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Notice of the 130th Ordinary General Meeting of Shareholders

Sumitomo Heavy Industries, Ltd.

Securities code: 6302

To our shareholders

I would like to express our sincere gratitude for your continued support and patronage. Here is the Notice of the Company's 130th Ordinary General Meeting of Shareholders to be held on Friday, March 27. Please see the attachments for details.

I would like to extend my sincere greetings at this General Meeting of Shareholders, the first to be held since my appointment as President.

As President, I believe I should take on the following three initiatives to begin with.

First, I seek to implement measures to ensure a return to profitability in our core businesses.

Second, I aim to further accelerate our portfolio transformation and present a clearer future vision of the Group. Third, I aspire to accelerate business growth in key investment areas with the aim of achieving both corporate and social values.

I will continue courageously taking on challenges of transformation with our employees, while sharing the Company's Purpose to "enhance society and those within it with compassion through our ownership and vision" guided by Sumitomo's business philosophy.

I kindly ask our shareholders for their understanding and support over the medium to long term.



Toshiro Watanabe
President and CEO

Purpose

Enhance society and those within it with compassion through our ownership and vision

Business Principles

<Corporate Mission Statement>

We will aim to become a machinery manufacturer that continues to provide excellent products and services to the world.

With integrity being a key principle in the Group, we will contribute towards society by gaining high respect and confidence from all stakeholders.

<Our Values>

■ Customer First:

We exceed customer expectations by providing sophisticated efficient products and services, giving the utmost consideration to their needs and requirements.

■ Embrace Changes:

We will continue to drive and embrace changes without accepting the status quo.

■ Commitment to Technology and Innovation:

We are passionate about contributing to society by further developing our unique, in-house technologies.

■ Respect People:

We will nurture an organizational climate that fosters mutual respect, tolerance and learning for growth.

In this English translation, Sumitomo Heavy Industries, Ltd. is referred to as the “Company” and the Sumitomo Heavy Industries Group as the “Company Group” or the “Group.”

Purpose

Purpose Statement

Enhance society and those within it with compassion
through our ownership and vision

Key Objectives of the Purpose

1. Clarifying strategic focus areas and their significance

- Clearly define the values that support sustainable growth, leveraging Sumitomo Heavy Industries Group's strengths and uniqueness.
- Optimize our business portfolio, which is the foundation of our sustainable growth.

2. Boosting employee engagement

- Cultivate a sense of importance, value, and pride through part of the Sumitomo Heavy Industries Group.
- Inspire employees to take ownership and proactive action toward achieving the goals of our Medium-Term Management Plan 2026.

3. Enhancing corporate brand value

- Define a corporate brand image centered on our Purpose and establish a corporate identity (CI).

Thoughts behind Our Purpose Statement

Our Purpose Statement is the result of extensive discussions involving our president, board members, and a wide range of employees, focusing on what makes "Sumitomo Heavy Industries unique," "our strengths," and "our vision for the future."

What is "ownership"

- The term "ownership" reflects a commitment to continually pursue excellence in technology, work quality, customer satisfaction, and outcomes through personal responsibility and tenacity.
- The spirit of "ownership" is ingrained in every employee's mindset and approach.

What is "our vision"

- We emphasize a collaborative approach with stakeholders that includes both inside and outside the company.
- The term "vision" highlights our readiness and proactive stance in the face of changes in the market, society, and customer needs.
- We aim to build this proactive stance as a core organizational capability.

What is "society and those within it"

- The phrase "society and those within it" indicates that we will provide value to each individual living in society, as well as society as a whole.

What is "with compassion"

- The term "compassion" embodies our dedication to resolving "negative" impacts while promoting progress and improvement for people and society.
- It also illustrates our employees' willingness and resolve to understand and tackle the challenges and needs of people and society, which is the premise for providing value as described above.

What is "Enhance"

- Through the value that we provide as part of our "compassion," we strive to meet the needs of people and society to enhance their lives, solve challenges, and contribute to a happier, more well-being-oriented world.

The SHI Group's Value Creation Process

The SHI Group helps create value for customers and contributes to the sustainable development of society through products and services. This has been made possible by the diverse management resources that we have cultivated through our long history, as well as our superior management capabilities that leverage these resources to create social value and corporate value. We view our Purpose as a guidepost for management as we contribute to the realization of sustainable society.

Megatrends

- Climate change
- Resource scarcity
- Change in demographic structure
- Labor shortage
- Rapid urbanization
- Shift of economic powers
- Evolution of technologies
- Information network revolution

Input (fiscal year ended December 2025)

Manufacturing Capital
Meeting diverse needs with our global production system and quality control system

- Capital investment ¥58.1 billion
- SHI, 18 domestic companies, 27 overseas companies (major subsidiaries' manufacturing companies)

Intellectual Capital
Strengthening our product capabilities to achieve sustainable growth
Leveraging our intellectual property to create competitive advantages

- R&D expenses ¥31.1 billion

Financial Capital
Our financial basis that serves as the foundation of a robust entity

- Shareholders' equity ratio 51.6%
- Net interest-bearing debt ratio 10.7%

Human Capital
Global human resource management as the root of sustainable growth of our businesses

- Number of employees 25,123
- Annual training expenses per employee ¥78,785 (Japanese consolidated)
- Annual training hours per employee 33.8 hours (Japanese consolidated)

Social Capital
Forward-looking management from a stakeholder perspective

- Number of suppliers 5,773 companies
- Number of surveyed suppliers (Tier 1 suppliers comprising 80% of the SHI Group's purchase amount) 598

Natural Capital
Our initiatives to reduce environmental burdens

- Electricity consumption 302,547 MWh*
- Renewable energy consumption 90,963MWh*
- Water consumption 1,529,000 m³*

Business Activities

Medium-Term Management Plan 2026

Corporate and Segment Strategies

Management resources allocated mostly to the key investment areas | Strategies rebuilt for low-growth and low-profit businesses

Greater Corporate Value

Greater Social Value

Material Issues of Sustainability

		Material Issue	2025 Result
Value Creation	M	Reduction of environmental impacts	Reductions of CO ₂ emissions (compared to FY2019) - From product manufacturing: -30%* - From product use: -71%*
		Creation of better ways to live and work	—
Stronger Business Base	S	Prioritization of employee safety, health, and development	Ratio of female managers (Japanese consolidated) 2.5% (as of January 1, 2026, 2.8%)
		Emphasize coexistence and co-prosperity with local communities	Ratio of spending on social contribution activities to operating profit 0.5% (¥0.27 billion)
		Building of sustainable corporate supply chains	Ratio of high-risk suppliers surveyed 88%
G	G	Stronger governance	Ratio of female directors 18% (2 directors)
		Ensuring high product quality	1 serious incident related to products



PURPOSE

Enhance society and those within it with compassion through our ownership and vision

Output

Products and Services

Foundational business area



Key investment areas

Robotics Automation



Semiconductors



Advanced Medical Devices



Environment Energy



Outcomes (fiscal year ended December 2025)

Manufacturing Capital

- ◆ ISO 9001 acquisition rate for major production and business divisions **96%**
- ◆ Serious legal violations related to product safety **0 cases**

Intellectual Capital

- ◆ Total patents obtained **8,808 patents (4,498 overseas)**

Financial Capital

- ◆ Operating cash flow **¥63.7 billion**
- ◆ ROIC **4.2%**

Human Capital

- ◆ Ratio of female managers (Japanese consolidated) **2.5%** (as of January 1, 2026, 2.8%)
- ◆ Ratio of mid-career hires in managerial positions **26.5%** (non-consolidated)

Social Capital

- ◆ Dialogues with investors/shareholders **217 times**
- ◆ Ratio of spending on social contribution activities to operating profit **0.5% (¥0.27 billion)**
- ◆ Supplier survey response rate **81.6%**

Natural Capital

- ◆ Capital investment in environmental and energy-saving equipment **¥2.8 billion***
- ◆ GHG emissions (Scopes 1 and 2) **132,604,000 t***
- ◆ Recycling ratio **98.2%***

Collaborative Value Creation with Stakeholders

[Shareholders and Investors]

Increasing shareholder value by ensuring profitability that surpasses capital costs

Returning profit created (dividends and share repurchases)

[Employees]

Fostering well-being and improving quality of life

Human resource management that helps businesses grow sustainably

[Customers]

Ensuring high product quality and boosting labor productivity

Supply of environmentally sustainable products

[Business Partners]

ESG-conscious business activities

Human rights respected; sustainable and highly competitive supply chains

[Global Environment and Local Communities]

Actions to address climate change and realizing a circular society

Contributing to local communities

Our Ideal State

A company that contributes to an affluent society through core technologies and realizes CSV

Financial targets for 2030

Operating profit **¥130 billion**
ROIC **10% or higher**

Material issues to address and non-financial targets to meet for 2030 to maximize social value

- | | |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| E | <ul style="list-style-type: none"> ◆ Reductions of CO₂ emissions (compared to FY2019) <ul style="list-style-type: none"> -From product manufacturing: -50% -From product use: -30% |
| S | <ul style="list-style-type: none"> ◆ Further advancement of automation technology ◆ Ratio of female managers: Over 8% (Japanese consolidated) ◆ Spending for social contribution activities: 1% of operating profit ◆ Survey implementation rate for high-risk suppliers: 100% |
| G | <ul style="list-style-type: none"> ◆ Ratio of female directors: 30% ◆ Number of serious incidents related to products: 0 |

The Sumitomo Heavy Industries Group has established the ideal state it should achieve by 2030 as being “a company that contributes to an affluent society through core technologies and realizes CSV.” To reach this ideal state, we are committed to sustainability-oriented management with the focus on collaborative value creation with stakeholders.

External Environment Surrounding the SHI Group

The business environment surrounding us is rapidly changing and increasingly uncertain. Climate change and resource scarcity have a progressively severe impact on the economy and our day-to-day living. Aging population and labor mobility have caused demographic changes, leading to economic power shift as well as technological evolution and information network revolution. This has dramatically changed how society works.

Amid this changing environment, the SHI Group faces the need to correctly assess risks and opportunities as it engages in its business activities.

Business Activities for Value Creation

We are working to strengthening our segment system in order to develop a robust and sustainable entity capable of faring well in an uncertain external environment.

Our segments are committed to business activities that are keenly conscious of the following three essential elements: (1) Improving profitability; (2) Enhancing capital efficiency; and (3) Strengthen new business exploration), thereby offering competitive products and services.

Collaboration with Stakeholders

We actively create opportunities to communicate with each stakeholder. Based on feedback received through our engagement activities, we aim to grow further with stakeholders.

Value Creation to Address Material Issues of Sustainability

The SHI Group's material issues of sustainability constitute materiality that has been identified in terms of the impact that the environment and society have on the Company, and of the impact that the Company's businesses have on the environment and society. We have established “reduction of environmental burdens” and “creation of better ways to live and work” among the seven material issues of sustainability as our material issues for value creation.

Our Initiatives to Reduce Environmental Burdens



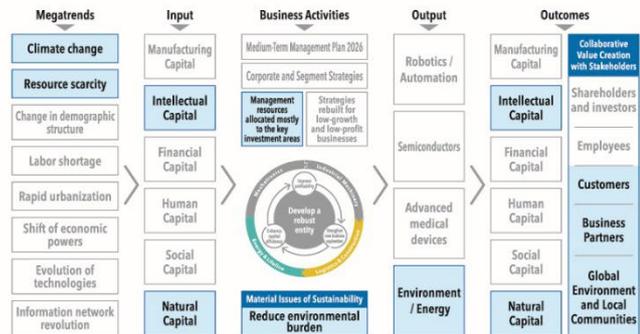
The SHI Group devotes considerable effort into the environment and energy field, which is one of its key investment areas, as the initiative to reduce environmental burdens. To give specific examples, we have launched Sustainability Plus Products (environmentally friendly products) and have been selling fuel cell (FC)-powered port cranes. Initiatives like these hinge on the evolution of intellectual capital.

The number of patents we obtained increased to 8,808 in 2025 from 7,010 in 2020, and the proportion of international patents is growing. The development project that was set up in 2018 aims to achieve the sales of ¥350 billion earned from “products aimed at the next 10 years” in around 2035. These products

revolve around the strategy for the intellectual property that the SHI Group aims to develop into products in 2030. Through these initiatives, we plan to contribute to the supply of customers' green products, business activities with partners geared to ESG, action against climate change, and the creation of a recycling-oriented society.



Liquid Air Energy Storage (LAES)



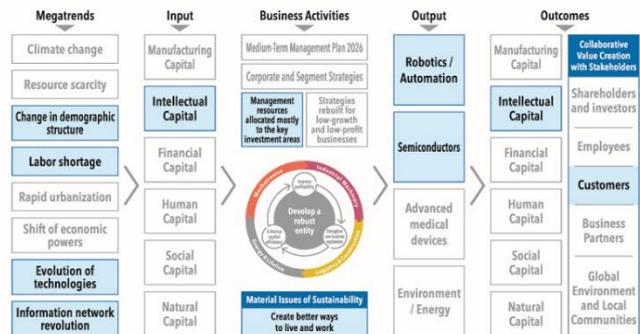
Efforts toward the Creation of Better Ways to Live and Work



The SHI Group focuses on robotics/automation and advanced medical device, which are the key investment areas, as part of its efforts to create better ways to live and work. More specifically, we improve labor productivity through robotics technology and smart logistics, and develop devices for cancer diagnosis and cancer treatment, among others. Leveraging our gear reducers, which are our mechatronics segment's core products, we have made a roadmap to 2030 considering changes in the transportation/logistics market. Also, our advanced medical device business strives to win projects, so that proton devices and BNCT for cancer treatment and will come into wider use. These efforts are to develop the SHI Group's intellectual capital, facilitate change in how customers' employees work on the ground, improve labor productivity, and enhance the quality of life (QOL) of patients receiving treatment.



Remote-controlled Rubber Tired Gantry crane (RTG)



KPIs for Our Ideal State in 2030

To reach "Our Ideal State in 2030," we have set indicators for our financial and social value. As financial metrics, we aim for operating profit of ¥130 billion and 10% ROIC. To maximize our social value, we have set non-financial targets based on the seven material issues of sustainability. Our long-Term plan is to continue enhancing our corporate and social value by offering solutions to social issues through our products and services.

Financial Strategies of Sumitomo Heavy Industries Group

Measures Aimed at Implementing Management That Is Conscious of Cost of Capital and Stock Price

Since FY1999, the Group has adopted ROIC (return on invested capital) as a KPI (key performance indicator), and has worked to instill management centered on increasing ROIC and to strengthen the execution system. However, the profitability of the Group's existing core businesses declined recently due to the impact of unexpected changes in the external environment, which has prevented the Group from reaching the ROIC target set in Medium-Term Management Plan 2026. We recognize that our market valuations, including our stock price, have been sluggish as a result.

With an eye to improving company-wide ROIC, the Group has set ROIC targets for each segment, and is taking steps to identify issues according to the characteristics of each business, formulate countermeasures and make improvements. We are also steadily implementing company-wide business portfolio reforms. Through these measures, we aim to quickly reach the ROIC target set in Medium-Term Management Plan 2026 and enhance our corporate value and stock price.

Management Indicators (as of the end of FY2025)

Cost of Capital

WACC: Estimated at 6%–8%
Cost of shareholders' equity: Estimated at 8% or higher

Return on Capital

ROIC: 4.2%
ROE: 4.7%

■ 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

* In FY2025 (the 130th term), we reorganized business between the Mechatronics Segment and the Industrial Machinery Segment with the aims of streamlining segment management and promoting synergies. Accordingly, comparative information presented for FY2024 (the 129th term) has been prepared based on the post-reorganization segment classification.

Cash Allocation

With respect to cash inflows, the Group anticipates operating cash flow during the period of Medium-Term Management Plan 2026 being lower than initially expected amid a decline in the profitability of the existing core businesses. On the other hand, as business portfolio reforms progress, we anticipate a certain level of cash inflow.

Cash outflows are largely in line with our plan.

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	Capital investment (including M&As) JPY170.0 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	Research & development cost JPY95 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	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

Capital Strategy

The Company's basic policy for shareholder returns is to maintain a DOE (dividend on equity ratio)* of at least 3.5%, a minimum dividend of ¥125 per share and a total return ratio of at least 40%. In addition to providing stable dividends commensurate with shareholders' equity, we will also implement repurchases of the Company shares in line with our capital strategy.

Although operating cash flow has not yet reached our initial projections, the Group's financial position remains stable, allowing us to proceed with shareholder returns as planned.

*DOE (Dividend on Equity) is a financial indicator calculated by dividing the total annual dividends by shareholders' equity.

Strategic Shareholdings

With due consideration to the improvement of asset efficiency, the Company strategically holds shares that it deems necessary for conducting its business from the perspective of building and maintaining stable, long-term business relationships, and facilitating and strengthening business alliances and business development.

With regard to strategic shareholdings, the Board of Directors annually reviews the significance of holding each individual stock, compares the business-related benefits and financial returns such as dividends from the holdings with the cost of capital and verifies the risks of holding the stocks. The Company sells off those that no longer have a rational basis for holding.

Securities Code: 6302
March 5, 2026
Start date of the electronic provision measures: February 20, 2026

Sumitomo Heavy Industries, Ltd.
1-1, Osaki 2-chome, Shinagawa-ku, Tokyo, Japan

Notice of the 130th Ordinary General Meeting of Shareholders

Dear Shareholders:

We hereby announce the Company's 130th Ordinary General Meeting of Shareholders, which will be held on the date and at the time and place shown below for the purposes stated below.

If you are unable to attend the meeting, please exercise your voting rights prior to this General Meeting of Shareholders by mail or via the Internet. In exercising these rights prior to this General Meeting, you may kindly review the attached reference documents indicated hereinafter and submit your vote by 6:00 p.m. on Thursday, March 26, 2026, by mail or via the Internet.

Sincerely yours,
Toshiro Watanabe
President and CEO

Procedure for the Exercise of Voting Rights:

■ **Voting by Attending the Meeting**

Please submit the enclosed voting instruction card that should be provided together with this Notice, at the reception desk.

■ **Voting by Mail**

Please return the enclosed voting instruction card to reach us **no later than 6:00 p.m. on Thursday, March 26, 2026**, indicating your approval or disapproval for each agenda item.

■ **Voting via the Internet**

Please input your approval or disapproval for each agenda item **no later than 6:00 p.m. on Thursday, March 26, 2026**.

Details

- 1. Date and Time:** Friday, March 27, 2026, at 10:00 a.m. (Open at 9:00 a.m.)
- 2. Place:** Conference Room, 25th Floor, Head Office of the Company
ThinkPark Tower, 1-1, Osaki 2-chome, Shinagawa-ku, Tokyo, Japan

3. Purposes of the Meeting:

Matters to be Reported:

1. The contents of the Company's Business and Financial Report and Consolidated Financial Statements for the 130th fiscal year (from January 1, 2025 to December 31, 2025) and the results of the audit of the Consolidated Financial Statements by the Independent Auditor and Board of Corporate Auditors
2. The contents of the Company's Financial Statements for the 130th fiscal year (from January 1, 2025 to December 31, 2025)

Matters Requiring Shareholders' Resolutions:

- Agenda Item 1** Disposition of Retained Earnings
Agenda Item 2 Election of Nine Directors
Agenda Item 3 Election of Two Corporate Auditors

Other Matters Regarding this Notice

- In accordance with the applicable laws and regulations and the provisions of Article 16 of the Articles of Incorporation of the Company, Major Lenders, Employees, Major Places of Business and Plants, the Independent Auditor, the Operational Structure for Ensuring the Appropriate Conduct of Operations and the Outline of Its Operational Status and the Basic Policy on Position of the Person Controlling Decisions on Financial and Business Policies of the Company in the Business and Financial Report, the Consolidated Statement of Changes in Net Assets and the Notes to Consolidated Financial Statements in the Consolidated Financial Statements and the Statement of Changes in Net Assets and the Notes to Financial Statements in the Financial Statements are not included in the documents containing the electronic provision measures matters, which were sent to the shareholders who requested the provision of documents. In this regard, as part of the Business and Financial Report, the above Major Lenders, Employees, Major Places of Business and Plants, the Independent Auditor, the Operational Structure for Ensuring the Appropriate Conduct of Operations and the Outline of Its Operational Status and the Basic Policy on Position of the Person Controlling Decisions on Financial and Business Policies of the Company are subject to auditing by the Corporate Auditors. In addition, as part of the Consolidated Financial Statements or the Financial Statements, the Consolidated Statement of Changes in Net Assets, the Notes to Consolidated Financial Statements, the Statement of Changes in Net Assets and the Notes to Financial Statements are subject to auditing by the Independent Auditor and the Corporate Auditors.
- If it becomes necessary to revise any of the electronic provision measures matters, the matters before and after such revisions will be posted on the website of the Company and the Tokyo Stock Exchange.

The actual content of the meeting on the day will be posted on our corporate website on the Internet later.

The Company's website

<https://www.shi.co.jp/english/index.html>



The Tokyo Stock Exchange's website

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Reference Documents for the Shareholders' Meeting

Agenda Item 1: Disposition of Retained Earnings

The Company's general policy for the distribution of profits is to consistently distribute dividends commensurate with shareholders' equity. Specifically, the basic policy for shareholder returns is to maintain a DOE (Dividend of Equity Ratio) of at least 3.5%, a minimum dividend of ¥125, and a total return ratio of at least 40% over the medium to long term.

With regard to the year-end dividend for the fiscal year under review, in line with the above shareholder return policy and in consideration of the Company's performance for the 130th fiscal year, the current business environment and the need to secure retained earnings for the future growth of the Company, it is hereby proposed that the year-end dividend for the 130th fiscal year be as follows:

Year-end dividend for the 130th fiscal year:

- (1) Type of dividend: Cash**
- (2) Matters related to the distribution of dividends to shareholders and the total dividend amount:**

Amount of dividend: ¥65.00 per share of the Company's common stock
Total dividends: ¥7,820,624,435

For your reference:

Including ¥60 per share for the interim dividend, which has already been distributed, the annual dividend appropriated from retained earnings for the 130th fiscal year is ¥125 per share, the same as in the previous fiscal year.

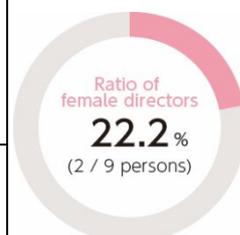
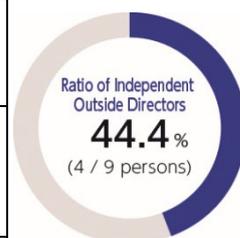
- (3) Effective date of dividend appropriated from retained earnings:
March 30, 2026**

Agenda Item 2: Election of Nine Directors

The terms of office of all eleven Directors will expire at the close of this General Meeting. Therefore, the election of nine Directors including four Outside Directors is requested.

The candidates for Directors are as follows:

No.	Nature of Candidacy	Name	Gender	Current Positions and Responsibilities at the Company	Attendance at Board of Directors Meetings	Composition Ratios of the Board of Directors if This Proposal is Approved
1	Reappointment	Shinji Shimomura	Male	Representative Director and Chairman of the Board Chairperson of the Board of Directors	Nomination Compensation	15/15 meetings (100%)
2	Reappointment	Toshiro Watanabe	Male	Representative Director and President & CEO	Nomination Compensation	15/15 meetings (100%)
3	Reappointment	Tatsuro Araki	Male	Representative Director and Senior Executive Vice President General Manager of Export Administration Department and General Manager of Energy & Lifeline Segment		15/15 meetings (100%)
4	New Candidate	Haruhiko Tsuzuki	Male	Executive Vice President General Manager of Ehime Works and General Manager of Logistics & Construction Segment		—
5	New Candidate	Masaki Arai	Male	Executive Vice President General Manager of Corporate Global Strategy Group		—
6	Reappointment Outside Independent	Susumu Takahashi	Male	Outside Director	Nomination Compensation	14/15 meetings (93%)
7	Reappointment Outside Independent	Akio Hamaji	Male	Outside Director	Nomination (Chairperson) Compensation (Chairperson)	15/15 meetings (100%)
8	Reappointment Outside Independent	Sumie Morita	Female	Outside Director	Nomination Compensation	15/15 meetings (100%)
9	New Candidate Outside Independent	Miho Hanafusa	Female	—		—



Reappointment	: Candidate to be reelected as a Director
New Candidate	: Candidate to be newly elected as a Director
Outside	: Candidate for Outside Director
Independent	: Independent Officer set forth by the Tokyo Stock Exchange
Nomination	: Member of the Nomination Committee
Compensation	: Member of the Compensation Committee

(Note) The Company has entered into a contract with an insurance company for directors and officers liability insurance, which is stipulated in Article 430-3, paragraph 1 of the Companies Act, designating all Directors and Corporate Auditors (hereinafter referred to as “Directors, etc.”) as covered persons. This covers the damage that arises when Directors, etc. take responsibility for the execution of duties or when receiving a claim to pursue their responsibilities (however, the matters that fall in the category of an exemption are excluded). If each candidate is appointed as Director, the person will be covered with the insurance. After the maturity of the contract term, the contract will be renewed based on the resolution of the Board of Directors meetings.

(Reference) The Policies on and Procedures for Nominating Director Candidates, the Independence Standards for Outside Officers, and the SKILLS MATRIX OF THE BOARD OF DIRECTORS stipulated by the Company are stated on pages 19 through 23.

No. 1

Shinji Shimomura

Reappointment

Nomination

Compensation

(Born on February 3, 1957)



Number of shares of the Company held
16,840 shares

Tenure as Director
9 years and 9 months

Attendance at Board of Directors Meetings
15/15 meetings (100%)

Career Summary, and Positions and Responsibilities at the Company

April 1982	Joined the Company
April 2012	Director of Sumitomo (S.H.I.) Construction Machinery Co., Ltd.
April 2013	Executive Managing Director of Sumitomo (S.H.I.) Construction Machinery Co., Ltd.
April 2014	Senior Executive Director of Sumitomo (S.H.I.) Construction Machinery Co., Ltd.
April 2014	Vice President of the Company
April 2015	Senior Vice President
April 2015	Representative Director and President & CEO of Sumitomo (S.H.I.) Construction Machinery Sales Co., Ltd.
April 2016	Representative Director and President & CEO of Sumitomo (S.H.I.) Construction Machinery Co., Ltd.
June 2016	Director and Senior Vice President of the Company
April 2018	Director and Executive Vice President
April 2019	Representative Director and President & CEO
January 2026	Representative Director and Chairman of the Board, Chairperson of the Board of Directors, to date

Significant Positions Held at Other Companies

None

Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Reasons for Selection as Candidate for Director

After serving as Representative Director and President & CEO of Sumitomo (S.H.I.) Construction Machinery Co., Ltd., Mr. Shinji Shimomura was promoted to Representative Director and President of the Company in 2019. He has since formulated Medium-Term Management Plan 2023 and Medium-Term Management Plan 2026, and has worked to enhance corporate value by prioritizing the improvement of profitability, enhancement of capital efficiency, and strengthening of new business exploration. Since being appointed as the Representative Director and Chairman of the Board in January 2026, he, as the Chairperson of the Board of Directors, has encouraged the enhancement of governance systems and other initiatives and has been responsible for the management of the Company Group.

Since he has a high-level of management knowledge and supervising ability, the Company has determined that he is qualified to serve as a Director of the Company, and hereby requests his reappointment.

No. 2

Toshiro Watanabe

Reappointment

Nomination

Compensation

(Born on March 27, 1963)



Number of shares of the
Company held
3,731 shares

Tenure as Director
3 years and 9 months

Attendance at Board of
Directors Meetings
15/15 meetings
(100%)

Career Summary, and Positions and Responsibilities at the Company

April 1986	Joined the Company
April 2019	General Manager of Corporate Finance, Accounting & Administration Group
April 2020	Vice President, General Manager of Corporate Finance, Accounting & Administration Group
April 2022	Senior Vice President, General Manager of Corporate Finance, Accounting & Administration Group
June 2022	Director and Senior Vice President, General Manager of Corporate Finance, Accounting & Administration Group
January 2024	Director and Executive Vice President, CFO
January 2026	President and CEO , to date

Significant Positions Held at Other Companies

None

Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Reasons for Selection as Candidate for Director

Mr. Toshiro Watanabe, as the head of the finance and accounting division and since 2024 as CFO, has been responsible for the planning and execution of financial strategies to enhance corporate value through the Company Group's accounting, finance and performance management. After being promoted as Representative Director and President in January 2026, he has been leading the management of the Company Group as CEO to resolve the issues and achieve the targets set forth in Medium-Term Management Plan 2026, which started in FY2024.

Since he has a high-level of management knowledge and supervising ability, the Company has determined that he is qualified to serve as a Director of the Company, and hereby requests his reappointment.



Number of shares of the
Company held

2,798 shares

Tenure as Director

3 years

Attendance at Board of
Directors Meetings

15/15 meetings

(100%)

Career Summary, and Positions and Responsibilities at the Company

April 1986	Joined the Company
April 2013	President of SEISA Gear, Ltd.
April 2018	Vice President, General Manager of Gearbox Business Division Power Transmission & Controls Group of the Company
April 2021	Senior Vice President, General Manager of Production Management Business Division, Power Transmission & Controls Group
January 2023	Senior Vice President, General Manager of Power Transmission & Controls Group
March 2023	Director and Senior Vice President, General Manager of Power Transmission & Controls Group
January 2024	Director and Executive Vice President, General Manager of Power Transmission & Controls Group
January 2026	Representative Director and Senior Executive Vice President, General Manager of Export Administration Department, General Manager of Energy & Lifeline Segment, to date

Significant Positions Held at Other Companies

None

Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Reasons for Selection as Candidate for Director

After being appointed as the Representative Director and President of SEISA Gear, Ltd. in 2013, Mr. Tatsuro Araki was appointed as a Vice President of the Company in 2018. He was promoted to Senior Vice President in 2021, appointed as a Director in 2023 and promoted to Executive Vice President in 2024. As a person in charge of the Power Transmission & Controls business, he has been working on initiatives to improve profit of the Company Group through combining manufacturing and sales and acting to transform the profit structure. He was promoted to Representative Director and Senior Executive Vice President in January 2026, and as the person in charge of the Energy & Lifeline Segment, he is promoting efforts for business growth.

Since he has a high-level of management knowledge and supervising ability, the Company has determined that he is qualified to serve as a Director of the Company, and hereby requests his reappointment.

No. 4

Haruhiko Tsuzuki

New Candidate

(Born on January 31, 1962)



Number of shares of the
Company held
174 shares

Career Summary, and Positions and Responsibilities at the Company

April 1984	Joined the Company
April 2006	General Manager of Quality Assurance Division of Sumitomo Heavy Industries Engineering Services Co., Ltd. (currently Sumitomo Heavy Industries Material Handling Systems Co., Ltd.)
March 2007	General Manager of Engineering Division of Sumitomo Heavy Industries Engineering Services Co., Ltd.
June 2012	Director of Sumitomo Heavy Industries Engineering Services Co., Ltd.
April 2021	Representative Director, President of Sumitomo Heavy Industries Material Handling Systems Co., Ltd.
April 2022	Vice President of the Company
January 2025	Senior Vice President, General Manager of Ehime Works, General Manager of Logistics & Construction Segment
January 2026	Executive Vice President, General Manager of Ehime Works, General Manager of Logistics & Construction Segment, to date

Significant Positions Held at Other Companies

None

Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Reasons for Selection as Candidate for Director

Mr. Haruhiko Tsuzuki was appointed as Representative Director, President of Sumitomo Heavy Industries Material Handling Systems Co., Ltd. in 2021, after which he was appointed as Vice President of the Company in 2022, as Senior Vice President in 2025, and then promoted to Executive Vice President in January 2026. Since then, he has been promoting efforts for business growth as the person in charge of the Logistics & Construction Segment.

Since he has a high-level of management knowledge and supervising ability, the Company has determined that he is qualified to serve as a Director of the Company, and hereby requests his appointment.

No. 5

Masaki Arai

New Candidate

(Born on January 19, 1965)



Number of shares of the
Company held
2,887 shares

Career Summary, and Positions and Responsibilities at the Company

April 1989	Joined the Company
April 2008	General Manager of Planning & Control Department of S. H. I. Examination & Inspection Ltd.
April 2012	General Manager of Planning & Control Department, Precision Equipment Group of the Company
February 2015	General Manager of Ningbo Sumiju Machinery, Ltd.
July 2017	General Manager of Planning & Control Department, Plastic Machinery Division of the Company
October 2019	General Manager of Planning & Control Department of Shin Nippon Machinery Co., Ltd.
April 2020	Director, General Manager of Planning & Control Department of Shin Nippon Machinery Co., Ltd.
April 2022	Director of Corporate Planning Department, Corporate Planning Group of the Company
January 2023	General Manager of Corporate Planning Department, Corporate Planning Group
January 2024	Vice President, General Manager of Corporate Planning Group
January 2025	Senior Vice President, General Manager of Corporate Planning Group
January 2026	Executive Vice President, General Manager of Corporate Global Strategy Group, to date

Significant Positions Held at Other Companies

None

Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Reasons for Selection as Candidate for Director

After serving as the person in charge of planning and control for the business divisions and subsidiaries and affiliates, Mr. Masaki Arai was appointed as Vice President and General Manager of Corporate Planning Group in 2024, as Senior Vice President in 2025, and then promoted to Executive Vice President in January 2026, where he oversees strategy formulation related to the management issues of the Company Group. He is also involved in formulating Medium-Term Management Plan 2026, which started in 2024, and has been striving to enhance the Company's corporate value.

Since he has a high-level of management knowledge and supervising ability, the Company has determined that he is qualified to serve as a Director of the Company, and hereby requests his appointment.

No. 6

Susumu Takahashi

Reappointment

Outside

Independent

Nomination

Compensation

(Born on January 28, 1953)



Number of shares of the
Company held
0 shares

Tenure as Director
11 years and 9 months

Attendance at Board of
Directors Meetings
**14/15 meetings
(93%)**

Career Summary, and Positions and Responsibilities at the Company

April 1976	Joined the Sumitomo Bank, Limited (resigned in January 2004)
February 2004	Counselor of The Japan Research Institute, Limited
August 2005	Director General for Economic Research, Cabinet Office
August 2007	Vice Chairman of The Japan Research Institute, Limited
June 2011	Chairman of The Japan Research Institute, Limited
June 2014	Outside Director of the Company , to date
April 2018	Chairman Emeritus of The Japan Research Institute, Limited (resigned in January 2023)

Significant Positions Held at Other Companies

None

Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Reasons for Selection as Candidate for Outside Director and Outline of Expected Role

Although Mr. Susumu Takahashi has no experience in corporate management other than serving as Outside Director, he possesses high-level knowledge in economy and management, and has broad experience of actual professional practice in both private sector and government institutions.

The Company looks forward to Mr. Takahashi providing advice for its sustainable growth and the improvement of its corporate value, and his supervision of the Company's management. Also, he has performed his duties through his proactive comments at Board of Directors meetings and through his activities as a member of the Nomination Committee and a member of the Compensation Committee, so the Company has determined that he is qualified to serve as an Outside Director of the Company, and hereby requests his reappointment.

If he is appointed as a Director, based on high-level knowledge and broad experience in economy and management, he will supervise the Company's management and provide advice. At the same time, as a member of the Nomination Committee and a member of the Compensation Committee, he will participate in the appointment of candidates for officers and the decision of officer remuneration from an independent standpoint.

- The Company has designated Mr. Susumu Takahashi as an independent officer and notified the Tokyo Stock Exchange to that effect.
- The Company has entered into a contract with Mr. Susumu Takahashi to limit his liability for damages under Article 423, paragraph 1 of the Companies Act to ¥10 million or the minimum amount of liability as provided in Article 425, paragraph 1 of the Companies Act, whichever is higher. If his reappointment is approved, the Company intends to continue the limitation of liability contract with Mr. Takahashi.

No. 7

Akio Hamaji

Reappointment

Outside

Independent

Nomination (Chairperson)

Compensation (Chairperson)

(Born on July 13, 1954)



Number of shares of the Company held
0 shares

Tenure as Director
5 years and 9 months

Attendance at Board of Directors Meetings
15/15 meetings (100%)

Career Summary, and Positions and Responsibilities at the Company

April 1979	Joined Mitsubishi Mining & Cement Co., Ltd.
June 2007	Executive Officer, General Manager, Corporate Planning Div. of Mitsubishi Materials Corporation
June 2010	Senior Executive Officer, General Manager, Corporate Planning Div. of Mitsubishi Materials Corporation
June 2012	Managing Director of Mitsubishi Materials Corporation
April 2015	Executive Vice President of Mitsubishi Materials Corporation
April 2016	President of Mitsubishi Aluminum Company, Ltd.
December 2019	Outside Director of Japan Best Rescue System Co., Ltd.
June 2020	Outside Director of the Company , to date

Significant Positions Held at Other Companies

None

Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Reasons for Selection as Candidate for Outside Director and Outline of Expected Role

Mr. Akio Hamaji has long experience of actual professional practice as a manager and is well-versed in corporate management. Such extensive experience and ample knowledge will be extremely useful for the Company.

The Company looks forward to Mr. Hamaji providing advice for its sustainable growth and the improvement of its corporate value, and his supervision of the Company's management. Also, he has performed his duties through his proactive comments at Board of Directors meetings and through his activities as the Chair of the Nomination Committee and the Chair of the Compensation Committee, so the Company has determined that he is qualified to serve as an Outside Director of the Company, and hereby requests his reappointment.

If he is appointed as a Director, based on long and ample experience as a manager, he will continue to supervise the Company's management and provide advice. At the same time, as the Chair of the Nomination Committee and the Chair of the Compensation Committee, he will participate in the appointment of candidates for officers and the decision of officer remuneration from an independent standpoint.

- The Company has designated Mr. Akio Hamaji as an independent officer and notified the Tokyo Stock Exchange to that effect.
- The Company has entered into a contract with Mr. Akio Hamaji to limit his liability for damages under Article 423, paragraph 1 of the Companies Act to ¥10 million or the minimum amount of liability as provided in Article 425, paragraph 1 of the Companies Act, whichever is higher. If his reappointment is approved, the Company intends to continue the limitation of liability contract with Mr. Hamaji.

No. 8

Sumie Morita

Reappointment

Outside

Independent

Nomination

Compensation

(Born on May 8, 1960)



Number of shares of the Company held
0 shares

Tenure as Director
3 years

Attendance at Board of Directors Meetings
15/15 meetings (100%)

Career Summary, and Positions and Responsibilities at the Company

April 1983	Joined Fujitsu Limited
July 2005	Project Manager, SEI CMMI L3 Certification Project Promotion Department, Communications Division, Fujitsu Limited
September 2006	General Manager of Next Generation Network BT21CN Project Promotion Department, Fujitsu Limited
October 2008	Project General Manager, Network Product Global Product Planning Department, Fujitsu Limited
October 2010	General Manager, Department of Network Product Software Development for Transmission Device for North America, Fujitsu Limited
April 2014	Chief Research Officer, Manufacturing Technology Laboratory of Fujitsu Laboratories Ltd.
November 2015	Chief Research Officer, Software Research Laboratory of Fujitsu Laboratories Ltd. Senior Director, Common Software Technology Department, Fujitsu Limited
January 2018	Chief Manager of Air Conditioning System Development Department, Fujitsu General Limited
April 2019	Corporate Executive of Fujitsu General Limited (in charge of Air Conditioning System Development)
April 2022	Professor, Department of Information and Computer Science, Faculty of Systems Science and Technology of Akita Prefectural University, to date
March 2023	Outside Director of the Company, to date
June 2024	Outside Director of Nihon Kohden Corporation, to date
June 2025	Outside Director of BUNKA SHUTTER CO., LTD., to date

Significant Positions Held at Other Companies

Professor, Department of Information and Computer Science, Faculty of Systems Science and Technology of Akita Prefectural University
Outside Director of Nihon Kohden Corporation
Outside Director of BUNKA SHUTTER CO., LTD.

Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Reasons for Selection as Candidate for Outside Director and Outline of Expected Role

Ms. Sumie Morita has extensive experience of actual professional practice as a developer of products in the area of telecommunications and information networks. In addition, she has engaged in corporate management serving as Corporate Executive. Such extensive experience and ample knowledge will be extremely useful for the Company. The Company looks forward to Ms. Morita providing valuable advice for its sustainable growth and the improvement of its corporate value, and her supervision of the Company's management. Also, she has performed her duties through her proactive comments at Board of Directors meetings and through her activities as a member of the Nomination Committee and a member of the Compensation Committee, so the Company has determined that she is qualified to serve as an Outside Director of the Company, and hereby requests her reappointment.

If she is appointed as a Director, based on long and ample experience in the information network area as well as that as a manager, she will continue to supervise the Company's management and provide advice. At the same time, as a member of the Nomination Committee and a member of the Compensation Committee, she will participate in the appointment of candidates for officers and the decisions about officer remuneration from an independent standpoint.

- The Company has designated Ms. Sumie Morita as an independent officer and notified the Tokyo Stock Exchange to that effect.
 - The Company has entered into a contract with Ms. Sumie Morita to limit her liability for damages under Article 423, paragraph 1 of the Companies Act to ¥10 million or the minimum amount of liability as provided in Article 425, paragraph 1 of the Companies Act, whichever is higher. If her reappointment is approved, the Company intends to continue the limitation of liability contract with Ms. Morita.
-



Number of shares of the
Company held
0 shares

Career Summary, and Positions and Responsibilities at the Company

April 1989	Joined Mitsubishi Kasei Corporation
April 2009	General Manager of Commercialization Promotion Department of Mitsubishi Chemical Group Science and Technology Research Center, Inc.
April 2010	Deputy Secretary General of Global Compact Network Japan
April 2012	Manager of KAITEKI Group, Corporate Strategy Office of Mitsubishi Chemical Holdings Corporation
September 2014	Administrative Deputy Chief of Center for Personnel Interchanges between the Government and Private Entities of Cabinet Office Deputy Director General for Gender Equality Bureau of Cabinet Offices Deputy Secretary General of Promotion Office for Creating a Society in Which All Women Shine and the Headquarters for the Promotion of Gender Equality of Cabinet Secretariat
October 2016	Manager of Business Development Group, Functional Chemistry Planning Office, Performance Products Division of Mitsubishi Chemical Corporation
April 2017	Senior Associate Director, General Manager of Information, Electronics & Display Planning Department of Mitsubishi Chemical Corporation
April 2018	Executive Officer, General Manager of Information, Electronics & Display Planning Department of Mitsubishi Chemical Corporation
April 2019	Executive Officer, General Manager of Development Division, General Manager of R&D Promotion Department of Mitsubishi Chemical Corporation
April 2021	President of Mitsubishi Chemical Research Corporation (resigned in March 2025)

Significant Positions Held at Other Companies

None

Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Reasons for Selection as Candidate for Outside Director and Outline of Expected Role

Ms. Miho Hanafusa has an extensive track record in research and development, commercialization, and sustainability promotion, as well as practical experience as a manager. She has also engaged in public-private partnerships and promoting women's active participation in government agencies, and has worked hard to resolve social issues. Such extensive experience and ample knowledge will be extremely useful for the Company.

The Company looks forward to Ms. Hanafusa providing valuable advice for its sustainable growth and the improvement of its corporate value, and her supervision of the Company's management. In light of her abilities, the Company has determined that she is qualified to serve as an Outside Director of the Company, and hereby requests her appointment.

If she is appointed as a Director, based on her long and ample track record and experience as a manager, she will supervise the Company's management and provide advice. At the same time, as a member of the Nomination Committee and a member of the Compensation Committee, she will participate in the appointment of candidates for officers and the decision of officer remuneration from an independent standpoint.

- The Company has designated Ms. Miho Hanafusa as an independent officer and notified the Tokyo Stock Exchange to that effect.
- If the appointment of Ms. Miho Hanafusa is approved, the Company intends to enter into a contract with her to limit her liability for damages under Article 423, paragraph 1 of the Companies Act to ¥10 million or the minimum amount of liability as provided in Article 425, paragraph 1 of the Companies Act, whichever is higher.

Agenda Item 3: Election of Two Corporate Auditors

The term of office of Corporate Auditor Hideo Suzuki will expire at the close of this General Meeting, and Corporate Auditor Shoji Uchida will resign at the close of this General Meeting. Therefore, the election of two Corporate Auditors is requested.

With regard to this agenda item, the consent of the Board of Corporate Auditors has been obtained.

The candidates for Corporate Auditor are as follows:

No. 1	Hideo Suzuki	Male Reappointment (Born on January 7, 1960)																
 Number of shares of the Company held 16,268 shares Tenure as Corporate Auditor 3 years and 9 months Attendance at Board of Directors Meetings 15/15 meetings (100%) Attendance at Board of Corporate Auditors Meetings 15/15 meetings (100%)	<p>Career Summary and Positions at the Company</p> <table border="0"> <tr><td>April 1982</td><td>Joined the Company</td></tr> <tr><td>April 2012</td><td>General Manager of Corporate Finance, Accounting & Administration Group</td></tr> <tr><td>April 2014</td><td>Senior Vice President, General Manager of Corporate Finance, Accounting & Administration Group</td></tr> <tr><td>April 2018</td><td>Executive Vice President, General Manager of Corporate Finance, Accounting & Administration Group</td></tr> <tr><td>June 2018</td><td>Director and Executive Vice President, General Manager of Corporate Finance, Accounting & Administration Group</td></tr> <tr><td>April 2019</td><td>Director and Executive Vice President & CFO</td></tr> <tr><td>April 2022</td><td>Director</td></tr> <tr><td>June 2022</td><td>Corporate Auditor, to date</td></tr> </table> <p>Significant Positions Held at Other Companies None</p> <p>Special Interest between Candidate and the Company The candidate has no special interest in the Company.</p> <p>Reasons for Selection as Candidate for Corporate Auditor After being appointed as General Manager of Corporate Finance, Accounting & Administration Group in 2012, Mr. Hideo Suzuki was appointed as a Senior Vice President in 2014, and a Director and Executive Vice President in 2018. As CFO since 2019, he has been working to manage the Company Group's operating performance and maintain financial discipline in the Company's investment activities targeting growth. Since his appointment as Corporate Auditor in 2022, he has been engaged in effective auditing activities for the Company's management. Since he has a high-level of management knowledge and extensive experience, the Company has determined that he is capable of working with other Corporate Auditors to fulfill his responsibilities as a Corporate Auditor, and hereby requests his reappointment.</p> <p>➤ The Company has entered into a contract with an insurance company for directors and officers liability insurance, which is stipulated in Article 430-3, paragraph 1 of the Companies Act, designating all the Directors and Corporate Auditors (hereinafter referred to as "Directors, etc.") as the insured persons. This insurance covers the damage that arises when Directors, etc. take responsibility for the execution of duties or when receiving a claim to pursue their responsibilities (however, the matters that fall into the category of an exemption are excluded). If the reappointment of Mr. Hideo Suzuki is approved, he will be covered with the insurance. After the maturity of the contract term, the contract will be renewed based on the resolution of the Board of Directors meetings.</p>		April 1982	Joined the Company	April 2012	General Manager of Corporate Finance, Accounting & Administration Group	April 2014	Senior Vice President, General Manager of Corporate Finance, Accounting & Administration Group	April 2018	Executive Vice President, General Manager of Corporate Finance, Accounting & Administration Group	June 2018	Director and Executive Vice President, General Manager of Corporate Finance, Accounting & Administration Group	April 2019	Director and Executive Vice President & CFO	April 2022	Director	June 2022	Corporate Auditor , to date
April 1982	Joined the Company																	
April 2012	General Manager of Corporate Finance, Accounting & Administration Group																	
April 2014	Senior Vice President, General Manager of Corporate Finance, Accounting & Administration Group																	
April 2018	Executive Vice President, General Manager of Corporate Finance, Accounting & Administration Group																	
June 2018	Director and Executive Vice President, General Manager of Corporate Finance, Accounting & Administration Group																	
April 2019	Director and Executive Vice President & CFO																	
April 2022	Director																	
June 2022	Corporate Auditor , to date																	

No. 2

Kazunori Jikihara

Male

New Candidate

(Born on April 6, 1962)



Number of shares of the
Company held
698 shares

Career Summary and Positions at the Company

April 1985 Joined the Company
April 2014 Senior Engineer of Materials Technology Department, Technology Research Center, Corporate Technology Management Group
June 2017 General Manager of Materials Technology Department, Technology Research Center, Corporate Technology Management Group
April 2022 General Manager of Corporate Quality Group
January 2026 **Director of Corporate Quality Group**, to date

Significant Positions Held at Other Companies

None

Special Interest between Candidate and the Company

The candidate has no special interest in the Company.

Reasons for Selection as Candidate for Corporate Auditor

Mr. Kazunori Jikihara has held key positions in the technology division and has contributed to technology development in the Company over a long period. Since he was appointed as General Manager of Corporate Quality Group in 2022, he has worked on corporate management and product quality improvement.

Since he has broad technology and management quality knowledge and extensive experience, the Company has determined that he is capable of working with other Corporate Auditors to fulfill his responsibilities as a Corporate Auditor, and hereby requests his appointment.

➤ The Company has entered into a contract with an insurance company for directors and officers liability insurance, which is stipulated in Article 430-3, paragraph 1 of the Companies Act, designating all the Directors and Corporate Auditors (hereinafter referred to as "Directors, etc.") as the insured persons. This insurance covers the damage that arises when Directors, etc. take responsibility for the execution of duties or when receiving a claim to pursue their responsibilities (however, the matters that fall into the category of an exemption are excluded). If the appointment of Mr. Kazunori Jikihara is approved, he will be covered with the insurance. After the maturity of the contract term, the contract will be renewed based on the resolution of the Board of Directors meetings.

(Reference) The Policies on and Procedures for Nominating Corporate Auditor Candidates and the SKILLS MATRIX OF THE BOARD OF DIRECTORS stipulated by the Company are stated on pages 19 and 22 to 23.

(Reference) Corporate Governance of the Company

Policies on and Procedures for Nominating Director Candidates

1. The Company's Director candidates shall be nominated from those who satisfy the matters specified in each of the following items:
 - (i) a person who has excellent character, insights, and abilities, as well as a great sense of ethics;
 - (ii) a person who has the capability to view the overall management system of the Company, the intrinsic sense of risks, and extensive knowledge on management; and
 - (iii) a person who may understand and embody the Sumitomo's business philosophy and the Company Group's business principles, among others.
2. In nominating Director candidates, the Company shall consider the balance of the expertise and experience (including management and business experience and experience in developing global business) of each Director candidate, and diversity, among other factors, to be able to realize effective corporate governance by the Board of Directors as a whole.
3. Inside Director candidates shall be nominated also in consideration of their association with the Company's management strategy and business scope, and their past experience in management, business, and their specialized areas, among other fields.
4. Outside Director candidates shall be nominated in consideration of not only their role to supervise the Company's management independently from the management team and appropriately reflect stakeholders' viewpoints, but also of their abundant experience as a manager or extensive knowledge on management, among other factors.
5. Director candidates shall be determined after deliberation at a Board of Directors meeting following examination by and reporting of the Nomination Committee, an advisory body to the Board of Directors.

Policies on and Procedures for Nominating Corporate Auditor Candidates

1. The Company's Corporate Auditor candidates (including alternative Corporate Auditor candidates; the same will apply hereinafter) shall be nominated from those who satisfy the matters specified in each of the following items and who have the ability to make appropriate judgements from an independent and objective standpoint:
 - (i) a person who has excellent character, insights, and abilities, as well as a great sense of ethics;
 - (ii) a person who has the capability to view the overall management system of the Company, the intrinsic sense of risks, and extensive knowledge on management; and
 - (iii) a person who may understand and embody the Sumitomo's business philosophy and the Company Group's business principles, among others.
2. In nominating Corporate Auditor candidates, the Company shall consider the balance of the expertise and experience (including management and business experience) of each Corporate Auditor candidate, and diversity, among other factors, to be able to realize effective audits by the Board of Corporate Auditors. In addition, the Company shall nominate at least one candidate who has appropriate knowledge on finance and accounting.
3. Inside Corporate Auditor candidates shall be nominated also in consideration of their understanding about the Company's management strategy, management, and business.
4. Outside Corporate Auditor candidates shall be nominated also in consideration of their abundant experience as a manager and extensive knowledge on finance, accounting, and legal affairs, among other areas.
5. Corporate Auditor candidates shall be determined after deliberation at a Board of Directors meeting following examination by and reporting of the Nomination Committee, an advisory body to the Board of Directors, and consent of the Board of Corporate Auditors.

Independence Standards for Outside Officers

1. If none of the following items apply to an Outside Director or an Outside Corporate Auditor, the Company shall consider the Outside Director or the Outside Corporate Auditor to be independent from the Company. However, (xiv) below shall only apply to an Outside Corporate Auditor.
 - (i) A person who is or was a person performing an executive role (*1) at the Company Group (*2).
 - (ii) A person who is a certified public accountant and is the Company's independent auditor or a certified public accountant who belongs to the audit firm that is the Company's independent auditor.
 - (iii) A consultant, an accounting expert, or a legal expert who receives large amount of money or other property (*3) other than officer remuneration from the Company (if the person who receives such property is an organization such as a corporation, a person who belongs to such organization).
 - (iv) A shareholder who owns shares of 10% or more of the Company's total voting rights as of the last day of the last fiscal year (if such shareholder is an organization such as a corporation, a person performing an executive role therein).
 - (v) A person performing an executive role in a corporation whose shares of 10% or more of its total voting rights are owned by the Company as of the last day of the last fiscal year.
 - (vi) A person who is a principal business counterparty of the Company (*4) (if such person is an organization such as a corporation, a person performing an executive role therein).
 - (vii) A person to whom the Company is a principal business counterparty (*5) (if such person is an organization such as a corporation, a person performing an executive role therein).
 - (viii) A person who is a principal lender to the Company (*6) (if such lender is an organization such as a corporation, a person performing an executive role at such organization or its parent company).
 - (ix) A person who receives donations of over ¥10 million annually on average over the last three fiscal years from the Company (if such person is an organization such as a corporation, a person performing an executive role therein).
 - (x) A spouse or a relative within the second degree of kinship of a person to whom any of (i) through (ix) above applies (excluding an unimportant person (*7)).
 - (xi) A person to whom any of (ii) through (ix) above applies within the last three years.
 - (xii) A spouse or a relative within the second degree of kinship of a person to whom any of (i) through (ix) above applies within the last three years (excluding an unimportant person).
 - (xiii) A person performing an executive role in another company with which the Company has a mutual appointment relationship of Outside Officers (*8).
 - (xiv) A spouse or a relative within the second degree of kinship of a person to whom (a) or (b) below applies:
 - (a) a person who is a director performing a nonexecutive role in the Company's subsidiary; or
 - (b) a person who falls under (a) above or a Director performing a nonexecutive role at the Company within the last one year.
- (*1) A person performing an executive role refers to an executive director, a Statutory Executive Officer, an Executive Officer, or an employee including a manager (in the case of an organization such as a corporation other than a stock company, an officer, a member, or an employee performing an executive role in such organization).
- (*2) The Company Group refers to the Company and its subsidiaries and affiliated companies.
- (*3) A large amount of money or other property refers to money or other property received by a person if such person received the same over the last three fiscal years with an average amount of (i) ¥10 million or more annually if such person is an individual, or (ii) 2% or more of such

person's average annual consolidated sales if such person is an organization such as a corporation.

- (*4) A person who is a principal business counterparty of the Company is a person to whom the Company's average annual sales over the last three fiscal years comprise 2% or more of the Company's average annual consolidated sales.
 - (*5) A person to whom the Company is a principal business counterparty is a person to whom the Company's average annual payment over the last three fiscal years comprises 2% or more of such person's average annual consolidated sales.
 - (*6) A person who is a principal lender to the Company refers to a person from whom the Company's average balance of borrowings over the last three fiscal years exceeds 2% of the Company's consolidated total assets as of the last day of the last fiscal year.
 - (*7) An unimportant person refers to (i) with regard to a person performing an executive role, a person other than a Director, a Statutory Executive Officer, or an Executive Officer, and (ii) with regard to a specialized advisory firm (an audit firm, law firm, etc.) in consulting-related matters, a person other than a member or a partner (an associate or an employee).
 - (*8) A mutual appointment relationship of Outside Officers refers to a relationship where a person performing an executive role who belongs to the Company is an Outside Officer of another company, and a person performing an executive role who belongs to such other company is an Outside Officer of the Company.
2. Even if any of the items in 1. above apply to an Outside Director or an Outside Corporate Auditor, the Company may appoint such Outside Director or Outside Corporate Auditor as an Independent Outside Director or an Independent Outside Corporate Auditor when it determines that such person is suitable for its Independent Outside Director or Independent Outside Corporate Auditor upon considering such person's character and insight, among others, provided that, it shall publicly provide an explanation as to why it has determined that there is no possibility of a conflict of interest with general shareholders.

SKILLS MATRIX OF THE BOARD OF DIRECTORS

Composition of the Company's Board of Directors and Approach to Attributes Necessary for the Board of Directors

The Company Group shall have “Sumitomo’s business philosophy” as the basis of the management, and in the business principles, “We will aim to become a machinery manufacturer that continues to provide excellent products and services to the world” and “With integrity being a key principle in the Group, we will contribute towards society by gaining high respect and confidence from all stakeholders” as the corporate mission statement. The Company shall strive for sustainable development and improvement of corporate value through the resolution of social issues by providing excellent products and services globally, supported by solid technologies.

The composition of the Board of Directors shall be determined after considering the necessary attributes of the Board of Directors (primary areas of experience and expertise) in embodying these business principles and conducting highly effective supervision over the management.

Necessary Attributes of the Board of Directors (Primary Areas of Experience and Expertise)

If Agenda Item 2 and Agenda Item 3 are approved and adopted in their original form, the primary areas of experience and expertise held by individual Directors and Corporate Auditors will be as follows:

*The table below does not present all knowledge and expertise of Directors and Corporate Auditors.

	Name	Independent Outside Directors	Gender	Tenure	Primary Areas of Experience and Expertise						
					Corporate Management	Legal Affairs/ Compliance/ Risk Management	ESG/ Sustainability	Business Strategy/ Marketing	Global	Technology/ IT/ Production	Finance/ Accounting
Directors	Shinji Shimomura		Male	9 years and 9 months	✓	✓	✓		✓	✓	
	Toshiro Watanabe		Male	3 years and 9 months			✓				✓
	Tatsuro Araki		Male	3 years		✓		✓	✓	✓	
	Haruhiko Tsuzuki		Male			✓		✓		✓	
	Masaki Arai		Male			✓	✓	✓	✓		
	Susumu Takahashi	*	Male	11 years and 9 months	✓	✓	✓		✓		
	Akio Hamaji	*	Male	5 years and 9 months	✓	✓	✓		✓	✓	✓
	Sumie Morita	*	Female	3 years			✓		✓	✓	
	Miho Hanafusa	*	Female		✓	✓	✓			✓	
Corporate Auditors	Hideo Suzuki		Male	3 years and 9 months		✓	✓				✓
	Kazunori Jikihara		Male			✓				✓	
	Masaichi Nakamura	*	Male	8 years and 9 months		✓	✓				✓
	Mio Minaki	*	Female	2 years		✓	✓				
	Hajime Watanabe	*	Male	1 year		✓			✓		✓

Reasons for Selecting Necessary Attributes of the Board of Directors

Item	Necessity and Reasons for Selection
Corporate Management	In the midst of a substantially changing environment surrounding businesses, it will become necessary to indicate the direction of the Company (corporate strategies) and make quick business decisions, based on business principles, in order to respond to changes quickly, develop in a sustainable manner and improve corporate value.
Legal Affairs /Compliance /Risk Management	Under Sumitomo's business philosophy, it will be required for the continued Company Group's sustainable development and improvement of corporate value, in order to promote risk management, taking into account compliance based on business principles, the ethics code and the laws.
ESG /Sustainability	In the midst of emphasizing the role of companies for the realization of a sustainable society, it will become necessary to improve social value as a company while solving social issues, in order for the Company Group to develop in a sustainable manner and improve corporate value.
Business Strategy /Marketing	It will be necessary to develop and implement realistic and specific business and marketing strategies in order to realize corporate strategies and achieve the Medium-Term Management Plan we commit to.
Global	Experience in global business, and extensive experience in understanding overseas cultures, environments, etc. will be necessary to continue providing excellent products and services to the world.
Technology /IT /Production	In order to be a machinery manufacturer that continues to provide excellent products and services to the world, it will be necessary to continue providing high-quality products and solutions, supported by solid technologies, and this will in turn require knowledge and experience in technology, IT and production.
Finance /Accounting	Knowledge and experience in finance and accounting will be required to realize accurate financial reporting, development of a resilient corporate structure, and growth investments that contribute to sustainable development and improvement of corporate value.

Policies on and Procedures for Determining the Remuneration of Directors and Executive Officers

1. The remuneration of the Company's Directors and Executive Officers shall consist of basic remuneration, performance-linked remuneration, and stock-based remuneration.
2. The performance-linked remuneration outlined in the preceding paragraph shall consist of the dividend-linked basic remuneration that fluctuates based on the Company's annual dividend and the division's performance-linked basic remuneration. For the division's performance-linked basic remuneration, various management indicators shall be established to evaluate the performance of the Company and its divisions, and there shall be a structure to determine remuneration based on those indicators. The remuneration of executive directors in charge of operational divisions shall reflect the performance of the operational division of which they are in charge. The aim of stock-based remuneration is to improve awareness about the need to help enhance performance and increase corporate value in the medium to long term by having Directors share in profits and risks due to changes in the stock price with shareholders. Each Director is issued the Company's shares via a trust that is set up under the stock-based remuneration system. The timing at which the Directors receive the issuance of the Company's shares shall in principle be upon retirement.
3. The remuneration of Outside Directors shall consist only of basic remuneration as they shall assume the responsibility to supervise management independently from the business execution division.
4. The remuneration of Directors and Executive Officers shall be determined after deliberation at a Board of Directors meeting following reports on the remuneration system and standards by the Compensation Committee, an advisory body to the Board of Directors.

Summary of the Evaluation Results of the Effectiveness of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors every year aiming to improve the function of the Board of Directors through the ongoing process to verify if the Board of Directors is functioning properly and takes necessary measures to improve the issues and reinforce it based on the results.

A summary of the evaluation results of the effectiveness of the Board of Directors for FY2024 is listed on the Company's website. A summary of the evaluation results for FY2025 is to be posted on the Company's website by the end of March 2026.

<https://www.shi.co.jp/english/csr/governance/corporate/structure.html>

Corporate Governance

The Company has established the Corporate Governance Basic Policy of Sumitomo Heavy Industries, Ltd. The Company is making efforts to enhance its corporate governance, aiming to establish an efficient and highly transparent management structure, in order to increase the Company Group's corporate value and further enhance its reputation among and trustfulness of all stakeholders.

Corporate Governance Basic Policy of Sumitomo Heavy Industries, Ltd.

The Company's website

English <https://www.shi.co.jp/english/ir/policy/governance/index.html>

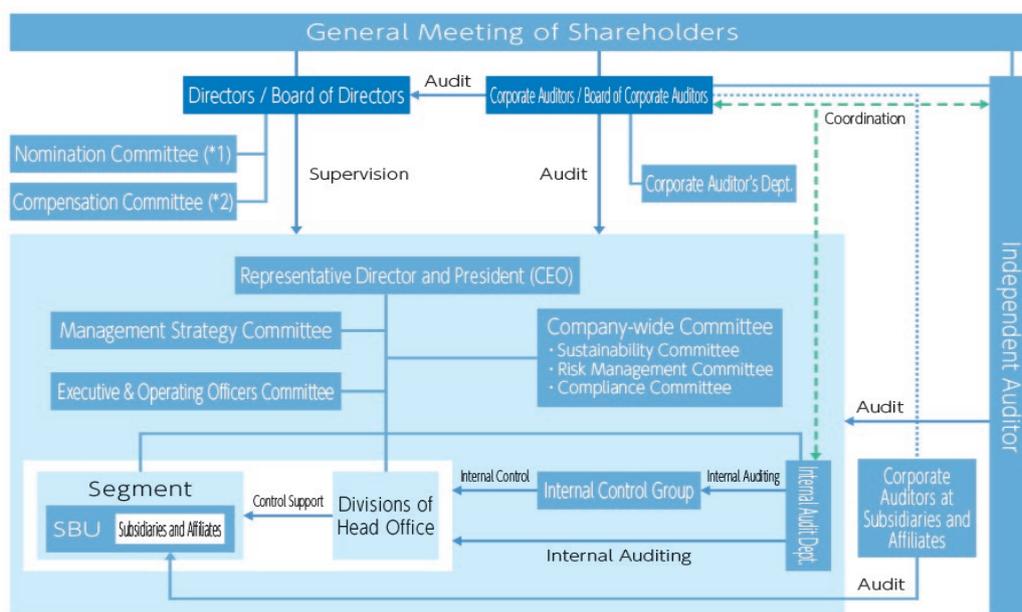


Corporate Governance System

The Company has adopted the company with a board of corporate auditors system and, within this framework, introduced an executive officer system to separate the business execution and supervision functions of corporate management.

The Company has a Board of Directors, comprising 11 Directors (the fixed number is 12), of whom four are Outside Directors whose role is to supervise management from an independent standpoint and are in charge of appropriately reflecting the stakeholders' perspective.

The Board of Corporate Auditors is comprised of five Corporate Auditors (the fixed number is five), including three Outside Corporate Auditors. The Outside Corporate Auditors have advanced specialist knowledge and a wealth of experience in various fields and the Standing Corporate Auditors have specialist knowledge and a wealth of experience of the Company's management. They utilize these and provide highly effective audits, as well as provide opinions to the management actively in the meetings of the Board of Directors, etc.



- *1 The Nomination Committee comprises members that include Outside Directors, and examines and reports regarding the nomination of Director and Corporate Auditor candidates, the dismissal of Directors and Corporate Auditors, and the appointment and removal of the Directors with a managerial position and representative Director, among other matters, upon an inquiry from the Board of Directors. The Nomination Committee also confirms the successor plans each year for the CEO and other key executives, and reports the progress to the Board of Directors.
- *2 The Compensation Committee comprises members that include Outside Directors, and deliberates and reports regarding the remuneration system and standards of Directors and Executive Officers, among other matters, upon an inquiry from the Board of Directors.

BUSINESS AND FINANCIAL REPORT

(January 1, 2025 through December 31, 2025)

I. CURRENT STATUS OF THE COMPANY GROUP

1. PERFORMANCE AND RESULTS OF OPERATIONS

Financial Highlights

- ▶ Orders: Increased across all segments due to a general recovery in demand
- ▶ Net sales: Increased in the Mechatronics segment but decreased in the Industrial Machinery and Logistics & Construction segments, reflecting lower orders received in the previous fiscal year
- ▶ Operating income: Declined partly in response to a decrease in sales in the Industrial Machinery and Logistics & Construction segments
- ▶ Net income attributable to shareholders of the parent company: Increased due to a decrease in extraordinary losses

In the fiscal year under review, the management environment surrounding the Company Group experienced a gradual economic recovery in Japan. Overseas, the U.S. remained robust despite lingering uncertainty over trade policy, Europe showed signs of an economic recovery, and China also exhibited some increase in demand despite an economic stagnation. Amid this environment, the Company Group executed measures under the Medium-Term Management Plan 2026, such as improving profitability, enhancing capital efficiency, and strengthening new business exploration as well as making enhanced contributions to Sustainable Development Goals (SDGs) and strengthening initiatives to reduce environmental burden, in order to develop a robust entity, with the aim of increasing corporate value in a sustainable manner by solving social issues through products and services.

As a result, the Company Group's results for the fiscal year under review were as follows.

Orders

¥1,158.4 billion

a 24% increase from the previous fiscal year

Operating income

¥51.5 billion

a 7% decrease from the previous fiscal year

Net income attributable to shareholders of the parent company

¥30.9 billion

a 301% increase from the previous fiscal year

Net sales

¥1,066.9 billion

a 0.4% decrease from the previous fiscal year

Ordinary income

¥47.3 billion

a 4% decrease from the previous fiscal year

ROIC

4.2%

4.8% in the previous fiscal year

Orders, Net Sales and Operating Income by Segment of the Company Group

(Billions of yen)

Segment	Orders		Net Sales		Operating Income	
	FY2024	FY2025	FY2024	FY2025	FY2024	FY2025
Mechatronics	242.1	275.3	256.4	271.2	11.7	19.0
Industrial Machinery	206.0	225.1	234.0	222.6	12.3	4.2
Logistics & Construction	339.7	399.1	392.5	388.9	25.3	14.0
Energy & Lifeline	141.8	252.7	182.0	177.6	3.8	12.1
Other	6.5	6.3	6.2	6.5	2.0	2.1
Total	936.1	1,158.4	1,071.1	1,066.9	55.1	51.5

- Notes: 1. Figures indicated in this Business and Financial Report are rounded off for fractions less than units.
2. In FY2025 (the 130th term), we reorganized businesses between the Mechatronics segment and the Industrial Machinery segment with the aims of streamlining segment management and promoting synergies. Accordingly, comparative information presented for FY2024 (the 129th term) has been prepared based on the post-reorganization segment classification.

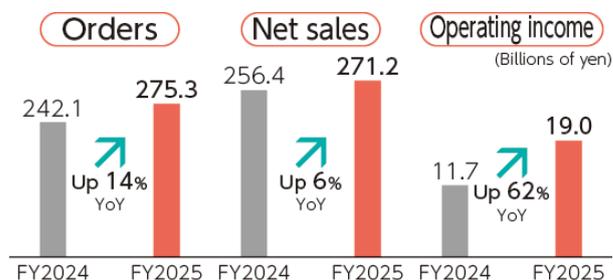
Mechatronics

Principal Business:

Power Transmission and Control Equipment, Motors, Inverters, Cryogenic Equipment, Precision-Positioning Stages



Orders, sales, and operating income increased due to recovery in demand in power transmission and control equipment both in Japan and overseas, completion of inventory adjustments among customers in Europe in motors and inverters, and higher demand for semiconductor-related products in cryogenic equipment.



TOPICS

We have joined the Kyoto Humanoid Association (KyoHA), a new organization aiming to revive Japan's humanoid robot industry. We will contribute to the creation of a domestic humanoid robot market by utilizing our expertise cultivated through the R&D of gear reducers and actuators suitable for humanoid robots.

Industrial Machinery

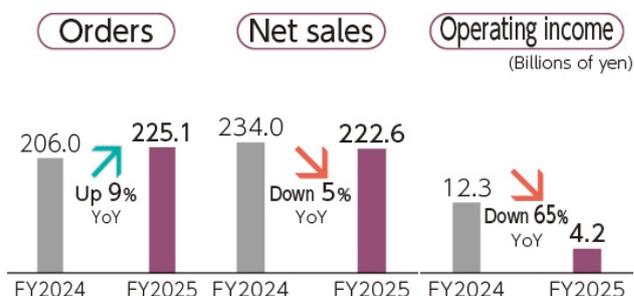
Principal Business:

Plastic Injection Molding Machines, Extrusion Laminator Machines, Precision Forgings, Semiconductor Manufacturing Equipment, Cyclotrons, Medical Equipment, Forging Machines, Air-Conditioner, Defense Equipment



In the plastics machinery business, orders, sales, and operating income increased partly due to a last-minute surge in orders received ahead of price revisions.

For other businesses, whereas orders increased due to large orders for medical equipment, sales and operating income decreased as a result of lower order backlogs for semiconductor-related products.



TOPICS

We are working to expand business by strengthening integration and coordination of ion implanters and laser annealing equipment. We established the Semiconductor Equipment Business Promotion Office to address integration and coordination issues, and plan to establish production capacity in 2027 at four times that of the 2025 level in laser annealing equipment.

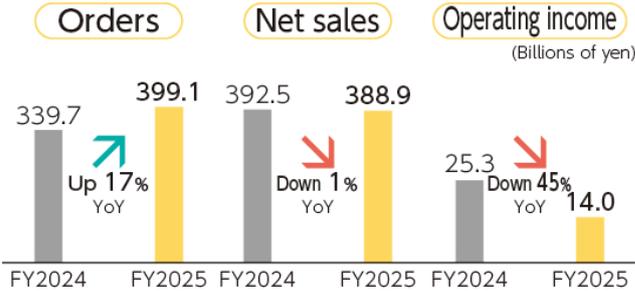
Logistics & Construction

Principal Business:

Hydraulic Excavators, Construction Cranes, Road Construction Machinery, Material Handling Systems, Logistics & Handling Systems, Automated Parking Systems



In the hydraulic excavator business, orders increased due to a last-minute surge in orders accompanying price revision in Japan. However, sales declined because of lower orders in the previous fiscal year in Japan and North America. Operating income also decreased due to the impact of lower sales and an increase in allowance for doubtful receivables.



In the construction crane business, despite an increase in orders on robust demand in North America, sales and operating income remained at the same level as the previous fiscal year due to a diminished order backlog. In the material handling machinery business, although orders and sales increased for shipbuilding and steel product applications, operating income remained at the same level as the previous fiscal year due to fewer highly profitable projects.

TOPICS

Demand for cranes used in shipbuilding is expanding in line with the roadmap for the revitalization of the shipbuilding industry formulated by the Japanese government. As the only manufacturer of shipbuilding cranes in Japan, we are collecting information on capital investments by shipbuilding companies and exploring the expansion of our production capacity.

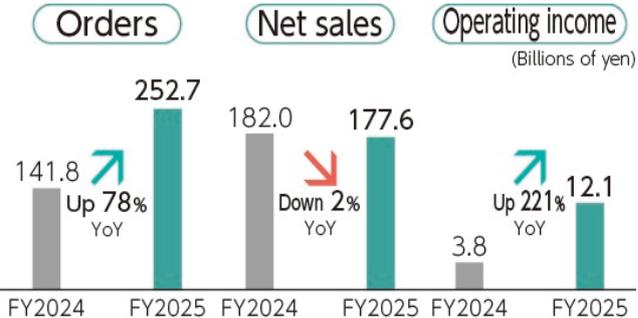
Energy & Lifeline

Principal Business:

Power Generation (boiler etc.), Air Pollution Prevention Equipment, Water Treatment Systems, Turbines, Pumps, Mixing Vessels, Food Production Equipment, Ships, Offshore Structures



In the energy plant business, orders increased due to orders received for biomass power generation facilities in Japan and Europe. Although sales decreased due to a small backlog of orders, operating income increased amid a decrease in development costs following a pause in development investment for commercialization of liquid air energy storage system (LAES), in addition to improvement in large-scale project profitability.



For other businesses, orders for water treatment systems and marine structures increased, and sales and operating income also rose due to a backlog of orders for water treatment systems and other products.

TOPICS

Commercial operation of a liquid air energy storage system (LAES) has commenced at the Hatsukaichi LAES Power Station. We will contribute to the stable supply of electricity and the realization of a decarbonized society, drawing on engineering capabilities we have amassed through our biomass power plants.

Other

Principal Business:

Software

In other businesses, orders were ¥6.3 billion, a 4% decrease from the previous fiscal year; net sales were ¥6.5 billion, a 5% increase from the previous fiscal year; and operating income was ¥2.1 billion, a 5% increase from the previous fiscal year.



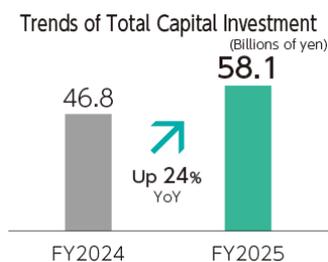
2. CAPITAL INVESTMENT AND OTHER INVESTMENT

(1) Capital investment

During the fiscal year under review, we made necessary capital investments, focusing on core businesses and investment in IT.

Specifically, we made investments to boost production capacity, raise productivity, update aging facilities, and improve IT infrastructure in the Mechatronics, Industrial Machinery and Logistics & Construction Segments.

As a result, the total amount of capital investment for the fiscal year under review was ¥58.1 billion.

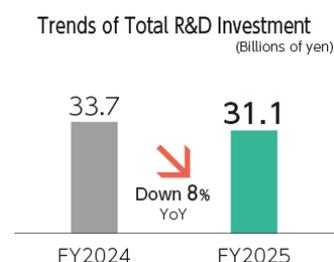


(2) R&D investment

During the fiscal year under review, with the purpose of developing a robust entity and contributing to the solution of social issues through products and services, we carried out investment in development, focusing on growing areas of robotics and automation, semiconductors, advanced medical devices and environment and energy.

Specifically, we made investments primarily aimed at developing Ultra-Premium Efficiency (IE5) gearmotors in the Mechatronics Segment and anaerobic digestion systems for producing biogas in the Energy & Lifeline Segment, etc.

As a result, the total amount of R&D investment for the fiscal year under review was ¥31.1 billion.



3. FINANCING

During the fiscal year under review, we procured financing primarily through borrowing from financial institutions and commercial papers to provide for working capital and capital investment and to secure liquidity on hand. We also issued domestic unsecured straight corporate bonds in June 2025 to raise ¥20 billion.

As a result, the balance of interest-bearing debt was ¥252.7 billion at the end of the fiscal year.

4. BUSINESS RESTRUCTURING

- (i) On January 1, 2025, the Company executed 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 operated by Sumiju Tokki Service Co., Ltd., a subsidiary of the Company, to transfer said operations to the Company.
- (ii) On January 1, 2025, the Company transferred its business related to laser equipment to Sumitomo Heavy Industries Ion Technology Co., Ltd. (changed the trade name to Sumitomo Heavy Industries Material Solutions Co., Ltd. as of January 1, 2026), a subsidiary of the Company.
- (iii) On January 17, 2025, the Company acquired all the shares of Laser System & Solutions of Europe SASU (changed the trade name to Sumitomo (SHI) Material Solutions Europe SASU as of January 1, 2026), a subsidiary of SCREEN Semiconductor Solutions Co., Ltd., that operates semiconductor manufacturing equipment business and made the company a wholly-owned subsidiary of the Company.
- (iv) On January 1, 2026, the Company absorbed and merged with Sumitomo Heavy Industries Himatex Co., Ltd. and Sumitomo Heavy Industries Finetech, Ltd., subsidiaries of the Company.

5. CHALLENGES FACING THE COMPANY GROUP

The domestic and international business environments surrounding our business continue to change rapidly, making global affairs and economic trends even more difficult to predict. In Japan, the new government administration is promoting a growth strategy centered on crisis management investments and swift livelihood support to help people cope with rising prices, and strengthening national infrastructure by integrating technology, energy, and security. This policy shift will have a significant impact on corporate activities. Overseas, geopolitical risks stemming from the situations in Ukraine and the Middle East and security issues in East Asia, developments with U.S. trade policy, the shift toward new trade blocs in the global economy, and other issues are becoming evident, hurling the operating assumptions formulated thus far into doubt. Furthermore, amid accelerating technological innovation, including for AI, the industrial structure itself is changing, leading to constant changes in the competitive landscape of various industries. This means that companies need to respond more flexibly and with greater sophistication than ever before.

(1) FY2025 summary

In FY2024, the initial fiscal year of Medium-Term Management Plan 2026, we encountered changes in the business environment along with delays in improving the profitability of our core businesses. In particular, substantial deviation in the business environment relative to initial expectations in the European, semiconductor, and excavator businesses culminated in a situation where performance of the Company Group underperformed initial projections.

(2) Progress under Medium-Term Management Plan 2026

Medium-Term Management Plan 2026 continues the policy of seeking to “increase corporate value in a sustainable manner by solving social issues through products and services” by deducing social issues through backcasting our “ideal state” for 2030. It furthermore positions the key issues of “improve profitability,” “enhance capital efficiency,” and “strengthen new business exploration” under the basic policy of “develop a robust entity.”



In 2025, we revised the FY2026 targets of our Medium-Term Management Plan 2026, now calling for net sales of ¥1,173.0 billion, operating income of ¥80.0 billion, and ROIC of 7.0%, prompted by sluggish performance caused by changes in the external environment surrounding the Company Group. As we enter FY2026, the final year of the Medium-Term Management Plan 2026, achieving the revised targets is proving difficult. However, underpinned by the basic policy of “develop a robust entity,” we seek to strengthen profitability by promoting growth in key investment areas, including the

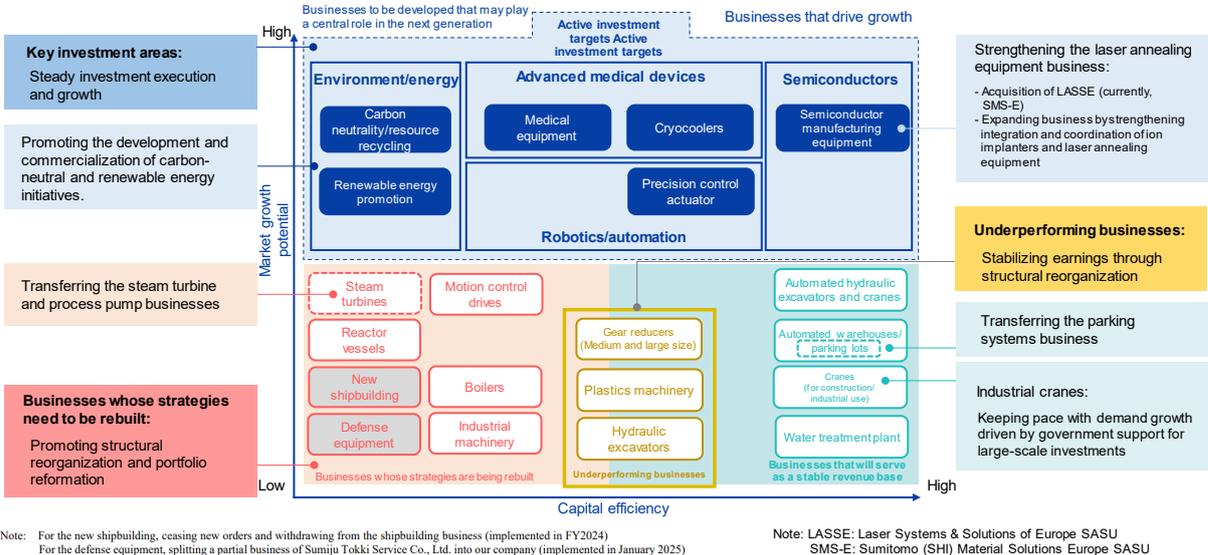
semiconductor business, and rebuilding our business foundation, with initiatives geared toward the key issue of “improve profitability.”

With respect to non-financial targets, we furthermore established respective targets associated with material sustainability issues classified under each of the ESG items and made steady progress as initially planned.

(i) Corporate strategy

●Promotion of business portfolio reforms

We are promoting business portfolio reform enlisting the aim of expanding our business by focusing management resources on businesses in four “key investment areas” with anticipated growth, while also rebuilding our strategy for low-growth, low-profit businesses. At present, we are successively executing our business portfolio reform plan. We are working to expand our businesses by focusing our management resources on businesses in our “key investment areas,” while steadily implementing measures to enhance profitability in underperforming businesses and rebuilding strategies in low-growth, low-profit businesses. In FY2025, we decided to sell parking system business of our subsidiary and steam turbine and process pump business.



●Capital strategy

Under Medium-Term Management Plan 2026, we intend to strengthen our cash flow generation capability by promoting strategies to increase ROIC, while utilizing interest-bearing debt to an extent that does not impair our financial position, and had planned to make capital investments of ¥190.0 billion and R&D investments of ¥90.0 billion, mainly in our key investment areas, and make returns of ¥80.0 billion to our shareholders. However, in light of FY2024 results, we revised our shareholder return target to ¥70.0 billion on February 2025.

Our policy is to maintain a DOE of at least 3.5%, a minimum dividend of ¥125, and total return ratio of at least 40%, including share buybacks, while taking into consideration our operating performance and cash flow. We will strive to enhance shareholder returns going forward by realizing stable and continuous dividends.

For FY2026, we forecast dividends per share of ¥145, an increase of ¥20. In addition, we have decided to implement repurchases of the Company shares of ¥10.0 billion.

●Enhancing the exploration of new businesses

Centered on the Corporate Global Strategy Group, we are coordinating and promoting cross-segment exploration themes, and identifying themes and promoting commercialization from a corporate perspective in cooperation with the four segments and the divisions of our Head Office. Specifically, we arranged an in-house pitch competition in seeking to create new business ideas, continued activities utilizing our Boston Office in the U.S., and engaged in initiatives such as activity programs for developing in-house entrepreneurial human resources and facilitating commercialization of new businesses in alignment with our plans. In FY2025, we invested in Sound Wave Innovation CO.,LTD., a startup conducting R&D on a device for treating early-stage Alzheimer’s disease, and concluded an agreement on a strategic business partnership regarding the manufacture and sale of said device. (The device is an unapproved medical device whose efficacy and safety have yet to be established.)

Device for Treating Early-stage Alzheimer’s disease (Transcranial Low-Intensity Pulsed Ultrasound Therapeutic Device LIPUS*-Brain)



Main unit of device (clinical trial machine) (left) and headset (right)

Source of figure: <https://sw-innovation.com/news/press/4603/>

* LIPUS: Low-Intensity Pulsed Ultrasound

●Strengthening business foundation

Under Medium-Term Management Plan 2026, we are striving to strengthen our business foundation (sustainability, human capital, DX) that supports the above initiatives.

Regarding sustainability, we are further strengthening our efforts to achieve the SDGs and the Company Group’s 2050 carbon neutrality goal. Specifically, we have identified seven material sustainability issues and accordingly carry out appropriate measures in terms of contributing to solving social issues through our business and addressing medium- to long-term risks, including climate change risks. We plan to disclose our achievements for FY2025 in our Integrated Report scheduled for release in July 2026.

With respect to human capital, our idea is that human capital management for “enhancing the foundation for human resource development” and “strengthening organizational capabilities” will support the sustainable growth of our business. Based on this, we implement human resource strategy with our material issues, namely, securing human resources, enhancing the foundation for human resource development, developing a global human resource management foundation, strengthening organizational capabilities, and promoting diversity.

In DX, through the continuous promotion of digitalization, we build a foundation for promoting DX that incorporates appropriate cybersecurity measures to support the realization of a robust entity. This enables us to create new customer value, make first-class products and services, and more quickly transform business processes such as design and manufacturing value chains, while also enhancing business involving services enlisting DX. In addition, with the aim of realizing the SDGs, we work on environmental and safety measures and promote solutions to social issues.

Category	Material issue	Implementation details for 2025	Actual 2025	Target 2026
Issue of value creation	E Reduce environmental burden	<ul style="list-style-type: none"> - Analysis and disclosure of biodiversity dependence and impacts (TNFD disclosure) - Implementation of life cycle assessment in used disposable diaper material recycling (all materials) (Calculation of CO₂ emission reduction effect) - Acquisition of SuMPO EPD certification* for cast iron and steel rolls for hot rolling 	CO ₂ emission reduction (compared to 2019) <ul style="list-style-type: none"> - At time of manufacturing products: -30% - At time of using products: -71% (Actual results for 2024) 	CO ₂ emission reduction (compared to 2019) <ul style="list-style-type: none"> - At time of manufacturing products: -35% - At time of using products: -50%
	Create better ways to live and work	<ul style="list-style-type: none"> - Delivery of remote controlled rubber tired gantry (RTG) crane (SHI-MH) - Joint development of in-mold coating and molding system (plastic machinery) 	(Refer to the left column)	(Further advancement of automation technology)
Issue of strengthening the business base	S Prioritize employee safety, health, and development	<ul style="list-style-type: none"> - Introduction of career autonomy measures (career management training, career counselling services) - Certified as 2025 Outstanding Organization of KENKO Investment for Health (for 5 consecutive years) - Awarded the Gold Prize in the PRIDE Indicator 2025 (for 3 consecutive years) 	<ul style="list-style-type: none"> - Female manager ratio: 2.8% (on a consolidated basis in Japan) (As of January 1, 2026) 	<ul style="list-style-type: none"> - Female manager ratio: 3.7% (on a consolidated basis in Japan) (As of January 1, 2027)
	Emphasize coexistence and co-prosperity with local communities	<ul style="list-style-type: none"> - Continued the "School for a Compassionate Future" (STEAM education workshop) at Obu City and Nihama City 	<ul style="list-style-type: none"> - Spending for social contribution activities: JPY270 million 	<ul style="list-style-type: none"> - Spending for social contribution activities: JPY200 million
	Establish a sustainable supply chain	<ul style="list-style-type: none"> - A working environment survey of our suppliers in India was conducted (human rights due diligence) - Started environmental supplier engagement activities - Investigated the number of RMI** conformant refiners (identified for two products) 	<ul style="list-style-type: none"> - Survey on high risk suppliers: 88% 	<ul style="list-style-type: none"> - Survey on high risk suppliers: 100%
	G Strengthen governance	<ul style="list-style-type: none"> - The number of outside corporate auditors was increased by 1 to enhance and strengthen the auditing system 	<ul style="list-style-type: none"> - Number of female directors: 2 	<ul style="list-style-type: none"> - Number of female directors: 2
	Ensure high product quality	<ul style="list-style-type: none"> - Efforts to improve the quality of software in products were strengthened - Company-wide roll-out of product security; Policy formulation and implementation in business division activities 	<ul style="list-style-type: none"> - Number of serious incidents related to products: 1 	<ul style="list-style-type: none"> - Number of serious incidents related to products: 0

* Third-party certification of the quantitative assessment of the environmental impact of products and services

** Responsible Minerals Initiative: An international initiative that promotes the responsible procurement of conflict minerals

(ii) Segment strategy

Medium-Term Management Plan 2026 positions the respective roles of the Mechatronics Segment, the Industrial Machinery Segment, the Logistics & Construction Segment, and the Energy & Lifeline Segment as follows, and executes growth strategies.

In FY2025, we made progress with efforts to rebuild our strategies based on FY2024 results. However, the revenue environment remained challenging due to factors such as delayed responses to environmental changes and a drop in demand in the semiconductor business in the Industrial Machinery Segment. In key investment areas, we expect demand for laser annealing equipment to grow particularly in the semiconductor field in FY2026, the final year of Medium-Term Management Plan 2026, and need to quickly establish a mass production framework to meet this demand. In the environment and energy field, we plan to continue investing in the growth of our liquid air energy storage system (LAES), which is attracting strong external interest. We will continue to seek to improve profitability by having the four segments focus not only on taking on challenges of the key investment areas, but also on securing profits in the foundational business areas.

Going forward, we will pursue synergies while simultaneously striving to improve efficiency of the segment organization and aiming to build a robust entity, and working toward achieving our goals.

Segment	Role/Positioning	Progress in key investment area	Progress in foundational business area
Mechatronics	Segment that drives growth with high profitability	Robotics/automation <ul style="list-style-type: none"> Currently in global roll-out of high efficiency control-integrated products for transportation and logistics Currently conducting development of small precision modules and seeking customers Semiconductors <ul style="list-style-type: none"> Installed assessment equipment at US development center and started approaching customers 	Medium and large-sized gear reducers <ul style="list-style-type: none"> Review of the domestic service framework, enhancement of E/U activities, and acceleration of the global rollout of drop-in initiatives Streamlining of product lines, price revisions, and withdrawal from unprofitable projects and customer segments
Industrial Machinery	Segment that drives growth with high profitability	Semiconductors <ul style="list-style-type: none"> 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 have been implemented. Advanced medical devices <ul style="list-style-type: none"> An order was received for Unit No. 2 of the next generation proton therapy system. 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. 	Plastics machinery <ul style="list-style-type: none"> The production of 22 models was discontinued by the end of 2025 (one year ahead of schedule) We initiated reorganization across the factory structure and functions, as well as the sales system and resource allocation Demag*: Progressed as initially planned, but is considering additional measures in light of an expected decline in demand
Logistics & Construction	Core segment that secures stable revenue	Robotics/automation <ul style="list-style-type: none"> Staffing at the development center was increased. New development departments focused on DX and other areas were established We exhibited a 13.5-ton electric hydraulic excavator at EXPO 2025 (International Construction & Survey Productivity Improvement) and released an automation function for road machinery 	Construction machinery <ul style="list-style-type: none"> New hydraulic excavator models were successively launched into leading markets in Japan and the US Production at Yokosuka Works will start in FY2027 and full-fledged production will commence in FY2028 Logistics machinery <ul style="list-style-type: none"> Deliveries of the FC fuel-replacement type Automatic RTG have begun to Tokyo Port In response to increased shipbuilding demand, we are considering strengthening production capacity
Energy & Lifeline	Segment developed for future growth	Environment/energy <ul style="list-style-type: none"> 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 LAES started demonstration operations in December 2025 (jointly with Hiroshima Gas Co., Ltd.) Structures for offshore wind power generation: Estimates are being prepared to secure orders in Round 2 	<ul style="list-style-type: none"> Strengthening response to orders for boiler fuel conversion modification project (through TMU) Chemical equipment, water treatment, and food machinery businesses: Sales surpassed the plan due to increased orders Service sales increased through coordination between business departments

* Sumitomo (SHI) Demag Plastics Machinery GmbH

We ask for the continued understanding and support of our shareholders.

Details of Medium-Term Management Plan 2026 are posted on the Company's website.

<https://www.shi.co.jp/ir/library/presentation/index.html>



6. CHANGES IN STATE OF ASSETS AND PROFIT/LOSS OF THE COMPANY GROUP

(Billions of yen, unless otherwise indicated)

Items	FY2022	FY2023	FY2024	FY2025 (this fiscal year)
Orders	984.7	1,008.7	936.1	1,158.4
Net sales	854.1	1,081.5	1,071.1	1,066.9
Operating income	44.8	74.4	55.1	51.5
Ordinary income	43.3	70.2	49.2	47.3
Net income attributable to shareholders of the parent company	5.8	32.7	7.7	30.9
Net income per share (Yen)	47.20	267.30	63.86	257.42
Total assets	1,148.9	1,200.9	1,260.2	1,320.5
Net assets	576.9	627.5	646.4	686.2
Net assets per share (Yen)	4,647.20	5,059.88	5,331.01	5,671.98

Note: As a result of a change of the fiscal year, FY2022 (the 127th term) constitutes an anomalous closing of accounts whereby the Company and its consolidated subsidiaries whose fiscal years had been from April 1 of each year until March 31 of the next year have the nine months from April 1, 2022 to December 31, 2022 included and the Company's consolidated subsidiaries whose fiscal years had been from January 1 of each year until December 31 of that year have the twelve months from January 1, 2022 to December 31, 2022 included.

7. MAJOR SUBSIDIARIES (as of December 31, 2025)

Name	Stated Capital (Millions of yen)	Company's Shareholding Ratio (%)	Major Line of Business
Sumitomo Construction Machinery Co., Ltd.	16,000	100	Manufacturing and distribution of hydraulic excavators, road construction machinery, etc.
Sumitomo Construction Machinery Sales Co., Ltd.	4,000	100	Domestic distribution of hydraulic excavators, road construction machinery, etc.
Sumitomo Heavy Industries Construction Cranes Co., Ltd.	4,000	100	Manufacturing and distribution, and repair of crawler cranes, etc.
Nihon Spindle Manufacturing Co., Ltd.	3,276	100	Manufacturing and distribution of environmental equipment, air conditioner and industrial equipment, etc.
Shin Nippon Machinery Co., Ltd.	2,408	100	Manufacturing and distribution of turbines, pumps, etc.
Sumitomo Heavy Industries Marine & Engineering Co., Ltd.	2,000	100	Manufacturing and distribution of ships, etc.
Sumitomo Heavy Industries Gearbox Co., Ltd.	841	100	Manufacturing and distribution of gears and power transmission and control equipment
Sumitomo Heavy Industries Material Handling Systems Co., Ltd.	480	100	Manufacturing and distribution of material handling machines, logistics & handling systems, automated parking systems, etc.
Sumitomo Heavy Industries Ion Technology Co., Ltd.	480	100	Manufacturing and distribution of ion implanters
Sumitomo Heavy Industries Environment Co., Ltd.	480	100	Manufacturing and distribution, and maintenance and management of water and sewerage treatment systems, etc.
Sumitomo Heavy Industries Process Equipment Co., Ltd.	480	100	Manufacturing and distribution of mixing vessels, pressure vessels, coke oven machinery, etc.
LBX Company, LLC (U.S.A.)	51,800 (Thousands of U.S. Dollars)	100	Distribution of hydraulic excavators and provision of related services
Sumitomo Machinery Corporation of America (U.S.A.)	12,423 (Thousands of U.S. Dollars)	100	Manufacturing and distribution of power transmission and control equipment, etc.
LBCE Holdings, Inc. (U.S.A.)	10,618 (Thousands of U.S. Dollars)	100	Control of overall business of construction cranes, etc.
Invertek Drives Ltd. (U.K.)	61 (Thousands of GBP)	100	Manufacturing and distribution of inverters
Sumitomo SHI FW Energie B.V. (Netherlands)	19 (Thousands of Euros)	100	Control of circulating fluidized bed boiler business
Sumitomo (SHI) Demag Plastics Machinery GmbH (Germany)	20,025 (Thousands of Euros)	100	Manufacturing and distribution of plastic injection molding machines
Sumitomo (SHI) Cyclo Drive Germany GmbH (Germany)	6,136 (Thousands of Euros)	100	Manufacturing and distribution of power transmission and control equipment
Lafert S.p.A. (Italy)	3,500 (Thousands of Euros)	100	Manufacturing and distribution of industrial motors
Sumitomo Construction Machinery (Tangshan) Co., Ltd. (China)	798,938 (Thousands of Yuan)	100	Manufacturing and distribution of hydraulic excavators
Sumitomo Heavy Industries (Vietnam) Co., Ltd. (Vietnam)	41,300 (Thousands of U.S. Dollars)	100	Manufacturing and distribution of power transmission and control equipment

Notes: 1. The Company's Shareholding Ratio includes the indirect holdings.

2. On January 1, 2026, Sumitomo Heavy Industries Ion Technology Co., Ltd. changed its trade name to Sumitomo Heavy Industries Material Solutions Co., Ltd.

8. OTHER SIGNIFICANT MATTERS CONCERNING THE CURRENT STATUS OF THE COMPANY GROUP

(1) Violation of the Antimonopoly Act by a subsidiary of the Company

On March 24, 2025, the Company's subsidiary Sumitomo Heavy Industries Material Handling Systems Co., Ltd. received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission ("JFTC") based on the Antimonopoly Act for conduct constituting a violation of said act in regard to the installation work of horizontal circulation separable mechanical parking facilities.

The surcharge amount was set at ¥199,950,000 because the surcharge was reduced by 30% upon request submitted to the JFTC for the application of the Leniency Program.

The Company takes this fact seriously, and under the newly formulated SHI Group Basic Policy on Compliance with the Competition Laws, we will promote measures to comply with the competition laws, such as disseminating the code of conduct for competition laws compliance within the Company Group and providing regular education to officers and employees, while also striving to further reinforce and enhance the Group's compliance system.

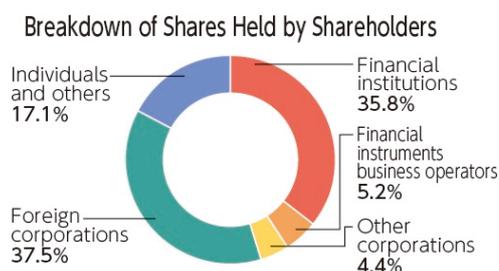
(2) Business restructuring after the end of the fiscal year under review

- (i) On January 26, 2026, the Company's subsidiary Sumitomo Heavy Industries Material Handling Systems Co., Ltd. entered into a basic agreement with IHI Transport Machinery Co., Ltd. regarding the succession of Sumitomo Heavy Industries Material Handling Systems Co., Ltd.'s parking system business to IHI Transport Machinery Co., Ltd. through an absorption-type company split. The absorption-type company split agreement is scheduled to be concluded on March 31, 2026, and the absorption-type company split is scheduled to take effect on November 1, 2026.
- (ii) On February 10, 2026, the Company entered into a share transfer agreement with Torishima Pump Mfg. Co., Ltd. to transfer all shares of the Company's subsidiary Shin Nippon Machinery Co., Ltd., with the effective date of July 1, 2026 (planned).

II. CURRENT CONDITION OF THE COMPANY

1. STOCK (as of December 31, 2025)

- (1) Total number of authorized shares: 360,000,000
- (2) Total number of issued shares: 122,905,481
- (3) Number of shareholders: 42,747
- (4) Major shareholders:



*Number of shares and shareholding ratio are rounded off for fractions less than units.

Name of Shareholders	Number of Shares in Thousands	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	20,012	16.6
Custody Bank of Japan, Ltd. (trust account)	10,924	9.1
STATE STREET BANK AND TRUST COMPANY 505001	6,776	5.6
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	5,272	4.4
Sumitomo Life Insurance Company	4,333	3.6
Sumitomo Heavy Industries, Ltd. Kyoeikai	3,455	2.9
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	3,062	2.5
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	2,130	1.8
Sumitomo Heavy Industries Employee Stock Ownership Association	1,997	1.7
STATE STREET BANK AND TRUST COMPANY 505223	1,868	1.6

Note: Shareholding ratios are calculated based on the total number of shares excluding treasury shares (2,588,382 shares). The treasury shares include 200 shares registered in the name of the Company in the Register of Shareholders but not substantially owned by the Company.

2. DIRECTORS AND CORPORATE AUDITORS OF THE COMPANY

(1) Directors and Corporate Auditors (as of December 31, 2025)

Name	Title	Positions, Responsibilities, and Significant Positions Held at Other Companies
Tetsuya Okamura	Representative Director and Chairman of the Board	Chairperson of the Board of Directors
Shinji Shimomura	Representative Director and President (CEO)	
Eiji Kojima	Representative Director Executive Vice President	General Manager of Export Administration Department General Manager of Energy & Lifeline Segment
Kazuo Hiraoka	Director Executive Vice President	General Manager of Industrial Machinery Segment
Toshihiko Chijiwa	Director Executive Vice President	General Manager of Corporate Technology Management Group
Toshiro Watanabe	Director Executive Vice President	CFO
Tatsuro Araki	Director Executive Vice President	General Manager of Power Transmission & Controls Group
Susumu Takahashi	Director	
Akio Hamaji	Director	
Sumie Morita	Director	Professor, Department of Information and Computer Science, Faculty of Systems Science and Technology of Akita Prefectural University Outside Director of Nihon Kohden Corporation Outside Director of BUNKA SHUTTER CO., LTD.
Yaeko Hodaka	Director	Partner and attorney-at-law o, ISSHIKI & PARTNERS Outside Director, Member of the Audit and Supervisory Committee of YASKAWA Electric Corporation Outside Auditor of Santen Pharmaceutical Co., Ltd.
Hideo Suzuki	Standing Corporate Auditor	
Shoji Uchida	Standing Corporate Auditor	
Masaichi Nakamura	Corporate Auditor	CPA, Masaichi Nakamura CPA Office
Mio Minaki	Corporate Auditor	Partner, Minaki and Kitazawa Law Office Outside Director of SEIKAGAKU CORPORATION Outside Director (Audit and Supervisory Committee Member) of Gurunavi, Inc.
Hajime Watanabe*	Corporate Auditor	Executive Advisor of Yokogawa Electric Corporation

Notes:

1. The person marked with * is a new Corporate Auditor who was appointed on March 28, 2025.
2. Directors Susumu Takahashi, Akio Hamaji, Sumie Morita and Yaeko Hodaka are Outside Directors.
3. Corporate Auditors Masaichi Nakamura, Mio Minaki and Hajime Watanabe are Outside Corporate Auditors.
4. The Company reported the appointments of Directors Susumu Takahashi, Akio Hamaji, Sumie Morita and Yaeko Hodaka and Corporate Auditors Masaichi Nakamura, Mio Minaki and Hajime Watanabe to the Tokyo Stock Exchange as independent officers.
5. Corporate Auditor Masaichi Nakamura has adequate expertise with regard to finance and accounting as a CPA. In addition, as a Certified Internal Auditor, Corporate Auditor Hajime Watanabe has the specialized knowledge necessary for internal audits, including with regard to finance and accounting.

6. As of January 1, 2026, the positions, responsibilities, and significant positions held at other companies of the Directors, Corporate Auditors and Executive Officers are as follows.

Name	Title	Positions, Responsibilities, and Significant Positions Held at Other Companies
Shinji Shimomura	Representative Director Chairman of the Board	Chairperson of the Board of Directors
Toshiro Watanabe	Representative Director and President (CEO)	
Tatsuro Araki	Representative Director Senior Executive Vice President	General Manager of Export Administration Department General Manager of Energy & Lifeline Segment
Tetsuya Okamura	Director	
Eiji Kojima	Director	
Kazuo Hiraoka	Director	
Toshihiko Chijiwa	Director	
Susumu Takahashi	Director	
Akio Hamaji	Director	
Sumie Morita	Director	Professor, Department of Information and Computer Science, Faculty of Systems Science and Technology of Akita Prefectural University Outside Director of Nihon Kohden Corporation Outside Director of BUNKA SHUTTER CO., LTD.
Yaeko Hodaka	Director	Partner and attorney-at-law of ISSHIKI & PARTNERS Outside Director, Member of the Audit and Supervisory Committee of YASKAWA Electric Corporation Outside Auditor of Santen Pharmaceutical Co., Ltd.
Hideo Suzuki	Standing Corporate Auditor	
Shoji Uchida	Standing Corporate Auditor	
Masaichi Nakamura	Corporate Auditor	CPA, Masaichi Nakamura CPA Office
Mio Minaki	Corporate Auditor	Partner, Minaki and Kitazawa Law Office Outside Director of SEIKAGAKU CORPORATION Outside Director (Audit and Supervisory Committee Member) of Gurunavi, Inc.
Hajime Watanabe	Corporate Auditor	Executive Advisor of Yokogawa Electric Corporation
Taiji Tsuchiya	Executive Vice President	General Manager of Semiconductor Business Development Department
Shaun Dean	Executive Vice President	Managing Director of Sumitomo Heavy Industries (Europe) B.V.
Haruhiko Tsuzuki	Executive Vice President	General Manager of Ehime Works General Manager of Logistics & Construction Segment
Masaki Arai	Executive Vice President	General Manager of Corporate Global Strategy Group
Morihiro Kondo	Senior Vice President	In charge of Internal Control Group, Legal Department, Internal Audit Department, Corporate Economic Security Department and General Administration Group Regional General Manager of Kansai Office Chairman of Sumitomo Heavy Industries (China), Ltd.
Mitsukuni Tsukihara	Senior Vice President	General Manager of Material Solutions SBU Representative Director, President & CEO of Sumitomo Heavy Industries Material Solutions Co., Ltd.

Name	Title	Positions, Responsibilities, and Significant Positions Held at Other Companies
Melvin Porter	Senior Vice President	General Manager of Link-Belt Cranes SBU Chairman, Director, President CEO of LBCE Holdings, Inc.
Hiroyuki Tominaga	Senior Vice President	General Manager of Industrial Machinery Segment
Chie Okamoto	Senior Vice President	General Manager of Mechatronics Segment General Manager of Advanced Technologies SBU
Takanori Nagai	Vice President	General Manager of Process Plant SBU Representative Director, President & CEO of Sumitomo Heavy Industries Environment Co., Ltd.
Yoichi Kato	Vice President	General Manager of Energy & Environment SBU
Isamu Mitsuhashi	Vice President	General Manager of Construction Equipment SBU Representative Director and President & CEO of Sumitomo Construction Machinery Co., Ltd. Representative Director and President & CEO of Sumitomo Construction Machinery Sales Co., Ltd.
Kazuhiro Harada	Vice President and CIO	General Manager of Corporate ICT Group
Akihisa Miwa	Vice President	General Manager of Drive Technologies SBU
Akira Yamamoto	Vice President	General Manager of Corporate Technology Management Group
Arata Ishimaru	Vice President	General Manager of Corporate Finance, Accounting & Administration Group

Note: The Company has established policies and procedures for the appointment of Executive Officers in the Corporate Governance Basic Policy of Sumitomo Heavy Industries, Ltd. and appoints Executive Officers in accordance with those policies and procedures, comprehensively taking into account the knowledge, experience and ability possessed by the candidates.

(2) Outline of agreement for limited liability

The Company has entered into a contract with Outside Directors Susumu Takahashi, Akio Hamaji, Sumie Morita and Yaeko Hodaka and Outside Corporate Auditors Masaichi Nakamura, Mio Minaki and Hajime Watanabe, respectively, to limit their liability to the Company for damages under Article 423, Paragraph 1 of the Companies Act to ¥10 million or the minimum liability amount as provided in Article 425, Paragraph 1 of the Companies Act, whichever is higher.

(3) Summary of the coverage of directors and officers liability insurance

The Company has entered into a contract for directors and officers liability insurance, which is stipulated in Article 430-3, paragraph 1 of the Companies Act, with an insurance company. It covers the damage that arises when the insured person takes responsibility for the execution of duties or when receiving a claim to pursue their responsibilities (however, the matters that fall in the category of an exemption are excluded). The insured persons of the insurance include Directors, Corporate Auditors and other officers of the Company and some of the Company's overseas subsidiaries and they do not bear the insurance premiums.

(4) Remuneration, etc. of Directors and Corporate Auditors for this fiscal year

(i) Matters related to the policies for determining the remuneration, etc. of individual Directors

The Company defines the policies for remuneration to establish a remuneration system that contributes to the Group's sustainable growth, the improvement of corporate value and value sharing with shareholders, and sets an appropriate remuneration standard for the Company's

officers. The Compensation Committee, which was established on a voluntary basis and the majority of whose members are Outside Directors, deliberates and provides a report on the policies responding to an inquiry from the Board of Directors. Then, the policies are resolved at the Board of Directors.

Remuneration, etc. for individual Directors for this fiscal year are determined in accordance with the Remuneration Regulations which were deliberated and reported on at the Compensation Committee along with the policies. The Board of Directors also evaluates that they comply with the policies.

i. Procedure to determine remuneration amount

Responding to an inquiry from the Board of Directors, the Compensation Committee deliberates and provides a report on the system, level, etc. of the remuneration for Directors and Executive Officers, which are then resolved at the Board of Directors.

The remuneration is paid regularly during the term of office as an officer.

ii. Overview of remuneration system

1) Remuneration structure and component ratio

The remuneration of the Company's Directors and Executive Officers shall consist of basic remuneration, performance-linked remuneration and stock-based remuneration, and the ratio is about 60%, 30%, and 10%, respectively.

2) Basic remuneration

The basic remuneration is a fixed remuneration determined for each position. For Directors, we provide a Directors' allowance, of which 85% is a fixed amount compensation.

3) Performance-linked remuneration

The performance-linked remuneration consists of the dividend-linked basic remuneration that fluctuates based on the Company's annual dividend and the division's performance-linked basic remuneration. For the Directors and Executive Officers at the Head Office, the performance-linked basic remuneration is changed based on the Company's consolidated financial results, and for the Directors and Executive Officers who are in charge of operational divisions, it reflects the performance of the operational division of which they are in charge. The ratio of the dividend-linked basic remuneration and the division's performance-linked basic remuneration is 50:50.

The dividend-linked basic remuneration is calculated by multiplying the basic remuneration for each position by a factor based on the Company's annual dividend. Fifteen percent of the Directors' allowance fluctuates by being multiplied by a dividend-linked basic remuneration factor.

For the division's performance-linked basic remuneration, the Company, having the President as the final decision-maker, defines ranks from A to E based on three indicators* of operating income, operating income ratio and ROIC, considering the status of safety record, compliance, etc. The amount is calculated by multiplying the basic amount for each position by a factor for each rank. As for the decision on the ranks, the President shall make the final decision after confirming with concerned divisions at the Head Office.

By adopting these indicators, the Company intends to share the value with shareholders, and reflect perspectives such as profitability, growth, the maintenance of fiscal discipline, safety and compliance in officers' remuneration.

*The indicators pertaining to the division's performance-linked basic

remuneration were revised on January 1, 2024, from three indicators of net sales, operating income and operating income ratio. These indicators were reflected in remuneration from April 1, 2025.

4) Stock-based remuneration

Stock-based remuneration aims to improve awareness about the need to help enhance earnings and increase corporate value in the medium to long term, by clarifying the linkage between remuneration of Directors to the Company's stock value, with Directors sharing profits and risks due to changes in the stock price with shareholders. Under this remuneration system, the Company contributes money and establishes a trust, which acquires the Company's shares, and the Company's shares (the number of the Company's shares, corresponding to the points to be granted by the Company to each Director) are issued to each Director via the trust.

Directors will receive the Company's shares at the time of their retirement in principle.

iii. Others

The remuneration of Outside Directors shall consist only of basic remuneration. The remuneration of Corporate Auditors is determined based on the discussion by Corporate Auditors.

(ii) Matters concerning the delegation related to determination of individual remuneration, etc. for Directors

The Company stipulates in the Remuneration Regulations, which were deliberated and reported on at the Compensation Committee responding to an inquiry from the Board of Directors and then resolved at the Board of Directors, that the decision of division performance ranks which serves as factors for the division's performance-linked basic remuneration of the performance-linked remunerations to be delegated to the President. In the fiscal year under review, Representative Director and President (CEO) Shinji Shimomura determined the ranks. The reason for the delegation is that the Company judged that the President, who is in charge of the Company Group's management, is suitable for determining the ranks based on division's performance, safety records, compliance, etc.

(iii) Total amount of compensation, etc. paid to Directors and Corporate Auditors

Category	Total amount of remuneration (Millions of yen)	Total amount of remuneration, etc. by type (Millions of yen) and number of applicable persons (persons)					
		Monetary remuneration				Non-monetary remuneration	
		Basic remuneration		Performance-linked remuneration		Stock-based remuneration	
		Total amount	Number of Officers	Total amount	Number of Officers	Total amount	Number of Officers
Director (of which, Outside Director)	425 (49)	278 (49)	11 (4)	111 (-)	7 (-)	36 (-)	7 (-)
Corporate Auditor (of which, Outside Corporate Auditor)	107 (34)	107 (34)	5 (3)	- (-)	- (-)	- (-)	- (-)

- Notes: 1. The maximum compensation per month is ¥40 million in total for all Directors as a group (under the resolution of the 110th Ordinary General Meeting of Shareholders held on June 29, 2006; the number of Directors at the end of the Ordinary General Meeting of Shareholders is ten (including one Outside Director)), and ¥10 million in total for Corporate Auditors (under the resolution of the 126th Ordinary General Meeting of Shareholders held on June 29, 2022; the number of Corporate Auditors at the end of the Ordinary General Meeting of Shareholders is four (including two Outside Corporate Auditors)).
2. The company-wide results of the main indicators related to performance-linked remuneration for the fiscal year under review are as follows:
 (Until March 31, 2025) Net sales: ¥1,071.1 billion, operating income: ¥55.1 billion, operating income ratio: 5.1%, annual dividend: ¥125
 (From April 1, 2025) Operating income: ¥55.1 billion, operating income ratio: 5.1%, ROIC: 4.8%, annual dividend: ¥125
3. Separately from 1. above, the maximum amount of funds for purchase of shares needed for issuing shares to Directors under the stock-based remuneration system is ¥112.5 million in total for three fiscal years (from the fiscal year ended December 31, 2022, to the fiscal year ended December 31, 2024) and ¥45 million for one fiscal year should the eligible period be extended. The maximum number of points (one share of the Company is issued for each point in principle) to be granted to the Directors is 30,000 points in total for one fiscal year (resolution of the 126th Ordinary General Meeting of Shareholders held on June 29, 2022; the number of Directors (excluding Outside Directors) at the end of the Ordinary General Meeting of Shareholders is six). Furthermore, at the Board of Directors meeting held on March 24, 2025, the Company resolved to continue this system and set the eligible period following its continuation as the three fiscal years from FY2025 to FY2027. Accordingly, the Company has extended the board benefit trust period for three fiscal years.
4. The total amount of stock-based remuneration is the total amount recorded as expenses in the current fiscal year based on the stock-based remuneration system approved at the 126th Ordinary General Meeting of Shareholders held on June 29, 2022.

(5) Primary activities by Outside Officers

Category	Name	Attendance at Board of Directors Meetings	Attendance at Board of Corporate Auditors Meetings	Primary activities
Outside Director	Susumu Takahashi	14/15 (93%)	—	Expressed opinions based on his specialized knowledge about the economy and management, and his broad experience. Performed his role to advise for the Company's sustainable growth and the improvement of its corporate value, and to supervise its management.
Outside Director	Akio Hamaji	15/15 (100%)	—	Expressed opinions based on long experience of actual professional practice as a manager, and his specialized knowledge about the corporate management. Performed his role to advise for the Company's sustainable growth and the improvement of its corporate value, and to supervise its management.
Outside Director	Sumie Morita	15/15 (100%)	—	Expressed opinions based on her specialized knowledge about the management, and her broad experience as a developer of products in the area of telecommunications and information networks. Performed her role to advise for the Company's sustainable growth and the improvement of its corporate value, and to supervise its management.
Outside Director	Yaeko Hodaka	14/15 (93%)	—	Expressed opinions based on her specialized knowledge about corporate legal affairs and her broad experience as a lawyer. Performed her role to advise for the Company's sustainable growth and the improvement of its corporate value, and to supervise its management.
Outside Corporate Auditor	Masaichi Nakamura	15/15 (100%)	15/15 (100%)	Expressed opinions particularly from the perspective of an expert on finance and accounting as a CPA. Performed his role to conduct effective audits of the Company's management from an objective and independent standpoint.
Outside Corporate Auditor	Mio Minaki	15/15 (100%)	15/15 (100%)	Expressed opinions particularly from the perspective of an expert on legal issues as a lawyer. Performed her role to conduct effective audits of the Company's management from an objective and independent standpoint.

Category	Name	Attendance at Board of Directors Meetings	Attendance at Board of Corporate Auditors Meetings	Primary activities
Outside Corporate Auditor	Hajime Watanabe	11/11 (100%)	11/11 (100%)	Expressed opinions based on his specialized management knowledge and particularly from the perspective of a Certified Internal Auditor with broad expertise and experience in auditing and risk management, etc. Performed his role to conduct effective audits of the Company's management from an objective and independent standpoint.

Note: For Hajime Watanabe, the status since his appointment as Corporate Auditor on March 28, 2025 is shown.

Consolidated Financial Statements
CONSOLIDATED BALANCE SHEET (As of December 31, 2025)

(Millions of yen)

	Fiscal year under review	Previous fiscal year (for reference)
Assets		
Current assets	786,782	784,495
Cash and deposits	111,072	111,132
Notes and accounts receivable - trade, and contract assets	313,661	307,423
Inventories	328,776	333,852
Other	35,462	34,350
Allowance for doubtful receivables	(2,188)	(2,263)
Fixed assets	533,745	475,747
Property, plant and equipment	373,237	347,998
Buildings and structures	125,392	104,866
Machinery and delivery equipment	98,397	92,123
Land	112,606	112,062
Construction in progress	12,535	16,286
Other	24,306	22,661
Intangible fixed assets	33,083	28,261
Goodwill	11,045	8,020
Other	22,037	20,241
Investments and other assets	127,425	99,487
Investment securities	23,374	21,417
Long-term loans receivable	9,650	8,198
Deferred tax assets	13,612	18,572
Defined benefit asset	59,980	31,961
Other	26,044	20,284
Allowance for doubtful receivables	(5,236)	(944)
Total assets	1,320,527	1,260,242

“English Translation of Financial Statements Originally Issued in the Japanese Language”

Note: Amounts shown in this financial statement have been rounded to the nearest million yen.

(Millions of yen)

	Fiscal year under review	Previous fiscal year (for reference)
Liabilities		
Current liabilities	409,516	415,892
Notes and accounts payable	146,422	153,158
Short-term bank loans	88,882	84,806
Current portion of corporate bonds	–	20,000
Long-term debt due within one year	8,457	4,649
Commercial paper	23,000	17,000
Accrued income taxes	7,833	8,612
Contract liabilities	35,098	36,351
Provision for bonuses	9,135	7,963
Allowance for warranty	12,583	11,451
Allowance for losses on construction contracts	1,056	863
Provision for business restructuring	1,196	2,374
Provision for loss on business liquidation	–	840
Other	75,854	67,825
Long-term liabilities	224,788	197,933
Bonds payable	60,000	40,000
Long-term debt	72,364	72,166
Defined benefit liability	34,709	35,011
Deferred tax liabilities on land revaluation	20,854	20,408
Other provisions	51	167
Other	36,811	30,181
Total liabilities	634,304	613,824
Net assets		
Shareholders' equity	488,376	473,644
Common stock	30,872	30,872
Capital surplus	24,060	25,203
Retained earnings	444,590	428,776
Treasury stock	(11,146)	(11,207)
Accumulated other comprehensive income	193,290	167,037
Unrealized gains (losses) on securities	9,011	7,953
Deferred gains (losses) on hedges	(591)	(1,233)
Land revaluation difference	39,392	40,307
Foreign currency translation adjustments	104,338	96,993
Remeasurement of defined benefit plans	41,139	23,017
Non-controlling interests	4,557	5,737
Total net assets	686,223	646,418
Total liabilities and net assets	1,320,527	1,260,242

“English Translation of Financial Statements Originally Issued in the Japanese Language”

Note: Amounts shown in this financial statement have been rounded to the nearest million yen.

CONSOLIDATED STATEMENT OF INCOME

(From January 1, 2025 to December 31, 2025)

(Millions of yen)

	Fiscal year under review	Previous fiscal year (for reference)
Net sales	1,066,881	1,071,126
Cost of sales	805,983	814,126
Gross profit	260,898	257,001
Selling, general and administrative expenses	209,416	201,898
Operating income	51,482	55,103
Other income	9,003	6,761
Interest and dividend income	3,110	2,769
Gain on sale of investment securities	1,379	847
Other – net	4,514	3,145
Other expenses	13,174	12,680
Interest expenses	3,760	3,611
Foreign exchange losses	1,841	2,673
Loss on retirement of non-current assets	1,762	746
Patent expenses	1,407	1,559
Other – net	4,404	4,091
Ordinary income	47,311	49,184
Extraordinary losses	2,475	27,486
Business restructuring expenses	1,416	2,614
Impairment losses	1,059	24,872
Net income before income taxes and non-controlling interests	44,836	21,698
Income tax – current	14,991	14,495
Income tax – deferred	(1,291)	(1,234)
Net income	31,135	8,438
Net income attributable to non-controlling interests	198	716
Net income attributable to shareholders of the parent company	30,937	7,721

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(For Reference Purposes)
CONSOLIDATED STATEMENT OF CASH FLOWS
(From January 1, 2025 to December 31, 2025)

(Millions of yen)

Item	Amount
Cash flows from operating activities	63,666
Cash flows from investing activities	(59,357)
Cash flows from financing activities	(7,145)
Effect of exchange rate changes on cash and cash equivalents	2,927
Net increase (decrease) in cash and cash equivalents	90
Cash and cash equivalents at the beginning of year	107,542
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	243
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(253)
Cash and cash equivalents at the end of year	107,622

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BALANCE SHEET (As of December 31, 2025)

(Millions of yen)

	Fiscal year under review	Previous fiscal year (for reference)
Assets		
Current assets	187,386	185,139
Cash and deposits	15,742	20,369
Notes receivable	4,411	5,166
Accounts receivable - trade, and contract assets	66,657	65,082
Finished goods	17,789	19,567
Work in process	26,505	32,100
Raw materials and supplies	837	852
Advances	3,911	2,259
Prepaid expenses	2,851	2,268
Accounts receivable, other	14,704	15,321
Short-term loans receivable	16,346	20,920
Other	17,724	1,330
Allowance for doubtful receivables	(91)	(96)
Fixed assets	405,533	398,867
Property, plant and equipment	166,410	159,655
Buildings	45,751	34,395
Structures	6,376	6,269
Machinery and equipment	17,941	17,207
Ships	0	0
Vehicles and delivery equipment	72	64
Tools, furniture and fixtures	5,088	4,295
Land	87,181	87,615
Leased assets	102	103
Construction in progress	3,899	9,707
Intangible fixed assets	4,114	3,526
Software	2,225	2,355
Other	1,889	1,171
Investments and other assets	235,008	235,686
Investment securities	17,373	15,673
Stock of subsidiaries and affiliates	146,809	135,607
Investment in capital of subsidiaries and affiliates	41,510	39,878
Long-term loans to employees	48	28
Long-term loans receivable from subsidiaries and affiliates	28,751	41,046
Claims in bankruptcy and rehabilitation	143	143
Long-term prepaid expenses	672	747
Deferred tax assets	14,715	13,770
Other	4,404	4,226
Allowance for doubtful receivables	(19,416)	(15,433)
Total assets	592,918	584,005

“English Translation of Financial Statements Originally Issued in the Japanese Language”

Note: Amounts shown in this financial statement have been rounded to the nearest million yen.

(Millions of yen)

	Fiscal year under review	Previous fiscal year (for reference)
Liabilities		
Current liabilities	200,968	226,294
Notes payable	5,364	6,039
Accounts payable	33,786	39,287
Short-term bank loans	39,800	39,800
Current portion of corporate bonds	–	20,000
Long-term debt due within one year	5,000	2,300
Commercial paper	23,000	17,000
Lease obligations	43	66
Accounts payable, other	17,640	14,257
Accrued expenses	1,995	1,949
Accrued income taxes	1,176	540
Contract liabilities	8,109	11,860
Deposits received	58,441	66,238
Provision for bonuses	1,903	2,082
Allowance for warranty	2,368	2,505
Allowance for losses on construction contracts	43	31
Other	2,300	2,341
Long-term liabilities	199,909	184,683
Bonds payable	60,000	40,000
Long-term debt	68,000	68,000
Lease obligations	73	77
Allowance for losses on business transfer	–	115
Provision for loss on guarantees	3,448	4,579
Allowance for retirement benefits	17,140	18,554
Asset retirement obligations	288	295
Deferred tax liabilities on land revaluation	20,854	20,408
Long-term deposits received	30,105	32,654
Total liabilities	400,877	410,977
Net assets		
Shareholders' equity	144,307	126,066
Common stock	30,872	30,872
Capital surplus	27,073	27,086
Capital reserve	27,073	27,073
Other capital surplus	–	13
Retained earnings	97,508	79,316
Legal reserve of retained earnings	6,295	6,295
Other retained earnings	91,213	73,021
Open innovation promotion funds	100	–
Retained earnings brought forward	91,113	73,021
Treasury stock	(11,146)	(11,207)
Valuation and translation adjustments	47,735	46,963
Unrealized gains (losses) on securities	8,807	7,776
Deferred gains (losses) on hedges	(465)	(1,120)
Land revaluation difference	39,392	40,307
Total net assets	192,041	173,029
Total liabilities and net assets	592,918	584,005

“English Translation of Financial Statements Originally Issued in the Japanese Language”

Note: Amounts shown in this financial statement have been rounded to the nearest million yen.

STATEMENT OF INCOME (From January 1, 2025 to December 31, 2025)

(Millions of yen)

	Fiscal year under review	Previous fiscal year (for reference)
Net sales	230,163	225,595
Cost of sales	181,991	183,320
Gross profit	48,172	42,275
Selling, general and administrative expenses	43,487	45,403
Operating income (loss)	4,685	(3,128)
Other income	39,648	44,702
Interest and dividend income	34,204	41,474
Foreign exchange gains	–	199
Gain on sale of investment securities	1,349	400
Other – net	4,095	2,628
Other expenses	5,632	4,080
Interest expenses paid on loans and bonds	2,196	1,039
Foreign exchange losses	79	–
Patent expenses	936	984
Loss on retirement of non-current assets	875	401
Other – net	1,547	1,656
Ordinary income	38,701	37,495
Extraordinary income	–	9,814
Gain on extinguishment of tie-in shares	–	9,814
Extraordinary losses	5,704	32,711
Provision of allowance for doubtful receivables for subsidiaries and affiliates	5,091	2,095
Impairment losses	612	888
Loss on valuation of stock of subsidiaries and affiliates	–	24,848
Provision for loss on guarantees	–	4,579
Loss on adjustment for unrealized gain on merger	–	301
Net income before income taxes	32,997	14,597
Income tax – current	2,028	(4,032)
Income tax – deferred	(1,974)	1,829
Net income	32,943	16,800

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