

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damage arising from the translation.

Securities code: 5408

June 8, 2022

## 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 128TH 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 128th Annual General Meeting of Shareholders of NAKAYAMA STEEL WORKS, LTD. (the "Company") will be held as described below.

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, etc.). Please review the attached Reference Materials for the General Meeting of Shareholders, and exercise your voting rights by no later than 5:00 p.m. Japan time on Monday, June 27, 2022, in accordance with the "Guide for exercising voting rights" on pages 2 and 3 (Japanese only).

- 1. Date and Time:** Tuesday, June 28, 2022 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 128th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
    2. Non-consolidated Financial Statements for the Company's 128th Fiscal Year (April 1, 2021 - March 31, 2022)
  - Proposals to be resolved:**
    - Proposal 1:** Appropriation of Surplus
    - Proposal 2:** Partial Amendments to the Articles of Incorporation
    - Proposal 3:** Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)
    - Proposal 4:** Election of Three (3) Directors who are Audit and Supervisory Committee Members
    - Proposal 5:** Election of One (1) Director who is a Substitute Audit and Supervisory Committee Member
    - Proposal 6:** Setting of Remuneration Amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)
    - Proposal 7:** Setting of Remuneration Amount for Directors who are Audit and Supervisory Committee Members

End

Notice:

- ◎ Of the documents to be provided with this convocation notice, matters to be presented as “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 posted on the Company’s website (<https://www.nakayama-steel.co.jp/>) on the internet, in accordance with provisions of laws and regulations as well as Article 15 of the Articles of Incorporation of the Company, and therefore are not included in this notice.

Accordingly, the Consolidated Financial Statements and Non-consolidated Financial Statements included in this Notice are part of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit & Supervisory Board and the Accounting Auditor in preparing the Auditor’s Report and the Independent Auditor’s Report, respectively.

- ◎ Any revisions to the matters described in the Business Report, the Consolidated Financial Statements, the Non-consolidated Financial Statements, or the Reference Materials for the General Meeting of Shareholders will be posted on the Company’s website (<https://www.nakayama-steel.co.jp/>) on the internet.

# Reference Materials for the General Meeting of Shareholders

## Proposals and References

### 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  
12 yen per share of common stock of the Company  
Total amount: 723,407,736 yen
- (3) Effective date of distribution of surplus  
June 29, 2022

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

1. Reasons for the Amendments

- (1) In order to further strengthen corporate governance and sustainably enhance corporate value by strengthening the supervisory function of the Board of Directors and expediting decision-making by, among other measures, giving Directors who are Audit and Supervisory Committee members the right to vote in the Board of Directors, the Company seeks to transition to a company with an Audit and Supervisory Committee. In line with this transition, it is proposed to establish new provisions concerning Audit and Supervisory Committee Members and the Audit and Supervisory Committee in the Articles of Incorporation and delete the provisions concerning Audit & Supervisory Board Members and the Audit & Supervisory Board in the Articles of Incorporation, among other amendments.
- (2) The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into force on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows:
  - 1) The proposed Article 15, Paragraph 1 provides that information contained in the reference materials for the general meeting of shareholders, etc. shall be provided electronically.
  - 2) The purpose of the proposed Article 15, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
  - 3) Electronic provision measures may not be taken and the same measures taken in previous general meetings of shareholder must be taken for general meetings of shareholders of listed companies to be held within six (6) months from the enforcement date. Therefore, to maintain the provisions of Article 15, Article 15-2 (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.) shall be established, together with a supplementary provision concerning the timing of deletion thereof.
  - 4) In line with the above establishment and deletion of provisions, supplementary provisions related to the effective date, etc. shall be established.
- (3) On the premise that this proposal is approved at this General Meeting of Shareholders, the Company has decided to transition to a company with an Audit and Supervisory Committee at a meeting of its Board of Directors held on February 28, 2022. Accordingly, it is proposed that the maximum number of Directors (excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members be ten (10) and five (5), respectively.

2. Details of amendments

The details of the amendments are as follows. This proposal shall take effect at the conclusion of this General Meeting of Shareholders.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
CHAPTER I GENERAL PROVISIONS	CHAPTER I GENERAL PROVISIONS
Articles 1-3 (Text omitted)	Articles 1-3 (Unchanged)
Article 4 (Organizational Bodies) The Company shall have the following organizational bodies in addition to the general meeting of shareholders and Directors.	Article 4 (Organizational Bodies) The Company shall have the following organizational bodies in addition to the general meeting of shareholders and Directors.
1. Board of Directors	1. Board of Directors
2. <u>Audit &amp; Supervisory Board Members</u>	2. <u>Audit and Supervisory Committee</u>
3. <u>Audit &amp; Supervisory Board</u>	[Deleted]
4. Accounting Auditor	3. Accounting Auditor
Articles 5 (Text omitted)	Articles 5 (Unchanged)
CHAPTER II SHARES	CHAPTER II SHARES
Articles 6-12 (Text omitted)	Articles 6-12 (Unchanged)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p>Articles 13-14 (Text omitted)</p> <p style="text-align: center;">[Newly established]</p> <p><u>Article 15</u> (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.)</p> <p>The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference materials for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements by disclosing such information via a method that uses the internet in accordance with the provisions set forth in the Ordinance of the Ministry of Justice.</p> <p>Articles 16-19 (Text omitted)</p>	<p style="text-align: center;">CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p>Articles 13-14 (Unchanged)</p> <p><u>Article 15 (Measures for Electronic Provision of Materials for General Meetings of Shareholders)</u></p> <p>1. <u>The Company shall, when convening a general meeting of shareholders, take measures for electronic provision as set forth in Article 325-2 of the Companies Act.</u></p> <p>2. <u>Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights pursuant to Article 325-5 of the Companies Act.</u></p> <p><u>Article 15-2</u> (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.)</p> <p>The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference materials for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements by disclosing such information via a method that uses the internet in accordance with the provisions set forth in the Ordinance of the Ministry of Justice.</p> <p>Articles 16-19 (Unchanged)</p>
<p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 20 (Number of Directors)</p> <p>The number of Directors of the Company shall not exceed <u>twenty (20)</u>.</p> <p style="text-align: center;">[Newly established]</p> <p>Article 21 (Election of Directors)</p> <p>1. Directors shall be elected at the General Meeting of Shareholders.</p>	<p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 20 (Number of Directors)</p> <p>1. <u>The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company shall not exceed ten (10).</u></p> <p>2. <u>The number of Directors who are Audit and Supervisory Committee Members shall not exceed five (5).</u></p> <p>Article 21 (Election of Directors)</p> <p>1. Directors shall be elected at the General Meeting of Shareholders, <u>distinguishing between Directors who are Audit and Supervisory Committee Members and other</u></p>

Current Articles of Incorporation	Proposed Amendments
2. (Text omitted) 3. (Text omitted)	<u>Directors.</u> 2. (Unchanged) 3. (Unchanged)
<p>Article 22 (Term of Office of Directors)</p> <p>1. The term of office of Directors shall expire at the close of the annual general meeting of shareholders held with respect to the last business year ending within one (1) year after their election.</p> <p style="text-align: center;">[Newly established]</p> <p style="text-align: center;">[Newly established]</p>	<p>Article 22 (Term of Office of Directors)</p> <p>1. The term of office of Directors (<u>excluding Directors who are Audit and Supervisory Committee Members</u>) shall expire at the close of the annual general meeting of shareholders held with respect to the last business year ending within one (1) year after their election.</p> <p>2. <u>The term of office of Directors who are Audit and Supervisory Committee Members shall expire at the close of the annual general meeting of shareholders held with respect to the last business year ending within two (2) years after their election.</u></p> <p>3. <u>The term of office of a Director who is an Audit and Supervisory Committee Member elected to fill a vacancy caused by the retirement of a Director who is an Audit and Supervisory Committee Member prior to the expiry of such Director's term of office shall expire when the term of office of such retiring Director expires.</u></p>
<p>Article 23 (Selection of Representative Directors and Directors with Special Titles)</p> <p>The Board of Directors shall select Representative Directors by its resolution.</p> <p>The Board of Directors may appoint one (1) Chairperson, one (1) President, and several Vice Presidents, Senior Managing Directors and Managing Directors by its resolution; provided, however, that the President shall be selected from among the Representative Directors.</p>	<p>Article 23 (Selection of Representative Directors and Directors with Special Titles)</p> <p>The Board of Directors shall select Representative Directors <u>from among the Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> by its resolution.</p> <p>The Board of Directors may appoint one (1) Chairperson, one (1) President, and several Vice Presidents, Senior Managing Directors and Managing Directors <u>from among the Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> by its resolution; provided, however, that the President shall be selected from among the Representative Directors.</p>
<p>Articles 24-25 (Text omitted)</p> <p style="text-align: center;">[Newly established]</p>	<p>Articles 24-25 (Unchanged)</p> <p>Article 26 (<u>Delegation of decision-making on important business executions</u>)</p> <p><u>The Company may, pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, delegate to Directors all or part of the authority of decision-making on important business executions (excluding matters stipulated in each item of Paragraph 5 of the same Article), by resolution of the Board of Directors.</u></p>
<p>Article <u>26</u> (Remuneration, etc. of Directors) Directors' remuneration, bonuses, and other</p>	<p>Article <u>27</u> (Remuneration, etc. of Directors) Directors' remuneration, bonuses, and other</p>

Current Articles of Incorporation	Proposed Amendments
<p>economic benefits paid by the Company as consideration for the execution of their duties (hereinafter “remuneration, etc.”) shall be determined by resolution of the general meeting of shareholders.</p>	<p>economic benefits paid by the Company as consideration for the execution of their duties (hereinafter “remuneration, etc.”) shall be determined by resolution of the general meeting of shareholders, <u>distinguishing between Directors who are Audit and Supervisory Committee Members and other Directors.</u></p>
<p>Article <u>27</u> (Notice of Convocation of Board of Directors)</p>	<p>Article <u>28</u> (Notice of Convocation of Board of Directors)</p>
<p>A convocation notice regarding a meeting of the Board of Directors shall be issued to each Director <u>and each Audit &amp; Supervisory Board Member</u> no later than three (3) days prior to the date of the meeting; provided, however, that such period may be shortened in the case of urgent necessity.</p>	<p>A convocation notice regarding a meeting of the Board of Directors shall be issued to each Director no later than three (3) days prior to the date of the meeting; provided, however, that such period may be shortened in the case of urgent necessity.</p>
<p>Articles <u>28-30</u> (Text omitted)</p>	<p>Articles <u>29-31</u> (Unchanged)</p>
<p style="text-align: center;"><u>CHAPTER V AUDIT &amp; SUPERVISORY BOARD MEMBERS AND AUDIT &amp; SUPERVISORY BOARD</u></p>	<p style="text-align: center;"><u>CHAPTER V AUDIT AND SUPERVISORY COMMITTEE</u></p>
<p>[Newly established]</p>	<p><u>Article 32 (Authority of Audit and Supervisory Committee)</u>  <u>The Audit and Supervisory Committee shall make decisions on matters required by laws and regulations and shall exercise the authority necessary for the performance of its duties.</u></p>
<p>[Newly established]</p>	<p><u>Article 33 (Notice of Convocation of the Audit and Supervisory Committee)</u>  <u>A convocation notice regarding a meeting of the Audit and Supervisory Committee shall be issued to each Audit and Supervisory Committee Member no later than three (3) days prior to the date of the meeting; provided, however, that such period may be shortened in the case of urgent necessity.</u></p>
<p>[Newly established]</p>	<p><u>Article 34 (Regulations of the Audit and Supervisory Committee)</u>  <u>Matters concerning the Audit and Supervisory Committee shall be governed by laws and regulations and these Articles of Incorporation, in addition to the Regulations of the Audit and Supervisory Committee set forth by the Audit and Supervisory Committee.</u></p>
<p><u>Article 31 (Number of Audit &amp; Supervisory Board Members)</u>  <u>The number of Audit &amp; Supervisory Board Members of the Company shall not exceed five (5).</u></p>	<p>[Deleted]</p>
<p><u>Article 32 (Election of Audit &amp; Supervisory Board Members)</u></p>	<p>[Deleted]</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>1. Audit &amp; Supervisory Board Members shall be elected at a general meeting of shareholders.</u></p> <p><u>2. Resolutions for the election of Audit &amp; Supervisory Board Members shall be adopted by a majority vote of the shareholders in attendance who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.</u></p>	
<p><u>Article 33 (Term of Office of Audit &amp; Supervisory Board Members)</u>  <u>The term of office of Audit &amp; Supervisory Board Members shall expire at the close of the annual general meeting of shareholders held with respect to the last business year ending within four (4) years after their election. The term of office of an Audit &amp; Supervisory Board Member elected to fill a vacancy caused by the retirement of an Audit &amp; Supervisory Board Member prior to the expiry of such Audit &amp; Supervisory Board Member's term of office shall expire at the time the term of office of such retiring Audit &amp; Supervisory Board Member expires.</u></p>	[Deleted]
<p><u>Article 34 (Selection of Standing Audit &amp; Supervisory Board Members)</u>  <u>The Audit &amp; Supervisory Board shall select standing Audit &amp; Supervisory Board Members by its resolution.</u></p>	[Deleted]
<p><u>Article 35 (Remuneration, etc. of Audit &amp; Supervisory Board Members)</u>  <u>Audit &amp; Supervisory Board Members' remuneration, etc. shall be determined by resolution of the general meeting of shareholders.</u></p>	[Deleted]
<p><u>Article 36 (Notice of Convocation of the Audit &amp; Supervisory Board)</u>  <u>A convocation notice regarding a meeting of the Audit &amp; Supervisory Board shall be issued to each Audit &amp; Supervisory Board Member no later than three (3) days prior to the date of the meeting; provided, however, that such period may be shortened in the case of urgent necessity.</u></p>	[Deleted]
<p><u>Article 37 (Regulations of the Audit &amp; Supervisory Board)</u>  <u>Matters concerning the Audit &amp; Supervisory Board shall be governed by the Regulations of the Audit &amp; Supervisory Board set forth by the Audit &amp; Supervisory Board.</u></p>	[Deleted]
<p><u>Article 38 (Agreement for limitation of liability of Audit &amp; Supervisory Board Members)</u>  <u>Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with Audit &amp; Supervisory Board Members to limit their liability</u></p>	[Deleted]



Current Articles of Incorporation	Proposed Amendments
<p><u>for damage resulting from neglect of their duties; provided, however, that the limit of liability under such agreement shall be the amount stipulated by laws and regulations.</u></p> <p style="text-align: center;">CHAPTER VI ACCOUNTS</p> <p>(Business Year) Articles <u>39-42</u> (Text omitted)</p> <p>[Newly established]</p>	<p style="text-align: center;">CHAPTER VI ACCOUNTS</p> <p>(Business Year) Articles <u>35-38</u> (Unchanged)</p> <p><u>(Supplementary Provisions)</u></p> <p><u>Article 1 (Transitional Measures Regarding Measures for Electronic Provision, Etc.)</u></p> <p>1. <u>The establishment of Article 15 (Measures for Electronic Provision of Materials for General Meetings of Shareholders) of the Articles of Incorporation and the amendment of the numbering of Article 15-2 (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation shall come into effect on September 1, 2022.</u></p> <p>2. <u>Article 15-2 (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation and the provisions of this Article shall be deleted after the lapse of six (6) months from September 1, 2022 or the lapse of three (3) months from the date of the general meeting of shareholders held within six (6) months from September 1, 2022, whichever is later.</u></p> <p><u>Article 2 (Transitional Measures Regarding the Exemption of Liability of Audit &amp; Supervisory Board Members)</u> <u>Agreements pursuant to Article 423, Paragraph 1 of the Companies Act that limit liability relating to the acts of Audit &amp; Supervisory Board Members (including former Audit &amp; Supervisory Board Members) prior to the conclusion of the 128th Annual General Meeting of Shareholders shall be governed by the provisions of Article 38 of the Articles of Incorporation prior to the amendment by resolution of said Annual General Meeting of Shareholders.</u></p>

**Proposal 3:** Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all six (6) Directors will expire at the conclusion of this Annual General Meeting of Shareholders.

If Proposal 2: Partial Amendments to the Articles of Incorporation is approved as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee.

Accordingly, the election of seven (7) Directors, 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.

This proposal shall take effect, subject to Proposal 2: Partial Amendments to the Articles of Incorporation taking effect at this General Meeting of Shareholders.

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]	69	Male	Representative Director and President; Chairperson, the Board of Directors; Chairperson, the Remuneration and Nomination Advisory Committee	19/19 (100%)
2	Sachio Nakamura [Reappointment]	65	Male	Senior Managing Director; Supervising General Affairs and Human Resources Department, System Department, and Corporate Management Division	19/19 (100%)
3	Nobuhiko Naito [Reappointment]	63	Male	Managing Director; Supervising Sales, Product Development Division, Purchasing Department, and Tokyo Branch	19/19 (100%)
4	Masahiro Morikawa [Reappointment]	62	Male	Managing Director; Supervising General Administration, Manufacturing, Engineering Division, and Steel Manufacturing Process Reform Review Group	19/19 (100%)
5	Yasuharu Kadono [New appointment]	62	Male	Managing Executive Officer; General Manager, Building Materials Division	- / -
6	Masahiro Nakatsukasa [Reappointment] [Outside] [Independent]	57	Male	Outside Director; Member, the Remuneration and Nomination Advisory Committee	19/19 (100%)
7	Noboru Kitazawa [Reappointment] [Outside] [Independent]	68	Male	Outside Director; Member, the Remuneration and Nomination Advisory Committee	18/19 (93%)

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

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 69)  [Reappointment]  [Attendance at the Board of Directors meetings] 19/19 (100%)	Apr. 1980      Joined the Company Sep. 1999      General Manager, Rolling Department No. 2 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; General Manager, Sales Division; in charge of Product Development Nov. 2012      Director; in charge of Sales and Amorphous Jun. 2013      Senior Managing Director; supervising Sales, Purchasing, Manufacturing, Safety and Disaster Prevention Environment Department, and Engineering; General Manager, Management Support Office Jun. 2016      Senior Managing Director; supervising Sales, Purchasing, Manufacturing, and Engineering Division Jun. 2017      Representative Director and President (to the present)	7,400
<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 is well versed in such area. Since his appointment as a Director of the Company, he has been responsible for major departments, such as manufacturing, sales, and purchasing. Therefore, we believe that he will be able to continue to apply his wealth of knowledge and experience regarding the Company's business as a whole as well as his insight in corporate management to the Company's management.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	<p>Sachio Nakamura (February 22, 1957) (Age 65)</p> <p>[Reappointment]</p> <p>[Attendance at the Board of Directors meetings] 19/19 (100%)</p>	<p>Apr. 1979      Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>Apr. 2001      Branch Manager, Tanimachi Branch, MUFG Bank, Ltd.</p> <p>Mar. 2003      General Manager, Public Relations Division, UFJ Holdings (currently Mitsubishi UFJ Financial Group, Inc.); General Manager, Public Relations Division, UFJ Bank Limited (currently MUFG Bank, Ltd.)</p> <p>Oct. 2004      General Manager, Tokyo Corporate Banking Division No. 2, UFJ Bank Limited (currently MUFG Bank, Ltd.)</p> <p>Jan. 2006      General Manager, Corporate Banking Division No. 4, Corporate Banking Group No. 1, The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)</p> <p>Feb. 2007      General Manager, Public Corporate Division, The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>Jun. 2009      Representative Director and Vice President, Mitsubishi UFJ Staff Service Co., Ltd. (currently Mitsubishi UFJ Jinji Service Co., Ltd.)</p> <p>Jul. 2011      Representative Director and President, MUT Business Outsourcing Co., Ltd.</p> <p>Jun. 2013      Managing Director; supervising Administration Department, the Company</p> <p>Jun. 2016      Senior Managing Director; supervising General Affairs, Corporate Planning, and Accounting Division</p> <p>Apr. 2020      Senior Managing Director; supervising Safety and Disaster Prevention Environment Department, General Affairs and Human Resources Department, Systems Department, and Corporate Management Division</p> <p>Apr. 2021      Senior Managing Director; supervising General Affairs and Human Resources Department, Systems Department, and Corporate Management Division (to the present)</p>	3,100
<p>[Reason for nomination as a candidate for Director (excluding Director who is an Audit and Supervisory Committee Member)]</p> <p>Mr. Sachio Nakamura has a wide range of experience and deep insight accumulated over many years mainly at financial institutions. Since his appointment as a Director of the Company, he has been responsible for administration departments, including general affairs, corporate planning, and accounting. Therefore, we believe that he will be able to apply his wealth of experience and deep insight to the Company's management.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
3	Nobuhiko Naito (July 7, 1958) (Age 63)  [Reappointment]  [Attendance at the Board of Directors meetings] 19/19 (100%)	Apr. 1982	Joined the Company	2,100
		Dec. 2007	General Manager, Steel Bars and Wire Rods Sales Department, Sales Division	
		Jun. 2013	Executive Officer; General Manager, Purchasing Division; General Manager, Iron Source Procurement Department	
		Jun. 2014	Executive Officer; General Manager, Purchasing Division	
		May 2015	Executive Officer; General Manager, Sales Division	
		Jun. 2017	Director; supervising Sales, Purchasing Division, and Tokyo Branch; 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 (to the present)			
<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. Nobuhiko Naito was involved mainly in sales (including Tokyo Branch) and purchasing departments, and is well versed in such areas. Since his appointment as a Director of the Company, he has not only been responsible for sales and purchasing departments, but also the Product Development Division, which was newly established through a merger with NAKAYAMA MITSUBOSHI STEEL PRODUCTS. LTD. Therefore, we believe that he will be able to continue to apply his wealth of experience to the Company's management.</p>				

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Masahiro Morikawa (June 17, 1960) (Age 62)  [Reappointment]  [Attendance at the Board of Directors meetings] 19/19 (100%)	Apr. 1983 Joined the Company	4,000
		Apr. 2007 General Manager, Steel Manufacturing Factory	
		Jun. 2013 General Manager, Production Technology Department, General Administration Division	
		May 2015 General Manager, General Administration Division; General Manager, Production Technology Department	
		Jun. 2016 Executive Officer; General Manager, General Administration Division	
		May 2018 Executive Officer; supervising General Administration, Manufacturing, and Engineering Division	
		Jun. 2018 Director; supervising General Administration, Manufacturing, and Engineering Division	
		Jun. 2021 Managing Director; supervising General Administration, Manufacturing, and Engineering Division	
Feb. 2022 Managing Director; supervising General Administration, Manufacturing, Engineering Division, and Steel Manufacturing Process Reform Review Group (to the present)			
<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. 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, energy, and engineering departments. Therefore, we believe that he will be able to continue to apply his wealth of experience to the Company's management.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	<p>Yasuharu Kadono (February 9, 1960) (Age 62)</p> <p>[New appointment]</p>	<p>Apr. 1982      Joined the Company</p> <p>Oct. 2002      General Manager, Hot Rolling Factory</p> <p>Jun. 2005      General Manager, Coating and Steel Plates Factory</p> <p>Dec. 2006      General Manager, Hot Rolling Factory</p> <p>Jun. 2013      Executive Officer; General Manager, Manufacturing Division</p> <p>Jun. 2017      Director; supervising Manufacturing and Engineering Division; General Manager, Manufacturing Division</p> <p>Jun. 2018      Director, General Manager, Manufacturing Division, NAKAYAMA MITSUBOSHI STEEL PRODUCTS. LTD. (currently NAKAYAMA STEEL WORKS, LTD.)</p> <p>Jun. 2020      Managing Director; General Manager, Manufacturing Division, NAKAYAMA MITSUBOSHI STEEL PRODUCTS. LTD.</p> <p>Apr. 2022      Managing Executive Officer; General Manager, Building Materials Division, NAKAYAMA STEEL WORKS, LTD. (to the present)</p>	2,200
<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. Yasuharu Kadono was involved mainly in the rolling department, and is well versed in such area. Since his appointment as an Executive Officer of the Company, he has contributed to the advancement of the Company's business as a chief of business execution of the manufacturing department. Furthermore, after his appointment as a Director of NAKAYAMA MITSUBOSHI STEEL PRODUCTS. LTD., he has served as a chief of business execution of the manufacturing department in the secondary processing field, and is also well versed in such field. Therefore, we believe that he will be able to continue to apply his wealth of experience to the Company's management.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	<p>Masahiro Nakatsukasa (January 19, 1965) (Age 57)</p> <p>[Reappointment] [Outside] [Independent]</p> <p>[Attendance at the Board of Directors meetings] 19/19 (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.) (to the present)</p> <p>Aug. 2005 Served at Kirkland &amp; Ellis LLP, U.S.A (until July 2006)</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 (until March 2016)</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, the Company (to the present)</p> <p>Jun. 2018 Outside Audit &amp; Supervisory Board Member, JSH Co., Ltd. (to the present)</p> <p>[Significant concurrent positions] Representative 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, NIPPON DENTSU Co., Ltd. Outside Audit &amp; Supervisory Board Member, JSH Co., Ltd.</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] Mr. Masahiro Nakatsukasa has a wide range of experience and insight as an attorney specializing in corporate legal affairs. Although he has never been involved in corporate management other than as an outside officer, he has provided opinions on the nature of company-wide risk management based on his six (6) years of operational experience as an Outside Director of the Company. 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 social norms and laws and regulations, 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
7	Noboru Kitazawa (January 19, 1954) (Age 68)  [Reappointment] [Outside] [Independent]  [Attendance at the Board of Directors meetings] 18/19 (93%)	Apr. 1976      Joined Mitsui O.S.K. Lines, Ltd. Jun. 2003      General Manager, Liner Business Division; Group Leader, Strategy Planning Group, Liner Business Division, Mitsui O.S.K. Lines, Ltd. Jun. 2005      Executive Officer, Mitsui O.S.K. Lines, Ltd. Jun. 2008      Managing Executive Officer, Mitsui O.S.K. Lines, Ltd. Jun. 2010      Representative Director and President, Executive Officer, MOL Kosan Co., Ltd. Jun. 2014      Representative Director and President, Utoc Corporation Jun. 2018      Adviser, Utoc Corporation Jun. 2019      Outside Director, the Company (to the present)  [Significant concurrent positions] Not applicable	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. Noboru Kitazawa has a wealth of experience and insight in all aspects of management accumulated at Mitsui O.S.K. Lines, Ltd. and Utoc Corporation. He has served as an Outside Director for three (3) years and has provided opinions on important decisions of the Company's management by leveraging his experience and insight. 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, we believe that he will be able to provide appropriate advice and recommendations on the Company's management and governance as an Outside Director.</p>			

- Notes:
1. There are no special interests between each candidate and the Company.
  2. Messrs. Kazuaki Hakomori, Sachio Nakamura, Nobuhiko Naito, Masahiro Morikawa, and Yasuharu Kadono satisfy the criteria for selecting Directors (excluding Directors who are Audit and Supervisory Committee Members) established by the Company (see page 25 below).
  3. Messrs. Masahiro Nakatsukasa and Noboru Kitazawa satisfy the criteria for selecting Outside Directors (excluding Audit and Supervisory Committee Members) established by the Company (see page 26 below) and the criteria for independence of Outside Officers (see page 26 below).
  4. Messrs. Masahiro Nakatsukasa and Noboru Kitazawa are candidates for Outside Directors. The Company has registered them 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 six (6) years at the conclusion of this Annual General Meeting of Shareholders.  
The term of office of Mr. Noboru Kitazawa as an Outside Director of the Company will be three (3) years at the conclusion of this Annual General Meeting of Shareholders.
  6. Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Messrs. Masahiro Nakatsukasa and Noboru Kitazawa to limit their liability for damage under Article 423, Paragraph 1 of the said Act to the amount stipulated by laws and regulations. If their reappointment is approved, the Company intends to continue the agreement with the same content as above with them.
  7. 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 assume liability for the execution of their duties or 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.

**Proposal 4:** Election of Three (3) Directors who are Audit and Supervisory Committee Members

If Proposal 2: Partial Amendments to the Articles of Incorporation is approved as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee.

Accordingly, the election of three (3) Directors who are Audit and Supervisory Committee Members is proposed.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

This proposal shall take effect, subject to Proposal 2: Partial Amendments to the Articles of Incorporation taking effect at this General Meeting of Shareholders.

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

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
1	Ryohei Kishida (February 3, 1960) (Age 62)	Apr. 1983	Joined the Company	1,400
	[New appointment]	Mar. 2003 Jul. 2007	General Manager, Coke Factory General Manager in charge of Steel Bars and Wire Rods Factory	
	[Attendance at the Board of Directors meetings] 19/19 (100%)	Apr. 2008	General Manager, Steel Bars and Wire Rods Factory	
	[Attendance at the Audit & Supervisory Board meetings] 20/20 (100%)	Jun. 2016 Jun. 2019 Jun. 2020	General Manager, General Affairs Division Executive Officer; General Manager, General Affairs Division Standing Audit & Supervisory Board Member (to the present)	
[Reason for nomination as a candidate for Director who is an Audit and Supervisory Committee Member] After joining the Company, Mr. Ryohei Kishida was involved mainly in the pig iron manufacturing and rolling departments. He has deep insight based on his track record and broad experience in managing the general affairs and human resources departments since his appointment as an Executive Officer of the Company. Since his appointment as an Audit & Supervisory Board Member of the Company, he has appropriately performed his duties as an Audit & Supervisory Board Member by leveraging his wealth of experience, such as by actively providing opinions on all aspects of management as necessary from the standpoint of an Audit & Supervisory Board Member. Therefore, we believe that he is an appropriate person to audit the business execution of the Company as a Director who is an Audit and Supervisory Committee Member.				

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	<p>Masaya Kakuda (December 2, 1957) (Age 64)</p> <p>[New appointment] [Outside] [Independent]</p> <p>[Attendance at the Board of Directors meetings] 14/14 (100%)</p> <p>[Attendance at the Audit &amp; Supervisory Board meetings] 14/14 (100%)</p>	<p>Apr. 1980      Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>Apr. 1998      Branch Manager, Higashi-Kobe Branch</p> <p>Oct. 2002      Chief Credit Officer, Credit Division No. 3, UFJ Bank Limited (currently MUFG Bank, Ltd.)</p> <p>Jan. 2006      Branch Manager, Himeji Branch, The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)</p> <p>Jun. 2009      Joined THE TAISHO BANK, LTD. (currently THE TOKUSHIMA TAISHO BANK, LTD.); General Manager, Headquarters Sales Division</p> <p>Jun. 2009      Executive Officer; General Manager, Headquarters Sales Department, THE TAISHO BANK, LTD.</p> <p>Jun. 2010      Director, General Manager, Headquarters Sales Division, THE TAISHO BANK, LTD.</p> <p>Jun. 2014      Managing Director, THE TAISHO BANK, LTD.</p> <p>Apr. 2016      General Manager, Risk Compliance Division, TOMONY Holdings, Inc.</p> <p>Jun. 2016      Managing Director; General Manager, Risk Compliance Division, TOMONY Holdings, Inc.</p> <p>Jun. 2020      Director, TOMONY Holdings, Inc.; Audit &amp; Supervisory Board Member, TOMONY System Service, Inc.</p> <p>Jun. 2021      Outside Audit &amp; Supervisory Board Member, the Company (to the present)</p> <p>Jul. 2021      Director, J Resort Co., Ltd. (to the present)</p> <p>[Significant concurrent positions] Director, J Resort Co., Ltd.</p>	0
<p>[Reason for nomination as a candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]</p> <p>Mr. Masaya Kakuda has a wide range of experience and deep insight cultivated over many years at financial institutions, as well as a wealth of experience in all aspects of management gained as a corporate manager. 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 Company that aims to sustainably enhance its corporate value.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	<p>Kazuyoshi Tsuda (January 13, 1966) (Age 56)</p> <p>[New appointment] [Outside] [Independent]</p> <p>[Attendance at the Board of Directors meetings] 14/14 (100%)</p> <p>[Attendance at the Audit &amp; Supervisory Board meetings] 14/14 (100%)</p>	<p>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 &amp; Young ShinNihon LLC) Oct. 1998 Director, Inada Shokai Co., Ltd. Oct. 2000 Joined Tohmatsu &amp; 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 &amp; Supervisory Board Member, Hirose Tusho Inc. Mar. 2015 Outside Audit &amp; Supervisory Board Member, Silver Egg Technology Co., Ltd.; (to the present) Apr. 2016 Outside Director, JSH Co., Ltd. (to the present) Jun. 2021 Outside Audit &amp; Supervisory Board Member, the Company (to the present)</p> <p>[Significant concurrent positions] Representative, Kazuyoshi Tsuda CPA and CTA Office Representative Director, Brain Trust Co., Ltd. Director who is an Audit and Supervisory Committee Member, Hirose Tusho Inc. Outside Audit &amp; Supervisory Board Member, Silver Egg Technology Co., Ltd. Outside Director, JSH Co., Ltd.</p>	0
<p>[Reason for nomination as a candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles] Mr. Kazuyoshi Tsuda has been involved in the management of a number of companies over many years, and he has a wealth of experience and insight as a certified public accountant and tax accountant specializing in management consulting. 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 Company that aims to sustainably enhance its corporate value.</p>			

- Notes:
1. There are no special interests between each candidate and the Company.
  2. Messrs. Masaya Kakuda and Kazuyoshi Tsuda satisfy the criteria for selecting Outside Audit and Supervisory Committee Members established by the Company (see page 26 below) and the criteria for independence of Outside Officers (see page 26 below).
  3. Messrs. Masaya Kakuda and Kazuyoshi Tsuda are candidates for Outside Directors who are Audit and Supervisory Committee Members. If the election of Messrs. Masaya Kakuda and Kazuyoshi Tsuda is approved, the Company will designate them as independent officers.
  4. If the election of Messrs. Masaya Kakuda and Kazuyoshi Tsuda is approved, pursuant to provisions of Article 427, Paragraph 1 of the Companies Act, the Company will enter into an agreement with them to limit their liability for damage under Articles 423, Paragraph 1 of the said Act to the amount stipulated by laws and regulations.
  5. If the election of each candidate is approved, 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 insureds assume liability for the execution of their duties or receive a claim for the pursuit of such liability. The candidates will be insured under the said insurance contract. The Company also intends to renew the contract with the same content at the next renewal.

[Reference] Expertise and experience of the candidates for Directors

Name	Outside	Remuneration and Nomination Advisory Committee	Sustainability Committee	Expertise and Experience							
				Corporate Management	ESG Sustainability	Manufacturing Technology	Human Resources Labor	Legal Risk Management	Finance Accounting	Sales Marketing	Purchasing
Kazuaki Hakomori											
Sachio Nakamura											
Nobuhiko Naito											
Masahiro Morikawa											
Yasuharu Kadono											
Masahiro Nakatsukasa											
Noboru Kitazawa											
Ryohei Kishida											
Masaya Kakuda											
Kazuyoshi Tsuda											

**Proposal 5:** 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 & Supervisory Board 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.

This proposal shall take effect, subject to Proposal 2: Partial Amendments to the Articles of Incorporation taking effect at this General Meeting of Shareholders.

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
<p>Kazuto Takahashi (October 8, 1963) (Age 58)</p> <p>[Outside] [Independent]</p>	<p>Apr. 1997 Registered as a certified public accountant            Aug. 2016 Registered as a certified tax accountant            Apr. 1987 Joined Hachioji Sogo Co., Ltd.            Jul. 1988 Joined Hachioji City Hall            Oct. 1993 Joined Chuo Audit Corporation            Aug. 2007 Joined KPMG AZSA LLC            Jul. 2016 Established Kazuto Takahashi CPA Office (to the present)            Jun. 2017 Outside Audit &amp; Supervisory Board Member, The Sumitomo Warehouse Co., Ltd. (to the present)</p> <p>[Significant concurrent positions]            Representative, Kazuto Takahashi CPA Office            Outside Audit &amp; Supervisory Board Member, The Sumitomo Warehouse Co., Ltd.</p>	<p>0</p>
<p>[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 &amp; 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 Company that aims to sustainably enhance its corporate value.</p>		

- 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 26 below) and the criteria for independence of Outside Officers (see page 26 below).
  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 with the TSE.
  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.

**Proposal 6:** Setting of Remuneration Amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)

The amount of remuneration for Directors of the Company was determined by a resolution of the 95th Annual General Meeting of Shareholders held on June 29, 1989 to be within 25 million yen per month (excluding employee salaries of Directors who are also employees).

If Proposal 2: Partial Amendments to the Articles of Incorporation is approved as proposed, the Company will transition to a company with an Audit and Supervisory Committee.

Accordingly, in line with the transition to a company with an Audit and Supervisory Committee, the Company seeks approval to change the remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members) to an annual amount from a monthly amount and to set the remuneration amount to be within 300 million yen annually (including 50 million yen annually for Outside Directors). The Company also seeks approval for the determination of specific amounts to be paid to individual Directors (excluding Directors who are Audit and Supervisory Committee Members), payment timing, and other details of payment to be made by resolution of the Board of Directors.

If this proposal is approved, in order to ensure consistency with the approved details, at the Board of Directors meeting to be held after the close of this General Meeting of Shareholders, the Company plans to amend the references to “Directors” subject to the Policy for Determination of the Details of Individual Remuneration, etc. described on page 41 of the Business Report (Japanese only) to “Directors (excluding Directors who are Audit and Supervisory Committee Members).”

The purpose of this proposal is to determine the remuneration amount of Directors (excluding Directors who are Audit and Supervisory Committee Members) within a reasonable extent after taking into consideration factors such as economic circumstances, the scale of the Company’s business, the number of Directors, and remuneration standards at other companies.

In addition, as stated above, the Company plans to amend the Policy for Determination of the Details of Individual Remuneration, etc., and the Company has judged that the contents of this proposal are necessary and appropriate for determining the details of remuneration, etc. of individual Directors in line with that amended policy.

The remuneration, etc. shall continue not to include employee salaries of Directors who also serve as employees.

There are currently six (6) Directors (including two (2) Outside Directors), and if Proposal 2: Partial Amendments to the Articles of Incorporation and Proposal 3: Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members) are approved as proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be seven (7) (including two (2) Outside Directors).

The resolution of this proposal shall take effect subject to the amendments to the Articles of Incorporation stated in Proposal 2: Partial Amendments to the Articles of Incorporation taking effect.

**Proposal 7: Setting of Remuneration Amount for Directors who are Audit and Supervisory Committee Members**

The amount of remuneration for Audit & Supervisory Board Members of the Company was determined by a resolution of the 99th Annual General Meeting of Shareholders held on June 29, 1993 to be within 3.5 million yen per month. If Proposal 2: Partial Amendments to the Articles of Incorporation is approved as proposed, the Company will transition to a company with an Audit and Supervisory Committee.

Accordingly, in line with the transition to a company with an Audit and Supervisory Committee, the Company seeks approval to change the remuneration amount for Directors who are Audit and Supervisory Committee Members to within 60 million yen annually in consideration of the duties and responsibilities of the Directors who are Audit and Supervisory Committee Members. The Company also proposes that determination of specific amounts to be paid to individual Directors who are Audit and Supervisory Committee Members, payment timing, and other details of payment be made by deliberation by the Directors who are Audit and Supervisory Committee Members.

The purpose of this proposal is to determine the remuneration of Directors who are Audit and Supervisory Committee Members within a reasonable extent after taking into consideration factors such as the professional responsibilities of the Directors who are Audit and Supervisory Committee Members and the level of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members), and the Company has judged that the contents of this proposal are necessary and appropriate.

There are currently three (3) Audit & Supervisory Board Members, and if Proposal 2: Partial Amendments to the Articles of Incorporation and Proposal 4: Election of Three (3) Directors who are Audit and Supervisory Committee Members are approved as proposed, the number of Directors who are Audit and Supervisory Committee Members relevant to this proposal will be three (3).

This proposal shall take effect subject to the amendments to the Articles of Incorporation stated in Proposal 2: Partial Amendments to the Articles of Incorporation taking effect.



## **[Reference]**

### **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 is able to 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 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 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.

(Stance 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 or not 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.

Consolidated Statements of Income (From April 1, 2021 to March 31, 2022)

	(Million yen)	
Net sales		166,701
Cost of sales		146,903
<b>Gross profit</b>		<b>19,797</b>
Selling, general and administrative expenses		12,547
<b>Operating profit</b>		<b>7,250</b>
Non-operating income		
Interest income	54	
Dividend income	65	
Insurance claim income	65	
Amortization of negative goodwill	3	
Share of profit of entities accounted for using equity method	135	
Rental income from real estate	67	
Other	48	439
Non-operating expenses		
Interest expenses	113	
Repair expenses	223	
Commission for syndicated loans	276	
Loss on securitization of receivables	132	
Rental expenses	147	
Other	142	1,034
<b>Ordinary profit</b>		<b>6,654</b>
Extraordinary income		
Gain on extinguishment of tie-in shares	220	
Reversal of provision for loss on business of subsidiaries and associates	39	
Gain on sale of non-current assets	29	
Reversal of provision for environmental measures	27	316
Extraordinary losses		
Loss on retirement of non-current assets	181	
Impairment losses	10	
Other	11	203
<b>Profit before income taxes</b>		<b>6,767</b>
Income taxes - current	1,776	
Income taxes - deferred	176	1,952
<b>Profit</b>		<b>4,815</b>
Profit attributable to non-controlling interests		-
<b>Profit attributable to owners of parent</b>		<b>4,815</b>

Consolidated balance sheet (As of March 31,2022)

	(Million yen)		(Million yen)
<b>Assets</b>		<b>Liabilities</b>	
Current assets		Current liabilities	
Cash and deposits	15,765	Notes and accounts payable - trade	21,750
Notes and accounts receivable - trade	31,538	Electronically recorded obligations - operating	1,356
Electronically recorded monetary claims - operating	7,386	Short-term borrowings	7,674
Merchandise and finished goods	17,338	Current portion of bonds payable	42
Work in process	3,284	Accounts payable - other	2,040
Raw materials and supplies	15,815	Accrued expenses	1,444
Other	1,654	Income taxes payable	1,565
Allowance for doubtful accounts	(94)	Provision for bonuses	853
<b>Total current assets</b>	<b>92,688</b>	Provision for environmental measures	9
Non-current assets		Other	638
Property, plant and equipment		<b>Total current liabilities</b>	<b>37,375</b>
Buildings and structures, net	6,823	Non-current liabilities	
Machinery and equipment, net	12,992	Bonds payable	27
Vehicles, net	66	Long-term borrowings	8,249
Tools, furniture and fixtures, net	491	Deferred tax liabilities	3,472
Land	23,033	Deferred tax liabilities for land revaluation	1,001
Leased assets, net	169	Provision for environmental measures	415
Construction in progress	520	Provision for decommissioning and removal	404
<b>Total property, plant and equipment</b>	<b>44,097</b>	Provision for loss on business of subsidiaries and associates	42
Intangible assets		Retirement benefit liability	2,577
Other	273	Other	1,121
<b>Total intangible assets</b>	<b>273</b>	<b>Total non-current liabilities</b>	<b>17,311</b>
Investments and other assets		<b>Total liabilities</b>	<b>54,686</b>
Investment securities	2,785		(Million yen)
Retirement benefit asset	1,215	<b>Net assets</b>	
Deferred tax assets	8	Shareholders' equity	
Guarantee deposits	2,352	Share capital	20,044
Other	239	Capital surplus	7,826
Allowance for doubtful accounts	(41)	Retained earnings	58,364
<b>Total investments and other assets</b>	<b>6,559</b>	Treasury shares	(775)
<b>Total non-current assets</b>	<b>50,929</b>	<b>Total shareholders' equity</b>	<b>85,459</b>
		Accumulated other comprehensive income	
		Valuation difference on available-for-sale securities	1,043
		Deferred gains or losses on hedges	(0)
		Revaluation reserve for land	2,444
		Remeasurements of defined benefit plans	(16)
		<b>Total accumulated other comprehensive income</b>	<b>3,471</b>
		<b>Total net assets</b>	<b>88,931</b>
<b>Total assets</b>	<b>143,618</b>	<b>Total liabilities and net assets</b>	<b>143,618</b>