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June 26, 2026

To whom it may concern:

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Notice of Issuance of New Shares as Restricted Stock Compensation

SAKAI HEAVY INDUSTRIES, LTD. (the “Company”) hereby announces that at the Board of Directors meeting held today, it resolved to issue new shares (the "New Share Issue") as restricted stock compensation as follows.

1. Overview of issue

(1)	Date of Payment	July 22, 2026
(2)	Type and number of shares to be issued	44,800 common shares of the Company
(3)	Issue price	2,066 yen per share
(4)	Total issue value	92,556,800yen
(5)	Method of offering or allotment	This will be done by allocating specific restricted stock.
(6)	Method of investment implementation	Through in-kind contribution of monetary remuneration claims.
(7)	Allottees, number of persons to be allotted and number of shares to be allotted	Directors of the Company (excluding those who are audit and supervisory committee members) 2 persons 16,000 shares Directors who are Audit and Supervisory Committee members of the Company 3 persons 2,800 shares Executive Officer of the Company 10 persons 26,000 shares

2. Purpose and reasons for the issue

At the Board of Directors meeting of the Company held on May 26, 2017, the Company resolved to introduce a stock compensation plan (hereinafter referred to as the "Plan") under which restricted transferable shares will be granted to the Company's Directors, with the aim of providing incentives to the Company's Directors to continuously improve the corporate value from a medium- to long-term perspective and to promote further value sharing between the Directors and the shareholders. At the 69th Annual General Meeting of Shareholders of the Company held on June 29, 2017, it was resolved that the total amount of monetary compensation claims to be paid as compensation in respect of restricted transferable shares under the Plan shall be set at no more than 89 million yen per year for Directors (excluding those who are members of Audit and Supervisory committee) and 10 million yen per year for Directors who are members of Audit and Supervisory committee, the total number of restricted transferable shares to be allocated to directors (excluding those who are members of Audit and Supervisory committee) shall be limited to 178,000 shares per year, the total number of the restricted transferable shares to be allocated to directors who are members of the Audit and Supervisory committee shall be limited to 20,000 shares per year and the restricted transfer period shall be a period from 1 to 3 years, as determined by the Board of Directors of the Company.

Today, in accordance with the resolution of the Board of Directors of the Company and the discussions of the Directors who are members of the Audit and Supervisory Committee of the Company, 2 Directors of the Company (excluding those who are members of Audit and Supervisory committee), 3 directors who are members of the Audit and Supervisory Committee of the Company and 10 executive officers of the Company (hereinafter referred to as "allottees") who are the allottees, will be allotted the restricted transferable shares as compensation for the period from the 78th Annual General Meeting of Shareholders of the Company to the 79th Annual General Meeting of Shareholders of the Company. The Company resolved to allot 44,800 shares of the Company's common stock as specified restricted transferable shares by granting monetary compensation claims of 33,056,000 yen, 5,784,800 yen and 53,716,000 yen to the allottees who will receive all such monetary compensation claims by way of contribution in kind. The amount of the monetary compensation claims for each allottee was determined after comprehensively considering various matters, including the contribution level and responsibilities of each allottee in the Company. The monetary compensation claims will be paid on the condition that each allottee enters into a restricted share allotment agreement with the Company (hereinafter referred to as the "Allotment Agreement"), which includes, in summary, the following contents.

The Plan sets the transfer restriction period at 3 years in order to provide incentives for directors and executive officers to continuously increase corporate value from a medium- to long-term perspective, and to enable directors and executive officers to further share value with shareholders.

3. Overview of the allotment agreement

① Transfer restriction period

July 22, 2026 - July 21, 2029

During the restricted transfer period set out above (hereinafter referred to as the "Restricted Transfer Period"), the Allottee may not transfer, pledge, create a security interest in the transfer, make living gifts, bequeath, or otherwise dispose of the Restricted Transfer Shares concerned to a third party.

② Free acquisition of restricted shares

In the event that an allottee retires from the office of director or executive officer of the Company on or after the commencement date of the Restricted Transfer Period and by the day before the date of the first annual general meeting of shareholders of the Company to fall, the Company shall, unless the Board of Directors of the Company has a justifiable reason to the contrary, naturally acquire the Restricted Shares allocated to the relevant allottees （the "Allotted Shares"） free of charges as of the time of such retirement.

If, at the time of the expiry of the Transfer Restriction Period（hereinafter referred to as the "Time of Expiry"）, any of the Allotted Shares have not been released from the restrictions on transfer in accordance with the provisions of ③ below, the Company shall naturally acquire them free of charge at the time immediately following the Time of Expiry.

③ Lifting of transfer restrictions

Provided that the Allottee has continuously held the position of director or executive officer of the Company from the start date of the Transfer Restriction Period until the date of the first Annual General Meeting of Shareholders of the Company after the start date of the Transfer Restriction Period, the Company will lift the transfer restrictions on all the Allotted Shares held by the Allottee at that time. However, if the Allottee resigns from his/her position as a director or executive officer of the Company before the expiration of the Transfer Restriction Period for a reason that the Board of Directors of the Company deems legitimate, the Company will lift the transfer restrictions at the Time of Expiry on the Allotted Shares (however, if the calculation results in a fraction less than one share, such fraction shall be rounded down) calculated by multiplying the number of Allotted Shares held by the Allottee at the relevant time by the number obtained by dividing the number of months from July 2026 to the month including the day the Allottee resigned from his/her position as a director or executive officer of the Company by 12 (however, if the result of the calculation exceeds 1, it shall be set to 1).

④ Provisions regarding management of shares

The allottee will complete the opening of an account with SMBC Nikko Securities Inc. in which the allotted shares will be recorded in a manner specified by the Company, and will store and maintain the allotted shares in that account until the transfer restrictions are lifted

⑤ Treatment in the event of reorganization, etc.

If, during the transfer restriction period, a proposal for a merger agreement in which the Company is the disappearing company, or a share exchange agreement or share transfer plan by which the Company becomes a wholly-owned subsidiary of another company, or any other form of reorganization, etc., is approved at the Annual General Meeting of Shareholders of the Company (or, in cases where the reorganization, etc. does not require approval at the Annual General Meeting of Shareholders of the Company, the Board of Directors of the Company), the Board of Directors of the Company shall resolve to lift the transfer restriction immediately prior to the business day preceding the effective date of the reorganization, etc. with respect to the number of Allotted Shares. The number of Allotted Shares shall be calculated (however, if this calculation results in a fractional share, it shall be rounded down) by multiplying the number of Allotted Shares held by the Allottee on the Date of Approval of Reorganization by the number obtained by dividing the number of months from July 2026 to the month including the date of approval (hereinafter referred to as the "Date of Approval of Reorganization") by 12 (however, if the

calculation results in a number greater than 1, or if the Allottees resign from their positions as directors or executive officers of the Company for a reason deemed legitimate by the Board of Directors of the Company by the time immediately prior to the business day preceding the effective date of such reorganization, etc., it shall be 1).

In this case, the Company shall naturally acquire the Allotted Shares for which the transfer restrictions have not been lifted as of the same date in accordance with the above-mentioned provisions as of the business day preceding the effective date of such reorganization, etc. without consideration.

4. Basis for calculation of payment amount and its specific details

The issue price of the restricted shares to the allottees will be 2,066 yen, which is the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors of the Company on the allotment of the restricted shares June 25, 2026. The closing price on that date was adopted because the Company has determined that, under circumstances where the Company's common shares are listed and there are no special circumstances indicating that the most recent share price cannot be relied upon, the share price is a reasonable price that reflets corporate performance and market supply and demand relationships, eliminates arbitrariness, and is not a particularly advantageous price.