



October 31, 2019

To whom it may concern:

Company Name: Sumitomo Heavy Industries, Ltd.
Representative: Shinji Shimomura, Representative
Director & President
(Listed on TSE 1st Section under Code No.6302)
For any question or inquiry please contact:
Ms. Michiko Watanabe, General Manager,
Corporate Communications Dept.
(Telephone 03-6737-2333)

Notice of an absorption-type merger with a consolidated subsidiary

Please be notified that at its board meeting held today the Company has resolved to merge with and absorb our 100-percent-owned subsidiary, Sumitomo Heavy Industries Gearmotors Co., Ltd., effective on April 1, 2020. Because this merger is a simplified, absorption-type merger with our consolidated subsidiary, we provide below related disclosure items and information in a partially abbreviated manner.

1. Purpose of Merger

Within our Company group the Power Transmission & Controls Group is engaged in the global operation of the gearmotor business. On this occasion we have decided to merge with and integrate Sumitomo Heavy Industries Gearmotors Co. into our Power Transmission & Controls Group for the purpose of consolidating our group's gearmotor-related business resources into Sumitomo Heavy Industries thereby improving the competitiveness of the products provided by our gearmotor business.

2. Summary of Merger

(1) Merger timeline

October 31, 2019: A board meeting is held to approve the merger agreement.

October 31, 2019: The merger agreement is executed.

April 1, 2020: The merger is planned to become effective (effective date of merger)

※This merger is a simplified merger defined in Article 796, Paragraph 2 of the Companies Act as well as a short-form merger defined in Article 784, Paragraph 1 of the same Act. Consequently, the merger is carried out without the approval of a general shareholders' meeting to be held at each of the surviving company and the non-surviving company.

(2) Type of Merger

This is an absorption-type merger whereby the Company becomes the surviving company while Sumitomo Heavy Industries Gearmotor Co., Ltd. is dissolved.

(3) Post-merger allotment of shares

This is a merger by the Company with its wholly-owned subsidiary and therefore no new shares will be issued and no cash payment will be made.

(4) Treatment of stock options or convertible bonds if applicable in the merger

Not applicable.

3. Overview of the parties to the merger (as of March 31, 2019)

(1) Trade name	Sumitomo Heavy Industries, Ltd. (as the Surviving Company)	Sumitomo Heavy Industries Gearmotors Co., Ltd. (as the non-surviving company)
(2) Line of business	Manufacture and sales of diverse sorts of industrial machines ranging from general industrial machinery to precision control machinery	Processing and manufacture of small-size gearmotor parts
(3) Date of establishment	November 1, 1934	November 1, 2011
(4) Head office location	1-1 Osaki 2-chome, Shinagawa-ku, Tokyo	6-1, Asahi-cho, Osaka, Aichi Prefecture
(5) Representative	Shinji Shimomura, Representative Director & President	Kuniaki Sakai, Representative Director & President
(6) Capital	30,872 million yen	250 million yen
(7) Number of shares issued	122,905,481	5,000
(8) Closing date	March 31	March 31
(9) Number of employees	22,543	103
(10) Major shareholders and percentage of ownership	The Master Trust Bank of Japan, Ltd. (Trust Account) (8.2%); Japan Trustee Services Bank, Ltd. (Trust Account) (5.3%); NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST (3.9%); Sumitomo Life Insurance Company (3.5%); NORTHERN TRUST CO. (AVFC) RE U. S. TAX EXEMPTED PENSION FUNDS (2.4%).	Sumitomo Heavy Industries, Ltd. (100%).
(11) The financial condition and the earnings of the immediately preceding business year (ended March 2019)		
Net assets	465,001 million yen (consolidated)	2,681 million yen
Total Assets	954,051 million yen (consolidated)	4,220 million yen
Net assets per share	3,701.01 yen (consolidated)	536,287 yen
Sales	903,051 million yen (consolidated)	8,528 million yen
Operating income	75,244 million yen (consolidated)	1,144 million yen
Ordinary income	72,623 million yen (consolidated)	1,135 million yen
Net income	45,650 million (consolidated)	793 million yen
Net income per share	372.56 yen (consolidated)	158,591 yen

4. The Company's situation subsequent to the merger

The merger will cause no change in the trade name or address of the Company, the title, position or name of its representative, or its business operations, capital or closing period.

5. Effect on the Company performance

The merger is a merger between the Company and its consolidated subsidiary and therefore it will not affect the Company's consolidated earnings.

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