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January 21, 2021

To Whom It May Concern,

Company name:	Nippon Steel Corporation
Representative:	Eiji Hashimoto, Representative Director and President
Stock listing:	First Section of the TSE, First Section of the NSE, FSE, and SSE
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Notice regarding the Commencement of a Tender Offer for Tokyo Rope Mfg. Co., Ltd.'s Shares (Securities Code: 5981)

Nippon Steel Corporation ("**NSC**" or the "**Tender Offeror**") hereby announces that today its board of directors adopted a resolution to acquire the shares of common stock (the "**Target Company Shares**") of Tokyo Rope Mfg. Co., Ltd. (securities code: 5981, First Section of the Tokyo Stock Exchange, Inc. ("**TSE**"); the "**Target Company**") through a tender offer (the "**Tender Offer**") under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**Act**"), as follows.

1. Purpose of the Purchase

(1) Overview of the Tender Offer

As of today, NSC owns 1,610,964 shares of the Target Company Shares listed on the First Section of the TSE (ownership ratio (Note): 9.91%). As a shareholder of the Target Company, NSC is concerned that although the Target Company has been facing management issues, such as dysfunction of its governance system, it has not taken any effective measures against them and its business performance remains deteriorated, and recognizes this situation can no longer remain as it is. Based on this recognition, today the board of directors of NSC adopted a resolution to conduct the Tender Offer in order to increase its commitment to improvement of the Target Company's corporate value by acquiring additional Target Company Shares, to promote restructuring of the Target Company's management and governance systems which is necessary to recover and improve the Target Company's corporate value, thereby contributing to the recovery and improvement of its corporate value.

(Note) "Ownership ratio" refers to the ratio against the number of shares (16,255,173 shares) by deduction of the number of treasury shares owned by the Target Company (13,069 shares) as of September 30, 2020, as stated in the Second Quarterly Report for the 222nd Fiscal Year submitted by the Target Company on November 13, 2020 (the "**Target Company Quarterly Report**") out of the total number of issued shares as of the same date (16,268,242 shares) (any fraction is rounded off to two decimal places, hereinafter the same).

As stated in "(2) (I) D. (A) Poor Business Performance and Worsened Financial Soundness" below, business results of the Target Company on a consolidated basis have been almost consistently below the level of previous years in term of net sales from the fiscal year ended March 2016 until the fiscal year ended March 2020, except for the year ended March 2019 showing a slight year-on year increase of 0.7%; operating income has also been consecutively below the level of previous years, from the fiscal year ended March 2017 until the fiscal year ended March 2020, and a decline in income continues. Furthermore, the Target Company recorded a net loss of approximately 2.6 billion yen in the fiscal year ended March 2020, and NSC recognizes that the Target Company is in a very severe condition. In addition, when considering the Tender Offer, NSC examined the publicly available materials regarding the Target Company, and with such information, it was confirmed that in January 4, 2021, a mortgage on factory foundation was created over the land and buildings in a key plant of the Target Company, the Tsuchiura facility, for its nine banks to secure their total of 1 billion yen in loans; thus, NSC considers that it is clear that the Target Company's financial standing is further deteriorating. Despite that, the Target Company has failed to take effective measures against its management issues, and NSC is concerned that if the Target Company continues to adhere to the current management policies, its corporate value will further deteriorate and it is likely to unreasonably harm the interests of its shareholders, customers and employees, as well as each stakeholder in the Target Company.

As a shareholder of the Target Company, NSC continuously held dialogue with the Target Company's management team from mid May 2017 until mid February 2020, just before the spread of COVID-19, and encouraged them to improve their business, including pointing out management issues to be addressed. Further, since the annual shareholders meeting of the Target Company held on June 27, 2017, NSC has also continuously cast votes against the proposal for the appointment of more than one directors (including inside and outside directors) of the Target Company. Nevertheless, the management team of the Target Company has displayed neither a sense of crisis with respect to the damage to the Target Company's corporate value nor an intention to take measures regarding the management issues. Therefore, no specific discussions toward recovery and improvement of the Target Company's corporate value have been developed since the conversations held in mid May 2017 to date.

As stated in "(2) (I) D. (B) Dysfunction of Governance System" below, NSC considers that this situation, in which the Target Company's corporate value has continuously been damaged, is caused by the dysfunction of the governance system in the Target Company including the evaluation of the Target Company's management team by outside directors and the appointment and reappointment process thereunder. Also, as stated in "(2) (I) D. (C) Status of Compliance by the Target Company" below, with respect to Tokyo Rope International, Inc. ("**Tokyo Rope International**"), a subsidiary of the Target Company, it has given no public notice of its profit and loss statement or a summary thereof since it became a large company under the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same) as a result of the capital increase in March 2020. As illustrated by this, the Target Company is in a situation where its subsidiary did not properly perform its basic obligations under the Companies Act. Taking these circumstances into account, NSC determined in late September 2020 that the Target Company was in an urgent need to quickly reconsider its current management policies and promptly implement measures to recover and improve its corporate value. NSC began to consider additional acquisition of the Target Company Shares, as a specific measure for facilitating the restructuring of the Target Company's management and governance systems, which is necessary to recover and improve the Target Company's corporate value, by increasing its commitment to improvement of its corporate value, and by having in-depth discussions with or present necessary proposals to the management team of the Target Company as a shareholder. NSC recognizes that it would take a certain amount of time to rebuild the Target Company's management in light of its serious business downturn, and some shareholders of the Target Company might not intend to hold their shares in the mid- and long-term. Thus, NSC considers providing an appropriate opportunity for the shareholders who desire to sell their Target Company Shares through a tender offer at a price added by an appropriate premium to the latest market price to be a method to be appreciated by general investors. With this recognition, today, NSC adopted a resolution to conduct the Tender Offer.

The Target Company has consecutively posted losses in the new product development business promoted under the current management policies since the fiscal year ended March 2017; in the meantime, its key business focusing on the wire rope and wire (Note) related business has maintained a certain level of competitiveness and secured a certain level of profitability. As such, NSC believes that if the current management policies of the Target Company are appropriately reconsidered, it would be possible for the Target Company to recover and further improve its corporate value in the mid- and long-term. In addition, when effectuating such recovery and improvement of the Target Company's corporate value, NSC considers it desirable for the Target Company to remain independent as a listed company, develop an appropriate governance system, and then utilize internal human resources who are familiar with the Target Company's business in shaping a new management team to restructure the Target Company's management.

(Note) "Wire rope and wire" refers to wire rope products used for elevators, cranes, ropeways, etc.; wire products used to reinforce submarine optical cables and electric wires; and fiber ropes and networks for fishery and marine use.

As stated in "(2) (II) Post-Tender Offer Management Policies" below, if the Target Company requests support to recover and improve its corporate value, NSC is ready to build a cooperative relationship with the Target Company and then to develop and promote high-value added products and more sophisticated products through joint product development. However, NSC believes that independence of the Target Company's management should be maintained as it considers that by developing management and governance systems whereby they can fully demonstrate its inherent technological capabilities and brand power, the Target Company's current management policies can be appropriately reconsidered and its corporate value can be recovered and improved on its own, thereby serving the interests of shareholders of the Target Company..

NSC intends to maintain independence of the Target Company while increasing its commitment to improvement of the Target Company's corporate value by acquiring additional Target Company Shares through the Tender Offer. NSC, as a shareholder of the Target Company, also intends to have discussions with the Target Company's management team regarding appointment of new internal persons as directors of the Target Company and about a structure for the board of directors which would ensure independence and diversity, and present necessary proposals to it based on such discussions, with a view to restructuring of the management and governance systems of the Target Company, which is necessary to recover and improve its corporate value. NSC considers that for such restructuring of the management and governance systems of the Target Company, the support of its shareholders is indispensable, and thus NSC will take necessary measures to obtain its shareholders' understanding, including providing explanation for NSC's thoughts and/or information regarding the Target Company.

NSC is a shareholder of the Target Company and also a base material manufacturer supplying wire rod, a raw material for the Target Company's key products. Specifically, as stated in "2. (1) (viii) Relationship Between the Tender Offeror and the Target Company" below, the Target Company has a business relationship in which it procures various wire rods and base materials for processing on consignment from NSC. As stated in "(2) (I) C. Relationship Between the Parties" below, NSC recognizes that NSC is able to contributes to the enhancement of the competitiveness and corporate value of the Target Company, which in turn leads to further growth of both NSC and the Target Company by providing a stable supply of high-quality wire rod compatible with the features of the Target Company's products and, in conjunction with the advanced processing technology for wire rope and wire products possessed by the Target Company, satisfying customers' demand based on a better understanding of the respective technologies and products of NSC as a base material manufacturer, the Target Company as a processing manufacturer, and product customers through exchange of opinions and joint research and development among them; namely, by making efforts to deepen the "combination of wire rods and processing technology" considering customers' needs. Based on this recognition, NSC has tied with and built a cooperative relationship with the Target Company for improving its corporate value, including providing technical and capital supports, since 1963.

However, NSC considers that if the Target Company sticks to the current management policies which cause deteriorating financial conditions and under which they consecutively posted losses of approximately 600 million yen for the fiscal year ended March 2017, approximately 400 million yen for the fiscal year ended March 2018, approximately 700 million yen for the fiscal year ended March 2020, and approximately 200 million yen for the fiscal year ended March 2020 in the new product development business promoted thereunder, it would pose a question on the part of NSC and customers on the Target Company as a reliable business partner and could impede the continuation of joint research and development with the Target Company that may involve disclosure of intellectual properties, including important knowhow owned by NSC and customers. NSC is concerned that under these circumstances, even the key business that has supported the Target Company's management through its poor business results may lose competitiveness. When the Target Company's current management policies are reconsidered and such situation is improved, NSC intends to contribute to increasing the Target Company's competitiveness and corporate value once again by more proactively promoting joint research and development between NSC, the Target Company and customers.

As stated above, NSC considers it essential to restructure the management and governance systems of the Target Company in order to recover and improve its corporate value. To realize this, as a shareholder of the Target Company, NSC intends to have discussions with the Target Company's management team regarding appointment of new internal persons as directors of the Target Company and about a structure for the board of directors which would ensure independence and diversity, and present necessary proposals to it based on such discussions; to begin with, NSC aims to increase its commitment to improvement of the Target Company's corporate value by acquiring additional Target Company Shares through the Tender Offer. As stated above, NSC believes that by maintaining the independence of the Target Company's management and developing management and governance systems whereby the Target Company can fully demonstrate its inherent technological capabilities and brand power, the current management policies can be appropriately reconsidered and its corporate value can be recovered and improved. Accordingly, NSC intends to set the maximum number of shares to be purchased at the number obtained by acquiring ownership ratio of 10.00%, in addition to 1,610,964 shares already held by NSC (ownership ratio: 9.91%), with the intent to increase as much as possible its commitment to improvement of the Target Company's corporate value by acquiring additional Target Company Shares, while taking into account various considerations including maintaining the independence of the Target Company's management by avoiding making the Target Company an equity-method affiliate (see Note) of NSC as well as the rationality of the investment amounts necessary for NSC to conduct the Tender Offer. As a result, NSC decided to set the maximum number of shares to be purchased at 1,625,500 shares (ownership ratio: 19.91%).

(Note) Under the international accounting standards adopted by NSC, if a company has less than 20% of the voting rights of another company, the latter company, in general, does not fall under the definition of an equity-method affiliate of the former company unless the company in possession of those rights has an obviously significant influence on the latter company. However, this analysis depends on individual circumstances, and as of today, it is not yet determined how the Target Company will eventually be treated.

If the total number of shares tendered in response to the Tender Offer ("**Tendered Shares**") exceeds the maximum number of shares to be purchased (1,625,500 shares), NSC will not purchase the excess in whole or in part, and the shares will be delivered and other settlement procedures for their purchase using the pro rata method as specified in Article 27-13, paragraph (5) of the Act and Article 32 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other Than Issuer (Ordinance of the Ministry of Finance No. 38 of 1990, as amended; the "**Cabinet Office Ordinance**"). On the other hand, since (a) NSC considers it meaningful to increase the current ownership ratio as much as possible in light of the purpose of the Tender Offer (i.e., to increase its commitment to improvement of the Target Company's corporate value), and (b) given that it would take a certain amount of time to rebuild the Target Company's management in light of its business downturn and the fact that the Target Company's shareholders may include those who do not intend to hold the shares over the medium-to-long term, NSC expects that the Tender Offer will also serve to provide the Target Company's shareholders who want to sell their shares with an appropriate opportunity to do so. Thus, no minimum number of shares to be purchased will be set for the Tender

Offer; accordingly, if the total number of Tendered Shares is equal to or less than the maximum limit of shares to be purchased (1,625,500 shares), NSC will purchase all the Tendered Shares.

As stated above, NSC, as a shareholder of the Target Company, has continuously held dialogue with the Target Company's management team from mid May 2017 until mid February 2020, just before the spread of COVID-19, and encouraged them to improve the business, including by pointing out management issues to be addressed. Further, since the annual shareholders meeting of the Target Company held on June 27, 2017, NSC has continuously casted votes against the proposals for the appointment of more than one directors of the Target Company (including inside directors and outside directors). Nevertheless, the management team of the Target Company has displayed neither a sense of crisis with respect to the damage to the Target Company's corporate value nor an intention to take measures for the management issues. Therefore, no specific discussions toward recovery and improvement of the corporate value of the Target Company have been developed since the conversation held in mid May 2017 to date. As such, because the management team of the Target Company has not exhibited an intention to take measures for the management issues, NSC cannot expect any constructive discussions even if NSC discusses the implementation of the Tender Offer with the Target Company in advance. Accordingly, NSC has not held any prior discussions on the Tender Offer with the Target Company to date. Therefore, as of today, NSC has not received the Target Company's support for the Tender Offer.

As of today, although NSC has not received the Target Company's support for the Tender Offer, NSC anticipates the Target Company's management to fully understand the significance of the Tender Offer and resolve to support the Tender Offer. NSC believes that the restructuring of management and governance systems of the Target Company, which is one of the purposes of the Tender Offer, will recover and improve its corporate value and serve the interests of all stakeholders including the Target Company's shareholders, customers and employees. The Target Company's business is deteriorating and it will take a certain time to rebuild its management in the future. Given that the Target Company's shareholders may include those who do not intend to hold the shares over medium-to-long term, and that the Tender Offer will provide the Target Company's shareholders who want to sell their shares with an appropriate opportunity to do so, NSC expects that the Target Company will recognize the importance of constructive dialogue with its shareholders and will support the Tender Offer.

The Tender Offer is not intended to delist the Target Company Shares, and the listing of the Target Company Shares will be maintained after the Tender Offer.

(2) Background Regarding the Decision to Conduct, Purposes of, and Decision-Making Process for, the Tender Offer, and Post-Tender Offer Management Policies

(I) Background Regarding the Decision to Conduct, Purposes of, and Decision-Making Process for, the Tender Offer

A. Overview of NSC

NSC was formed through the merger of Yawata Iron & Steel Co., Ltd. and Fuji Iron & Steel Co., Ltd. (both established on April 1, 1950) on March 31, 1970, and was renamed to Nippon Steel Corporation (*Shin-nippon Seitetsu Kabushiki Kaisha*). After its business integration with Sumitomo Metal Industries, Ltd. (established in 1949) on October 1, 2012, the company was renamed to Nippon Steel & Sumitomo Metal Corporation; then, it was renamed in April 2019 to the current trade name, Nippon Steel Corporation (*Nippon Seitetsu Kabushiki Kaisha*). Most recently, Nippon Steel Corporation was merged with Nippon Steel Nisshin Co., Ltd. in April 2020. NSC went public on the TSE and Nagoya Stock Exchange, Inc. on October 2, 1950, on Securities Membership Corporation Fukuoka Stock Exchange on October 5, 1950, and then on Securities Membership Corporation Sapporo Securities Exchange on January 21, 1952, respectively. At present, shares of NSC are listed on the First Section of TSE, the First Section of Nagoya Stock Exchange, Fukuoka Stock Exchange, and Sapporo Securities Exchange, respectively.

NSC's corporate philosophy is to pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and service. Using the three key drivers of "technology," "cost," and "being global," NSC has steadily made investments to enhance its business foundation and achieve growth, as a step toward the realization of a firm position as the "Best Steelmaker with World Leading Capabilities."

B. Overview of the Target Company

On the other hand, according to the securities reports and the website of the Target Company, the Target Company was founded in 1887 in Azabu, Tokyo as Tokyo Rope Co., Ltd. and commenced manufacturing of industrial Manila hemp rope. Thereafter, it was renamed to the current trade name, Tokyo Rope Mfg. Co., Ltd. due to the enactment of the Commercial Code in 1893, and went public on the TSE in 1896 and has remained public to date. As of November 13, 2020, the Target Company group consists of the Target Company, twenty-eight subsidiaries, and six affiliates which are engaged in manufacturing and sales of wire rope and wire, steel cord (Note 1), product development, and others (such as industrial machinery, powder metallurgical products, and oil products) and real estate leasing, as well as logistics, processing and other service activities related to each business segment.

(Note 1) "Steel cord" refers to cord used as reinforcing materials for radial tires.

C. Relationship between the Parties

In January 1970, NSC's predecessor, Fuji Iron & Steel Co., Ltd., took a stake in the Target Company as a shareholder (although the acquisition method and the number of shares acquired cannot be confirmed) because it has had a business relationship with it at that time. Thereafter, the then-shareholders of the Target Company, the Asahi Bank, Ltd. and the Mitsubishi Trust and Banking Corporation, intended to sell their Target Company Shares, and the Target Company requested that NSC increase its stake therein. Accordingly, in order to strengthen the ties between the parties, NSC additionally acquired 5,321,000 shares of the Target Company, totaling 11,388,000 shares (the then-ownership ratio: 7.00% (Note 2)) in March 2001. Furthermore, when the Target Company made Toko Steel Cord Co., Ltd. its wholly owned subsidiary, a share exchange was conducted as of January 20, 2006, and as consideration thereof, NSC acquired 116,000 shares of the Target Company (the then-ownership ratio: 0.07% (Note 3), resulting in 11,504,000 shares (the then-ownership ratio: 7.36% (Note 4)). In addition, although the acquisition time and acquisition method cannot be confirmed, NSC acquired 640 shares of the Target Company during the above time. Thereafter, the Target Company conducted a share consolidation as of October 1, 2016 at a ratio of 10 shares of common stock to one share of common stock; as a result, NSC owns 1,150,464 shares of the Target Company. By strengthening such capital relationship, NSC has further deepened its cooperative relationship with the Target Company, as stated below. Thereafter, NSC acquired the Target Company Shares from the market on January 6 and 14, 2021; as a result, NSC owns 1,610,964 shares (ownership ratio: 9.91%) as of today.

(Note 2) "Then-ownership ratio" refers to the ratio against the number of shares (162,679,286 shares) by deduction of the number of treasury shares owned by the Target Company (3,134 shares) as of March 31, 2001, as stated in the Securities Report for the 202nd Fiscal Year submitted by the Target Company on June 28, 2001 out of the total number of issued shares as of the same date (162,682,420 shares) (any fraction is rounded off to two decimal places, hereinafter the same)

(Note 3) "Then-ownership ratio" refers to the ratio against the number of shares (156,348,741 shares) by deduction of the number of treasury shares owned by the Target Company (6,333,679 shares) as of March 31, 2006, as stated in the Securities Report for the 207th Fiscal Year submitted by the Target Company on June 29, 2006 out of the total number of issued shares as of the same date (162,682,420 shares) (any fraction is rounded off to two decimal places, hereinafter the same).

(Note 4) "Then-ownership ratio" refers to the ratio against the number of shares (156,348,741 shares) by deduction of the number of treasury shares owned by the Target Company (6,333,679 shares) as of March 31, 2006, as stated in the Securities Report for the 207th Fiscal Year submitted by the Target Company on June 29, 2006 out of the total number of issued shares as of the same date (162,682,420 shares) (any fraction is rounded off to two decimal places, hereinafter the same).

NSC is also a base material manufacturer supplying wire rod, a raw material for the Target Company's key products, and is confident that it has contributed to increasing competitiveness and business growth of the Target Company since 1963 through stable supply of wire rod, as well as technological collaboration, joint product development, and personnel assistance. Bar and wire rod products supplied by base material manufacturer including NSC are seldom used directly by customers as final products, and most of them require processing treatment such as drawing-out, heat treatment, and surface (plating) treatment. As such, in addition to the quality of wire rod supplied by base material manufacturers including NSC and the processing technology owned by processing manufactures including the Target Company per se, the "combination of wire rods and processing technology" as stated in "(1) Overview of the Tender Offer" above is also an important factor to determine the competitiveness of products.

NSC has made efforts to deepen the "combination of wire rods and processing technology" by joint product development in the steel cord-related business among NSC, the Target Company, and customers, or joint research and development in the wire rod and wire-related business between NSC and the Target Company, and believes it has contributed to increasing the competitiveness of the Target Company. One of the reasons that the Target Company's products have been selected by end users thus far is, in addition to the high-quality wire rod supplied by NSC and the Target Company's processing technology, the efforts to deepen the "combination of wire rods and processing technology" of both parties through their joint research and development, and NSC believes that this is the source of competitiveness of the Target Company.

Furthermore, NSC has built an appropriate inventory control and efficient delivery system for high-quality wire rod. When an operation issue occurred in the Target Company's plant, NSC cooperated with the Target Company in investigation of the cause thereof and development of business solutions; in addition, NSC has worked on achieving more efficiency (such as by improvement of plant operation and more efficient drawing-out and heat treatment, and reduction in burnout ratio) of their plants by providing guidance from its engineers. In this way, NSC believes it has contributed to the stable supply of products by the Target Company. NSC considers that such stable supply system is a foundation for the Target Company to earn and maintain customer trust and the Target Company has succeeded in business growth so far by flexibly customizing products in response to end users' needs, though the "combination of wire rods and processing technology" stated above.

However, as stated in "D. (B) Dysfunction of Governance System" below, the Target Company is facing management issues, such as dysfunction of governance system. In the Former Mid-Term Management Plan, the Target Company stated its group numerical targets for the fiscal year ended March 2020 as follows: consolidated net sales of 90.0 billion yen; consolidated operating income of 7.8 billion yen; consolidated EBITDA of 10.7 billion yen; and capital adequacy ratio of 35%. However, the actual results for the fiscal year ended March 2020 were consolidated net sales of 63.0 billion yen, consolidated operating income of 0.3 billion yen, consolidated EBITDA of 2.9 billion yen, and capital adequacy ratio of 24%, and the Target Company underperformed the numerical targets above in all indices for which actual results were published. Accordingly, NSC considers that the Target Company's business has been continuously deteriorating since 2015. The Target Company recorded losses in the new product development business it has promoted as follows: approximately

0.6 billion yen in the fiscal year ended March 2017; approximately 0.4 billion yen in the fiscal year ended March 2018; approximately 0.7 billion yen in the fiscal year ended March 2019; and approximately 0.2 billion yen in the fiscal year ended March 2020. NSC considers that if the Target Company sticks to the current management policies which cause deteriorating financial conditions and under which they consecutively posted losses in the new product development business promoted thereunder, it would pose a question on the part of NSC and customers on the Target Company as a reliable business partner and could impede the continuation of joint research and development with the Target Company that may involve disclosure of intellectual properties, including important knowhow owned by them. NSC is concerned that under these circumstances, even the key business that has supported the Target Company's management through its poor business results may lose competitiveness. Therefore, as a shareholder of the Target Company and also a base material supplier and a joint development partner, NSC considers that the Target Company is in an urgent need to quickly reconsider the current management policies which damage their corporate value and promptly introduce appropriate measures to recover and improve its corporate value.

D. Present Status of and Issues at the Target Company

(A) Poor Business Performance and Worsened Financial Soundness

(i) Non-Achievement of Former Mid-Term Management Plan

The Target Company announced on May 22, 2015 a five-year medium-term management plan "TCT-Focus2020" covering the fiscal year ended March 2016 as the first year and that ended March 2020 as the last year (the "**Target Company's Former Mid-Term Management Plan**"). In that plan, the Target Company set its group numerical targets for the fiscal year ended March 2020 as follows: consolidated net sales of 90.0 billion yen; consolidated operating income of 7.8 billion yen; and consolidated EBITDA of 10.7 billion yen. Thereafter, according to the press release "Notice regarding Revision of Medium-Term Management Plan 'TCT-Focus2020'" submitted by the Target Company on May 12, 2017, the Target Company revised the numerical target of consolidated net sales in the last year of the Former Mid-Term Management Plan downward to 80.0 billion yen; it also revised consolidated operating income to 8.0 billion yen and consolidated EBITDA to 10.8 billion yen. Nevertheless, the Target Company's consolidated net sales in the fiscal year ended March 2020 was approximately 63.0 billion yen, a shortfall of approximately 17.0 billion even below such downwardly revised amount. The Target Company also underperformed other numerical targets; namely, consolidated operating income of approximately 0.3 billion yen (approximately 7.7 billion less), and consolidated EBITDA of approximately 2.9 billion yen (approximately 7.9 billion less). In addition, the capital adequacy ratio moved at a level below 35%, the target in the Target Company's Former Mid-Term Management Plan, resulting in 24% in the fiscal year ended March 2020. Given various changes in external environment, NSC becomes suspicious about the current management policies of the Target Company, having underperformed the numerical targets stated in the Target Company's Former Mid-Term Management Plan in all indices for which actual results were published.

	Target Company's Former Mid-Term Management Plan	Revised Target Company's Former Mid-Term Management Plan	FY ended March 2020
Consolidated Net Sales	90. 0 billion yen	80.0 billion yen	63.0 billion yen
Consolidated Operating Income	7.8 billion yen	8.0 billion yen	0.3 billion yen
Consolidated EBITDA	10.7 billion yen	10.8 billion yen	2.9 billion yen
Capital Adequacy Rate	35%	35%	24%

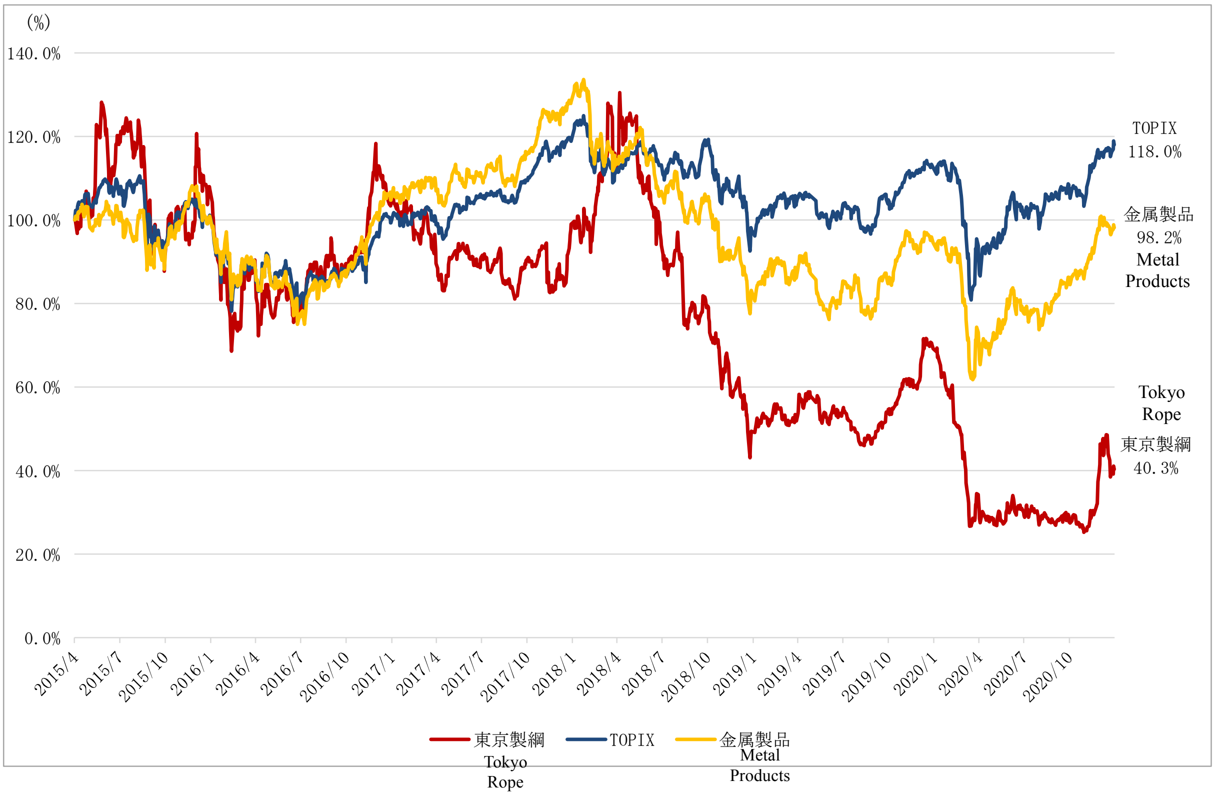
(ii) Continued Poor Business Performance and Failed Business

Business results of the Target Company for the past five years on a consolidated basis are as stated below: net sales have been almost consistently lower each year in terms of net sales from the fiscal year ended March 2016 until the fiscal year ended March 2020; operating income has also been consecutively lower each year, from the fiscal year ended March 2017 until the fiscal year ended March 2020, and the decline in income continues. Furthermore, the Target Company recorded a net loss of approximately 2.6 billion yen in the fiscal year ended March 2020, and NSC recognizes that the Target Company is in a very severe condition. In addition, when considering the Tender Offer, NSC examined the publicly available materials regarding the Target Company, and with such information, it was confirmed that in January 4, 2021, a mortgage on factory foundation was created over the land and buildings in a key plant of the Target Company, the Tsuchiura facility, for its nine banks to secure their total of 1 billion yen in loans; thus, NSC considers that it is clear that the Target Company's financial standing is further deteriorating.

(Unit: in million yen)	FY ended March 2016	FY ended March 2017	FY ended March 2018	FY ended March 2019	FY ended March 2020
Net Sales (year-on-year)	65,281 (89.0%)	64,993 (99.6%)	63,537 (97.8%)	63,967 (100.7%)	63,090 (98.6%)
Operating Income (year-on-year)	4,303 (109.0%)	3,492 (81.2%)	3,094 (88.6%)	854 (27.6%)	319 (37.4%)
Current Net Income or Net Loss (△) (year-on-year)	2,694 (70.1%)	1,903 (70.6%)	2,543 (133.6%)	153 (6.0%)	△2,653 (－)

As a result, as shown in <The Target Company's Stock Price Movement> below, the Target Company's relative stock prices compared from April 1, 2015 until December 30, 2020 have been below the Tokyo Stock Price Index (TOPIX) (by 26.4 points in terms of the average of such period; and by 77.7 points in terms of the closing price on December 30, 2020) and the TOPIX Sector Indices for metal products (by 19.5 points in terms of the average of such period; and by 57.9 points in terms of the closing price on December 30, 2020). The Target Company's stock prices are considered to reflect harsher criticism in the market; accordingly, as a shareholder of the Target Company, NSC is deeply concerned about the Target Company's present status.

<The Target Company's Stock Price Movement>



(Note) Setting the stock price as of April 1, 2015 as 100, the stock prices of the Target Company, the TOPIX, and the TOPIX Sector Indices (Metal Products) through December 30, 2020 were compared.

Further, according to the press release "Regarding New Mid-Term Management Plan 'TCT-Focus2020'" published by the Target Company on May 22, 2015, the Target Company positioned the business of manufacture and sale of cable fiber composite cable (Note 5) products (the "**CFCC Business**") as the business boosting the growth strategy of the Target Company during the five years from the fiscal year ended March 2016 until that ended March 2020, and has proactively made capital investment and research and development investment since the fiscal year ended March 2016. Nevertheless, as stated below, sales in the CFCC Business did not increase and failed to realize a return on its investments.

According to the press release "Regarding Formation of a New Production Base for Carbon Fiber Composite Cable (CFCC)" published by the Target Company on November 27, 2017, the Target Company invested 1.5 billion yen and did construction work for a new production base in Kitakami-shi, Iwate Prefecture, within an intention to increase the production capacity of the CFCC Business. Then, in order to accelerate the growth strategy in the Target Company's Former Mid-Term Management Plan, the Target Company demerged the CFCC Business and the Overseas Disaster Management Business in December 2017, and established Tokyo Rope International. According to the briefing material for Financial Results of Second Quarter of Fiscal Year Ended March 2018 announced on November 30, 2017, the Target Company set the targets for the fiscal year ended March 2020 as follows: net sales of 13.0 billion yen and operating income of 2.5 billion yen for Tokyo Rope International. Furthermore, according to the briefing material for the Financial Results of Fiscal Year Ended March 2019 announced by the Target Company on May 30, 2019, in addition to the 1.5 billion yen of capital investment to increase the production capacity of the CFCC Business (establishment of Kitakami Plant) above, it has made 1.3 billion yen of capital investment in the CFCC production facilities (establishment of North America Plant and purchase of land and buildings) of Tokyo Rope USA, Inc., a North American subsidiary of the Target Company in the fiscal year ended March 2017 and fiscal year ended March 2018. Nevertheless, despite such capital investments, in the briefing material for Financial Results of Fiscal Year Ended March 2019 published by the Target Company on May 30, 2019, the Target Company admitted that in net sales and operating income at Tokyo Rope International in the fiscal year ended March 2019, “there was a major gap from its forecast” (net sales of 13.0 billion yen and operating income of 2.5 billion yen in the fiscal year ended March 2020) and stated that it “would consider follow-up measures.” Thus, apparently, the Target Company evaluated that it needed additional measures. Furthermore, according to the briefing material for Fiscal Year Ended March 2020 published by the Target Company on May 29, 2020, the Target Company recorded an impairment loss (△1,775 million yen) at the Kitakami Plant engaged in the CFCC Business in the fiscal year ended March 2020, the last year of the Target Company’s Former Mid-Term Management Plan. In addition, since the fiscal year ended March 2017, the Target Company’s product development business including the CFCC Business has continued to post a deficit.

In the press release “Our CFCC (Carbon Fiber Composite Cable) Was Adopted in the Hampton Roads Bridge-Tunnel Expansion Project” published by the Target Company on November 26, 2020, (the “**Target Company’s Press Release Dated November 26, 2020**”), the Target Company announced that the CFCC manufactured by Tokyo Rope International was adopted for the Hampton Roads Bridge-Tunnel Expansion Project under way in the U.S. and its total construction cost amounted to as much as approximately 400 billion yen. However, according to the material distributed at a briefing for Financial Results for Second Quarter of Fiscal Year Ended March 2021 held on November 27, 2020, which was published later, net sales expected from such adoption would be approximately 4.0 billion yen throughout the four-year construction period; and the amount of expected operating income was not disclosed; as such, NSC cannot confirm that a return on investments so far is achieved (NSC considers it a problem from the standpoint of appropriate disclosure that no reference was made to such expected net sales in the Target Company’s Press Release Dated November 26, 2020). According to the Target Company’s Press Release Dated November 26, 2020, the Target Company expects that the CFCC will expand; however, taking into account that the Target Company seems not to have obtained a return despite the Target Company’s constant investments since the fiscal year ended March 2016, NSC believes that the Target Company needs to reevaluate the profitability of the CFCC and build a system to appropriately manage overseas business risks.

(Note 5) CFCC is an abbreviation of “Carbon Fiber Composite Cable” and is a registered trade mark of the Target Company. It refers to a structure reinforcing cable developed through new composite technology utilizing carbon fibers and thermosetting resins, by forming into a standard shape cable.

Another example includes a failure of business in Tokyo Rope (Changzhou) Co., Ltd. (“**Tokyo Rope Changzhou**”). According to the press release “Regarding Establishment of a Company Dealing in Steel Cords for Tires in China” announced by the Target Company on April 27, 2005, in June 2005, the Target Company established Tokyo Rope Overseas Business Investments Co., Ltd., whose business purpose is to manage business activities of operating companies, and established, through Tokyo Rope Overseas Business Investments Co., Ltd., Tokyo Rope Changzhou in Changzhou, Jiangsu, China, with capital of approximately 6 billion yen, to supply high quality and cost competitive steel cords to users in and out of China, due to a prospect for an expansion of steel cord demand arising from prevalence of radial tires as a result of rapid development of highway networks, and expansion of Japanese and foreign tire manufactures into Chinese market and their production increases. Subsequently, from 2007 through 2009, Tokyo Rope Changzhou had gradually expanded production due to an increase in orders from Japanese tire manufactures, but it was not able to eliminate the deficit, as sales to foreign tire manufactures were lower than initial forecasts. In such a situation, Tokyo Rope Changzhou launched manufacture of saw wires (Note 6) for photovoltaic power generators, whose production demand was high in China at that time. From 2010 through 2011, thanks to the success of production expansion of saw wires, Tokyo Rope Changzhou returned to profitability. However, in 2012, the first saw wire trend ended due to the rise of competitors engaged in manufacturing saw wires for photovoltaic power generators in China at the same time and a decrease in demand, which was the primary supply destination, and thus, Tokyo Rope Changzhou posted large losses again. Thereafter, in 2014, the second saw wire trend came, but Tokyo Rope Changzhou improved performance only to the extent that the deficit was reduced.

Subsequently, according to the press release "Regarding Offer of Voluntary Retirement at the Company's Subsidiary" announced by the Target Company on May 11, 2020, at the board of directors meeting held on the same date, the Target Company resolved to solicit voluntary retirement in Tokyo Rope Changzhou. That was because, in addition to a decrease in sales associated with market environmental changes, as the Target Company stopped production in response to a further drop in orders due to shutdowns of customers resulting from the impact of the current new coronavirus pandemic, as of the same date, there were still little prospects to stably restart production through a recovery in orders. Eventually, according to the press release titled "Notice Concerning Transfer of the Company's Consolidated Subsidiaries (Including Chinese Sub-Subsidiaries)" announced by the Target Company on June 26, 2020, as it determined that it was difficult to continue the steel cord business in China due to low prospects for stably restarting production, the Target Company transferred 100% of the shares in Tokyo Rope Changzhou, together with Tokyo Rope Overseas Business Investments Co., Ltd., the wholly-owning parent company of Tokyo Rope Changzhou, to Dalian Koushin Enterprise Group Co., Ltd., a Chinese company. As such, since 2012, even though Tokyo Rope Changzhou posted losses each year, the Target Company decided to withdraw from the business finally in 2020. Accordingly, it must be said that the Target Company's decision to withdraw from the business was too late.

When Tokyo Rope Changzhou was established, Nippon Steel Corporation (*Shin-nippon Seitetsu Kabushiki Kaisha*), which is the predecessor of NSC, partly invested, as a business partner, in Tokyo Rope Overseas Business Investments Co., Ltd., which is the parent company of Tokyo Rope Changzhou. Since the establishment of Tokyo Rope Changzhou in 2005, NSC had made efforts to support Tokyo Rope Changzhou by providing manufacturing technical assistance. However, in 2018, NSC sold all of its shares in Tokyo Rope Changzhou to the Target Company, taking into account their historical returns and other conditions.

(Note 6) Saw wires refer to high intensity brass plating steel wire products.

Given the circumstances above, NSC has to be skeptical of the Target Company's current management policies. NSC is concerned that further continuation of the Target Company's current management policies would further damage the Target Company's corporate value and could unreasonably impede the interests of the Target Company's shareholders, business partners, employees, and each stakeholder surrounding the Target Company.

As a shareholder of the Target Company, NSC has constantly held conversations with the Target Company's management team since mid May 2017, and encouraged them to improve the business, including by pointing out management issues to be addressed. Further, since the annual shareholders meeting of the Target Company held on June 27, 2017, NSC has also continuously cast votes against the proposal for the appointment of more than one directors (including inside and outside directors) of the Target Company. Nevertheless, the management team of the Target Company has displayed neither a sense of crisis with respect to the damage to the Target Company's corporate value nor an intention to take measures regarding the management issues in order to recover and improve its corporate value.

(B) Dysfunction of Governance System

NSC considers that the continuous damage to the Target Company's corporate value is caused by the dysfunction of the governance system in the Target Company including, in particular, the evaluation of the Target Company's management team by outside directors and the appointment and reappointment process thereunder. The board of directors of the Target Company has not displayed an intention to reconsider the management executed by the management team under the current management policies, while being aware of the business downturn of the Target Company and non-achievement of the Target Company's Former Mid-Term Management Plan above. NSC considers that the Target Company's governance system lost its ability to appropriately supervise the management team of the Target Company. The board of directors of the Target Company is not sufficiently independent, i.e., the term of office as representative director of Representative Director and Chairman Tanaka has been as long as about 20 years; meanwhile, there are only two outside directors out of the nine of the Target Company who should supervise the management team in a position independent thereof, and one of them has a tenure of about 10 years. Further, in the Corporate Governance Report published on November 30, 2020, the Target Company states that "it is a future issue to be addressed whether the composition of the board of directors should be changed from the viewpoint of gender and diversity", and recognizes a lack of diversity in its board of directors.

In addition, the Target Company has a nomination and compensation committee as a consultative body to the board of directors to nominate candidates for director, appoint management executives, and verify the appropriateness of remuneration for directors. Although said committee is expected to perform the function of appropriately supervising nomination of candidates for director of the Target Company, the committee consists of four directors in total: Representative Director and Chairman, Representative Director and President, and the two outside directors above. According to the Target Company's corporate governance reports, even though the Target Company's business downturn is getting more serious year by year as stated above, the committee has continued determining that it is reasonable to nominate the Representative Director and Chairman and the Representative Director and President as candidates for director on the ground that they "have contributed to the improvement of the corporate value," consistently since 2017. In 2019, although the briefing material for the Financial Results of Fiscal Year Ended March 2019 announced on May 30, 2019 explained that "it turned out that (the Target Company's Former Mid-Term Management Plan) goals cannot be achieved due to environmental changes, delay in launch, and lack of progress," the committee has unthinkingly maintained the evaluation that the Representative Director and Chairman and the Representative Director and President "have contributed to the improvement of the corporate value." Amid the business downturn becoming serious, the committee has not questioned the responsibility of the management team as managers but rather continued appointing the Representative Director and Chairman and the Representative Director and President on the ground that they "have contributed to the improvement of the corporate value" which objectively contradicts the facts. Accordingly, it must be said that the committee is completely dysfunctional.

Although outside directors account for half of the nomination and compensation committee members, amid concerns in terms of independence as stated above, it is clear that those outside directors have not been able to fulfill their expected supervisory function. Accordingly, NSC believes that it is urgently necessary to drastically restructure the Target Company's governance system.

(C) Status of Compliance by the Target Company

Under applicable laws and regulations, a stock company is obligated to give public notice of its balance sheet or a summary thereof for the financial statements approved by a shareholders meeting (Article 440, paragraph (1) of the Companies Act). Moreover, a stock company which is a large company is obligated to give public notice of its balance sheet and profit and loss statement or summaries thereof for the financial statements reported or approved in the annual shareholders meeting without delay after the conclusion of the annual shareholders meeting (Article 440, paragraph (1) of the Companies Act). However, with respect to Tokyo Rope International, a subsidiary of the Target Company, there is no evidence that it has given public notice of its balance sheet or a summary thereof, which is the obligation under the Companies Act above, since 2017, in which it was established. Even after it became a large company as a result of capital increase in March 2020, there is no evidence that it has given public notice of its profit and loss statement or a summary thereof. As stated above, the Target Company admitted that in net sales and operating income at Tokyo Rope International in the fiscal year ended March 2019, "there was a major gap from its forecast" (net sales of 13.0 billion yen and operating income of 2.5 billion yen in the fiscal year ended March 2020). Meanwhile, according to Tokyo Rope International's commercial registration, the capital was increased from 100 million yen to 2.6 billion yen as of March 27, 2020, and it was expected that at least 2.5 billion yen of money flowed into from the Target Company. The content of the financial statements of Tokyo Rope International is a major concern for the shareholders. Nevertheless, the Target Company has failed to give public notice of the relevant financial statements, which is a basic obligation under the Companies Act. Thus, it is unavoidable to suspect that the Target Company intends to conceal the financial and business condition of Tokyo Rope International. Similarly, with respect also to Tokyo Rope Technos Kabushiki Kaisha, a subsidiary of the Target Company, there is no evidence that it has given public notice of its financial results.

Under such circumstances, NSC is preparing to request that the Target Company properly perform its obligations to disclose the financial statements of its subsidiaries, and also NSC intends to exercise its rights under the Companies Act, such as exercising the right to request inspection of the financial statements against Tokyo Rope International.

As stated above, even though the Target Company faces business problems, it has not taken any effective measures for those problems and continued damaging the Target Company's corporate value. NSC is concerned that if the Target Company's current management policies are maintained without being changed, it will be difficult to recover and improve the Target Company's corporate value. Meanwhile, the Target Company's current governance system does not properly work, and at this rate, reformation cannot be expected to be promoted by the Target Company itself. In light of such circumstances, NSC determined that, in order to promptly reconsider the Target Company's current management policies that damage the corporate value, the Target Company was in an urgent need to restructure the Target Company's management and governance systems. As a specific measure to realize the restructuring of the Target Company's management and governance systems, which is necessary to recover and improve the Target Company's corporate value, NSC began to consider additional acquisition of the Target Company Shares in late September 2020, to increase its commitment to improvement of the Target Company's corporate value by, as a shareholder, having discussions with the Target Company's management team regarding appointment of new internal persons as its directors and a structure for the board of directors which would ensure independence and diversity, and presenting necessary proposals to it based on such discussions. NSC recognizes that it would take a certain amount of time to rebuild the Target Company's management in light of its business downturn, and some shareholders of the Target Company might not intend to hold their shares in the mid- and long-term. Thus, NSC considers that conducting a tender offer at a price added by an appropriate premium to the latest market price in order to provide an appropriate opportunity for the shareholders of the Target Company who desire to sell their Target Company Shares would be a method to obtain understanding from general investors. With this recognition, today, NSC adopted a resolution to conduct the Tender Offer. As stated above, the Target Company faces a business downturn, and it would take a certain amount of time to rebuild the Target Company's management in the future. In addition, comprehensively taking into account that since the products manufactured and sold by the Target Company include equipment for the Ministry of Defense, it is believed that support by foreign capital, which is subject to restrictions under the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended), is constrained to a certain extent, NSC believes that it is a shareholder who can support the restructuring of the Target Company, i.e., there is no one but NSC who is a base material supplier and joint development partner.

(II) Post-Tender Offer Management Policies

The Target Company consecutively posted losses in the new product development business promoted under the current management policies since the fiscal year ended March 2017; in the meantime, the key business focusing on the wire rope and wire related business has maintained a certain level of competitiveness and secured a certain level of profitability. As such, NSC believes that if the current management policies of the Target Company are appropriately reconsidered, the Target Company will be able to recover and further improve its corporate value in the mid- and long-term as the Japan's top wire rope manufacturer. Specifically, as disclosed by the Target Company, NSC understands that the source of corporate value of the Target Company includes the following:

1) Flexible technical skills to develop derivative and applied products centered on the wire rope manufacturing technology, and a varied business structure and subsidiaries supporting such skills:

Since the Target Company launched manufacturing of wire ropes for the first time in Japan in 1898, it has created many derivative and applied products through manufacturing wire ropes, including application development of guard cables, cables for long-span bridges, and rock fall prevention facilities; manufacturing of steel cords for tires and saw wires for cutting silicone wafers, which are ultra fine steel wire ropes manufactured using wire-drawing technology and stranded-wire technology; development of carbon fiber composite cables that is a new material; manufacturing of cemented carbide, which was derived from the development of manufacturing tools.

2) Brand power acquired over its long history

Since its foundation, the Target Company has acquired the "brand power" of trust by supplying products and always putting the priority on quality and safety, and thereby steadily accumulating good evaluations for the products from users and general public.

3) Long-term strong collaboration with upstream and downstream trading partners

The Target Company has maintained and continued stable and amicable business relationships with materials manufactures which are suppliers of raw materials for the products, and user companies which are supply destinations, for a long period of time, and also built collaboration relationship regarding various technologies.

When effectuating such recovery and improvement of the Target Company's corporate value, NSC considers it desirable for the Target Company to remain independent as a listed company, develop an appropriate governance system, and then appoint internal persons who are familiar with the Target Company's business to restructure the management of the Target Company as a new management team. From this point of view, NSC, as a shareholder of the Target Company, intends to have discussions with the Target Company's management team regarding appointment of new internal persons as its directors and a structure for the board of directors which would ensure its independence and diversity, and present necessary proposals to it based on such discussions after completion of the Tender Offer, in furtherance of the restructuring of the Target Company's management and governance systems, which is necessary to recover and improve the Target Company's corporate value. Furthermore, NSC considers that for such restructuring of the management and governance systems of the Target Company, the support from its shareholders is indispensable, and thus NSC will take necessary measures to obtain its shareholders' understanding.

In addition, if the Target Company requests, NSC is prepared to support recovery and improvement of the Target Company's corporate value. As of today, an overview of the measures that NSC considers feasible under the new collaborative relationship with the Target Company, is as follows:

- Provision of knowhow for optimization of inventory management, reduction in production cost, and improvement of production efficiency through shared use of a supply chain management system
- Cost reduction, quality improvement and stable production through operational tie-ups
- Promotion of development of high-value added products and high functional products through joint product development among NSC, the Target Company, and customers, and strengthening of the competitiveness of the Target Company based thereon
- Reinforcement of domestic and overseas sales by utilizing NSC group's information gathering capabilities and network
- Careful examination of the profitability of the CFCC business and strengthening of the overseas business risk management, by utilizing NSC's management knowhow

However, as stated above, NSC has not discussed the Tender Offer with the Target Company in advance, and thus, information regarding the Target Company currently available to NSC is limited. NSC intends to execute those measures after it sufficiently discuss the timing, methods, and other specific details to implement those measures with the management team of the Target Company, after restructuring the management and governance systems of the Target Company, which is necessary to recover and improve the Target Company's corporate value. After the successful completion of the Tender Offer, upon request pursuant to the regulations under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended), NSC might implement measures, if the specific content of such request so requires.

(3) Matters Regarding Material Agreements for Tendering Shares in the Tender Offer Between NSC and the Target Company

Not applicable.

(4) Planned Acquisition of Additional Shares After the Tender Offer

As stated in "(1) Overview of the Tender Offer" above, as of today, NSC believes that it is appropriate to acquire the Target Company Shares until the ownership ratio reaches 19.91%. Therefore, in the Tender Offer, if the number of shares tendered reaches the maximum number of shares to be purchased, and NSC comes to own the ownership ratio of 19.91%, NSC does not currently expect to acquire additional shares of the Target Company after the Tender Offer.

Meanwhile, in the Tender Offer, if the number of shares tendered does not reach the maximum number of shares to be purchased, and as a result, NSC does not come to hold the ownership ratio of 19.91%, although no specific response policy has been determined at present, NSC currently plans to acquire additional Target Company Shares through market transactions or other methods within the scope of the number of shares it is short of the maximum number of shares to be purchased, comprehensively taking into account the market trends.

(5) Likelihood of Delisting and Reasons Therefore

As of today, the Target Company Shares are listed on the First Section of the TSE. The Tender Offer is not intended to delist the Target Company Shares, and NSC will implement the Tender Offer with the maximum number of shares to be purchased being 1,625,500 shares. Therefore, the ownership ratio of the Target Company Shares to directly or indirectly be owned by NSC after successful completion of the Tender Offer will be limited up to 19.91%, and the listing of the Target Company Shares on the First Section of the TSE is intended to be maintained after the Tender Offer.

2. Overview of the Purchase

(1) Overview of the Target Company

(i)	Name	Tokyo Rope Mfg. Co., Ltd.
(ii)	Location	Nihonbashi Front, 3-6-2 Nihonbashi Chuo-ku, Tokyo
(iii)	Name and Title of Representative	Masaya Asano, Representative Director and President
(iv)	Description of Business Activities	Manufacturing and sales of wire rope, wire, steel cord, and Carbon Fiber Composite Cable (CFCC); design and construction of road safety devices such as rock fall prevention net, environment protection products such as acrylic sound insulation walls, and bridges and cable-suspended bridges; manufacturing and sales of various industrial machinery and metal fiber
(v)	Capital	1,000 million yen (as of September 30,2020)

(vi)	Date of Establishment	April 1, 1887	
(vii)	Major Shareholders and Ownership Percentage (as of September 30, 2020)	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.19%
		Nippon Steel Corporation	7.08%
		Custody Bank of Japan, Ltd. (Trust Account)	3.02%
		Tokyo Rope Kyoeikai	2.74%
		HI-LEX CORPORATION	2.46%
		Morgan Stanley MUFG Securities Co., Ltd.	1.91%
		Custody Bank of Japan, Ltd. (Trust Account 5)	1.80%
		KOREA SECURITIES DEPOSITORY-SHINHAN INVESTMENT (Standing proxy: Citibank, N.A., Tokyo Branch)	1.66%
		The Yokohama Rubber Co., Ltd.	1.64%
		KSD-NH (Standing proxy: Citibank, N.A., Tokyo Branch)	1.59%
(viii)	Relationship Between the Tender Offeror and the Target Company		
	Capital Relationship	NSC owns 1,610,964 shares of the Target Company Shares (ownership ratio: 9.91%) as of date hereof.	
	Personnel Relationship	Not applicable.	
	Business Relationship	The Target Company procures various wire rods and base materials for consignment processing from NSC.	
	Status as Related Parties	Not applicable.	

(2) Schedule, etc.

(I) Schedule

Date of Resolution by the Board of Directors	Thursday, January 21, 2021
Date of Public Notice of Commencement of the Tender Offer	Friday, January 22, 2021 Public notice will be given electronically and notice thereof will be posted in the *Nihon Keizai Shimbun*. (Electronic public notice website: https://disclosure.edinet-fsa.go.jp/)
Date of Submission of the Tender Offer Statement	Friday, January 22, 2021

(II) Purchase Period as of the Time of Filing the Tender Offer Statement

From Friday, January 22 2021 to Monday, March 8, 2021 (30 business days)

(III) Possibility of Extension upon the Target Company's Request

Not applicable.

(3) Purchase Price

1,500 yen per share of common stock

(4) Basis for the Calculation of the Purchase Price, etc.

(I) Basis for the Calculation

In determining the Tender Offer Price, NSC asked Daiwa Securities Co., Ltd. ("**Daiwa Securities**"), acting as a financial advisor which is a third-party valuation organization independent of NSC and the Target Company, to calculate the share value of the Target Company Shares in late December 2020. Daiwa Securities is not a related party of NSC or the Target Company, nor does it have a material interest in the Tender Offer.

After considering the calculation method that should be used to calculate the share value of the Target Company Shares from among several share value calculation methods, and based on the consideration that it is appropriate to evaluate the value of the Target Company Shares on the premise of the Target Company being a going concern in a multifaceted manner, Daiwa Securities calculated the share value of the Target Company Shares using the following calculation methods: a market share price analysis, which considered the trend in the market price of the Target Company Shares, and a discounted cash flow analysis (the "**DCF Analysis**"), which considered the financial results, forecasts and other aspects of the Target Company. NSC obtained a share valuation report (the "**Share Valuation Report**") from Daiwa Securities on January 18, 2021. NSC has not obtained any written opinion regarding the fairness of the Tender Offer Price (i.e., fairness opinion) from Daiwa Securities.

According to the Share Valuation Report, the adopted methods and the range of the per-share value of the Target Company Shares calculated based on these methods are as follows:

Market share price analysis:	615 yen to 930 yen
DCF Analysis:	825 yen to 1,607 yen

Under the market share price analysis, the base date was set as January 15, 2021. The market share price analysis resulted in a per share value of the Target Company Share ranging from 615 yen to 930 yen based on 930 yen which was the closing price of the Target Company Shares on the First Section of the TSE on the base date, 823 yen (rounded off to the second decimal place; hereinafter the same applies to a simple average of closing prices (yen)) which is the simple average of the closing prices of in the month prior to the base date, 690 yen which is the simple average closing prices in the three months prior to the base date, and 615 yen which is the simple average closing prices in the six-months prior to the base date.

Under the DCF Analysis, it resulted in a per share value of the Target Company Shares ranging from 825 yen to 1,607 yen by evaluating the corporate value and share value, which were calculated by using the amount of the free cash flow that the Target Company is expected to generate after the fiscal year ended March 2021 and then it derived the present value of that amount using a fixed discount rate. This free cash flow was prepared by NSC in consideration of various factors, such as the business plan in the six fiscal year for the Target Company from the fiscal year ended March 2021 through that ended March 2026 based on its knowledge of the Target Company's business, the Target Company's past and recent performance and publicly disclosed information etc. Please note that the foregoing business plan used by Daiwa Securities to calculate the share value of the Target Company under the DCF Analysis includes fiscal years in which a significant increase/decrease in profit is expected. More specifically, due to a decrease in demand affected by COVID-19, operating loss is expected for the fiscal year ending March 2021; for the following fiscal year ending March 2022, given a potential recovery of the demand affected by COVID-19, a significant increase in operating income is expected. Furthermore, the business plan includes the expectation of a certain level of improvement in the management by appropriately reconsidering the management policies through the Tender Offer and the subsequent restructuring of the management and governance systems.

Based on the calculation results stated in the Share Valuation Report obtained from Daiwa Securities, and comprehensively taking into account (i) the trend of the market price for the Target Company Shares; (ii) actual examples of premiums granted in tender offers premised upon the maintenance of listing which were conducted by non-issuers in the past; and (iii) the prospects for shares being tendered in the Tender Offer, NSC determined that it would be reasonable to offer a price obtained by adding appropriate premiums to the market price of the Target Company Shares, and today, NSC ultimately decided to set the Tender Offer Price at 1,500 yen per share.

The Tender Offer Price of 1,500 yen is the amount obtained by adding a premium of 36.49% (rounded off to the second decimal place; hereinafter the same applies to a premium (%) to a share price) to 1,099 yen, which was the closing price of the Target Company Shares on the First Section of the TSE on January 20, 2021 (the business day immediately before the announcement date of the implementation of the Tender Offer); 76.68% to 849 yen, which is the simple average of the closing prices in the previous one month (from December 21, 2020 to January 20, 2021): 109.50% to 716 yen, which is the simple average of the closing prices in the previous three months (from October 21, 2020 to January 20, 2021); and 139.62% to 626 yen, which is the simple average of the closing prices in the previous six months (from July 21, 2020 to January 20, 2021).

The Tender Offer Price (1,500 Yen) is 480 yen to 660 yen higher than the acquisition unit price of the Target Company Shares acquired by NSC in the market between January 6, 2021 and January 14, 2021 (840 yen to 1,020 yen per share), with an added premium of 47.06% to 78.57% respectively. The reason why there is a difference between the previous acquisition price and the Tender Offer Price is that the former was determined by the market price at each acquisition time in the market transactions (840 yen to 1,020 yen per share), and the latter is the price obtained by adding the premium of 36.49% to 1,099 yen, which was the closing price for the Target Company Shares on the First Section of the TSE on January 20, 2021, which is the business day immediately before the announcement date of the Tender Offer, done after the considerations described above.

(II) Background of the Calculation

(Background Leading to the Determination of the Tender Offer Price)

As stated in "1. Purpose of the Purchase" above, NSC, as a shareholder of the Target Company, has constantly held conversations with the Target Company's management team from mid May 2017 until mid February 2020, just before the spread of COVID-19 and encouraged them to improve its business, including by pointing out management issues to be addressed. Further, since the annual shareholders meeting of the Target Company held on June 27, 2017, NSC has continuously cast votes against the proposals for the appointment of more than one directors of the Target Company (including inside directors and outside directors). Nevertheless, the management team of the Target Company has developed neither a sense of crisis with respect to the damage to the Target Company's corporate value nor an intention to take measures for the management issues. Therefore, no specific discussions toward recovery and improvement of the corporate value of the Target Company have been developed since the conversation held in mid May 2017 to date.

As stated in "1. Purpose of the Purchase," "(2)(I)D.(B) Dysfunction of Governance System" above, NSC considers that this situation, in which the Target Company's corporate value has continuously been damaged, is caused by the dysfunction of the governance system in the Target Company; namely, that aspects such as the evaluation of the Target Company's management team by outside directors and the appointment and reappointment process thereunder do not properly function. Also, as stated in "1. Purpose of the Purchase," "(2)(I)D.(C) Status of Compliance by the Target Company" above, with respect to Tokyo Rope International, a subsidiary of the Target Company, it has given no public notice of its profit and loss statement or a summary thereof since it became a large company under the Companies Act as a result of the capital increase in March 2020. As illustrated by this, the Target Company is in a situation where its subsidiary does not properly perform its basic obligations under the Companies Act. Taking these circumstances into account, in late September 2020, NSC determined that the Target Company was in an urgent need to quickly reconsider its current management policies and promptly implement measures to recover and improve its corporate value. As a specific measure for facilitating the restructuring of the Target Company's management and governance systems, which is necessary to recover and improve the Target Company's corporate value, NSC began to consider additional acquisition of the Target Company Shares to increase its commitment to improvement of the Target Company's corporate value by, as a shareholder, having discussions with the Target Company's management team regarding appointment of new internal persons as directors of the Target Company and a structure for the board of directors that would ensure its independence and diversity, and presenting necessary proposals to it based on such discussions. NSC recognizes that it would take a certain amount of time to rebuild the Target Company's management in light of its serious business downturn, and some shareholders of the Target Company might not intend to hold their shares in the mid- and long-term. Thus, in order to provide an appropriate opportunity for the shareholders who desire to sell their Target Company Shares, conducting a tender offer at a price including an appropriate premium added to the latest market price is a viable method to obtain understanding from the general investors. With this recognition, NSC adopted a resolution to conduct the Tender Offer today.

(a) Name of the Third Party from Whom NSC Obtained Opinions in the Calculation

In determining the Tender Offer Price, NSC asked Daiwa Securities, acting as a financial advisor which is a third-party valuation organization independent of NSC and the Target Company, to calculate the share value of the Target Company Shares, and NSC obtained the Share Valuation Report from Daiwa Securities on January 18, 2021. Daiwa Securities is not a related party of NSC or the Target Company, nor does it have a material interest in the Tender Offer. NSC has not obtained any written opinion regarding the fairness of the Tender Offer Price (i.e., fairness opinion) from Daiwa Securities.

(b) Outline of the Opinion

According to the Share Valuation Report, the adopted methods and the range of the per-share value of the Target Company Shares calculated based on these methods are as follows:

Market share price analysis:	615 yen to 930 yen
DCF Analysis:	825 yen to 1,607 yen

(c) Background Leading to the Determination of the Tender Offer Price Taking into Consideration the Opinion

Based on the calculation details and results stated in the Share Valuation Report, and comprehensively taking into account (i) the trend of the market price for the Target Company Shares; (ii) actual examples of premiums granted in tender offers premised upon the maintenance of listing which were conducted by non-issuers in the past; (iii) the prospects for shares being tendered in the Tender Offer; and (iv) the fact that the calculation results stated in the Share Valuation Report indicated that the price exceeds the upper limit of the calculation results under the market share price analysis and falls within the ranges of the calculation results under the DCF Analysis, NSC determined that it would be reasonable to offer a price obtained by adding appropriate premiums to the market price of the Target Company Shares, and today, 2021, NSC ultimately decided to set the Tender Offer Price at 1,500 yen per share.

(III) Relationship with the Valuation Organization

Daiwa Securities, NSC's financial advisor, is not a related party of NSC or the Target Company, nor is it materially interested in the Tender Offer.

(5) Number of Shares to Be Purchased

Number of Shares to Be Purchased	Minimum Number of Shares to Be Purchased	Maximum Number of Shares to Be Purchased
1,625,500 shares	- shares	1,625,500 shares

(Note 1) If the aggregate number of the Tendered Shares does not exceed the number of shares to be purchased (1,625,500 shares), all the Tendered Shares will be purchased. If the aggregate number of the Tendered Shares exceeds the maximum number of shares to be purchased (1,625,500 shares), the excess will not be purchased in whole or in part, and the shares will be delivered and other settlement procedures for their purchase will be implemented using the pro rata method as specified in Article 27-13, paragraph (5) of the Act and Article 32 of the Cabinet Office Ordinance.

(Note 2) Shares in quantities of less than one unit are also subject to the Tender Offer. If a right to demand the purchase of shares in quantities of less than one unit is exercised by a shareholder of the Target Company pursuant to the Companies Act, the Target Company may purchase those shares during the purchase period for the Tender Offer (the "**Tender Offer Period**") in accordance with the procedures under the applicable laws and regulations.

(Note 3) NSC does not intend to acquire treasury shares owned by the Target Company through the Tender Offer.

(6) Changes in the Ownership Ratio of Shares as a Result of the Purchase

Number of voting rights pertaining to shares owned by the Tender Offeror before the purchase	16,109 voting rights	(Ownership ratio of shares before the purchase 9.91%)
Number of voting rights pertaining to shares owned by specially related parties before the purchase	0 voting rights	(Ownership ratio of shares before the purchase 0.00%)
Number of voting rights pertaining to shares owned by the Tender Offeror after the purchase	32,364 voting rights	(Ownership ratio of shares after the purchase 19.91%)
Number of voting rights pertaining to shares owned by specially related parties after the purchase	0 voting rights	(Ownership ratio of shares after the purchase 0.00%)
Number of voting rights of all shareholders of the Target Company	161,823 voting rights	

(Note 1) The "number of voting rights pertaining to shares owned by the Tender Offeror after the purchase" is the number obtained by adding the number of the voting rights pertaining to the number of shares to be purchased in the Tender Offer to the "number of voting rights pertaining to shares owned by the Tender Offeror before the purchase."

(Note 2) The "number of voting rights pertaining to shares owned by specially related parties before the purchase" is the sum of the number of voting rights pertaining to shares owned by each specially related party (however, among the specially related parties, those excluded from the definition of specially related party under Article 3, paragraph (2), item (i) of the Cabinet Office Ordinance for the purpose of calculating the ownership ratio of shares as set forth in the items of paragraph (1) of Article 27-2 of the Act shall be excluded). Since the shares owned by specially related parties are also subject to the Tender Offer, the "number of voting rights pertaining to shares owned by specially related parties after the purchase" is stated as

0 voting rights. In addition, after confirming the shares of the Target Company owned by specially related parties, if amendment is required, NSC will promptly disclose the amendment.

(Note 3) The "number of voting rights of all shareholders of the Target Company" is the number of the voting rights of all shareholders as of September 30, 2020 as stated in the Target Company Quarterly Report submitted by the Target Company on November 13, 2020 . However, since shares in quantities of less than one unit are also subject to the Tender Offer, for the purpose of calculating the "ownership ratio of shares before the purchase" and the "ownership ratio of shares after the purchase," the "number of voting rights of all shareholders of the Target Company" is the number of voting rights (162,551 voting rights) pertaining to the number of shares (16,255,173 shares), which is obtained by deducting the number of treasury shares owned by the Target Company as of September 30, 2020 (13,063 shares) from the total number of issued shares as of September 30, 2020 as stated in the Target Company Quarterly Report (16,268,242 shares).

(Note 4) With regard to the "ownership ratio of shares before the purchase" and the "ownership ratio of shares after the purchase," any fraction is rounded off to two decimal places.

(7) Purchase Price

2,438,250,000 yen

(Note) "Purchase price" consists of the amount obtained by multiplying the number of shares to be purchased in the Tender Offer (1,625,500 shares) by the Tender Offer Price per share (1,500 yen).

(8) Settlement Method

(I) Name and Location of Head Office of the Financial Instruments Business Operator/Bank Which Will Handle Settlement of the Purchase

Daiwa Securities Co., Ltd.
9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

(II) Settlement Commencement Date

Monday, March 15 2021

(III) Settlement Method

Written notice of the purchase through the Tender Offer will be sent by mail to the addresses or locations of the tendering shareholders (or, in the case of foreign shareholders, their standing proxies) after the end of the Tender Offer Period, without delay.

The purchase will be made with cash. Without delay after the settlement commencement date and in accordance with the tendering shareholders' instructions, the purchase price for the shares purchased will be remitted by the tender offer agents to the place designated by the tendering shareholders (or, in the case of foreign shareholders, their standing proxies) (remittance fees may be charged) or will be paid to the tendering shareholders' accounts that were used when the tender offer agents accepted their applications.

(IV) Return Method of Shares

If it is determined that all or part of the shares will not be purchased pursuant to the conditions stated in "(I) Whether There Are Conditions Set Forth in Items of Paragraph (4) of Article 27-13 of the Act and Details Thereof" or "(II) Whether There Are Conditions for Tender Offer Withdrawal, Details Thereof, and Disclosure Method of Withdrawal" in "(9) Other Conditions and Methods of the Purchase" below, the shares that need to be returned will be returned without delay on or after two business days following the last day of the Tender Offer Period (or, the day of such withdrawal if the Tender Offer is withdrawn) by restoring the state of the tendering shareholders' accounts opened with the tender offer agents to the state as at the time of tender.
* Along with taking preventative measures against COVID-19, during the Tender Offer Period, special measures may be taken such as temporarily suspending services provided by the tender offer agent in person at branch offices. For details, please contact the head office or domestic branch offices of the tender offer agent. Furthermore, with respect to the special measures and the branch offices subject to it, etc., please also refer to the tender offer agent's website (https://www.daiwa.jp/).

(9) Other Conditions and Methods of the Purchase

(I) Whether There Are Conditions Set Forth in Items of Paragraph (4) of Article 27-13 of the Act and Details Thereof

If the aggregate number of the Tendered Shares does not exceed the maximum number of shares to be purchased (1,625,500 shares), NSC will purchase all the Tendered Shares. If the aggregate number of Tendered Shares exceeds the maximum number of shares to be purchased (1,625,500 shares), NSC will not purchase the excess in whole or in part, and the shares will be delivered and other settlement procedures for their purchase using the pro rata method as specified in Article 27-13, paragraph (5) of the Act and Article 32 of the Cabinet Office Ordinance (if the number of Tendered Shares of a tendering shareholder includes shares in quantities of less than one unit (100 shares), the number of shares to be purchased from the tendering shareholder that is calculated using the pro rata method shall be up to the number of Tendered Shares of the tendering shareholder).

If the total number of shares to be purchased from the tendering shareholders that is calculated by rounding off the number of shares in quantities of less than one unit arising from the calculation using the pro rata method is less than the maximum number of shares to be purchased, an additional unit (if, as a result of purchasing an additional unit of shares from a tendering shareholder, the sum exceeds the number of Tendered Shares of the tendering shareholder, then the number short of the number of Tendered Shares of the tendering shareholder) of the Tendered Shares will be purchased from each tendering shareholder serially in order of the number of their shares rounded down, until the sum reaches or exceeds the number of shares to be purchased. However, if, as a result of purchasing one unit of Tendered Shares from all the tendering shareholders of which the number of shares rounded down is equal in accordance with this arrangement, the sum exceeds the maximum number of shares to be purchased, the tendering shareholders whose Tendered Shares will be purchased will be determined from among those tendering shareholders in a draw to the extent that the sum will not fall below the maximum number of shares to be purchased. If the total number of shares to be purchased from the tendering shareholders that is calculated by rounding off the number of shares in quantities of less than one unit arising from the calculation using the pro rata method exceeds the maximum number of shares to be purchased, the number of shares to be purchased will be reduced by one unit (if the number of shares to be purchased that is calculated using the pro rata method includes shares in quantities of less than one unit, this means the number of shares in quantities of less than one unit) of those shares for each tendering shareholder serially in order of the number of their shares rounded up to the extent that the total number of shares to be purchased will not fall below the maximum number of shares to be purchased. However, if, as a result of reducing the number of shares to be purchased from all the tendering shareholders of which the number of shares rounded up is equal in accordance with this arrangement, the total number of shares to be purchased is short of the maximum number of shares to be purchased, the tendering shareholders whose shares purchased will be reduced will be determined from among those tendering shareholders in a draw to the extent that the total number of shares to be purchased will not fall below the maximum number of shares to be purchased.

(II) Whether There Are Conditions for Tender Offer Withdrawal, Details Thereof, and Disclosure Method of Withdrawal

If any of the circumstances set forth in Article 14, paragraph (1), item (i), sub-items (a) through (i) and (l) through (s); item (iii), sub-items (a) through (h) and (j); and paragraph (2), items (iii) through (vi) of the Order for Enforcement of the Financial Instruments and Exchange Act of Japan (Cabinet Order No. 321 of 1965, as amended; the "**Enforcement Order**") arise, NSC may withdraw the Tender Offer. If (i) the management decision-making organ of the Target Company decides to pay a dividend from surplus with a record date prior to the settlement commencement date pertaining to the Tender Offer (excluding a dividend, where the amount of money or other properties to be delivered to the shareholders is expected to less than the amount equivalent to 10% of the book value of the net assets on the balance sheet as of the end of the most recent fiscal year of the Target Company (1,770,100,000 yen (Note))) (including where it decides to set a record date for a dividend from surplus prior to the settlement commencement date pertaining to the Tender Offer, without indicating any specific amount of the dividend from surplus), or (ii) the management decision-making organ of the Target Company decides to acquire treasury shares (excluding acquisition, where the amount of money or other properties to be delivered in exchange for acquisition of shares is expected to be less than the amount equivalent to 10% of the book value of the net assets on the balance sheet as of the end of the most recent fiscal year of the Target Company (1,770,100,000 yen (Note))), then, NSC may withdraw the Tender Offer by considering that the events above are those that fall under the "matters equivalent to those set forth in sub-items (a) through (r)" specified in Article 14, paragraph (1), item (i), sub-item (s) of the Enforcement Order. In addition, in the Tender Offer, the "facts equivalent to those set forth in sub-items (a) through (i)" specified in Article 14, paragraph (1), item (iii), sub-item (j) of the Enforcement Order means (i) events where it has turned out that there were false statements regarding material matters in, or omissions of material matters that should have been stated in, statutory disclosure documents filed by the Target Company in the past, and where NSC did not know, and in the exercise of reasonable care could not have known, that there was such false statements or omissions, and (ii) events where the facts listed in sub-item (a) through (g) of the same item has occurred in major subsidiaries of the Target Company.

If NSC intends to withdraw the Tender Offer, it will give public notice electronically and will post notice thereof in the *Nihon Keizai Shimbun.* However, if it is difficult to give the public notice by the last day of the Tender Offer Period, NSC will announce such withdrawal by the method set forth in Article 20 of the Cabinet Office Ordinance and will give the public notice immediately thereafter.

(Note) Reference: If a dividend from surplus is paid, where the amount of money or other properties to be delivered to the shareholders is equivalent to 10% of the book value of the net assets on the non-consolidated balance sheet as of the end of the most recent fiscal year of the Target Company, when assuming that the total number of issued shares and the number of treasury shares of the Target Company as of the record date for the dividend coincide with those that are stated in this press release, the amount of dividend per share is equivalent to 109 yen (Specifically, this amount was calculated by dividing (i) 1,770,100,000 yen, which is the amount equivalent to 10% (rounded down to the nearest million yen) of the amount of net assets (17,701 million yen) on the non-consolidated balance sheet of the Target Company as of March 31, 2020 as stated in the annual securities report for the 221st fiscal year submitted by the Target Company on June 26, 2020, by (ii) the number of shares (16,255,173 shares), which was obtained by deducting the number of treasury shares owned by the Target Company as of September 30, 2020 (13,069 shares) from the total number of issued shares of the Target Company as of September 30, 2020 as stated in the Target Company Quarterly Report (16,268,242 shares), with any fractions of less than one yen rounded up.).

(III) Whether There Are Conditions for Lowering the Purchase Price, Details Thereof, and Disclosure Method Thereof

Pursuant to Article 27-6, paragraph (1), item (i) of the Act, if the Target Company conducts an act falling under any of those acts set forth in Article 13, paragraph (1) of the Enforcement Order during the Tender Offer Period, NSC may lower the purchase price in accordance with the standards set forth in Article 19, paragraph (1) of the Cabinet Office Ordinance. If NSC intends to lower the purchase price, it will give public notice electronically and will post notice thereof in the *Nihon Keizai Shimbun.* However, if it is difficult to give public notice by the last day of the Tender Offer Period, NSC will announce such lowering by the method set forth in Article 20 of the Cabinet Office Ordinance and will give public notice immediately thereafter. If the purchase price is lowered, the Tendered Shares tendered prior to the day on which such public notice is made will be purchased at the lowered purchase price.

(IV) Matters Regarding the Rights of the Tendering Shareholders to Cancel Contracts

A tendering shareholder may cancel a contract for the Tender Offer at any time during the Tender Offer Period.

If a tendering shareholder cancels a contract, he/she is required to deliver or send a written cancellation (a tender offer application receipt and a document stating his/her intention to cancel a contract for the Tender Offer) to the tender offer agent at its head office or Japanese branches that accepted his/her tender by 16:00 on the last day of the Tender Offer Period. However, in the case of sending a written cancellation, the written cancellation must arrive by 16:00 on the last day of the Tender Offer Period.

Person/Entity Having Authority to Receive Written Cancellations:

Daiwa Securities Co., Ltd.
9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
(other domestic branches of Daiwa Securities Co., Ltd.)

NSC will not request that the tendering shareholders pay damages or penalties in connection with their cancellation of contracts, and the expenses required for returning the Tendered Shares will be borne by NSC. If a cancellation is proposed, the Tendered Shares will be returned promptly after completion of procedures by the method stated in "(IV) Return Method of Shares" in "(8) Settlement Method" above.
* Along with taking preventative measures against COVID-19, during the Tender Offer Period, special measures may be taken such as temporarily suspending services provided by the tender offer agent in person at branch offices. For details, please contact the head office or domestic branch offices of the tender offer agent. Furthermore, with respect to the special measures and the branch offices subject to it, etc., please also refer to the tender offer agent's website (https://www.daiwa.jp/).

(V) Disclosure Method in the Case of Changes to the Purchase Conditions

During the Tender Offer Period, NSC may change the purchase conditions unless prohibited under Article 27-6, paragraph (1) of the Act and Article 13, paragraph (2) of the Enforcement Order.

If NSC intends to change the purchase conditions, it will give public notice regarding the details of the changes electronically and will post notice thereof in the *Nihon Keizai Shimbun*. However, if it is difficult to give public notice by the last day of the Tender Offer Period, NSC will announce such changes by the method set forth in Article 20 of the Cabinet Office Ordinance and will give public notice immediately thereafter.

If any changes are made to the purchase conditions, the Tendered Shares prior to the day on which such public notice is made will be purchased on the changed purchase conditions.

(VI) Disclosure Method Where an Amended Statement Is Submitted

Where NSC submits an amended statement of the Tender Offer Statement to the Director General of the Kanto Local Finance Bureau (excluding cases as set forth in the proviso to Article 27-8, paragraph (11) of the Act), it will immediately announce the information stated in the amended statement that pertain to matters in the public notice of commencement of the Tender Offer by the method set forth in Article 20 of the Cabinet Office Ordinance. In addition, NSC will immediately amend the Tender Offer Explanatory Document, and for the tendering shareholders to whom the Tender Offer Explanatory Document has been already delivered, it will make such amendment by delivering the amended Tender Offer Explanatory Document to them. However, if the scope of the amendment is limited, NSC will make such amendment by means of preparing a document stating the reasons for the amendment, the amended matters, and the content after amendment and delivering such document to the tendering shareholders.

(VII) Disclosure Method of the Results of the Tender Offer

NSC will announce the results of the Tender Offer by the method set forth in Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Office Ordinance on the day following the last day of the Tender Offer Period.

(VIII) Others

The Tender Offer is not directly or indirectly conducted within the United States or aimed at the United States, does not use the U.S. postal mail services or other interstate or international commercial methods or means (including, but not limited to, facsimile, e-mail, Internet communication, telex, and telephone), and is not conducted through stock exchange facilities within the United States. No shareholder will be permitted to tender shares in the Tender Offer using the above methods or means, through the above facilities, or from within the United States.

Furthermore, this press release and the related purchase documents are not and shall not be sent or distributed within, to, or from the United States using postal mail or other methods. Any tenders in the Tender Offer that violate the above restrictions directly or indirectly shall not be accepted.

When tendering their shares in the Tender Offer, tendering shareholders (or standing proxies in the case of foreign shareholders) may be required to provide the following representations and warranties to the tender offer agent:

- The tendering shareholders are not located in the United States at the time of both applying for the Tender Offer and sending a tender offer application form.
- The tendering shareholders have not directly or indirectly received or sent any information (including the copies) related to the Tender Offer within, to, or from the United States.
- The tendering shareholders did not use directly or indirectly the U.S. postal mail services or other interstate or international commercial methods or means (including, but not limited to, facsimile, e-mail, Internet communication, telex, and telephone) or stock exchange facilities within the United States, to purchase, or to sign and deliver the tender offer application form.
- The tendering shareholders are not persons who act as an agent, trustee, or mandatary, without discretion, of another person (except where such other person gives all instructions related to the purchase from outside the United States).

(10) Date of Public Notice of Commencement of the Tender Offer

Friday, January 22, 2021

(11) Tender Offer Agent

Daiwa Securities Co., Ltd.
9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

3. Policies After the Tender Offer and Future Prospects

(1) Policies After the Tender Offer

With respect to the policies after the Tender Offer, please see "(2) Background to Decision to Conduct, Purposes of, and Decision-Making Process for, the Tender Offer, and Post-Tender Offer Management Policies," "(4) Planned Acquisition of Additional Shares after the Tender Offer" and "(5) Likelihood of Delisting and Reasons Therefore" in "1. Purpose of the Purchase" above.

(2) Future Prospects

The impact of the Tender Offer on the earnings forecast for the current fiscal year will be minor.

4. Others

(1) Whether There Is an Agreement Between NSC and the Target Company or Its Officers, and the Details Thereof

Not applicable.

(2) Other Information that Is Considered to Be Necessary When Investors Determine Whether to Tender an Offer to Purchase

Not applicable.

End

[Restriction on Solicitation]
This press release is a news statement to publicly release the Tender Offer, and was not prepared for the purpose of soliciting a tender for a sale. If you intend to tender an offer to sell the shares in the Tender Offer, please make sure that you refer to the Tender Offer Explanatory Document regarding the Tender Offer in advance, and tender for it at your own discretion. This press release is not a tender for, or a solicitation for a tender for, a sale or purchase of securities, and does not constitute a part of the foregoing. In addition, this press release (or any part of it) and any distribution hereof will not be the basis for any agreement concerning the Tender Offer, nor will it be relied upon when executing any such agreement.

[Prediction of the Future]
NSC does not promise that the projections expressed or implied as "forward-looking statements" will ultimately be accurate. The "forward-looking statements" in this press release have been prepared based on information available to NSC as of the date hereof, and unless otherwise required by law or regulation, NSC will not be responsible for updating or otherwise revising such forward-looking statements in order to reflect any future event or circumstances.

[Regulations of the United States]
Unless the Tender Offer can be implemented in compliance with applicable laws and various regulations in the United States, NSC will not conduct the Tender Offer for the United States or to a United States person (within the meaning of "United States person" provided in Regulation S of the Securities Act of 1933; hereinafter the same in this section). In this case, applications for shares of the Target Company related to the Tender Offer by any means, usage or method, or through any facility, cannot be conducted from the United States, within the United States, or by those existing or residing the United States, or by any person acting by calculation of a United States person or for the profit of a United States person.

[Other Countries]
In certain countries or regions, the announcement, issue or distribution of this press release may be restricted by laws or regulations. In such cases, you are required to be aware of such restrictions and comply with them. This press release does not constitute any solicitation of an offer to sell or offer to purchase shares in relation to the Tender Offer, and shall be considered as a mere distribution of informative materials.