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December 12, 2025

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Director and President
(Securities code: 5408; Tokyo Stock
Exchange Prime Market)
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Notice Regarding the Conclusion of a Memorandum of Understanding for a Business Alliance with YODOKO, Ltd.

The Company announces that, effective December 12, 2025, it has resolved at a meeting of the Board of Directors to enter a memorandum of understanding with YODOKO, Ltd. (hereinafter, "YODOKO") toward a business alliance. The details are as follows.

1. Reason for the Business Alliance

According to "Notice Concerning Investment in the New Electric Arc Furnace and Long-Term Targets to Realize the Long-Term Vision of Nakayama Steel Works Group" disclosed on May 9, 2025, the Company has set contributing to the realization of a carbon-neutral, recycling-oriented society as one of its priority policies. As one of the only three manufacturers of electric arc furnace steel plates in Japan and taking advantage of its experience and technology in blast furnaces and converters, the Company is expanding the applications of electric arc furnace steel products with low CO₂ emissions and strengthening its competitiveness.

As a business strategy under "the Medium-Term Management Plan 2025", YODOKO is working to expand sales of high-value-added products and develop products and markets with a view to collaborating with other companies. In addition, with the aim of coexisting with stakeholders, YODOKO is expanding the use and strengthening the competitiveness of electric arc furnace steel products with low CO₂ emissions as part of its sustainability promotion.

The basic agreement on this business alliance aims to strengthen the cooperative relationship by combining the strengths of the two companies, a material manufacturer and a surface treatment manufacturer, to expand the use of electric arc furnace steel products, which are said to emit about one-quarter of the CO₂ emissions compared to blast furnace steel products, as a response to carbon neutrality.

2. Purpose and Details of Business Alliance

The Company and YODOKO have long maintained a cooperative relationship as Osaka-based steel manufacturers. Based on this basic agreement, the business alliance aims to further strengthen this relationship and contribute to society by addressing environmental issues, promoting high-value-added electric arc furnace steel products, and leveraging the strengths of two companies through vertical cooperation.

Specifically, the Company will be able to secure stable demand and expand the application of electric arc furnace steel products by supplying electric arc furnace steel products to YODOKO, while YODOKO will be able to stabilize its supply chain and offer a wider range of products to customers by developing and manufacturing products using the Company's electric arc furnace steel products. Through collaboration between the two companies, we will aim to respond to customer needs for electric arc furnace steel products and expand value-added electric arc furnace products.

3. Overview of Business Alliance Partner

(1) Name	YODOKO, Ltd.	
(2) Location	4-1-1 Minami-honmachi, Chuo-ku, Osaka, Japan	
(3) Job title and name of representative	President and Representative Director: Eiichi Tanaka	
(4) Description of business	<p>1. Manufacture, process and sale of the following products:</p> <p>(1) Cold rolled steel sheet, steel strips, plated steel sheet, colored plated steel sheet, printed steel sheet, and other types of steel sheet</p> <p>(2) Cast iron rollers, cast steel rollers, and other types of rollers</p> <p>(3) Household equipment, household implements, and building materials</p> <p>(4) Other steel products</p> <p>2. Design and contracting of construction work</p> <p>3. Warehousing, packaging, and shipping</p> <p>4. Sale, purchase, and leasing of real estate, and associated operations</p> <p>5. Building of produce cultivation facilities and landscaping</p> <p>6. All business activities associated with the above</p>	
(5) Share capital	23.22 billion yen (as of September 30, 2025)	
(6) Date of establishment	January 30, 1935	
(7) Major shareholders and ownership ratios (As of September 30, 2025) (Note 1)	The Master Trust Bank of Japan, Ltd. (Trust Account)	
	INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	
	INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP (Standing Proxy: Tachibana Securities Co., Ltd.)	
	Resona Bank, Limited	
	Mizuho Bank, Ltd.	
	YODOKO Partners' Shareholding Association	
	Ohgi Shokai Co., Ltd.	
	STATE STREET BANK AND TRUST COMPANY 505001 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	
	Hanwa Co., Ltd.	
	Nippon Life Insurance Company	
(8) Relationship with the said Company	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Business relationship	The Company sells steel products to the said company and purchases materials from the said company.

	Related party relationship	Not an affiliated party.	
(9) (Note 2)	Consolidated operating results and consolidated financial positions of the said company for the last three years		
Fiscal year ended	March 31, 2023	March 31, 2024	March 31, 2025
Consolidated net assets	201,906 million yen	213,832 million yen	215,120 million yen
Consolidated total assets	251,057 million yen	265,863 million yen	264,256 million yen
Consolidated net assets per share	6,223.26 yen	6,561.18 yen	6,733.72 yen
Consolidated net sales	220,314 million yen	203,957 million yen	208,460 million yen
Consolidated operating profit	12,665 million yen	12,017 million yen	13,889 million yen
Consolidated ordinary profit	17,686 million yen	15,202 million yen	21,551 million yen
Profit attributable to owners of parent	10,593 million yen	4,456 million yen	13,499 million yen
Consolidated earnings per share	367.13 yen	154.29 yen	467.03 yen
Dividend per share	111 yen	200 yen	351 yen

(Note 1) "Major shareholders and ownership ratios (as of September 30, 2025)" is taken from "Major shareholders" in the semi-annual securities report for the 127th term submitted by YODOKO to the Director-General of the Kanto Local Finance Bureau on November 12, 2025.

(Note 2) The figures were quoted from the annual securities report for the 126th term submitted by YODOKO.

4. Timetable

(1)	Conclusion of a Memorandum of Understanding	December 12, 2025
(2)	Business Alliance Commencement Date	The date to be determined by a separate formal agreement

5. Outlook for the Future

The Company considers this matter to be beneficial to its performance and corporate value enhancement over the medium to long term. We shall carefully examine its impact on performance going forward and promptly disclose any matters that should be disclosed.