

July 18, 2025

Company name: Tokyo Steel Manufacturing Co., Ltd.
Name of representative: (Nobuaki Nara), Representative Director and President
(Securities code: 5423; Tokyo Stock Exchange Prime Market)
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Notice of Disposal of Treasury shares as Restricted Stock compensation plan for Directors

Tokyo Steel Manufacturing Co., Ltd. (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held on July 18, 2025, to dispose of treasury stock as restricted stock compensation (hereinafter, the “Disposal of Treasury Shares”) as described below.

1. Overview of disposal

(1)	Date of disposal	August 18, 2025
(2)	Number of shares for disposal	11,557 shares of common stock of the Company
(3)	Disposal price	¥1,660 per share
(4)	Total value of shares to be disposed	¥19,184,620
(5)	Allottees and number thereof, number of shares to be disposed	Directors (excluding Directors who are Audit and Supervisory Committee members): 2 persons, 3,613 shares Executive Officers (excluding those who concurrently serve as Directors): 9 persons, 7,944 shares

2. Purpose and reason for disposal

At the meeting of the Board of Directors held on May 10, 2019, the Company resolved to introduce a restricted stock compensation plan (the “Plan”) for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply), with the aim of providing incentives for sustainable enhancement of the Company’s corporate value and further promoting value sharing with shareholders. The introduction of the Plan was approved at the 105th Ordinary General Meeting of Shareholders held on June 26, 2019. The approved Plan stipulates as follows:

- The Company may grant monetary compensation claims of up to ¥19.2 million per year to Directors, within the scope of the existing remuneration framework.
- The transfer restriction period shall be set by the Board of Directors within a range of 20 to 30 years.
- The total number of common shares to be issued or disposed of under the Plan shall not exceed 80,000 shares per year.

The Company has also introduced a same restricted stock plan for its Executive Officers. Based on this, the Company has resolved, at the meeting of the Board of Directors held on July 18, 2025, to dispose of a total of 11,557 shares of common stock (the “Allocated Shares”) with a total value of ¥19,184,620, to two Directors and nine Executive Officers (excluding those who concurrently serve as Directors; hereinafter referred to collectively as the “Eligible Officers”), taking into account the purpose of the Plan, the Company’s performance, the scope of responsibilities of each Eligible Officer, and other relevant factors.

An overview of the Plan and other relevant details are shown below.

[Outline of the Plan]

In connection with the Disposal of Treasury Shares, the Company and each Eligible Officer will individually enter into a restricted stock allotment agreement whose key terms are as follows:

(1) Transfer restriction period

Eligible Officers may not transfer, pledge, or otherwise dispose of the Allocated Shares during the period from August 18, 2025 (the payment date) to August 17, 2055.

(2) Conditions for lifting of transfer restrictions

On the condition that the Eligible Officers continue to serve as either a Director or Executive Officer of the Company throughout the transfer restriction period, the transfer restrictions on all Allocated Shares will be lifted upon the expiration of such period. However, if the Eligible Officers cease to hold such position due to term expiration, death, or for other reasons deemed justifiable by the Board of Directors, the transfer restrictions will be lifted for the number of shares calculated as follows: multiply the number of Allocated Shares held by the Eligible Officers by a fraction, the numerator of which is the number of months from July 2025 through and including the month in which the cessation occurs, and the denominator of which is twelve (12); provided, however, that the fraction shall be deemed to equal no more than one (1). Any resulting fraction of a share shall be rounded down.

(3) Acquisition without compensation by the Company

The Company shall, without compensation, acquire any Allocated Shares for which the transfer restrictions have not been lifted, either at the expiration of the transfer restriction period or immediately upon the Eligible Officer's loss of all qualifying positions during the period.

(4) Management of shares

To ensure the restrictions are observed, during the transfer restriction period, the Allocated Shares shall be managed in dedicated accounts for restricted stock opened by the Eligible Officers at Daiwa Securities Co. Ltd.

(5) Treatment in case of organizational restructuring

In the event that, during the transfer restriction period, matters concerning an organizational restructuring—such as a merger agreement under which the Company becomes the disappearing entity, a share exchange agreement or a share transfer plan under which the Company becomes a wholly owned subsidiary, or other similar transactions—are approved at a General Meeting of Shareholders of the Company (or, if shareholder approval is not required for such restructuring, by the Board of Directors), then, pursuant to a resolution of the Board of Directors, the transfer restrictions shall be lifted immediately prior to the business day preceding the effective date of such organizational restructuring, for a number of the Allocated Shares held by the Eligible Officer calculated by multiplying the number of such shares held at that time by a fraction, the numerator of which shall be the number of months from July 2025 through and including the month in which the approval date falls, and the denominator of which shall be twelve (12); provided, however, that if the resulting fraction exceeds one (1), it shall be deemed to be one (1). Any fractional shares resulting from this calculation shall be rounded down.

3. Basis of calculation and Specific details for the payment amount

The Disposal of Treasury Shares will be made by contributing the monetary compensation claims granted to the Eligible Officers under the Plan as payment-in-kind. The disposal price of ¥1,660 per share corresponds to the closing price of the Company's common stock on the Tokyo Stock Exchange on July 17, 2025, the business day immediately preceding the Board resolution date. This price is free from arbitrariness and reflects the market value of the Company's shares. As there are no particular circumstances requiring deviation from the recent market price, the Company considers it reasonable and not especially favorable to the Eligible Officers.