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June 25, 2026

To whom it may concern:

Company name: NAKAYAMA STEEL WORKS, LTD.  
Representative: Nobuhiko Naito,  
Representative Director and President  
Stock code: 5408 (Tokyo Stock Exchange Prime Market)  
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**Notice Regarding the Disposal of Treasury Shares for Restricted Share Compensation  
for Directors and Executive Officers**

NAKAYAMA STEEL WORKS, LTD. (the “Company”) hereby announces that its Board of Directors, at a meeting held today, resolved to dispose of treasury shares (the “Disposal of Treasury Shares,” or the “Disposal”), as described below.

**1. Overview of the Disposal**

(1) Date of Disposal	July 24, 2026
(2) Class and Number of Shares to be Disposed	35,046 common shares of the Company
(3) Disposal Price	602 yen per share
(4) Total Disposal Price	21,097,692 yen
(5) Categories and Number of Allottees, and Number of Shares to be Allotted	(i) Directors (excluding Audit and Supervisory Committee Members and Outside Directors): 5 directors; 21,758 shares
	(ii) Executive Officers (who do not concurrently serve as Directors): 4 executive officers; 13,288 shares

## **2. Purpose and Rationale for the Disposal**

### **(1) Restricted Share Compensation for Directors**

At a meeting of its Board of Directors held on May 25, 2023, the Company resolved to introduce a restricted share compensation system (the “System”) for Eligible Directors (as defined below), in order to provide incentives for Eligible Directors to continuously enhance the Company’s corporate value and to further promote the alignment of their interests with those of shareholders (the “Purposes”). “Eligible Directors” means Directors of the Company, excluding Audit and Supervisory Committee Members and Outside Directors.

In addition, at the 129th Annual General Meeting of Shareholders held on June 28, 2023, the following matters were approved, among others:

- (i). The total amount of monetary compensation claims to be granted to Eligible Directors as in-kind contribution consideration for the acquisition of restricted shares (the “Restricted Share Compensation”) shall not exceed 45 million yen per year.
- (ii). The number of common shares of the Company to be issued or disposed of shall not exceed 150,000 common shares of the Company per year.
- (iii). The transfer restriction period for the restricted shares shall be from the date of allotment of common shares of the Company pursuant to the restricted share allotment agreements entered into between the Company and Eligible Directors until the time immediately after the Eligible Director’s retirement or resignation from their position(s) as a director and/or employee of the Company, as determined in advance by the Board of Directors.

### **(2) Overview of the System**

Eligible Directors shall make in-kind contributions of all monetary compensation claims granted under the System in exchange for the issuance or disposition of common shares of the Company. The paid-in amount per share shall be determined by the Board of Directors based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately preceding the relevant meeting of the Board of Directors (or, if no trades are executed on that day, on the immediately preceding trading day) and shall be set at an amount that is not especially favorable to the Eligible Director receiving such shares.

In addition, the Company shall enter into restricted share allotment agreements with Eligible Directors in connection with the issuance or disposition of common shares of the Company under the System. Such agreements shall include, among other matters, provisions regarding: (i) restrictions, for a specified period, on transfers to third parties, the creation of security interests, and any other disposition of the common shares of the Company allotted under such agreements; and (ii) the Company’s acquisition of such shares without consideration upon the occurrence of certain events.

(3) Restricted Share Compensation for Executive Officers

The Company introduced a delegation-based executive officer system on June 26, 2025, as outlined in the “Notice Regarding the Introduction of a Delegation-based Executive Officer System and Executive Personnel Changes,” which was announced on March 31, 2025.

Accordingly, the System has been extended to apply not only to Eligible Directors but also to Executive Officers who do not concurrently serve as Directors of the Company (the “Eligible Executive Officers” and, together with Eligible Directors, collectively, the “Eligible Directors, etc.”).

(4) Details of the Grant

Based on the advice and recommendations of the Remuneration and Nomination Advisory Committee, and taking into consideration the Purposes, the Company’s performance, the scope of responsibilities of the Eligible Directors, etc., and other relevant circumstances, the Company has decided to grant the following compensation:

- (i). Eligible Directors: monetary compensation claims in the amount of 13,098,316 yen; 21,758 common shares of the Company.
- (ii). Eligible Executive Officers: monetary compensation claims in the amount of 7,999,376 yen; 13,288 common shares of the Company.
- (iii). Total: monetary compensation claims in the amount of 21,097,692 yen (the “Monetary Claims”); 35,046 common shares of the Company

In the Disposal of Treasury Shares, the nine (9) Eligible Directors, etc. who will receive an allotment of shares under the System shall make an in-kind contribution to the Company of the full amount of the Monetary Claims and, in exchange therefor, shall receive common shares of the Company (the “Allotted Shares”).

An outline of the restricted share allotment agreement to be entered into between the Company and the Eligible Directors, etc. in connection with the Disposal of Treasury Shares (the “Allotment Agreement”) is set forth in Section 3 below.

### **3. Overview of the Allotment Agreement**

(1) Transfer Restriction Period

The period from July 24, 2026 (the “Date of Disposal”) until the time immediately after the Eligible Director, etc. resigns from the position of Director or Executive Officer of the Company (excluding any resignation that occurs concurrently with the appointment or reappointment of such person as a Director or Executive Officer of the Company; the same shall apply hereinafter).

(2) Conditions for Removal of Transfer Restrictions

Provided that the Eligible Directors, etc. continue to hold the position of Director or Executive Officer of the Company from the Date of Disposal until immediately before the close of the Annual General

Meeting of Shareholders immediately following the Date of Disposal (the “Service Period”), the Company shall remove all transfer restrictions on the Allotted Shares upon the expiration of the Transfer Restriction Period.

(3) Treatment of Expiration of Term of Office or Retirement of Eligible Directors, etc. for Justifiable Reasons During the Service Period

(i). Timing of Removal of Transfer Restrictions

If the Eligible Directors, etc. resign from the position of Director or Executive Officer of the Company upon the expiration of their term of office or for other justifiable reasons (including death), the Company shall remove the transfer restrictions on the Allotted Shares immediately after such resignation.

(ii). Number of Shares for Which Transfer Restrictions Shall Be Removed

The number of shares for which transfer restrictions shall be removed shall be the number obtained by multiplying (A) the number of Allotted Shares held at the time of resignation referred to in item (i) above by (B) a fraction, the numerator of which is the number of months from the Date of Disposal (including the month in which the Date of Disposal falls) through the month in which the relevant Eligible Director, etc. resigns, and the denominator of which is twelve (12) months (the Service Period); provided, however, that if such fraction exceeds 1, such fraction shall be deemed to be 1. Any fractional shares resulting from this calculation shall be rounded down.

(4) Acquisition by the Company Without Consideration

If the Eligible Directors, etc. resign from the position of Director or Executive Officer of the Company for reasons other than the expiration of their term of office or other justifiable reasons, if they engage in any conduct in violation of applicable laws and regulations, or upon the occurrence of certain events specified in the Allotment Agreement, the Company shall automatically acquire, without consideration, all Allotted Shares held by such Eligible Directors, etc. at the relevant time.

In addition, the Company shall automatically acquire, without consideration, any Allotted Shares for which transfer restrictions have not been removed as of the expiration of the Transfer Restriction Period or as of the timing of removal of transfer restrictions set forth in paragraph (3) above.

(5) Treatment in the Event of Organizational Restructuring

If, during the Transfer Restriction Period, (i) a merger agreement under which the Company is the dissolving company, (ii) a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or (iii) any other transaction involving organizational restructuring (collectively, “Organizational Restructuring”) is approved at a general meeting of shareholders of the Company (or by the Board of Directors if approval by a general meeting of

shareholders is not required), the Company shall, by resolution of the Board of Directors, remove the transfer restrictions effective as of the business day immediately preceding the effective date of the Organizational Restructuring. The number of Allotted Shares for which transfer restrictions will be removed shall be calculated as follows: (A) the number of Allotted Shares held at the time of such approval  $\times$  (B) a fraction, the numerator of which is the number of months from the Date of Disposal (including the month in which the Date of Disposal falls) through the month in which such approval is obtained, and the denominator of which is twelve (12) months (the Service Period). If such fraction exceeds 1, it shall be deemed to be 1. Any fractional shares resulting from this calculation shall be rounded down. In addition, the Company shall automatically acquire, without consideration, all Allotted Shares for which transfer restrictions have not been removed at the time immediately after the removal of transfer restrictions pursuant to this paragraph.

(6) Management of Shares

During the Transfer Restriction Period, the Allotted Shares shall be held and managed in a dedicated account opened with Nomura Securities Co., Ltd. by each Eligible Director, etc. in order to prevent any transfer, the creation of security interests, or any other disposition of the Allotted Shares during the Transfer Restriction Period.

To ensure the effectiveness of the transfer restrictions applicable to the Allotted Shares, the Company has entered into an agreement with Nomura Securities Co., Ltd. regarding the management of the accounts in which the Allotted Shares of each Eligible Director, etc. are held. Each Eligible Director, etc. has also agreed to the arrangements for the management of such accounts.

**4. Basis for Calculation of and Details of the Paid-in Amount Per Share**

The treasury shares to be disposed of to the intended recipients of the allotment will be delivered in exchange for in-kind contributions of monetary compensation claims granted as restricted share compensation under the System for the 133rd fiscal year. In order to eliminate arbitrariness in the disposal price, the disposal price shall be set at 602 yen per share, which is the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on June 24, 2026 (the business day immediately preceding the date of the Board resolution). The Company considers such disposal price to be reasonable and not especially favorable to the intended recipients of the allotment, as it represents the market price of the Company's common shares immediately prior to the Board resolution date.

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