



May 22, 2026

To whom it may concern,

Company Name: Kyokuto Boeki Kaisha, Ltd.
Representative: Shinji Sakuma, President and CEO, Representative Director
(Code No. 8093, Prime Market, Tokyo Stock Exchange)
Contact: Yasuhiro Sonoda, General Manager, Corporate Planning Office
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Notice Concerning the Absorption-Type Merger of a Wholly-Owned Subsidiary and the Recording of an Extraordinary Loss (Loss on Extinguishment of Tie-in Shares)

Kyokuto Boeki Kaisha, Ltd. (the "Company") hereby announces that at its Board of Directors meeting held on May 22, 2026, it resolved to conduct an absorption-type merger (the "Merger") of its wholly-owned subsidiary, Z.R.C. JAPAN Co., Ltd. ("ZRC"), effective October 1, 2026, as detailed below.

Furthermore, as the Company anticipates the occurrence of an extraordinary loss (loss on extinguishment of tie-in shares) in connection with this Merger, the Merger will be implemented on the premise that it will be approved at the Company's ordinary general meeting of shareholders, in accordance with the provisions of Article 795, Paragraph 2, Item 1 of the Companies Act.

As this is an absorption-type merger of a wholly-owned subsidiary, certain disclosure items and details have been omitted.

1. Purpose of the Merger

ZRC, a wholly-owned subsidiary of the Company, has been operating as the sole distributor in Japan for Z.R.C Worldwide of the U.S.A., the manufacturer of the paint for heavy anticorrosion coat Z.R.C. To enhance group management efficiency and strengthen our sales structure, we have decided to integrate ZRC into the Company's Material Solutions Group.

2. Summary of the Merger

(1) Schedule of the Merger

Board Resolution for Merger Agreement	May 22, 2026
Date of Merger Agreement Execution	May 22, 2026
Shareholders' Approval of Merger Agreement	June 23, 2026
Effective Date of the Merger	October 1, 2026 (Scheduled)

(Note) Z.R.C. Japan Co., Ltd., the dissolving company, will not hold a general meeting of shareholders to approve the merger agreement as this is a short-form merger as stipulated in Article 784, Paragraph 1 of the Companies Act.

(2) Method of Merger

This will be an absorption-type merger in which the Company will be the surviving entity, and Z.R.C. Japan Co., Ltd. will be dissolved.

(3) Details of Allotment Related to the Merger

No shares or other monetary considerations will be allotted in connection with this Merger.

(4) Handling of Share Options and Bonds with Share Options of the Dissolving Company

Not applicable.

3. Outline of Participants in the Merger (As of March 31, 2026)

Surviving company

(1) Company name	Kyokuto Boeki Kaisha, Ltd.
(2) Address	7th Floor, Shin-Otemachi Building, 2-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-0004, Japan
(3) Names and titles of representatives	Shinji Sakuma, President and Chief Executive Officer
(4) Business	Export, import, sales and wholesale sales of industrial machinery and equipment, high-performance materials, mechanical parts including precision

	fasteners, and other general merchandise.
(5) Paid-in capital	5,496 million yen
(6) Date of establishment	November 27, 1947
(7) Number of issued shares	12,152,736
(8) Fiscal year end	March 31
(9) Major shareholders and percentage of shares held	The Master Trust Bank of Japan, Ltd. 11.1% (Trust Account) Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust IHI Account 4.91% MUFJ Bank, Ltd. 3.33%
(10) Financial position and operating results for the most recent fiscal year (Year ended March 31, 2026; Consolidated; Japanese GAAP)	
Net assets	31,822 million yen
Total assets	59,506 million yen
Net assets per share	2,644.20 yen
Net sales	64,538 million yen
Operating income	2,583 million yen
Ordinary income	2,846 million yen
Net profit	1,829 million yen
Earnings per share	151.69 yen

Company to be absorbed

(1) Company name	Z.R.C. JAPAN Co., Ltd.
(2) Address	7th Floor, Shin-Otemachi Building, 2-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-0004, Japan
(3) Name and titles of representatives	Yasunori Masuda, President and Representative Director
(4) Business	Import and sale of paint for heavy anticorrosion coat
(5) Paid-in capital	16 million yen
(6) Date of establishment	July 10, 1984
(7) Number of issued shares	126
(8) Fiscal year end	March 31
(9) Major shareholders and percentage of shares held	Kyokuto Boeki Kaisha, Ltd. 100%

(10) Financial position and operating results for the most recent fiscal year (Year ended March 31, 2026; Non-consolidated; Japanese GAAP)	
Net assets	155 million yen
Total assets	175 million yen
Net assets per share	1,440,817.50 yen
Net sales	267 million yen
Operating income	22 million yen
Ordinary income	23 million yen
Net profit	19 million yen
Earnings per share	182,928.86 yen

4. Post-Merger Status

There will be no changes to the Company's name, head office location, representative's title and name, business description, capital, or fiscal year-end as a result of the Merger.

5. Details of Extraordinary Loss (Loss on Extinguishment of Tie-in Shares) and Future Outlook

While the Company expects to record a loss on extinguishment of treasury stock as an extraordinary loss in its non-consolidated financial statements in connection with the Merger, the specific amount has not yet been finalized and will be disclosed once confirmed. This loss on extinguishment of tie-in shares will be eliminated in the consolidated financial statements and therefore will have no impact on consolidated earnings.