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Securities Code: 6358

June 5, 2024

To our shareholders:

Ichiro Sakai
President and Representing Director
SAKAI HEAVY INDUSTRIES, LTD.
1-9-9 Shibadaimon, Minato-ku, Tokyo

Notice of the 76th Annual General Meeting of Shareholders

We are pleased to announce the 76th Annual General Meeting of Shareholders of SAKAI HEAVY INDUSTRIES, LTD. (the “Company”), which will be held as indicated below.

The Company’s website

<https://www.sakainet.co.jp/ir/stock/soukai.html> (in Japanese)

(Access the website above, and from the menu, select “Investor Relations,” “Stock Information,” and “General Meeting of Shareholders” to find the notice.)

In addition to the Company’s website, the matters subject to measures for electronic provision are posted on the following website of Tokyo Stock Exchange (TSE).

Tokyo Stock Exchange’s website (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website above, enter the Company’s name “SAKAI HEAVY INDUSTRIES” in the “Issue name (company name)” field or its securities code “6358” in the “Code” field to search for the Company, select “Basic information” and “Documents for public inspection/PR information” in that order, and then find the information posted in “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

In lieu of attending the meeting in person, you may exercise your voting rights in writing (by postal mail) or via the Internet. Please review the attached Reference Documents for General Meeting of Shareholders, and indicate your approval or disapproval of the proposals in the voting form, and exercise your voting rights no later than 5:45 p.m. on Wednesday, June 26, 2024 (JST).

1. Date and Time: Thursday, June 27, 2024 at 10:00 a.m. (JST)

2. Venue: Shiba Park Hotel, 2F, Rose
1-5-10 Shiba Koen, Minato-ku, Tokyo

3. Purposes:

Items to be reported:

1. The Business Report and the Consolidated Financial Statements for the 76th fiscal year (from April 1, 2023 to March 31, 2024), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit and Supervisory Committee
2. The Non-consolidated Financial Statements for the 76th fiscal year (from April 1, 2023 to March 31, 2024)

Items to be resolved:

Proposal No. 1 Appropriation of Surplus

Proposal No. 2 Election of Two Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Proposal No. 3 Election of One Director Who Is an Audit and Supervisory Committee Member

4. Instructions for Exercising Voting Rights

Please refer to the “Instructions for Exercising Voting Rights” on page 3.

5. Matters related to electronic provision measures

Along with this document, we will deliver the documents of matters subject to measures for electronic provision to shareholders who have requested paper-based delivery. However, the following items are excluded from the documents, pursuant to the provisions of laws and regulations and Article 15 of the Articles of Incorporation of the Company:

- (1) “Resolutions regarding the System to Ensure the Appropriateness of Business Operations,” “Basic Policy and Progress of System Development for Eliminating Antisocial Forces,” “Overview of Operation Status to Ensure the Appropriateness of Business Operations,” and “Basic Policy for Control of Stock Company” in the Business Report
- (2) “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements
- (3) “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements

Therefore, the delivered documents make up a part of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Financial Auditor in preparing its Financial Auditor’s Reports, and a part of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit and Supervisory Committee in preparing its Audit Report.

If you attend the meeting in person, please submit the voting form at the reception desk.

Should the matters subject to measures for electronic provision require revisions, the description of the revisions, the original versions, and the revised versions will be posted on the Company’s website and TSE website, described above, on the Internet.

Instructions for Exercising Voting Rights

The exercise of voting rights in the General Meeting of Shareholders is the important right of all shareholders.

Please exercise your voting rights after reviewing the Reference Documents for the General Meeting of Shareholders.

There are three ways to exercise your voting rights as described below.

Attending the General Meeting of Shareholders

Please submit the voting form at the reception desk.

Date and time: Thursday, June 27, 2024, at 10:00 a.m. (JST)

Exercising Voting Rights in Writing (by Postal Mail)

Please indicate your approval or disapproval of each proposal on the voting form, and post it without affixing postage stamps.

Exercise due date: to be received by 5:45 p.m. on Wednesday, June 26, 2024 (JST)

Exercising Voting Rights via the Internet

Please indicate your approval or disapproval of each proposal in accordance with the instructions on the following page.

Exercise due date: to be given by 5:45 p.m. on Wednesday, June 26, 2024 (JST)

Instructions for Filling Out the Voting Form

Proposals No. 1 and No. 3

- If you approve, put a circle in the box marked 賛.
- If you disapprove, put a circle in the box marked 否.

Proposals No. 2

- If you approve all candidates, put a circle in the box marked 賛.
 - If you disapprove all candidates, put a circle in the box marked 否.
 - If you disapprove of some candidates, put a circle in the box marked 賛 and write the candidates' number of whom you disapprove.
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- If you exercise your voting rights both in writing (by postal mail) and via the Internet, we will only accept the exercise of your voting rights via the Internet as effective. If you exercise your voting rights more than once via the Internet, only the last vote shall be deemed effective.
 - If neither approval nor disapproval of a proposal is indicated on the voting form you sent by postal mail, it shall be deemed a vote of approval.

Instructions for Exercising Voting Rights via the Internet, Etc.

How to scan the QR Code

You can log in to the voting rights exercising website without entering the login ID and temporary password indicated on the voting form.

- 1. Scan the QR Code indicated on the voting form.
Note: “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
- 2. Indicate your approval or disapproval by following the on-screen instructions.

How to enter your login ID and temporary password

Voting rights exercising website (<https://evote.tr.mufg.jp/>)

- 1. Access the voting rights exercising website.
- 2. Enter the “login ID and temporary password” indicated on the voting form and click “Login.”
- 3. Indicate your approval or disapproval by following the on-screen instructions.

If you have any difficulties about the use of a personal computer or smartphone for exercising your voting rights via the Internet, please contact:	Securities Agency Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation Phone: 0120-173-027 (toll-free and available from 9:00 a.m. to 9:00 p.m., only in Japan)
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Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Year-end dividends

The Company works to secure a stable management base over the long term, and also places importance on the continuation of stable dividends, and makes it a basic policy to distribute results that are supported by business performance and a sound financial structure.

The Company has given comprehensive consideration to matters including the business performance of the fiscal year, and it proposes to pay year-end dividends for the fiscal year as follows:

(1) Type of dividend property

To be paid in cash.

(2) Allotment of dividend property and their aggregate amount

195 yen per common share of the Company

Total dividends: 828,886,695 yen

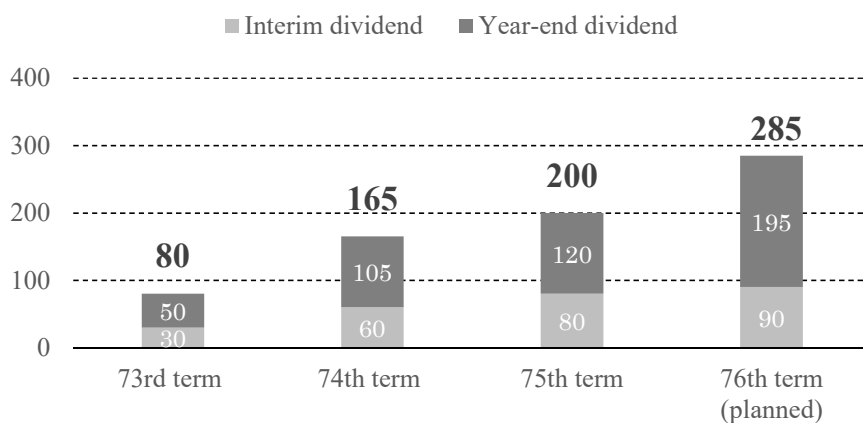
Accordingly, the annual dividend for the fiscal year, including the interim dividend, will be 285 yen per share.

(3) Effective date of dividends of surplus June 28, 2024

Reference

Dividend trends


(Yen)




Proposal No. 2 Election of Two Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of two Directors, excluding Directors who are Audit and Supervisory Committee Members, will expire at the conclusion of this meeting. Therefore, the Company proposes the election of two Directors, excluding Directors who are Audit and Supervisory Committee Members.

Candidates for the role of Director (excluding Director who is an Audit and Supervisory Committee Member) are as follows:

 <p>Number of the Company's shares owned: 137,364 shares Tenure: 33 years Attendance at Board of Directors meetings: 19/19</p>	<p>Candidate No. 1</p>	<p>Ichiro Sakai</p>	<p>Date of birth December 4, 1961</p>	<p>Reelection</p>
	<p>Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>July 1990 Joined the Company June 1991 Director and Deputy General Manager of Corporate Planning Office July 1993 Managing Director and General Manager of Business Promotion Office Mar. 1995 President and Representing Director (current position) Apr. 1995 Director and Chairman of SAKAI AMERICA, INC. Jan. 2000 Director and Chairman of SAKAI AMERICA MANUFACTURING, INC. Dec. 2008 Director and Chairman of SAKAI AMERICA, INC. June 2019 Outside Director of PRONEXUS INC. (current position)</p> <p>Reasons for nomination as candidate for Director</p> <p>Ichiro Sakai assumed the office as Director in June 1991, and has served as President and Representing Director of the Company since March 1995, and has abundant experience and advanced knowledge as a manager. The Company has nominated him as a candidate for Director because he is considered to be suitable for the medium-term development of the Group and the strengthening of corporate governance.</p>			

	Candidate No. 2	Kenichi Mizuuchi	Date of birth February 23, 1955	Reelection
	<p>Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>Aug. 1982 Joined the Company</p> <p>Apr. 1995 Head of Shikoku Sales Office, Domestic Sales Department, Sales Division</p> <p>Apr. 2006 General Manager of Extensive Sales Department, Domestic Business Division</p> <p>Apr. 2014 General Manager of Domestic Business Division and General Manager of Domestic Sales Department</p> <p>June 2014 Director, General Manager of Domestic Business Division, General Manager of Domestic Sales Department</p> <p>June 2016 Director, General Manager of Domestic Business Division and General Manager of Domestic Sales Department</p> <p>July 2017 Managing Director, General Manager of Domestic Business Division and General Manager of Domestic Sales Department</p> <p>June 2019 Managing Executive Officer, General Manager of Domestic Business Division and General Manager of Domestic Sales Department</p> <p>Apr. 2020 Senior Managing Executive Officer, General Manager of Domestic Business Division and General Manager of Domestic Sales Department</p> <p>Apr. 2022 Senior Managing Executive Officer and General Manager of Domestic Business Division</p> <p>June 2022 Director, Senior Managing Executive Officer and General Manager of Domestic Business Division (current position)</p>			
<p>Number of the Company's shares owned: 19,000 shares</p> <p>Tenure: 2 years</p> <p>Attendance at Board of Directors meetings: 16/19</p>	<p>Reasons for nomination as candidate for Director</p> <p>Kenichi Mizuuchi assumed the Office as Director in June 2014, and has been engaged in the sales activities of the Company's products in the domestic market as General Manager of Domestic Business Division. The Company has nominated him as a candidate for Director because he has abundant sales and marketing experience in road machinery and is considered to be suitable for developing the Company's global niche strategy.</p>			

- Notes: 1. There is no special interest between each of the candidates and the Company.
2. The Company has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act of Japan, and the policy covers damages and litigation expenses incurred by the insured, including the Company's Directors. (However, there are certain exemptions, such as damages not being covered for acts committed by the insured with the knowledge that they were in violation of laws and regulations). In the event that each candidate is elected and assumes the office as a Director, they will be the insured under the policy. In addition, the Company plans to renew the policy with the same terms at the next renewal.

Proposal No. 3 Election of One Director Who Is an Audit and Supervisory Committee Member

Out of three Directors who are Audit and Supervisory Committee Members, the term of office of Director Kaori Sato will expire at the conclusion of this meeting. Accordingly, the Company proposes to elect one Director who is an Audit and Supervisory Committee Member.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

Candidate for the role of Director who is an Audit and Supervisory Committee Member is as follows:

	Kaori Sato	Date of birth November 19, 1971	Reelection
	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) Jan. 1993 Joined SATO Co., Ltd. Jan. 2007 Senior Managing Director of SATO Co., Ltd. Nov. 2012 Representative Director of SATO Co., Ltd. (current position) June 2022 Director and Audit and Supervisory Committee Member of the Company (current position)		
Number of the Company's shares owned: 650 shares Tenure: 2 years Attendance at Board of Directors meetings: 19/19 Attendance at Audit and Supervisory Committee meetings: 14/14	Reasons for nomination as candidate for outside Director and outline of expected roles Kaori Sato is a female manager who has served as Representative Director of SATO Co., Ltd. since November 2012 and has extensive experience in management of construction equipment rental and overseas business. She also has extensive insight on the Company's road machinery business, and the Company believes she is suitable to serve as an outside Director who is an Audit and Supervisory Committee Member.		

- Notes:
1. There is no special interest between the candidate and the Company.
 2. Kaori Sato is a candidate for outside Director of the Company.
 3. Kaori Sato is designated as an independent officer as provided for by the Tokyo Stock Exchange. If the election of Kaori Sato is approved, the Company will continue its designation of Kaori Sato as an independent officer.
 4. Pursuant to Article 427, paragraph (1) of the Companies Act of Japan, the Company entered into an agreement with Kaori Sato to limit her liability for damages under Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages based on such agreement shall be the minimum liability amount stipulated in Article 425, paragraph (1) of the same Act. In the event that Kaori Sato is reelected, the Company will continue this agreement with her.
 5. The Company has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act of Japan, and the policy covers damages and litigation expenses incurred by the insured, including the Company's Directors. (However, there are certain exemptions, such as damages not being covered for acts committed by the insured with the knowledge that they were in violation of laws and regulations). In the event that the candidate is elected and assumes the office as a Director, the candidate will be the insured under the policy. In addition, the Company plans to renew the policy with the same terms at the next renewal.
 6. The transactions between SATO Co., Ltd., for which Kaori Sato currently serves as Representative Director, and the Company are minimal, accounting for about 0.1% of the Company's consolidated net sales for the fiscal year under review. Therefore, there is no business relationship that should be noted as having an impact on the performance of her duties as an outside Director.

Current status of the corporate group

(1) Progress and results of operations

The business environment affecting SAKAI HEAVY INDUSTRIES, LTD. and its subsidiaries (the “Group”) during the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024) experienced a new phase of change in the world’s socio-economic situation as it entered a period of adjustment from the global expansion of inflation and monetary tightening policies and the rapid economic recovery post COVID-19, as well as the tense security situation due to expanding conflict in the Middle East and social structural changes associated with the increasing adoption of generative AI technologies.

Under these circumstances, the Group has been working to transform its management structure to adapt to the new business environment by reforming its profit structure through sales price revisions and higher value addition, creating new value addition and improving productivity through human capital investment and DX, as well as modifying its supply chain and global business activities based on the premise of economic bloc creation.

As a result, net sales for the fiscal year under review were 33,020 million yen, an increase of 5.0% year on year. This achievement was supported by covering the drop in sales to Japan and Asia by expanded sales to North America. Operating profit was 3,310 million yen, an increase of 32.4% year on year. This was contributed by progress made in profit structure reforms and the positive effect of yen depreciation. Consequently, ordinary profit was 3,320 million yen, an increase of 42.8% year on year, and profit attributable to owners of parent was 2,440 million yen, an increase of 44.0% year on year.

The following presents net sales on a consolidated basis by geographic segment.

Net sales in Japan were 14,320 million yen, a decrease of 5.8% year on year, due to a standstill in construction equipment investment in the face of repeated price revisions and the 2024 issue in construction and logistics, despite continued solid construction investment backed by the measures to accelerate national land resilience.

Net sales to overseas were 18,690 million yen, an increase of 15.1% year on year, due to favorable sales in the North American and Indonesian markets amid a patchy market environment.

Net sales to North America were 9,700 million yen, an increase of 25.1% year on year, as the Infrastructure Investment Act resulted in a continued high level of construction.

Net sales to Asia were 7,560 million yen, a decrease of 2.9% year on year, due to a slowdown in the Chinese and ASEAN markets, despite a strong performance in the Indonesian market.

Net sales to other markets were 1,430 million yen, an increase of 103.8% year on year, due to the steady trend in Oceania market and a buildup of ODA projects in Africa.

	75th term (Previous fiscal year) (From April 1, 2022 to March 31, 2023)	76th term (Fiscal year under review) (From April 1, 2023 to March 31, 2024)	Year-on-year change	
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Increase (Decrease) (%)
Net sales	31,459	33,020	1,560	5.0
Operating profit	2,506	3,318	812	32.4
Ordinary profit	2,327	3,324	996	42.8
Profit attributable to owners of parent	1,694	2,440	746	44.0

Net sales in Japan and overseas are as presented in the following table.

Geographic segment	75th term (Previous fiscal year) (From April 1, 2022 to March 31, 2023)		76th term (Fiscal year under review) (From April 1, 2023 to March 31, 2024)		Year-on-year change	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Increase (Decrease) (%)
	Japan	15,208	48.3	14,320	43.4	(888)
Overseas	16,251	51.7	18,699	56.6	2,448	15.1
North America	7,751	24.7	9,700	29.4	1,948	25.1
Asia	7,796	24.8	7,566	22.9	(229)	(2.9)
Others	703	2.2	1,432	4.3	729	103.8
Total	31,459	100.0	33,020	100.0	1,560	5.0

Note: Major countries and regions that belong to each overseas geographic segment in the fiscal year under review

North America United States

Asia Indonesia, China and the various countries surrounding the
Mekong River

Others Africa, Oceania and Central and South America

(2) Issues to be addressed

In Japan, the market is expected to return to a recovery trend following a temporary lull due to continued solid construction investment with five-year acceleration measures for national land resilience, although a wide range of cost increases, including for construction machinery, and structural adjustments throughout the supply chain due to the 2024 issue of construction and logistics persist. In the North American market, a high level of government construction investment based on the Infrastructure Investment Act continues, with a firm market environment anticipated. In the Asian market, although the Chinese market continues to be sluggish, the ASEAN market is expected to bottom out due to strong domestic demand.

Prices, wages, and interest rates in Japan are expected to rise to balance the gap with overseas countries. Overseas, supply chain risks and resource and logistics costs are expected to remain high as the global economy continues its fragmentation due to tensions in Ukraine and the Middle East.

Under these market environment changes and renewed cost increases, the Group will continue to strengthen its profit structure and human resources structural capability by continuing to revise sales prices, adding value to its businesses, reforming its profit structure by creating new value addition through DX, improving wages and stabilizing employment, increasing the number of skilled workers onsite, and improving the workplace environment through human capital investment.

The Group also makes continuous efforts to further develop Asian markets while pioneering North American markets, expand overseas business domains, leverage innovative technology to create next-generation businesses, and promote growth strategy to be more responsive to demand changes. In addition, the Group actively promotes ESG to grow corporate value in the medium- to long-term.

Consolidated Financial Statements

Consolidated Balance Sheet (As of March 31, 2024)

(Thousands of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	28,637,323	Current liabilities	13,180,760
Cash and deposits	8,383,385	Notes and accounts payable - trade	1,663,632
Notes and accounts receivable - trade	7,097,977	Electronically recorded obligations - operating	4,461,405
Electronically recorded monetary claims - operating	1,400,759	Short-term borrowings	4,629,322
Merchandise and finished goods	4,576,542	Income taxes payable	393,833
Work in process	1,286,375	Provision for product warranties	350,818
Raw materials and supplies	4,795,261	Other	1,681,748
Other	1,102,359	Non-current liabilities	1,890,731
Allowance for doubtful accounts	(5,336)	Long-term borrowings	155,672
Non-current assets	15,600,035	Lease liabilities	266,915
Property, plant and equipment	7,573,903	Deferred tax liabilities	1,144,202
Buildings and structures	3,089,787	Retirement benefit liability	191,422
Machinery, equipment and vehicles	696,399	Other	132,518
Land	3,358,882	Total liabilities	15,071,492
Leased assets	273,956	Net assets	
Other	154,877	Shareholders' equity	23,702,538
Intangible assets	255,088	Share capital	3,337,367
Investments and other assets	7,771,042	Capital surplus	6,583,310
Investment securities	6,036,108	Retained earnings	14,191,837
Deferred tax assets	268,396	Treasury shares	(409,977)
Other	1,466,537	Accumulated other comprehensive income	5,391,315
Allowance for doubtful accounts	(0)	Valuation difference on available-for-sale securities	3,380,016
		Foreign currency translation adjustment	2,027,177
		Remeasurements of defined benefit plans	(15,878)
		Non-controlling interests	72,012
		Total net assets	29,165,866
Total assets	44,237,358	Total liabilities and net assets	44,237,358

Note: Listed amounts have been rounded down to the nearest thousand yen.

Consolidated Statement of Income (From April 1, 2023 to March 31, 2024)

(Thousands of yen)

Item	Amount	
Net sales		33,020,799
Cost of sales		23,650,889
Gross profit		9,369,909
Selling, general and administrative expenses		6,050,972
Operating profit		3,318,936
Non-operating income		
Interest income	9,664	
Dividend income	175,341	
Foreign exchange gains	82,887	
Other	43,150	311,043
Non-operating expenses		
Interest expenses	227,786	
Bank charge	72,197	
Other	5,718	305,702
Ordinary profit		3,324,276
Extraordinary income		
Gain on sale of non-current assets	431	431
Profit before income taxes		3,324,708
Income taxes - current	720,791	
Income taxes - deferred	156,121	876,913
Profit		2,447,795
Profit attributable to non-controlling interests		7,253
Profit attributable to owners of parent		2,440,541

Note: Listed amounts have been rounded down to the nearest thousand yen.

Consolidated Statement of Changes in Equity (From April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,295,841	6,541,784	12,642,202	(405,251)	22,074,576
Changes during period					
Issuance of new shares	41,526	41,526			83,053
Dividends of surplus			(890,905)		(890,905)
Profit attributable to owners of parent			2,440,541		2,440,541
Purchase of treasury shares				(4,726)	(4,726)
Net changes in items other than shareholders' equity					
Total changes during period	41,526	41,526	1,549,635	(4,726)	1,627,962
Balance at end of period	3,337,367	6,583,310	14,191,837	(409,977)	23,702,538

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,837,502	1,319,532	1,162	3,158,197	63,064	25,295,837
Changes during period						
Issuance of new shares						83,053
Dividends of surplus						(890,905)
Profit attributable to owners of parent						2,440,541
Purchase of treasury shares						(4,726)
Net changes in items other than shareholders' equity	1,542,514	707,644	(17,040)	2,233,118	8,948	2,242,066
Total changes during period	1,542,514	707,644	(17,040)	2,233,118	8,948	3,870,028
Balance at end of period	3,380,016	2,027,177	(15,878)	5,391,315	72,012	29,165,866

Note: Listed amounts have been rounded down to the nearest thousand yen.