above forecast and outlook due to a variety of factors.

5. Basic Policy on Earnings Appropriation and Dividend for the Consolidated Fiscal Year Under Review as well as the Fiscal Year Ending December 31, 2024

The Group's basic stance on profit sharing is to attain a DOE of 3.5% or higher, maintain a minimum dividend of JPY125, and ensure a total return ratio of 40% or more, while considering its consolidated earnings, cash flow position, and other factors, and making necessary investments for corporate value improvement. We aim to enhance shareholder returns through stable, continuous dividend payments and flexible treasury share repurchases. In addition, the total return ratio is generally set at 50% or more during the "Medium-Term Management Plan 2026" period.

Dividends for the fiscal year ended December 31, 2024 will be JPY125 per share including an interim dividend of JPY60 per share.

For the fiscal year ending December 31, 2025, the Group is forecasting a dividend of JPY125 per share, the same amount as for the fiscal year ended December 31, 2024.

II. Selection of Accounting Standards

The Group plans to continue utilizing Japanese accounting standards for the foreseeable future. With regard to the use of international accounting standards in the future, the Group will take into account the situation across various domestic and international markets and take appropriate action if deemed necessary.

III. Consolidated Financial Statements and Key Explanatory Notes

1. Consolidated Balance Sheets

(Units: millions of yen)

	End of Full Year As of December 31, 2023	End of Full Year As of December 31, 2024
	Amount	Amount
Assets		
Current assets		
Cash and deposits	104,458	111,132
Notes and accounts receivable - trade and contract assets	289,861	307,423
Products	131,972	131,757
Works in progress	101,787	109,377
Raw materials and stock	87,327	92,718
Other	35,280	34,350
Allowance for doubtful accounts	(2,400)	(2,263)
Total current assets	748,285	784,495
Fixed assets		
Tangible fixed assets		
Buildings and structures	236,281	251,872
Accumulated depreciation	(138,118)	(147,006)
Buildings and structures (net)	98,163	104,866
Machinery and transportation tools	286,274	306,902
Accumulated depreciation	(198,035)	(214,779)
Machinery and transportation tools (net)	88,239	92,123
Land	111,169	112,062
Construction in progress	10,840	16,286
Other	79,480	83,716
Accumulated depreciation	(57,885)	(61,055)
Other (net)	21,595	22,661
Total tangible fixed assets	330,007	347,998
Intangible fixed assets		
Goodwill	19,312	8,020
Other	26,300	20,241
Total intangible fixed assets	45,612	28,261
Investments and other assets		
Investment securities	19,854	21,417
Long-term loans	5,604	8,198
Deferred income taxes	22,456	18,572
Defined benefit assets	15,797	31,961
Other	21,151	20,284
Allowance for doubtful accounts	(7,909)	(944)
Total investments and other assets	76,953	99,487
Total fixed assets	452,572	475,747
Total assets	1,200,857	1,260,242

(Units: millions of yen)

	End of Full Year As of December 31, 2023	End of Full Year As of December 31, 2024
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	180,822	153,158
Short-term loans payable	63,258	84,806
Current portion of bonds payable	10,000	20,000
Current portion of long-term loans payable	9,741	4,649
Commercial Papers	—	17,000
Income tax payable	13,980	8,612
Contract liabilities	48,029	36,351
Provision for bonuses	7,753	7,963
Provision for construction warranties	12,164	11,451
Provision for loss on construction orders	1,288	863
Provision for business restructuring	—	2,374
Allowance for loss on business liquidation	840	840
Provision for loss on loan guarantees	908	—
Other	67,545	67,825
Total current liabilities	416,329	415,892
Fixed liabilities		
Bonds payable	40,000	40,000
Long-term debt due after one year	39,231	72,166
Defined benefit liability	33,836	35,011
Deferred income taxes on revaluation	20,408	20,408
Other provision amount	161	167
Other	23,428	30,181
Total fixed liabilities	157,064	197,933
Total liabilities	573,393	613,824
Net assets		
Shareholders' equity		
Capital stock	30,872	30,872
Capital surplus	25,203	25,203
Retained earnings	433,579	428,776
Treasury shares	(1,177)	(11,207)
Total shareholders' equity	488,476	473,644

	End of Full Year As of December 31, 2023	End of Full Year As of December 31, 2024
	Amount	Amount
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,951	7,953
Deferred gains or losses on hedges	(956)	(1,233)
Revaluation reserve for land	40,307	40,307
Foreign currency translation adjustments	72,163	96,993
Remeasurements of defined benefit plans	12,831	23,017
Total accumulated other comprehensive income	131,295	167,037
Non-controlling interests	7,693	5,737
Total net assets	627,464	646,418
Total liabilities and net assets	1,200,857	1,260,242

2. Consolidated Income Statements and Consolidated Statement of Comprehensive Income

Consolidated Income Statements

(Units: millions of yen)

	Previous Full Year January 1, 2023 to December 31, 2023	Current Full Year January 1, 2024 to December 31, 2024
	Amount	Amount
Net sale	1,081,533	1,071,126
Cost of sales	826,286	814,126
Gross income	255,247	257,001
Selling, general and administrative expenses	180,880	201,898
Operating profit	74,367	55,103
Non-operating profit		
Interest income	1,562	1,558
Dividend income	277	1,212
Foreign exchange profit	381	—
Proceeds from sale of investment securities	76	847
Other	3,015	3,145
Total non-operating profit	5,311	6,761
Non-operating expenses		
Interest expenses	2,487	3,611
Foreign exchange loss	—	2,673
Patent related expenses	1,400	1,559
Other	5,542	4,837
Total non-operating expenses	9,429	12,680
Ordinary profit	70,250	49,184
Extraordinary profit		
Gain from amortization of prior service costs	1,271	—
Total extraordinary profit	1,271	—
Extraordinary losses		
Impairment loss	19,237	24,872
Expenses for business restructuring	—	2,614
Provision of allowance for loss on business liquidation	840	—
Total extraordinary losses	20,077	27,486
Profit before income taxes	51,444	21,698
Corporate income tax current	23,868	18,916
Income taxes from previous years	(337)	(4,421)
Corporate income tax deferred	(4,800)	(1,234)
Total income taxes	18,730	13,261
Net profit	32,714	8,438
Profit (loss) attributable to non-controlling interests	(29)	716
Profit attributable to owners of parent	32,742	7,721

Consolidated Statement of Comprehensive Income

(Units: millions of yen)

	Previous Full Year January 1, 2023 to December 31, 2023	Current Full Year January 1, 2024 to December 31, 2024
	Amount	Amount
Net profit	32,714	8,438
Other comprehensive income		
Valuation difference on available-for-sale securities	2,187	984
Deferred gains or losses on hedges	(204)	(277)
Foreign currency translation adjustments	22,157	25,362
Adjustment to retirement benefits	7,031	10,157
Share of other comprehensive income of entities accounted for using equity method	21	44
Total other comprehensive income	31,192	36,270
Comprehensive income	63,905	44,708
(Breakdown)		
Comprehensive income attributable to owners of parent	63,405	43,463
Comprehensive income attributable to non-controlling interests	500	1,245

3. Consolidated Statements of Changes to Stockholders' Equity

Previous Full Year January 1, 2023 to December 31, 2023

(Units: millions of yen)

	Stockholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Stockholders' equity
Balance at beginning of period	30,872	25,203	413,570	(1,149)	468,496
Fluctuation in the period					
Dividends			(12,869)		(12,869)
Profit attributable to owners of parent			32,742		32,742
Acquisition of treasury shares				(29)	(29)
Disposal of treasury shares		0		1	1
Reversal of revaluation reserve for land			135		135
Fluctuations other than stockholders' equity in the period (net)					
Total fluctuation in the period	—	0	20,009	(28)	19,980
Balance at end of period	30,872	25,203	433,579	(1,177)	488,476

(Units: millions of yen)

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,763	(752)	40,442	50,534	5,780	100,767	7,659	576,922
Fluctuation in the period								
Dividends								(12,869)
Profit attributable to owners of parent								32,742
Acquisition of treasury shares								(29)
Disposal of treasury shares								1
Reversal of revaluation reserve for land								135
Fluctuations other than stockholders' equity in the period (net)	2,187	(204)	(135)	21,629	7,051	30,528	34	30,561
Total fluctuation in the period	2,187	(204)	(135)	21,629	7,051	30,528	34	50,542
Balance at end of period	6,951	(956)	40,307	72,163	12,831	131,295	7,693	627,464

Current Full Year January 1, 2024 to December 31, 2024

(Units: millions of yen)

	Stockholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Stockholders' equity
Balance at beginning of period	30,872	25,203	433,579	(1,177)	488,476
Fluctuation in the period					
Dividends			(14,568)		(14,568)
Profit attributable to owners of parent			7,721		7,721
Acquisition of treasury shares				(10,035)	(10,035)
Disposal of treasury shares		0		5	5
Changes in scope of consolidation			2,045		2,045
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Fluctuations other than stockholders' equity in the period (net)					
Total fluctuation in the period	—	(0)	(4,802)	(10,030)	(14,832)
Balance at end of period	30,872	25,203	428,776	(11,207)	473,644

(Units: millions of yen)

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,951	(956)	40,307	72,163	12,831	131,295	7,693	627,464
Fluctuation in the period								
Dividends								(14,568)
Profit attributable to owners of parent								7,721
Acquisition of treasury shares								(10,035)
Disposal of treasury shares								5
Changes in scope of consolidation								2,045
Change in ownership interest of parent due to transactions with non-controlling interests								(0)
Fluctuations other than stockholders' equity in the period (net)	1,002	(277)	—	24,830	10,187	35,742	(1,956)	33,786
Total fluctuation in the period	1,002	(277)	—	24,830	10,187	35,742	(1,956)	18,954
Balance at end of period	7,953	(1,233)	40,307	96,993	23,017	167,037	5,737	646,418

4. Consolidated Cash Flows Statement

(Units: millions of yen)

	Previous Full Year January 1, 2023 to December 31, 2023	Current Full Year January 1, 2024 to December 31, 2024
Cash flows from operating activities		
Profit before income taxes	51,444	21,698
Depreciation	36,374	37,377
Impairment loss	19,237	24,872
Expenses for business restructuring	—	2,614
Interest and dividend income	(1,839)	(2,769)
Interest expenses	2,487	3,611
Profit (loss) on sale of investment securities	(76)	(847)
Increase (decrease) in reserve amount	2,926	(931)
(Increase) decrease in notes and accounts receivable and contract assets	6,697	(20,793)
(Increase) decrease in inventories	(37,683)	3,398
Increase (decrease) in notes and accounts payable	(14,427)	(36,333)
Other	10,838	2,620
Subtotal	75,976	34,518
Interest and dividends received	1,609	3,157
Interest expenses	(2,415)	(3,730)
Payments for income taxes	(9,800)	(21,181)
Net cash provided by operating activities	65,370	12,763
Cash flows from investing activities		
Cash outflow due to the acquisition of tangible and intangible fixed assets	(39,459)	(47,687)
Cash flow from the sale of tangible and intangible fixed assets	719	78
Proceeds from sale of shares of subsidiaries that results in change in scope of consolidation	—	548
Expenses associated with the acquisition of shares in affiliated companies	(518)	(162)
Purchase of investment securities	(120)	(26)
Proceeds from the sale of investment securities	189	1,115
(Increase) decrease in short-term loans	(304)	(133)
Payments of loans receivable	(3,389)	(10,290)
Cash flow from loan recoveries	1,084	7,664
Other	(1,474)	(589)
Net cash used in investing activities	(43,271)	(49,482)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	24,848	17,912
Increase (decrease) in commercial papers	(25,000)	17,000
Proceeds from long-term debt	16,528	37,799
Repayments for long-term debt	(17,147)	(10,454)
Proceeds from the issuance of corporate bonds	10,000	20,000

	Previous Full Year January 1, 2023 to December 31, 2023	Current Full Year January 1, 2024 to December 31, 2024
Cash outflow due to redemption of corporate bonds payable	(10,000)	(10,000)
Cash dividends paid	(12,867)	(14,548)
Payment of dividends to non-controlling stockholders	(467)	(2,994)
Acquisition of treasury shares	(29)	(10,035)
Other	(3,073)	(2,773)
Net cash used in financing activities	(17,207)	41,908
Effect of exchange rate changes on cash and cash equivalents	1,616	2,117
Net increase (decrease) in cash and cash equivalents	6,508	7,306
Cash and cash equivalents at beginning of year	93,727	100,235
Cash and cash equivalents at end of year	100,235	107,542

5. Items of Special Note Concerning the Consolidated Financial Statements

(Significant Events or Conditions that Question the Premise of a Going Concern)

There are no applicable items.

(Changes in presentation methods)

(Related to Consolidated Income Statements)

"Proceeds from sale of investment securities," which were included in "Other" under "Non-operating profit" in the previous consolidated fiscal year, are now presented separately starting from the consolidated fiscal year under review, taking into account its increased monetary impact on the financial statements. To reflect this change in presentation methods, consolidated financial statements for the previous consolidated fiscal year have been restated.

As a result, JPY3,091 million, which was stated under "Other" in "Non-operating profit" in the Consolidated Income Statement for the previous consolidated fiscal year, is restated as entries of JPY76 million under "Proceeds from sale of investment securities" and JPY3,015 million under "Other."

"Loss on retirement of property, plant and equipment" under "Non-operating expenses," which was separately stated in the previous consolidated fiscal year, is included in "Other" under "Non-operating expenses" starting from the consolidated fiscal year under review, taking into account the decreased monetary impact of such loss to the financial statements. To reflect this change in presentation methods, consolidated financial statements for the previous consolidated fiscal year have been restated.

As a result, JPY1,644 million and JPY3,897 million, which were stated under "Loss on retirement of property, plant and equipment" and "Other" in "Non-operating expenses," respectively, in the Consolidated Income Statement for the previous consolidated fiscal year, are restated as an entry of JPY5,542 million under "Other."

"Income taxes from previous years," which were included in "Corporate income tax current" in the previous consolidated fiscal year, are now presented separately starting from the consolidated fiscal year under review, taking into account its increased monetary impact on the financial statements. To reflect this change in presentation methods, consolidated financial statements for the previous consolidated fiscal year have been restated. To reflect this change in presentation methods, consolidated financial statements for the previous consolidated fiscal year have been restated.

As a result, JPY23,530 million, which was stated under "Corporate income tax current" in the Consolidated Income Statement for the previous consolidated fiscal year, is restated as entries of JPY23,868 million under "Corporate income tax current" and JPY (337) million under "Income taxes from previous years."

(Related to Consolidated Statements of Cash Flows)

"Profit (loss) on sale of investment securities," which was included in "Other" under "Cash flow from operating activities" in the previous consolidated fiscal year, is now presented separately starting from the consolidated fiscal year under review, taking into account its increased monetary impact on the financial statements. To reflect this change in presentation methods, consolidated financial statements for the previous consolidated fiscal year have been restated.

As a result, JPY10,762 million, which was stated under "Other" in "Cash flow from operating activities" in the Consolidated Cash Flows Statement for the previous consolidated fiscal year, is restated as entries of JPY (76) million under "Profit (loss) on sale of investment securities" and JPY10,838 million under "Other."

"Acquisition of treasury shares," which was included in "Other" under "Cash flow from financing activities" in the previous consolidated fiscal year, is now presented separately starting from the consolidated fiscal year under review, taking into account its increased monetary impact on the financial statements. To reflect this change in presentation methods, consolidated financial statements for the previous consolidated fiscal year have been restated.

As a result, JPY (3,102) million, which was stated under "Other" in "Cash flow from financing activities" in the Consolidated Cash Flows Statement for the previous consolidated fiscal year, is restated as entries of JPY (29) million under "Acquisition of treasury shares" and JPY (3,073) million under "Other."

(Segment Information)

1. Summary of Reporting Segments

The Group's reporting segments are based on those units within the Group where separate financial information is available and where the Group's Board of Directors periodically deliberates over such matters as the distribution of management resources and the financial performance of such segments.

The Group formulates a comprehensive international and domestic strategy for individual products and services for the head office and for each consolidated subsidiary, and executes such strategies at the operating level. Consequently, the Group comprises segments that are split by categories of products and services offered by the head office and consolidated subsidiaries. More specifically, the four reporting segments of the Group are "Mechatronics", "Industrial Machinery", "Logistics & Construction", and "Energy & Lifeline".

Businesses	Main Products
Mechatronics	Power transmission, control equipment, motors, inverters, laser processing systems, precision positioning equipment, control components
Industrial Machinery	Plastics machinery, film forming machines, cryogenic equipment, precision forgings, semiconductor production equipment, ion accelerators, medical machines and equipment, forging press machines, machining tools, air-conditioning equipment, defense equipment
Logistics & Construction	Hydraulic excavators, mobile cranes, road machinery, material handling systems, logistics systems, automated parking systems
Energy & Lifeline	Private power generation facilities, boilers, air pollution control equipment, water and sewage treatment systems, turbines, pumps, pressure vessels, mixing vessels, food processing machinery, ships

2. Information Regarding Net Sales, Profits, Assets, Liabilities, and Other Items by Reporting Segment

Previous Full Year *(January 1, 2023, to December 31, 2023)*

(Units: millions of yen)

Item \ Segment	A	B	C	D	Subtotal	Other[1]	Total	E[2]	F
Net sales									
(1) Sales to external customers	220,044	279,830	393,422	182,155	1,075,452	6,081	1,081,533	—	1,081,533
(2) Internal sales between segments or exchanges	2,156	1,669	435	707	4,968	3,303	8,270	(8,270)	—
Total	222,201	281,500	393,857	182,862	1,080,419	9,384	1,089,803	(8,270)	1,081,533
Segment profit[3]	12,408	25,602	28,123	6,342	72,476	1,880	74,356	12	74,367
Segment assets	284,135	303,860	360,287	163,497	1,111,779	83,316	1,195,095	5,762	1,200,857
Other categories									
Depreciation expense	11,441	9,426	11,403	3,544	35,815	559	36,374	—	36,374
Amortization of goodwill	1,898	41	—	—	1,939	—	1,939	—	1,939
Impairment loss	10,993	472	6,932	648	19,045	192	19,237	—	19,237
Investment in affiliates accounted for by the equity method	49	—	2,154	—	2,203	—	2,203	—	2,203
Increase in tangible and intangible assets	14,657	15,217	6,234	5,462	41,570	932	42,502	—	42,502

Segments:

A: Mechatronics

B: Industrial Machinery

C: Logistics & Construction

D: Energy & Lifelines

E: Adjustments

F: Value included on the consolidated income statement

Notes:

1. “Other” represents businesses that are not included in the reporting segments. This includes the Group’s real-estate businesses, software-related business, and other businesses.
2. Adjustment amounts are as follows:

   (1) The segment profit (loss) adjustment of minus JPY12 million is due to the deletion of intersegment transactions.

   (2) The segment asset adjustment of JPY5,762 million is attributed to assets, etc. related to surplus funds for investment (cash and deposit) and long-term investment funds (investment securities) held by the Company.
3. Segment profits have been adjusted as compared to the operating profit recorded in the Consolidated Income Statement.

Current Full Year *(January 1, 2024, to December 31, 2024)*

(Units: millions of yen)

Item \ Segment	A	B	C	D	Subtotal	Other[1]	Total	E[2]	F
Net sales									
(1) Sales to external customers	206,095	284,277	392,549	181,976	1,064,896	6,230	1,071,126	—	1,071,126
(2) Internal sales between segments or exchanges	1,748	1,316	678	1,219	4,961	3,553	8,514	(8,514)	—
Total	207,842	285,593	393,227	183,195	1,069,857	9,783	1,079,640	(8,514)	1,071,126
Segment profit or loss [3]	3,787	20,288	25,311	3,766	53,152	2,037	55,189	(86)	55,103
Segment assets	269,216	342,498	376,937	178,419	1,167,070	93,585	1,260,656	(414)	1,260,242
Other categories									
Depreciation expense	12,540	10,177	10,340	3,798	36,855	523	37,377	—	37,377
Amortization of goodwill	2,028	—	—	—	2,028	—	2,028	—	2,028
Impairment loss	23,191	560	—	1,122	24,872	—	24,872	—	24,872
Investment in affiliates accounted for by the equity method	16	—	2,354	—	2,370	—	2,370	—	2,370
Increase in tangible and intangible assets	16,954	12,681	11,894	4,431	45,960	824	46,784	—	46,784

Segments:

A: Mechatronics

B: Industrial Machinery

C: Logistics & Construction

D: Energy & Lifelines

E: Adjustments

F: Value included on the Interim Consolidated income statement

Notes:

1. “Other” represents businesses that are not included in the reporting segments. This includes the Group’s real-estate businesses, software-related business, and other businesses.
2. Adjustment amounts are as follows:

   (1) The segment profit (loss) adjustment of minus JPY(86) million is due to the deletion of intersegment transactions.

   (2) The segment asset adjustment of JPY(414) million is attributed to assets related to surplus funds for investment (cash and deposit) and long-term investment funds (investment securities) held by the Company, as well as the deletion of intersegment transactions and other factors.
3. Segment profits or losses have been adjusted as compared to the operating profit recorded in the Consolidated Income Statement.

(Per Share Information)

	Previous Full Year January 1, 2023 to December 31, 2023	Current Full Year January 1, 2024 to December 31, 2024
Net assets per share	5,059.88 yen	5,331.01 yen
Profit per share attributable to owners of parent	267.30 yen	63.86 yen

Notes:

1. The diluted profit per share attributable to owners of parent is not listed because there are no dilutive shares.
2. The basis for calculating the profit per share attributable to owners of parent is outlined below:

Item	Previous Full Year January 1, 2023 to December 31, 2023	Current Full Year January 1, 2024 to December 31, 2024
Profit attributable to owners of parent	32,742 million yen	7,721 million yen
Value not attributable to common stockholders	—	—
Profit attributable to owners of parent applicable to common stock	32,742 million yen	7,721 million yen
Average number of outstanding shares for the term	122,491 thousand shares	120,912 thousand shares

3. The Company introduced a stock compensation plan using a trust for directors and others in the consolidated fiscal year under review. Regarding the average number of shares during the fiscal period based on which the profit attributable to owners of parent ratio is calculated, treasury stock that is deducted to calculate such average number includes 66,000 shares of the Company held in the trust account. (Previous consolidated fiscal year: 68,000 shares; consolidated fiscal year under review: 66,000 shares) In addition, to calculate the net assets per share, treasury stock that is deducted from the total number of shares issued as of the end of the fiscal period includes the Company held in the trust account. (Previous consolidated fiscal year: 68,000 shares; consolidated fiscal year under review: 66,000 shares)

(Subsequent Events of Significant Importance)

There are no applicable items.

IV. Supplemental Information

Orders Received, Sales, and Balance of Orders Received, by Segment

(1) Orders Received

(Units: millions of yen)

Segment	Previous full year (January 2023 to December 2023)		Current full year (January 2024 to December 2024)		Y/Y Change	
	Amount	%	Amount	%	Amount	%
Mechatronics	197,786	19.6	194,426	20.8	(3,359)	(1.7)
Industrial Machinery	264,958	26.3	253,630	27.1	(11,327)	(4.3)
Logistics & Construction	393,593	39.0	339,744	36.3	(53,850)	(13.7)
Energy & Lifelines	146,350	14.5	141,821	15.1	(4,529)	(3.1)
Others	5,977	0.6	6,526	0.7	549	9.2
Total	1,008,663	100.0	936,147	100.0	(72,516)	(7.2)

(2) Sales

(Units: millions of yen)

Segment	Previous full year (January 2023 to December 2023)		Current full year (January 2024 to December 2024)		Y/Y Change	
	Amount	%	Amount	%	Amount	%
Mechatronics	220,044	20.3	206,095	19.2	(13,949)	(6.3)
Industrial Machinery	279,830	25.9	284,277	26.5	4,447	1.6
Logistics & Construction	393,422	36.4	392,549	36.7	(873)	(0.2)
Energy & Lifelines	182,155	16.8	181,976	17.0	(180)	(0.1)
Others	6,081	0.6	6,230	0.6	149	2.4
Total	1,081,533	100.0	1,071,126	100.0	(10,407)	(1.0)

(3) Balance of Orders Received

(Units: millions of yen)

Segment	End of Full Year As of December 31, 2023		End of Full Year As of December 31, 2024		Y/Y Change	
	Amount	%	Amount	%	Amount	%
Mechatronics	93,680	12.2	82,011	13.0	(11,668)	(12.5)
Industrial Machinery	183,107	23.9	152,460	24.1	(30,647)	(16.7)
Logistics & Construction	259,959	33.9	207,153	32.8	(52,805)	(20.3)
Energy & Lifelines	228,710	29.8	188,555	29.8	(40,155)	(17.6)
Others	1,629	0.2	1,926	0.3	296	18.2
Total	767,085	100.0	632,106	100.0	(134,979)	(17.6)