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Notice Concerning Disposal of Treasury Shares as Restricted Stock Granted to Company Employees

SHIMA SEIKI MFG., LTD. (the “Company”) announces that, at a Board of Directors meeting held today, it resolved to introduce an Incentive Program Utilizing Transfer-Restricted Stocks (the “Plan”), and to dispose of treasury shares based on the Plan (the “Disposal of Treasury Shares” or the “Disposal”). Details are as follows.

1. Overview of Disposal

(1) Date of disposal	November 28, 2025
(2) Class and number of shares to be disposed of	435,100 shares of the Company’s common stock
(3) Disposal price	1,049 yen per share
(4) Total disposal amount	456,419,900 yen
(5) Disposal recipients and number thereof, and number of shares to be disposed of	1,094 employees of the Company; 435,100 shares
(6) Other details	An extraordinary report has been submitted in connection with the Disposal of Treasury Shares, pursuant to the Financial Instruments and Exchange Act.

2. Purpose and reasons for Disposal

At the Board of Directors meeting held today, the Company resolved to introduce the Plan with the aim of providing the Company’s employees (the “Eligible Employees”) with an incentive to continuously enhance the corporate value of the Company, in addition to further raising its employees’ awareness of the Company's performance and stock price, and further promoting value sharing with shareholders.

An overview of the Plan is provided below.

[Overview of the Plan]

Under the Plan, the Eligible Employees will pay in the entire amount of the monetary claims granted to them by the Company as an in-kind contribution, in exchange for which they will receive shares of the Company’s common stock (the “Allotted Shares”), either through issuance or disposal. The per-share paid-in amount for the Allotted Shares will be determined by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the

date of the resolution of the Board of Directors (or, if no trade was executed on that day, the closing price on the most recent trading day prior thereto), and within a range that is not particularly favorable to the Eligible Employees receiving the shares.

In connection with the issuance or disposal of the Company's common stock under the Plan, the Company and each Eligible Employee shall enter into a restricted stock allotment agreement, the terms of which shall include the following: (i) the Eligible Employees shall be prohibited, for a certain period, from transferring to third parties, creating a security interest over, or otherwise disposing of the Company's common stock allotted under the restricted stock allotment agreement; and (ii) in the event certain conditions are met, the Company shall acquire the relevant common stock without consideration. As part of the Disposal of Treasury Shares, the Company shall grant a total of 456,419,900 yen in monetary claims (the "Monetary Claims") to 1,094 Eligible Employees as the scheduled allottees, and to allot 435,100 shares of its common stock to them. Furthermore, in order to realize over the medium term the objective of the Plan, namely to further promote value sharing with shareholders, the transfer restriction period has been set at five years.

Under the Plan, the Company will provide each Eligible Employee with a monetary claim, which the employee will use to make a contribution in kind. Accordingly, the Disposal of Treasury Shares will not result in any reduction in employee compensation. The Allotted Shares will be allotted only to those Eligible Employees who apply for the allotment; if no application is made, the relevant Monetary Claim will be extinguished.

An outline of the restricted stock allotment agreement (the "Allotment Agreement") to be executed between the Company and the Eligible Employees as part of the Disposal of Treasury Shares is provided in Section 3. below.

3. Outline of Allotment Agreement

(1) Transfer restriction period

From November 28, 2025 to December 2, 2030

(2) Conditions for lifting of transfer restrictions

All transfer restrictions on the Allotted Shares will be lifted at the end of the transfer restriction period, provided that the Eligible Employee has continuously held a position as an officer or employee of the Company or a subsidiary of the Company throughout the transfer restriction period.

(3) Handling that an Eligible Employee resigns or retires due to expiration of term of office, mandatory retirement, or other legitimate reason during the transfer restriction period

If an Eligible Employee resigns from a position or retires from employment with the Company or one of its subsidiaries upon the expiration of their term of office, upon reaching mandatory retirement age, or due to other legitimate reasons (including resignation from a position or separation from employment due to death), the transfer restrictions on all of the Allotted Shares shall be lifted at the time immediately following such resignation or separation.

(4) Acquisition without consideration by the Company

The Company will automatically acquire, without consideration, any Allotted Shares for which transfer restrictions have not been lifted at the end of the transfer restriction period or at the time specified in (3) above. If any of the certain circumstances stipulated in this Allotment Agreement apply, or if any other violations of laws or regulations are committed, the Company will automatically acquire all of the Allotted Shares without consideration at the time such events occur.

(5) Handling in the event of reorganization, etc.

If, during the transfer restriction period, a merger agreement in which the Company becomes the dissolving company, a share exchange agreement or share transfer plan that makes the Company a wholly owned subsidiary, or any other matter concerning reorganization is approved at an Ordinary General Meeting of Shareholders (if a resolution of the Ordinary General Meeting of Shareholders is

not required, then by a resolution of the Board of Directors of the Company), then, by resolution of the Board of Directors, all transfer restrictions on the Allotted Shares will be lifted immediately prior to the business day preceding the effective date of such reorganization, etc. Immediately after the lifting of the transfer restrictions, any Allotted Shares for which the restrictions remain in effect will be automatically acquired by the Company without consideration.

(6) Share administration

The Allotted Shares will be managed in a dedicated account opened by each Eligible Employee at Nomura Securities Co., Ltd. during the transfer restriction period, to ensure that the Allotted Shares may not be transferred, have security interests created over them, or otherwise disposed of throughout the transfer restriction period. To ensure the effectiveness of the transfer restrictions on the Allotted Shares, the Company has an agreement with Nomura Securities Co., Ltd. regarding the management of such accounts held by Eligible Employees for the Allotted Shares. Each Eligible Employee shall agree to the terms governing the management of such accounts.

4. Basis of calculation and specific details of the amount to be paid in

The Disposal of Treasury Shares will be carried out through a contribution in kind using monetary claims provided to the scheduled allottees. To eliminate arbitrariness in the pricing of the shares, the disposal price has been set at 1,049 yen, which is the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on July 30, 2025 (the business day prior to the date of the Board of Directors resolution). This price reflects the market value immediately prior to the date of the resolution and is considered reasonable and not particularly favorable.