May 30, 2024

To whom it may concern:

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Representative: Shinji Shimomura President and CEO
(Securities code: 6302 TSE Prime)
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Notice Concerning the Succession of Operations from an SHI Subsidiary through a Company Split (Simplified Absorption-Type Company Split)

Sumitomo Heavy Industries, Ltd. (hereinafter "SHI") announces that its Board of Directors has resolved, at a meeting held today, to execute an absorption-type company split of the operations related to the manufacture, repair, maintenance, and sales of defense equipment and maritime safety equipment as well as contracted operations relating to the management, transport, and packaging of inventory items conducted by Sumiju Tokki Service Co., Ltd., a wholly-owned subsidiary of SHI, and to transfer said operations to SHI, effective January 1, 2025.

Because this is a simplified absorption-type company split between SHI and its wholly-owned subsidiary, some disclosure items and details are omitted.

1. Purpose of the company split

SHI's Defense Systems Group is engaged in the manufacture and sale of defense equipment. In addition, Sumiju Tokki Service Co., Ltd. engages in after-sales service business for defense equipment. Responding to changes in the business environment, SHI decided to integrate Sumiju Tokki Service Co., Ltd. into SHI's Defense Systems Group through an absorption-type company split, having judged that integrating the entire process from manufacturing to after-sales service will improve production efficiency and quality.

2. Outline of the company split

(1) Schedule

May 30, 2024: Board of Directors meeting to approve the company split agreement
May 31, 2024: Conclusion of the company split agreement
January 1, 2025 (scheduled): Date of company split (effective date)

(2) Split method

An absorption-type company split in which Sumiju Tokki Service Co., Ltd. is the company splitting in the absorption-type split and SHI is the company succeeding in the absorption-type split.

(3) Number of shares to be allocated

Because the absorption-type company split is between SHI and its wholly-owned subsidiary, there will be no allocation of shares, and no delivery of cash or other considerations as a result of the absorption-type company split.

(4) Capital increase or decrease resulting from the company split

There will be no increase or decrease in capital as a result of this company split.

(5) Handling of share options and bonds with share options of the company splitting in the absorption-type split

There are no applicable items.

(6) Rights and obligations to be assumed by the Succeeding Company

SHI will assume the assets related to the operations subject to the company split that are deemed necessary for SHI to carry out said operations.

(7) Prospects for fulfillment of financial obligations

SHI has determined that there will be no problems in terms of the certainty of fulfillment of financial obligations to be performed by SHI and Sumiju Tokki Service Co., Ltd. on and after the effective date of the company split.

3. Outline of the parties to the company split (as of December 31, 2023)

(1) Trade name	Sumiju Tokki Service Co., Ltd. (company splitting in the absorption-type split)	Sumitomo Heavy Industries, Ltd. (company succeeding in the absorption-type split)
(2) Description of business	Manufacture, repair, maintenance, and sales of defense equipment and maritime safety equipment Contracted operations relating to the management of inventory items, transport, and packaging of inventory items Sales of explosives	Manufacture and sales of various types of industrial machinery, from general industrial machinery to precision control machinery
(3) Date of establishment	April 1, 1986	November 1, 1934
(4) Location of head office	2-1-1 Yatocho, Nishitokyo-shi, Tokyo	2-1-1 Osaki, Shinagawa-ku, Tokyo
(5) Representative	Hideaki Tanaka, President	Shinji Shimomura President and CEO
(6) Capital	JPY 30 million	JPY 30,872 million
(7) Number of issued shares	600	122,905,481
(8) End of fiscal year	December 31	December 31
(9) Number of employees	62	25,303
(10) Major shareholders and shareholding ratio	Sumitomo Heavy Industries, Ltd. 100%	The Master Trust Bank of Japan, Ltd. (trust account) 16.6% Custody Bank of Japan, Ltd. (trust account) 7.6% NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST 6.6% Sumitomo Life Insurance Company 3.5% BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 13.2%

(11) Financial position and operating results for the immediately preceding fiscal year (FYE December 2023)		
Total net assets	JPY (1,522) million	JPY 627,464 million (consolidated)
Total assets	JPY 1,712 million	JPY 1,200,857 million (consolidated)
Net assets per share	JPY (2,536,638)	JPY 5,059.88 (consolidated)
Net sales	JPY 1,445 million	JPY 1,081,533 million (consolidated)
Operating profit	JPY 140 million	JPY 74,367 million (consolidated)
Ordinary profit	JPY 148 million	JPY 70,250 million (consolidated)
Current net profit	JPY 135 million	JPY 32,742 million (consolidated)
Current net profit per share	JPY 224,715	JPY 267.30 (consolidated)

4. Description of operations to be split

(1) Description of operations to be split

Manufacture, repair, maintenance, and sales of defense equipment and maritime safety equipment as well as contracted operations relating to the management of inventory items, transport, and packaging of inventory items

(2) FYE Dec. 2023 sales in the operations to be split

	Description of operations to be split (a)	SHI actual (b)	Ratio (a/b)
Net Sales (million yen)	JPY 1,434 million	JPY 1,081,533 million	0.13%

(3) Amount of assets and liabilities to be transferred (estimated at the time of company split, book value)

Assets to be transferred: JPY 1,591,590,079

Liabilities to be transferred: JPY 3,151,072,709

5. Listed company status following company split

No changes shall be made to SHI's name, address, representative's position or name, capital, or fiscal year end as a result of this company split.

6. Impact on earnings results

Because the company split will take place between SHI and its consolidated subsidiary, the impact of the company split on SHI's consolidated earnings results will be minor.

End