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Securities code: 5408

June 9, 2025

(Date of commencement of measures for electronic provision: June 4, 2025)

**To Shareholders with Voting Rights:**

Kazuaki Hakomori  
Representative Director and President  
NAKAYAMA STEEL WORKS, LTD.  
1-1-66 Funamachi, Taisho-ku,  
Osaka-shi, Osaka, Japan

**NOTICE OF  
THE 131ST ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby inform you that the 131st Annual General Meeting of Shareholders of NAKAYAMA STEEL WORKS, LTD. (the “Company”) will be held as described below.

In convening this Annual General Meeting of Shareholders, the Company has taken measures for electronic provision of materials for the general meeting of shareholders and posted the matters to be provided electronically as the “Notice of the 131st Annual General Meeting of Shareholders” on the website on the internet indicated below.

[The Company’s website]

[https://www.nakayama-steel.co.jp/menu/investment/shareholders\\_meeting.html](https://www.nakayama-steel.co.jp/menu/investment/shareholders_meeting.html) (in Japanese)

The matters to be provided electronically are also posted on the website on the internet indicated below. Please access the Tokyo Stock Exchange website (TSE Listed Company Search) indicated below, enter “Nakayama Steel Works” in the “Issue name (company name)” field or the Company’s securities code “5408” in the “Code” field and click “Search,” select “Basic information,” then “Documents for public inspection/PR information,” and click “Click here for access” below [Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting] to review the materials.

[Tokyo Stock Exchange website (TSE Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

**If you are unable to attend the meeting, you may exercise your voting rights in writing (voting rights exercise form) or via electromagnetic means (the internet). Please review the Reference Materials for the General Meeting of Shareholders and exercise your voting rights by no later than 5:00 p.m. Japan time on Wednesday, June 25, 2025, in accordance with the “Guide for exercising voting rights” on pages 3 to 5 (in Japanese only).**

- 1. Date and Time:** Thursday, June 26, 2025 at 10:00 a.m. Japan time  
(Reception starts at 9:00 a.m.)
- 2. Place:** Headquarters of the Company  
1-1-66 Funamachi, Taisho-ku, Osaka-shi, Osaka, Japan
- 3. Meeting Agenda:**  
**Matters to be reported:**
1. The Business Report and Consolidated Financial Statements for the Company's 131st Fiscal Year (April 1, 2024 - March 31, 2025) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company's 131st Fiscal Year (April 1, 2024 - March 31, 2025)

**Proposals to be resolved:**

**Company Proposals**

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of Eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 4:** Election of One (1) Director who is a Substitute Audit and Supervisory Committee Member

**Shareholder Proposals**

- Proposal 5:** Appropriation of Surplus
- Proposal 6:** Acquisition of Treasury Shares
- Proposal 7:** Partial Amendment to the Articles of Incorporation (Cancellation of Treasury Shares)
- Proposal 8:** Cancellation of Treasury Shares

The Board of Directors opposes Proposals 5 to 8.

End

**Notice:**

- ◎ Of the matters provided electronically, "Status of Accounting Auditor" and "Structure and Policy of the Company" in the Business Report, "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements and "Non-consolidated Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements are not included in paper copies delivered to shareholders who have requested delivery of such copies, in accordance with provisions of laws and regulations as well as Article 15 of the Articles of Incorporation of the Company. The documents which are in the scope of audit, including the items above, are audited by the Audit and Supervisory Committee and the Accounting Auditor.
- ◎ Any revisions to the matters provided electronically will be posted on each website on which the matters to be provided electronically are posted (in Japanese only).

# Reference Materials for the General Meeting of Shareholders

## Proposals and References

<Company Proposals (Proposals 1 to 4)>

### **Proposal 1:** Appropriation of Surplus

The Company's basic policy for appropriation of surplus is to realize stable dividends, while securing internal reserves necessary to enhance its management base and financial position as well as to prepare for future business development.

Accordingly, the Company proposes a year-end dividend for the fiscal year under review as follows.

Matters concerning year-end dividend

- (1) Type of dividend property  
Cash
- (2) Allotment of dividend property to shareholders and the total amount thereof  
22 yen per share of common stock of the Company  
Total amount: 1,191,856,644 yen
- (3) Effective date of distribution of surplus  
June 27, 2025

## Proposal 2: Partial Amendments to the Articles of Incorporation

### 1. Reason for the Amendments

The Company was once engaged in business activities designed to contribute to communities such as medical services and nursing care. It withdrew from these community contribution-focused projects during the business revitalization process starting in 2013.

Since then, the Company has completed business revitalization and has continued to perform steadily. Therefore, the Company submits a proposal titled “Partial Amendment to the Articles of Incorporation” that allows it to provide “Community-based service business in compliance with the Long-Term Care Insurance Act” and “Business referred to item (1) under the Long-Term Care Insurance Act” to reactivate its projects for contribution to local communities with a view to pursuing a “Company that contributes to society and cooperate and live together with local communities,” one of its Group’s Long-Term Visions.

Consequently, the Company adds business purposes to the Articles of Incorporation, which is accompanied by changes to items.

### 2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
Article 1 (Omitted)	Article 1 (As present)
(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses: 1.-23. (Omitted) <u>&lt;Newly established&gt;</u> <u>24.</u> All businesses incidental to or related to any of those set forth in the preceding items	(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses: 1.-23. (As present) <u>24. Community-based service business in compliance with the Long-Term Care Insurance Act</u> <u>25. Business referred to item (1) under the Long-Term Care Insurance Act</u> <u>26.</u> All businesses incidental to or related to any of those set forth in the preceding items
Article 3 to Article 38 (Omitted)	Article 3 to Article 38 (As present)

**Proposal 3:** Election of Eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this Annual General Meeting of Shareholders.

Accordingly, the election of eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members), including two (2) Outside Directors, is proposed.

In submitting this proposal, the candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) have been determined after deliberation by the Remuneration and Nomination Advisory Committee, an advisory body to the Board of Directors of the Company.

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows.

No.	Name	Age	Gender	Current positions and responsibilities at the Company	Attendance at the Board of Directors meetings
1	Kazuaki Hakomori [Reappointment]	72	Male	Representative Director and President; Chairperson, the Board of Directors; Chairperson, the Remuneration and Nomination Advisory Committee	17/17 (100%)
2	Nobuhiko Naito [Reappointment]	66	Male	Senior Managing Director; Supervising Sales, Building Materials Sales, Product Development Division, and Purchasing Department	17/17 (100%)
3	Masahiro Morikawa [Reappointment]	65	Male	Managing Director; Supervising General Production Administration and Steel Manufacturing Division	17/17 (100%)
4	Yoshinobu Shibahara [Reappointment]	59	Male	Director; Senior General Manager, Sales Division; Senior General Manager, Product Development Division	17/17 (100%)
5	Mitsuaki Sakaguchi [Reappointment]	56	Male	Director; Senior General Manager, Corporate Management Division	17/17 (100%)
6	Katsuya Oho [New appointment]	58	Male	Managing Executive Officer; Deputy Senior General Manager, Corporate Management Division; Deputy General Manager, General Affairs and Human Resources Department	—/— (—%)
7	Masahiro Nakatsukasa [Reappointment] [Outside] [Independent]	60	Male	Outside Director; Member, the Remuneration and Nomination Advisory Committee	17/17 (100%)
8	Sayuri Murakami [Reappointment] [Outside] [Independent]	63	Female	Outside Director; Member, the Remuneration and Nomination Advisory Committee	17/17 (100%)

Notes: 1. The age of each candidate is as of this Annual General Meeting of Shareholders.

2. Mr. Sachio Nakamura and Mr. Yasuharu Kadono will retire from their posts at the conclusion of this Annual General Meeting of Shareholders due to the expiration of their terms of office.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Kazuaki Hakomori (February 8, 1953) (Age 72)  [Reappointment]  [Attendance at the Board of Directors meetings] 17/17 (100%)	Apr. 1980      Joined the Company Sep. 1999      General Manager, Rolling Department No. 2 Aug. 2003      General Manager, Production Technology Department Jun. 2005      Director; General Manager, Production Technology Department; in charge of Business Strategy Apr. 2009      Director; in charge of Business Strategy, Quality Management, Product Development, and Steel Bars and Wire Rods Feb. 2011      Director; Senior General Manager, Sales Division; in charge of Product Development Nov. 2012      Director; in charge of Sales and Amorphous Apr. 2013      Director; in charge of Sales Jun. 2013      Senior Managing Director; supervising Sales, Purchasing, Manufacturing, Safety and Disaster Prevention Environment Department, and Engineering; General Manager, Management Support Office Jun. 2014      Senior Managing Director; supervising Sales, Purchasing, Manufacturing, Engineering, Safety and Disaster Prevention, Environment Management Division Jun. 2016      Senior Managing Director; supervising Sales, Purchasing, Manufacturing, and Engineering Division Jun. 2017      Representative Director and President (to the present)	17,038
<p>[Reason for nomination as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)]</p> <p>After joining the Company, Mr. Kazuaki Hakomori was involved mainly in the Rolling Department, and has been in charge of business strategy for Production Departments since his appointment as a Director of the Company and is well versed in such areas.</p> <p>In the turnaround that the Company undertook starting in 2013, as a Director supervising sales, manufacturing, and purchasing, he contributed to the management reform by leading the thorough implementation of profit management, and together with other Directors, he successfully executed the management reform. Since his appointment as Representative Director and President in June 2017, he has been working to maximize consolidated earnings by promoting collaborative strategies with group companies, as well as to strengthen human resources, financial base, and governance.</p> <p>In addition, in the current the medium-term management plan, he is not only strengthening these management bases, but is also working to promote sustainability, including countermeasures against climate change, by strengthening the Company's efforts to achieve a carbon-neutral and recycling-oriented society. As Representative Director, he is also taking the lead in the study of expanding the wide-spread use of electric furnace steel materials and increasing the production capacity of electric furnaces.</p> <p>Therefore, we believe that he will be able to continue to reflect his knowledge and experience regarding the Company's business, as a whole, as well as his insight in corporate management in the Company's management, and ultimately contribute to its shareholders as stakeholders.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	Nobuhiko Naito (July 7, 1958) (Age 66)  [Reappointment]  [Attendance at the Board of Directors meetings] 17/17 (100%)	Apr. 1982      Joined the Company Dec. 2007      General Manager, Steel Bars and Wire Rods Sales Department, Sales Division Jun. 2013      Executive Officer; Senior General Manager, Purchasing Division; General Manager, Iron Source Procurement Department Jun. 2014      Executive Officer; Senior General Manager, Purchasing Division May 2015      Executive Officer; Senior General Manager, Sales Division Jun. 2017      Director; supervising Sales, Purchasing Division, and Tokyo Branch; Senior General Manager, Sales Division May 2018      Director; supervising Sales, Purchasing Division, and Tokyo Branch Apr. 2020      Director; supervising Sales Division, Purchasing Department, and Tokyo Branch Jun. 2020      Managing Director; supervising Sales Division, Purchasing Department, and Tokyo Branch Apr. 2022      Managing Director; supervising Sales, Product Development Division, Purchasing Department, and Tokyo Branch Jun. 2022      Senior Managing Director; supervising Sales, Product Development Division, Purchasing Department, and Tokyo Branch Oct. 2023      Senior Managing Director; supervising Sales, Product Development Division, Purchasing Department, and Tokyo Sales Department Apr. 2024      Senior Managing Director; supervising Sales, Building Materials Sales, Product Development Division, and Purchasing Department (to the present)	9,210
[Reason for nomination as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)] After joining the Company, Mr. Nobuhiko Naito was involved mainly in Sales and Purchasing Departments and is well versed in such areas. Since his appointment as a Director of the Company, he has been responsible for Sales, Purchasing, and Product Development Departments. Therefore, we believe that he will be able to continue to reflect his wealth of experience and achievements in the Company's management.			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
3	Masahiro Morikawa (June 17, 1960) (Age 65)  [Reappointment]  [Attendance at the Board of Directors meetings] 17/17 (100%)	Apr. 1983 Apr. 2007 Jun. 2013  May 2015  Jun. 2016  May 2018  Jun. 2018  Jun. 2021  Feb. 2022  Apr. 2023  Apr. 2024	Joined the Company General Manager, Steel Manufacturing Plant General Manager, Production Technology Department Senior General Manager, General Production Administration Division; General Manager, Production Technology Department Executive Officer; Senior General Manager, General Production Administration Division Executive Officer; supervising General Production Administration, Manufacturing, and Engineering Division Director; supervising General Production Administration, Manufacturing, and Engineering Division Managing Director; supervising General Production Administration, Manufacturing, and Engineering Division Managing Director; supervising General Production Administration, Manufacturing, Engineering Division, and Steel Manufacturing Process Reform Review Group Managing Director; supervising General Production Administration, Steel Manufacturing, and Rolling Division Managing Director; supervising General Production Administration, Steel Manufacturing Division (to the present)	11,325
[Reason for nomination as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)] After joining the Company, Mr. Masahiro Morikawa was involved mainly in Steel Manufacturing and Production Technology Departments and is well versed in such areas. Since his appointment as a Director of the Company, he has been responsible for the Production Technology, Manufacturing, Environmental Energy, and Engineering Departments. Therefore, we believe that he will be able to continue to reflect his wealth of experience and achievements in the Company's management.				



No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
4	Yoshinobu Shibahara (December 20, 1965) (Age 59)  [Reappointment]  [Attendance at the Board of Directors meetings] 17/17 (100%)	Apr. 1989	Joined the Company	5,169
		May 2015	General Manager, Sales Department	
		May 2018	Senior General Manager, Sales Division; General Manager, Sales Department	
		Apr. 2020	Executive Officer; Senior General Manager, Sales Division; General Manager, Sales Department	
		Apr. 2022	Executive Officer; Senior General Manager, Sales Division; General Manager, Sales Planning Department; Deputy Senior General Manager, Product Development Division	
		Apr. 2023	Executive Officer; Senior General Manager, Sales Division; General Manager, Tokyo Sales Department; Deputy Senior General Manager, Product Development Division	
		Jun. 2023	Director; Senior General Manager, Sales Division; General Manager, Tokyo Sales Department; Deputy Senior General Manager, Product Development Division	
		Apr. 2024	Director; Senior General Manager, Sales Division; General Manager, Tokyo Sales Department; Senior General Manager, Product Development Division	
		Apr. 2025	Director; Senior General Manager, Sales Division; Senior General Manager, Product Development Division (to the present)	
[Reason for nomination as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)] After joining the Company, Mr. Yoshinobu Shibahara was involved mainly in the Sales Department, and is well versed in such area. Since his appointment as a Director of the Company, he has been responsible for Sales and Product Development Departments. Therefore, we believe that he will be able to reflect his wealth of experience and achievements in the Company's management.				
5	Mitsuaki Sakaguchi (October 20, 1968) (Age 56)  [Reappointment]  [Attendance at the Board of Directors meetings] 17/17 (100%)	Apr. 1991	Joined the Company	5,338
		Nov. 2012	General Manager, Accounting Department	
		Jun. 2013	Senior General Manager, Corporate Management Division	
		Jun. 2016	Senior General Manager, Accounting Division;	
		Jun. 2018	Executive Officer; Senior General Manager, Accounting Division	
		Apr. 2020	Executive Officer; Senior General Manager, Corporate Management Division	
		Apr. 2022	Managing Executive Officer; Senior General Manager, Corporate Management Division	
		Jun. 2023	Director; Senior General Manager, Corporate Management Division (to the present)	
[Reason for nomination as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)] After joining the Company, Mr. Mitsuaki Sakaguchi was involved mainly in Corporate Planning, Accounting, and General Affairs Departments, and is well versed in such areas. Since his appointment as a Director of the Company, he has been responsible for Corporate Planning, Accounting, and Systems Departments. Therefore, we believe that he will be able to continue to reflect his wealth of experience and achievements in the Company's management.				

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	Katsuya Oho (December 17, 1966) (Age 58)  [New appointment]	<p>Apr. 1989      Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>Apr. 2011      Branch Manager, Shinyokohama Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)</p> <p>Mar. 2013      Deputy General Manager, Corporate Operations Division (Osaka), The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Oct. 2014      Branch Manager, Fukuoka Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2017      General Manager, Loan Division (Osaka), The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Nov. 2018      Joined MST Insurance Service Co., Ltd.; Managing Executive Officer; Deputy General Manager, Osaka Business Group</p> <p>Apr. 2019      Senior Managing Executive Officer; Division Manager, West Japan Sales Division, MST Insurance Service Co., Ltd.</p> <p>Jun. 2019      Senior Managing Director; Division Manager, West Japan Sales Division, MST Insurance Service Co., Ltd.</p> <p>Jun. 2021      Director &amp; Senior Managing Executive Officer; Division Manager, West Japan Division, MST Insurance Service Co., Ltd.</p> <p>Jul. 2024      Joined the Company; Managing Executive Officer; Deputy Senior General Manager, Corporate Management Division; Deputy General Manager, General Affairs and Human Resources Department (to the present)</p>	0
<p>[Reason for nomination as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)]</p> <p>Mr. Katsuya Oho has a wide range of experience and deep insight accumulated over many years mainly at financial institutions. He also has a long career of supervising sales divisions as a Director in an insurance agency. After joining the Company, he has been involved in a wide range of areas including accounting, corporate planning, and general affairs and human resources as a Managing Executive Officer. Therefore, we believe that he will be able to contribute to the Company's management by leveraging his wealth of experience and achievements in other industries.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	<p>Masahiro Nakatsukasa (January 19, 1965) (Age 60)</p> <p>[Reappointment] [Outside] [Independent]</p> <p>[Attendance at the Board of Directors meetings] 17/17 (100%)</p>	<p>Apr. 1994      Admitted to the Bar; Member of Osaka Bar Association. Joined Chuo Sogo Law Office (currently Chuo Sogo Law Office, P. C.)</p> <p>Aug. 2005      Served at Kirkland &amp; Ellis LLP, U.S.A.</p> <p>Apr. 2006      Admitted to the New York State Bar, U.S.A.</p> <p>Jun. 2006      Outside Audit &amp; Supervisory Board Member, Asaka Industrial Co., Ltd.</p> <p>Jul. 2012      Representative Partner, Chuo Sogo Law Office, P. C. (to the present)</p> <p>Apr. 2015      Vice Chairman, Osaka Bar Association</p> <p>Jun. 2015      Outside Audit &amp; Supervisory Board Member, ARAKAWA CHEMICAL INDUSTRIES, LTD.</p> <p>Jun. 2015      Outside Audit &amp; Supervisory Board Member, NIPPON DENTSU Co., Ltd.</p> <p>Jun. 2016      Outside Director who is an Audit and Supervisory Committee Member, Asaka Industrial Co., Ltd. (to the present)</p> <p>Jun. 2016      Outside Director who is an Audit and Supervisory Committee Member, ARAKAWA CHEMICAL INDUSTRIES, LTD. (to the present)</p> <p>Jun. 2016      Outside Director who is an Audit and Supervisory Committee Member, NIPPON DENTSU Co., Ltd.</p> <p>Jun. 2016      Outside Director, the Company (to the present)</p> <p>Jun. 2018      Outside Audit &amp; Supervisory Board Member, JSH Co., Ltd. (to the present)</p> <p>Jun. 2022      Outside Director, Osaka Mazda Motor Corporation (to the present)</p> <p>Dec. 2022      Managing Partner, Chuo Sogo Law Office, P. C. (to the present)</p> <p>[Significant concurrent positions] Representative Partner, Managing Partner, Chuo Sogo Law Office, P. C. Outside Director who is an Audit and Supervisory Committee Member, Asaka Industrial Co., Ltd. Outside Director who is an Audit and Supervisory Committee Member, ARAKAWA CHEMICAL INDUSTRIES, LTD. Outside Audit &amp; Supervisory Board Member, JSH Co., Ltd. Outside Director, Osaka Mazda Motor Corporation</p>	0
<p>[Reason for nomination as a candidate for Outside Director (excluding Director who is an Audit and Supervisory Committee Member) and overview of expected roles]</p> <p>Mr. Masahiro Nakatsukasa has a wide range of experience and insight as an attorney specializing in corporate legal affairs. He represents his law firm and serves as an outside director for several companies. Although he has never been involved in corporate management other than as an outside officer, he has served as an Outside Director of the Company for nine (9) years and has provided opinions on the nature of company-wide risk management by leveraging his wealth of experience and deep insight.</p> <p>In addition, he has provided advice and recommendations to the Company's management from an independent standpoint, such as by actively expressing his opinions as a member of the Company's voluntary Remuneration and Nomination Advisory Committee, thereby playing an appropriate role in enhancing the supervisory functions of the Board of Directors. Based on these achievements, in addition to executing his duties as an Outside Director, we believe that he will be able to ensure fair management that is in compliance with laws and regulations and social norms, and further enhance the Company's governance.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
8	<p>Sayuri Murakami (August 2, 1961) (Age 63)</p> <p>[Reappointment] [Outside] [Independent]</p> <p>[Attendance at the Board of Directors meetings] 17/17 (100%)</p>	<p>Apr. 1984      Joined The Kobe Shimbun</p> <p>Mar. 2009      General Manager, Economics Department, Editorial Bureau, The Kobe Shimbun</p> <p>Mar. 2013      Deputy General Manager, Regional Research Institute, The Kobe Shimbun</p> <p>Mar. 2015      Vice Chairman, Editorial Board, The Kobe Shimbun</p> <p>Mar. 2017      General Manager, Tokyo Branch Office, The Kobe Shimbun</p> <p>Mar. 2019      Executive Officer and Representative, Himeji Head Office, The Kobe Shimbun</p> <p>Mar. 2022      Advisor to the Editorial Bureau, The Kobe Shimbun</p> <p>Jun. 2022      Coordinator, Public Relations and Endowment Division, Strategic Planning Office; Regional Partnership Advisory Fellow (faculty member), Office for Promoting Regional Partnership, Kobe University</p> <p>Apr. 2023      Member of the Management Council, University of Hyogo (to the present)</p> <p>Jun. 2023      Outside Director, the Company (to the present)</p> <p>[Significant concurrent positions] Member of the Management Council, University of Hyogo</p>	0
<p>[Reason for nomination as a candidate for Outside Director (excluding Director who is an Audit and Supervisory Committee Member) and overview of expected roles]</p> <p>Ms. Sayuri Murakami has a wealth of experience and insight in journalism accumulated at The Kobe Shimbun. She also has experience and insight in corporate management accumulated as an Executive Officer of The Kobe Shimbun. She has served as the Company's first female outside director since June 2023 and has been active in speaking out at the Board of Directors meetings, utilizing her female perspective and keen sensitivity as a former media journalist.</p> <p>In addition, as a member of the Company's voluntary Remuneration and Nomination Advisory Committee, she provides advice and recommendations from an independent standpoint based on her experience in corporate management. Based on these achievements, we believe that she will be able to provide appropriate advice and recommendations on the Company's management and governance from an independent standpoint as an Outside Director.</p>			

- Notes:
1. There are no special interests between each candidate and the Company.
  2. Messrs. Kazuaki Hakomori, Nobuhiko Naito, Masahiro Morikawa, Yoshinobu Shibahara, Mitsuki Sakaguchi, and Katsuya Oho satisfy the criteria for selecting Directors (excluding Directors who are Audit and Supervisory Committee Members) established by the Company (see page 17).
  3. Mr. Masahiro Nakatsukasa and Ms. Sayuri Murakami satisfy the criteria for selecting Outside Directors (excluding Audit and Supervisory Committee Members) established by the Company (see page 18) and the criteria for independence of Outside Officers (see page 18).
  4. Mr. Masahiro Nakatsukasa and Ms. Sayuri Murakami are candidates for Outside Directors. The Company has registered both as independent officers with the Tokyo Stock Exchange (TSE) and will continue to designate them as such if their reappointment is approved.
  5. The term of office of Mr. Masahiro Nakatsukasa as an Outside Director of the Company will be nine (9) years at the conclusion of this Annual General Meeting of Shareholders.  
The term of office of Ms. Sayuri Murakami as an Outside Director of the Company will be two (2) years at the conclusion of this Annual General Meeting of Shareholders.
  6. The Company has entered into an advisory agreement with Chuo Sogo Law Office, P. C. where Mr. Masahiro Nakatsukasa serves as a representative partner and managing partner. However, the Company's payment of fees to the said law office is less than 2% of the said law office's annual revenue and the Company has no other special relationship with the said law office.

7. Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Mr. Masahiro Nakatsukasa and Ms. Sayuri Murakami to limit their liability for damage under Article 423, Paragraph 1 of the said Act to the amount stipulated by laws and regulations. If reappointment of Mr. Masahiro Nakatsukasa and Ms. Sayuri Murakami is approved, the Company intends to continue the agreements with the same content as above with them.
8. The Company has entered into a Directors and Officers Liability Insurance Contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The said insurance contract covers damage that may arise when the insureds (Directors) assume liability for the execution of their duties and receive a claim for the pursuit of such liability. Each candidate will be insured under the said insurance contract. The Company intends to renew the contract with the same content at the next renewal.
9. Regarding Ms. Sayuri Murakami, Sayuri Murakami is her professional name and her name in the family register is Sayuri Ozaki.

[Reference] Expertise and experience of the candidates for Directors

Under the NAKAYAMA STEEL WORKS Group 2030 Long-Term Vision, the Board of Directors needs to continuously improve its own functions for the Company to realize its Medium-Term Management Plan and increase its corporate value over the long term. The following chart shows the fields in which the Board of Directors expect each Director to demonstrate their skills (including professional knowledge, capabilities, and experience).

Name	Current positions and responsibilities at the Company	Audit and Supervisory Committee	Remuneration and Nomination Advisory Committee	Sustainability Committee	Compliance / Risk Management Committee	Executive Committee
Kazuaki Hakomori	Representative Director and President; Chairperson, the Board of Directors; Chairperson, the Remuneration and Nomination Advisory Committee		●	●	●	●
Nobuhiko Naito	Senior Managing Director; Supervising Sales, Building Materials Sales, Product Development Division, and Purchasing Department			●	●	●
Masahiro Morikawa	Managing Director; Supervising General Production Administration and Steel Manufacturing Division			●	●	●
Yoshinobu Shibahara	Director; Senior General Manager, Sales Division; Senior General Manager, Product Development Division			●	●	●
Mitsuaki Sakaguchi	Director; Senior General Manager, Corporate Management Division			●	●	●
Katsuya Oho	Managing Executive Officer; Deputy Senior General Manager, Corporate Management Division; Deputy General Manager, General Affairs and Human Resources Department			●	●	●
Masahiro Nakatsukasa	Outside Director, Independent Officer, Remuneration and Nomination Advisory Committee Member		●			
Sayuri Murakami	Outside Director, Independent Officer, Remuneration and Nomination Advisory Committee Member		●			
Ryohei Kishida	Director (Standing Audit and Supervisory Committee Member)	●		●	●	●
Masaya Kakuda	Outside Director (Audit and Supervisory Committee Member) Independent Officer	●				
Kazuyoshi Tsuda	Outside Director (Audit and Supervisory Committee Member) Independent Officer	●				

Note: Messrs. Ryohei Kishida, Masaya Kakuda, and Kazuyoshi Tsuda, Directors who are Audit and Supervisory Committee Members, are in the middle of their tenure in office and thus are not candidates for Directors at this Annual General Meeting of Shareholders.

Professional knowledge, capabilities, and experience, etc.												
Governance / Management				Sales / SCM			Production / Technology		Responsibility and new challenges for the future and society			
Corporate Management	Legal Risk Management	Finance Accounting	Human Resources Labor	Sales Strategy Marketing	Purchasing Procurement	Global Business	Manufacturing Quality Control	Technology Development Intellectual Property	IT / DX	ESG Sustainability	Human rights Diversity	Knowledge of other industries
●				●	●	●	●	●		●	●	
●				●	●	●		●		●	●	
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**Proposal 4:** Election of One (1) Director who is a Substitute Audit and Supervisory Committee Member

To prepare for cases where the number of Directors who are Audit and Supervisory Committee Members falls below the number stipulated by laws and regulations, the election of one (1) Director who is a substitute Audit and Supervisory Committee Member is proposed.

The consent of the Audit and Supervisory Committee has been obtained for the submission of this proposal, following deliberations by the Remuneration and Nomination Advisory Committee, an advisory body to the Board of Directors of the Company.

The candidate for Director who is a substitute Audit and Supervisory Committee Member is as follows.

Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
Kazuto Takahashi (October 8, 1963) (Age 61)  [Outside] [Independent]	Apr. 1987      Joined Hachioji Sogo Co., Ltd. Jul. 1988      Joined Hachioji City Hall Oct. 1993      Joined Chuo Audit Corporation Apr. 1997      Registered as a certified public accountant Aug. 2007      Joined KPMG AZSA LLC Jul. 2016      Representative, Kazuto Takahashi CPA Office (to the present) Aug. 2016      Registered as a certified tax accountant Jun. 2017      Outside Audit & Supervisory Board Member, The Sumitomo Warehouse Co., Ltd. (to the present) Jul. 2023      Supervisory Officer, Nankai Private REIT Inc. (to the present) [Significant concurrent positions] Representative, Kazuto Takahashi CPA Office Outside Audit & Supervisory Board Member, The Sumitomo Warehouse Co., Ltd.	0
[Reason for nomination as a candidate for Outside Director who is a substitute Audit and Supervisory Committee Member and overview of expected roles] Mr. Kazuto Takahashi has been engaged in corporate auditing services as a certified public accountant and tax accountant over many years and has a wealth of experience and insight as an Outside Audit & Supervisory Board Member at audit corporations and companies. Based on the above, he is expected to provide us with useful opinions and guidance on the Company's management from an objective and professional perspective. Therefore, as an Outside Director who is an Audit and Supervisory Committee Member, we believe that he is an appropriate person to audit the business execution of the Directors of the Company that aims to sustainably enhance its corporate value.		

- Notes:
1. There are no special interests between the candidate and the Company.
  2. Mr. Kazuto Takahashi satisfies the criteria for selecting Outside Audit and Supervisory Committee Members established by the Company (see page 18) and the criteria for independence of Outside Officers (see page 18).
  3. If Mr. Kazuto Takahashi assumes office as an Outside Director who is an Audit and Supervisory Committee Member, the Company will designate him as an independent officer in accordance with the rules of the Tokyo Stock Exchange (TSE) and register him as such.
  4. If Mr. Kazuto Takahashi assumes office as an Outside Director who is an Audit and Supervisory Committee Member, pursuant to provisions of Article 427, Paragraph 1 of the Companies Act, the Company will enter into an agreement with him to limit his liability for damage under Articles 423, Paragraph 1 of the said Act to the amount stipulated by laws and regulations.
  5. If Mr. Kazuto Takahashi assumes office as an Outside Director who is an Audit and Supervisory Committee Member, the Company will enter into a Directors and Officers Liability Insurance Contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The said insurance contract covers damage that may arise when the insured assumes liability for the execution of his duties or receive a claim for the pursuit of such liability. The candidate will be insured under the said insurance contract.
  6. The term of office of Director who is a Substitute Audit and Supervisory Committee Member shall be from the time of assumption of office until the expiration of the term of office of the retiring Director who is an Audit and Supervisory Committee Member.



**[Reference]** Selection Criteria and Procedural Requirements for the Selection and Dismissal of Directors (excluding Directors who are Audit Committee Members) and Directors who are Audit Committee Members

I. Eligibility of Directors (excluding Directors who are Audit and Supervisory Committee Members (hereinafter “Audit and Supervisory Committee Members”)), Election Procedure, and Composition of the Board of Directors

(Selection Criteria)

Persons who meet all of the conditions set forth in the following items:

1. Possess excellent character and insight as well as superior business sense, and is familiar with various management issues;
2. Possess company-wide perspectives and outstanding ability to make objective analysis and judgments;
3. Have the ability to state one’s own opinion proactively from a company-wide perspective;
4. Does not fall under any of the reasons for ineligibility as Director listed in the items of Article 331, Paragraph 1 of the Companies Act;
5. Hold concurrent positions as officer of no more than three (3) listed companies, excluding one’s own company.

(Election Procedure)

1. The election of Directors (excluding Audit and Supervisory Committee Members) shall be determined by resolution of the general meeting of shareholders pursuant to the provisions of Article 21 of the Articles of Incorporation of the Company. Candidates for Directors (excluding Audit and Supervisory Committee Members) to be proposed to the general meeting of shareholders shall be selected by the President based on the above criteria and referred to the Remuneration and Nomination Advisory Committee.
2. The Board of Directors shall deliberate based on the recommendations of the Remuneration and Nomination Advisory Committee and determine the candidates for Directors (excluding Audit and Supervisory Committee Members).

(Stance on Composition of the Board of Directors)

1. The Board of Directors shall be composed of diverse Directors (excluding Audit and Supervisory Committee Members) and Audit and Supervisory Committee Members with different backgrounds, such as expert knowledge and experience.
2. The appropriate number of members to ensure that the Board of Directors can demonstrate its efficacy in the most effective and efficient way shall be no more than ten (10) Directors (excluding Audit and Supervisory Committee Members) and no more than five (5) Audit and Supervisory Committee Members, pursuant to the provisions of Article 20 of the Articles of Incorporation of the Company.
3. The Board of Directors shall be structured so that the Board of Directors as a whole can fulfill its fiduciary responsibility by complementing the functions of the Board of Directors as a whole with the diverse experience and insight of the Directors (excluding Audit and Supervisory Committee Members) and Audit and Supervisory Committee Members.

II. Eligibility of Audit and Supervisory Committee Members and Election Procedure

(Selection Criteria)

Persons who meet all the conditions set forth in the following items:

1. Possess excellent character and insight as well as superior business sense, and is familiar with various management issues;
2. Possess company-wide perspectives and outstanding ability to make objective analysis and judgments;
3. Have the ability to state one’s own opinion proactively from a company-wide perspective;
4. Does not fall under any of the reasons for ineligibility as Audit and Supervisory Committee Member listed in the items of Article 331, Paragraph 1 and Paragraph 3 of the Companies Act.

(Election Procedure)

1. The election of Audit and Supervisory Committee Members shall be determined by resolution of the general meeting of shareholders pursuant to the provisions of Article 21 of the Articles of Incorporation of the Company. Candidates for Audit and Supervisory Committee Members to be proposed to the general meeting of shareholders shall be selected by the President based on the above criteria and, following deliberation at the Remuneration and Nomination Advisory Committee, the consent of the Audit and Supervisory Committee shall be obtained before the candidates are proposed to the Board of Directors.
2. If Audit and Supervisory Committee Members request the submission to the general meeting of shareholders of a proposal for the election of candidates selected based on the above criteria, the Board of Directors shall deliberate and decide on the candidates for Audit and Supervisory Committee Members.

(Concept on Composition)

1. The Audit and Supervisory Committee shall be composed of a majority of Outside Audit and Supervisory Committee Members. The number of Audit and Supervisory Committee Members shall be no more than five (5), pursuant to the provisions of Article 20 of the Articles of Incorporation of the Company.
2. If a standing Audit and Supervisory Committee Member is to be appointed, he or she shall be selected from among persons in the Company with a wealth of knowledge and experience.
3. It is preferable that at least one (1) Audit and Supervisory Committee Member have considerable knowledge and insights concerning finance and accounting.

III. Eligibility of Outside Officers and Election Procedure

(Selection Criteria for Outside Directors (excluding Audit and Supervisory Committee Members))

Persons who meet all of the conditions set forth in the following items:

1. Be of sincere character with a high degree of insight and abilities, and, from the perspective of incorporating diverse perspectives into the Company's Board of Directors, possess extensive knowledge, experience, and achievements in one's own background field;
2. Does not fall under any of the reasons for ineligibility as Director listed in the items of Article 331, Paragraph 1 of the Companies Act;
3. Any concurrent posts as officer of other listed companies shall be judged to ensure independence and neutrality and to not impede one's duties;
4. Satisfy the requirements for Outside Director stipulated in Article 2, Item 15 of the Companies Act.

(Selection Criteria for Outside Audit and Supervisory Committee Members)

Persons who meet all of the conditions set forth in the following items:

1. Be of sincere character with a high degree of insight and abilities and possess a high degree of expert knowledge and a wealth of experience particularly in fields such as the law, accounting, and corporate management;
2. Does not fall under any of the reasons for ineligibility as Audit and Supervisory Committee Member listed in the items of Article 331, Paragraph 1 and Paragraph 3 of the Companies Act;
3. Satisfy the requirements for Outside Director stipulated in Article 2, Item 15 of the Companies Act.

(Criteria for Independence of Outside Officers)

1. Any Outside Directors (excluding Audit and Supervisory Committee Members) or Outside Audit and Supervisory Committee Members (hereinafter, collectively "Outside Officers") who do not fall under any of the following criteria shall be recognized as being independent from the Company.
  - 1) A major shareholder (i.e., a party who holds 10% or more of the total voting rights as of the end of the most recent fiscal year) of the Company or an executive thereof;
  - 2) A party to whom the Company is a major business partner or an executive thereof;
  - 3) A major business partner of the Company or an executive thereof;
  - 4) The accounting auditor of the Company or its consolidated subsidiaries or a partner, etc. thereof who is responsible for the auditing of the Company or its consolidated subsidiaries;
  - 5) An attorney, judicial scrivener, patent attorney, certified public accountant, certified tax accountant, or consultant, etc. who has received monetary or other economic benefit other than officer compensation in the amount of more than 10 million yen per year from the Company (provided, however, that if the party receiving such economic benefit is a corporation, union, or other organization, a party belonging to an organization for which the economic benefit received from the Company is greater than 2% of the organization's annual revenue);

- 6) A major lender (i.e., a lender whose name is listed as a major lender in the business report with respect to the most recent business year) of the Company or an executive thereof;
  - 7) A party that has received donations from the Company in the amount of more than 10 million yen per year (provided, however, that if the party receiving such economic benefit is a corporation, union, or other organization, a party who is an executive of an organization for which the economic benefit received from the Company is greater than 2% of the organization's annual revenue);
  - 8) A party for whom any of 1) to 7) above applied in the past three (3) years;
  - 9) A spouse or a close relative within the second degree of kinship of a person to whom any of 1) to 8) above applies (limited to key persons);
  - 10) A spouse or a close relative within the second degree of kinship of a member of the board of directors, executive officer, director, manager, employee, or accounting advisor (in the case of a corporation, an employee charged with such duties) of the Company or its subsidiaries;
  - 11) A spouse or a close relative within the second degree of kinship of a person who was a member of the board of directors, executive officer, director, manager, employee, or accounting advisor (in the case of a corporation, an employee charged with such duties) of the Company or its subsidiaries within the past three (3) years;
  - 12) Any person who has a particular reason other than the above items, for being unable to fulfill their duties as an independent Outside Officer, such as a potential conflict of interest with the Company.
2. At least one (1) of the Outside Officers recognized as having independence based on this Article shall be designated as an Independent Officer as stipulated by a stock exchange. Outside Officers who are no longer independent, regardless of whether they have been designated as such, shall immediately notify the Company of such fact.
  3. "Major business partner" in this Article refers to a party for whom the annual value of transactions with the Company is greater than 2% of the Company's consolidated net sales in the past three (3) business years.

#### IV. Other (Dismissal)

If any Director (excluding Audit and Supervisory Committee Members) or Audit and Supervisory Committee Member (including Outside Officers in either case) no longer satisfies any of the conditions of the selection criteria during their term of office, the required procedures shall be taken pursuant to laws and regulations.

<Proposal 5 to 8 are shareholder proposals. >

**The Board of Directors opposes all the Shareholder Proposals.**

Proposition 5 is a proposal from one individual shareholder.

Propositions 6 to 8 are proposals made by another individual shareholder.

The contents of the proposals and the reasons for the proposals below are presented in their original form as submitted by the proposing shareholder, except for formal amendments.

**Proposal 5: Appropriation of Surplus (Shareholder Proposal)**

[Details of Proposal]

(1) Type of dividend property

Cash

(2) Allotment of dividend property and the total amount thereof

The dividend per share of common stock (“dividend per share”) to be distributed shall be 61 yen minus the dividend per share based on the proposal for appropriation of surplus proposed by the Board of Directors (“Company’s proposal for appropriation of profits”) and approved at the 131st Annual General Meeting of Shareholders.

In the event that the amount obtained by deducting the interim dividend of 18 yen per share from 3.5% of the net assets per share for the fiscal year ended March 31, 2025, is not 61 yen, the 61 yen above shall be replaced with the amount obtained by deducting the interim dividend of 18 yen per share from the amount equivalent to 3.5% of the net assets per share for the fiscal year ended March 31, 2025.

(Anything less than 1 yen shall be rounded down)

Total dividends shall be calculated by multiplying the number of shares subject to dividends as of the record date of voting rights for the Company’s 131st Annual General Meeting of Shareholders.

(3) Effective date of distribution of surplus

The day after the 131st Annual General Meeting of Shareholders

If the Company’s proposal for appropriation of profits is proposed at the 131st Annual General Meeting of Shareholders, this proposal shall be made as an additional proposal that is both independent from and compatible with the said proposal.

[Reasons for proposal]

The proposal is for a full-year dividend corresponding to 3.5% of net assets per share (DOE of 3.5%). The Summary of Discussions on Measures to Improve the Effectiveness of the Market Restructuring, published by the Tokyo Stock Exchange (TSE) in January 2023, lays out the specific policies and measures the TSE considers necessary for improvement at companies with price-to-book (P/B) ratios continuously below 1.0. The Company has announced its future business outlook in its Long-Term Vision 2030 and the Medium-Term Management Plan, but as of April 17, 2025, its P/B ratio stood at 0.36, and extremely low level within the electric furnace and steel materials industry, and the lowest of companies listed on the TSE Prime market. In terms of capital efficiency, the average ROE of 6.1% over the past five years is lower than the 8% cost of general shareholders’ equity. Against this backdrop, the Company is planning capital investment for the construction of a new large-scale electric furnace (scheduled to go into operation in 2030), the total amount of which could be in the range of ¥50 billion to ¥100 billion. It has not, however, disclosed a quantitative possibility of recovery for this extremely large investment, and the contribution to future profits is highly uncertain. Given the recent steep rise in construction market prices, the investment amount could become even higher, significantly increasing expenses in depreciation over the long term and making it difficult to expect improvements in profit levels and capital efficiency. In addition, even though the equity ratio is extremely high at roughly 72%, the basic policy for returns to shareholders is only for a “dividend payout ratio of at least 30%,” resulting in an excessive accumulation of internal reserves. In addition, in terms of shareholder composition, so-called “ruling party” cross shareholders have a combined shareholding of more than 20%, and with the continued introduction of additional takeover defense measures, I believe there is little recognition or sense of urgency among current management regarding increased capital efficiency and a higher share price. If this does not change, there is a strong likelihood that the company’s capital efficiency and the market valuation will not improve, and that the P/E ratio will remain below 1.0. I believe that as a

listed company, the Company has a strong obligation to introduce capital measures to rectify this excessive accumulation of net assets and contribute to the improvement of capital efficiency and the share price. Based on the above, I am making this proposal as a shareholder, to stipulate a DOE of 3.5% as a minimum dividend, and propose that the dividend be set at this level for the current fiscal year as well.

The Board of Directors' Opinion on the Shareholder Proposal

**The Board of Directors opposes the Shareholder Proposal.**

[Reasons for opposition]

The Company's basic policy on sharing profits with its shareholders is to enhance corporate value by strengthening its management foundation and improving profitability, and to maintain stable dividends with a consolidated payout ratio of 30% or more.

In 2022, the Company and the Group formulated the Nakayama Steel Works Group 2030 Long-Term Vision (in Japanese only) as a platform from which to ensure ongoing corporate value improvements and success across the next 100 years. The Company announced its long-term plan to achieve this vision on May 9, 2025, centered on investment in a new electric furnace through a joint venture with NIPPON STEEL CORPORATION. While investment in the new electric furnace is expected to total approximately 95 billion yen, it is an incredibly important initiative that will contribute to the Company's sustainable growth and improved capital efficiency through significant reductions in CO<sub>2</sub> emissions and enhanced cost competitiveness through an improved ratio of in-house iron sources, higher energy efficiency, and improved yield. In FY 2033, when benefits from the new electric furnace are generally expected to materialize, we forecast 13.0 billion yen or more in ordinary profit (compared to 8.1 billion yen in FY 2024), EBITDA of 26.0 billion yen or more (compared to 11.3 billion yen in FY 2024), and ROE of 6% or more (compared to 5.4% in FY 2024).

Based on the long-term plan and new electric furnace investment, the Company formulated a capital allocation policy in line with its current financial circumstances and the investments required to achieve its vision. As part of the policy, the Company will allocate capital to growth investments, investments in infrastructure maintenance, and shareholder returns.

The Shareholder Proposal is to "pay a full-year dividend equivalent to 3.5% (DOE 3.5%) of net assets per share." When executing the long-term plan and investments in the new electric furnace, uniform application of this approach has the potential to prevent flexible capital management, in turn stopping the Company from maximizing its corporate value potential and preventing it from future receipt of free cash flow.

While utilizing its solid financial foundation, namely an equity ratio of 72%, the Company is planning a three-pronged, future-oriented capital policy of growth investments, equipment updates, and shareholder returns. To date, the Company has ensured the stable distribution of profits to shareholders through its basic policy of maintaining a consolidated payout ratio of 30% or more. After the commencement of operations at the new electric furnace, the Company is looking at the potential of further enhancing shareholder returns in line with improvements in cash-generating capabilities, and as such deems it important to make decisions based on a sustainable viewpoint rather than a single-year indicator.

As such, shareholder returns based on the dividend on equity (DOE) approach is inconsistent with the Company's long-term management policy. It is a demand that could potentially hinder business growth and one that will not contribute to improvements in corporate value over the medium to long term nor the common interests of shareholders.

The Board of Directors therefore opposes the Shareholder Proposal.

**Proposal 6: Acquisition of Treasury Shares (Shareholder Proposal)**

**(1) Summary of proposal**

The Company is to acquire in exchange for cash its own ordinary shares as follows, as stipulated in Article 156.1 of the Companies Act.

- Number of shares to be acquired: 3,553,571 shares
- Total amount to be paid for acquisition of shares: 2,587 million yen (however, if the total acquisition amount permitted in the Companies Act (the "distributable amount" stipulated in Article 461 of the Companies Act) is less than the total acquisition amount, the total acquisition amount shall be no more than the acquisition amount permitted as per the Companies Act)

- Period during which shares may be acquired: One year from the close of the 131st Annual General Meeting of Shareholders

## (2) Reasons for proposal

Japanese listed companies are currently being asked to carry out management with an awareness of cost of capital and share price. The Tokyo Stock Exchange (TSE) has called on all companies listed on its Prime and Standard markets to “take action to implement management that is conscious of cost of capital and stock price” (“Action to Implement Management that is Conscious of Cost of Capital and Stock Price,” Tokyo Stock Exchange, March 31, 2023). The Company is listed on the TSE’s Prime market, but its P/B ratio is significantly below 1.0. The Company has already emerged from a period of weak earnings and is recording large growth in sales and profit. Nevertheless, the weak P/B ratio indicates that the Company is not being sufficiently valued by the market. To rectify this situation, the Company should continuously increase its returns to shareholders, and specifically, allocate 5% of retained earnings in each fiscal year for the acquisition of treasury stock shares, in each fiscal year, until the P/B ratio exceeds 1.0. To that end, this proposal is to acquire treasury stock shares as per the above “(1) Summary of proposal.” As of the date this shareholder proposal was prepared, the Company had not yet disclosed its amount of retained earnings as of the end of the fiscal year ended March 31, 2025, and therefore the amount shown as “Total amount to be paid for acquisition of shares” in the above (1) summary of the proposal corresponds to 5% of the total amount of the Company’s retained earnings as of the close of the fiscal year ended March 31, 2024, and the “No. of shares to be acquired” is based on the share price as of April 23, 2025 (closing share price of ¥728). I ask shareholders to approve this proposal.

## The Board of Directors’ Opinion on the Shareholder Proposal

### **The Board of Directors opposes the Shareholder Proposal.**

#### [Reasons for opposition]

Based on the long-term plan announced on May 9, 2025, the Company is promoting a large-scale investment (approximately 95 billion yen) in a new electric furnace that is set to commence operations in FY2030. Production capacity will increase significantly after the commencement of operations at the new electric furnace, and substituting external procurement with in-house iron sources is expected to both significantly reduce CO<sub>2</sub> emissions and improve profitability. As pointed out, the Tokyo Stock Exchange is indeed calling for “Action to Implement Management that is Conscious of Cost of Capital and Stock Price.” The Company, however, is taking this request very seriously and aiming to improve capital efficiency, market valuation, and PBR through investment in the new electric furnace.

While the acquisition of treasury shares is an important capital policy, it is essential to make flexible judgements in line with stock market conditions, the Company’s capital demands, and growth opportunities. Allocating a fixed percentage of retained earnings every year to the acquisition of treasury shares as per the Shareholder Proposal is a uniform approach that ignores cash flow conditions and investment strategies, and is a potentially harmful approach that could negatively impact future management flexibility. Periods preceding growth investments, in particular, require a careful balance between shareholder returns, financial soundness, and strategies for future growth. Moreover, the Company’s basic policy for shareholder returns is to ensure a consolidated payout ratio of 30% or more, and so while maintaining stable dividends, the Company will examine ways to strengthen shareholder returns, including through the acquisition of treasury shares, in line with revenue and cash flow improvements after the commencement of operations at the new electric furnace. Adopting a framework that makes it compulsory to acquire treasury shares until PBR exceeds 1.0x, as the Shareholder Proposal suggests, has the potential to hinder the Company’s sustainable value creation. The acquisition of treasury shares as suggested in the Shareholder Proposal does not consider these policies or approaches, and could lead to financial constraints, etc. The Company has therefore determined that the Shareholder Proposal is not appropriate.

The Board of Directors therefore opposes the Shareholder Proposal.

**Proposal 7: Partial Amendment to the Articles of Incorporation (Cancellation of Treasury Shares)**  
(Shareholder Proposal)

(1) Summary of proposal

The Company's Articles of Incorporation are to be amended as follows.

Prior to revision	After revision
(Newly added)	(Cancellation of treasury stock shares)
	<u>Article 7.2</u> <u>The Company may cancel treasury stock shares by ordinary resolution of a general meeting of shareholders as stipulated in Article 309.1 of the Companies Act.</u>

(2) Reasons for proposal

The Company holds 8,903,863 shares of treasury stock, which is equivalent to more than 14% of the Company's number of issued shares (including treasury shares). I am making a shareholder proposal to the 131st Annual General Meeting of Shareholders related to the acquisition of treasury stock shares, and if that proposal is approved, the number of treasury stock shares held by the Company will increase further. The existence of such a large volume of treasury stock shares means that shareholders are forced to be constantly concerned about dilution of the Company's shares. Therefore, the ability of shareholders to cancel treasury stock shares by resolution of a general meeting of shareholders will lead to increased share value. I am therefore proposing that the Articles of Incorporation be partially revised to allow for treasury stock shares held by the Company to be canceled by resolution of a general meeting of shareholders. I ask shareholders to approve this proposal.

The Board of Directors' Opinion on the Shareholder Proposal

**The Board of Directors opposes the Shareholder Proposal.**

[Reasons for opposition]

The Shareholder Proposal requests a partial amendment to the Articles of Incorporation to enable the cancellation of treasury shares by resolution of the Ordinary General Meeting of Shareholders. However, the cancellation of treasury shares is a key management issue that requires a comprehensive range of considerations including financial conditions, capital structure, and the flexibility of future strategies. The Company believes that agile, flexible decisions will lead to the improvement of its medium- to long-term corporate value and be in the best interests of shareholders.

The Shareholder Proposal limits the scope and flexibility of the Company's choices and may lead to cases that are not in the best interests of shareholders. As such, the Company believes that as per the provisions of the Companies Act, decisions on the cancellation of treasury shares should not be made by the General Meeting of Shareholders but by the resolution of the Board of Directors.

Moreover, the Company believes it is appropriate to entrust decisions on the nature of individual, specific business execution matters like in the Shareholder Proposal to the Board of Directors, and that it is not an appropriate matter to be stipulated in the Articles of Incorporation, which define the fundamental rules and norms of a company.

The Board of Directors therefore opposes the Shareholder Proposal.

**Proposal 8: Cancellation of Treasury Shares (Shareholder Proposal)**

(1) Summary of proposal

Conditional upon approval of the proposal for the “Acquisition of treasury stock shares” and the proposal for the “Partial Amendment to the Articles of Incorporation (Cancellation of Treasury Shares),” all treasury stock shares acquired based on the proposal for the “Acquisition of treasury stock shares” are to be canceled.

(2) Reasons for proposal

As noted in the reasons for the proposal for the “Partial Amendment to the Articles of Incorporation (Cancellation of Treasury Shares),” the cancellation of treasury stock shares contributes to an increase in the value of the Company’s shares. Therefore, if the proposal for the “Acquisition of treasury stock shares” and the revision to the Articles of Incorporation related to the proposal for the “Partial Amendment to Articles of Incorporation (Cancellation of treasury stock shares)” are approved, the proposal is to cancel all treasury stock shares acquired as per the proposal for the “Acquisition of treasury stock shares.” I ask shareholders to approve this proposal.

The Board of Directors’ Opinion on the Shareholder Proposal

**The Board of Directors opposes the Shareholder Proposal.**

[Reasons for opposition]

In the event that the amendment to the Articles of Incorporation pertaining to proposal “Acquisition of Treasury Shares” and “Partial Amendment to the Articles of Incorporation (cancellation of treasury shares)” is approved, the Shareholder Proposal requests the cancellation of all acquired treasury shares based on “Acquisition of Treasury Shares.” As described in “Partial Amendment to the Articles of Incorporation (cancellation of treasury shares),” the cancellation of treasury shares is a key management issue that requires a comprehensive range of considerations including financial conditions, capital structure, and the flexibility of future strategies. The Company believes that agile, flexible decisions will lead to the improvement of its medium- to long-term corporate value and be in the best interests of shareholders.

The Board of Directors therefore opposes the Shareholder Proposal.



## Consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Line item	Amount	Line item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>92,524</b>	<b>Current liabilities</b>	<b>26,941</b>
Cash and deposits	15,346	Notes and accounts payable - trade	14,345
Notes and accounts receivable - trade, and contract assets	33,420	Electronically recorded obligations - operating	2,757
Electronically recorded monetary claims – operating	8,909	Short-term borrowings	2,546
Merchandise and finished goods	17,187	Accounts payable - other	2,788
Work in process	4,900	Accrued expenses	1,739
Raw materials and supplies	11,876	Income taxes payable	883
Other	919	Provision for bonuses	1,028
Allowance for doubtful accounts	(34)	Provision for environmental measures	17
<b>Non-current assets</b>	<b>56,623</b>	Provision for decommissioning and removal	231
<b>Property, plant and equipment</b>	<b>48,288</b>	Other	600
Buildings and structures, net	7,917	<b>Non-current liabilities</b>	<b>15,396</b>
Machinery and equipment, net	16,622	Long-term borrowings	6,515
Vehicles, net	82	Deferred tax liabilities	3,183
Tools, furniture and fixtures, net	502	Deferred tax liabilities for land revaluation	1,030
Land	22,611	Provision for environmental measures	5
Leased assets, net	131	Provision for decommissioning and removal	187
Construction in progress	420	Provision for loss on business of subsidiaries and associates	893
<b>Intangible assets</b>	<b>470</b>	Retirement benefit liability	2,314
Other	470	Other	1,265
<b>Investments and other assets</b>	<b>7,864</b>	<b>Total liabilities</b>	<b>42,337</b>
Investment securities	3,193	<b>(Net assets)</b>	
Retirement benefit asset	1,798	<b>Shareholders' equity</b>	<b>103,065</b>
Deferred tax assets	14	<b>Share capital</b>	<b>20,044</b>
Guarantee deposits	1,764	<b>Capital surplus</b>	<b>7,857</b>
Other	1,123	<b>Retained earnings</b>	<b>75,936</b>
Allowance for doubtful accounts	(28)	<b>Treasury shares</b>	<b>(773)</b>
		<b>Accumulated other comprehensive income</b>	<b>3,744</b>
		<b>Valuation difference on available-for-sale securities</b>	<b>928</b>
		<b>Deferred gains or losses on hedges</b>	<b>—</b>
		<b>Revaluation reserve for land</b>	<b>2,359</b>
		<b>Remeasurements of defined benefit plans</b>	<b>456</b>
		<b>Total net assets</b>	<b>106,810</b>
<b>Total assets</b>	<b>149,148</b>	<b>Total liabilities and net assets</b>	<b>149,148</b>

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

## Consolidated Statement of Income

(April 1, 2024 - March 31, 2025)

(Millions of yen)

Line item	Amount	
Net sales		169,329
Cost of sales		147,249
<b>Gross profit</b>		<b>22,080</b>
Selling, general and administrative expenses		13,643
<b>Operating profit</b>		<b>8,436</b>
Non-operating income		
Interest income	47	
Dividend income	94	
Share of profit of entities accounted for using equity method	185	
Rental income from real estate	73	
Other	78	479
Non-operating expenses		
Interest expenses	169	
Commission for syndicated loans	289	
Rental expenses	134	
Other	202	796
<b>Ordinary profit</b>		<b>8,119</b>
Extraordinary income		
Gain on sale of investment securities	586	
Other	4	591
Extraordinary losses		
Provision for loss on business of subsidiaries and associates	265	
Loss on retirement of non-current assets	139	
Provision for decommissioning and removal	134	
Other	4	544
<b>Profit before income taxes</b>		<b>8,167</b>
Income taxes-current	2,420	
Income taxes-deferred	50	2,471
<b>Net Profit</b>		<b>5,695</b>
Profit attributable to non-controlling interests		—
<b>Profit attributable to owners of parent</b>		<b>5,695</b>

Note: Figures presented in the financial statements are rounded down to the nearest million yen.