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(Stock Exchange Code 9810)

May 18, 2023

(Date of commencement of measures for electronic provision:

May 11, 2023)

**To Shareholders:**

Shinichi Nakamura  
President and Representative Director  
NIPPON STEEL TRADING CORPORATION  
2-7-1 Nihonbashi, Chuo-ku, Tokyo

**NOTICE OF  
AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

Please be informed that an Extraordinary General Meeting of Shareholders of NIPPON STEEL TRADING CORPORATION (the “Company”) will be held for the purposes as described below.

In convening the General Meeting of Shareholders, the Company electronically provides information contained in the Reference Documents, etc. for the General Meeting of Shareholders (matters to be provided electronically), and such matters to be provided electronically are posted on the websites on the Internet indicated below. Please access either of the websites below and refer to the information.

The Company’s website

<https://www.nst.nipponsteel.com/en/>

Tokyo Stock Exchange website (TSE Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Please access the TSE website indicated above, enter the issue name (Nippon Steel Trading) or the securities code (9810) and click “Search,” select “Basic information,” then “Documents for public inspection/PR information,” and refer to the information.

If you are not attending the General Meeting of Shareholders in person, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:20 p.m. on Thursday, June 1, 2023, Japan standard time.

**Exercise of voting rights in writing (by mail)**

Please indicate your vote for or against each of the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by the deadline indicated above.

**Exercise of voting rights electronically (via the Internet)**

Please enter your votes on the website for exercising voting rights designated by the Company (<https://www.web54.net>) by the deadline indicated above. Institutional investors can use the Electronic Voting Platform operated by ICJ, Inc.

**1. Date and Time:** Friday, June 2, 2023 at 2:00 p.m. Japan standard time

**2. Place:** Bellesalle Tokyo Nihombashi located at  
B2, Tokyo Nihombashi Tower  
7-1, Nihombashi 2-chome, Chuo-ku, Tokyo, Japan

**3. Meeting Agenda:**

**Proposals to be resolved:**

**Proposal 1:** Share Consolidation

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

1. Reception desk opens at 1:00 p.m.
2. When attending the meeting, please submit the enclosed **Voting Rights Exercise Form** at the reception desk.
3. This notice also serves as the document stating the matters to be provided electronically in accordance with requests for delivery of a paper copy.
4. Any updates to the matters to be provided electronically will be posted on the websites indicated above.

# Reference Documents for the General Meeting of Shareholders

## Proposals and Reference Matters

### Proposal 1: Share Consolidation

In accordance with the result of the tender offer for the Company's common shares (the "Company Shares") by Nippon Steel Corporation ("Nippon Steel"), this proposal is to request approval that the Company conduct consolidation of the Company Shares (the "Share Consolidation") in which 6,428,800 Company Shares will be consolidated in one share, effective June 23, 2023, in order to make Nippon Steel and Mitsui & Co., Ltd. ("Mitsui") the only shareholders of the Company.

#### 1. Reasons for Implementing Share Consolidation

As notified in "Declaration of Opinion in Support of the Tender Offer for the Shares of the Company by Nippon Steel Corporation (a Related Company of the Company) and Recommendation for the Tender Offer" released by the Company on March 10, 2023 (including its amendment as announced in the press release issued by the Company on and after March 10, 2023; collectively, the "Company Press Release on the Declaration of Opinion"), Nippon Steel implemented a tender offer for the Company Shares (the "Tender Offer") whose purchase period was 20 business days from March 13, 2023 to April 10, 2023 (the "Tender Offer Period") as part of a series of transactions intended to acquire all of the Company Shares (excluding, however, the Company Shares held by Nippon Steel and Mitsui and the treasury shares owned by the Company) and to make the Company a consolidated subsidiary of Nippon Steel, as well as to make Nippon Steel and Mitsui the only shareholders of the Company, with the voting rights holding ratios of Nippon Steel and Mitsui in the Company to be 80.00% and 20.00%, respectively, after the Company is delisted (the "Transaction").

As a result of the Tender Offer, Nippon Steel owned 22,649,303 shares of the Company Shares (ownership ratio (Note 1): 70.21%) as of April 14, 2023, the commencement date of settlement of the Tender Offer.

(Note 1) The "ownership ratio" refers to the ratio of shares held by a shareholder to the number of shares (32,257,267 shares), which is obtained by deducting the number of treasury shares (50,533 shares) held by the Company as of December 31, 2022, which was notified by the Company to Nippon Steel, from the total number of issued shares as of December 31, 2022 (32,307,800 shares) stated in the 46th Fiscal Year Third Quarter Securities Report submitted by the Company on February 14, 2023, with the ratio rounded to the second decimal place. The same applies for all ownership ratios stated hereinafter.

As notified in the Company Press Release on the Declaration of Opinion, on April 11, 2022, the Company was informed that Nippon Steel internally started considering making the Company its subsidiary and delisting the Company Shares; in response, the Company replied on the same day that it would conduct internal considerations if there was any official recommendation thereafter. Subsequently, on September 21, 2022, the Company received a written proposal for the implementation of the Transaction (the "Written Proposal") from Nippon Steel; in response, on September 28, 2022, the Company replied that it would carry out consideration by implementing measures to secure fairness, including establishing an appropriate internal consideration system. Thus, in late September, the Company appointed Nomura Securities Co., Ltd. ("Nomura Securities") as its financial advisor independent of Nippon Steel, Mitsui, and the Company, and Mori Hamada & Matsumoto as its legal advisor. The Company received advice from such advisors, and, in connection with considerations concerning the Transaction, and discussions and negotiations on the same with Nippon Steel, as the issue of structural conflict of interest and the issue of information asymmetry in relation to general shareholders in the process of the Company considering the Transaction cannot be completely eliminated due to the following, in order to address these issues and ensure the fairness of the Transaction, the Company immediately proceeded with the establishment of a structure to conduct negotiations and make decisions independently of Nippon Steel and Mitsui: that although the Tender Offer is not a tender offer conducted by a controlling shareholder, the ownership ratio of Nippon Steel in the Company Shares is 34.54% (the ownership ratio including those shares indirectly owned through Nippon Steel's wholly-owned subsidiaries and consolidated subsidiaries is 35.08%), and

Nippon Steel is a major shareholder and the largest shareholder having the Company as an equity-method affiliate; that the ownership ratio of Mitsui with whom Nippon Steel executed the Shareholders Agreement in the Company Shares is 19.93%, and Mitsui is a major shareholder having the Company as an equity-method affiliate; and that the total ownership ratio of Nippon Steel and Mitsui in the Company Shares is 54.47% (the total ownership ratio of Nippon Steel and Mitsui including those shares indirectly owned through Nippon Steel's wholly-owned subsidiaries and consolidated subsidiaries is 55.01%) and exceeds the majority.

Specifically, as stated in “(A) Establishment of an Independent Special Committee by the Company and Acquisition of a Report by the Company from the Special Committee” of “(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest” in “3. Matters concerning Reasonableness of the Determination of the Ratio of Consolidation” below, the Company proceeded with preparations to establish a special committee consisting of its Independent Outside Directors from late September 2022. Subsequently, pursuant to the resolution of its Board of Directors' meeting held on September 28, 2022, the Company established a special committee consisting of three members: Mr. Keishiro Kinoshita (Independent Outside Director of the Company), Ms. Ryuko Inoue (Independent Outside Director of the Company, lawyer at Atsumi & Sakai, employer member of the Central Labour Relations Commission, Outside Director of Cosmo Energy Holdings Co., Ltd.), and Mr. Ryu Matsumoto (Independent Outside Director of the Company) (for the background of the establishment of the special committee, the background of considerations, and the content of decisions, please see “(A) Establishment of an Independent Special Committee by the Company and Acquisition of a Report by the Company from the Special Committee” of “(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest” in “3. Matters concerning Reasonableness of the Determination of the Ratio of Consolidation” below). Thereafter, the Company's Board of Directors requested that the special committee (i) make recommendations to it after considering whether it is to support the Tender Offer and whether it is to recommend that the Company's shareholders tender their shares in the Tender Offer, and (ii) provide opinions to it after considering whether its decision on the Transaction is not disadvantageous to the Company's minority shareholders (collectively, the “Advisory Matters”). Furthermore, when establishing the special committee, the Company's Board of Directors resolved that (i) its decision-making on the Transaction will be made with respect to the special committee's decisions to the maximum extent, including whether to support the Tender Offer, (ii) if the special committee decides that the transaction terms for the Transaction are not appropriate, it will not approve the Transaction on these transaction terms (including not to support the Tender Offer). The Company's Board of Directors also resolved (i) that the special committee will be substantially involved in the negotiation process between the Company and Nippon Steel (including making instructions or requests regarding the negotiation policy with Nippon Steel as necessary, and negotiating with Nippon Steel itself); (ii) that the special committee will appoint its own financial advisor(s) and legal advisor(s) at the Company's expense, and will nominate or approve the Company's financial advisor(s) and legal advisor(s) (including ex post facto approval) (if the special committee confirms that there is no problem with the independence and expertise of the Company's advisors, it may seek professional advice from the Company's advisors); (iii) that the special committee will receive information necessary to consider and make a decision on the Transaction from the Company's officers and employees, including information regarding the content and premise of the business plan; and (iv) that the Company will grant authority on other matters that the special committee finds necessary when considering and making a decision on the Transaction (for the method of resolution at the Board of Directors' meeting, please see “(A) Establishment of an Independent Special Committee by the Company and Acquisition of a Report by the Company from the Special Committee” of “(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest” in “3. Matters concerning Reasonableness of the Determination of the Ratio of Consolidation” below). Under the authority above, on October 6, 2022, the special committee decided to appoint Nakamura, Tsunoda & Matsumoto as its own legal advisor and PLUTUS CONSULTING Co., Ltd. (“PLUTUS”) as its own financial advisor and third-party valuation agency, as stated in “(A) Establishment of an Independent Special Committee by the Company and Acquisition of a Report by the Company from the Special Committee” of “(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest” in “3. Matters concerning Reasonableness of the Determination of the Ratio of Consolidation” below.

In addition, as stated in “(A) Establishment of an Independent Special Committee by the Company and Acquisition of a Report by the Company from the Special Committee” of “(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest” in “3. Matters concerning Reasonableness of the Determination of the Ratio of Consolidation” below, the Company obtained the approval of the special committee for the appointment of Nomura Securities as the Company's financial advisor and third-party valuation agency and Mori Hamada & Matsumoto as the Company's legal advisor.

Furthermore, as stated in “(A) Establishment of an Independent Special Committee by the Company and Acquisition of a Report by the Company from the Special Committee” of “(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest” in “3. Matters concerning Reasonableness of the Determination of the Ratio of Consolidation” below, the Company internally built a structure to consider, negotiate, and make a decision on the Transaction (including the scope of the Company’s officers and employees who would be involved in the consideration, negotiations, and decision-making for the Transaction, and their duties) independently from Nippon Steel and Mitsui, and obtained the approval of the special committee that there was no problem with the structure for consideration from the perspective of independence and fairness.

Subsequently, the Company received a report of the valuation result of the Company Shares, and advice on the negotiation policy with Nippon Steel and other advice from a financial perspective from Nomura Securities, and received guidance and other legal advice on responses to ensure fairness of the procedures in the Transaction from Mori Hamada & Matsumoto. Taking them into account, the Company has carefully considered whether to implement the Transaction and whether the transaction terms are appropriate, while respecting the special committee’s opinions to the maximum extent.

Since September 21, 2022, on which the Company received the Written Proposal from Nippon Steel, the Company had discussions and deliberations in further detail regarding the significance and purpose of the Transaction, and repeatedly had discussions and negotiations on the post-Transaction management system and business policy, and terms and conditions of the Transaction, between Nippon Steel while hearing opinions from the special committee and receiving approval as well as instructions and requests therefrom. Specifically, on October 14, 2022, the Company sent Nippon Steel a written question regarding the Written Proposal and the Transaction; on October 27, 2022 (partially on December 9, 2022), it received from Nippon Steel a response to the written question as well as a detailed oral explanation, and confirmed the intent of the response. On November 10, 2022 and December 1, 2022, the Company again sent Nippon Steel an additional written question; on November 18, 2022 and December 7, 2022, it received a response from Nippon Steel, respectively.

Moreover, on November 4, 2022, the Company received the initial proposal, including setting the purchase price per share of Company Shares in the Tender Offer (“Tender Offer Price”) at 8,400 yen per share from Nippon Steel. However, on November 17, 2022, the Company requested Nippon Steel to reconsider the proposal, as the proposal did not fully reflect the Company’s corporate value. Subsequently, on November 24, 2022, the Company received from Nippon Steel a proposal to set the Tender Offer Price at 8,800 yen and an explanation about an overview of the shareholders agreement, which was being deliberated over between Nippon Steel and Mitsui at that point (the “Shareholders Agreement”) (Note 2). In response, on December 1, 2022, the Company requested Nippon Steel to consider setting the Tender Offer Price at 12,500 yen, taking into consideration the level of exercise prices for the call-option by Nippon Steel and put-option by Mitsui, which will be set forth in the Shareholders Agreement. Subsequently, on December 7, 2022, the Company received a proposal from Nippon Steel to set the Tender Offer Price at 9,300 yen. However, on December 8, 2022, the Company requested Nippon Steel to set the Tender Offer Price at 9,800 yen, taking into consideration the level of prices for the Company’s consolidated net assets (excluding non-controlling shareholders’ equity), which will be a basis for the calculation of the exercise prices for the call-option by Nippon Steel and put-option by Mitsui, which will be set forth in the Shareholders Agreement. However, on December 9, 2022, Nippon Steel made a proposal to the Company to set the Tender Offer Price at 9,300 yen, because as for Nippon Steel, the Tender Offer Price set at 9,300 yen is sufficient as consideration that the Company’s general shareholders will receive in the Transaction, and is also the maximum price that could be suggested by Nippon Steel. In response, while the special committee continued its consideration of the Transaction, the Company communicated to Nippon Steel, on December 15, 2022, that it was not aware, as of that point in time, of any circumstances that would hinder the Company from supporting the Tender Offer and determining to recommend that shareholders of the Company tender their shares in the Tender Offer if Nippon Steel were to launch the Tender Offer at the Tender Offer Price of 9,300 yen. Thereafter, on December 21, 2022, the Company notified Nippon Steel that the Company’s Board of Directors that met on December 21, 2022 resolved, as its opinion as of that point in time, that it would express an opinion to support the Tender Offer and recommend that shareholders of the Company tender their shares in the Tender Offer if the Tender Offer was launched.

(Note 2) For an overview of the Shareholders Agreement, please see “4. Items regarding Material Agreements between the Tender Offeror and the Company’s Shareholders with respect to the Tendering of Shares in the Tender Offer” in the Company Press Release on the Declaration of

## Opinion.

In the course of the consideration and negotiation stated above, the special committee has from time to time received reports from the Company and the Company's advisor, and confirmed and stated opinions, etc. for that. Specifically, first, the reasonableness of the details, important assumptions, and course of preparation of the Company's business plan, which will be the basis for calculation of values of the Company Shares by Nippon Steel as well as Nomura Securities and PLUTUS has been confirmed and approved by the special committee. Furthermore, Nomura Securities has, as the Company's financial advisor, negotiated with Nippon Steel based on the negotiation policy considered in advance by the Company and which takes into account the opinions of the special committee. In addition, each time Nomura Securities receives a proposal of the Tender Offer Price from Nippon Steel, it immediately reports the proposal to the special committee, and responds thereto upon consideration within the Company based on advice given by the special committee.

Thereafter, on December 21, 2022, the Company received a report from the special committee to the effect that (i) it considers it appropriate for the Company's Board of Directors to express its opinion in support of the Tender Offer and recommend that the Company's shareholders tender in the Tender Offer, and (ii) it considers that the decisions by the Company's Board of Directors for the Transaction (the decision to support the Tender Offer and recommend that the Company's shareholders tender in the Tender Offer, and the decision to implement a series of procedures to make Nippon Steel and Mitsui the only shareholders of the Company (the "Squeeze-Out Procedures") by the Share Consolidation) are not disadvantageous for the Company's minority shareholders (the "Report Dated December 21, 2022") (for an overview of the Report Dated December 21, 2022, please see "(A) Establishment of an Independent Special Committee by the Company and Acquisition of a Report by the Company from the Special Committee" of "(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest" in "3. Matters concerning Reasonableness of the Determination of the Ratio of Consolidation" below). Together with the Report Dated December 21, 2022, the Company also received from the special committee a share valuation report on the valuation result of the Company Shares and a fairness opinion to the effect that the Tender Offer Price, 9,300 yen, is considered to be fair from a financial perspective for the Company's minority shareholders submitted by PLUTUS to the special committee on December 21, 2022 (the "Share Valuation Report (PLUTUS)" and the "Fairness Opinion (PLUTUS)," respectively) (for an overview of the Share Valuation Report (PLUTUS) and the Fairness Opinion (PLUTUS), please see "(F) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency" of "(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest" in "3. Matters concerning Reasonableness of the Determination of the Ratio of Consolidation" below).

Under the circumstances described above, the Company, at its Board of Directors' meeting held on December 21, 2022, carefully discussed and considered whether the Transaction including the Tender Offer will contribute to the enhancement of the Company's corporate value and whether the transaction terms for the Transaction including the Tender Offer Price are appropriate, based on the legal advice obtained from Mori Hamada & Matsumoto, and the advice from a financial perspective and the content of a share valuation report on the valuation result of the Company Shares and a fairness opinion to the effect that the Tender Offer Price, 9,300 yen, is considered to be appropriate from a financial perspective for the Company's shareholders (excluding Nippon Steel and Mitsui) obtained from Nomura Securities on December 20, 2022 (the "Share Valuation Report (Nomura Securities)" and the "Fairness Opinion (Nomura Securities)," respectively), and the content of the Share Valuation Report (PLUTUS) and the Fairness Opinion (PLUTUS) submitted through the special committee, while respecting the special committee's decisions indicated in the Report Dated December 21, 2022 to the maximum extent.

As a result, the Company reached the conclusion that the Transaction, including making the Company a wholly-owned subsidiary of Nippon Steel, as well as making Nippon Steel and Mitsui the only shareholders of the Company, will contribute to the enhancement of the Company's corporate value, for the following reasons.

Regarding the business environment surrounding the Company, in the steel market, domestic demand for steel material is expected to decrease due to factors such as population decline and an increase in local production by overseas customers, and competition within international markets is expected to intensify even further hereafter. In addition, in the textile market, the domestic apparel market, which is the Company's main target, is also expected to continue shrinking due to population decline, etc. Meanwhile, new demand in response to social needs including SDGs, and global demand for steel products particularly

in Asia and North America is expected to expand.

As a core trading company of Nippon Steel, which aims to become “the best steelmaker with world-leading capabilities,” the Company has up until now expanded its business operations mainly by developing the trading business, which purchases products and then sells them, domestically and globally, mainly in the steel business, as well as industrial supply & infrastructure, textiles, and foodstuff industries. However, given the structural deterioration in the business environment as stated above, the Company believes that it is difficult to continue the existing business model based on the current scale of fixed costs.

To accurately respond to such situation, the Company aims to implement measures to strengthen the business foundation to drastically improve the value-added productivity of the group employees, and to reorganize, integrate, or withdraw, etc. from the Company Group’s manufacturing and sales bases, thereby reducing the scale of fixed costs and constructing a robust corporate structure. Moreover, to achieve sustainable growth by advancing new growth strategies, the Company will aim to capture new demand arising from social needs such as SDGs, and also capture global demand expansion, such as “becoming an integral member” (Note 3) in the growing overseas market by expanding and upgrading the processing bases and sales networks in each region. In addition, the Company will make group-wide efforts to improve distribution efficiency and to create new businesses through M&A, alliances, and digital transformation strategies.

(Note 3) “Becoming an integral member” means to respond to demands in overseas markets by means of products, etc. manufactured in each country or region.

The Company’s opinions regarding the synergistic effects, etc. of the Transaction are as follows.

The greatest benefits of the Transaction for the Company are that it will be an opportunity for the Company to increase its presence in growing overseas growth markets more than ever by integrating with Nippon Steel, which aims to establish a global crude steel production capacity of 100 million tons, and that it will be an opportunity for the Company to play a role as a true core trading company for Nippon Steel in new demand fields such as carbon neutrality (Note 4) without being restricted in its handling of confidential information.

(Note 4) “Carbon neutrality” means the state that the total “emission” of greenhouse gases including carbon dioxide is made practically zero after subtracting the “absorbed amount” by tree plantation, forestry management, etc.

Nippon Steel intends to expand direct marketing customers within its group to maximize the group’s corporate value, and the Company considers that the necessary commercial sales business for direct marketing will be realized by integrating its trading company functions within the group and focusing its sales force on growing fields and regions to further expand sales and build and expand supply chains through the integrated use of marketing data held by Nippon Steel’s and the Company’s domestic and overseas sales offices and processing bases. Meanwhile, in response to the commercial sales business that is expected to increase, the Company’s competitiveness in the entire supply chain is considered to be enhanced by improving the operation rate and optimizing systems at its processing bases, and the integrated optimization and efficiency between Nippon Steel (Group) and the Company will be realized.

Furthermore, it is considered that the integration of the Company Group’s production, inventory, logistics, delivery, and other marketing data with Nippon Steel by utilizing the digital transformation measures that the Company is currently promoting, specifically, “Automatic financial resource control system (N-SCM)” and “integrated CC system (EXCS),” is expected to further increase the sophistication of the supply chain and achieve integrated optimization of production and logistics.

On the other hand, as below, the Company considers that there is no particularly significant matter regarding the dis-synergy of the Transaction. The Company has so far promoted diversification of procurement as a response to an expansion of the global presence and reduction of Nippon Steel’s production capability. There were concerns that this policy and approach may be restricted in accordance with the integration of various functions with Nippon Steel; however, according to Nippon Steel, this will not affect the management strategy shared with Nippon Steel, and the transaction that contributes to the maximization of the Group’s corporate value will not be restricted on a precondition that measures, etc. required by competition law will be appropriately exercised, such as disrupting the provision of information. Therefore, the Company considers that such concerns have been resolved.

Furthermore, while there is a concern that customers who grant commercial rights to the Company because the Company is a listed company with a certain degree of independence from Nippon Steel, may consider changing their trading company upon the integration of the various functions of the Company and

Nippon Steel, many customers are fully aware that the Company is an equity-method affiliate/manufacturer-affiliated trading company in which Nippon Steel held a 34.54% stake as of December 21, 2022, and therefore, it is considered that the number of customers who would consider changing their trading company due to wariness of Nippon Steel's growing influence is limited.

Moreover, while there is a concern that the Company's delisting and becoming a subsidiary of Nippon Steel as a result of the Transaction may lead to reduced motivation or resignation of some employees, or have a negative impact on recruitment and retention of personnel, the Company confirmed a policy that full explanations regarding the Transaction will be provided to its employees, including the establishment of an internal communication plan, that two-way communication will be strengthened, and that the Company and Nippon Steel will hold adequate discussions as necessary.

Also, while there is a concern that the delisting of the Company through the Transaction may result in losing the benefit of transparency in its sustainability initiatives being ensured, which made it easier for the Company to explain and appeal them to its business partners, the Company intends to continue such initiatives and enhance disclosure, which would mitigate such concern to some extent.

In addition, the Tender Offer Price, 9,300 yen, is an appropriate price that ensures interests that should be received by general shareholders of the Company, and that the Tender Offer provides those shareholders reasonable opportunities to sell the Company Shares at a price including an appropriate premium, as stated in "(3) Matters concerning the Amount of Money Expected to be Delivered to Shareholders as a Result of Treatment of Fractional Shares and Reasonableness of Such Amount" in "3. Matters concerning Reasonableness of the Determination of the Ratio of Consolidation" below.

In light of the above, the Company resolved at its Board of Directors' meeting held on December 21, 2022, to express its opinion to support the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer if the Tender Offer is commenced, as its opinion as of the same day.

In addition, the Company resolved at the Board of Directors' meeting above that when the Tender Offer commences, the Company will request that the special committee established by the Company examine whether there are any changes in the recommendation that the special committee expressed to the Company's Board of Directors as of December 21, 2022, and if there is no change, state to that effect, and if there is any change, state its new recommendation, to the Company's Board of Directors; and based on such recommendation of the special committee, the Company will re-express its opinion regarding the Tender Offer at the time of commencement of the Tender Offer.

After the Company was informed by Nippon Steel on January 18, 2023 that Nippon Steel intends to commence the Tender Offer on February 28, 2023 on the premise that the acquisition of clearances under domestic and overseas (Japanese, Chinese, Taiwanese, Turkish, Mexican, U.S., and Vietnamese) competition laws is completed and that other conditions precedent (for details, please see "(1) Details of the Opinion on the Tender Offer" in "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" in the Company Press Release on the Declaration of Opinion.) are fulfilled or waived by Nippon Steel, on February 10, 2023, the Company requested the special committee to examine whether there are any changes in the contents of the report that the special committee made to the Company's Board of Directors as of December 21, 2022, and if there is no change, state to that effect, and if there is any change, report the changed contents, to the Company's Board of Directors. Furthermore, on February 27, 2023, the Company was informed by Nippon Steel that not all of the necessary procedures and actions under domestic and overseas competition laws had been completed, and that, therefore, Nippon Steel estimated that the Tender Offer would be commenced during March 2023. Thereafter, the Company was informed by Nippon Steel on February 28, 2023 that the acquisition of clearances under domestic and overseas (Japanese, Chinese, Taiwanese, Turkish, Mexican, U.S., and Vietnamese) competition laws was completed. The special committee verified the facts concerning whether any material change in the situation that could have an impact on the Transaction occurred on and after December 21, 2022, and as a result of considering the above-mentioned advisory matters, it confirmed that considering the circumstances on and after December 21, 2022 until March 10, 2023, no material change in the situation that could have an impact on the Transaction had occurred and that there were no circumstances that would require a change in the contents of the report that the special committee made to the Company's Board of Directors on December 21, 2022; on March 10, 2023, the special committee submitted to the Company's Board of Directors an additional report (the "Report Dated March 10, 2023") to the effect that it considers that there is no need to change the contents of the above-mentioned report based on the unanimous resolution.

Based on it, the Company again carefully considered the terms of the Tender Offer based on the Company's business performance and the environment surrounding the Transaction, while respecting the contents of the Report Dated March 10, 2023 submitted by the special committee to the maximum extent; as a result, the Company concluded that as of March 10, 2023, there are no factors to change its opinion



regarding the Tender Offer as of December 21, 2022.

As stated above, at the Board of Directors' meeting held on March 10, 2023, the Company again resolved to express its opinion in support of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer.

For the method of resolutions at the Board of Directors' meetings held on December 21, 2022 and March 10, 2023 above, please see "(G) Approval of All Directors of the Company Without Conflicts of Interest in the Transaction, and No Objection from All of the Attending Audit & Supervisory Board Members of the Company Without Conflicts of Interest in the Transaction" of "(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest" in "3. Matters concerning Reasonableness of the Determination of the Ratio of Consolidation" below.

Subsequently, the Tender Offer was implemented as stated above. However, Nippon Steel did not acquire all of the Company Shares (excluding, however, the Company Shares owned by Nippon Steel and Mitsui, as well as the treasury shares owned by the Company) through the Tender Offer. Therefore, in response to the request by Nippon Steel, the Company, at its Board of Directors' meeting held on April 27, 2023, resolved to submit a proposal to the Extraordinary General Meeting of Shareholders on consolidation of 6,428,800 Company Shares into one share (the "Share Consolidation") as stated in "(1) Ratio of the Share Consolidation" in "2. Details of Share Consolidation" below in order to make Nippon Steel and Mitsui the only shareholders of the Company, as notified in the Company Press Release on the Declaration of Opinion, provided that shareholders' approval is secured at the Extraordinary General Meeting of Shareholders.

As a result of the Share Consolidation, the number of Company Shares owned by each shareholder other than Nippon Steel and Mitsui will be a fraction of less than one share.

## 2. Details of Share Consolidation

- (1) Ratio of the Share Consolidation  
6,428,800 Company Shares will be consolidated into one share.
- (2) Date of on which the Share Consolidation Takes Effect (Effective Date)  
June 23, 2023
- (3) Total Number of Issued Shares on the Effective Date  
20 shares

## 3. Matters concerning Reasonableness of the Determination of the Ratio of Consolidation

6,428,800 Company Shares will be consolidated into one share. The Company judges that the ratio of the Share Consolidation is reasonable because the purpose of the Share Consolidation is to make Nippon Steel and Mitsui the only shareholders of the Company, as stated in "1. Reasons for Implementing Share Consolidation" above, and in light of the matters described below.

- (1) When the Company has a Parent Company, etc., Matters Given Due Consideration so as Not to Harm the Interests of the Company's Shareholders Excluding the Parent Company, etc.

Whereas the Share Consolidation is to be implemented as the second-step procedure of a so-called two-step acquisition following the Tender Offer as part of the Transaction, as of December 21, 2022, the date of announcement of the Tender Offer, the Company was not a subsidiary of Nippon Steel and the Tender Offer did not constitute a tender offer by a controlling shareholder.

However, the ownership ratio of Nippon Steel in the Company Shares is 34.54% (the ownership ratio including those shares indirectly owned through Nippon Steel's wholly-owned subsidiaries and consolidated subsidiaries is 35.08%); Nippon Steel is a major shareholder as well as the largest shareholder having the Company as an equity-method affiliate; the ownership ratio of Mitsui with whom Nippon Steel has executed the Shareholders Agreement in the Company Shares is 19.93%; Mitsui is a major shareholder having the Company as an equity-method affiliate; and the total ownership ratio of Nippon Steel and Mitsui in the Company Shares is 54.47% (the total ownership ratio of Nippon Steel and Mitsui including those shares indirectly owned through Nippon Steel's wholly-owned subsidiaries and consolidated subsidiaries is 55.01%) and exceeds the majority. Therefore, as the issue of structural conflict of interest and the issue of information asymmetry in relation to general shareholders in the process of the Company considering the Transaction cannot be completely eliminated, in order to address these issues and ensure the fairness of the Transaction, the Company implemented the measures described in "(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest" below.

(2) When Fractional Shares that are Less than One Share are Expected to be Treated, Matters concerning the Method of Such Treatment

(A) Distinction as to Whether the Treatment is Planned pursuant to Article 235, Paragraph 1 of the Companies Act or Article 234, Paragraph 2 of the Same Act as Applied Mutatis Mutandis Pursuant to Article 235, Paragraph 2 of the Same Act and Reasons therefor

As stated in “1. Reasons for Implementing Share Consolidation” above, as a result of the Share Consolidation, the number of Company Shares owned by each shareholder other than Nippon Steel and Mitsui will be a fraction of less than one share.

Regarding fractions less than one share resulting from the Share Consolidation, the number of shares equivalent to the sum of such fractions (Any fraction of less than one share in the sum will be rounded down.) will be sold and the amount of money obtained by selling them will be delivered to each shareholder according to the number of fractional shares owned by each shareholder.

Regarding such sale, in view of the fact that the Share Consolidation is to be implemented as part of the Transaction whose purpose is to make Nippon Steel and Mitsui the only shareholders of the Company and that Company Shares are scheduled to be delisted as of June 21, 2023 and will become shares without a market price and thus there is little possibility of any purchaser emerging by auction, the Company intends to implement the sale to Nippon Steel by obtaining the permission of the court, pursuant to Article 234, Paragraph 2 of the Companies Act (Act No. 86 of 2005; as amended; the same applies hereinafter) as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act.

If the necessary permission of the court is obtained as planned, the Company intends to set the sale price in this case at a price that will result in the delivery of money to each of the shareholders in an amount equivalent to the amount obtained by multiplying the number of the Company Shares owned by the shareholders who are entered or recorded in the latest shareholder register as of June 22, 2023, the day preceding the effective date of the Share Consolidation (“Record Number of Shares”), by 9,300 yen, which is the same as the Tender Offer Price. However, in cases where the permission of the court cannot be obtained or adjustments of fractions are required for calculation purposes, the amount actually delivered may be different from the above amount.

(B) Name of the Person Who is Expected to Become the Purchaser of the Shares to be Sold  
Nippon Steel Corporation

(C) Method of the Person Who is Expected to Become the Purchaser of the Shares to be Sold to Secure Funds for Payment of the Proceeds from the Sale and Reasonableness of Such Method

Nippon Steel plans to use its own funds for payment of the money required for acquisition of the Company Shares equivalent to the sum of fractions resulting from the Share Consolidation. Nippon Steel has submitted a certificate of balance dated March 10, 2023, relating to the balance of Nippon Steel’s bank deposits as of March 9, 2023 as an attachment to the tender offer registration statement for the Tender Offer. According to Nippon Steel, no event has occurred since March 9, 2023 that could hinder payment of the proceeds from the sale of the Company Shares equivalent to the sum of fractions of less than one share and Nippon Steel is not aware of any event that may have occurred since that date, nor is it aware of any possibility that such an event may occur in the future.

Therefore, the Company judges that the method of Nippon Steel to secure funds for payment of the proceeds from the sale of the Company Shares equivalent to the sum of fractions of less than one share is reasonable.

(D) Expected Time of Sale and Expected Time of Delivery to the Shareholders of the Proceeds from the Sale

Pursuant to Article 234, Paragraph 2 of the Companies Act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act, the Company plans to file a petition for the permission of the court for sale of the Company Shares equivalent to the sum of fractions of less than one share resulting from the Share Consolidation and for purchase of such shares by Nippon Steel, in early to mid-July 2023. Although the time when the permission can be obtained will vary depending on, among other factors, the circumstances of the court, the Company expects that it will obtain the permission of the court and sell the Company Shares by means of the purchase by Nippon Steel in early to late July 2023; and that thereafter, it will deliver the proceeds from the sale to the shareholders in late September 2023 to late October 2023 after making the necessary

preparations for the delivery to the shareholders of the proceeds from the sale.

The Company judges that the sale of the Company Shares equivalent to the sum of fractions of less than one share resulting from the Share Consolidation will be implemented and delivery to the shareholders of the proceeds from the sale will be carried out at the respective point in time, as stated above, taking into consideration the time required for a series of procedures from the effective date of the Share Consolidation to the sale.

(3) Matters concerning the Amount of Money Expected to be Delivered to Shareholders as a Result of Treatment of Fractional Shares and Reasonableness of Such Amount

As described in “(A) Distinction as to whether the treatment is planned pursuant to Article 235, Paragraph 1 of the Companies Act or Article 234, Paragraph 2 of the same Act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act and reasons therefor” of “(2) When Fractional Shares that are Less than One Share are Expected to be Treated, Matters concerning the Method of Such Treatment” above, money equivalent to the amount obtained by multiplying the Record Number of Shares by 9,300 yen, which is the same as the Tender Offer Price is planned to be delivered to the shareholders.

The Company judges that the Tender Offer Price, 9,300 yen, is an appropriate price that ensures interests that should be received by general shareholders of the Company, and that the Tender Offer provides those shareholders reasonable opportunities to sell the Company Shares at a price including an appropriate premium, for the following reasons:

- (i) the price is agreed upon between the Company and Nippon Steel after sincere negotiations with the substantial involvement of the special committee after the measures to ensure the fairness of the transaction terms for the Transaction, including the Tender Offer Price, as stated in “(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest” below, were fully taken;
- (ii) the price is higher than the upper limit of the calculation results under the average market price method and the comparable company method, and within the range of the calculation results under the discounted cash flow method (“DCF Method”), from the calculation results of the value of the Company Shares by Nomura Securities in the Share Valuation Report (Nomura Securities) as stated in “(C) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency” of “(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest” below; and the Fairness Opinion (Nomura Securities) to the effect that the Tender Offer Price, 9,300 yen, is considered to be appropriate from a financial perspective for the Company’s shareholders (excluding Nippon Steel and Mitsui) has been issued by Nomura Securities, as stated in “(C) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency” of “(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest” below;
- (iii) the price is higher than the upper limit of the calculation results under the market price method and within the range of the calculation results under the DCF Method and higher than the median (7,621 yen), from the calculation results of the value of the Company Shares by PLUTUS in the Share Valuation Report (PLUTUS) as stated in “(F) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest” below; and the Fairness Opinion (PLUTUS) to the effect that the Tender Offer Price, 9,300 yen, is considered to be fair from a financial perspective for the Company’s minority shareholders has been issued by PLUTUS, as stated in “(F) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest” below;
- (iv) the price includes the following premiums: 85.26% on the closing price of the Company Shares of 5,020 yen on the Tokyo Stock Exchange as of December 20, 2022, which is the business day immediately before the announcement date of the implementation of the Tender Offer; 82.35% on the simple average of the closing price for the one month before the same date, which was 5,100 yen; 80.83% on the simple average of the closing price for the three months before the same date, which was 5,143 yen; and 79.81% on the simple average of the closing price for the six months before the same date, which was 5,172 yen,

and the level of premiums is considered to be reasonable because it is equivalent to the level of premiums in the previous 56 tender offer cases in which the delisting of an equity-method affiliate or consolidated subsidiary was contemplated that were announced in and after 2019 and were successfully completed (premiums of: 45.2% on the closing price as of the business day immediately before the announcement date (for the cases where media reports were published in advance, the closing price as of the business day immediately before the day on which the media reports were published); 47.5% on the simple average of the closing price for the one month before the business day immediately before the announcement date; 48.3% on the simple average of the closing price for the three months before the same date; and 47.0% on the simple average of the closing price for the six months before the same date);

- (v) the price is almost equal to the amount obtained by deducting 170 yen per share, which is the amount of the interim dividend for the fiscal year ended March 2023, from 9,502 yen, which is the book value of the Company's consolidated net assets per share as of September 30, 2022, although it is not reasonable to focus on the amount of consolidated net assets in considering the share value of the Company because the Company will continue its business as a going concern even after the Transaction;
- (vi) the price was also determined appropriate in the Report Dated December 21, 2022 obtained from the special committee, as stated in "(A) Establishment of an Independent Special Committee by the Company and Acquisition of a Report by the Company from the Special Committee" of "(4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest" below.

In addition, the Company confirmed that there had been no material change to the conditions, which are the basis of the Company's decision on the Tender Offer Price, in the period from when the Company expressed its opinion in support of the Tender Offer and recommended that the Company's shareholders tender their shares in the Tender Offer, until the holding of the Company's Board of Directors' meeting on April 27, 2023 at which convocation of the Extraordinary General Meeting of Shareholders was resolved.

In light of the above, the Company judges that the amount of money expected to be delivered to the shareholders by treatment of fractional shares is reasonable.

- (4) Measures to Ensure Fairness of the Transaction as Well as Measures to Avoid Conflicts of Interest
  - (A) Establishment of an Independent Special Committee by the Company and Acquisition of a Report by the Company from the Special Committee

- (i) Background to the Establishment

As stated in "1. Reasons for Implementing Share Consolidation" above, pursuant to the resolution at the Board of Directors' meeting held on September 28, 2022, the Company established the special committee. Prior to the establishment of the special committee, from late September 2022, the Company, while receiving advice from Mori Hamada & Matsumoto, individually explained to its Independent Outside Directors that it had received an initial proposal for the Transaction from Nippon Steel and that it would be necessary to build a structure to consider, negotiate, and make a decision on the Transaction with a view to enhancing the Company's corporate value and securing interests of the Company's general shareholders, in a position independent of Nippon Steel and Mitsui. Based on this, the Company, while receiving advice from Mori Hamada & Matsumoto, selected the following three candidates for members of the special committee after confirming that they are independent of Nippon Steel and Mitsui (the Company confirmed that there is no material interest between Mr. Keishiro Kinoshita, Ms. Ryuko Inoue, and Mr. Ryu Matsumoto on the one side, and Nippon Steel, Mitsui, or the Company on the other side), and that they do not have any material interest in whether the Transaction will be successfully completed that is different from general shareholders: Mr. Keishiro Kinoshita (Independent Outside Director of the Company) who has a long-term career at a financial institution, knowledge and experience acquired through his career at a listed company, and international experience; Ms. Ryuko Inoue (Independent Outside Director of the Company, lawyer at Atsumi & Sakai, employer member of the Central Labour Relations Commission, Outside Director of Cosmo Energy Holdings Co., Ltd.) who has a long-term career at the Ministry of Agriculture, Forestry and Fisheries and knowledge and experience acquired as a lawyer; and Mr. Ryu Matsumoto (Independent Outside

Director of the Company) who has long-term and abundant experience in the logistics industry and knowledge and experience in overall management (the members of the special committee have not been changed since the establishment thereof).

On that basis, as stated in “1. Reasons for Implementing Share Consolidation” above, the Company established the special committee pursuant to the resolution at the Board of Directors’ meeting held on September 28, 2022, and consulted the special committee on the Advisory Matters. When establishing the special committee, the Company’s Board of Directors resolved that decision-making on the Transaction by the Company’s Board of Directors will respect the special committee’s decisions to the maximum extent, including whether to support the Tender Offer; that if the special committee decides that the terms and conditions of the Transaction are not appropriate, it will not approve the Transaction on those terms and conditions (including not to support the Tender Offer); and that the special committee will be substantially involved in the negotiation process between the Company and Nippon Steel (including making instructions or requests regarding the negotiation policy with Nippon Steel as necessary, and negotiating with Nippon Steel itself). The Company’s Board of Directors also resolved that the special committee will appoint its own financial advisor(s) and legal advisor(s) at the Company’s expense and will nominate or approve the Company’s financial advisor(s) and legal advisor(s) (including ex post facto approval) (if the special committee confirms that there is no issue with the independence and expertise of the Company’s advisors, it may seek professional advice from the Company’s advisors); that the special committee will receive information necessary to consider and make a decision on the Transaction from the Company’s officers and employees, including information regarding the content and premise of preparation of the business plan; and that the Company will grant authority for other matters that the special committee finds necessary when considering and making a decision on the Transaction.

A fixed amount of remuneration will be paid to each member of the special committee as consideration for their duties regardless of the content of their report, and the remuneration does not include any contingent fee subject to successful completion of the Transaction.

(ii) Details of the Consideration

The special committee held meetings 13 times in total for approximately 13 hours in total during the period from October 6 to December 21, 2022, and its members performed their duties for the Advisory Matters by making reports, sharing information, deliberating, and making decisions via e-mail, web meeting, etc. as necessary during each interval of the meetings.

Specifically, on October 6, 2022, the special committee first decided to appoint Nakamura, Tsunoda & Matsumoto as its own legal advisor independent of Nippon Steel, Mitsui, and the Company, and PLUTUS as its own financial advisor and third-party valuation agency independent of Nippon Steel, Mitsui, and the Company, after considering their independence, expertise, performance, etc. The special committee confirmed the expertise and performance of Nakamura, Tsunoda & Matsumoto and PLUTUS, and that there was no issue with their independence of Nippon Steel, Mitsui, and the Company.

Furthermore, the special committee confirmed the expertise and performance of Nomura Securities as the Company’s financial advisor and third-party valuation agency and that there was no issue with their independence of Nippon Steel, Mitsui, and the Company, and it approved the appointment thereof; the special committee confirmed the expertise and performance of Mori Hamada & Matsumoto as the Company’s legal advisor and that it had no material interest in Nippon Steel, Mitsui, the Company, or the Transaction including the Tender Offer, and it approved the appointment thereof.

In addition, the special committee confirmed that there was no issue regarding the structure to consider the Transaction that the Company internally built (including the scope of the Company’s officers and employees who would be involved in the consideration, negotiations, and decision-making for the Transaction, and their duties) from the perspective of independence and fairness, and approved it.

Moreover, the special committee considered the measures to be taken in order to ensure the procedural fairness of the Transaction based on the legal advice received from Nakamura, Tsunoda & Matsumoto and the opinion obtained from Mori Hamada & Matsumoto.

The special committee sent Nippon Steel a document containing inquiries regarding the significance and purpose of the Transaction, the management structure and business policy after the Transaction, various conditions of the Transaction, and the like; furthermore, it

received direct explanations regarding these matters from Nippon Steel. Thereafter, they exchanged questions and answers.

The special committee received explanations regarding the course of the Transaction, synergy and dis-synergy of the Transaction, effect of the Transaction on the employees, and countermeasures, etc., from the management of the Company, and exchanged questions and answers.

In addition, the special committee received explanations from the Company regarding the contents of the Company's business plan, the material assumptions therefor, and the preparation process thereof, which constitute the basis for the valuation of the Company Shares by Nippon Steel, Nomura Securities, and PLUTUS; after exchanging questions and answers, it confirmed the reasonableness thereof and approved them. Moreover, as stated in "(C) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency" below and "(F) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency" below, Nomura Securities and PLUTUS calculated the value of the Company Shares based on the contents of the business plan. The special committee received explanations regarding the calculation methods used in their valuation of the Company Shares, the reasons why these calculation methods were adopted, the details of the calculations using each calculation method, and the material assumptions; furthermore, after exchanging questions and answers, and deliberating over and considering them, it confirmed the reasonableness of these matters.

Furthermore, as stated in "(C) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency" below and "(F) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency" below, the Company has received a submission of the Fairness Opinion (Nomura Securities) from Nomura Securities, and the special committee has received a submission of the Fairness Opinion (PLUTUS) from PLUTUS; it has also received explanations regarding the issuance procedures, etc. of the Fairness Opinion (Nomura Securities) and the Fairness Opinion (PLUTUS) from Nomura Securities and PLUTUS, respectively, and exchanged questions and answers.

Since the Company received the first proposal for the Tender Offer Price from Nippon Steel on November 4, 2022, the special committee has received timely reports on the details and the course of negotiation, etc. from Nomura Securities as the Company's financial advisor and the Company, each time a proposal for the Tender Offer Price was submitted by Nippon Steel to the Company. The special committee conducted deliberation over and consideration of the details thereof also based on the advice received from PLUTUS and opinions heard from Nomura Securities. The special committee also received a prior explanation from Nomura Securities on the draft for a policy of negotiation with Nippon Steel and the draft for a reply letter to Nippon Steel, and stated opinions as necessary and exchanged questions and answers; thereafter, it approved those drafts and gave instructions and requests to Nomura Securities and the secretariat.

Regarding the drafts of "Notice Regarding Planned Commencement of Tender Offer for Shares of Nippon Steel Trading Corporation (Securities Code: 9810)" dated December 21, 2022 announced by Nippon Steel ("Nippon Steel's Press Release Dated December 21, 2022") and of the Company's Press Release "Declaration of Opinion in Support of the Planned Commencement of the Tender Offer for the Shares of the Company by Nippon Steel Corporation (a Related Company of the Company) and Recommendation for the Tender Offer" dated December 21, 2022, the special committee received several explanations from Mori Hamada & Matsumoto as the Company's legal advisor and Nomura Securities as the Company's financial advisor, and exchanged questions and answers, while also receiving advice, etc. from Nakamura, Tsunoda & Matsumoto as the special committee's legal advisor, and the special committee confirmed that a fruitful information disclosure is planned to be conducted.

### (iii) Details of the Decision

Under the circumstances described above, the special committee carefully discussed and considered the Advisory Matters based on the legal advice received from Nakamura, Tsunoda & Matsumoto; the advice from a financial perspective received from PLUTUS; and the content

of the Share Valuation Report (PLUTUS) and the Fairness Opinion (PLUTUS) submitted as of December 21, 2022. Consequently, based on the unanimous consent of the members, the special committee submitted to the Company's Board of Directors the Report Dated December 21, 2022 as of the same date, as summarized below.

(a) Contents of the Report

- i. It is considered to be appropriate for the Company's Board of Directors to express an opinion to the effect that it supports the Tender Offer and that it recommends that the Company's shareholders tender shares in the Tender Offer.
- ii. The decisions made by the Company's Board of Directors on the Transaction (the decision to support the Tender Offer, the decision to recommend that the Company's shareholders tender shares in the Tender Offer, and the decisions to implement the Squeeze-Out Procedures through the Share Consolidation) are considered not to be disadvantageous to the Company's minority shareholders.

(b) Reasons for the Proposals Made in the Report

- i. Based on the following points, the special committee believes that the Transaction will contribute to the enhancement of the Company's corporate value and that the purposes of the Transaction are reasonable.
  - Nippon Steel has explained that: (i) it is considered that after the Transaction, it will be possible to share Nippon Steel's business strategy with the Company at a high level, and by maximally leveraging the know-how and infrastructure possessed by both companies to promptly and appropriately enact initiatives to realize the strategy, the results will be achieved quickly and maximized, thereby contributing to the enhancement of the corporate value of Nippon Steel Group; (ii) it is considered that after the Transaction, the Company and Nippon Steel will work together to improve the competitiveness of the entire supply chain, which is also expected to enhance the corporate value of the Company Group; and (iii) specifically, it is considered that the Transaction will enable the Company and Nippon Steel to streamline and reinforce trading company functions in the Company Group, to augment their direct sales capabilities through the integrated use of their sales know-how and infrastructure, and to further increase the sophistication of the supply chain (construction of a new business model).
  - In response, the management of the Company explained that: (i) the greatest benefits of the Transaction for the Company are that it will be an opportunity for the Company to increase its presence in growing overseas growth markets more than ever by integrating with Nippon Steel, which aims to establish a global crude steel production capacity of 100 million tons, and that it will be an opportunity for the Company to play a role as a true core trading company for Nippon Steel in new demand fields such as carbon neutrality without being restricted in its handling of confidential information; (ii) Nippon Steel intends to expand direct marketing to consumers within its group to maximize the group's corporate value, and the Company considers that the necessary commercial sales business for direct marketing will be realized by integrating its trading company functions within the group, by focusing its sales force on growing fields and regions to further expand sales and build and expand supply chains through the integrated use of marketing data held by the domestic and overseas sales offices and processing bases of the Company and Nippon Steel; (iii) in response to the commercial sales business which is expected to increase, it is considered that the Company's competitiveness in the entire supply chain will be enhanced by improving the operation rate and optimizing systems at its processing bases, and the integrated optimization and efficiency between Nippon Steel (Group) and the Company will be realized; and (iv) the Company has been promoting digital transformation, and it is considered that the integration of the Company Group's production, inventory, logistics, delivery, and other marketing data with Nippon Steel is expected to further increase the sophistication of the supply chain and achieve integrated optimization of production and logistics.
  - In addition, the Company's management explained that: (i) they believe that no material dis-synergy will arise from the integration of various functions with Nippon

Steel; (ii) while there is a concern that consumers who grant commercial rights to the Company because the Company is a listed company with a certain degree of independence from Nippon Steel, may consider changing their trading company upon the integration of the various functions of the Company and Nippon Steel, many consumers are fully aware that the Company is an equity-method affiliate/manufacturer-affiliated trading company in which Nippon Steel held a 34.54% stake as of December 21, 2022, and therefore, it is considered that the number of consumers who would consider changing their trading company due to wariness of Nippon Steel's growing influence is considered to be limited; (iii) while there is a concern that the Company's delisting and becoming a subsidiary of Nippon Steel as a result of the Transaction may lead to reduced motivation or resignation of some employees, or have a negative impact on recruitment and retention of personnel, the Company confirmed a policy that full explanations regarding the Transaction will be provided to its employees, including the establishment of an internal communication plan, that two-way communication will be strengthened, and that the Company and Nippon Steel will hold adequate discussions as necessary; and (iv) while there is a concern that the delisting of the Company through the Transaction may result in losing the benefit of transparency in its sustainability initiatives being ensured, which made it easier for the Company to explain and appeal them to its business partners, the Company intends to continue such initiatives and enhance disclosure, which would mitigate such concern to some extent.

- Based on the above, after careful discussion and consideration, the special committee believes that: Nippon Steel's explanation of the significance and purposes of the Transaction has a certain degree of specificity; the special committee is comfortable with the results of the consideration by the Company's management based on that explanation; the Transaction presents multiple advantages and no significant disadvantages; and appropriate measures are planned to be taken with respect to matters of concern for disadvantages that the Transaction may cause, such as employee matters and sustainability initiatives. As such, the special committee believes that the Transaction will contribute to the enhancement of the Company's corporate value and that the purposes of the Transaction are reasonable.
- ii. Based on the following points, the special committee believes that fair procedures have been taken in the Transaction from the perspective of securing the interests of the general shareholders.
- The Company has established a special committee that is independent from Nippon Steel, Mitsui, and the Company, and it may be considered that the special committee has performed its function effectively.
  - The special committee has appointed and received professional advice from its own legal advisor, Nakamura Tsunoda & Matsumoto, and its own financial advisor and third-party valuation agency, PLUTUS, after confirming their expertise and experience as well as their independence from Nippon Steel, Mitsui, and the Company.
  - The Company has received professional advice from Mori Hamada & Matsumoto, its legal advisor approved by the special committee, and Nomura Securities, its financial advisor and third-party valuation agency approved by the special committee, after the special committee confirmed their expertise and experience as well as the absence of material interests between them and Nippon Steel, Mitsui, the Company, and the Transaction.
  - The special committee has obtained from PLUTUS, the special committee's third-party valuation agency, the Share Valuation Report (PLUTUS) and the Fairness Opinion (PLUTUS).
  - The Company has obtained from Nomura Securities, the Company's third-party valuation agency, the Share Valuation Report (Nomura Securities) and the Fairness Opinion (Nomura Securities).
  - Among the officers of the Company, President and Representative Director Shinichi Nakamura and Director and Executive Vice President Hidetake Ishihara, who have transferred from Nippon Steel to the Company within the past year, Director and Managing Executive Officer Hiroshi Tashiro, who has transferred from Mitsui to the



Company within the past year, and an Outside Audit & Supervisory Board Member Hirofumi Funakoshi, who concurrently serves as a Managing Executive Officer of Nippon Steel, did not participate in the deliberations and resolutions of the Company's Board of Directors pertaining to the Transaction, and did not participate in the consideration of the Transaction at the Company and the discussions and negotiations regarding the Transaction with Nippon Steel. Furthermore, the Company has established working groups such as the Future Vision Working Group and the Capital Policy Working Group comprising only officers and employees of the Company who do not concurrently serve as officers or employees of Nippon Steel Group (other than the Company Group) or Mitsui's group and have not served as officers or employees of Nippon Steel Group (other than the Company Group) or Mitsui's group within the past year, and it has been found that the Company has established a structure to consider, negotiate, and make decisions regarding the Transaction from a standpoint independent of Nippon Steel and Mitsui.

- The purchase period for the Tender Offer (the "Tender Offer Period") of the Tender Offer is set as 20 business days in the Transaction. Nippon Steel announced on December 21, 2022 its plan to commence the Tender Offer, and aims to commence the Tender Offer in late February 2023 after certain conditions precedent, including the completion of procedures required under competition law, have been met, which is expected to require approximately two months before the commencement of the Tender Offer. Therefore, Nippon Steel has ensured a period of two months or more after the announcement of the Tender Offer during which other prospective acquirers are able to make competing proposals. Also, since the Company has not entered into any agreement or other arrangement with Nippon Steel and Mitsui that would restrict competing bidders from contacting the Company, there is an opportunity for other prospective acquirers to make proposals to acquire the Company.
  - Although a "majority of the minority" condition will not be set in the Tender Offer, if there is such a condition, it may enable holders of a relatively small number of shares to block the successful completion of the Tender Offer, given that Nippon Steel and Mitsui together hold the majority of the Company Shares. As such, such a condition would increase uncertainty as to whether the Tender Offer will successfully be completed and would not contribute to the interests of minority shareholders who wish to tender their shares in the Tender Offer. Thus, since sufficient measures to ensure the fairness of the Transaction have been taken in addition to the above, it is considered that the lack of a "majority of the minority" condition in the Tender Offer will not impair the fairness of the procedures in the Tender Offer.
  - It is found that an opportunity for general shareholders to make an appropriate decision regarding the Tender Offer based on sufficient information will be ensured.
  - It is found that practical measures desirable to eliminate coerciveness have been taken in the Transaction, and that the Transaction is not coercive for the following reasons: Nippon Steel will not adopt a scheme for the Squeeze-Out Procedures where those shareholders who do not tender their Company Shares will not be entitled to rights to demand share purchase or rights to demand price determination; Nippon Steel plans to implement the Squeeze-Out Procedures promptly after the successful completion of the Tender Offer to the extent possible under laws and regulations and to the extent practicable, and will request that, if the Tender Offer is commenced in late February 2023, the Company hold an Extraordinary General Meeting of Shareholders in late May 2023, the proposals for which include the Share Consolidation; the amount of money to be delivered to those shareholders who do not tender their Company Shares (excluding Nippon Steel, Mitsui, and the Company) in the Squeeze-Out Procedures will be the same amount as the Tender Offer Price multiplied by the number of the Company Shares held by each such shareholder, and Nippon Steel plans to disclose to that effect.
- iii. Based on the following points, the special committee believes that the appropriateness of the Tender Offer Price and other terms of the Transaction are ensured.
- The method of acquisition through the Transaction, namely conducting the Tender Offer as the first step and conducting a squeeze-out by a share consolidation as the

second step, is a method commonly adopted in transactions for the purpose of making a company an unlisted subsidiary, as in the case of the Transaction. In addition, regarding the type of consideration for the acquisition, the special committee believes that the method of delivering cash as consideration for the acquisition is appropriate given that the businesses of Nippon Steel and the Company are different and it will prevent the shareholders of the Company from assuming the risk of a fall in the share price of Nippon Steel.

- The business plan of the Company that was used as the basis for calculation in the Share Valuation Report (Nomura Securities) and the Share Valuation Report (PLUTUS) using the DCF Method was formulated based on the Company's management plan, which was formulated and announced on May 10, 2021, and the special committee identified no particular unreasonable aspects in the procedures for the formulation of the business plan or the content of the business plan.
- The special committee identified no particular unreasonable aspects in the methods of calculation or the content of the Share Valuation Report (PLUTUS) (including the distinction between business-related assets and non-business-related assets used in the DCF Method and the reasons for making such distinction) and therefore determined the report to be reliable, and the special committee confirmed that the Tender Offer Price (i) exceeds the upper limit calculated by PLUTUS using the market price method, (ii) is within the range calculated by PLUTUS using the DCF Method, and also (iii) exceeds the median value (7,621 yen) calculated by PLUTUS using the DCF Method.
- The special committee identified no particular unreasonable aspects in the methods of calculation or the content of the Share Valuation Report (Nomura Securities) (including the distinction between business-related assets and nonbusiness-related assets used in the DCF Method and the reasons for making such distinction) and therefore determined the report to be reliable, and the special committee confirmed that the Tender Offer Price (i) exceeds the upper limit calculated by Nomura Securities using the average market price method and comparable company method and (ii) is within the range of the results calculated by Nomura Securities using the DCF Method.
- The special committee confirmed that the Tender Offer Price offers a premium that exceeds the average premiums offered in similar cases (i.e., 56 cases of tender offers conducted with the intention of delisting an equity-method affiliate or consolidated subsidiary that were announced in and after 2019 and successfully completed) in terms of the closing price of the shares of the Company on the day before the date of announcement of the Tender Offer, and the simple average closing prices over the one-month, three-month, and six-month periods immediately prior to that date.
- The special committee was substantially involved in the process of discussion and negotiation between the Company and Nippon Steel regarding the Tender Offer Price and other terms of the Transaction, and ensured that sincere negotiations were conducted under circumstances in which reasonable efforts were made to conduct the Transaction on terms favorable to the general shareholders to the fullest extent possible, i.e., circumstances equivalent to an arm's length transaction.
- The special committee obtained the Fairness Opinion (PLUTUS) from PLUTUS and the Company obtained the Fairness Opinion (Nomura Securities) from Nomura Securities, and PLUTUS expressed an opinion to the effect that the Tender Offer Price is considered fair for the minority shareholders of the Company from a financial standpoint, and Nomura Securities expressed an opinion to the effect that the Tender Offer Price is considered appropriate for the shareholders of the Company excluding Nippon Steel and Mitsui from a financial standpoint. The special committee found no particular unreasonable aspects in the procedures for issuing the Fairness Opinion (PLUTUS) and the Fairness Opinion (Nomura Securities) or the content of those opinions, and the special committee believes that those fairness opinions also support the appropriateness of the Tender Offer Price.
- While the special committee believes that it is not reasonable to place importance on the net asset value of the Company when examining its share value because the Company plans to continue operating as a going concern after the Transaction, the Tender Offer Price is nearly equivalent to the book value of the Company's consolidated net assets per share as of September 30, 2022 less the amount of the interim dividend per share for the fiscal year ended March 2023, and it exceeds the

liquidation value as of September 30, 2022 preliminarily calculated by the management of the Company taking into account matters such as that a certain discount will be necessary upon the disposal of assets and various expenses will arise in connection with its liquidation in the event of dissolution or liquidation of the Company. Therefore, the special committee believes that the appropriateness of the Tender Offer Price is ensured even if the Company's net asset value is taken into account.

- Mainly based on the reasons described above, the special committee believes that the appropriateness of the Tender Offer Price is ensured. Also, the special committee believes that the appropriateness of consideration to be delivered to the shareholders of the Company in the Squeeze-Out Procedures, which will be the same amount as the Tender Offer Price, is ensured, since fair procedures have been taken in the Transaction from the perspective of securing the interests of the general shareholders as stated in ii. above.
  - Although it is expected that the Shareholders Agreement will provide for a call-option by Nippon Steel and a put-option by Mitsui with an exercise price that differs from the Tender Offer Price, the special committee believes that those option transactions are separate transactions from the Tender Offer and the fact that the exercise price for those options differs from the Tender Offer Price does not violate the statutory rule of equality of the Tender Offer Price. In addition, the special committee believes that those options do not disadvantage the minority shareholders of the Company when considered in comparison with the terms of those options.
- iv. The special committee believes that: (i) the Transaction will contribute to the enhancement of the corporate value of the Company and the purposes of the Transaction are reasonable as stated in i. above; (ii) the Transaction is conducted through fair procedures from the standpoint of securing the interests of general shareholders as stated in ii. above; and (iii) the appropriateness of the Tender Offer Price and other terms of the Transaction are ensured as stated in iii. above. As such, the special committee believes the Company's Board of Directors' decision to express an opinion to support the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer would not be disadvantageous to the Company's minority shareholders and would be appropriate. The special committee also believes that the Company's Board of Directors' decision to implement the Squeeze-Out Procedures by way of the Share Consolidation in order to make Nippon Steel and Mitsui the only shareholders of the Company after the successful completion of the Tender Offer would not be disadvantageous to the Company's minority shareholders.

After the Company was informed by Nippon Steel on January 18, 2023 that Nippon Steel intends to commence the Tender Offer on February 28, 2023 on the premise that the acquisition of clearances under domestic and overseas (Japanese, Chinese, Taiwanese, Turkish, Mexican, U.S., and Vietnamese) competition laws is completed and that other Conditions Precedent are fulfilled or waived by Nippon Steel, on February 10, 2023, the Company requested that the special committee examine whether there are any changes in the contents of the report that the special committee made to the Company's Board of Directors as of December 21, 2022, and if there is no change, state to that effect, and if there is any change, report the changed contents, to the Company's Board of Directors. Furthermore, on February 27, 2023, the Company was informed by Nippon Steel that not all of the necessary procedures and actions under domestic and overseas competition laws had been completed, and that, therefore, Nippon Steel estimated that the Tender Offer would be commenced during March 2023. Thereafter, the Company was informed by Nippon Steel on February 28, 2023 that the acquisition of clearances under domestic and overseas (Japanese, Chinese, Taiwanese, Turkish, Mexican, U.S., and Vietnamese) competition laws was completed. The special committee verified the facts concerning whether any material change in the situation that could have an impact on the Transaction occurred on and after December 21, 2022, and as a result of considering the above-mentioned advisory matters, it confirmed that considering the circumstances on and after December 21, 2022 until March 10, 2023, there were no circumstances that would require a change in the contents of the report that the special committee made to the Company's Board of Directors on December 21, 2022; on March 10, 2023, the special committee submitted to the Company's

Board of Directors the Report Dated March 10, 2023 to the effect that it considers that there is no need to change the contents of the above-mentioned report based on the unanimous resolution.

(B) Advice from an Outside Law Firm to the Company

As stated in “1. Reasons for Implementing Share Consolidation” above, the Company appointed Mori Hamada & Matsumoto which is an outside legal advisor, and has received legal advice including advice on the measures to be taken to ensure the fairness of the procedures in the Transaction, on various procedures for the Transaction, and on the method and the process of the Company’s decision-making regarding the Transaction.

Mori Hamada & Matsumoto is not a related party of Nippon Steel, Mitsui, or the Company, and has no material interest in the Transaction including the Tender Offer. Furthermore, the remuneration to Mori Hamada & Matsumoto consists of only an hourly-based fee to be paid regardless of the success or failure of the Transaction, and does not include any contingent fee subject to successful completion of the Transaction.

(C) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency

(i) Name of the Valuation Agency and its Relationship with the Company and Nippon Steel

In order to express its opinion on the Tender Offer, the Company requested that Nomura Securities, which is a financial advisor and third-party valuation agency independent of Nippon Steel, Mitsui, and the Company, calculate the value of the Company Shares and express an opinion on the appropriateness of the Tender Offer Price (fairness opinion); moreover, as of December 20, 2022, it received the Share Valuation Report (Nomura Securities) and the Fairness Opinion (Nomura Securities).

Nomura Securities is not a related party of Nippon Steel, Mitsui, or the Company, and has no material interest in the Tender Offer. Furthermore, the remuneration to be paid to Nomura Securities for the Transaction includes a contingent fee subject to successful completion of the Transaction, etc. The Company concluded that the fact that their remuneration includes a contingent fee to be paid subject to successful completion of the Tender Offer does not rule out their independence, considering general practices in the same type of transactions and the pros and cons of the remuneration system in which the Company will incur a considerable monetary burden even if the Transaction fails. Based on this, the Company appointed Nomura Securities as its financial advisor and third-party valuation agency based on the above-mentioned remuneration system.

(ii) Overview of the Valuation for the Company Shares

For the Tender Offer, Nomura Securities considered the valuation methods to be applied to the valuation of the Company Shares from among multiple valuation methods; moreover, based on the idea that the value of the Company Shares should be evaluated from various perspectives on the premise that the Company is a going concern, Nomura Securities calculated the value of the Company Shares using the average market price method to take into account the trends in the market price of the Company Shares, the comparable company method since there are multiple listed companies that are comparable with the Company and it is possible to infer the value of the Company Shares by comparing these companies, and the discounted cash flow method (the “DCF Method”) to reflect the status of future business activities in the calculation. The Company obtained the Share Valuation Report (Nomura Securities) from Nomura Securities as of December 20, 2022.

The ranges of values per share of the Company Shares calculated using each of the above methods in the Share Valuation Report (Nomura Securities) are as follows:

|                              |                         |
|------------------------------|-------------------------|
| Average market price method: | 5,020 yen to 5,172 yen  |
| Comparable company method:   | 3,619 yen to 4,828 yen  |
| DCF Method:                  | 5,198 yen to 18,938 yen |

In the average market price method, the range of the value per share of the Company Shares was calculated to be 5,020 yen to 5,172 yen based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the base date of December 20, 2022, which was 5,020 yen, the simple average of the closing prices for the five business days before

the base date, which was 5,042 yen, the simple average of the closing prices for the one month before the base date, which was 5,100 yen, the simple average of the closing prices for the three months before the base date, which was 5,143 yen, and the simple average of the closing prices for the six months before the base date, which was 5,172 yen.

Under the comparable company method, the value of the Company Shares was evaluated by selecting listed companies that engage in businesses comparatively similar to those of the Company and comparing their market prices and financial indicators indicating profitability. Using this methodology, the range of the value per share of the Company Shares was calculated to be 3,619 yen to 4,828 yen.

In the DCF Method, the range of the value per share of the Company Shares was calculated to be 5,198 yen to 18,938 yen by analyzing the corporate value and share value of the Company, which was calculated by discounting to the present value at a certain discount rate the free cash flow expected to be generated by the Company in and after the third quarter of the fiscal year ended March 2023 on the assumption of various factors, including the earnings forecasts and investment plans in the business plan for the five fiscal years from the fiscal year ended March 2023 to the fiscal year ending March 2027 prepared by the Company as well as publicly available information.

The business plan prepared by the Company, which was used by Nomura Securities for the calculation using the DCF Method, does not expect significant increases or decreases in profits. In addition, the synergies expected to be realized from the execution of the Transaction are not taken into account in the business plan because those amounts are difficult to estimate specifically at the time of the valuation.

(Note) In calculating the value of the Company Shares, Nomura Securities assumed that the public information and all information provided by the Company were accurate and complete, and it has not independently verified the accuracy and completeness of such information. Nomura Securities has neither independently evaluated, appraised, nor assessed the assets and liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Company and its affiliates, including analysis and evaluation of individual assets and liabilities, nor has it requested that any third-party organization appraise or assess those assets and liabilities. Nomura Securities assumed that the business plan of the Company had been reasonably reviewed or prepared by the Company's management based on the best and good faith forecasts and judgments available at the time of the valuation. The valuation by Nomura Securities reflects the information obtained by Nomura Securities and the economic conditions on and before December 20, 2022. The sole purpose of the valuation by Nomura Securities is to serve as a reference for the Company's Board of Directors to consider the value of the Company Shares.

(iii) Overview of the Fairness Opinion (Nomura Securities)

The Company obtained the Fairness Opinion (Nomura Securities) from Nomura Securities as of December 20, 2022 to the effect that the Tender Offer Price, 9,300 yen, is considered to be appropriate from a financial perspective for the Company's shareholders (excluding Nippon Steel and Mitsui).

The Company's Board of Directors believes that considering the situation from the Board of Directors' meeting held on December 21, 2022 until March 10, 2023, there is no significant change in the factual premises that has an impact on the Share Valuation Report (Nomura Securities) and the Fairness Opinion (Nomura Securities), and based on the advice received from Nomura Securities, it also believes that the Share Valuation Report (Nomura Securities) and the Fairness Opinion (Nomura Securities) are still valid.

(D) Building of Independent Structure for Consideration in the Company

The Company internally built a structure to consider, negotiate, and make a decision on the Transaction in a position independent of Nippon Steel, Mitsui, and the Company. Specifically, in mid-April 2022, the Company received an initial offer from Nippon Steel regarding making the Company a consolidated subsidiary of Nippon Steel, including the possibility of delisting the Company Shares. Subsequently, the Company established a project team to discuss and negotiate with Nippon Steel, and the members, all of whom do not concurrently serve as an officer or employee of Nippon Steel and Mitsui, and have not held any position in Nippon Steel and Mitsui

within the latest one year, consist of only one Director (Mr. Kazuhiro Koshikawa), 5 officers, and 7 employees; this handling has been maintained.

Specifically, in connection with the consideration of the Transaction, the Company internally established a working group in charge of considering the significance of implementing the Transaction, the method of implementation, the transaction terms for the Transaction including the Tender Offer, etc., and negotiating with Nippon Steel (capital policy working group), and a working group in charge of considering future synergies and growth strategies, such as business expansion utilizing Nippon Steel Group's resource assets (future vision working group); thereby, the Company has advanced consideration.

The Company obtained approval of the special committee to the effect that there is no issue with the structure to consider the Transaction that was built within the Company (including the scope of the Company's officers and employees who would be involved in the consideration, negotiations, and decision-making for the Transaction, and their duties) from the perspective of independence and fairness.

(E) Advice from an Independent Law Firm to the Special Committee

As stated in "(A) Establishment of an Independent Special Committee by the Company and Acquisition of a Report by the Company from the Special Committee" above, the special committee appointed Nakamura, Tsunoda & Matsumoto as its legal advisor independent of Nippon Steel, Mitsui, and the Company and received legal advice including advice on the measures to be taken to ensure the procedural fairness of the Transaction and on the special committee's deliberation method and process for the Transaction.

Nakamura, Tsunoda & Matsumoto is not a related party of Nippon Steel, Mitsui, or the Company, and has no material interest in the Transaction including the Tender Offer. For the independence of Nakamura, Tsunoda & Matsumoto, please see "(ii) Details of the Consideration" in "(A) Establishment of an Independent Special Committee by the Company and Acquisition of a Report by the Company from the Special Committee" above.

(F) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency

(i) Name of the Valuation Agency and its Relationship with the Company and Nippon Steel

In order to consider the Advisory Matters, the special committee requested that PLUTUS, which is a financial advisor and third-party valuation agency independent of Nippon Steel, Mitsui, and the Company, calculate the value of the Company Shares, make an associated financial analysis, and express an opinion on the fairness of the Tender Offer Price (fairness opinion); moreover, as of December 21, 2022, the special committee received the Share Valuation Report (PLUTUS) and the Fairness Opinion (PLUTUS).

As stated in "1. Reasons for Implementing Share Consolidation" above, when receiving the Report Dated December 21, 2022 submitted by the special committee on December 21, 2022, the Company's Board of Directors also received the Share Valuation Report (PLUTUS) and the Fairness Opinion (PLUTUS) together. Furthermore, based on the content thereof, it adopted a resolution as stated in "(G) Approval of All Directors of the Company Without Conflicts of Interest in the Transaction, and No Objection from All of the Attending Audit & Supervisory Board Members of the Company Without Conflicts of Interest in the Transaction" below.

PLUTUS is not a related party of Nippon Steel, Mitsui, or the Company, and it has no material interest in the Transaction including the Tender Offer. The remuneration to be paid to PLUTUS for the Transaction will only consist of a fixed amount of remuneration that will be paid to it regardless of whether the Transaction will be successfully completed; furthermore, any contingent fee subject to successful completion of the Transaction including the Tender Offer will not be included.

(ii) Overview of the Valuation for the Company Shares

For the Tender Offer, PLUTUS considered the valuation methods to be applied to the valuation of the Company Shares from among multiple valuation methods; moreover, based on the idea that the value of the Company Shares should be evaluated from various perspectives on the premise that the Company is a going concern, PLUTUS calculated the value of the Company Shares using the average market price method to take into account the trends in the market price of the Company Shares, and the DCF Method to reflect the status of future

business activities in the calculation.

The ranges of values per share of the Company Shares calculated using each of the above methods in the Share Valuation Report (PLUTUS) are as follows:

|                              |                        |
|------------------------------|------------------------|
| Average market price method: | 5,020 yen to 5,172 yen |
| DCF Method:                  | 5,844 yen to 9,397 yen |

In the average market price method, the range of the value per share of the Company Shares was calculated to be 5,020 yen to 5,172 yen based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the base date of December 20, 2022, which was 5,020 yen, the simple average of the closing prices for the one month before the base date, which was 5,100 yen, the simple average of the closing prices for the three months before the base date, which was 5,143 yen, and the simple average of the closing prices for the six months before the base date, which was 5,172 yen.

In the DCF Method, the range of the value per share of the Company Shares was calculated to be 5,844 yen to 9,397 yen by analyzing the corporate value and share value of the Company, which was calculated by discounting to the present value at a certain discount rate the free cash flow expected to be generated by the Company in and after the third quarter of the fiscal year ended March 2023 on the assumption of various factors, including the earnings and investment plans in the business prospects for the five fiscal years from the fiscal year ended March 2023 to the fiscal year ending March 2027 based on the business plan prepared by the Company as well as publicly available information. For the calculation of the going-concern value, the share value was calculated using the comparable multiple valuation method.

The business plan that was used for the calculation using the DCF Method does not expect significant increases or decreases in profits. In addition, the synergies expected to be realized from the execution of the Transaction are not taken into account in the business plan because those amounts are difficult to estimate specifically at the time of the valuation, excluding the effect of reducing the continued listing cost. As stated in “(ii) Details of the Consideration” of “(A) Establishment of an Independent Special Committee by the Company and Acquisition of a Report by the Company from the Special Committee” above, the special committee confirmed the reasonableness of the contents of the business plan, the material assumptions, and the preparation process.

(iii) Overview of Fairness Opinion (PLUTUS)

On December 21, 2022, the special committee received the Fairness Opinion (PLUTUS) from PLUTUS to the effect that the Tender Offer Price, 9,300 yen, is considered to be fair from a financial perspective for the Company’s minority shareholders. In light of the valuation results of the Company Shares based on the business plan, PLUTUS expressed its opinion that the Tender Offer Price, 9,300 yen, is considered to be fair from a financial perspective for the Company’s minority shareholders.

The Fairness Opinion (PLUTUS) was issued after PLUTUS considered the results of the valuation of the Company Shares implemented, after the current status of the Company Group’s business, its business prospects, and other matters were disclosed by the Company to PLUTUS and it received the explanations regarding the disclosed matters, the questions and answers with the Company regarding the overview, background, and purpose of the Tender Offer, and the Company Group’s business environment, economy, market, and financial conditions within the scope PLUTUS found necessary, and after the review procedures by the review board independent of the engagement team within PLUTUS were taken.

(Note) When preparing and submitting the Fairness Opinion (PLUTUS) and calculating the share value that constituted the basis therefor, PLUTUS assumed that the information and the basic materials provided by or discussed with the Company, and the publicly available materials were accurate and complete, and that there was no fact that might materially impact the analysis and valuation of the Company Shares and was not disclosed to PLUTUS, and it relied on them; it has not independently investigated or verified them, and has no obligation to investigate or verify them.

PLUTUS assumed that the business prospects and other materials that PLUTUS used as basic materials for the Fairness Opinion (PLUTUS) had been reasonably prepared by the Company’s management based on the best forecasts and judgments available

at the time of the valuation; PLUTUS does not guarantee that they would be realized, and it has not expressed its opinion regarding the analysis or forecast based on which these materials were prepared or the assumptions that constituted the grounds therefor.

PLUTUS has not independently evaluated or appraised the assets and liabilities (including off-balance sheet assets and liabilities, and other contingent liabilities) of the Company and its affiliates, including analysis and evaluation of individual assets and liabilities, and has not received any written evaluation or written appraisal regarding them. PLUTUS has not evaluated the creditworthiness of the Company and its affiliates under the applicable laws and regulations concerning insolvency, suspension of payment, or other similar matters.

PLUTUS is neither an agency specialized in law, accounting, or tax, nor independently analyzes or considers whether there are any legal, accounting, or tax issues concerning the Tender Offer, nor has any obligation to analyze or consider them.

The Fairness Opinion (PLUTUS) was prepared for the purpose of being used by the Company in considering the fairness of the Tender Offer Price, and the Fairness Opinion (PLUTUS) does not mention the position of the Transaction under the business strategies compared to alternative transactions that the Company would be able to implement or the benefits that would be brought by implementing the Transaction, and it does not state any opinion on whether Nippon Steel should implement the Transaction.

The Fairness Opinion (PLUTUS) states an opinion as of its preparation date regarding whether the Tender Offer Price is fair from a financial perspective to the Company's minority shareholders based on the financial and capital markets, economic conditions, and other circumstances as of its preparation date, and the information that PLUTUS obtained until its preparation date, and the contents of the Fairness Opinion (PLUTUS) may be influenced by subsequent changes in the situation. However, even in that case, PLUTUS has no obligation to modify, change, or supplement the contents of the Fairness Opinion (PLUTUS). Furthermore, the Fairness Opinion (PLUTUS) does not make any inference on or suggest any opinion on any matters other than those expressly stated in it or any matters on and after its submission date of the Fairness Opinion (PLUTUS).

The Fairness Opinion (PLUTUS) only expresses an opinion that the Tender Offer Price is not disadvantageous to the Company's minority shareholders from a financial perspective and is fair, does not express an opinion or make any recommendation regarding whether the Tender Offer should be implemented or whether the Company's shareholders should tender shares or take any action in the Tender Offer, and does not state any opinion to holders of securities issued by the Company, creditors or other stakeholders.

The Fairness Opinion (PLUTUS) was provided by PLUTUS for use as a basic material for the Company's Board of Directors and the special committee to make a decision on the Tender Offer Price, and other persons cannot rely on it.

The Company's Board of Directors believes that considering the situation from the Board of Directors' meeting held on December 21, 2022 until March 10, 2023, there is no significant change in the factual premises that has an impact on the Share Valuation Report (PLUTUS) and the Fairness Opinion (PLUTUS), and based on the advice received from PLUTUS, it also believes that the Share Valuation Report (PLUTUS) and the Fairness Opinion (PLUTUS) are still valid.

(G) Approval of All Directors of the Company Without Conflicts of Interest in the Transaction, and No Objection from All of the Attending Audit & Supervisory Board Members of the Company Without Conflicts of Interest in the Transaction

As stated in "1. Reasons for Implementing Share Consolidation" above, the Company's Board of Directors carefully discussed and considered whether the Transaction including the Tender Offer will contribute to the enhancement of the Company's corporate value and whether the transaction terms for the Transaction including the Tender Offer Price are appropriate based on the legal advice obtained from Mori Hamada & Matsumoto; the advice from a financial perspective obtained from Nomura Securities; the content of the Share Valuation Report (Nomura Securities) and the Fairness



Opinion (Nomura Securities); and the content of the Share Valuation Report (PLUTUS) and the Fairness Opinion (PLUTUS) received through the special committee, while respecting the special committee's decisions indicated in the Report Dated December 21, 2022 to the maximum extent.

As a result, as stated in "1. Reasons for Implementing Share Consolidation" above, the Company concluded that: (i) the Transaction including the Tender Offer will provide the Company with an opportunity to increase its presence in growing overseas growth markets more than ever by integrating with Nippon Steel, which aims to establish a global crude steel production capacity of 100 million tons; this will also provide an opportunity for the Company to play a role as a true core trading company for Nippon Steel in new demand fields such as carbon neutrality without being restricted in its handling of confidential information, among other advantages; and will contribute to enhance the Company's corporate value, and (ii) the transaction terms for the Transaction including the Tender Offer Price are appropriate to ensure interests that should be received by general shareholders of the Company, and that the Tender Offer provides those shareholders reasonable opportunities to sell the Company Shares at a price including an appropriate premium; moreover, at the Board of Directors' meeting of the Company held on December 21, 2022, the directors who participated in deliberation and resolution unanimously resolved to express an opinion to support the Tender Offer and to recommend that the Company's shareholders tender shares in the Tender Offer if the Tender Offer is commenced, as the Company's opinion as of that date.

Furthermore, at the Board of Directors' meeting mentioned above, three Audit & Supervisory Board Members other than Mr. Hirofumi Funakoshi among the four Audit & Supervisory Board Members of the Company attended. Moreover, all of the attending Audit & Supervisory Board Members stated their opinion that they had no objection to the above-mentioned resolution.

After the Company was informed by Nippon Steel on February 28, 2023 that the acquisition of all clearances under domestic and overseas (Japanese, Chinese, Taiwanese, Turkish, Mexican, U.S., and Vietnamese) competition laws was completed, at the Board of Directors' meeting held on March 10, 2023, the Company again carefully considered the terms of the Tender Offer based on the Company's business performance and the environment surrounding the Transaction, while respecting the contents of the Report Dated March 10, 2023 submitted by the special committee to the maximum extent; as a result, the Company concluded that as of March 10, 2023, there are no factors to change its opinion regarding the Tender Offer as of December 21, 2022, and the Company again resolved to express its opinion in support of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer based on the unanimous agreement of the six Directors who participated in the deliberation and resolution. At the Board of Directors' meeting mentioned above, two Audit & Supervisory Board Members other than Mr. Hirofumi Funakoshi and Mr. Shigeji Sugimoto among the four Audit & Supervisory Board Members of the Company attended, and all of the attending Audit & Supervisory Board Members stated their opinion that they had no objection to the abovementioned resolution. Of the Company's Audit & Supervisory Board Members, Mr. Shigeji Sugimoto was absent from the Board of Directors' meeting mentioned above due to personal reasons.

At the Board of Directors' meetings of the Company held on December 21, 2022 and March 10, 2023 mentioned above, considering the fact that Mr. Shinichi Nakamura and Mr. Hidetake Ishihara have served as a Representative Director and Executive Vice President, and a Managing Executive Officer of Nippon Steel, respectively, within the latest one year and that Mr. Hiroshi Tashiro has served as an associate officer of Mitsui within the latest one year, with a view to avoiding any possibility of conflicts of interest and ensuring the fairness of the Transaction, six Directors other than the above-mentioned three Directors among the nine directors of the Company deliberated and unanimously resolved as above. Mr. Shinichi Nakamura, Mr. Hidetake Ishihara, and Mr. Hiroshi Tashiro did not participate in the consideration of the Transaction on the Company's side or the discussions or negotiations regarding the Transaction with Nippon Steel, with a view to eliminate any possible influence of the issue of structural conflicts of interest in the Transaction.

The Directors who participated in the deliberations and resolutions at the Board of Directors' meetings of the Company held on December 21, 2022 and March 10, 2023 mentioned above included two Directors who used to be employees of Nippon Steel (Mr. Yasumitsu Saeki and Mr. Kazuhiro Koshikawa). However, they do not concurrently serve as an officer or employee of Nippon Steel, and a certain period has passed since they moved to the Company; moreover, as officers of the Company, they are not in such a position or have such a relationship that they receive any instructions from Nippon Steel. Therefore, the Company has concluded that as of each day, there are no circumstances which cause or may cause a conflict of interest between these Directors and the Company or the Company's minority shareholders. Mr. Yasumitsu Saeki did not participate in

the discussions or negotiations regarding the Transaction with Nippon Steel. In this respect, as stated in “(ii) Details of the Consideration” in “(A) Establishment of an Independent Special Committee by the Company and Acquisition of a Report by the Company from the Special Committee” above, the special committee’s confirmation and approval have been obtained. Also, Mr. Hirofumi Funakoshi, who is an Audit & Supervisory Board Member of the Company and concurrently serves as a Managing Executive Officer of Nippon Steel, did not participate in the deliberations at the Board of Directors’ meetings held on December 21, 2022 and March 10, 2023 mentioned above and refrained from expressing his opinion when adopting a resolution at the above-mentioned Board of Directors’ meetings, with a view to eliminate any possible influence of the issue of structural conflicts of interest in the Transaction.

(H) Measures to Ensure Purchase Opportunities for Other Purchasers

According to Nippon Steel, Nippon Steel believes that the opportunity for persons other than Nippon Steel to purchase the Company Shares is ensured because the period from the announcement date of Nippon Steel’s Press Release Dated December 21, 2022 to commencement of the Tender Offer is approximately two and a half months. Furthermore, Nippon Steel and the Company have not executed any agreement that restricts competing bidders from contacting the Company, such as an agreement containing a deal protection clause that prohibits the Company from contacting any competing bidders. Nippon Steel has given consideration to ensure the fairness of the Tender Offer by not hindering opportunities for competitive purchases.

In addition, according to Nippon Steel, Nippon Steel believes that the opportunity for the Company’s general shareholders to determine whether to tender shares in the Tender Offer and the opportunity for persons other than Nippon Steel to purchase the Company Shares are ensured because the period from the announcement date of Nippon Steel’s Press Release Dated December 21, 2022 to commencement of the Tender Offer is approximately two and a half months. Thus, Nippon Steel has set the Tender Offer Period as 20 business days (Note), which is the shortest period as stated in laws or regulations.

(Note) 20 business days in the U.S., which is the minimum required number of days for a tender offer period under the U.S. Securities Act, are ensured as the Tender Offer Period.

(I) Measures to Ensure Opportunities for the Company’s Shareholders to Properly Determine Whether to Tender Shares in the Tender Offer

According to Nippon Steel, Nippon Steel (i) plans to request that the Company hold the Extraordinary General Meeting of Shareholders, the proposals for which include the Share Consolidation and a partial amendment to the articles of incorporation to abolish the unit share clause subject to the Share Consolidation becoming effective, and will not adopt a method that does not ensure rights to demand share purchase or rights to demand price determination of the Company’s shareholders, and (ii) when conducting the Share Consolidation, the amount of money to be delivered to the Company’s shareholders as consideration will be calculated so that it is equal to the Tender Offer Price multiplied by the number of the Company Shares held by each such shareholder (excluding Nippon Steel, Mitsui, and the Company). Therefore, Nippon Steel has ensured the opportunities for the Company’s shareholders to properly determine whether to tender shares in the Tender Offer and thereby has given consideration so as not to cause any oppression.

4. Disposal of Material Property, Incurrence of Major Obligations, or Any Other Event Having a Material Impact on the Status of Company Property that Occurred After the Last Day of the Latest Fiscal Year of the Company

As stated in “1. Reasons for Implementing Share Consolidation” above, Nippon Steel implemented the Tender Offer from March 13, 2023 to April 10, 2023, and as a result, it owned 22,649,303 shares of the Company Shares as of April 14, 2023, the commencement date of settlement of the Tender Offer.

Moreover, because of the completion of the Tender Offer, Nippon Steel became the parent company of the Company as of the commencement date of settlement of the Tender Offer, Mr. Hirofumi Funakoshi, who was an Outside Audit & Supervisory Board Member of the Company and concurrently served as an Executive Vice President of Nippon Steel as of that date, would cease to qualify as an Outside Audit & Supervisory Board Member of the Company, and the number of Outside Audit & Supervisory Board Members would be under the statutory ratio (half or more of the number of Audit & Supervisory Board Members). In view of this and other factors, on March 13, 2023, the Company filed a petition for appointment of a provisional Audit & Supervisory Board Member to the Tokyo District Court pursuant to

the procedures stipulated in Article 346, Paragraph 2 of the Companies Act and other relevant laws and regulations. Mr. Nobuyuki Arayashiki was appointed as provisional Audit & Supervisory Board Member by the Tokyo District Court on April 17, 2023. Mr. Hirofumi Funakoshi resigned from the post of the Audit & Supervisory Board Member of the Company on April 14, 2023.

Furthermore, at the Board of Directors' meeting held on April 27, 2023, the Company resolved to cancel 55,395 shares of treasury shares (all shares owned by the Company as of April 17, 2023) on June 22, 2023. The cancellation of such treasury shares is subject to approval of the proposal on the Share Consolidation at the Extraordinary General Meeting of Shareholders as originally proposed, and the total number of issued shares of the Company after the cancellation will be 32,252,405 shares.

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

1. Reasons for the proposal

- (1) If Proposal 1 is approved as originally proposed and the Share Consolidation takes effect, the Company will be deemed to have amended its Articles of Incorporation to reduce the total number of authorized shares of the Company to 20 shares pursuant to the provisions of Article 182, Paragraph 2 of the Companies Act. In order to clarify this point, Article 6 (Total Number of Authorized Shares to be Issued) of the current Articles of Incorporation will be amended, provided that the Share Consolidation takes effect.
- (2) If Proposal 1 is approved as originally proposed and the Share Consolidation takes effect, the total number of issued shares of the Company will be 5 shares, and it will become unnecessary to stipulate the share unit. Therefore, in order to abolish the provision on the share unit, which is currently one hundred (100) shares, provided that the Share Consolidation takes effect, Article 7 (Share Unit), Article 8 (Rights Pertaining to Shares Less Than One Unit), and Article 9 (Request for Sale of Shares Less Than One Unit) of the current Articles of Incorporation will be entirely deleted and the numbering of the articles will be modified in line with such change.
- (3) If Proposal 1 is approved as originally proposed and the Share Consolidation takes effect, Nippon Steel and Mitsui will be the only shareholders of the Company, and therefore, the provisions related to the record date of an ordinary general meeting of shareholders will become unnecessary. Therefore, Article 13 (Record Date for Exercise of Voting Rights at Ordinary General Meetings of Shareholders) of the current Articles of Incorporation will be deleted, provided that the Share Consolidation takes effect.

2. Content of the amendment

The content of the amendment is as follows. The proposed amendments to the Articles of Incorporation will become effective on June 23, 2023, the effective date of the Share Consolidation, provided that Proposal 1 is approved as originally proposed at this Extraordinary General Meeting of Shareholders and the Share Consolidation takes effect.

(The underlined portions are amended.)

| Current Articles of Incorporation   | Proposed Amendments  |
|---|--|
| <p>Article 6.<br/>(Total Number of Authorized Shares to be Issued)<br/>The total number of authorized shares to be issued by the Company shall be <u>fifty million (50,000,000)</u> shares.</p>   | <p>Article 6.<br/>(Total Number of Authorized Shares to be Issued)<br/>The total number of authorized shares to be issued by the Company shall be <u>twenty (20)</u> shares.</p> |
| <p><u>Article 7.</u><br/><u>(Share Unit)</u><br/><u>The share unit of the Company shall be one hundred (100) shares.</u></p>  | <p>&lt;Deleted&gt;</p>   |
| <p><u>Article 8.</u><br/><u>(Rights Pertaining to Shares Less Than One Unit)</u><br/><u>A shareholder of the Company may not exercise any rights with respect to shares less than one unit held by such shareholder, except for the following:</u><br/>1. <u>The rights provided for in each item of Article 189, Paragraph 2 of the Companies Act;</u><br/>2. <u>The right to make a request pursuant to Article 166, Paragraph 1 of the Companies Act;</u><br/>3. <u>The right to receive an allotment of shares for subscription and share options for subscription in proportion to the number of shares held by such shareholder; and</u><br/>4. <u>The right to make a request provided for in the following Article.</u></p> | <p>&lt;Deleted&gt;</p>   |

| Current Articles of Incorporation  | Proposed Amendments  |
|--|--|
| <p><u>Article 9.</u><br/> <u>(Request for Sale of Shares Less Than One Unit)</u><br/> <u>A shareholder of the Company may request that the Company sell to the shareholder such number of shares which will, when combined with the shares less than one unit already held by such shareholder, constitute one full unit of shares pursuant to the Share Handling Regulations.</u></p>     | <p style="text-align: center;">&lt;Deleted&gt;</p>   |
| <p>Article <u>10.</u> – Article <u>12.</u> (Omitted)</p> <p><u>Article 13.</u><br/> <u>(Record Date for Exercise of Voting Rights at Ordinary General Meetings of Shareholders)</u><br/> <u>The record date for voting rights exercisable at the ordinary general meeting of shareholders shall be March 31 of each year.</u></p> <p>Article <u>14.</u> – Article <u>42.</u> (Omitted)</p> | <p>Article <u>7.</u> – Article <u>9.</u> (Unchanged)</p> <p style="text-align: center;">&lt;Deleted&gt;</p> <p>Article <u>10.</u> – Article <u>38.</u> (Unchanged)</p> |

### **Assumptions and Disclaimers of the Fairness Opinion (Nomura Securities) by Nomura Securities**

Nomura Securities assumed that the publicly available information as well as financial, legal, regulatory, tax, accounting information and any other information provided to Nomura Securities that were considered by Nomura Securities when preparing the Fairness Opinion (Nomura Securities) (in these assumptions and disclaimers, the “Written Opinion”) was accurate and complete, and it has not independently verified the accuracy or completeness of such information, and is not obligated to do so. Nomura Securities has not conducted an independent evaluation, appraisal, or assessment in connection with any assets or liabilities (including financial derivatives, off-balance sheet assets and liabilities, or other contingent liabilities) of the Company and its affiliates, including analysis and evaluation of individual assets or liabilities on a non-consolidated basis), and has not received any such information from the Company or any third party. It has not made any requests to any third-party institution for evaluation, appraisal, or assessment. Nomura Securities assumed that the financial forecasts and other future information of the Company had been reasonably prepared by the Company’s management based on the best and good faith forecasts and judgments currently available, and that the Company’s financial situation would fluctuate in accordance with these forecasts. When preparing the Written Opinion, Nomura Securities relied on these financial forecasts and other future information without conducting any independent investigation. Nomura Securities does not guarantee that these financial forecasts, etc. would be realized. Nomura Securities assumed that the Tender Offer (in these assumptions and disclaimers, the “Matter”) would be implemented lawfully and effectively in accordance with the conditions indicated in this press release; that the tax effects of the Matter would be consistent with the assumptions presented to Nomura Securities; that all consents or permissions by governments, supervisory agencies, or other institutions necessary to implement the Matter would be obtained without any diminishment of profits expected to be generated by the Matter; and that the Matter would be completed in accordance with the conditions indicated in this press release without any waiver, modification, or change of the material conditions or agreed matters indicated in this press release, and Nomura Securities has not conducted, or has no obligation to conduct, any independent investigation for them. Nomura Securities has not been requested by the Company to review any transaction other than the Matter or the relative evaluation thereof, and has not conducted such review. Nomura Securities has no obligation to solicit third parties to express an opinion on the Matter to the Company or the Company’s Board of Directors, and it has not made such solicitation.

Nomura Securities serves as a financial advisor of the Company for the Matter, and is involved in part of the negotiations on the Matter. As consideration for the service, Nomura Securities will receive fees from the Company, including a fee to be paid subject to successful completion of the Matter. Furthermore, Nomura Securities will be reimbursed for certain expenses incurred by Nomura Securities and its affiliates from the Company. Submission of the Written Opinion is subject to the exemption and indemnification clauses stipulated in the agreement between the Company and Nomura Securities. Nomura Securities and its affiliates may provide, or may provide in the future, investment banking service, other financial instruments business-related service, and loan service to the Company, Nippon Steel, or their affiliates, and may receive remunerations. Nomura Securities and its affiliates may also trade or own financial instruments, including securities and financial derivatives of the Company, Nippon Steel, or their affiliates, on its own account or on the customers’ accounts in the ordinary course of business.

Nomura Securities’ opinion stated in the Written Opinion (in these assumptions and disclaimers, the “Opinion”) aims to provide reference information for the Company’s Board of Directors to consider the purchase price per share of the Company’s common stock in the Tender Offer (in these assumptions and disclaimers, the “Tender Offer Price”) indicated in this press release. The Opinion is stated solely regarding the appropriateness of the Tender Offer Price from a financial perspective based on the conditions and assumptions indicated in the Written Opinion, and Nomura Securities has not been requested to state an opinion on the factual premises or assumptions constituting the basis for the decision on the Tender Offer Price or to state an opinion on approval or disapproval of the Company’s management decision to implement the Tender Offer; furthermore, it has not stated such opinions in the Written Opinion. In addition, the Opinion does not make any recommendation on the Company’s shareholders exercising their voting rights or other rights as shareholders regarding the Matter, on share transaction or other associated matters, and the Written Opinion does not state any opinion on the past, present, or future price level of the Company Shares. Nomura Securities did not provide independent legal, regulatory, tax, and accounting advice in connection with the Tender Offer, but relied on decisions by the Company or external experts regarding these matters.

Nomura Securities assumed that unless otherwise especially allowed in the agreement between the Company and Nomura Securities, the content of the Written Opinion would not be disclosed to third parties

or used for any other purpose, and the Company may not disclose, refer to, communicate, or use the Written Opinion, in whole or part, without Nomura Securities' prior written consent.

The Opinion assumed the financial, economic, market, and business environment, or other conditions as of the date of the Written Opinion and relied on information obtained by Nomura Securities as of that date. The Opinion may be influenced by future fluctuations or changes in the situation, but Nomura Securities has no obligation to modify, change, or supplement its opinion.