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December 21, 2022

For Immediate Release

Company Name	NIPPON STEEL TRADING CORPORATION
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**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**

Nippon Steel Trading Corporation (the “Company”) hereby announces that it has resolved as stated below at its board of directors meeting held on December 21, 2022 to express its opinion to support the tender offer for the Company’s common shares (the “Company Shares”) by Nippon Steel Corporation (the “Tender Offeror”) (the “Tender Offer”) as the current opinion of the Company if the Tender Offer is commenced, and to recommend that its shareholders tender the Company Shares in the Tender Offer.

According to the Tender Offeror’s press release “Notice Regarding Planned Commencement of Tender Offer for Shares of Nippon Steel Trading Corporation (Securities Code: 9810)” (the “Tender Offeror’s Press Release”) dated today, the Tender Offer will be promptly commenced if certain conditions precedent (for details, please refer to (Note 1) below; such conditions for commencement shall be referred to as the “Conditions Precedent”) are fulfilled (or if such conditions are waived by the Tender Offeror), such as the completion of necessary procedures and actions required by domestic and overseas (Japanese, Chinese, Taiwanese, Turkish, Mexican, U.S., and Vietnamese) competition laws, based on the expectation that a certain period will be required to complete necessary procedures and actions thereof. As of today, the Tender Offeror aims to commence the Tender Offer by around late February 2023. However, since it is difficult to accurately anticipate how much time would be required for the procedures at the domestic and overseas competition authorities, the Tender Offeror will announce the date of the Tender Offer promptly once it has been determined. Any changes made to the expected schedule for the commencement of the Tender Offer will be announced promptly.

(Note 1) The “Conditions Precedent” are: (1) the clearance necessary for the implementation of the Transaction (defined in “(A) Overview of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” of “3. Details of and Grounds and Reasons for the

Opinion on the Tender Offer” below; hereinafter the same) under competition laws has been completed (Note 2); (2) the Company’s board of directors has adopted a resolution to express its opinion in support of the Tender Offer, and to recommend the Company’s shareholders to tender in the Tender Offer, and the resolution is valid at the time of the commencement of the Tender Offer without any change, addition, or amendment; (3) the Company’s special committee, which looked into the Transaction, has expressed its positive opinion to the Company’s board of directors with regard to its support of the Tender Offer, recommendation to the Company’s shareholders to tender in the Tender Offer, and the implementation of the Transaction, and such opinion is valid at the time of the commencement of the Tender Offer without any change, addition, or amendment; (4) the Shareholders Agreement (defined in “(A) Overview of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” below; hereinafter the same) has been effectively executed and remains effective; (5) the representations and warranties of Mitsui & Co., Ltd. (“Mitsui”) (Note 3) set forth in the Shareholders Agreement are true and accurate in all material respects; (6) no part of the Transaction breaches any laws or regulations, etc., and there are no petition, litigation, or proceedings against juridical and government agencies for limitation or prohibition of any part of the Transaction, or any decision rendered by juridical and government agencies to limit or prohibit any part of the Transaction, and there is no specific likelihood thereof; (7) there are no material facts (Article 166, paragraph (2) of the Act) regarding the Company’s operations that the Company has not disclosed (Article 166, paragraph (4) of the Act); (8) there has been no material change in the business or property of the Company or the subsidiary thereof, or any other circumstance that would significantly compromise its ability to achieve the purpose of the Tender Offer, set forth in the proviso to Article 27-11, paragraph (1) of the Act; and (9) no other circumstance has occurred or has been discovered, which makes it objectively impossible or extremely difficult to implement the Transaction.

- (Note 2) This means the approval or expiration of the waiting period for the notifications under the competition laws of Japan, China, Taiwan, Turkey, Mexico, U.S., and Vietnam.
- (Note 3) For details of Mitsui & Co.’s representations and warranties pursuant to the Shareholders Agreement, please refer to “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” below.

Therefore, at the board of directors meeting referred to above, the Company also resolved that, as stated in “(D) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” of (2) Grounds and Reasons for the Opinion” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” below, when the Tender Offer is to commence, the Company will request the special committee established by the Company to examine whether there are any changes in the opinion the special committee expressed to the Company’s board of directors as of December 21, 2022, and if there is no change to the previous opinion, state as such; alternatively, if there is any change, state their new opinion to the board of directors of the Company; and based on such opinion of the special committee, the Company is to re-express its opinion regarding the Tender Offer at the time of commencement of the Tender Offer. For the member composition and specific activities of the special committee,

please refer to “(A) Establishment of, and Obtainment of the Report from, Independent Special Committee by the Company” of “(6) Measures to Ensure the Fairness of the Tender Offer, such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” below.

The resolution of the board of directors stated above was made on the assumption that the Tender Offeror intends to make the Tender Offeror and Mitsui the only shareholders of the Company through the Tender Offer and a series of subsequent procedures and that the Company Shares will be delisted.

#### 1. Outline of the Tender Offeror

(1) Name	Nippon Steel Corporation	
(2) Location	2-6-1, Marunouchi, Chiyoda-ku, Tokyo	
(3) Name and title of representative	Eiji Hashimoto, Representative Director and President	
(4) Description of business	The respective businesses of steelmaking and steel fabrication, engineering, chemicals and new materials, and system solutions	
(5) Capital	419,524 million yen (as of September 30, 2022)	
(6) Date of incorporation	April 1, 1950	
(7) Major shareholders and share holding ratios (as of September 30, 2022)	The Master Trust Bank of Japan, Ltd. (Trust Account)	15.48%
	Japan Custody Bank, Ltd. (Trust Account)	5.69%
	Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	2.13%
	State Street Bank West Client – Treaty 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.66%
	Meiji Yasuda Life Insurance Company (Standing proxy: Japan Custody Bank, Ltd.)	1.53%
	Mizuho Bank, Ltd. (Standing proxy: Japan Custody Bank, Ltd.) (Note: 1)	1.32%

	Nippon Steel Group Stock Ownership Association	1.28%
	Sumitomo Mitsui Banking Corporation (Note: 2)	1.11%
	Sumitomo Corporation	1.10%
	MUFG Bank, Ltd.	1.04%
(8) Relationship between the Company and the Tender Offeror		
Capital relationship	<p>The Tender Offeror directly holds 11,141,529 shares (ownership ratio (Note 3): 34.54%) of the Company Shares and together with shares indirectly held through Nippon Steel Metal Products Co., Ltd. (number of shares held: 129,800 shares; ownership ratio: 0.40%), Nippon Steel Logistics Co., Ltd. (number of shares held: 8,400 shares; ownership ratio: 0.03%), and Nippon Steel SG Wire Co., Ltd. (number of shares held: 4,400 shares; ownership ratio: 0.01%), which are wholly owned subsidiaries of the Tender Offeror, and through Oji Steel Co., Ltd. (number of shares held: 20,000 shares; ownership ratio: 0.06%), Sanyo Special Steel Co., Ltd. (number of shares held: 7,700 shares; ownership ratio: 0.02%), and Nippon Steel Cement Co., Ltd. (number of shares held: 4,400 shares; ownership ratio: 0.01%), which are consolidated subsidiaries of the Tender Offeror, holds 11,316,229 shares (ownership ratio: 35.08%) of the Company Shares, making the Company an equity-method affiliate of the Tender Offeror.</p>	
Personnel relationship	<p>Four Directors of the Company formerly worked for the Tender Offeror, and one auditor of the Company concurrently serves as a Managing Executive Officer of the Tender Offeror.</p> <p>In addition, nine employees of the Tender Offeror are seconded to the Company as of September 30, 2022, and five employees are seconded from the Company to the Tender Offeror.</p>	
Business relationship	<p>The Company purchases different types of steel products from the Tender Offeror and sells raw materials and fuels, machines, and the like to the Tender Offeror.</p>	
Status as related party	<p>The Company is an equity-method affiliate of the Tender Offeror and therefore a related party of the Tender Offeror.</p>	

(Note 1) Other than the above, Mizuho Bank, Ltd. has set 9,711 million shares of the Tender Offeror's shares (shareholding ratio: 0.11%) as a retirement allowance trust.

(Note 2) Other than the above, Sumitomo Mitsui Banking Corporation has set 66,381 million shares of the Tender Offeror's shares (shareholding ratio: 0.72%) as a retirement allowance trust.

(Note 3) "Ownership ratio" refers to the ratio of shares held by a shareholder to the number of shares (32,257,590 shares) obtained by deducting the number of treasury shares (50,210 shares) held by the Company as of September 30, 2022, which was notified by the Company to the Tender Offeror, from the total number of issued shares as of September 30, 2022 (32,307,800 shares) stated in the 46th Fiscal Period Second Quarter Securities Report submitted by the Company on November 14, 2022 ("the Company's Second Quarter Securities Report"), with the ratio rounded to the second decimal point. The same applies for all ownership ratios stated hereinafter.

2. Purchase Price

9,300 yen per share of common stock

3. Details of and Grounds and Reasons for the Opinion on the Tender Offer

(1) Details of the Opinion on the Tender Offer

The Company has resolved at the meeting of its board of directors held today to express its opinion to support the Tender Offer as the current opinion of the Company if the Tender Offer is commenced, and to recommend that its shareholders tender the Company Shares in the Tender Offer, based on the grounds and reasons stated in "(2) Grounds and Reasons for the Opinion" below.

According to the Tender Offeror's Press Release, the Tender Offer is scheduled to be commenced promptly upon the satisfaction (or waiver by the Tender Offeror) of the Conditions Precedent. While the Tender Offeror aims, as of today, to commence the Tender Offer by around late February 2023, it is difficult to accurately anticipate how much time would be required for the procedures at the domestic and overseas competition authorities. Therefore, the Tender Offeror will announce the schedule of the Tender Offer promptly once it has been determined.

Therefore, at the board of directors meeting referred to above, the Company also resolved that, as stated in "(D) Process of and Reasons for the Company's Decision to Support the Tender Offer" of "(2) Grounds and Reasons for the Opinion" of "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" below, when the Tender Offer is to commence, the Company will request that the special committee, established by the Company, examine whether there are any changes in the opinion expressed to the Company's board of directors as of December 21, 2022, and if there is no change to that opinion, state as such; alternatively, if there is any change, state their new opinion to the board of directors of the Company; and based on such opinion of the special committee, the Company is to re-express its opinion regarding the Tender Offer at the time of commencement of the Tender Offer.

The resolution above by the Company's board of directors was made in the manner set out in "(G) Approval of All Directors of the Company Without Conflicts of Interest, and

No Objection from All Audit and Supervisory Board Members of the Company Without Conflicts of Interest in the Transaction” of “(6) Measures to Ensure Fairness of the Tender Offer Price, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” below.

(2) Grounds and Reasons for the Opinion

The descriptions of the grounds and reasons for the opinion on the Tender Offer that relate to the Tender Offeror are based on explanations given by the Tender Offeror.

(A) Overview of the Tender Offer

According to the Tender Offeror, the Tender Offeror, as of today, is the largest shareholder of the Company, directly holding 11,141,529 shares (ownership ratio: 34.54%) of the Company Shares listed on the Prime Market of the Tokyo Stock Exchange, Inc. (“TSE”). The Tender Offeror has made the Company an equity-method affiliate by holding 11,316,229 shares (ownership ratio: 35.08%) of the Company Shares (Note 1), including the amount indirectly held through the Tender Offeror’s wholly-owned subsidiaries (Nippon Steel Metal Products Co., Ltd. (number of shares held: 129,800 shares, ownership ratio: 0.40%), Nippon Steel Logistics Co., Ltd. (number of shares held: 8,400 shares, ownership ratio: 0.03%), and Nippon Steel SG Wire Co., Ltd. (number of shares held: 4,400 shares, ownership ratio: 0.01%)), and the Tender Offeror’s consolidated subsidiaries (Oji Steel Co., Ltd. (number of shares held: 20,000 shares, ownership ratio: 0.06%), Sanyo Special Steel Co., Ltd. (number of shares held: 7,700 shares, ownership ratio: 0.02%), and Nippon Steel Cement Co., Ltd. (number of shares held: 4,400 shares, ownership ratio: 0.01%)).

(Note 1) According to the Tender Offeror, the Tender Offeror has not concluded an agreement with Nippon Steel Metal Products Co., Ltd., Nippon Steel Logistics Co., Ltd., Nippon Steel SG Wire Co., Ltd., Oji Steel Co., Ltd., Sanyo Special Steel Co., Ltd., and Nippon Steel Cement Co., Ltd., on tendering the Company Shares it holds (174,700 shares) in the Tender Offer.

According to the Tender Offeror, at the board of directors’ meeting held on December 21, 2022, the Tender Offeror resolved to implement the Tender Offer if the Conditions Precedent (Note 2) are fulfilled (or waived by the Tender Offeror), as part of a series of transactions intended to acquire all of the Company Shares (excluding, however, the Company Shares held by the Tender Offeror and Mitsui and the treasury shares owned by the Company) and to make the Company a consolidated subsidiary of the Tender Offeror, as well as to make the Tender Offeror and Mitsui the only shareholders of the Company, with the voting rights holding ratios of the Tender Offeror and Mitsui in the Company to be 80.00% and 20.00%, respectively (the “Voting Rights Ratio”), after the Company is delisted (the “Transaction”).

According to the Tender Offeror, upon the Tender Offer, the Tender Offeror executed a shareholders agreement (the “Shareholders Agreement”) as of December 21, 2022 with Mitsui, which is the second largest shareholder of the Company holding 6,428,800 shares (ownership ratio: 19.93%) of the Company Shares and of which the Company is an equity-method affiliate, and agreed to not tender any of the shares held by Mitsui in the Tender Offer (the “Non-Tender Clause”), and to implement a series of procedures to make the Tender Offeror and Mitsui the only shareholders of the Company (the

“Squeeze-Out Procedures”) as well as necessary measures, if any, to realize the Voting Rights Ratio after the implementation of the Squeeze-Out Procedures. For the outline of the Shareholders Agreement, please refer to “4. Matters regarding Important Agreements between the Tender Offeror and the Company’s Shareholders with respect to the Tendering of Shares in the Tender Offer” below.

According to the Tender Offeror, in the Tender Offer, the Tender Offeror set the minimum planned purchase quantity at 3,934,771 shares (Note 2), and if the total number of share certificates, tendered in the Tender Offer (the “Tendered Shares”) does not reach the minimum planned purchase quantity, the Tender Offeror will not purchase any of the Tendered Shares. On the other hand, as the Tender Offeror aims to acquire all of the Company Shares (excluding, however, the Company Shares held by the Tender Offeror and Mitsui and treasury shares owned by the Company), make the Tender Offeror and Mitsui the only shareholders of the Company, and delist the Company Shares, the Tender Offeror did not set a maximum planned purchase quantity. Thus, if the total number of the Tendered Shares exceeds the minimum planned purchase quantity (3,934,771 shares), the Tender Offeror has stated that it will purchase all of the Tendered Shares. According to the Tender Offeror, the minimum planned purchase quantity (3,934,771 shares) was set as the number obtained by (i) subtracting the number of treasury shares owned by the Company as of September 30, 2022 (50,210 shares) as notified by the Company to the Tender Offeror, from the total number of issued shares of the Company as of September 30, 2022 as described in the Company’s Second Quarterly Report (32,307,800 shares); this amounts to 32,257,590 shares, then (ii) rounding up the number that is less than one unit (100 shares) of the number of shares equivalent to two-thirds of the number of shares of (i); this amounts to 21,505,100 shares, and then (iii) subtracting the number of the Company Shares held by the Tender Offeror as of today (11,141,529 shares) and the number of the Company Shares held by Mitsui (6,428,800 shares) from 21,505,100 shares, which equals 3,934,771 shares. The Transaction aims to delist the Company Shares and make the Tender Offeror and Mitsui the only shareholders of the Company, and when implementing the procedures for the share consolidation (the “Share Consolidation”) as described in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” below pursuant to Article 180 of the Companies Act (Act No. 86 of 2005, as amended; the “Companies Act”), a special resolution of the shareholders’ meeting as set forth in Article 309, paragraph (2) of the Companies Act is required. Therefore, the Tender Offeror has stated that, in order to ensure the execution of the procedures for the Share Consolidation, the minimum planned purchase quantity was set as to allow the Tender Offeror and Mitsui to own two-thirds or more of the number of voting rights of all shareholders of the Company after the Tender Offer.

(Note 2) According to the Tender Offeror, the minimum planned purchase quantity is a provisional number that relies on the information available as of today; it is possible that the actual numbers in the Tender Offer will differ from the above numbers due to changes of the treasury shares to be owned by the Company on and after today. The Tender Offeror has stated that the final minimum planned purchase quantity will be determined before the commencement of the Tender Offer, based on the latest information available at the commencement of the Tender Offer.

According to the Tender Offeror, if the Tender Offeror fails to acquire all of the Company Shares (excluding, however, the Company Shares owned by the Tender Offeror and Mitsui, as well as the treasury shares owned by the Company) during the Tender Offer, the Tender Offeror will implement the Squeeze-Out Procedures after the completion of the Tender Offer, as described in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” below to make the Tender Offeror and Mitsui the only shareholders of the Company.

(B) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer

According to the Tender Offeror, the Tender Offeror was established as Yahata Iron & Steel Co., Ltd. and Fuji Iron & Steel Co., Ltd., respectively, on April 1, 1950, and was renamed to Nippon Steel Corporation (*Shin-nippon Seitetsu Kabushiki Kaisha*) upon the merger of the two companies on March 31, 1970. After conducting an absorption-type merger with Sumitomo Metal Industries, Ltd. (established on July 1, 1949) on October 1, 2012, where Sumitomo Metal Industries, Ltd. was the absorbed company, Nippon Steel Corporation (*Shin-nippon Seitetsu Kabushiki Kaisha*) was renamed to Nippon Steel & Sumitomo Metal Corporation; then, on April 1, 2019, it was renamed to the current trade name, Nippon Steel Corporation (*Nippon Seitetsu Kabushiki Kaisha*). Most recently, on April 1, 2020, the Tender Offeror conducted an absorption-type merger with Nippon Steel Nisshin Co., Ltd., where Nippon Steel Nisshin Co., Ltd. was the absorbed company. The Tender Offeror was listed on the TSE and Nagoya Stock Exchange, Inc. on October 2, 1950, on the Securities Membership Corporation Fukuoka Stock Exchange on October 5, 1950, and then on the Securities Membership Corporation Sapporo Securities Exchange on January 21, 1952, respectively. According to the Tender Offeror, as of today, shares of the Tender Offeror are listed on the Prime Market of the TSE, the Premier Market of Nagoya Stock Exchange, Inc., Securities Membership Corporation Fukuoka Stock Exchange, and Securities Membership Corporation Sapporo Securities Exchange, respectively.

According to the Tender Offeror, as of September 30, 2022, the Tender Offeror has 368 consolidated subsidiaries and 102 equity-method affiliates including the Company (the Tender Offeror, its consolidated subsidiaries, and its equity-method affiliates shall be collectively referred to as the “Tender Offeror Group”). According to the Tender Offeror, the Tender Offeror Group adopts a four segment structure, namely, the steelmaking and steel fabrication business, which is the main segment, the engineering and construction business, the chemicals and materials business, and the system solutions business. The Tender Offeror Group has formulated a medium- to long- term management plan (for fiscal year 2021 to 2025) as of March 5, 2021 (the “Tender Offeror Management Plan”), with the aim of continually growing to become “the best steelmaker with world-leading capabilities” that contributes to Japan’s industrial competitiveness from the present and into the future, based on their values to “pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services.” In the Tender Offeror Management Plan, the following four pillars are described: (i) “Rebuilding our domestic steel business and strengthening our group’s management,” (ii) “Promoting a global strategy to deepen and expand our overseas business,” (iii) “Taking on the challenge of carbon-neutral (Note 1),” and (iv) “Promoting digital transformation strategies.”



(Note 1) “Carbon-neutral” means to make the total “emission” of greenhouse gases including carbon dioxide, practically zero after subtracting the “absorbed amount” by tree plantation, forestry management, etc.

The Company was established on August 2, 1977 as Nittetsu Shoji Co., Ltd., as a wholly-owned subsidiary of the Tender Offeror (the trade name at that time was “Nippon Steel Corporation (*Shin-nippon Seitetsu Kabushiki Kaisha*)”). On October 1, 2013, the Company conducted an absorption-type merger with Sumikin Bussan Kaisha, Ltd. (“Sumikin Bussan”), an equity-method affiliate of the Tender Offeror, with Sumikin Bussan being the absorbed company (“Absorption-type Merger (Sumikin Bussan)”), and changed its trade name to Nippon Steel & Sumikin Bussan Corporation. Most recently, the Company changed its trade name to Nippon Steel Trading Corporation on April 1, 2019. The Company was listed on the Second Section of the TSE on December 21, 1990, and on the Second Section of Osaka Securities Exchange Co., Ltd. in October 1991, respectively (delisted from the Osaka Securities Exchange Co., Ltd. on February 9, 2004). On April 12, 2010, the Company was designated to the First Section of the TSE, and has been listed on the Prime Market of the TSE since April 4, 2022.

As of September 30, 2022, the Company has 85 subsidiaries and 44 affiliates (the Company and its subsidiaries and affiliates shall be collectively referred to as the “Group”), and as the Tender Offeror’s lineal trading company, the Company has intended to expand its businesses in the steel business and peripheral business, by sharing an organic strategy with the Tender Offeror Group. The Group belongs to the Tender Offeror Group, which is an “any other affiliate” of the Company, and with the Company as its core, mainly conducts businesses including steel, industrial supply and infrastructure, textiles, foodstuff, and sales and import and export of other products, in Japan and other countries.

With regard to the steel business, which is the Group’s main business, an integrated service is provided, from raw material procurement to product delivery to customers, by using its domestic and overseas sales network. The Group transacts with products made by the Tender Offeror Group, and provides the steel products to customers by using the sales network built since establishment and the processing and distribution network such as the coil center. Furthermore, to ensure customer-oriented sales, the Group further strengthens its solution function to grasp customers’ diversifying and advancing requirements in a timely manner and resolve them. The Group also shares strategies with steel manufacturers, and thereby invests its management resources into growth areas where an increase in demand is expected, and pursues the creation of a suggestion-type sales, creating a new added value in the steel distribution. With regard to the Group’s textiles business, by focusing on OEM production (production of other brands) for apparel manufacturers, it is strengthening its function as a manufacturer-oriented trading company, undertaking material development throughout product planning, production, and logistics in an integrated manner.

On April 2, 2018, the Company acquired part of Mitsui’s steel business for the purpose of further growth and development of the steel business and conducted a new share issuance through a third-party allotment to Mitsui (number of issued new shares: 1,350,000 shares (shareholding ratio (Note 2): 4.18%)) with the aim to strengthen the

capital relationships between the companies. Mitsui acquired the Company's new shares (1,350,000 shares (shareholding ratio: 4.18%)) by the third-party allotment stated above, after it acquired 69,600 shares (shareholding ratio: 0.22%) as a result of a purchase by way of a single stock transaction (ToSTNet-1) on January 25, 2018, and it acquired 65,000 shares from SNT Corporation on January 25, 2018 (shareholding ratio: 0.21%), 1,175,910 shares from Air Water Inc. and six other companies on January 26, 2018 (shareholding ratio: 3.80%), and 385,160 shares from Kyoei Steel Ltd. on January 31, 2018 (shareholding ratio: 1.24%), by off-market transactions. Therefore, in addition to the 3,383,100 shares (shareholding ratio: 10.93%) that it originally held, due to an acquisition of Company Shares and the Company's class shares by a capital increase by the Company (the trade name at that time was Nittetsu Shoji Co., Ltd.) through a third-party allotment in October 2002, a conversion of Company's class shares into ordinary shares in October 2007, and other partial sales of Company Shares on the market, Mitsui ended up holding a total of 6,428,700 Company Shares (shareholding ratio: 19.90%), and on April 2, 2018, the Company became an equity-method affiliate of Mitsui. Thereafter, Mitsui acquired 30 Company shares (shareholding ratio: 0.00%) upon demand for the sale shares less than one unit on April 27, 2018, as a result of which Mitsui held 6,428,800 shares (shareholding ratio: 19.90%) in total, and, as of today, Mitsui continues to hold 6,428,800 Company Shares (shareholding ratio: 19.93%). As such, by acquiring a part of Mitsui's steel business, the Company will (i) upgrade and expand the steel business by mutually utilizing the knowledge, comprehensive capabilities, and value chain that the two companies built, providing better services to clients, combining and mutually supplementing the sales force, customer bases, and the products and services that the two companies each excel at, and sales network and manufacture sites, as well as (ii) enhance its business competitiveness by exercising its comprehensive capabilities and synergetic effects. Furthermore, in order to capture demands of not only the Japanese-affiliated companies but also regional companies in the overseas market, the Company and Mitsui will also aim to fully utilize the business foundation and business competitiveness of both company groups, and to be the best partner that could plan and propose total solutions that match the global needs of various customers around the world.

(Note 2) The "shareholding ratio" refers to the ratio of shares held by a shareholder to the total number of shares issued by the Company as of each date, rounded to the nearest hundredth (please note that the number of treasury shares has not been subtracted from the total number of issued shares, as it is difficult to figure out the number of treasury shares as of each timing), which also applies with regard to subsequent descriptions of shareholding ratio.

Furthermore, the Company has agreed on a partnership in the textiles businesses, between the textiles business of the Company and Mitsui Bussan I-Fashion Ltd. ("Mitsui Bussan I-Fashion"), a consolidated subsidiary of Mitsui, centered on their integration. On August 25, 2021, Mitsui and Mitsui Bussan I-Fashion entered into (1) a shareholders agreement regarding the textiles business partnership, (2) an integrated master agreement regarding the integration of the Company's textiles division and Mitsui Bussan I-Fashion, and (3) an absorption-type demerger agreement (simple absorption-type demerger) making the Company's textiles business be succeeded by Mitsui Bussan I-Fashion, and on January 1, 2022, a new integrated company MN Inter-Fashion Ltd.

(“MN Inter-Fashion”) was established (investment ratio: Company 50%, Mitsui 50%). The Company will mutually and supplementally utilize the management resources of the Company and Mitsui and construct a stronger business foundation, for the purpose of promoting the collaboration between the Company and Mitsui with MN Inter-Fashion as its core, and thereby realizing each of “strengthening of the OEM business foundation, the core business,” “creation of business opportunity for new growth areas,” and “deepening of value provision to customers,” and also, the Company will aim to realize continuous growth and enhancement of corporate value by creating new business opportunities. MN Inter-Fashion set their management philosophy in October 2022 as “Purpose, Vision, Values,” and they will aim to grow with a new business policy.

In addition, the Company formulated a new medium- to long-term management plan as of May 10, 2021 (the “Company Management Plan”), with the aim of overcoming structural changes anticipated in the business environment in the future and becoming a “strong growth company that contributes to the society” through the supply of socially valuable products and services. As described in the Company Management Plan, the Company aims to realize a consolidated ordinary profit of 42 billion yen and net profit attributable to the parent company shareholders of 26 billion yen in fiscal year 2023, and a consolidated ordinary profit of 45+ $\alpha$  billion yen and net profit attributable to the parent company shareholders of 28+ $\alpha$  billion yen in fiscal year 2024 (the actual results in fiscal year 2021 were a consolidated ordinary profit of 47.8 billion yen, and net profit attributable to the parent company shareholders of 35.4 billion yen). Further, according to the Company Management Plan, as 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, while 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, a new demand in response to social needs including SDGs (Sustainable Development Goals), and global demand for steel products, particularly in Asia and North America, is expected to expand. As a core trading company of the Tender Offeror, who 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, i.e., procuring and selling products, 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 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 at each region. In addition, the Company will make group-wide efforts for to improve distribution efficiency and to create new businesses through M&A, alliances, and digital transformation strategies. Furthermore, the Company will

strongly enhance ESG (Environment, Society, Governance) management and make efforts for social contribution, and also contribute to a carbon-free and recycling-based society by proposing eco-solutions. The Company will also give consideration to diversity and inclusion to develop human resources to lead the next generation and further improve safety as well as health and productivity management, and will conduct management based on trust and liability and also for favorable shareholder returns.

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

With regard to the capital relationship between the Tender Offeror and the Company, the Company was established on August 2, 1977 as a wholly-owned subsidiary of the Tender Offeror (the trade name at that time was “Nippon Steel Corporation (*Shin-nippon Seitetsu Kabushiki Kaisha*)”), and the Tender Offeror held all shares of the Company (the trade name at that time was Nittetsu Shoji Co., Ltd.). Subsequently, on November 1, 1977, the Company conducted an absorption-type merger, with Osaka Kozai Co., Ltd. and Irimaru Sangyo Co., Ltd. being the absorbed companies; resulting in the number of Company Shares held by the Tender Offeror becoming 1,594,000 shares (shareholding ratio: 34.65%). The Tender Offeror acquired 246,000 shares in March 1978 and 230,000 shares in March 1987, each from other shareholders; resulting in the number of Company Shares held by the Tender Offeror becoming 2,070,000 shares (shareholding ratio: 45.00%). On March 31, 1988, the Company conducted a capital increase through a third-party allotment, and the Tender Offeror acquired 540,000 Company Shares; resulting in the number of Company Shares held by the Tender Offeror becoming 2,610,000 shares (shareholding ratio: 45.00%). On August 1, 1989, the Company conducted a share split, and the Tender Offeror acquired 23,490,000 Company Shares; resulting in the number of Company Shares held by the Tender Offeror becoming 26,100,000 shares (shareholding ratio: 45.00%). In December 1990, the Company conducted a capital increase through a public offering of 10,000,000 shares, and the Tender Offeror’s shareholding ratio became 38.38%. In May 1991, the Company conducted a capital increase through a shareholders allotment of 0.1 shares without contribution (6,800,000 shares), and the Tender Offeror acquired 2,610,000 shares; resulting in the number of Company Shares held by the Tender Offeror becoming 28,710,000 shares (shareholding ratio: 38.38%). On January 14, 1994, the Company conducted a capital increase through a third-party allotment (19,470,000 shares), and the Tender Offeror acquired 14,870,000 Company Shares; resulting in the Company Shares held by the Tender Offeror becoming 43,580,000 shares (shareholding ratio: 46.23%). In October 2002, the Company conducted a capital increase through a third-party allotment to Mitsui (23,568,000 shares), and the Tender Offeror’s shareholding ratio became 36.98%. In October 2007, the total of Company’s issued shares increased by 16,963,000 shares due to a conversion of class shares held by Mitsui into ordinary shares; resulting in the Tender Offeror’s shareholding ratio becoming 32.33%. On October 1, 2013, the Company succeeded to shares of Sumikin Bussan, for which the Tender Offeror holds 62,810,454 shares through the Absorption-type Merger (Sumikin Bussan) (the merger ratio was an allotment of 1.08 shares of the Company (the trade name at that time was Nittetsu Shoji Co., Ltd.) per one share of Sumikin Bussan, and the number of shares after an adjustment by the merger ratio was 67,835,290 shares); resulting in the Company Shares held by the Tender Offeror after the merger becoming

effective was increased to 111,415,290 shares (shareholding ratio: 35.99%). On October 1, 2016, the Company conducted a share consolidation in which every 10 Company Shares was consolidated into one share; resulting in the Company Shares held by the Tender Offeror becoming 11,141,529 shares (shareholding ratio: 35.99%). As of today, the Tender Offeror holds 11,141,529 Company Shares (ownership ratio: 34.54%).

According to the Tender Offeror, the Tender Offeror recognizes that steel demand in Japan is expected to decrease due to the declining population, the expansion of overseas local production by Japanese customers, and other reasons, while global steel demand is expected to continue to grow steadily, particularly in Asia, notably including India. In Japan, where demand is shrinking, the Tender Offeror has maintained its domestic production capacity by raising its export ratio. However, the Tender Offeror considers that it is now necessary to assume that the current business model will be difficult to sustain because competition in the overseas market is expected to intensify, mainly as demand in China, which represents 60% of the world's steel production, seems to have already peaked, while the Tender Offeror is entering a period when its main steelworks will require large-scale investments for renewal of their aging facilities.

According to the Tender Offeror, in order to appropriately respond to these circumstances, in the domestic steelmaking and steel fabrication business, the Tender Offeror aims to thoroughly promote the strengthening of operations, notably by concentrated production through selection of products and facilities, thereby building a strong framework enabling our manufacturing sites in Japan to manufacture products of the highest grade, in the form of mother mills (Note 4) (Note 5) which play a key role in the Tender Offeror's global steelmaking business strategy. Meanwhile, in the growing overseas market, the Tender Offeror will expand its integrated production framework in the center of demand, such as India and ASEAN, and ensure that local demand is captured in growing markets. By implementing these strategies, the Tender Offeror strives for achieving 100 million tons of global crude steel capacity per annum for the Tender Offeror Group by combining the efforts of its mother mills in Japan and local mills located overseas.

(Note 4) "Mill" is a manufacturing site represented by iron works for steelworks for steelmaking and steel fabrication business.

(Note 5) "Mother mill" is a manufacturing site in Japan, owned by the Tender Offeror. This will be a value source for the Tender Offeror to create global value, by being a leading site for product development and operational and equipment technology, which is the Tender Offeror's strength, together with domestic large-scale research and development sites, while also having a close relationship with customers in each region around Japan.

In addition, according to the Tender Offeror, the Tender Offeror will also continue to actively respond to climate change. The Tender Offeror will contribute to the realization of carbon neutrality in Japan by utilizing the Tender Offeror's technological and product capabilities through development of and supply capacity increase of the high-performance products, such as ultra-high-tensile steel sheets (Note 6) for vehicle

weight reduction, and high-performance electrical steel sheets (Note 7) for drive motors used in electric vehicles. Moreover, the Tender Offeror is promoting digital transformation and aiming to become a digitally advanced company in the steel industry, and the Tender Offeror will work on production and business process innovations and promote measures that contribute to the fundamental enhancement of decision-making and problem-solving capabilities through full use of digital transformation technologies and data. Specifically, the Tender Offeror promotes smarter manufacturing through the advanced use of AI (Artificial Intelligence), IoT (Internet of Things), and other digital technologies, enhancement of a flexible and optimal supply system through the establishment of an integrated production planning platform from order to production to delivery, and establishment of an integrated data platform that enables real-time understanding of various management information and KPIs (Note 8) for prompt improvement action.

(Note 6) “High-tensile” means “High Tensile Strength Steel,” and “ultra-high-tensile steel sheets” refers to steel sheets that ensure improved vehicle collision safety, while improving fuel economy and reducing CO<sub>2</sub> emissions through their lighter weight, where both strength and workability are achieved by controlling the crystal structure in the steel composition during the manufacturing process, and which has a tensile strength of 1.0 GPa (Note 9) or higher.

(Note 7) “High-performance electrical steel sheets” refers to an eco product used in electric vehicles, motors of various electric appliances, power generators used in power plants, and iron cores in transformers of transmission lines. By controlling the orientation of iron crystals, it uses favorable magnetic properties and minimizes energy loss (iron loss).

(Note 8) “KPI” is an abbreviation of “Key Performance Indicator,” and is an indicator to evaluate the performance towards goal achievement.

(Note 9) “GPa” is a unit for measuring the tensile strength of a substance.

According to the Tender Offeror, the overseas steel demand is currently slowing down, due to deceleration in the U.S. and Europe caused by rising energy prices and monetary tightening, economic downturn in developing countries caused by currency depreciation, and decline in steel market conditions in ASEAN. Also, in Japan, the recovery of steel demand is being delayed due to a restraint in semiconductor supply causing a delay in recovery of automobile production, and rising resource prices, and increasing depreciation of the yen. Based on the fact that the period for which the amount of global crude steel production is less than the same month of the previous year has been lasting for about a year since August 2021, it is expected that the harsh business environment will continue for the meantime. Therefore, the Tender Offeror has stated that it will continue to make the existing domestic framework more streamlined and efficient, while also making efforts for maximizing its profit through flexible adjustment of production volume in response to changes in its business environment, and ensuring margins by appropriately reflecting the raw fuel cost increase in the sales price, and also invest management resources to ensure capturing of the global steel demand, and make efforts in technology development and product supply corresponding to a carbon-neutral society, and thereby realizing medium- to long-term growth.

According to the Tender Offeror, so far, the Tender Offeror Group has used several trading companies, including the Company, as an intermediary for steel transactions, except for some direct transactions with customers, and the Tender Offeror has maintained and strengthened its sales capabilities throughout the steel supply chain by utilizing their various functions such as their domestic and overseas information network, transaction practices, credit line, and investment in and management of distribution and processing. However, in recent years, the environment surrounding the markets has been changing, such as domestic demand decrease in the future, customers' expansion of overseas production, quality improvements and quantity expansions of competitive companies including those in China, a world-wide trend of local production and consumption, and diversification of business strategies in distribution. In addition, the Tender Offeror Group acknowledges that from 2021 onward, the global steel market has changed dramatically in the short-term, due to a confusion in supply chains in relation to the recovery of demand from the COVID-19 economy, and rising resource and energy prices and currency fluctuation influenced by the economic policies of each country in response to geopolitical risks and inflation risks, etc.

According to the Tender Offeror Group believes that to enhance its ability to promptly and appropriately respond to such structural changes in the market, it must increase direct contact with domestic and overseas customers and enhance its ability to conduct integrated operations regarding steel transactions, and further strengthen its competitiveness throughout the supply chain in order to ensure integrated profitability of the Tender Offeror Group by optimizing and streamlining from steel manufacturing to distribution and processing thereof, and creating new added value.

Under such understanding, the Tender Offeror has so far established a cooperative relationship with the Company, a major trading company for the Tender Offeror, for the sales of steel products and personnel interchanges. In order to exercise the measures above, the relationship between the Tender Offeror and the Company must be stronger; however, the Tender Offeror believes that there are certain restrictions on mutually sharing their customers' information and technology information, etc., and supplementing and mutually utilizing management resources, because the Company is a listed company and is merely the Tender Offeror's equity-method affiliate, and their capital relationship is limited. Specifically, it is necessary to determine on a case by case basis whether they may mutually share customers' information and technology information between the Tender Offeror and the Company; and although it is possible to consider optimizing the steel manufacturing facilities held by the Tender Offeror and the processing facilities held by the Company independently, there is a limitation on considering integrated optimization; furthermore, the sales information, etc. is not shared between the Tender Offeror's subsidiaries, which conduct the same steel distribution and processing business with the Company, and the Company. Furthermore, the Tender Offeror believes that an implementation of measures with a medium- to long-term perspective, including the measures above, will contribute to enhancing the corporate value of the Company and the Tender Offeror Group as a whole; however, from a short-term perspective, it may cause the Company's performance or financial situation to worsen, and may not necessarily be advantageous for the general shareholders of the Company, thus the Tender Offeror also believes that gaining understanding of the general shareholders to exercise the measures above may be difficult if the Company Shares remain listed. Therefore, to resolve such problem, the

Tender Offeror determined that it is desirable to make the Company a consolidated subsidiary of the Tender Offeror and delist the Company in late-March 2022.

According to the Tender Offeror, it believes that the following measures may be realized by making the Company a consolidated subsidiary of the Tender Offeror, and delisting the Company Shares:

- (i) *Streamlining and strengthening of the trading company's functions across the group*

According to the Tender Offeror, the Tender Offeror believes that it would be possible to strengthen cost competitiveness throughout the supply chain by strengthening and expanding direct marketing to customers by the Tender Offeror Group and enhancing the efficiency of sales administration works, and by moving forward with increasing the operation rate of the processing sites and establishing the most appropriate processing framework.

- (ii) *Strengthening of direct sales capabilities by integrally utilizing sales know-how and infrastructure*

According to the Tender Offeror, the Tender Offeror believes that it would be possible to strengthen its ability to deal with diversifying customers and its overseas sales capabilities under the sales strategy shared with the Company, which will be a consolidated subsidiary of the Tender Offeror, by focusing on investing the sales force of the Tender Offeror and the Company in new demand areas such as carbon neutral and growing overseas markets, and making full use of sales data and processing know-how held by the Tender Offeror's and the Company's domestic and overseas sales sites and processing sites such as the coil center.

- (iii) *Further sophistication of the supply chain (establishment of a new business model)*

According to the Tender Offeror, the Tender Offeror, which will conduct steel manufacturing, will make effort to create new added value, by making use of the advantage that the sales data may be shared, and thereby aligning the scattered data for production, inventory, logistics, delivery deadline, etc. with the Company, which will conduct distribution and processing with the latest digital technology. Specifically, optimization of the integrated production and logistics (appropriation of inventory amount, shortening of lead time throughout the supply chain, and enhancement of manufacturing efficiency such as process yield) is being considered. Furthermore, a strengthening of cooperation in the new expansion field such as GX (Note 10) could also be considered in the future.



(Note 10) “GX” is an abbreviation for “Green Transformation,” and is a concept of transforming the social economy toward a shift from fossil fuels, a cause of greenhouse gases emission, to a renewable energy.

According to the Tender Offeror, based on these understandings, in late-March 2022, the Tender Offeror commenced considerations on making the Company a consolidated subsidiary, including the possibility of delisting the Company Shares, and on April 11, 2022, the Tender Offeror informed the Company that it had commenced internal consideration to make the Company a subsidiary and to delist the Company Shares. The Company responded on the same day that it would conduct internal considerations if there was any official proposal thereafter. Furthermore, according to the Tender Offeror, on May 19, 2022, the Tender Offeror informed Mitsui that it had commenced internal consideration to delist the Company Shares, and that it wished to conduct deliberations with Mitsui & Co. on whether Mitsui & Co. would continue its financial contribution to the Company even when the Company Shares are delisted. According to the Tender Offeror, as a result of deliberations between the Tender Offeror and Mitsui conducted on and after the same day, the Tender Offeror and Mitsui & Co. determined in early-September 2022 that the continuance of the capital relationships between Mitsui and the Company even after the delisting of the Company will contribute to the enhancement of the Company’s corporate value, because the positive effects on purchase and sales and logistics of steel materials are expected to appear by the cooperation measures implemented by the Company and Mitsui, and there are further measures that are expected to be put into practice in the future. Subsequently, according to the Tender Offeror, in early-September 2022, the Tender Offeror confirmed Mitsui’s intention to execute the Shareholders Agreement including the Non-Tender Clause between the Tender Offeror and Mitsui, and to move on to more specific deliberations to maintain Mitsui & Co.’s current voting rights ratio of 20% (rounded to the nearest whole number) and make the voting rights ratio of the Tender Offeror and Mitsui for the Company after the delisting of the Company Shares 80.00% and 20.00%, respectively. According to the Tender Offeror, to move on with more specific deliberations and considerations regarding the Transaction, the Tender Offeror submitted a written proposal for the implementation of the Transaction (the “Written Proposal”) to the Company on September 21, 2022. 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.

According to the Tender Offeror, subsequently and simultaneously with the Tender Offeror’s performance of the due diligence to investigate the feasibility of the Transaction from early October 2022 to late November 2022 (the “Due Diligence”), the Tender Offeror received questions regarding the Transaction from the special committee on October 14, 2022; thus, on October 27, 2022 (but partially on December 9, 2022), the Tender Offeror explained the Transaction in more detail to the Company and the special committee, and provided additional responses, respectively, on November 18, 2022 in response to the additional inquiry dated November 10, 2022 received from the Company’s special committee, and on December 7, 2022 in response to the additional inquiry dated December 1, 2022 on December 7, 2022, respectively. As such, the Tender Offeror had discussions and deliberations in further detail regarding the

significance and purpose of the Transaction, and the post-Transaction management system and business policy, and the terms and conditions of the Transaction, repeatedly with the Company. The Tender Offeror comprehensively considered each factor, such as the business plan received from the Company, the Company's share value calculation results which takes into account various factors such as the external environment surrounding the Company and the situation of the Due Diligence, the Company's current share price level (5,120 yen, 5,132 yen, 5,242 yen, and 5,193 yen, which are the closing prices of the Company Shares on the Prime Market of the Tokyo Exchange on October 31, 2022, and the simple average closing prices (rounded to the nearest whole number; the same applies for the subsequent calculations of the simple average closing prices) for the latest one-month period, latest three-month period, and the latest six month period, respectively), the future outlook of the tender for the Tender Offer, and the deliberations with Mitsui regarding the level of the Tender Offer Price; on November 4, 2022, as a result of significant consideration, the Tender Offeror officially made a proposal to the Company to set the purchase price per Company Shares in the Tender Offer ("Tender Offer Price") at 8,400 yen (calculated by adding a premium of 66.02%, 65.63%, 62.15%, and 63.68%, respectively (rounded to the nearest hundredth; the same applies with regard to subsequent calculations of premiums), to the closing price of the Company Shares on the Prime Market of the Tokyo Exchange on October 31, 2022, and the simple average closing prices for the latest one-month period, latest three-month period, and the latest six month period, which are 5,120 yen, 5,132 yen, 5,242 yen, and 5,193 yen, respectively). However, on November 17, 2022, the Company requested the Tender Offeror to reconsider the proposal, as the proposal did not fully reflect the Company's corporate value. Subsequently, based on the request for reconsideration of the proposal by the Company, the Tender Offeror made a proposal to set the Tender Offer Price at 8,800 yen on November 24, 2022, and based on the request by the Company, provided an overview of the Shareholders Agreement (Note 11), which was being deliberated over between the Tender Offeror and Mitsui & Co. at that point. In response, on December 1, 2022, the Tender Offeror received a request from the Company to consider setting the Tender Offer Price at 12,500 yen, taking into consideration the level of exercise prices for the call-option by the Tender Offeror and put-option by Mitsui & Co., which will be set forth in the Shareholders Agreement. Based on such request, on December 7, 2022, the Tender Offeror proposed to set the Tender Offer Price at 9,300 yen. However, on December 8, 2022, the Company requested the Tender Offeror 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 the Tender Offeror and put-option by Mitsui & Co., which will be set forth in the Shareholders Agreement. However, according to the Tender Offeror, as for the Tender Offeror, 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 the Tender Offeror. Therefore, on December 9, 2022, the Tender Offeror made a proposal to the Company once again to set the Tender Offer Price at 9,300 yen. In response, on December 15, 2022, the Company communicated 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 the Tender Offeror were to launch the Tender Offer at

the Tender Offer Price of 9,300 yen, although the special committee continued its consideration of the Transaction. Thereafter, on December 21, 2022, the Company notified the Tender Offeror that the Company's board of directors dated on the same day 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 submitted by the special committee.

(Note 11) For the details of the Shareholders Agreement, please refer to "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" below.

According to the Tender Offeror, based on the considerations, deliberations, and negotiations above, the Tender Offeror and the Company reached an agreement that the Tender Offer Price would be 9,300 yen, and therefore, at the board of directors' meeting held on December 21, 2022, the Tender Offeror resolved to implement the Tender Offer if the Conditions Precedent are fulfilled (or waived by the Tender Offer), as part of the Transaction.

According to the Tender Offeror, the Tender Offeror repeated multiple rounds of deliberations and negotiations with Mitsui from mid May 2022 to early December 2022 regarding the Shareholders Agreement, and executed the Shareholders Agreement on December 21, 2022.

#### (C) Post-Tender Offer Management Policy

According to the Tender Offeror, the Tender Offeror plans to establish an optimal management system to realize the measures stated in "(B) Background, Purpose, and Decision-Making Process Leading to the Tender Offeror's Decision to Conduct the Tender Offer" of "(2) Grounds and Reasons for the Opinion" of "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" above in order to further strengthen and accelerate the collaboration with the Company Group and enhance the corporate value of the Tender Offeror Group and the Company by delisting the Company Shares through the Transaction.

As of today, the Company's officers consist of nine directors and four company Audit and Supervisory Board Members, where Mr. Hirofumi Funakoshi, an Audit and Supervisory Board Member, has the position as a managing executive officer of the Tender Offeror; besides him, four directors used to be employees of the Tender Offeror, and one director used to be an employee of Mitsui. Regarding the management system after the Transaction, the Tender Offeror has stated that the Tender Offeror and Mitsui have agreed in the Shareholders Agreement that Mitsui will appoint the number of directors of the Company in accordance with its voting rights ratio. 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" below.

In addition, according to the Tender Offeror, the Tender Offeror expects that the Company will continue to conduct its business activities after the Transaction, and is thus not planning to dissolve or liquidate the Company.

(D) Decision-Making Process and Reasons Leading to the Company's Support of the Tender Offer

(i) *Background to the Establishment of the Structure for Consideration*

On April 11, 2022, the Company was informed that the Tender Offeror 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 the Written Proposal from the Tender Offeror; 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 the Tender Offeror, 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 the Tender Offeror, 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 the Tender Offeror and Mitsui: that although the Tender Offer is not a tender offer conducted by a controlling shareholder, the ownership ratio of the Tender Offeror in the Company Shares is 34.54% (the ownership ratio including those shares indirectly owned through wholly-owned subsidiaries and consolidated subsidiaries of the Tender Offeror is 35.08%), and the Tender Offeror is a major shareholder and the largest shareholder having the Company as an equity-method affiliate; that the ownership ratio of Mitsui with whom the Tender Offeror 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 the Tender Offeror and Mitsui in the Company Shares is 54.47% (the total ownership ratio of the Tender Offeror and Mitsui including those shares indirectly owned through wholly-owned subsidiaries and consolidated subsidiaries of the Tender Offeror 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 "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest" 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 “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” 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 the Tender Offeror (including making instructions or requests regarding the negotiation policy with the Tender Offeror as necessary, and negotiating with the Tender Offeror 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 fact 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 “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” 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 “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” 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 “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” 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 “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” 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 the Tender Offeror 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.

*(ii) Background of the Consideration and Negotiation*

The Company received a report of the valuation result of the Company Shares, and advice on the negotiation policy with the Tender Offeror 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 the Tender Offeror, 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 the Tender Offeror 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 the Tender Offeror a written question regarding the Written Proposal and the Transaction; on October 27, 2022 (partially on December 9, 2022), it received from the Tender Offeror 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 the Tender Offeror an additional written question; on November 18, 2022 and December 7, 2022, it received a response from the Tender Offeror, respectively.

Moreover, on November 4, 2022, the Company received the initial proposal, including setting the Tender Offer Price at 8,400 yen per share from the Tender Offeror. However, on November 17, 2022, the Company requested the Tender Offeror 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 the Tender Offeror a proposal to set the Tender Offer Price at 8,800 yen and an explanation about an overview of the Shareholders Agreement (Note), which was being deliberated over

between the Tender Offeror and Mitsui at that point. In response, on December 1, 2022, the Company requested the Tender Offeror to consider setting the Tender Offer Price at 12,500 yen, taking into consideration the level of exercise prices for the call-option by the Tender Offeror 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 the Tender Offeror to set the Tender Offer Price at 9,300 yen. However, on December 8, 2022, the Company requested the Tender Offeror 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 the Tender Offeror and put-option by Mitsui, which will be set forth in the Shareholders Agreement. However, on December 9, 2022, the Tender Offeror made a proposal to the Company to set the Tender Offer Price at 9,300 yen, because as for the Tender Offeror, 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 the Tender Offeror. In response, while the special committee continued its consideration of the Transaction, the Company communicated to the Tender Offeror, 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 the Tender Offeror were to launch the Tender Offer at the Tender Offer Price of 9,300 yen. Thereafter, on December 21, 2022, the Company notified the Tender Offeror that the Company's board of directors dated on the same day 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) 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" below.

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 the Tender Offeror Share values by the Tender Offeror 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 the Tender Offeror 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 the Tender Offeror, 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 the Squeeze-out Procedures by the Share Consolidation) are not disadvantageous for the Company's minority shareholders (the "Report") (for an overview of the Report, 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 "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest" below). Together with the Report, 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 "(B) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest" below).

*(iii) Details of the Decision*

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 the Tender Offeror 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 to the maximum extent.

As a result, the Company reached the conclusion that the Transaction, including making the Company a wholly-owned subsidiary of the Tender Offeror, as well as making the Tender Offeror 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, a new demand in response to social needs including SDGs, and global demand of steel products particularly in Asia and North America is expected to expand.

As a core trading company of the Tender Offeror, which aims to become "the best steelmaker with world-leading capabilities," the Company has up until now expanded their 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" 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.

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 the Tender Offeror, 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 the Tender Offeror in new demand fields such as carbon neutrality without being restricted in its handling of confidential information.

The Tender Offeror 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 the Tender Offeror'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 the Tender Offeror (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 the Tender Offeror 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 the Tender Offeror's production capability. There were concerns that this policy and approach may be restricted in accordance with the integration of various functions with the Tender Offeror; however, according to the Tender Offeror, this will not affect the management strategy shared with the Tender Offeror, 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 the Tender Offeror, may consider changing their trading company upon the integration of the various functions of the Company and the Tender Offeror, many customers are fully aware that the Company is an equity-method affiliate/manufacturer-affiliated trading company in which the Tender Offeror currently holds a 34.54% stake, and therefore, it is considered that the number of customers who would consider changing their trading company due to wariness of the Tender Offeror's growing influence is limited.

Moreover, while there is a concern that the Company's delisting and becoming a subsidiary of the Tender Offeror 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 the Tender Offeror 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, for the following reasons:

- (i) the price is agreed upon between the Company and the Tender Offeror 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 “(6) Measures to Ensure Fairness of the Tender Offer Price, Such as Measures to Ensure Fairness of the Tender Offer Price 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 “(A) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency” of “(3) Matters relating to Valuation” below; and as stated in “(A) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency” of “(3) Matters relating to Valuation” below, 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 the Tender Offeror and Mitsui) has been issued by Nomura Securities;
- (iii) the price is higher than the upper limit of the calculation results under the average 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 “(B) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” below; and as stated in “(B) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” below, 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;
- (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 past 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 ending 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 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 "(6) Measures to Ensure Fairness of the Tender Offer Price, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest" below.

In light of the above, the Company resolved at its board of directors meeting held on December 21, 2022, to express its current opinion to support the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer.

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.

For the method of resolution at the board of directors meeting above, please see "(G) Approval of All Directors of the Company Without Conflicts of Interest in the Transaction, and No Objection from All Audit and Supervisory Board Members of the Company Without Conflicts of Interest in the Transaction" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest" below.

### (3) Matters relating to Valuation

(A) 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 the Tender Offeror*

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 the Tender Offeror, 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 the Tender Offeror, 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*

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 ending 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 ending 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 were 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 this time.

(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 currently available. 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

per share, is considered to be appropriate from a financial perspective for the Company's shareholders (excluding the Tender Offeror and Mitsui).

(B) 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 the Tender Offeror*

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 the Tender Offeror, 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 “(D) Decision-Making Process and Reasons Leading to the Company's Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” above, when receiving the Report 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 Audit and Supervisory Board Members of the Company Without Conflicts of Interest in the Transaction” of “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” below.

PLUTUS is not a related party of the Tender Offeror, 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 ending 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 ending 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 this time, 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” of “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” below, 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 currently available; 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 the Tender Offeror 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.

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

(i) *Name of the Valuation Agency and its Relationship with the Company and the Tender Offeror*

According to the Tender Offeror, in order to ensure the fairness of the Tender Offer Price, when deciding the Tender Offer Price, the Tender Offeror requested that Mizuho Securities, which is a financial advisor and third-party valuation agency independent of the Tender Offeror, Mitsui, and the Company, to calculate the value of the Company Shares, and referred to the Share Valuation Report (Tender Offeror). According to the Tender Offeror, the Tender Offeror made a judgment and a decision on the Tender Offer Price after comprehensively taking into account the various elements stated in "(B) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer" of "(2) Grounds and Reasons for the Opinion" of "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" below, and discussing and negotiating with the Company; therefore, it did not obtain an opinion on the fairness of the Tender Offer Price (fairness opinion) from Mizuho Securities.

According to the Tender Offeror, Mizuho Securities is not a related party of the Tender Offeror, Mitsui, or the Company, and has no material interest in the Transaction. In addition, according to Mizuho Securities, Mizuho Bank, Ltd. ("Mizuho Bank"), which is a group company of Mizuho Securities, engages in financing and other transactions with the Tender Offeror, but it does not have a material interest in the Transaction causing a conflict of interest with the Tender Offeror, Mitsui, and the Company. Moreover, Mizuho Securities has built and implemented an appropriate conflict of interest management system, including providing an explanation about the status of a conflict of interest to, and obtaining the consent from, the Tender Offeror if there is a possibility of a conflict of interest, in accordance with the applicable laws and regulations such as Article 36-2 of the Act and Article 70-4 of the Cabinet Office Order

on Financial Instruments Business, etc. (Cabinet Office Order No. 52 of 2007, as amended); and it calculated the value of the Company Shares independently from Mizuho Bank's position as a lender. According to the Tender Offeror, the Tender Offeror considered that an appropriate conflict of interest management system to calculate the value of the Company Shares had been built and implemented, confirmed the specialization and experience, among other matters, and then elected Mizuho Securities as a third-party valuation agency.

*(ii) Overview of the Valuation for the Company Shares*

According to the Tender Offeror, Mizuho Securities considered the Company's financial condition, and the trends and other factors concerning the market price of the Company Shares, and then concluded that it is appropriate to calculate the value of the Company Shares multilaterally; it thus reviewed the valuation methods to be applied from among multiple valuation methods. As a result, Mizuho Securities calculated the value of the Company Shares by using the following methods: the average market price method; the comparable company method; and the DCF Method. According to the Tender Offeror, the ranges of values per share of the Company Shares calculated using each of the above methods are as follows:

Average market price method:	5,020 yen to 5,172 yen
Comparable company method:	3,078 yen to 6,968 yen
DCF Method:	6,429 yen to 11,556 yen

According to the Tender Offeror, in the average market price method, where December 19, 2022 was the base date, the value per share of the Company Shares was calculated to range from 5,020 yen to 5,172 yen, based on the following prices of the Company Shares on the Prime Market of the TSE: the closing price of the Company Shares on the base date (5,020 yen); the simple average of the closing price for one month before the base date (5,104 yen); the simple average of the closing price for three months before the base date (5,149 yen); and the simple average of the closing price for six months before the base date (5,172 yen).

According to the Tender Offeror, under the comparable company method, the value of the Company Shares was evaluated by comparing the market prices and financial indicators indicating profitability of listed companies that engage in businesses comparatively similar to those of the Company, and the range of the value per share of the Company Shares was calculated to be 3,078 yen to 6,968 yen.

According to the Tender Offeror, in the DCF Method, the value of the Company Shares 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 ending March 2023, on the assumption of earnings projections adjusted by the Tender Offeror taking into consideration various factors, including the Company's business plan for the fiscal year ending March 2023 to the fiscal year ending March 2027 as well as the results of the Due Diligence on the Company by the Tender Offeror conducted from early October 2022 to late November 2022, and publicly disclosed

information, and the value per share of the Company Shares was calculated to range from 6,429 yen to 11,556 yen. As it is difficult to specifically estimate the effectiveness and expenses expected to be created and incurred as a result of the implementation of the Transaction, this business plan does not assume the implementation of the Transaction. Further, in the Company's business plan which served as a basis for the DCF Analysis, there are no fiscal years in which considerable increases/decreases in profits are expected.

According to the Tender Offeror, the Tender Offeror ultimately determined that the Tender Offer Price would be 9,300 yen on December 21, 2022, comprehensively taking into account: (i) the Share Valuation Report (Tender Offeror) received from Mizuho Securities; (ii) the results of the Due Diligence on the Company by the Tender Offeror conducted from early-October 2022 to late-November 2022, (iii) whether the board of directors of the Company would support the Tender Offer; and (iv) the prospects of the Company Shares being tendered to the Tender Offer.

According to the Tender Offeror, the Tender Offer Price of 9,300 yen includes the following premiums: 85.26% on the closing price of the Company Shares of 5,020 yen on the Prime Market of the TSE as of December 20, 2022 which is the business day immediately before the scheduled announcement date of the Tender Offer ; 82.35% on the simple average of the closing price for the one month before to the same date, which is 5,100 yen; 80.83% on the simple average of the closing price for the three months before the same date, which is 5,143 yen; and 79.81% on the simple average of the closing price for the six months before the same date, which is 5,172 yen.

(4) Possibility of Delisting and Reasons Therefor

As of today, the Company Shares are listed on the Prime Market of the TSE. However, since the Tender Offeror has not set a maximum limit on the number of shares to be purchased in the Tender Offer, depending on the results of the Tender Offer, the Company Shares may be delisted through prescribed procedures in accordance with the delisting criteria set by the TSE. Additionally, even if the delisting criteria are not met upon the successful completion of the Tender Offer, if the Squeeze-Out Procedures are implemented as stated in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” below after the successful completion of the Tender Offer, then the Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria of the TSE. After delisting, the Company Shares will no longer be traded on the Prime Market of the TSE.

(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)

According to the Tender Offeror, as stated in “(A) Overview of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” above, if the Tender Offeror fails to acquire all of the Company Shares (excluding the Company Shares held by the Tender Offeror and Mitsui and the treasury shares owned by the Company) through the Tender Offer, it plans to

implement the Squeeze-Out Procedures by the methods described below after the successful completion of the Tender Offer.

Specifically, according to the Tender Offeror, the Tender Offeror plans to request that if the Tender Offer is commenced in late February 2023, the Company hold the Special Shareholders' Meeting in late May 2023, 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. The Tender Offeror and Mitsui plan to agree to each of those proposals at the Special Shareholders' Meeting. If the proposal for the Share Consolidation is approved at the Special Shareholders' Meeting, the Company's shareholders will hold the Company Shares in the number reflecting the ratio of the Share Consolidation that is approved at the Special Shareholders' Meeting, on the day on which the Share Consolidation takes effect. If fractions less than one share arise as a result of the Share Consolidation, then pursuant to the procedures provided in Article 235 of the Companies Act and other relevant laws and regulations, the amount of money obtained by selling the Company Shares corresponding to the total of such fractions (any fraction of less than one share in the total number will be rounded off; hereinafter the same applies) to the Company or the Tender Offeror will be delivered to each shareholder of the Company having such fractional Company Shares. The Tender Offeror plans to request that the Company: (a) calculate the sales price of the Company Shares corresponding to the total of such fractions so that the amount of money to be delivered, as a result of the sale, to each shareholder of the Company (excluding the Tender Offeror, Mitsui, and the Company; hereinafter the same applies) who did not tender shares in the Tender Offer equals the Tender Offer Price multiplied by the number of the Company Shares held by each such shareholder; and (b) file a petition with a court to permit such voluntary sale. The consolidation ratio of the Company Shares has not been determined as of today; however, it will be determined in such a way that the number of the Company Shares held by the Company's shareholders who did not tender shares in the Tender Offer will be a fraction of less than one share and the Tender Offeror and Mitsui will hold all the Company Shares (excluding the treasury shares owned by the Company).

As the provisions of the Companies Act that aim to protect the rights of minority shareholders to which the above-mentioned procedures relate, if fractions less than one share arise as a result of the Share Consolidation, the Company's shareholders will be entitled, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, to (a) demand that the Company purchase, at a fair price, all of the fractions of less than one share from among shares that they hold, and (b) file a petition with a court to determine the sales price for their Company Shares. As stated above, in the Share Consolidation, the number of the Company Shares held by the Company's shareholders who did not tender shares in the Tender Offer will be a fraction of less than one share so that the Tender Offeror and Mitsui will hold all the Company Shares (excluding the treasury shares owned by the Company). Thus, the Company's shareholders who dissent with the Share Consolidation will be able to file a petition to determine the sales price. If the petition mentioned above is filed, the purchase price for the Company Shares will be finally determined by the court.

According to the Tender Offeror, with respect to the procedures mentioned above, the method and time of implementation thereof may change depending on various factors such as the state of amendments, enforcement, the authorities' interpretations, etc. of the

relevant laws and regulations. However, even in that case, if the Tender Offer is successfully completed, a method of ultimately delivering money to each shareholder of the Company who did not tender shares in the Tender Offer is scheduled to be adopted. It is also planned that the amount of money to be delivered to each shareholder under such method 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. The Company will discuss the specific procedures, time of implementation of those procedures, and other matters concerning the above with the Tender Offeror, and the Company will promptly announce those matters as soon as they are determined.

We note that the Tender Offer does not solicit the Company's shareholders to agree to the proposals at the Special Shareholders' Meeting. Each shareholder of the Company should confirm with a tax accountant or other specialist, at its own responsibility, how tendering into the Tender Offer or participating in the procedures described above are treated under relevant tax laws.

- (6) Measures to Ensure Fairness of the Tender Offer Price, Such as Measures to Ensure Fairness of the Tender Offer Price 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 “(D) Decision-Making Process and Reasons Leading to the Company's Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” 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 the Tender Offeror 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 the Tender Offeror 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 the Tender Offeror 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 the Tender Offeror, 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 affluent 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 “(D) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” 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 the Tender Offeror (including making instructions or requests regarding the negotiation policy with the Tender Offeror as necessary, and negotiating with the Tender Offeror 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 fact 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 the Tender Offeror, Mitsui, and the Company, and PLUTUS as its own financial advisor and third-party valuation agency independent of the Tender Offeror, 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 the Tender Offeror, 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 the Tender Offeror, 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 the Tender Offeror, 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 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 the Tender Offeror. 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 the Tender Offeror, Nomura Securities, and PLUTUS; after exchanging questions and answers, it confirmed the reasonableness thereof and approved them. Moreover, as stated in "(A) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency" of "(3) Matters relating to Valuation" above and "(B) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency" of "(3) Matters relating to Valuation" above, 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 “(A) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency” of “(3) Matters relating to Valuation” above and “(B) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” above, 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 the Tender Offeror 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 the Tender Offeror to the Company. The special committee conducts 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 receives a prior explanation from Nomura Securities on the draft for a policy of negotiation with the Tender Offeror and the draft for a reply letter to the Tender Offeror, and states opinions as necessary and exchanges questions and answers; thereafter, it approves those drafts and gives instructions and requests to Nomura Securities and the secretariat.

The special committee confirms regarding the drafts for the Tender Offeror’s Press Release and this press release, that a fruitful information disclosure is planned to be conducted upon receiving several explanations from Mori Hamada & Matsumoto as the Company’s legal advisor and Nomura Securities as the Company’s financial advisor, and exchanging questions and answers, while also receiving advice, etc. from Nakamura, Tsunoda & Matsumoto as the special committee’s legal advisor.

*(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 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.
- The Tender Offeror has explained that: (i) it is considered that after the Transaction, it will be possible to share the Tender Offeror'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 the Tender Offeror Group; (ii) it is considered that after the Transaction, the Company and the Tender Offeror 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 the Tender Offeror 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 the Tender Offeror, 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 the Tender Offeror in new demand fields such as carbon neutrality without being restricted in its handling of confidential information; (ii) the Tender Offeror 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 the Tender Offeror; (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 the Tender Offeror (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 the Tender Offeror 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 the Tender Offeror; (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 the Tender Offeror, may consider changing their trading company upon the integration of the various functions of the Company and the Tender Offeror, many consumers are fully aware that the Company is an equity-method affiliate/manufacturer-affiliated trading company in which the Tender Offeror currently holds a 34.54% stake, and therefore, it is considered that the number of consumers who would consider changing their trading company due to wariness of the Tender Offeror's growing influence is considered to be limited; (iii) while there is a concern that the Company's delisting and becoming a subsidiary of the Tender Offeror 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 the Tender Offeror 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: the Tender Offeror'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 the Tender Offeror, 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 the Tender Offeror, 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 the Tender Offeror, 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 the Tender Offeror 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 and Supervisory Board Member Hirofumi Funakoshi, who concurrently serves as a Managing Executive Officer of the Tender Offeror, 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 the Tender Offeror. 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 the Tender Offeror Group (other than the Company Group) or Mitsui's group and have not served as officers or employees of the Tender Offeror 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 the Tender Offeror and Mitsui.

- The Tender Offer Period of the Tender Offer is set as 20 business days in the Transaction. The Tender Offeror 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, the Tender Offeror 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 the Tender Offeror 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 the Tender Offeror 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: the Tender Offeror 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; the Tender Offeror 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 a Special Shareholders’ Meeting 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 the Tender Offeror, 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 the Tender Offeror 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 the Tender Offeror 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 the Tender Offeror.
  - 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 that 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 non-business-related assets used in the DCF Method and the reasons for making such distinction) and therefore determined that 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 to delisting an

equity-method affiliate or consolidated subsidiary that were announced in and after 2019 and that 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 the Tender Offeror 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 the Tender Offeror 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 ending 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 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 the Tender Offeror 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 shareholder 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 Company's board of directors' decision to implement the Squeeze-Out Procedures by way of the Share Consolidation in order to make the Tender Offeror 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.

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

As stated in "(D) Decision-Making Process and Reasons Leading to the Company's Support of the Tender Offer" in "(2) Grounds and Reasons for the Opinion" in "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" 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 Company's decision-making regarding the Transaction.

Mori Hamada & Matsumoto is not a related party of the Tender Offeror, 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

As stated in “(A) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency” in “(3) Matters relating to Valuation” in “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” above, the Company requested that Nomura Securities, which is a financial advisor and third-party valuation agency independent of the Tender Offeror, 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). For the outline of the Share Valuation Report (Nomura Securities) and the Fairness Opinion (Nomura Securities), please refer to “(ii) Overview of the Valuation for the Company Shares” and “(iii) Overview of the Fairness Opinion (Nomura Securities)” of “(A) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency” of “(3) Matters relating to Valuation” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” above.

Nomura Securities is not a related party of the Tender Offeror, 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.

(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 the Tender Offeror, Mitsui, and the Company. Specifically, in mid-April 2022, the Company received an initial offer from the Tender Offeror regarding making the Company a consolidated subsidiary of the Tender Offeror, including the possibility of delisting the Company Shares. Subsequently, the Company established a project team to discuss and negotiate with the Tender Offeror, and the members, all of whom do not concurrently serve as an officer or employee of the Tender Offeror and Mitsui, and have not held any position in the Tender Offeror 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 the Tender Offeror (capital policy working group), and a working group in charge of considering future synergies and growth strategies, such as business expansion utilizing the Tender Offeror 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" in "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest" in "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" above, the special committee appointed Nakamura, Tsunoda & Matsumoto as its legal advisor independent of the Tender Offeror, 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 the Tender Offeror, 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" in "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest" in "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" above.

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

As stated in "(B) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency" in "(3) Matters relating to Valuation" in "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" above, the special committee requested that PLUTUS, which is a financial advisor and third-party valuation agency independent of the Tender Offeror, 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). For the outline of the Share Valuation Report (PLUTUS) and the Fairness Opinion (PLUTUS), please refer to "(ii) Overview of the Valuation for the Company Shares" and

“(iii) Overview of Fairness Opinion (PLUTUS)” of “(B) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” above.

PLUTUS is not a related party of the Tender Offeror or the Company, and it has no material interest in the Transaction including the Tender Offer. For the independence of PLUTUS, 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.

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

As stated in “(D) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” in “(2) Grounds and Reasons for the Opinion” in “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” 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 to the maximum extent.

As a result, as stated in “(D) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” in “(2) Grounds and Reasons for the Opinion” in “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” 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 the Tender Offeror, 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 the Tender Offeror in new demands 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 as the Company’s current opinion.

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

At the board of directors' meeting of the Company held on December 21, 2022 mentioned above, considering the fact that Mr. Shinichi Nakamura and Mr. Hidetake Ishihara have served as a representative director and vice president, and a managing executive officer of the Tender Offeror, 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 the Tender Offeror, 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 deliberation and resolution at the board of directors' meeting of the Company included two directors who used to be employees of the Tender Offeror (Mr. Yasumitsu Saeki and Mr. Kazuhiro Koshikawa). However, they do not concurrently serve as an officer or employee of the Tender Offeror, 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 the Tender Offeror. Therefore, the Company has concluded that currently, 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 the Tender Offeror. 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" in "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest" in "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" above, the special committee's confirmation and approval have been obtained. Also, Mr. Hirofumi Funakoshi, who is an Audit and Supervisory Board Member of the Company concurrently serves as a managing executive officer of the Tender Offeror, did not participate in the deliberation at the above-mentioned board of directors' meeting and refrained from expressing his opinion when adopting a resolution at the above-mentioned board of directors' meeting, 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 the Tender Offeror, the Tender Offeror aims to commence the Tender Offer in late February 2023, and approximately two months will be necessary before the commencement of the Tender Offer. Therefore, the Tender Offeror believes that the

opportunity for persons other than the Tender Offeror to purchase the Company Shares are ensured. Furthermore, the Tender Offeror 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. The Tender Offeror has given consideration to ensure the fairness of the Tender Offer by not hindering opportunities for competitive purchases.

In addition, according to the Tender Offeror, the Tender Offeror aims to commence the Tender Offer in late-February 2023, and expects it to require approximately two months to the commencement of the Tender Offer. Therefore, the Tender Offeror believes that the opportunity for the Company's general shareholders to determine whether to tender shares in the Tender Offer and the opportunities for persons other than the Tender Offeror to purchase the Company Shares are ensured. Thus, the Tender Offeror plans to set the purchase period for the Tender Offer (the "Tender Offer Period") as 20 business days, in principle (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, will be ensured as the tender offer period. Hereinafter the same applies to the descriptions of business days for 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 the Tender Offeror, as stated in "(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)" of "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" below, the Tender Offeror (i) plans to request that the Company hold a special shareholders' meeting (the "Special Shareholders' Meeting"), 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 the Tender Offeror, Mitsui, and the Company). Therefore, the Tender Offeror 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. Items regarding Material Agreements between the Tender Offeror and the Company's Shareholders with respect to the Tendering of Shares in the Tender Offer

According to the Tender Offeror, the Tender Offeror has executed the Shareholders Agreement with Mitsui as of today. In the Shareholders Agreement, it is agreed not to

tender any the Company Shares held by Mitsui (6,428,800 shares; ownership ratio: 19.93%) in the Tender Offer.

Furthermore, according to the Tender Offeror, for the purpose of implementing the Transaction, in the Shareholders Agreement, as stated in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” above, it is agreed: (i) that if the Tender Offer is successfully completed and the Tender Offeror fails to acquire all of the Company Shares (excluding the Company Shares held by the Tender Offeror and Mitsui and the treasury shares owned by the Company) through the Tender Offer, the Tender Offeror will cause the Company to implement the Squeeze-Out Procedures to make the Tender Offeror and Mitsui the only shareholders of the Company through, among others, holding the Special Shareholders’ Meeting, the proposals for which include the Share Consolidation at a consolidation ratio which ensures that the number of shares held by the Company’s shareholders other than the Tender Offeror and Mitsui will be a fractional number less than one share for the purpose of making the Tender Offeror and Mitsui the only shareholders of the Company; (ii) that the Tender Offeror and Mitsui will cause the Squeeze-Out Procedures to be completed by conducting all actions necessary to implement the Squeeze-Out Procedures, including exercising their voting rights in favor of the proposals at the Special Shareholders’ Meeting; and (iii) measures, if any, necessary to achieve the Voting Rights Ratio as soon as practically possible, pursuant to applicable laws and regulations, after the effective date of the Share Consolidation, will be taken.

In addition, according to the Tender Offeror, in the Shareholders Agreement, the Tender Offeror and Mitsui agree in connection with the operation of the Company after the Transaction: (i) that Mitsui will nominate directors of the Company in the number corresponding to the voting rights ratio of Mitsui; (ii) on matters related to the Company’s dividend policy; (iii) on matters related to the transaction terms and conditions between the Tender Offeror and the Company; (iv) on matters requiring Mitsui’s approval related to the operation of the Company (amending the articles of incorporation, M&A transactions, making investments or acquiring shares in a third party, and acquiring or transferring material assets, etc.); (v) that as a general rule, if the Company needs to raise funds, it will raise funds in a manner that would not cause dilution of Mitsui’s voting rights; and (vi) that the Tender Offeror will provide the Company’s financial information and other information to Mitsui. Other than these, the Tender Offeror and Mitsui agreed to matters including: (i) general prohibition on transfer of the Company Shares held by the Tender Offeror and Mitsui; (ii) call options by the Tender Offeror and put options by Mitsui after three years from the effective date of the Share Consolidation elapse and if certain events occur (Note 1); (iii) indemnity obligations in case of non-performance of obligations or breach of representations and warranties (Note 2); (iv) events of termination and cancellation of the agreement; (v) confidentiality duties; (vi) general prohibition on transfer, other disposition, or succession of contractual status and rights and obligations; and (vii) good-faith discussion duties for matters not provided in the agreement or doubts arising with respect to the provisions of the agreement.

(Note 1) According to the Tender Offeror, in the Shareholders Agreement, the Tender Offeror and Mitsui & Co. have mainly agreed: that (i) the exercise price of the Tender Offeror’s call options and Mitsui & Co.’s put options that will become

exercisable in three years from the effective date of the Share Consolidation will be the amount obtained by multiplying the book value of the Company's consolidated net assets (excluding non-controlling shareholders' equity) by the ownership ratio of Mitsui & Co.; that (ii) the exercise price of Mitsui & Co.'s put options in the case where the Tender Offeror is subject to a certain event will be 110% of the amount; and that (iii) the exercise price of the Tender Offeror's call options in the case where Mitsui & Co. is subject to a certain event will be 90% of the amount. A "certain event" mentioned above means a violation of any obligation, any representation or warranty under the Shareholders Agreement, or commencement of the legal insolvency proceedings or voluntary liquidation proceedings. It has been also agreed that when exercising the Tender Offeror's call options and Mitsui & Co.'s put options that will become exercisable in three years from the effective date of the Share Consolidation, the party which exercises the options shall pay 900 million yen to the counterparty as a termination fee.

(Note 2) According to the Tender Offeror, in the Shareholders Agreement, the Tender Offeror and Mitsui & Co. have mutually made representations and warranties regarding: (i) the authority to execute the Shareholders Agreement; (ii) the effectiveness and enforceability of the Shareholders Agreement; (iii) non-existence of any conflict with laws or regulations; (iv) lawful and effective acquisition or performance of permissions and authorizations, and non-existence of any relationship with anti-social forces.

5. Details of Benefits Received from the Tender Offeror or any of its Specially Related Parties

N/A

6. Response Policy with respect to Basic Policies relating to the Control of the Company

N/A

7. Questions to the Tender Offeror

N/A

8. Requests for Extension of the Tender Offer Period

N/A

9. The Outlook Going Forward

Please refer to "(C) Post-Tender Offer Management Policy" of "(2) Grounds and Reasons for the Opinion", "(4) Possibility of Delisting and Reasons Therefor" and "(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)" in "3. Details of and Grounds and Reasons for the Opinion on the Tender

Offer” above.

10. Other Matters Necessary for Investors to Appropriately Understand Company Information and Make Decisions

(1) Announcement of the “Notice regarding Revisions to Year-End Dividend Forecast for Fiscal Year Ending in March 2023 (No Dividends)”

The Company’s board of directors at its meeting held today, resolved to revise the dividend forecast for the fiscal year ending March 31, 2023, which was announced on November 8, 2022, and not to pay year-end dividends for the fiscal year ending March 31, 2023 in light of the planned launch of the Tender Offer. For details, please see the “Notice concerning Revisions to Dividend Forecast for Fiscal Year Ending March 2023 (No Dividends)” announced by the Company today.

End

(Reference) “Notice Regarding Planned Commencement of Tender Offer for Shares of Nippon Steel Trading Corporation (Securities Code: 9810)” dated December 21, 2022 (as attached)



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, the Tender Offeror, 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, the Tender Offeror, or their affiliates, on its own account or on the customers' account 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") 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 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.

### Restrictions on Solicitation

This press release is to announce the declaration of opinion of the Company regarding the Tender Offer and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first be sure to carefully read the Tender Offer Explanatory Statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer to sell, solicitation of a sale of, or any solicitation of any offer to buy, any securities. In addition, neither this press release (or any part of it) nor the fact of its distribution shall form the basis of any agreement pertaining to the Tender Offer or be relied on any such agreement in the event of the execution thereof.

### U.S. Regulations

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards provided under the Financial Instruments and Exchange Act of Japan, and those procedures and standards are not always the same as those applicable in the United States. In particular, neither Section 13(e) nor Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the “U.S. Securities Exchange Act of 1934”) or the rules under these sections apply to the Tender Offer; therefore, the Tender Offer is not conducted in accordance with those procedures or standards. All of the financial information included or referred to in this press release and these reference materials do not conform to the U.S. accounting standards and may not be equivalent or comparable to the financial statements prepared pursuant to the accounting standards of a company in the United States. In addition, because the Tender Offeror is a corporation incorporated outside the United States and some or all of its officers are non-U.S. residents, it may be difficult to exercise rights or demands against them which arise pursuant to U.S. securities laws. It also may be impossible to bring an action against a corporation that is based outside of the United States or its officers in a court outside of the United States on the grounds of a violation of the federal securities laws of the United States. Furthermore, there is no guarantee that a corporation that is based outside of the United States or its subsidiaries or affiliates may be compelled to submit themselves to the jurisdiction of a U.S. court.

All procedures regarding the Tender Offer will be conducted in Japanese. All or part of the documents regarding the Tender Offer will be prepared in English; however, if there is any discrepancy between the documents in English and those in Japanese, the documents in Japanese shall prevail.

Before the commencement of the Tender Offer or during the purchase period of the Tender Offer, the Tender Offeror and its affiliates (including the Company), and the affiliates of the financial advisors of each of the foregoing might purchase, etc. by means other than the Tender Offer or conduct an act aimed at such a purchase, etc. of the common shares of the Company on their own account or the account of their client to the extent permitted by Japanese legislation related to financial instruments and exchanges in the scope of their ordinary business and in accordance with the requirements of Rule 14e-5(b) of the U.S.

Securities Exchange Act of 1934. If information regarding such a purchase, etc. is disclosed in Japan, the person that conducted that purchase, etc. will be disclosed in English on the website of such person.

#### Forward-looking Statements

This press release includes forward-looking statements as defined in Section 27A of the U.S. Securities Act of 1933 (as amended, the “U.S. Securities Exchange Act of 1933”) and Section 21E of the U.S. Securities Exchange Act of 1934. The actual results may be significantly different from the predictions expressly or implicitly indicated in the forward-looking statements, due to known or unknown risks, uncertainties, or other factors. The Tender Offeror or its affiliates cannot promise that the predictions expressly or implicitly indicated as the forward-looking statements will turn out to be correct. The forward-looking statements included in this press release were prepared based on the information held by the Tender Offeror as of the date of this press release, and unless obligated by laws or regulations or the rules of a financial instruments exchange, the Company or its affiliates shall not be obligated to update or revise the statements to reflect future incidents or situations.

#### Other Countries

Some countries or regions may impose legal restrictions on the announcement, issue, or distribution of this press release. In such cases, please take note of such restrictions and comply therewith. The announcement, issue, or distribution of this press release shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.