May 15, 2026

Company name:	Koatsu Gas Kogyo Co., Ltd.
Representative:	Motonari Kuroki President and Representative Director
Securities code:	4097, Tokyo Stock Exchange Prime Market
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Notice Concerning an Absorption-type Merger (Simplified Merger / Short-Form Merger) of a Wholly Owned Subsidiary

Koatsu Gas Kogyo Co., Ltd. (the "Company") hereby announces that it has resolved at a meeting of the Board of Directors held on March 13, 2026 to conduct an absorption-type merger (hereinafter referred to as the "Merger") with Kyoa Gas Kogyo Co., Ltd. ("Kyoa Gas"; Head office: Matsuyama-shi, Ehime; President and Representative Director: Seiji Matsumoto), which is a wholly owned subsidiary of the Company, with the merger effective date of July 1, 2026. The details are described below.

As the Merger is structured as a simplified merger and a short-form merger involving a wholly owned subsidiary, certain disclosure items and details have been omitted.

1. Purpose of the Merger

Kyoa Gas has its office within the Company's Matsuyama Sales Office and engages in the sale of high-pressure gases, welding and cutting-related equipment, and other products. In order to streamline business operations in its operating areas and to enhance the effective utilization of management resources, the Company has decided to conduct an absorption-type merger of Kyoa Gas.

2. Summary of the Merger

(1) Timetable of the merger

Date of the resolution at the meeting of the Board of Directors:	May 15, 2026
Date of the conclusion of the merger agreement:	May 15, 2026
Effective date of the Merger:	September 1, 2026 (tentative)

Note: As the Merger is a simplified merger for the Company as stipulated in Article 796, Paragraph 2 of the Companies Act and a short-form merger for Kyoa Gas as stipulated in Article 784, Paragraph 1 of the same act, no general meetings of shareholders of the respective companies will be held for the approval of the merger agreement.

(2) Form of the merger

The Merger will be conducted in the form of an absorption-type merger, with the Company as the surviving company in the absorption-type merger and Kyoa Gas as the disappearing company in the absorption-type merger. Kyoa Gas will be dissolved.

(3) Details of allotment related to the merger

As the Merger is conducted with a wholly owned subsidiary of the Company, no new shares will be issued, nor will any merger consideration be paid in connection with the Merger.

(4) Handling of share acquisition rights and bonds with share acquisition rights of the disappearing company

Not applicable

3. Overview of the companies involved in the merger

(1) Surviving company in the absorption-type merger

(1) Name	Koatsu Gas Kogyo Co., Ltd.	
(2) Location	2-4-12, Nakazaki-Nishi, Kita-ku, Osaka City, Osaka, Japan	
(3) Name and job title of the representative	Motonari Kuroki, President and Representative Director	
(4) Description of business	Manufacture and sale of high-pressure gases, sale of welding and cutting-related equipment, and manufacture and sale of adhesives	
(5) Share capital	2,885 million yen	
(6) Date of establishment	June 1958	
(7) Total number of shares outstanding	55,577,526 shares	
(8) Fiscal year end	March 31	
(9) Major shareholders and shareholding ratios (As of March 31, 2026)	Koatsu Kyoeikai	13.51%
	Denka Company Limited	9.88%
	The Kyoei Fire and Marine Insurance Company, Limited	7.25%
	The Master Trust Bank of Japan, Ltd. (Trust account)	5.75%
	Nippon Sanso Holdings Corporation	5.69%
	Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	4.92%
	MUFG Bank, Ltd.	4.47%
	TOYO DENKA KOGYO CO., LTD.	4.40%
	Koatsu Gas Employee Shareholding Association	2.78%
	STATE STREET BANK AND TRUST COMPANY 505103	1.68%
(10) Financial position and business results for the latest fiscal year		
Fiscal year end	Fiscal year ended March 31, 2025 (Consolidated / Japanese GAAP)	
Net assets	79,692 million yen	
Total assets	122,994 million yen	
Net assets per share	1,429. 54 yen	
Net sales	98,983 million yen	
Operating profit	5,969 million yen	
Ordinary profit	6,642 million yen	
Profit attributable to owners of parent	4,784 million yen	

Basic earnings per share	86. 68 yen

Note: Shareholding ratios are calculated by excluding treasury shares.

(2) (Disappearing company in the absorption-type merger

(1) Name	Kyoa Gas Kogyo Co., Ltd.
(2) Location	2066-1, Minami-yoshida-machi, Matsuyama-shi, Ehime, Japan
(3) Name and job title of the representative	Seiji Matsumoto, President and Representative Director
(4) Description of business	Manufacture and sale of high-pressure gases and sale of welding and cutting-related equipment
(5) Share capital	10 million yen
(6) Date of establishment	August 1989
(7) Total number of shares outstanding	200 shares
(8) Fiscal year end	March
(9) Major shareholders and shareholding ratios (As of March 31, 2026)	Koatsu Gas Kogyo Co., Ltd. 100%
(10) Financial position and business results for the latest fiscal year	
Fiscal year end	Fiscal year ended March 31, 2025 (Non-consolidated / Japanese GAAP)
Net assets	46 million yen
Total assets	66 million yen
Net assets per share	231,450 yen
Net sales	293 million yen
Operating profit	6 million yen
Ordinary profit	3 million yen
Profit	2 million yen
Basic earnings per share	10,607 yen

4. Status after the merger

There will be no changes to the name, location, name and job title of the representative, description of business, share capital, and fiscal year end of the Company in connection with the Merger.

5. Impact on financial results

As the Merger is an absorption-type merger with a wholly owned subsidiary of the Company, the impact of the Merger on the Company’s consolidated financial results is expected to be minimal.