May 18, 2026

To Whom It May Concern

Strategic Capital, Inc.
Tsuyoshi Maruki, President &CEO
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Re: Shareholder Proposal to NIPPON STEEL CORPORATION (5401) and OSAKA STEEL CO., LTD. (5449), and the Launch of the Campaign Website on the proposal

Strategic Capital, Inc. (hereinafter referred to as “Strategic Capital”) is under a discretionary investment contract with INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP (hereinafter referred to as the “Fund”) and the Fund and Strategic Capital (hereinafter referred to as “we”) are the shareholders of NIPPON STEEL CORPORATION (hereinafter referred to as “NIPPON STEEL”) and OSAKA STEEL CO., LTD. (hereinafter referred to as “OSAKA STEEL”).

NIPPON STEEL and OSAKA STEEL, both listed companies, maintain a parent-subsidiary listing structure. Over the past year, NIPPON STEEL made two previously listed subsidiaries, SANYO SPECIAL STEEL Co., LTD. and KROSAKI HARIMA CORPORATION into wholly owned subsidiaries while partially selling its holdings in OSAKA STEEL, demonstrating a lack of consistency in its approach. Moreover, there is no indication that any substantive discussion has taken place regarding its overall policy on maintaining listed subsidiaries.

Given NIPPON STEEL’s action, it can be inferred that OSAKA STEEL is not a strategically important subsidiary. Nevertheless, both companies remain committed to maintaining OSAKA STEEL’s listing. Meanwhile, OSAKA STEEL’s PBR has persistently lagged below 1x, and if it is to remain listed, urgent and fundamental management reforms are required. However, because NIPPON STEEL continues to hold a majority of the voting rights, there has been no meaningful effort to break away from a situation that continues to erode shareholder value.

Given these circumstances, we have notified the Company of our execution of the shareholders’ right to make a proposal at the annual shareholder meeting held in coming June.

For further details, please refer to the dedicated website (https://stracap.jp/english/NIPPON-OSAKASTEEL.pdf) .

Details

Summary of the Proposals

---NIPPON STEEL---

(1) Establish a committee to review strategies for listed subsidiaries

<Summary> Establish a committee to review policies regarding the holding of listed subsidiaries.

---OSAKA STEEL---

(1) Acquisition of treasury shares from a specific shareholder

<Summary> Acquire, as treasury shares, and at a price that is not particularly favorable to other shareholders, all shares of Osaka Steel held by Nippon Steel.

(2) Appropriation of surplus

<Summary> Pay a dividend based on a DOE of 8%.

Reasons for the Proposals

---NIPPON STEEL---

(1) Establish a committee to review strategies for listed subsidiaries

Since 2025, NIPPON STEEL has made two listed subsidiaries wholly owned, while at the same time partially selling its stake in OSAKA STEEL keeping it listed. The response lacks consistency and increases the subsidiary's cost of capital.

Despite this, it appears that the Board has never discussed the basic policy regarding the holding of listed subsidiaries.

However, NIPPON STEEL now requires enormous funds due to the acquisition of U.S. Steel and recently even issued zero coupon convertible bonds with stock acquisition rights. It should therefore also consider selling shares in non-essential listed subsidiaries to raise the necessary funds.

More fundamentally, the Tokyo Stock Exchange has highlighted issues with parent-subsidiary dual listings such as lack of protection for minority shareholders, and that no discussion at all has taken place at the board level regarding this distorted ownership structure is problematic.

Accordingly, such a committee should be established in order to create a framework for examining the policy on holding listed subsidiaries from the perspectives of NIPPON STEEL's group strategy, capital policy, and the protection of minority shareholders of listed subsidiaries

---OSAKA STEEL ---

(1) Acquisition of treasury shares from a specific shareholder

The proposal seeks to have OSAKA STEEL ("Company") acquire all shares held by its parent company, NIPPON STEEL.

OSAKA STEEL is experiencing the typical disadvantages of a parent-subsidiary listing, such as impairment of minority shareholders' interests and the share price has remained depressed over the long term. For this reason, we called on NIPPON STEEL to unwind the parent-subsidiary listing by making the Company a wholly owned subsidiary.

However, since 2025, NIPPON STEEL has made two previously listed subsidiaries into wholly owned subsidiaries while partially selling its holdings in OSAKA STEEL. If it were a valuable subsidiary for NIPPON STEEL, it would be reasonable to also make the Company a wholly owned subsidiary. Yet NIPPON STEEL has taken the exact opposite course, which suggests that the Company is an unnecessary subsidiary for them.

Accordingly, OSAKA STEEL should acquire all the Company’s shares held by NIPPON STEEL and seek to enhance shareholder value as a company independent from NIPPON STEEL.

(2) Appropriation of surplus

While we believe the best outcome for the Company’s minority shareholders would be NIPPON STEEL making it a wholly owned subsidiary. However, if the Company is in fact an unnecessary subsidiary for NIPPON STEEL, then, as stated in the preceding proposal, the Company should acquire all its shares held by NIPPON STEEL.

While the Company seems determined to maintain the parent-subsidiary listing, its PBR has not exceeded 1.0x (i.e. liquidation value), for more than 15 years, and currently stands at only around 0.6x.

If the Company intends to remain listed, it must address its sub-1.0x PBR at an early stage. However, the Company’s medium-term management plan sets an ROE target of only 5%, and even if that target were achieved, it would still be difficult to lift the PBR to at least 1.0x.

Moreover, the Company is currently suffering from poor performance, making even achievement of this low target uncertain.

The Company’s shareholders’ equity ratio, at approx. 73%, is excessively high, and it should change its dividend policy to a DOE of 8% to improve capital efficiency and reduce its cost of capital.

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