



February 14, 2024

To whom it may concern:

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President and CEO
(Securities code: 6302 TSE Prime)
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Notice Regarding Recognition of Extraordinary Losses

The Company hereby announces the recognition of extraordinary losses for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023), as detailed below.

1. Recording of Extraordinary Losses

(1) Impairment loss

The Company recognized an extraordinary loss of JPY11.5 billion as an impairment loss. This recognition stemmed from a reassessment of whether software assets (construction in progress) qualify as assets, prompted by a change in the development plan for a main system under development.

Furthermore, for its consolidated subsidiary, Sumitomo Construction Machinery (Tangshan) Co., Ltd., initially planned revenues became infeasible due to a change in the business environment in China. Consequently, an impairment loss of JPY6.9 billion was recognized under extraordinary losses, pertaining to the fixed assets held by the company.

2. Impact on Business Results

The extraordinary losses mentioned above have already been accounted for in the financial results for the fiscal year ended December 31, 2023, which were announced today.

End