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January 19, 2026

To whom it may concern,

Company name: The Japan Steel Works, Ltd.  
Name of representative: Toshio Matsuo,  
Representative Director & President  
(Code No. 5631, TSE Prime)  
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## **Notice Concerning Absorption-Type Merger (Simplified Merger and Short Form Merger) of Consolidated Subsidiary**

The Japan Steel Works, Ltd. (the “Company”) decided, at the Board of Directors meeting held on April 14, 2025, to pursue a policy to conduct an absorption-type merger of Japan Steel Works M&E, Inc. (“M&E”), a wholly-owned subsidiary of the Company, and disclosed the matter on the same day. The Company hereby announces that, at the Board of Directors meeting held today (January 19, 2026), it has resolved to conduct an absorption-type merger of M&E as follows.

### **1. Purpose of the merger**

#### **(1) Purpose and current status of reorganization implemented in April 2020**

Following the significant deterioration in the business environment after the Great East Japan Earthquake in March 2011, the Group identified improving profitability as a key issue for the Material and Engineering Products Business (formerly the Steel and Energy Products Business). In April 2020, in order to establish a stable profit-generating structure while maintaining the scale of this business, the Group performed reorganization centered on the Muroran Plant involving four former subsidiaries that had undergone functional spin off, and established M&E.

Since then, M&E has been reforming its earnings structure through initiatives such as reviewing its product portfolio with the aim of streamlining production through integrated business operations and enhancing profitability of the Material and Engineering Products Business. As a result, the capital profitability of the Material and Engineering Products Business has improved significantly and the Group has established a stable profit-generating structure that was the objective of the reorganization.

#### **(2) Purpose of the merger**

##### **I. Sustainable growth of the Materials and Engineering Products Business**

On a global level, the environment surrounding the Material and Engineering Products Business is undergoing significant changes, as a substantial increase in electricity demand is expected due to accelerating digitalization, the rapid expansion of artificial intelligence (AI) utilization, and the medium-to long-term spread of EVs, while development needs are also growing for metal products used in nuclear and high-efficiency thermal power generation in pursuit of a low-carbon society. In order to swiftly respond to these social needs and achieve sustainable growth of the business, the Group will work to stably acquire talented human resources and flexibly allocate its management resources by operating the business in a unified organization through the merger.

## II. Accelerating the creation of synergies within the Group

In Japan, amid the increasingly severe security environment, the national defense budget is expected to remain at a high level under the government's policy of strengthening defense capabilities. In the Group, it aims to grow and expand net sales of defense-related equipment to 80.0 billion yen by the final year of the Medium-Term Management Plan "JGP 2028." In the past, the Group produced artillery and other defense-related equipment mainly at the Hiroshima Plant, the main base for the Industrial Machinery Business. As part of efforts to expand production capacity through production in appropriate locations, with respect to certain products such as wheeled armored vehicles, the Group is building a production system that utilizes the technical knowledge and equipment assembly production competence possessed by M&E's Muroran Plant, which is the main base for the Materials and Engineering Products Business. Through this merger, in addition to enhancing management and operation systems in line with the expansion of business scale, the Company will further promote in-house production and strengthen product capabilities by making maximum use of M&E's steel material manufacturing technology.

Furthermore, in response to growing social needs for the realization of a super smart society, the Company and M&E have shared their roles in developing mass production technology of gallium nitride (GaN) crystals, which are used in power semiconductors and other applications. Through this merger, the Company will accelerate the completion of the technology through concentration of human resources and technologies as well as one-stop management and operation of the entire technology development, aiming for the early social implementation of GaN crystals.

## III. Further strengthening corporate governance

Through the merger, the Group aims to maximize corporate value and further strengthen governance by integrating corporate functions.

### 2. Outline of the merger

#### (1) Timetable

Meeting of the Board of Directors to resolve the merger	January 19, 2026
Conclusion of the merger agreement	January 19, 2026
Merger date (effective date)	April 1, 2026 (scheduled)

(Note) As the merger falls under the category of simplified merger as stipulated in Article 796, Paragraph 2 of the Companies Act for the Company, and the category of short-form merger as stipulated in Article 784, Paragraph 1 of the same act for M&E, the merger will be conducted without the approval of the shareholders meeting of both companies.

#### (2) Form of the merger

The merger is an absorption-type merger in which the Company is the surviving company and M&E is the disappearing company.

#### (3) Details of allotment related to the merger

M&E is a wholly-owned subsidiary of the Company and will not allocate shares or deliver any other consideration for the merger.

#### (4) Handling of share acquisition rights and bonds with share acquisition rights in connection with the merger

Not applicable.

3. Overview of the companies involved in the merger

	Surviving company (As of March 31, 2025)	Disappearing company (As of March 31, 2025)
(1) Name	The Japan Steel Works, Ltd.	Japan Steel Works M&E, Inc.
(2) Location	11-1, Osaki 1-chome, Shinagawa-ku, Tokyo	4, Chatsucho, Muroran-city, Hokkaido
(3) Job title and name of representative	Toshio Matsuo, Representative Director & President	Kengo Takeya, Representative Director & President (Note 1)
(4) Description of business	Manufacturing and sales of various plastic production and processing machinery, injection molding machines, defense-related equipment, etc.	Manufacturing and sales of material products, engineering business, etc.
(5) Share capital	19,837 million yen	100 million yen
(6) Date of establishment	December 11, 1950	December 15, 1978
(7) Number of issued shares	74,408,985 shares	120,000 shares
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and ownership ratios (As of March 31, 2025) (Note 2)	The Master Trust Bank of Japan, Ltd. (Trust Account) 18.13% Custody Bank of Japan, Ltd. (Trust Account) 10.06% NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT 4.25% TAIJU LIFE INSURANCE COMPANY LIMITED 3.84% Goldman Sachs International 1.60%	The Japan Steel Works, Ltd. 100%
(10) Financial positions and operating results for the most recent fiscal year	Fiscal year ended March 31, 2025 (consolidated)	Fiscal year ended March 31, 2025 (non-consolidated)
Net assets	195,101 million yen	18,303 million yen
Total assets	398,122 million yen	51,290 million yen
Net assets per share	2,625.13 yen	427,419.94 yen
Net sales	248,556 million yen	51,315 million yen
Operating profit	22,824 million yen	6,206 million yen
Ordinary profit	23,495 million yen	6,340 million yen
Profit attributable to owners of parent	17,961 million yen	5,238 million yen
Basic earnings per share	244.03 yen	43,656.15 yen

(Note 1) At M&E, Sou Ueda assumed the position of Representative Director & President as of April 1, 2025.

(Note 2) The ownership ratio is calculated by deducting the number of treasury shares (804,900 shares) from the total number of issued shares.

#### 4. Status after the merger

There will be no change in the Company's name, address, representative, share capital, or fiscal year end as a result of this merger.

#### 5. Future outlook

Since this is a merger with a 100% owned consolidated subsidiary of the Company, the impact on consolidated financial results is immaterial.