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June 23, 2025

To whom it may concern,

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Notice Concerning Issuance of New Stocks as Restricted Stock Compensation

The Japan Steel Works, Ltd. (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held today, to issue new stocks (the “Issuance of New Stocks”) as described below.

1. Overview of Issuance

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|-----|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| (1) | Due date of payment | July 22, 2025 |
| (2) | Class and number of stocks to be issued | The Company’s common stock 6,924 shares |
| (3) | Amount to be paid in per share | ¥7,861 per share |
| (4) | Total amount of issuance | ¥54,429,564 |
| (5) | Recipients of allotment of stocks, number of recipients, and number of stocks to be allotted | Directors (Excluding Outside Directors): 5 persons, 4,160 shares Executive Officers: 8 persons, 2,764 shares |

2. Purpose and Reason for Issuance

At the Board of Directors meeting held on May 14, 2018, the Company resolved to introduce a Restricted Stock Compensation Plan (the “Plan”) as a new compensation plan for the Company’s Directors excluding Outside Directors of the Company (the “Eligible Directors”), with the aim of providing incentives to Eligible Directors for the sustainable improvement of the corporate value of the Company and further sharing value with shareholders.

In addition, at the 92nd Ordinary General Meeting of Shareholders held on June 26, 2018, approval was obtained for the payment of monetary compensation claims of up to 100 million yen per year to Eligible Directors in order to grant Restricted Stocks under the Plan, and for the transfer restriction period of Restricted Stocks to be a period of 3 to 5 years determined by the Board of Directors of the Company.

3. Outline of the Plan

Eligible Directors will pay all of the monetary compensation claims paid by the Company under the Plan as assets contributed in kind, and will be issued or disposed of with respect to common stock of the Company.

The total number of common stock to be newly issued or disposed of by the Company to Eligible Directors under the Plan shall be not more than 50,000 shares per year (however, in the event of a stock split (includes gratis allotment of the Company's common stock) or reverse stock split of the common stock of the Company, or any other event that requires adjustment of the total number of common stock of the Company issued or disposed of as restricted stock, the total number will be adjusted to a reasonable extent), and the amount to be paid in per share shall 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 each resolution of the Board of Directors (if no transaction has been closed on the same day, the closing price of the most recent transaction day), to the extent that the amount is not particularly favorable to Eligible Directors who subscribe for the said common stock.

In addition, upon the issuance or disposition of the Company's common stock under the Plan, the Company and the Eligible Directors shall enter into a Restricted Stock Allotment Agreement, which shall include provisions such as (1) the Eligible Directors shall not transfer, create security interests, or otherwise dispose of the allotted the Company's common stock for a certain period of time, and (2) the Company shall acquire the common stock gratis in the event of certain events.

4. Introduction of Restricted Stock Compensation Plan for Executive Officers

Following the approval of the introduction of the Plan for Eligible Directors at the 92nd Ordinary General Meeting of Shareholders held on June 26, 2018, a restricted stock compensation plan similar to the Plan will be applied to Executive Officers of the Company.

5. Details of the Issuance

The Company has decided to grant receivables totaling 54,429,564 yen (the "Receivables") to 5 Eligible Directors and 8 Executive Officers (the "Eligible Directors, etc."), taking into consideration the deliberations at the Remuneration Advisory Committee, the purpose of the Plan, the Company's performance, the scope of duties of each Eligible Directors, etc., and various circumstances, and to issue 6,924 shares of common stock through contribution in kind of the Receivables. In addition, the Plan was introduced as an incentive for medium- to long-term enhancement of corporate value, and in consideration of the period until management measures contribute to business performance, the transfer restriction period is set at 5 years in line with the 5-year Medium-Term Management Plan for the purpose of formulating growth strategies from a long-term perspective.

Under the Issuance of New Stocks, the 13 Eligible Directors, etc., who are the scheduled recipients, will pay all of the Receivables against the Company as assets contributed in kind and receive the issuance of common stock of the Company.

6. Overview of Restricted Stock Allotment Agreement

The Company and the Eligible Directors, etc. will individually enter into a Restricted Stock Allotment Agreement (the "Allotment Agreement"), an outline of which is as follows.

(1) Transfer restriction period

July 22, 2025 - July 21, 2030

(2) Conditions for cancellation of transfer restrictions

Upon expiration of the transfer restriction period, the transfer restriction shall be cancelled for all of the allotted stocks on the condition that the Eligible Directors, etc. have held any position as a Director or Executive Officer of the Company continuously during the transfer restriction period.

(3) Treatment of Eligible Directors, etc. who retired due to expiration of their term of office, death, retirement age or other justifiable reasons during the transfer restriction period

(i) Time of lifting transfer restrictions

In case that an Eligible Director, etc. resigns from his/her position as a Director or Executive Officer of the Company due to the expiration of his/her term of office, retirement age, or other justifiable reasons (provided, however, that this shall not apply to resignation due to death), the transfer restriction shall be lifted immediately after the resignation of the Eligible Director, etc. In the case of resignation due to death, the transfer restriction shall be lifted at a time determined separately by the Board of Directors after the death of the Eligible Director, etc.

(ii) Number of stocks subject to removal of transfer restrictions

For Eligible Directors, the number (however, if a fraction of less than 1 share occurs as a result of the calculation, it shall be discarded) shall be obtained by multiplying the number of the allotted stocks held at the time of resignation (including cases due to death) specified in (i) above by the number obtained by dividing the number of months from July of the fiscal year to which the payment date belongs until the month including the day of resignation by 12 (if the number exceeds 1, it shall be 1).

For Executive Officers, the number (however, if a fraction of less than one share occurs as a result of the calculation, it shall be discarded) shall be obtained by multiplying the number of the allotted stocks held at the time of resignation (Including cases due to death) specified in (i) above by the number obtained by dividing the number of months from April of the fiscal year to which the payment date belongs until the month including the day of resignation by 12 (If the number exceeds 1, it shall be 1).

(4) Gratis acquisition by the Company

At the time of expiration of the transfer restriction period or at the time of lifting of the transfer restriction as specified in (3) above, the Company shall naturally acquire the allotted stocks gratis for which the transfer restriction has not been lifted without consideration.

(5) Management of stocks

During the transfer restriction period, the allotted stocks shall be managed in a dedicated account opened at Nomura Securities Co.,Ltd. by the Eligible Directors, etc., so that they may not be transferred, pledged as security interests, or otherwise disposed of during the transfer restriction period. In order to ensure the effectiveness of the restriction on transfer of the allotted stocks, the Company has concluded an agreement with Nomura Securities Co.,Ltd. in connection with the management of the accounts of the allotted stocks held by each Eligible Director, etc. In addition, the Eligible Directors, etc. shall consent to the details of the management of the relevant accounts.

(6) Treatment in reorganization, etc.

During the transfer restriction period, if a merger agreement under which the Company becomes a disappearing company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary, or other matters related to organizational restructuring, etc. are approved at a shareholders meeting of the Company (provided, however, that in cases where the organizational restructuring, etc. does not require approval at a shareholders meeting of the Company, the board of directors of the Company), by a resolution of the Board of Directors, the transfer restriction for Eligible Directors will be lifted with respect to the number of the allotted stocks which obtained by

multiplying the number of the allotted stocks held at that time by the number obtained by dividing the number of months from July of the fiscal year to which the payment date belongs until the month including the date of approval by 12 (if the number exceeds 1, it shall be 1) (however, if a fraction of less than 1 share occurs as a result of the calculation, it shall be discarded), and for Executive Officers who do not concurrently serve as Directors, the transfer restriction will be lifted with respect to the number of the allotted stocks which obtained by multiplying the number of the allotted stocks held at that time by the number obtained by dividing the number of months from April of the fiscal year to which the payment date belongs until the month including the date of approval by 12 (if the number exceeds 1, it shall be 1) (however, if a fraction of less than one share occurs as a result of the calculation, it shall be discarded), immediately prior to the business day immediately preceding the effective date of organizational restructuring, etc.

7. Basis of Calculation and Specific Details of the Amount to be Paid In

The Issuance of New Stocks to Eligible Directors, etc. will be made using Receivables to be provided to Eligible Directors, etc. for the grant of restricted stocks under the Plan as assets contributed in kind. The issue price has been set at 7,861 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on June 20, 2025 (the business day immediately preceding the date of the resolution by the Board of Directors), in order to eliminate arbitrariness. This is the market stock price immediately before the date of resolution of the Board of Directors, and the Company believes that it is reasonable and does not fall under a particularly favorable value.