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To whom it may concern,

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Notice Concerning Issuance of New Shares as Restricted Stock Compensation

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

1. Overview of issuance

(1)	Payment date	July 21, 2026
(2)	Class and number of shares to be issued	Common shares of the Company 12,393 shares
(3)	Amount to be paid in	7,903 yen per share
(4)	Total amount of issuance	97,941,879 yen
(5)	Recipients of allotment of shares, number of recipients, and number of shares to be allotted	5 Directors (excluding Outside Directors) 5,990 shares 11 Executive Officers 6,403 shares

2. Purpose and reason for issuance

At the 92nd Annual General Meeting of Shareholders held on June 26, 2018, the Company obtained approval to introduce the Restricted Stock Compensation Plan (the “Plan”) for the Company's Directors excluding Outside Directors (the “Eligible Directors”) to provide incentives for the sustainable improvement of the Company's corporate value and to further promote value sharing with shareholders.

3. Outline of the Plan

The 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 the common shares of the Company.

The total number of common shares to be newly issued or disposed of by the Company to the 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 shares) or reverse stock split of the common shares of the Company, or any other event that requires adjustment of the total number of common shares 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 shares 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 the Eligible Directors who subscribe for the said common shares.

In addition, upon the issuance or disposition of the Company's common shares 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 to a third party, create security interests, or otherwise dispose of the Company's common shares allotted for a certain period of time, and (2) in case of certain events, the Company shall acquire such common shares without consideration.

4. Introduction of Restricted Stock Compensation Plan for Executive Officers

At the 92nd Annual General Meeting of Shareholders held on June 26, 2018, the introduction of the Plan for the Eligible Directors was approved, and since then, the same kind of restricted stock compensation plan as the Plan has been applied to Executive Officers of the Company.

5. Details of the issuance

The Company has decided to grant monetary compensation claims totaling 97,941,879 yen (the "Monetary Compensation Claims") to five (5) Eligible Directors and eleven (11) Executive Officers (the "Eligible Directors, etc."), taking into consideration the deliberations at the Remuneration Advisory Committee, the purpose of the Plan, the Company's business performance, the scope of duties of each of the Eligible Directors, etc., and various factors, and to issue 12,393 shares of common shares through contribution in kind of the Monetary Compensation Claims. As a result, the sixteen (16) Eligible Directors, etc., who are the scheduled allottees, will pay all of the Monetary Compensation Claims to the Company as assets contributed in kind and receive the issuance of common shares of the Company.

The transfer restriction period will be "the period from the day of allotment until the day on which the Eligible Director retires from their position as a Director or an Executive Officer of the Company" with the aim of sharing value with shareholders as long as possible. At the 100th Annual General Meeting of Shareholders held on June 22, 2026, approval was obtained to revise the transfer restriction period from "a period between three and five years from the day of allotment that would be determined in advance by the Board of Directors 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. The common shares of the Company to be allotted under the Allotment Agreement are referred to as the Allotted Shares.

(1) Transfer restriction period

Period from the date on which the Eligible Directors, etc. receive the allotment of the Allotted Shares pursuant to the Allotment Agreement to the date on which the Eligible Directors, etc. retire from the position of Director or Executive Officer of the Company

(2) Conditions for lifting of transfer restriction

On the condition that the Eligible Directors, etc. continued to hold the position of Director or Executive Officer of the Company during the transfer restriction period, the transfer restrictions shall be lifted for all of the shares allotted under the Allotment Agreement as of the day following their retirement after the expiration of 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 restriction

In case that the Eligible Director, etc. retired from their position as a Director or an Executive Officer of the Company due to the expiration of their term of office, retirement age, or other justifiable reasons (however, excluding 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 shares subject to lifting of transfer restriction

For Eligible Directors, the number of the shares shall be calculated by multiplying the number of Allotted Shares held at the time of such resignation (including cases due to death), as specified in (i), 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) (if a fraction less than one share occurs as a result of the calculation, such fraction shall be rounded down).

For Executive Officers, the number of the shares shall be calculated by multiplying the number of Allotted Shares held at the time of such resignation (including cases due to death), as specified in (i), 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) (if a fraction less than one share occurs as a result of the calculation, such fraction shall be rounded down).

- (4) Acquisition by the Company without consideration

At the time of expiration of the transfer restriction period or when the transfer restriction specified in (3) above is lifted, the Company shall acquire the Allotted Shares for which the transfer restriction is not lifted without consideration.

- (5) Management of shares

During the transfer restriction period, the Allotted Shares 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 transfer restriction of the Allotted Shares, the Company has concluded an agreement with Nomura Securities Co., Ltd. in connection with the management of the accounts of the Allotted Shares 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 will become the dissolved company, a share exchange agreement or a share transfer plan under which the Company will become a wholly-owned subsidiary, or other matters related to organizational restructuring, etc. are approved at the General Meeting of Shareholders of the Company (however, if the organizational restructuring, etc. does not require an approval by a General Meeting of Shareholders of the Company, the Board of Directors of the Company), the Company shall, by a resolution of the Board of Directors, lift the transfer restriction for Eligible Directors with respect to the number of the Allotted Shares which obtained by multiplying the number of the Allotted Shares 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 one share occurs as a result of the calculation, it shall be rounded down), and for Executive Officers who do not concurrently serve as Directors, lift the transfer restriction with respect to the number of the Allotted Shares which obtained by multiplying the number of the Allotted Shares 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 rounded down), 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 Shares to Eligible Directors, etc. will be made using monetary compensation claims provided to Eligible Directors, etc. for the grant of Restricted Shares under the Plan as assets contributed in kind. In order to eliminate arbitrariness, the issue price has been set at 7,903 yen, which is the closing price of the Company's common shares on the Tokyo Stock Exchange on June 19, 2026 (the business day immediately preceding the date of the resolution by the Board of Directors). This is the market share price immediately preceding 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 price.