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To whom it may concern:

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**Notice of the Continuation of the Appropriate Rules Concerning Large-Scale Purchases of the Company's Shares (Takeover Response Policy)**

At the NAKAYAMA STEEL WORKS, LTD. (the "Company")'s 114th Annual General Meeting of Shareholders held on June 27, 2008, the Company secured approval of shareholders for the "Introduction of Appropriate Rules Concerning Large-Scale Purchases of the Company's Shares" in accordance with provisions of Article 17 of the Company's Articles of Incorporation by a majority vote, and decided to introduce such rules, with the aim of ensuring and enhancing the Company's corporate value and the common interests of its shareholders.

Since then, while making amendments as needed, the Company has continued to secure approval from its shareholders for its policy on responding to takeover bids (the "takeover response policy"), as follows:

- (1) The Company's 117th Annual General Meeting of Shareholders held on June 29, 2011  
The Company secured approval for the continuation of the rules with partial amendments but with substantially the same contents.
- (2) The Company's 120th Annual General Meeting of Shareholders held on June 26, 2014  
The Company secured approval for the continuation of the rules with the same contents.
- (3) The 123rd Annual General Meeting of Shareholders held on June 27, 2017  
The Company secured approval for the continuation of the rules with partial amendments as follows:
  - (i) To add Outside Directors as members of the Independent Committee in addition to Outside Audit & Supervisory Board Members and outside experts;
  - (ii) To disclose the names of members of the Independent Committee; and
  - (iii) To introduce a mechanism to confirm shareholders' intentions concerning whether to trigger the countermeasures.
- (4) The 126th Annual General Meeting of Shareholders held on June 26, 2020

The Company secured approval for the continuation of the rules with substantially the same content, except for changes in the members of the Independent Committee.

(5) The 129th Annual General Meeting of Shareholders held on June 28, 2023

The Company secured approval for the continuation of the rules after making the following amendments to the proposal approved at the previous meeting. (The applicable rules after the amendments are hereinafter referred to as the “Current Plan.”)

- (i) Revising references to the Audit & Supervisory Board and Audit & Supervisory Board Members in connection with the Company’s transition, in June 2022, to a company with an Audit and Supervisory Committee.
- (ii) Changing the members of the Independent Committee.

The effective period of the Current Plan will expire at the conclusion of this Annual General Meeting of Shareholders.

At a Board of Directors meeting held on May 25, 2026, the Company resolved with the unanimous approval of its Directors, to substantially continue the Current Plan (the continued plan is hereinafter referred to as the “Plan”), subject to approval by a majority of the voting rights of the Company’s shareholders present at this Annual General Meeting of Shareholders.

All three Directors who are Audit and Supervisory Committee Members attended the meeting of the Board of Directors, and all of them expressed their opinion in favor of the continuation, provided that the concrete operation of the Plan is properly carried out.

The main changes to the Plan are as follows:

- (i) The names of the members of the Independent Committee under the Current Plan have been changed.
- (ii) In addition, the wording and expressions have been revised to make the Plan easier to understand. Accordingly, the Company requests the approval of its shareholders for the Plan.

Note: The change in the names of the members of the Independent Committee under the Current Plan refers to a reduction of one member due to the retirement of Mr. Noboru Kitazawa, who was previously an Outside Director of the Company.

## **1. Basic policy on corporate control**

As an entity listed on a financial instruments exchange, the Company respects the free trading of the Company’s shares on the market. The Company’s Board of Directors does not categorically oppose large-scale share purchases from specific investors, provided that such purchases contribute to improving the Company’s corporate value and serve the interests of its shareholders. The Company believes that the ultimate decision on whether or not to accept a proposal should be left to the judgment of its shareholders.

On the other hand, proposals for the large-scale purchase of shares may include those that: (i) pose a risk of impairing corporate value or the interests of shareholders from the perspective of the purpose of acquisition, post-acquisition policy and others; (ii) effectively force shareholders to sell their shares; or (iii) fail to provide sufficient information necessary for decision-making and do not allow adequate time for consideration. In such cases, it becomes difficult for shareholders to make an appropriate judgment.

Therefore, the Company believes it is important that both the purchaser and the Company’s Board of Directors provide necessary and sufficient information and ensure that a period sufficient for consideration is secured, in order to create an environment in which shareholders can make appropriate decisions. Furthermore, if the Board of Directors deems it necessary from the perspective of corporate value and shareholder interests, the Company anticipates engaging in discussions with the purchaser to seek improvements to the acquisition terms and methods, and, if necessary, presenting alternative proposals to shareholders. The Company also believes that sufficient time must be secured for this purpose.

Based on the above, the Company’s policy is to continue the Plan after confirming shareholders’ intentions regarding the continuation of the Plan at the General Meeting of Shareholders. The Plan

requires the purchaser to comply with certain procedures and enables the Company to take necessary and appropriate action if these procedures are not followed or if it is determined that the Company's corporate value or the interests of its shareholders will be significantly impaired.

At this point in time, there is no fact regarding the proposal or implementation of a large-scale tender offer for the Company.

## 2. Source of Company's corporate value and initiatives that contribute to the realization of the basic policy

### (1) Source of the Company's corporate value

Our corporate philosophy is "NAKAYAMA STEEL WORKS Group creates additional value for the economic society through fair competition and continues to be of service to society." Since its founding in 1919, the Company has developed its operations with the steel business at its core.

The Company is one of the few manufacturers that possess the technology and expertise related to blast furnaces and converters, while also being capable of producing electric furnace steel. Since suspending blast furnace and converter operations in 2002, the Company has been producing and selling steel materials and processed goods using iron sources produced in its electric furnace alongside externally procured iron sources.

The source of the Company's corporate value lies in the technological expertise and on-site capabilities accumulated since its founding, the talents who support these capabilities, and the long-term relationships of trust it has built with its customers and business partners. Based on these, the Company will continue to strive for better quality, stable supply, and continuous improvement, and work on creating added value that benefits society.

As announced in its timely disclosures, the Company plans to decommission its ageing existing electric furnace and construct a new electric furnace to increase its production capacity, taking into account future demand trends for electric furnace steel materials. This initiative will also allow the Company to replace some of its externally procured iron sources with in-house iron sources, which is expected to reduce CO<sub>2</sub> emissions and improve profitability.

The full-scale operation of the new electric furnace is expected to begin in FY2030, and the benefits of the new electric furnace are expected to be seen in FY2033. Based on these assumptions, the Company formulated a long-term plan and set numerical targets for management indicators. The numerical targets for its priority management indicators are as follows:

[Numerical targets for priority management indicators]

	FY2025 Result	FY2030 Target	FY2033 Target
Ordinary profit	4.8 billion yen	10.0 billion yen or more	13.0 billion yen or more
EBITDA	8.0 billion yen	22.0 billion yen or more	26.0 billion yen or more
ROE	2.3%	5% or more	6% or more

### (2) Initiatives regarding corporate governance

The Company transitioned to a company with an Audit and Supervisory Committee pursuant to a resolution adopted at the 128th Annual General Meeting of Shareholders (June 28, 2022) for the purposes of balancing the enhancement of supervisory functions of the Board of Directors with the prompt execution of business operations, increasing management transparency and checks and balances, and improving the effectiveness of risk management and internal controls to prevent the impairment of corporate value. As of March 31, 2026, the Company has four (4) independent outside directors, constituting 36% of the entire Board of Directors (11 members). The areas of expertise of each Director cover a wide range of fields, including legal affairs, finance and accounting, sales, manufacturing, and ESG. Furthermore, for matters concerning the election and remuneration of candidates for Directors, a voluntary Remuneration and Nomination Advisory Committee, which is an advisory body to the Board of Directors, has been established to conduct careful deliberations.

To enhance the effectiveness of audits designed to verify corporate governance (Audit and Supervisory Committee, internal audit, and accounting audit), the Company implements measures such as making

the activities of the Audit and Supervisory Committee transparent (number of meetings, main themes, and coordination with the accounting auditor), ensuring the independence of internal audit (reporting to the Representative Director and President), and evaluating and managing the accounting auditor (reasons for selection and management of non-audit activities).

In addition, the Company has established a whistleblowing system accessible to all employees, with an external attorney acting as a point of contact.

**3. Necessity of the Plan**

The Company’s Board of Directors recognizes that the final decision as to whether or not to accept a large-scale purchase (defined in 4. below) by a large-scale purchaser (defined in 4. below) should be made by the shareholders of the Company. Accordingly, it is necessary that a large-scale purchaser disclose sufficient information in advance regarding the details of its intended management policy and business plan, the impact of the large-scale purchase on shareholders and the management of the Group, and the impact of the large-scale purchase on many parties involved in the Group. In addition, to ensure that the Company’s Board of Directors has opportunities to ask questions to the large-scale purchaser, demand the large-scale purchaser to improve the terms and conditions of the acquisition, or present a reasonable alternative proposal that will benefit shareholders, a reasonable amount of time for consideration and opportunities for negotiation must also be secured. The Company believes that these will allow its shareholders to receive appropriate and sufficient information from both the large-scale purchaser and the Company’s Board of Directors, and to have sufficient time to consider the information provided, and to make an appropriate decision as to whether or not to accept the large-scale purchase.

Based on this approach, the Company’s Board of Directors has judged that the continuation of the Plan is necessary to enable the Company to take necessary and appropriate measures to ensure and enhance the Company’s corporate value and the common interests of its shareholders.

The status of the Company’s major shareholders is as shown in (Reference) “Status of Major Shareholders of the Company (as of March 31, 2026)” and the Company has not received any notice or proposal, etc. to conduct a large-scale purchase of the Company’s shares from any specific third party, including shareholders of the Company at this point in time.

**4. Requirements for application of the Plan**

The Plan is intended to be applied to large-scale purchases of the Company’s share certificates, etc. (Note 3) intended to increase the ratio of voting rights (Note 2) of a specific shareholder group (Note 1) to 20% or more, or large-scale purchases of the Company’s share certificates, etc. resulting in the ratio of voting rights of a specific shareholder group to 20% or more (hereinafter a “Large-Scale Purchase,” and a person conducting such a purchase is referred to as a “Large-Scale Purchaser”).

Note 1: A specific shareholder group refers to (i) holders of share certificates, etc. (share certificates, etc. provided for in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act) of the Company (including those who are included in the holders pursuant to Article 27-23, Paragraph 3 of the Act) and their joint holders (joint holders provided for in Article 27-23, Paragraph 5 of the Act, including those deemed to be joint holders pursuant to Article 27-23, Paragraph 6 of the Act) or (ii) persons that conduct purchase, etc. (purchase, etc. provided for in Article 27-2, Paragraph 1 of the Act, including purchase, etc. conducted in a financial instruments exchange market) of share certificates, etc. (including share certificates, etc. provided for in Article 27-2, Paragraph 1 of the Act and their specially related parties (specially related parties provided for in Article 27-2, Paragraph 7 of the Act).

Note 2: The ratio of voting rights refers to the ratio of share certificates, etc. held by the relevant holder (the ownership ratio of share certificates, etc. provided for in Article 27-23, Paragraph 4 of the Act) if the specific shareholder group comes under (i) and, in the case of (ii), the total of the ownership ratios of share certificates, etc. (the ownership ratio of share certificates, etc. provided for in Article 27-2, Paragraph 8 of the Act) held by the relevant purchaser and its relevant specially related parties .  
The total number of voting rights used as the denominator in the calculation of the percentage of voting rights shall be the number of voting rights represented by the shares excluding the number of treasury shares held by the Company as stated in the most recently filed annual securities report, quarterly securities report or report on repurchases from the total number of issued shares at that point in time.

Note 3: Share certificates, etc. refers to either share certificates, etc. provided for in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act or share certificates, etc. provided for in Article 27-2, Paragraph 1 of the Act.

**5. Outline of the Plan**

The Plan requires Large-Scale Purchasers to comply with the rules set forth below (hereinafter the “Large-Scale Purchase Rules”). Specifically, the Plan requires the following: (i) a Large-Scale Purchaser shall provide the Company’s Board of Directors with necessary and sufficient information in

advance; (ii) a certain period time shall be set for review and assessment by the Company's Board of Directors; and upon expiration of such period, (iii) if a general meeting to confirm the intent of the shareholders (hereinafter the "Shareholders' Intent Confirmation Meeting") is convened as to whether the countermeasures should be triggered or not, the Large-Scale Purchase shall be commenced only after a resolution is passed at the General Meeting of Shareholders to confirm their intent regarding triggering of the countermeasures, etc. The outline is described below. For your reference, a flowchart in the event of the commencement of a Large-Scale Purchase is attached as Appendix 1.

(1) Submission of a letter of intent

In the event that a Large-Scale Purchaser intends to conduct a Large-Scale Purchase, the Large-Scale Purchaser shall first submit to the Company a letter of intent in Japanese stating that the Large-Scale Purchaser will comply with the Large-Scale Purchase Rules. In the letter of intention, the Large-Scale Purchaser's name, address, governing law of incorporation, name of representative, domestic contact information, and outline of the proposed Large-Scale Purchase shall be clearly indicated. In the event that a Large-Scale Purchase is proposed, the Company will disclose such information in accordance with laws and regulations and the rules of the financial instruments exchange concerning timely disclosure.

(2) Provision of information

A Large-Scale Purchaser shall provide the Company's Board of Directors with sufficient information in Japanese for the Company's shareholders to make judgment and for the Company's Board of Directors to form its opinion (hereinafter "Large-Scale Purchase Information"). Its general items are as follows.

- (i) Outline of the Large-Scale Purchaser and its group (including specific names, capital structure, etc.)
- (ii) Purpose, method and details of the Large-Scale Purchase (including the amount, details and basis of calculation of the purchase consideration, backing of purchase funds, timing and structure of the transaction, etc.)
- (iii) Outline of the parties financing the Large-Scale Purchaser (including specific name, capital structure, etc.)
- (iv) Management policy, business plan, financial plan, capital policy, dividend policy, asset utilization policy, etc. of the Group envisaged for the next three years after the Large-Scale Purchase
- (v) Basis for assuming that the management policy, etc. after the Large-Scale Purchase will enhance the corporate value of the Group
- (vi) Other information that the Board of Directors and the Independent Committee reasonably deem necessary to make appropriate judgments and opinions.

Within 10 business days after receipt of the letter of intent in (1) above, the Company will deliver to the Large-Scale Purchaser a list of the Large-Scale Purchase information to be initially provided, which the Large-Scale Purchaser is required to submit to the Company in Japanese within 60 days from the date of receipt.

If the information initially provided is reasonably considered insufficient as Large-Scale Purchase Information, the Large-Scale Purchaser may be requested to provide additional information until sufficient Large-Scale Purchase Information is available. The Company will disclose in a timely and appropriate manner the fact that a Large-Scale Purchaser has appeared and proposed a Large-Scale Purchase and all or part of the Large-Scale Purchase Information provided to the Company's Board of Directors.

If the Company's Board of Directors judges that the Large-Scale Purchaser has submitted sufficient Large-Scale Purchase Information necessary to assess and examine the Large-Scale Purchase, the Board of Directors will send a notice to that effect (hereinafter the "Notice of Completion of Provision of Information") to the Large-Scale Purchaser and disclose such fact.

(3) Examination of Large-Scale Purchase Information, negotiation with the Large-Scale Purchaser, and presentation of an alternative proposal

The Company believes that, after having issued a Notice of Completion of Provision of Information, the Company's Board of Directors should have a period for assessment, examination, negotiation, forming an opinion, and preparing an alternative proposal (hereinafter the "Board of Directors Assessment Period") of 60 days (in the case of the purchase of all the Company's shares by a tender offer with cash-only (yen) consideration) or 90 days (in the case of other Large-Scale Purchases), depending on the degree of difficulty of assessment, etc. of the Large-Scale Purchase. Accordingly, a Large-Scale Purchase shall be initiated only after the Board of Directors Assessment Period has elapsed. If the Board of Directors' Assessment Period commences, the Company will disclose that fact.

During the Board of Directors' Assessment Period, the Company's Board of Directors shall fully assess and examine the Large-Scale Purchase Information provided, as necessary, receiving advice from external experts (including financial advisors, certified public accountants, and lawyers) and hearing the views of the Independent Committee, and carefully formulate and disclose its opinion.

If necessary, the Company's Board of Directors may negotiate with the Large-Scale Purchaser to improve the terms and conditions of the Large-Scale Purchase and present an alternative proposal to the shareholders.

#### (4) Procedures for confirming the intent of shareholders

If the Independent Committee makes a recommendation for triggering of countermeasures and demands procedures to confirm the intent of shareholders regarding the resolution for triggering of countermeasures, the Company's Board of Directors shall respect such recommendation to the maximum extent possible and, if deemed appropriate, implement the procedures for convening a Shareholders' Intent Confirmation Meeting or implement the procedures for a written ballot to confirm the intent of shareholders as to whether the countermeasures should be triggered or not.

## **6. Plan in the event of a Large-Scale Purchase**

### (1) If it is judged that the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules

If it is judged that the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, the Company's Board of Directors will not, in principle, trigger specific countermeasures even if the Board of Directors is opposed to such Large-Scale Purchase.

However, the Company's Board of Directors may take action to persuade the Company's shareholders, such as expressing its opinion against such Large-Scale Purchase or by presenting an alternative proposal. Whether or not to accept the Large-Scale Purchaser's purchase proposal shall be determined by the Company's shareholders, taking into consideration the purchase proposal and the opinion, an alternative proposal, etc. presented by the Company in response to such purchase proposal.

However, even if it is judged that the Large-Scale Purchase Rules are complied with, if the Large-Scale Purchase is deemed to significantly impair the Company's corporate value and/or the common interests of the Company's shareholders (hereinafter an "Abusive Takeover"), the Company's Board of Directors may take measures deemed appropriate to protect the interests of the Company's shareholders. In order to ensure objectivity and reasonableness in the examination and judgment as to whether such Large-Scale Purchase constitutes an Abusive Takeover or not, the Company's Board of Directors shall, based on the necessary information provided by the Large-Scale Purchaser, including the management policy, etc. after the purchase, consider the specific details of the Large-Scale Purchaser and the Large-Scale Purchase (purpose, method, subject matter, type and amount of consideration for acquisition, etc.) and the impact of such Large-Scale Purchase on the common interests of the Company's shareholders while respecting the recommendation of the Independent Committee consisting of Outside Directors who are Audit and Supervisory Committee Members, independent outside experts, etc. to the maximum extent possible, and shall determine whether such Large-Scale Purchase constitutes an Abusive Takeover or not upon obtaining the approval of the Audit and Supervisory Committee.

Furthermore, if the Independent Committee makes a recommendation for triggering of countermeasures and demands procedures to confirm the intent of shareholders regarding the resolution for triggering of countermeasures, the Company's Board of Directors shall respect such recommendation to the maximum extent and, if deemed appropriate, implement the procedures for convening a Shareholders' Intent Confirmation Meeting or implement the procedures for a written ballot to confirm the intent of shareholders as to whether the countermeasures should be triggered or not.

(2) If it is judged that the Large-Scale Purchaser has not complied with the Large-Scale Purchase Rules, regardless of the specific purchase method, the Company's Board of Directors may implement countermeasures permitted under the Companies Act, other laws, and the Company's Articles of Incorporation, such as gratis allotment of share acquisition rights, for the purpose of protecting the common interests of the Company and its shareholders, to oppose the initiation of a Large-Scale Purchase. With respect to the specific countermeasures to be implemented, the Company's Board of Directors shall select those it deems most appropriate at that point in time, while respecting the recommendation of the Independent Committee to the maximum extent possible. Appendix 2 shows an outline of gratis allotment of share acquisition rights, as an example of a specific countermeasure. However, in the case of actual gratis allotment of share acquisition rights, the Company may set an exercise period and conditions, etc., taking into consideration the effect as a countermeasure, such as making it a condition for exercising share acquisition rights that a shareholder must not belong to a specific shareholder group that holds a certain percentage or more of the Company's share certificates, etc.

If the Company's Board of Directors decides to implement or not to implement countermeasures or to trigger a specific countermeasure, the Company's Board of Directors shall promptly disclose the details of such resolution.

## **7. Measures to ensure objectivity and reasonableness of judgment of the Company's Board of Directors**

### (1) Establishment of guidelines

To prevent arbitrary judgment and processing in the operation of the Plan and to ensure transparency of the procedures, the Company has established guidelines as internal standards incorporating objective requirements (hereinafter the "Guidelines"). The Company's Board of Directors and the Independent Committee must proceed with the procedures prescribed in the Plan in accordance with the Guidelines. The establishment of the Guidelines has made transparent the criteria for identifying abusive acquirers and responding to their contemplated acquisitions and has endowed the Plan with sufficient predictability.

In addition, in the Guidelines, an abusive acquirer is defined as follows:

- (i) A person is acquiring shares, without serious intention of participating in corporate management of the Company, for the purpose of inflating the share price and inducing the Company to repurchase the shares at a high price (so-called greenmailing).
- (ii) The purpose of participation in corporate management of the Company is primarily to transfer confidential company information, important assets, major business partners and/or customers, etc. necessary for the Company's business management to the Large-Scale Purchaser or its group companies, etc. (so-called scorched-earth management).
- (iii) The Large-Scale Purchaser is acquiring the Company's shares with the intention of appropriating the Company's assets as collateral for or funds for repayment of debts of the Large-Scale Purchaser or its group companies, etc.
- (iv) The purpose of participation in corporate management of the Company is mainly to gain temporary control over management of the Company and cause the Company to sell or otherwise dispose of high-value assets such as securities that have no current relevance to the Company's business and pay temporarily high dividends based on the gain on such disposal or to sell shares at high prices, taking advantage of the opportunity afforded by the sudden rise in the share price created by the temporarily high dividends
- (v) The terms and conditions of the acquisition of the Company's shares proposed by the Large-Scale Purchaser (including but not limited to the amount of purchase consideration, details, timing, method, existence or non-existence of illegality, and feasibility) are insufficient or inappropriate in light of corporate value of the Company.
- (vi) The method of acquisition proposed by the Large-Scale Purchaser is a structurally coercive acquisition that restricts the opportunity or freedom of shareholders to make decisions, such as

by setting the first purchase terms favorable and the second purchase terms unfavorable (so-called two-step purchase).

- (vii) In addition to the above, an acquisition that is clearly detrimental to the common interests of the Company's shareholders and the Company's corporate value, based on the content of the Large-Scale Purchase Information (see Appendix 3).

## (2) Establishment of the Independent Committee and use of a Shareholders' Intent Confirmation Meeting

In order to ensure transparency, objectivity, fairness, and reasonableness of judgment regarding (i) whether a Large-Scale Purchaser has complied with the Large-Scale Purchase Rules or not, and (ii) whether the Large-Scale Purchaser is an abusive acquirer if the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, and to prevent arbitrary judgment by the Company's Board of Directors, the Company shall establish the Independent Committee, which consists of Outside Directors (excluding Directors who are Audit and Supervisory Committee Members), Outside Directors who are Audit and Supervisory Committee Members, and external experts, etc., as an organization independent of the Board of Directors. An outline of the Independent Committee is provided in Appendix 4.

The Committee shall deliberate and decide on the matters described in Appendix 4, including recommendations to the Company's Board of Directors on each matter consulted by the Company's Board of Directors and on matters deemed necessary by the Independent Committee. In making decisions, the Company's Board of Directors shall respect the recommendation of the Independent Committee to the maximum extent possible and shall also go through the process of hearing the opinions of the Independent Committee, thereby ensuring the objective and reasonableness of its decisions. Moreover, each Audit and Supervisory Committee Member and each member of the Independent Committee, in addition to the Company's Representative Director, has the authority to convene the Independent Committee, to ensure holding of meetings of the Independent Committee.

In addition, if the Independent Committee makes a recommendation for triggering of countermeasures and demands procedures to confirm the intent of shareholders regarding the resolution for triggering countermeasures, the Company's Board of Directors shall respect such recommendation to the maximum extent possible and, if deemed appropriate, implement the procedures for convening a Shareholders' Intent Confirmation Meeting or implement the procedures for a written ballot to confirm the intent of shareholders as to whether the countermeasures should be triggered or not as soon as practicable.

## **8. Impact, etc. on the Company's shareholders and investors**

### (1) Impact, etc. of the Plan on shareholders and investors

The purpose of the Plan is to provide the Company's shareholders with the information necessary for them to judge whether to accept the Large-Scale Purchase or not and the opinion of the Company's Board of Directors, which is currently responsible for management of the Company, and also to ensure that the Company's shareholders have an opportunity to be presented with an alternative proposal. The Company believes that this will enable the Company's shareholders to make an appropriate decision as to whether or not to accept the Large-Scale Purchase based on sufficient information, which will lead to the protection of the common interests of the Company's shareholders. Accordingly, the Company believes that the establishment of the Plan is in the best interest of the Company's shareholders and investors.

As stated in 6. above, the Company's plan for a Large-Scale Purchase will differ depending on whether it is judged that the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules or not. Therefore, shareholders and investors of the Company are requested to pay attention to the actions of the Large-Scale Purchaser.

### (2) Impact, etc. on shareholders and investors at the time of triggering of countermeasures

In the event that a Large-Scale Purchaser fails to comply with the Large-Scale Purchase Rules, the Board of Directors may implement specific countermeasures permitted under the Companies Act and other laws and the Company's Articles of Incorporation for the purpose of protecting the common interests of the Company and the Company's shareholders. The Board of Directors does not anticipate any

situation in which the shareholders of the Company other than the Large-Scale Purchaser who violated the Large-Scale Purchase Rules, would suffer any loss in terms of legal rights or economic benefits.

And if the Company's Board of Directors decides to implement specific countermeasures, the Company plans to take appropriate measures, such as making timely and appropriate disclosures to avoid any unforeseen damage to the Company's shareholders, investors, and other related parties.

On the other hand, if it is decided to implement gratis allotment of share acquisition rights as a specific countermeasure, the Company's shareholders as of the allotment date will receive the allotment of share acquisition rights without applying for subscription, but subsequently, may be required to pay a certain amount of money within a prescribed period to exercise their share acquisition rights and acquire new shares. Details of such procedures will be separately announced in accordance with laws and regulations when gratis allotment of share acquisition rights is to be conducted. However, the Company's shareholders who are not recorded in the shareholders' register shall receive allotment of share acquisition rights only if they are recorded in the final shareholders' register as of the allotment date of share acquisition rights, which is separately determined and publicly announced by the Company's Board of Directors.

Even after the allotment date of share acquisition rights or the effective date of gratis allotment of share acquisition rights, the Company may cancel the gratis allotment of share acquisition rights by the day before the first day of the exercise period of share acquisition rights or the Company may acquire share acquisition rights without consideration without delivering the Company's shares to the holders of share acquisition rights owing to such reasons as the withdrawal of the Large-Scale Purchase by the Large-Scale Purchaser. In these cases, there will be no dilution of per share value. Therefore, investors who made sales, etc. based on the assumption that there will be dilution of per-share value may suffer damage due to fluctuations in the share price.

## **9. Effective period of the Plan, amendments to or abolition of the Plan, and disclosure thereof**

### **(1) Effective period of the Plan**

The effective period of the Plan shall be from the conclusion of this Annual General Meeting of Shareholders to the conclusion of the Company's 135th Annual General Meeting of Shareholders to be held in June 2029, subject to the approval of the Company's shareholders at this Annual General Meeting of Shareholders. However, if the continuation of the Plan is approved at the 135th Annual General Meeting of Shareholders, the Plan shall be extended until the conclusion of the Company's 138th Ordinary General Meeting of Shareholders to be held in June 2032.

### **(2) Abolition of the Plan**

After the introduction of the Plan, even before the expiration of the effective period, the Plan shall be abolished at that point in time in the following cases:

- (i) In the event that the Company's Board of Directors resolves to abolish the Plan
- (ii) If a proposal to abolish the Plan is approved at the Company's General Meeting of Shareholders

### **(3) Amendments to the Plan**

Even during the effective period of the Plan, the Plan may be amended from time to time as necessary by a resolution of the Board of Directors from the perspective of securing and improving corporate value and the common interests of shareholders, in view of the development of relevant laws and regulations, resolutions of the General Meeting of Shareholders, opinions of the Independent Committee, and other factors.

### **(4) Disclosure of information on the abolition of or amendments to the Plan**

If the Plan is abolished or amended, the Company will disclose such facts and other matters deemed necessary by the Company's Board of Directors to shareholders and investors in a timely and appropriate manner.

## **10. Reasonableness of the Plan**

As mentioned above, the Plan is designed to enable shareholders to appropriately judge whether or not

to accept a Large-Scale Purchase of the Company's share certificates, etc., in the event such a purchase occurs, and ensure the necessary information and time for the Company's Board of Directors to present an alternative proposal. Furthermore, it enables negotiations with the Large-Scale Purchaser in the interests of the Company's shareholders. Through this approach, the Company intends to continue the Plan with the aim of ensuring and enhancing the Company's corporate value and the common interests of its shareholders, and it is consistent with the Company's basic policy on corporate control.

Therefore, the Company's Board of Directors believes it is clear that the Plan does not impair the common interests of its shareholders, nor is it intended to maintain the positions of the Company's Directors. The specific reasons are as follows:

(1) Satisfying the requirements of the Guidelines concerning takeover response policies

The Plan fully satisfies all three principles (principle of protecting and enhancing corporate value and shareholders' common interests, principle of prior disclosure and shareholders' will, and principle of ensuring the necessity and reasonableness) set forth in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" announced on May 27, 2005 by the Ministry of Economy, Trade and Industry ("METI") and the Ministry of Justice.

In addition, the Plan considers the report "Takeover Defense Measures in Light of Recent Environmental Changes" announced on June 30, 2008, by the Corporate Value Study Group of METI, the spirit of "Principle 1-5. Anti-Takeover Measures" in Japan's Corporate Governance Code revised on June 11, 2021, by the Tokyo Stock Exchange, and the "Guidelines for Corporate Takeovers" announced on August 31, 2023, by METI.

(i) Principle of protecting and enhancing corporate value and shareholders' common interests

As mentioned above, the Plan provides the Company's shareholders with information necessary for them to judge whether to accept the Large-Scale Purchase or not and the opinion of the Company's Board of Directors, which is currently responsible for management of the Company, and ensures that the Company's shareholders have an opportunity to be presented with an alternative proposal, thereby enabling them to make an appropriate judgment as to whether or not to accept the Large-Scale Purchase based on sufficient information. The Plan will be introduced for the purpose of protecting and enhancing the Company's corporate value and the common interests of its shareholders.

(ii) Principle of prior disclosure and reflection of shareholders' will

Since the contents of the Plan are disclosed in advance, the foreseeability of the Plan to the Company's shareholders and investors is ensured, and the continuation of the Plan is subject to the approval of the Company's shareholders at this Annual General Meeting of Shareholders. Furthermore, the extension of the effective period of the Plan is also subject to the approval of the Company's shareholders, and a measure is adopted that allows the Plan to be abolished by a resolution of the Company's General Meeting of Shareholders. In this way, a system is in place that reflects the reasonable will of the Company's shareholders.

(iii) Principle of ensuring the necessity and reasonableness

The Plan ensures the objectivity and reasonableness of the judgment of the Company's Board of Directors as to whether to trigger specific countermeasures or not, for example, by respecting, to the maximum extent possible, the opinions of the Independent Committee, which consists of multiple members independent of the management team that executes the business of the Company. Moreover, the Company's shareholders may directly judge whether to continue the Plan or not every three years at an Annual General Meeting of Shareholders, and the Plan also provides for an objective clause for abolition of the Plan, which allows the Plan to be abolished if any takeover proposal that would enhance the common interests of shareholders is made.

(2) Elimination of arbitrary judgment by the Board of Directors

Under the Plan, the Independent Committee will be established as an organization independent from the Company's Board of Directors, and when the Board of Directors judges whether or not to trigger a

countermeasure, the recommendation of the Independent Committee shall be respected to the maximum extent possible in order to ensure the transparency, objectivity, fairness, and reasonableness of the judgment and to eliminate arbitrary judgment by the Board of Directors.

If the Independent Committee makes a recommendation for triggering of countermeasures and demands procedures to confirm the intent of shareholders regarding the resolution for triggering of countermeasures, the Company's Board of Directors shall respect such recommendation to the maximum extent possible and, if deemed appropriate, implement the procedures for convening a Shareholders' Intent Confirmation Meeting or implement the procedures for a written ballot to confirm the intent of shareholders as to whether the countermeasures should be triggered or not.

(3) Establishment of reasonable objective requirements for triggering the Plan

As described above, the triggering of countermeasures under the Plan requires satisfaction of reasonable, objective requirements, and a mechanism is secured to prevent arbitrary triggering by the Company's Board of Directors.

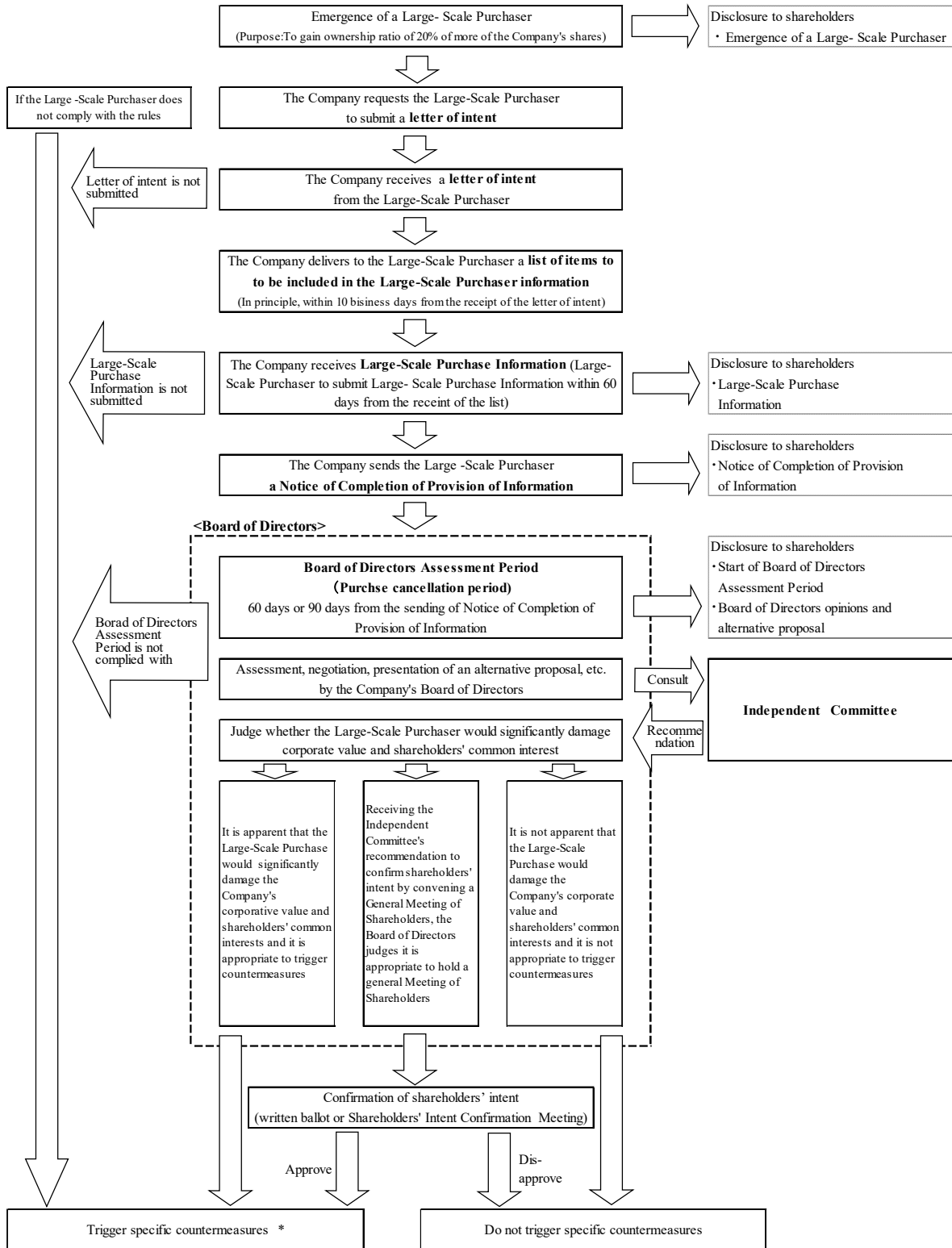
(4) Not a dead-hand or slow-hand type measure

As described in "9. Effective period of the Plan, amendments to or abolition of the Plan, and disclosure thereof" above, the Plan may be abolished at any time by a resolution of one General Meeting of Shareholders or by a resolution of the Board of Directors consisting of Directors elected by the Company's General Meeting of Shareholders. Therefore, the Plan is not a dead-hand takeover response policy (a takeover response policy whose triggering cannot be prevented even if a majority of the members of the Board of Directors are replaced).

Moreover, the Company is a company with an Audit and Supervisory Committee and the term of office of Directors (excluding Directors who are Audit and Supervisory Committee Members) is one year. Therefore, the Plan is not a slow-hand takeover response policy (a response policy intended to prevent the replacement of all members of the Board of Directors at once, thereby forcing the acquirer to waste time in the attempt to prevent the triggering of takeover countermeasures).

End

**Flowchart if a Large-Scale Purchase is Initiated**



\*Conduct gratis allotment of share acquisition rights (Class of shares: common stock; Ratio: 1 for each share held)

**Outline of Share Acquisition Rights**

1. Shareholders eligible for gratis allotment of share acquisition rights

The Company shall allot share acquisition rights at a ratio of one (1) share acquisition right per one (1) share held (excluding shares of the Company's common stock held by the Company) to the shareholders recorded in the final shareholders' register as of the allotment date determined by the Company's Board of Directors.

2. Class and number of shares to be issued upon exercise of share acquisition rights

The type of shares to be issued upon exercise of share acquisition rights shall be shares of the Company's common stock, and the number of shares to be issued upon exercise of each share acquisition right shall be one share. However, if the Company conducts a share split or a share consolidation, the necessary adjustments shall be made.

3. Total number of share acquisition rights to be allotted

The total number of share acquisition rights to be allotted shall be the number determined by the Company's Board of Directors and not exceed the total number of shares issued and outstanding as of the allotment date (excluding, however, shares of the Company's common stock held by the Company). The Company's Board of Directors may allot share acquisition rights more than once to the extent that the total number of share acquisition rights allotted does not exceed this limit.

4. Amount to be paid upon exercise of each share acquisition right

The amount to be paid upon exercise of each share acquisition right shall be an amount determined by the Company's Board of Directors, which shall be at least one yen per share.

5. Restrictions on transfer of share acquisition rights

Any transfer of share acquisition rights shall require the approval of the Company's Board of Directors.

6. Exercise period, etc. of share acquisition rights

The exercise period, exercise conditions, reasons for retirement, conditions for retirement and other necessary matters concerning share acquisition rights shall be separately determined by the Company's Board of Directors.

7. Terms and conditions for the exercise of share acquisition rights

A specific shareholder group that holds a certain percentage or more of the Company's share certificates, etc. or a person who has received share acquisition rights from a specific shareholder group without the approval of the Company's Board of Directors may not exercise his/her share acquisition rights.

End

**Guidelines for the Triggering of Specific Countermeasures (Outline)**

1. Purpose

The purpose of the Guidelines for Triggering Specific Countermeasures (hereinafter the “Guidelines”) is to establish specific criteria for triggering specific countermeasures in advance in preparation for the case where the Board of Directors and the Independent Committee judge whether or not to trigger specific countermeasures in order to maintain and enhance the interests of shareholders and the Company’s corporate value in the event that a Large-Scale Purchaser of the Company appears.

2. Cases in which specific countermeasures may be triggered

If the Company’s Board of Directors judges that the Large-Scale Purchase by the Large-Scale Purchaser falls under any of the cases set forth below, the Board of Directors may decide to trigger specific countermeasures.

In making such judgment, the Company’s Board of Directors must respect the recommendation of the Independent Committee, which is established as an organization independent from the Board of Directors, to the maximum extent possible in order to ensure the transparency, objectivity, fairness, and reasonableness of its judgment and to prevent arbitrary judgment by the Board of Directors.

(1) If the Large-Scale Purchase does not comply with the procedures set forth in the Plan

1) If the Large-Scale Purchaser does not provide information

The Large-Scale Purchaser does not provide all or part of the information necessary for the Board of Directors and the Independent Committee to make appropriate judgment and opinions, such as an outline of the Large-Scale Purchaser, the purpose, method and details of the acquisition, an outline of the parties financing the Large-Scale Purchaser, the management policy and business plan, financial plan, capital policy, dividend policy, asset utilization policy, etc. (hereinafter “post-acquisition management policy, etc.”) of the Company group envisaged for the next three years after the acquisition, and the basis on which the post-acquisition management policy, etc. will enhance the corporate value of the Company group.

2) If it is reasonable to consider that the information provided by the Large-Scale Purchaser is insufficient

Even if the Large-Scale Purchaser provides a certain amount of information regarding the Large-Scale Purchase, it is reasonable to consider that the information provided is insufficient and it becomes difficult for the shareholders to make an appropriate judgment as to whether the Large-Scale Purchase is justified or not.

3) If a tender offer is conducted prior to the expiration of a reasonable period of time (60 days in the case of the purchase of all the Company’s shares by a tender offer with cash-only (yen) consideration and 90 days in the case of other Large-Scale Purchases) for the Company’s Board of Directors to examine the Large-Scale Purchase Information and to present an alternative proposal from the perspective of the common interests of shareholders

(2) If the Large-Scale Purchase by the Large-Scale Purchaser is likely to cause obvious harm to the corporate value of the Company and the common interests of its shareholders (if it constitutes an abusive takeover)

1) A person is acquiring shares, without serious intention of participating in corporate management of the Company, for the purpose of inflating the share price and inducing the Company to repurchase the shares at a high price (so-called greenmailing).

2) The purpose of participating in corporate management of the Company is primarily to transfer confidential company information, important assets, major business partners and/or customers, etc. necessary for the Company’s business management to the Large-Scale Purchaser or its group companies, etc. (so-called scorched-earth management).

3) The Large-Scale Purchaser is acquiring the Company’s shares with the intention of appropriating the Company’s assets as collateral for or funds for repayment of debts of the Large-Scale Purchaser

or its group companies, etc.

- 4) The purpose of participation in corporate management of the Company is mainly to gain temporary control over management of the Company and cause the Company to sell or otherwise dispose of high-value assets such as securities that have no current relevance to the Company's business and pay temporarily high dividends based on the gain on such disposal or to sell shares at high prices, taking advantage of the opportunity afforded by the sudden rise in the share price created by the temporarily high dividends.
- 5) The terms and conditions of the acquisition of the Company's shares proposed by the Large-Scale Purchaser (including but not limited to the amount of the purchase consideration, details, timing, method, existence or non-existence of illegality, and feasibility) are insufficient or inappropriate in light of corporate value of the Company.
- 6) The method of acquisition proposed by the Large-Scale Purchaser is a structurally coercive acquisition that restricts the opportunity or freedom of shareholders to make decisions, such as by setting the first purchase terms favorable and the second purchase terms unfavorable (so-called two-step purchase).
- 7) In addition to the above, if the Large-Scale Purchase is clearly detrimental to the common interests of the Company's shareholders and the Company's corporate value based on the details of the Large-Scale Purchase Information.

End

## **Overview of the Independent Committee**

### 1. Establishment

The Independent Committee shall be established by resolution of the Company's Board of Directors.

### 2. Composition

(1) The Independent Committee shall have at least three (3) members.

(2) Members of the Independent Committee shall be selected from Outside Directors (excluding Directors who are Audit and Supervisory Committee Members), Outside Directors who are Audit and Supervisory Committee Members, external experts (including, but not limited to, lawyers and other professionals and persons with corporate management experience in the private sector), and other persons.

In light of the role and expectations of the Independent Committee, the appointment shall be determined by comprehensively considering expertise, knowledge of corporate management, insight into corporate value, practical experience, and other factors.

(3) If a committee member is an external expert, the Company shall enter into a written agreement including a clause on the duty of care to the Company with such member.

### 3. Roles

(1) Being consulted by the Board of Directors, the Independent Committee shall, in principle, examine and deliberate on the matters set forth below in accordance with the Guidelines and make recommendations to the Board of Directors, together with the reasons and grounds for the recommendations. The Company's Board of Directors shall make the final decision, respecting the recommendation of the Independent Committee to the maximum possible:

(i) Examination of materials such as the purchase plan submitted by the Large-Scale Purchaser in prior negotiations with the Large-Scale Purchaser;

(ii) Consideration of whether or not to implement specific countermeasures;

(iii) Consideration of whether or not to cancel the countermeasures through ex-post negotiations with the Large-Scale Purchaser;

(iv) Examination of whether it is necessary to convene a Shareholders' Intent Confirmation Meeting or not; and

(v) Other matters on which the Company's Board of Directors has consulted with the Independent Committee regarding matters on which the Company's Board of Directors should make a judgment.

(2) The Independent Committee may obtain professional advice from accountants, lawyers, and other external experts as necessary for its examination. The Company shall bear the cost of such expenses.

### 4. Convening

The Company's Representative Director, Audit and Supervisory Committee Members, and members of the Independent Committee shall have the authority to convene a meeting of the Independent Committee at any time.

### 5. Resolution

In principle, resolution of the Independent Committee shall be adopted at a meeting attended by all the members of the Independent Committee by a majority vote of the members. However, in the event of unavoidable circumstances, a resolution of the Independent Committee may be adopted at a meeting attended by a majority of the members of the Independent Committee by a majority vote of the members.

End

Appendix 5

**Candidates for Independent Committee Member and their Career Summary**

Committee Member Masahiro Nakatsukasa

(Career Summary)	Apr. 1994	Admitted to the Bar; Member of Osaka Bar Association; Joined Chuo Sogo Law Office (currently Chuo Sogo Law Office, P. C.)
	Aug. 2005	Served at Kirkland & Ellis LLP, U.S.A
	Apr. 2006	Admitted to the New York State Bar, U.S.A.
	Jun. 2006	Outside Audit & Supervisory Board Member, Asaka Industrial Co., Ltd.
	Jul. 2012	Representative Partner, Chuo Sogo Law Office, P.C. (to the present)
	Apr. 2015	Vice Chairman, Osaka Bar Association
	Jun. 2015	Outside Audit & Supervisory Board Member, ARAKAWA CHEMICAL INDUSTRIES, LTD.
	Jun. 2015	Outside Audit & Supervisory Board Member, NIPPON DENTSU Co., Ltd.
	Jun. 2016	Outside Director who is an Audit and Supervisory Committee Member, Asaka Industrial Co., Ltd. (to the present)
	Jun. 2016	Outside Director who is an Audit and Supervisory Committee Member, ARAKAWA CHEMICAL INDUSTRIES, LTD. (to the present)
	Jun. 2016	Outside Director who is an Audit and Supervisory Committee Member, NIPPON DENTSU Co., Ltd.
	Jun. 2016	Outside Director, the Company (to the present)
	Jun. 2018	Outside Audit & Supervisory Board Member, JSH Co., Ltd. (to the present)
	Jun. 2022	Outside Director, Osaka Mazda Motor Corporation (to the present)
	Dec. 2022	Managing Partner, Chuo Sogo Law Office, P. C. (to the present)

Note: The Company has an advisory agreement with Chuo Sogo Law Office, a law firm of which Mr. Masahiro Nakatsukasa is a representative partner, but the payment of fees to the said law firm is minimal and there is no other special relationship.

#### Committee Member Sayuri Murakami

(Career Summary)	Apr. 1984	Joined The Kobe Shimbun
	Mar. 2009	General Manager, Economics Department, Editorial Bureau, The Kobe Shimbun
	Mar. 2013	Deputy General Manager, Regional Research Institute, The Kobe Shimbun
	Mar. 2015	Vice Chairman, Editorial Board, The Kobe Shimbun
	Mar. 2017	General Manager, Tokyo Branch Office, The Kobe Shimbun
	Feb. 2019	Registered as a career consultant
	Mar. 2019	Executive Officer and Representative, Himeji Head Office, The Kobe Shimbun
	Mar. 2022	Advisor to the Editorial Bureau, The Kobe Shimbun
	Jun. 2022	Coordinator, Public Relations and Endowment Division, Strategic Planning Office; Regional Partnership Advisory Fellow (faculty member), Office for Promoting Regional Partnership, Kobe University
	Apr. 2023	Member of the Management Council, University of Hyogo (to the present)
	Jun. 2023	Outside Director, the Company (to the present)
	Jun. 2025	Director, Social Welfare Corporation Kirakuen (to the present)

#### Committee Member Masaya Kakuda

(Career Summary)	Apr. 1980	Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)
	Apr. 1998	Branch Manager, Higashi-Kobe Branch, The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)
	Oct. 2002	Chief Credit Officer, Credit Division No. 3, UFJ Bank Limited (currently MUFG Bank, Ltd.)
	Jan. 2006	Branch Manager, Himeji Branch, The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)
	Jun. 2009	Joined THE TAISHO BANK, LTD. (currently THE TOKUSHIMA TAISHO BANK, LTD.); General Manager, Headquarters Sales Division
	Jun. 2009	Executive Officer; General Manager, Headquarters Sales Department, THE TAISHO BANK, LTD.
	Jun. 2010	Director, General Manager, Headquarters Sales Division, THE TAISHO BANK, LTD.
	Jun. 2014	Managing Director, THE TAISHO BANK, LTD.
	Apr. 2016	General Manager, Risk Compliance Division, TOMONY Holdings, Inc.
	Jun. 2016	Managing Director; General Manager, Risk Compliance Division, TOMONY Holdings, Inc.
	Jun. 2020	Director, TOMONY Holdings, Inc.; Audit & Supervisory Board Member, TOMONY System Service, Inc.
	Jun. 2021	Outside Audit & Supervisory Board Member, the Company
	Jul. 2021	Director, J Resort Co., Ltd.
	Jun. 2022	Outside Director who is an Audit and Supervisory Committee Member, the Company (to the present)

Kazuyoshi Tsuda, Committee Member

(Career Summary)	Aug. 1995	Registered as a certified public accountant
	Aug. 2008	Registered as a certified tax accountant
	Oct. 1990	Joined Ota Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)
	Oct. 1998	Director, Inada Shokai Co., Ltd.
	Oct. 2000	Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
	Aug. 2003	Director, MMT Co., Ltd.
	Mar. 2008	Representative Director, Brain Trust Co., Ltd. (to the present)
	Mar. 2008	Representative, Kazuyoshi Tsuda CPA and CTA Office (to the present)
	Aug. 2008	Outside Audit & Supervisory Board Member, Hirose Tusho, Inc.
	Mar. 2015	Outside Audit & Supervisory Board Member, Silver Egg Technology Co., Ltd.
	Apr. 2016	Outside Director, JSH Co., Ltd. (to the present)
	Jun. 2016	Outside Director who is an Audit and Supervisory Committee Member, Hirose Tusho, Inc. (to the present)
	Jun. 2021	Outside Audit & Supervisory Board Member, the Company
	Jun. 2022	Outside Director who is an Audit and Supervisory Committee Member, the Company (to the present)
	Jun. 2022	Outside Director, Osaka Mazda Motor Corporation (to the present)

End

(Reference)

Major Shareholders of the Company (as of March 31, 2026)

Shareholder name	Number of shares held (thousand shares)	Shareholding ratio (%)
Hanwa Co., Ltd.	8,058	14.86
AIR WATER INC.	4,729	8.72
The Master Trust Bank of Japan, Ltd. (trust account)	3,836	7.07
Osaka Gas Co., Ltd.	1,923	3.54
Maruichi Steel Tube Ltd.	1,300	2.39
Amagasaki Seikan Co., Ltd.	1,274	2.35
BNYMSANV RE BNYMIL RE WS ZENNOR JAPAN EQUITY INCOME FUND	1,058	1.95
Nakayama Shareholding Mutual Prosperity Association	859	1.58
NIPPON STEEL TRADING CORPORATION	815	1.50
DIMENSIONAL ETF TRUST-DIMENSIONAL INTERNATIONAL SMALL CAP VALUE ETF	598	1.10

Note: Shareholding ratios are calculated excluding 8,863,805 shares of treasury stock and rounded down to two decimal places.

End