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To whom it may concern:

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Notice Regarding Implementation of Voluntary Retiree Incentive Program, Etc.

The Group hereby announces that it has made the decision to implement the solicitation of voluntary retirees (a voluntary retiree incentive program) and a revision of reemployment agreements with employees who are 65 years of age or higher at the Company and certain domestic subsidiaries.

Particulars

1. Aim of implementation:

To promote portfolio reformation, a key strategy in its "Medium-Term Management Plan 2026," the Group is committed to investing management resources in business areas with higher growth potential under the policy of "Selection and Concentration."

To achieve this, the Group will facilitate a shift in its human resources portfolio and the revitalization of its organization, and will further accelerate the speed of the structural reorganization of its businesses.

Under this initiative, the Group will reduce its personnel by roughly 500 employees across all of its Japanese Group companies and push forward with a revision of its human resources portfolio, the optimization of its personnel composition, and indirect cost cutbacks to help it revitalize its organization and improve its medium-to long-term earning capacity. Simultaneously, it will realize support for diverse career options for each Group employee and the reinforcement of a sustainable growth foundation.

2. Overview of voluntary retiree incentive program

1) Target companies: Sumitomo Heavy Industries, Ltd. and certain domestic subsidiaries.

2) Target employees:

Employees belonging to the target companies who are 55 years of age or higher but less than 65 years of age and have been in continuous service for three years or more as of April 1, 2026.

3) Solicitation period:

Early April 2026 (scheduled)

4) Resignation date:

May 31, 2026 (scheduled)

5) Preferential treatment

- (1) Payment of additional benefits according to age in addition to standard retirement benefits
- (2) Provision of career transition support services to volunteers

3. Future Outlook

The additional benefits and expenses that will be incurred upon the implementation of the voluntary retiree incentive program, which are estimated to be between JPY2.5 billion and JPY3.0 billion, are scheduled to be recorded as one-time expenses during FY2026. The Group is estimating the effects of the expense cutbacks under this initiative to be JPY5.0 billion on an annual basis.

End