

Cover Sheet

Name of Document:	Tender Offer Statement
Person to Whom the Statement is Filed:	Director-General of the Kanto Local Finance Bureau
Date of Filing:	March 13, 2023
Name of Filing Person:	Nippon Steel Corporation
Address of Filing Person:	2-6-1 Marunouchi, Chiyoda-ku, Tokyo
Nearest Place to Contact:	2-6-1 Marunouchi, Chiyoda-ku, Tokyo
Telephone Number:	(03)6867-4111 (main)
Name of Contact Person:	Tomoaki Arimura, Head of Department, General Administration Department, General Administration Division
Name of Attorney-in-Fact:	N/A
Address of Attorney-in-Fact:	N/A
Nearest Place to Contact:	N/A
Telephone Number:	N/A
Name of Contact Person:	N/A
Location at Which the Statement is Available to the Public:	Nippon Steel Corporation (2-6-1 Marunouchi, Chiyoda-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku Tokyo)

(Note 1) In this Statement, “Tender Offeror” means Nippon Steel Corporation.

(Note 2) In this Statement, “Target Company” means Nippon Steel Trading Corporation.

(Note 3) Where the figures in this Statement are rounded off or rounded down, the amount indicated in the total column may not always coincide with the sum of the relevant figures.

(Note 4) In this Statement, “Act” means the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended).

(Note 5) In this Statement, “Order” means the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended).

(Note 6) In this Statement, “Cabinet Office Order” means the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Ordinance of the Ministry of Finance No. 38 of 1990, as amended).

(Note 7) The tender offer that is the subject of this Statement (the “Tender Offer”) will be conducted in compliance with the procedures and information disclosure standards prescribed by the Act.

(Note 8) In this Statement, “Shares” means the right pertaining to a share.

- (Note 9) Unless otherwise specified in this Statement, any indication of a number of days, date or time in this Statement refers to such number of days, date or time in Japan.
- (Note 10) In this Statement, “business day” means a day other than those listed in each item of Article 1, paragraph (1) of the Act on Holidays of Administrative Organs (Act No. 91 of 1988, as amended).
- (Note 11) The Tender Offer will be conducted in compliance with the procedures and information disclosure standards provided under the Act, 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 the procedures or standards prescribed thereby. The financial information included in this Statement does not conform to the U.S. accounting standards and may not be equivalent to the financial information of a company in the United States. Also, because the Tender Offeror and the Target Company are corporations incorporated outside the United States and some or all of their directors are non-U.S. residents, it may be difficult to exercise rights or demands against them under the U.S. securities laws. In addition, it may not be possible to commence any legal procedures in courts outside the United States against a non-U.S. corporation or its directors based on a breach of U.S. securities laws. Furthermore, U.S. courts are not necessarily granted jurisdiction over a non-U.S. corporation or its directors.
- (Note 12) All procedures regarding the Tender Offer will be conducted in Japanese unless specifically set forth otherwise. 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.
- (Note 13) Before the commencement of the Tender Offer or during the purchase period for the Tender Offer (the “Tender Offer Period”), the Tender Offeror and its affiliates, and affiliates of the financial advisors to the Tender Offeror or the Target Company may, in the ordinary course of their business and to the extent permitted by Japanese laws and regulations related to financial instruments transactions and other applicable laws and regulations and in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, purchase the shares of the Target Company other than as part of the Tender Offer, or take actions aimed at such a purchase, on their own account or the account of their clients. If information regarding such a purchase is disclosed in Japan, that information will also be disclosed in the English language on the website of the person that conducted that purchase.
- (Note 14) This Statement includes forward-looking statements as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. The actual results may be significantly different from the predictions expressly or impliedly indicated in the forward-looking statements, due to known or unknown risks, uncertainty, or other factors. The Tender Offeror or its affiliates do not guarantee that the predictions expressly or impliedly indicated as the forward-looking statements will turn out to be correct. The forward-looking statements included in this Statement were prepared based on the information held by the Tender Offeror as of the filing date of this Statement, and unless obligated by laws or regulations or the rules of a financial instruments exchange, the Tender Offeror or its affiliates shall not be obligated to update or revise the statements to reflect future incidents or situations.

## **PART I. Terms and Conditions of the Tender Offer**

### **1. Name of the Target Company**

Nippon Steel Trading Corporation

### **2. Class of Shares to Be Purchased**

Common stock

### **3. Purpose of the Purchase**

#### **(1) Overview of the Tender Offer**

The Tender Offeror, as of the filing date of this Statement, is the largest shareholder of the Target Company, directly owning 11,141,529 shares (ownership ratio (Note 1): 34.54%) of the shares of common stock of the Target Company (the “Target Company Shares”) listed on the Prime Market of Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”). The Tender Offeror has made the Target Company an equity-method affiliate by owning 11,316,229 shares (ownership ratio: 35.08%) of the Target Company Shares (Note 2), including the amount indirectly owned 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) The “ownership ratio” refers to the ratio to the number of shares (32,257,267 shares) obtained by subtracting the number of treasury shares owned by the Target Company as of December 31, 2022 (50,533 shares) as notified by the Target Company to the Tender Offeror from the total number of issued shares as of December 31, 2022 as described in the Target Company’s 46th third quarterly report submitted by the Target Company on February 14, 2023 (the “Target Company’s Third Quarterly Report”) (32,307,800 shares) (rounded to the nearest hundredth, which also applies with regard to subsequent descriptions of ownership ratio).

(Note 2) The Tender Offeror has confirmed that 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. intend to tender the Target Company Shares it owns (174,700 shares) in the Tender Offer.

As announced in the “Notice Regarding Planned Commencement of Tender Offer for Shares of Nippon Steel Trading Corporation (Securities Code: 9810)” dated December 21, 2022 (the “Tender Offeror Press Release Dated December 21, 2022”), at the board of directors’ meeting held on December 21, 2022, the Tender Offeror resolved to implement the Tender Offer if certain conditions precedent (for details, please refer to (Note 3) below; such conditions precedent shall be referred to as the “Conditions Precedent”), including the completion of acquisition of all clearances under domestic and overseas (Japanese, Chinese, Taiwanese, Turkish, Mexican, U.S., and Vietnamese) competition laws, are fulfilled (or waived by the Tender Offeror), as part of a transaction intended to acquire all of the Target Company Shares (excluding, however, the Target Company Shares owned by the Tender Offeror and Mitsui & Co., Ltd. (“Mitsui & Co.”), as well as the treasury shares owned by the Target Company) and to make the Target Company a consolidated subsidiary of the Tender Offeror, as well as to make the Tender Offeror and Mitsui & Co. the only shareholders of the Target Company, and the voting rights holding ratios of the Tender Offeror and Mitsui & Co. in the Target Company 80.00% and 20.00%, respectively (the “Voting Rights Ratio”), after the Target Company is delisted (the “Transaction”).

(Note 3) The “Conditions Precedent” are: (1) the acquisition of clearances necessary for the implementation of the Transaction under competition laws has been completed (Note 4); (2) the Target Company’s board of directors has adopted a resolution to express its opinion in support of the Tender Offer, and to recommend that the Target Company’s shareholders tender in the Tender Offer, and the resolution is valid at the time of the commencement of the Tender Offer without any amendment, addition, or correction; (3) the Target Company’s special committee, which looked into the Transaction, has submitted a positive report to the Target Company’s board of directors with regard to its support of the Tender Offer, recommendation to the Target Company’s shareholders to tender in the Tender Offer, and the implementation of the Transaction, and the contents of such report are valid at the time of the commencement of the Tender Offer without any amendment, addition, or correction; (4) the Shareholders Agreement (defined below; hereinafter the same) has been effectively executed and remains effective; (5) the representations and warranties of Mitsui & Co. (Note 5) 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., no petition, litigation, or proceedings are pending before juridical and government agencies seeking the limitation or prohibition of any part of the Transaction, there is no 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 Target Company’s operations that the Target 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 Target 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 4) 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 5) For details of Mitsui & Co.’s representations and warranties pursuant to the Shareholders Agreement, please refer to “(6) Items Regarding Material Agreements Related to the Tender Offer” below.

The Tender Offeror aimed to commence the Tender Offer by around late February 2023. However, as announced in the “Notice Regarding Progress Toward Implementation of Tender Offer for Shares of Nippon Steel Trading Corporation (Securities Code: 9810)” dated February 27, 2023, as of then, not all of the necessary procedures and actions under domestic and overseas competition laws had been completed, and therefore, the Tender Offeror estimated that the Tender Offer would be commenced during March 2023. On March 10, 2023, the Tender Offeror confirmed that all of the Conditions Precedent were fulfilled as described below; therefore, on March 10, 2023, the Tender Offeror decided to commence the Tender Offer on March 13, 2023.

- (i) Regarding the acquisition of clearances under domestic and overseas (Japanese, Chinese, Taiwanese, Turkish, Mexican, U.S., and Vietnamese) competition laws, as stated in “(2) Relevant Laws and Regulations” of “6. Approvals with Respect to the Acquisition of Shares” below, based on the fact that on February 28, 2023, the Tender Offeror received a document approving the acquisition of the Target Company Shares through the Tender Offer (the “Share Acquisition”) issued by the Mexican Federal Economic Competition Commission as of February 27, 2023 (local time), the Tender Offeror confirmed that the acquisition of clearances under competition laws required to implement the Transaction was completed and that it became possible to implement the Share Acquisition.

- (ii) The Tender Offeror was informed by the Target Company that the Target Company, at its board of directors' meeting held on March 10, 2023, again resolved to express its opinion in support of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer, and that the resolution is valid without any amendment, addition, or correction; upon being informed as such, on March 10, 2023, the Tender Offeror confirmed that such resolution was adopted and that it is valid without any amendment, addition, or correction.
- (iii) The Tender Offeror was informed by the Target Company that the Target Company's special committee confirmed that considering the circumstances on and after December 21, 2022 until March 10, 2023, there were no circumstances that would require a change in its positive report regarding the support of the Tender Offer, the recommendation to the Target Company's shareholders to tender their shares in the Tender Offer, and the implementation of the Transaction; that the special committee submitted to the Target Company's board of directors an additional report to the effect that it considers that there is no need to change the contents of the above-mentioned report based on an unanimous resolution on March 10, 2023 (the "Report Dated March 10, 2023"); and that the contents of the Report Dated March 10, 2023 are valid without any amendment, addition, or correction. Upon being informed as such, on March 10, 2023, the Tender Offeror confirmed that the Report Dated March 10, 2023 was submitted to the Target Company's board of directors and that the contents of the report are valid without any amendment, addition, or correction.
- (iv) As of March 10, 2023, the Shareholders Agreement is effectively executed and remains effective (the same applies as of the filing date of this Statement).
- (v) Since the Tender Offeror did not receive any notice regarding any fact of, or any recognized specific possibility of, a violation of Mitsui & Co.'s representations and warranties specified in the Shareholders Agreement from Mitsui & Co. on and after December 21, 2022 until March 10, 2023, as of March 10, 2023, the Tender Offeror has concluded that the representations and warranties are true and accurate in all material respects.
- (vi) The Tender Offeror was informed by the Target Company that, as of March 10, 2023, no petition, litigation, or proceedings are pending before judicial and government agencies seeking the limitation or prohibition of any part of the Transaction, that there is no decision rendered by juridical and government agencies to limit or prohibit any part of the Transaction, and that there is no specific likelihood thereof; upon being informed as such, on the same day, the Tender Offeror has concluded that no such event has occurred.
- (vii) The Tender Offeror was informed by the Target Company that, as of March 10, 2023, there is no "material fact about business" of the Target Company that is not "disclosed" by the Target Company; upon being informed as such, on the same day, the Tender Offeror has concluded that there are no "material facts regarding the operations" of the Target Company that is not "disclosed" by the Target Company.
- (viii) The Tender Offeror was informed by the Target Company that, as of March 10, 2023, no material change has occurred in the business or property of the Target Company or its subsidiary or no other circumstances have occurred 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; upon being informed as such, on the same day, the Tender Offeror has concluded that no such event has occurred.

- (ix) The Tender Offeror was informed by the Target Company that, as of March 10, 2023, no other circumstances have occurred or have been discovered, which makes it objectively impossible or extremely difficult to implement the Transaction; upon being informed as such, on the same day, the Tender Offeror has concluded that no such event has occurred.

Upon the Tender Offer, the Tender Offeror executed a shareholders agreement (the “Shareholders Agreement”) as of December 21, 2022 with Mitsui & Co., which is the second largest shareholder of the Target Company owning 6,428,800 shares (ownership ratio: 19.93%) of the Target Company Shares and of which the Target Company is an equity-method affiliate, and agreed to not tender any of the shares held by Mitsui & Co. in the Tender Offer (the “Non-Tender Clause”), and to implement a series of procedures to make the Tender Offeror and Mitsui & Co. the only shareholders of the Target 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 “(6) Items Regarding Material Agreements Related to the Tender Offer” below.

In the Tender Offer, the Tender Offeror set the minimum planned purchase quantity at 3,934,571 shares (ownership ratio: 12.20%), and if the total number of Shares, 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 Target Company Shares (excluding, however, the Target Company Shares owned by the Tender Offeror and Mitsui & Co. and treasury shares owned by the Target Company), make the Tender Offeror and Mitsui & Co. the only shareholders of the Target Company, and delist the Target 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 (3,934,571 shares), the Tender Offeror will purchase all of the Tendered Shares. The minimum planned purchase quantity (3,934,571 shares) (ownership ratio: 12.20%) was set as the number obtained by (i) subtracting the number of treasury shares owned by the Target Company as of December 31, 2022 (50,533 shares) as notified by the Target Company to the Tender Offeror, from the total number of issued shares of the Target Company as of December 31, 2022 as described in the Target Company’s Third Quarterly Report (32,307,800 shares); this amounts to 32,257,267 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 21,504,900 shares, and then (iii) subtracting the number of the Target Company Shares owned by the Tender Offeror as of the filing date of this Statement (11,141,529 shares) and the number of the Target Company Shares owned by Mitsui & Co. (6,428,800 shares) from 21,504,900 shares, which equals 3,934,571 shares. The Transaction aims to delist the Target Company Shares and make the Tender Offeror and Mitsui & Co. the only shareholders of the Target Company, and when implementing the procedures for the share consolidation (the “Share Consolidation”) as described in “(4) 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, 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 & Co. to own two-thirds or more of the number of voting rights of all shareholders of the Target Company after the Tender Offer.

If the Tender Offeror fails to acquire all of the Target Company Shares (excluding, however, the Target Company Shares owned by the Tender Offeror and Mitsui & Co., as well as the treasury shares owned by the Target Company) during the Tender Offer, the Tender Offeror will implement the Squeeze-Out Procedures after the completion of the Tender Offer, as described in “(4) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called “Two-Step Acquisition”)” below to make the Tender Offeror and Mitsui & Co. the only shareholders of the Target Company.

According to the “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” announced by the Target Company on December 21, 2022 (the “Target Company Press Release Dated December 21, 2022”), at the Target Company’s board of directors meeting held on December 21, 2022, the Target Company resolved to express its opinion as of that date to support the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer if the Tender Offer is commenced. Furthermore, in the above-mentioned board of directors meeting, it was resolved that the Target Company is to follow the following procedure in expressing its opinion: as stated in “(iii) Details of the Decision” of “(ii) Process of and Reasons for the Decision Making by the Target Company” of “(II) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer,” when the Tender Offer is to commence, the Target Company will request that the special committee, established by the Target Company, examine whether there are any changes in the contents of the report that the special committee made to the Target Company’s board of directors as of December 21, 2022, and if there is no change, state to that effect; alternatively, if there is any change, report the changed contents to the board of directors; and based on such opinion of the special committee, the Target Company is to re-express its opinion regarding the Tender Offer at the time of commencement of the Tender Offer. In addition, according to the “Declaration of Opinion in Support of the Tender Offer for the Shares of the Company by Nippon Steel Corporation (a Related Company of the Company) and Recommendation for the Tender Offer” announced by the Target Company on March 10, 2023 (together with the Target Company Press Release Dated December 21, 2022, collectively, the “Target Company Press Releases”), at its board of directors’ meeting held on March 10, 2023, the Target Company again resolved to express its opinion in support of the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer. For the details of the resolutions at the Target Company’s board of directors’ meetings held on December 21, 2022 and March 10, 2023, please refer to the Target Company Press Releases and “(VIII) Approval of All Directors of the Target Company Without Conflicts of Interest and Opinions by All Audit and Supervisory Board Members of the Target Company that it had No Objection” in “(3) 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.

- (2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy
- (1) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer

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 Tokyo Stock Exchange 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. As of the filing date of this Statement, shares of the Tender Offeror are listed on the Prime Market of the Tokyo Stock Exchange, the Premier Market of Nagoya Stock Exchange, Inc., Securities Membership Corporation Fukuoka Stock Exchange, and Securities Membership Corporation Sapporo Securities Exchange, respectively.

As of December 31, 2022, the Tender Offeror has 368 consolidated subsidiaries and 100 equity-method affiliates including the Target Company (the Tender Offeror, its consolidated subsidiaries, and its equity-

method affiliates shall be collectively referred to as the “Tender Offeror Group”). 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 Target 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 Target 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 Target Company changed its trade name to Nippon Steel Trading Corporation on April 1, 2019. The Target Company was listed on the Second Section of the Tokyo Stock Exchange 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 Target Company was designated to the First Section of the Tokyo Stock Exchange, and is listed on the Prime Market of the Tokyo Stock Exchange since April 4, 2022.

According to the Target Company Press Releases, as of December 31, 2022, the Target Company has 83 subsidiaries and 44 affiliates (the Target Company and its subsidiaries and affiliates shall be collectively referred to as the “Target Company Group”), and as the Tender Offeror’s lineal trading company, the Target 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 Target Company Group belongs to the Tender Offeror Group, which is an “any other affiliate” of the Target Company, and with the Target 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 Target Company Group’s core business, an integrated service is provided, from raw material procurement to product delivery to customers, by using its domestic and overseas sales network. The Target Company 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 Target Company Group further strengthens its solution function to grasp customers’ diversifying and advancing requirements in a timely manner and resolve them. The Target Company 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 Target Company 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 Target Company acquired part of Mitsui & Co.'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 allocation to Mitsui & Co. (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 & Co. acquired the Target Company's new shares (1,350,000 shares (shareholding ratio: 4.18%)) by the third party allocation stated above, after it acquired 69,600 shares from purchase through the Tokyo Stock Exchange Trading NeTwork System-1 (ToSTNet-1) on January 25, 2018 (shareholding ratio: 0.22%), 65,000 shares from SNT Corporation on the same date (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 negotiation outside of the stock market. Therefore, in addition to the 3,383,100 shares (shareholding ratio: 10.93%) that it originally held due to an acquisition of Target Company Shares and the Target Company's class shares by a capital increase by the Target Company (the trade name at that time was Nittetsu Shoji Co., Ltd.) through a third-party allocation in October 2002, a conversion of Target Company's class shares into ordinary shares in October 2007, and other partial sales of Target Company Shares on the market, Mitsui & Co. ended up holding a total of 6,428,770 Target Company Shares (shareholding ratio: 19.90%), and on April 2, 2018, the Target Company became an equity-method affiliate of Mitsui & Co. Subsequently, on April 27, 2018, Mitsui & Co. made a demand for the sale of share less than one unit and acquired 30 shares (shareholding ratio: 0.00%), which resulted in the number of Target Company Shares held by Mitsui & Co to become 6,428,800 shares (shareholding ratio: 19.90%), and as of the filing date of this Statement, Mitsui & Co. holds 6,428,800 shares (ownership ratio: 19.93%). As such, by acquiring a part of Mitsui & Co.'s steel business, the Target 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 Target Company and Mitsui & Co. 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 the total number of shares issued by the Target 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 Target Company has agreed on a partnership in the textiles businesses, between the textiles business of the Target Company and Mitsui Bussan I-Fashion Ltd. ("Mitsui Bussan I-Fashion"), a consolidated subsidiary of Mitsui & Co., centered on their integration. On August 25, 2021, Mitsui & Co. 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 Target Company's textiles division and Mitsui Bussan I-Fashion, and (3) an absorption-type demerger agreement (simple absorption-type demerger) making the Target 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: Target Company 50%, Mitsui & Co. 50%). The Target Company will mutually and supplementally utilize the management resources of the Target Company and Mitsui & Co. and construct a stronger business foundation, for the purpose of promoting the collaboration between the Target Company and Mitsui & Co. 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 Target 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 Target Company formulated a new medium- to long-term management plan as of May 10, 2021 (the “Target 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. According to the Target Company Management Plan, the Target 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+α billion yen and net profit attributable to the parent company shareholders of 28+α billion yen in fiscal year 2025 (the actual performance in fiscal year 2021 was 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 Target Company Management Plan, as the business environment surrounding the Target 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 Target 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 Target 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 Target 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 Target 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 Target 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 Target 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 Target Company will make group-wide efforts to improve distribution efficiency and to create new businesses through M&A, alliances, and digital transformation strategies. Furthermore, the Target 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 Target 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 Target Company, the Target 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 Target Company (the trade name at that time was Nittetsu Shoji Co., Ltd.). Subsequently, on November 1, 1977, the Target 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 Target 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 Target Company Shares held by the Tender Offeror becoming 2,070,000 shares (shareholding ratio: 45.00%). On March

31,1988, the Target Company conducted a capital increase through a third-party allocation, and the Tender Offeror acquired 540,000 Target Company Shares; resulting in the number of Target Company Shares held by the Tender Offeror becoming 2,610,000 shares (shareholding ratio: 45.00%). On August 1, 1989, the Target Company conducted a share split, and the Tender Offeror acquired 23,490,000 Target Company Shares; resulting in the number of Target Company Shares held by the Tender Offeror becoming 26,100,000 shares (shareholding ratio: 45.00%). In December 1990, the Target 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 Target Company conducted a capital increase through a shareholders allocation of 0.1 shares without contribution (6,800,000 shares), and the Tender Offeror acquired 2,610,000 shares; resulting in the number of Target Company Shares held by the Tender Offeror becoming 28,710,000 shares (shareholding ratio: 38.38%). On January 14, 1994, the Target Company conducted a capital increase through a third-party allocation (19,470,000 shares), and the Tender Offeror acquired 14,870,000 Target Company Shares; resulting in the Target Company Shares held by the Tender Offeror becoming 43,580,000 shares (shareholding ratio: 46.23%). In October 2002, the Target Company conducted a capital increase through a third-party allocation to Mitsui & Co. (23,568,000 shares), and the Tender Offeror's shareholding ratio became 36.98%. In October 2007, the total of Target Company's issued shares increased by 16,963,000 shares due to a conversion of class shares held by Mitsui & Co. into ordinary shares; resulting in the Tender Offeror's shareholding ratio becoming 32.33%. On October 1, 2013, the Target 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 allocation of 1.08 shares of the Target 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 Target Company Shares held by the Tender Offeror after the merger became effective being increased to 111,415,290 shares (shareholding ratio: 35.99%). On October 1, 2016, the Target Company conducted a share consolidation in which every ten Target Company Shares were consolidated into one share; resulting in the Target Company Shares held by the Tender Offeror becoming 11,141,529 shares (shareholding ratio: 35.99%). As of the filing date of this Statement, the Tender Offeror holds 11,141,529 Target Company Shares (ownership ratio: 34.54%).

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.

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 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, 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 CO2 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.

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 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.

So far, the Tender Offeror Group has set several trading companies, including the Target 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.

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 Target 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 Target 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 Target 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 Target 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 Target 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 Target Company, and the Target 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 Target Company and the Tender Offeror Group as a whole; however, from a short-term perspective, it may cause the Target Company's performance or financial situation to worsen, and may not necessarily be advantageous for the general shareholders of the Target Company, thus the Tender Offeror also believes that gaining understanding of the general shareholders to exercise the measures above may be difficult if the Target Company Shares remain listed. Therefore, to resolve such problem, the Tender Offeror determined that it is desirable to make the Target Company a consolidated subsidiary of the Tender Offeror and delist the Target Company in late-March 2022.

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

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

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-hows and infrastructure

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 Target Company, which will be a consolidated subsidiary of the Tender Offeror, by focusing on investing the sales force of the Tender Offeror and the Target 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 Target 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)

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 Target 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.

Based on these understandings, in late-March 2022, the Tender Offeror commenced considerations on making the Target Company a consolidated subsidiary, including the possibility of delisting the Target Company Shares, and on April 11, 2022, the Tender Offeror informed the Target Company that it had commenced internal consideration to make the Target Company a subsidiary and to delist the Target Company Shares. The Target Company responded on the same day that it would conduct internal considerations if there was any official proposal thereafter. Furthermore, on May 19, 2022, the Tender Offeror informed Mitsui & Co. that it had commenced internal consideration to delist the Target Company Shares, and that it wished to conduct deliberations with Mitsui & Co. on whether Mitsui & Co. would continue its financial contribution to the Target Company even when the Target Company Shares are delisted. As a result of deliberations between the Tender Offeror and Mitsui & Co. 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 & Co. and the Target Company even after the delisting of the Target Company will contribute to the enhancement of the Target 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 Target Company and Mitsui & Co., and there are further measures that are expected to be put into practice in the future. Subsequently, in early-September 2022, the Tender Offeror confirmed Mitsui & Co.'s intention to execute the Shareholders Agreement including the Non-Tender Clause between the Tender Offeror and Mitsui & Co., 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 & Co. for the Target Company after the delisting of the Target Company Shares 80.00% and 20.00%, respectively. Therefore, 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 Target Company on September 21, 2022. In response, on September 28, 2022, the Target Company replied that it would carry out consideration by implementing measures to secure fairness, including establishing an appropriate internal consideration system.

Subsequently, 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 Target Company and the special committee, and provided additional responses to additional questions dated November 10, 2022 received from the special committee of the Target Company on November 18, 2022, and to additional questions 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 Target Company. The Tender Offeror comprehensively considered each factor, such as the business plan received from the Target Company, the Target Company's share value calculation results which takes into account various factors such as the external environment surrounding the Target Company and the situation of the Due Diligence, the Target 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 Target 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 & Co. regarding the level of the Tender Offer Price; on November 4, 2022, as a result of the significant consideration, the Tender Offeror officially made a proposal to the Target Company to set the purchase price per Target 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 Target 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 Target Company requested the Tender Offeror to reconsider the proposal, as the proposal did not fully reflect the Target Company's corporate value. Subsequently, based on the request for reconsideration of the proposal by the Target 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 Target 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 Target 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 Target Company requested the Tender Offeror to set the Tender Offer Price at 9,800 yen, taking into consideration the level of prices for the Target 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, as for the Tender Offeror, the Tender Offer Price set at 9,300 yen is sufficient for a consideration acquired by the Target Company's general shareholders via 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 Target Company once again to set the Tender Offer Price at 9,300 yen. In response, on December 15, 2022, the Target Company responded that it was not aware, as of that point in time, of any circumstances that would hinder the Target Company from supporting the Tender Offer and determining to recommend that shareholders of the Target 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, while considerations by the special committee were still continuing. Thereafter, on December 21, 2022, the Target Company notified the Tender Offeror that the Target Company, at its board of directors' meeting held on the same day, resolved, as its opinion as of the same day, that it would express a supportive opinion for the Tender Offer and recommend that shareholders of the Target Company tender their shares in the Tender Offer if the Tender Offer was launched, submitted by the special committee.

(Note 11) For an overview of the Shareholders Agreement, please refer to “(6) Items Regarding Material Agreements Related to the Tender Offer” below.

Based on the considerations, deliberations, and negotiations above, the Tender Offeror and the Target 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.

The Tender Offeror repeated multiple rounds of deliberations and negotiations with Mitsui & Co. from mid May 2022 to early December 2022 regarding the Shareholders Agreement, and executed the Shareholders Agreement on December 21, 2022. For the details of the Shareholders Agreement, please refer to “(6) Items Regarding Material Agreements Related to the Tender Offer” below.

On January 18, 2023, the Tender Offeror informed the Target Company that it intends to commence the Tender Offer on February 28, 2023 on the premise that the acquisition of clearances under domestic and overseas (Japanese, Chinese, Taiwanese, Turkish, Mexican, U.S., and Vietnamese) competition laws is completed and that other Conditions Precedent are fulfilled or waived by the Tender Offeror. Furthermore, on February 27, 2023, the Tender Offeror informed the Target Company that not all of the necessary procedures and actions under domestic and overseas competition laws had been completed, and that, therefore, the Tender Offeror estimated that the Tender Offer would be commenced during March 2023. Thereafter, based on the fact that on February 28, 2023, the Tender Offeror received a document approving the Share Acquisition issued by the Mexican Federal Economic Competition Commission as of February 27, 2023 (local time), the acquisition of all clearances under domestic and overseas (Japanese, Chinese, Taiwanese, Turkish, Mexican, U.S., and Vietnamese) competition laws that were required to implement the Transaction was completed (for details, please refer to “(2) Relevant Laws and Regulations” of “6. Approvals with Respect to the Acquisition of Shares” below); therefore, on the same day, the Tender Offeror informed the Target Company that the acquisition of clearances under domestic and overseas (Japanese, Chinese, Taiwanese, Turkish, Mexican, U.S., and Vietnamese) competition laws was completed. As stated in “(1) Overview of the Tender Offer” above, the Tender Offeror confirmed that the acquisition of all clearances under domestic and overseas (Japanese, Chinese, Taiwanese, Turkish, Mexican, U.S., and Vietnamese) competition laws was completed (for details, please refer to “(2) Relevant Laws and Regulations” of “6. Approvals with Respect to the Acquisition of Shares” below) and that all of the Conditions Precedent were fulfilled, and it decided to commence the Tender Offer on March 13, 2023.

(II) Decision-Making Process and Reasons Leading to the Target Company’s Support of the Tender Offer

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

According to the Target Company Press Releases, on April 11 2022, the Target Company was informed that the Tender Offeror internally started considering making the Target Company its subsidiary and delisting the Target Company Shares; in response, the Target 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 Target Company received the Written Proposal from the Tender Offeror; in response, on September 28, 2022, the Target 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 Target Company appointed Nomura Securities Co., Ltd. (“Nomura Securities”) as its financial advisor and Mori Hamada & Matsumoto as its legal advisor, both independent of the Tender Offeror, Mitsui & Co., and the Target Company. The Target Company received advice from such advisors, and as the issue of structural conflict of interest and the issue of information asymmetry in relation to general shareholders in the process of the Target 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 Target Company immediately proceeded with the establishment of a structure to conduct negotiations and make decisions independently of the Tender Offeror and Mitsui & Co: that in connection with considerations concerning the Transaction, and discussions and negotiations on the same with the Tender Offeror, although the Tender Offer is not a tender offer conducted by a controlling shareholder, considering the fact that the ownership ratio of the Tender Offeror in the Target 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%); that the Tender Offeror is a major shareholder and the largest shareholder having the Target Company as an equity-method affiliate; that the ownership ratio of Mitsui & Co. with whom the Tender Offeror executed the Shareholders Agreement in the Target Company Shares is 19.93%; that Mitsui & Co. is a major shareholder having the Target Company as an equity-method affiliate; and that the total ownership ratio of the Tender Offeror and Mitsui & Co. in the Target Company Shares is 54.47% (the total ownership ratio of the Tender Offeror and Mitsui & Co. 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 “(V) Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report by the Target Company from the Special Committee” of “(3) 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 Target 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 Target Company established a special committee consisting of three members: Mr. Keishiro Kinoshita (independent outside director of the Target Company), Ms. Ryuko Inoue (independent outside director of the Target 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 Target Company) (for the background of the establishment of the special committee, the background of considerations, and the content of decisions, please see “(V) Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report by the Target Company from the Special Committee” of “(3) 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 Target 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 Target 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 Target Company’s minority shareholders (collectively, the “Advisory Matters”). Furthermore, when establishing the special committee, the Target 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 Target Company’s board of directors also resolved (i) that the special committee will be substantially involved in the negotiation process between the Target 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 Target Company’s expense, and will nominate or approve the Target 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 Target Company’s advisors, it may seek professional advice from the Target Company’s advisors); (iii) that the special committee will receive information necessary to consider and make a decision on the Transaction from the Target Company’s officers and employees, including information regarding the content and premise of the business plans; and (iv) that the Target 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 “(V) Establishment of an Independent Special Committee by the Target

Company and Acquisition of a Report by the Target Company from the Special Committee” of “(3) 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 “(V) Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report by the Target Company from the Special Committee” of “(3) 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 “(V) Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report by the Target Company from the Special Committee” of “(3) 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 Target Company obtained the approval of the special committee for the appointment of Nomura Securities as the Target Company’s financial advisor and third-party valuation agency and Mori Hamada & Matsumoto as the Target Company’s legal advisor.

Furthermore, as stated in “(V) Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report by the Target Company from the Special Committee” of “(3) 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 Target Company internally built a structure to consider, negotiate, and make a decision on the Transaction (including the scope of the Target 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 & Co., 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

According to the Target Company, the Target Company received a report of the valuation result of the Target 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 Target 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 Target Company received the Written Proposal from the Tender Offeror, the Target 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 Target 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 Target 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 Target 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 Target Company requested the Tender Offeror to reconsider the proposal, as the proposal did not fully reflect the Target Company’s corporate value. Subsequently, on November 24, 2022, the

Target 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 & Co. at that point. In response, on December 1, 2022, the Target 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 & Co., which will be set forth in the Shareholders Agreement. Subsequently, on December 7, 2022, the Target Company received a proposal from the Tender Offeror to set the Tender Offer Price at 9,300 yen. However, on December 8, 2022, the Target Company requested the Tender Offeror to set the Tender Offer Price at 9,800 yen, taking into consideration the level of prices for the Target 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, on December 9, 2022, the Tender Offeror made a proposal to the Target 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 for a consideration acquired by the Target Company's general shareholders via the Transaction, and is also the maximum price that could be suggested by the Tender Offeror. In response, on December 15, 2022, the Target Company responded that it was not aware, as of that point in time, of any circumstances that would hinder the Target Company from supporting the Tender Offer and determining to recommend that shareholders of the Target 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, while considerations by the special committee were still continuing. Thereafter, on December 21, 2022, the Target Company notified the Tender Offeror that the Target Company, at its board of directors' meeting held on the same day, resolved, as its opinion as of the same day, that it would express a supportive opinion for the Tender Offer and recommend that shareholders of the Target Company tender their shares in the Tender Offer if the Tender Offer was launched, .

(Note) For an overview of the Shareholders Agreement, please see “(6) Items Regarding Material Agreements Related to 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 Target Company and the Target Company's advisor, and confirmed and stated opinions, etc. for that. Specifically, first, the rationality of the details, important conditions precedent, and course of preparation of the Target 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 Target Company's financial advisor, responded to negotiations with the Tender Offeror based on the negotiation policy considered in advance by the Target 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 Target Company based on advice given by the special committee.

Thereafter, on December 21, 2022, the Target Company received a report from the special committee to the effect that (i) it considers it appropriate for the Target Company's board of directors to express its opinion in support of the Tender Offer and recommend that the Target Company's shareholders tender in the Tender Offer, and (ii) it considers that the decisions by the Target Company's board of directors for the Transaction (the decision to support the Tender Offer and recommend that the Target Company's shareholders tender in the Tender Offer, and the decision to implement the Squeeze-out Procedure by the Share Consolidation) is not disadvantageous for the Target Company's minority shareholders (the “Report Dated December 21, 2022”) (for an overview of the Report Dated December 21, 2022, please see “(V) Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report by the Target Company from the Special Committee” of “(3) 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 Dated December 21, 2022, the Target Company also received from the special committee a share valuation report on the valuation result of

the Target 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 Target 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 "(VII) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency" of "(3) 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 Target 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 Target 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 Target 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 Target Company's shareholders (excluding the Tender Offeror and Mitsui & Co.) obtained from Nomura Securities on December 20, 2022 (the "Share Valuation Report (Nomura Securities)" and the "Fairness Opinion (Nomura Securities)," respectively), and the content of the Share Valuation Report (PLUTUS) and the Fairness Opinion (PLUTUS) submitted through the special committee, while respecting the special committee's decisions indicated in the Report Dated December 21, 2022 to the maximum extent.

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

Regarding the business environment surrounding the Target 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 Target 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, who aims to become "the best steelmaker with world-leading capabilities," the Target 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 Target 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 Target 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 Target 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 Target 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 Target Company will make

group-wide efforts to improve distribution efficiency and to create new businesses through M&A, alliances, and digital transformation strategies.

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

The greatest benefits of the Transaction for the Target Company are that it will be an opportunity for the Target 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 Target 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 to customers within its group to maximize the group's corporate value, and the Target 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 Target Company's domestic and overseas sales offices and processing bases.

Meanwhile, in response to the commercial sales business that is expected to increase, the Target 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 Target Company will be realized.

Furthermore, it is considered that the integration of the Target Company Group's production, inventory, logistics, delivery, and other marketing data with the Tender Offeror by utilizing the digital transformation measures that the Target 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 Target Company considers that there is no particularly significant matter regarding the dis-synergy of the Transaction.

The Target 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 Target Company considers that such concerns have been resolved.

Furthermore, while there is a concern that customers who grant commercial rights to the Target Company because the Target 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 Target Company and the Tender Offeror, many customers are fully aware that the Target Company is an equity-method affiliate/manufacturer-affiliated trading company in which the Tender Offeror held a 34.54% stake as of December 21, 2022, and therefore, it is considered that the number of customers who would consider changing their trading company due to wariness of the Tender Offeror's growing influence is limited.

Moreover, while there is a concern that the Target 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 Target 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 Target Company and the Tender Offeror will hold adequate discussions as necessary.

Also, while there is a concern that the delisting of the Target Company through the Transaction may result in losing the benefit of transparency in its sustainability initiatives being ensured, which made it easier for the Target Company to explain and appeal them to its business partners, the Target 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 Target Company, and that the Tender Offer provides those shareholders reasonable opportunities to sell the Target Company Shares at a price including an appropriate premium, for the following reasons:

- (A) the price is agreed upon between the Target 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 “(3) 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 were fully taken;
- (B) 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 DCF Method, from the calculation results of the value of the Target Company Shares by Nomura Securities in the Share Valuation Report (Nomura Securities) as stated in “(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Target Company from an Independent Financial Advisor and Third-party Valuation Agency” of “(3) 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; and as stated in “(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Target Company from an Independent Financial Advisor and Third-party Valuation Agency” of “(3) 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 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 Target Company’s shareholders (excluding the Tender Offeror and Mitsui & Co.) has been issued by Nomura Securities;
- (C) 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 Target Company Shares by PLUTUS in the Share Valuation Report (PLUTUS) as stated in “(VII) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(3) 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; and as stated in “(VII) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(3) 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 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 Target Company’s minority shareholders has been issued by PLUTUS;

- (D) the price includes the following premiums: 85.26% on the closing price of the Target 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);
- (E) 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 Target Company's consolidated net assets per share as of September 30, 2022, although it is not reasonable to focus on the amount of net assets in considering the share value of the Target Company because the Target Company will continue its business as a going concern even after the Transaction;
- (F) the price was also determined appropriate in the Report Dated December 21, 2022 obtained from the special committee, as stated in "(V) Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report by the Target Company from the Special Committee" of "(3) 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 light of the above, the Target Company resolved at its board of directors meeting held on December 21, 2022, to express its opinion as of the same day to support the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer if the Tender Offer is commenced.

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

After the Target Company was informed by the Tender Offeror on January 18, 2023 that the Tender Offeror intends to commence the Tender Offer on February 28, 2023 on the premise that the acquisition of clearances under domestic and overseas (Japanese, Chinese, Taiwanese, Turkish, Mexican, U.S., and Vietnamese) competition laws is completed and that other Conditions Precedent are fulfilled or waived by the Tender Offeror, on February 10, 2023, the Target Company requested the special committee that the special committee examine whether there are any changes in the contents of the report that the special committee made to the Target Company's board of directors as of December 21, 2022, and if there is no change, state to that effect, and if there is any change, report the changed contents, to the Target

Company's board of directors. Furthermore, on February 27, 2023, the Target Company was informed by the Tender Offeror that not all of the necessary procedures and actions under domestic and overseas competition laws had been completed, and that, therefore, the Tender Offeror estimated that the Tender Offer would be commenced during March 2023. Thereafter, the Target Company was informed by the Tender Offeror on February 28, 2023 that the acquisition of clearances under domestic and overseas (Japanese, Chinese, Taiwanese, Turkish, Mexican, U.S., and Vietnamese) competition laws was completed. The special committee verified the facts concerning whether any material change in the situation that could have an impact on the Transaction occurred on and after December 21, 2022, and as a result of considering the above-mentioned advisory matters, it confirmed that considering the circumstances on and after December 21, 2022 until March 10, 2023, no material change in the situation that could have an impact on the Transaction had occurred and that there were no circumstances that would require a change in the contents of the report that the special committee made to the Target Company's board of directors on December 21, 2022; on March 10, 2023, the special committee submitted to the Target Company's board of directors the Report Dated March 10, 2023 to the effect that it considers that there is no need to change the contents of the above-mentioned report based on an unanimous resolution.

Moreover, the Target Company again carefully considered the terms of the Tender Offer based on the Target Company's business performance and the environment surrounding the Transaction, while respecting the contents of the Report Dated March 10, 2023 submitted by the special committee to the maximum extent; as a result, the Target Company concluded that, as of March 10, 2023, there are no factors to change its opinion regarding the Tender Offer as of December 21, 2022.

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

For the method of resolutions at the board of directors meetings held on December 21, 2022 and March 10, 2023 above, please see "(VIII) Approval of All Directors of the Target Company Without Conflicts of Interest in the Transaction, and No Objection from All Audit and Supervisory Board Members of the Target Company Without Conflicts of Interest in the Transaction" of "(3) 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) Post-Tender Offer Management Policy

The Tender Offeror plans to establish an optimal management system to realize the measures stated in "(I) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer" above in order to further strengthen and accelerate the collaboration with the Target Company Group and enhance the corporate value of the Tender Offeror Group and the Target Company by delisting the Target Company Shares through the Transaction.

As of the filing date of this Statement, the Target Company's officers consist of nine directors and four 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 are from the Tender Offeror, and one director is from Mitsui & Co. Regarding the management system after the Transaction, the Tender Offeror and Mitsui & Co. have agreed in the Shareholders Agreement that Mitsui & Co. will appoint the number of directors of the Target Company in accordance with its voting rights ratio. For an overview of the Shareholders Agreement, please see "(6) Items Regarding Material Agreements Related to the Tender Offer" below.

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

(3) 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

As of December 21, 2022 the date on which the Tender Offeror decided to implement the Tender Offer, and as of the filing date of this Statement, the Target Company is not a subsidiary of the Tender Offeror, and the Tender Offer does not constitute a tender offer by a controlling shareholder. However, considering the fact that the ownership ratio of the Tender Offeror in the Target Company Shares is 34.54% (the ownership ratio including those shares indirectly owned through the Tender Offeror's wholly-owned subsidiaries and consolidated subsidiaries is 35.08%); that the Tender Offeror is a major shareholder as well as the largest shareholder having the Target Company as an equity-method affiliate; that the ownership ratio of Mitsui & Co. with whom the Tender Offeror has executed the Shareholders Agreement in the Target Company Shares is 19.93%; that Mitsui & Co. is a major shareholder having the Target Company as an equity-method affiliate; and that the total ownership ratio of the Tender Offeror and Mitsui & Co. in the Target Company Shares is 54.47% (the total ownership ratio by the Tender Offeror and Mitsui & Co. including those shares indirectly owned through the Tender Offeror's wholly-owned subsidiaries and consolidated subsidiaries is 55.01%) and exceeds the majority, the Tender Offeror and the Target Company implemented the measures described in (I) through (X) below in order to ensure the fairness of the Transaction including the Tender Offer, with a view to ensuring the fairness of the Tender Offer Price, eliminating arbitrariness in the decision-making process leading to a decision to implement the Tender Offer, and avoiding conflicts of interest.

As of the filing date of this Statement, the Tender Offeror directly owns 11,141,529 Target Company Shares (ownership ratio: 34.54%), and owns 11,316,229 Target Company Shares (ownership ratio: 35.08%) including those shares indirectly owned through Nippon Steel Metal Products Co., Ltd. (number of shares owned: 129,800 shares, ownership ratio: 0.40%), Nippon Steel Logistics Co., Ltd. (number of shares owned: 8,400 shares, ownership ratio: 0.03%), and Nippon Steel SG Wire Co., Ltd. (number of shares owned: 4,400 shares, ownership ratio: 0.01%), which are the Tender Offeror's wholly-owned subsidiaries, as well as Oji Steel Co., Ltd. (number of shares owned: 20,000 shares, ownership ratio: 0.06%), Sanyo Special Steel Co., Ltd. (number of shares owned: 7,700 shares, ownership ratio: 0.02%), and Nippon Steel Cement Co., Ltd. (number of shares owned: 4,400 shares, ownership ratio: 0.01%), which are the Tender Offeror's consolidated subsidiaries; Mitsui & Co., which has executed the Shareholders Agreement with the Tender Offeror and has agreed not to tender any of the Target Company Shares owned by it in the Tender Offer, owns 6,428,800 Target Company Shares (ownership ratio: 19.93%). The Tender Offeror and Mitsui & Co. own 17,745,029 Target Company Shares in total including those shares indirectly owned (ownership ratio: 55.01%). Therefore, setting the minimum number of shares to be purchased at a number that would satisfy the "majority of the minority" in the Tender Offer will destabilize the successful completion of the Tender Offer and may not be in the interests of general shareholders who seek to tender shares in the Tender Offer. Accordingly, the Tender Offeror has not set the minimum number of shares to be purchased at a number that would satisfy the "majority of the minority" in the Tender Offer. However, the Tender Offeror believes that the interests of the Target Company's general shareholders have been sufficiently considered, as the Tender Offeror and the Target Company have both taken the measures listed below.

The measures below implemented by the Target Company are based on the explanations received from the Target Company.

(I) Acquisition of a Share Valuation Report by the Tender Offeror from an Independent Third-party Valuation Agency

In order to ensure the fairness of the Tender Offer Price, the Tender Offeror requested that Mizuho Securities Co., Ltd. ("Mizuho Securities"), which is a financial advisor and third-party valuation agency independent of the Tender Offeror, Mitsui & Co., and the Target Company, calculate the value of the Target Company Shares; and when deciding the Tender Offer Price, the Tender Offeror referred to the share valuation report (the "Share Valuation Report (Tender Offeror)") obtained on December 20, 2022. Mizuho Securities is not a related party of the Tender Offeror, Mitsui & Co., or the Target Company,

and has no material interest in the Transaction. For details, please see “Basis for the Valuation” and “Background of the Valuation” of “(2) Purchase Price” of “4. Purchase Period, Purchase Price, and Number of Shares Planned for Purchase” below. The Tender Offeror made a judgment and decision on the Tender Offer Price after comprehensively taking into account the various elements stated in “(Background Leading to the Determination of the Tender Offer Price)” of “Background of the Valuation” of “(2) Purchase Price” of “4. Purchase Period, Purchase Price, and Number of Shares Planned for Purchase” below, and after discussing and negotiating with the Target Company; therefore, it did not obtain an opinion on the fairness of the Tender Offer Price (fairness opinion) from Mizuho Securities.

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

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

According to the Target Company Press Releases, in order to express its opinion on the Tender Offer, the Target Company requested that Nomura Securities, which is a financial advisor and third-party valuation agency independent of the Tender Offeror, Mitsui & Co., and the Target Company, calculate the value of the Target 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 & Co., or the Target 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 Target 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 Target Company will incur a considerable monetary burden even if the Transaction fails. Based on this, the Target 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 Target Company Shares

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

The ranges of values per share of the Target 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 Target Company Shares was calculated to be 5,020 yen to 5,172 yen based on the closing price of the Target 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 Target Company Shares was evaluated by selecting listed companies that engage in businesses comparatively similar to those of the Target Company and comparing their market prices and financial indicators indicating profitability. Using this methodology, the range of the value per share of the Target 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 Target Company Shares was calculated to be 5,198 yen to 18,938 yen by analyzing the corporate value and share value of the Target 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 Target 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 plans for the five fiscal years from the fiscal year ending March 2023 to the fiscal year ending March 2027 prepared by the Target Company as well as publicly available information.

The business plans prepared by the Target Company, which were used by Nomura Securities for the calculation using the DCF Method, do 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 plans because those amounts are difficult to estimate specifically at the time of the valuation.

(Note) In calculating the value of the Target Company Shares, Nomura Securities assumed that the public information and all information provided by the Target 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 Target 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 plans of the Target Company had been reasonably reviewed or prepared by the Target Company's management based on the best and good faith forecasts and judgments available at the time of the valuation. The valuation by Nomura Securities reflects the information obtained by Nomura Securities and the economic conditions on and before December 20, 2022. The sole purpose of the valuation by Nomura Securities is to serve as a reference for the Target Company's board of directors to consider the value of the Target Company Shares.

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

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

(Note) 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 this (Note), the "Written Opinion") was

accurate and complete, and it has not independently verified the accuracy and completeness of such information, and has no obligation to verify them. Nomura Securities has not independently evaluated, appraised, or assessed the assets and liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Target Company and its affiliates, including analysis and evaluation of individual assets and liabilities, and such information has not been provided by the Target Company or any third party. Nomura Securities has not made any request to any third-party organization for evaluation, appraisal, or assessment. Nomura Securities assumed that the financial forecasts and other future information of the Target Company had been reasonably prepared by the Target Company's management based on the best and good faith forecasts and judgments currently available, and that the Target 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 this (Note), the "Matter") would be implemented lawfully and effectively in accordance with the conditions indicated in the Target Company Press Releases; 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 the Target Company Press Releases without any waiver, modification, or change of the material conditions or agreed matters indicated in the Target Company Press Releases, 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 Target 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 Target Company or the Target Company's board of directors, and it has not made such solicitation.

Nomura Securities serves as a financial advisor of the Target 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 Target 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 Target Company. Submission of the Written Opinion is subject to the exemption and indemnification clauses stipulated in the agreement between the Target 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 Target Company, the Tender Offeror, or their affiliates, and may receive remunerations. Nomura Securities and its affiliates may trade or own financial instruments, including securities and financial derivatives of the Target 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 this (Note), the "Opinion") aims to provide reference information for the Target Company's board of directors to consider the purchase price per share of the Target Company's common stock in the Tender Offer (in this (Note), the "Tender Offer Price") indicated in the Target Company Press Releases. 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 Target 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 Target Company's shareholders exercising their voting rights or other rights as shareholders regarding the Matter, on share transaction or other associated matters, and the Written Opinion does not state any opinion on the past, present, or future price level of the Target 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 Target Company or external experts regarding these matters.

Nomura Securities assumed that unless otherwise especially allowed in the agreement between the Target 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 Target 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.

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

### (III) Advice from an Outside Law Firm to the Target Company

According to the Target Company Press Releases, as stated in "(V) Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report by the Target Company from the Special Committee" below, the Target Company appointed Mori Hamada & Matsumoto which is an outside legal advisor, and has received legal advice including advice on the measures to be taken to ensure the fairness of the procedures in the Transaction, on various procedures for the Transaction, and on the method and the process of the Target Company's decision-making regarding the Transaction.

Mori Hamada & Matsumoto is not a related party of the Tender Offeror, Mitsui & Co., or the Target 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.

### (IV) Building of Independent Structure for Consideration in the Target Company

According to the Target Company Press Releases, the Target Company internally built a structure to consider, negotiate, and make a decision on the Transaction in a position independent of the Tender Offeror, Mitsui & Co., and the Target Company. Specifically, in mid-April 2022, the Target Company received an initial offer from the Tender Offeror regarding making the Target Company a consolidated subsidiary of the Tender Offeror, including the possibility of delisting the Target Company Shares. Subsequently, the Target 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 & Co., and have not held any position in the Tender Offeror and Mitsui & Co. 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 Target 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 Target Company has carried out its consideration.

The Target 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 Target Company (including the scope of the Target 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.

(V) Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report by the Target Company from the Special Committee

(i) Background to the Establishment

According to the Target Company Press Releases, as stated in “(II) Decision-Making Process and Reasons Leading to the Target Company's Support of the Tender Offer” of “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” above, pursuant to the resolution at the board of directors' meeting held on September 28, 2022, the Target Company established the special committee. Prior to the establishment of the special committee, from late September 2022, the Target 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 Target Company's corporate value and securing interests of the Target Company's general shareholders, in a position independent of the Tender Offeror and Mitsui & Co. Based on this, the Target 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 & Co. (the Target 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 & Co., or the Target 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 Target 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 Target 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 Target 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 “(II) Decision-Making Process and Reasons Leading to the Target Company's Support of the Tender Offer” of “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” above, the Target 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 Target Company's board of directors resolved that decision-making on the Transaction by the Target 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 Target 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 Target Company's board of directors also resolved that the special committee will appoint its own financial advisor(s) and legal advisor(s) at the Target Company's expense and will nominate or approve the Target Company's financial advisor(s) and legal advisor(s) (including ex post facto approval) (if the special committee confirms that there is no issue with the independence and expertise of the Target Company's advisors, it may seek professional advice from the Target Company's advisors); that the special committee will receive information necessary to consider and make a decision on the Transaction from the Target Company's officers and employees, including information regarding the content and premise of preparation of the business plans; and that the Target 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 & Co., and the Target Company, and PLUTUS as its own financial advisor and third-party valuation agency independent of the Tender Offeror, Mitsui & Co., and the Target Company, after considering their independence, expertise, experience, etc. The special committee confirmed the expertise and experience of Nakamura, Tsunoda & Matsumoto and PLUTUS, and that there was no issue with their independence of the Tender Offeror and Mitsui & Co., as well as the Target Company.

Furthermore, the special committee confirmed the expertise and experience of Nomura Securities as the Target Company's financial advisor and third-party valuation agency and that there was no issue with their independence of the Tender Offeror, Mitsui & Co., and the Target Company, and it approved the appointment thereof; the special committee confirmed the expertise and experience of Mori Hamada & Matsumoto as the Target Company's legal advisor and that it had no material interest in the Tender Offeror, Mitsui & Co., 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 Target Company internally built (including the scope of the Target 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 background of the Transaction, synergy and dis-synergy of the Transaction, effect of the Transaction on the employees, and countermeasures, etc., from the executive members of the Target Company, and exchanged questions and answers.

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

Furthermore, as stated in "(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Target Company from an Independent Financial Advisor and Third-party Valuation Agency" above and "(VII) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency" below, the Target 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; the special committee 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 Target 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 Target Company's financial advisor and the Target Company, each time a proposal for the Tender Offer Price was submitted by the Tender Offeror to the Target 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 Press Release Dated December 21, 2022 and the Target Company Press Release Dated December 21, 2022, that a fruitful information disclosure is planned to be conducted upon receiving several explanations from Mori Hamada & Matsumoto as the Target Company's legal advisor and Nomura Securities as the Target 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 Target Company's board of directors the Report Dated December 21, 2022 as of the same date, as summarized below.

(a) Contents of the Report

- i. It is considered to be appropriate for the Target Company's board of directors to support the Tender Offer and to express an opinion to the effect that it recommends that the Target Company's shareholders tender shares in the Tender Offer.
- ii. The decisions made by the Target Company's board of directors on the Transaction (the decision to support the Tender Offer, the decision to recommend that the Target 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 Target 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 Target 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 Target 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 Target 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 Target Company Group; and (iii) specifically, it is considered that the Transaction will enable the Target Company and the Tender Offeror to streamline and reinforce trading company functions in the Tender Offeror 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 Target Company explained that: (i) the greatest benefits of the Transaction for the Target Company are that it will be an opportunity for the Target 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 Target 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 Target 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 Target Company and the Tender Offeror; (iii) in response to the commercial sales business which is expected to increase, it is considered that the Target 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 Target Company will be realized; and (iv) it is considered that the integration of the Target Company Group's production, inventory, logistics, delivery, and other marketing data with the Tender Offeror by utilizing digital transformation measures currently being promoted by the Target Company, specifically a system created by the Target Company is expected to further increase the sophistication of the supply chain and achieve integrated optimization of production and logistics.

- In addition, the Target 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 Target Company because the Target 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 Target Company and the Tender Offeror, many consumers are fully aware that the Target Company is an equity-method affiliate/manufacturer-affiliated trading company in which the Tender Offeror held a 34.54% stake as of December 21, 2022, and therefore, it is considered that the number of consumers who would consider changing their trading company due to wariness of the Tender Offeror's growing influence is considered to be limited; (iii) while there is a concern that the Target 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 Target 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 Target Company and the Tender Offeror will hold adequate discussions as necessary; and (iv) while there is a concern that the delisting of the Target Company through the Transaction may result in losing the benefit of transparency in its sustainability initiatives being ensured, which made it easier for the Target Company to explain and appeal them to its business partners, the Target 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 Target 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 Target 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 Target Company has established a special committee that is independent from the Tender Offeror, Mitsui & Co., and the Target 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 & Co., and the Target Company.
  - The Target 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 & Co., the Target 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 Target Company has obtained from Nomura Securities, the Target Company's third-party valuation agency, the Share Valuation Report (Nomura Securities) and the Fairness Opinion (Nomura Securities).
  - Among the officers of the Target Company, President and Representative Director Shinichi Nakamura and Director and Executive Vice President Hidetake Ishihara, who have transferred from the Tender Offeror to the Target Company within the past year, Director and Managing Executive Officer Hiroshi Tashiro, who has transferred from Mitsui & Co. to the Target 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, will not participate in the deliberations and resolutions of the Target Company's board of directors pertaining to the Transaction, and will not participate in the consideration of the Transaction at the Target Company and the discussions and negotiations regarding the Transaction with the Tender Offeror. Furthermore, the Target 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 Target Company who do not concurrently serve as officers or employees of the Tender Offeror Group (other than the Target Company Group) or Mitsui & Co.'s group and have not served as officers or employees of the Tender Offeror Group (other than the Target Company Group) or Mitsui & Co.'s group within the past year, and it has been found that the Target Company has established a structure to consider, negotiate, and make decisions regarding the Transaction from a standpoint independent of the Tender Offeror and Mitsui & Co.

- The 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 Target Company has not entered into any agreement or other arrangement with the Tender Offeror and Mitsui & Co. that would restrict competing bidders from contacting the Target Company, there is an opportunity for other prospective acquirers to make proposals to acquire the Target 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 & Co. together hold the majority of the Target 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 shares in the Tender Offer will not be entitled to rights to demand share purchase or rights to demand price determination; the Tender Offeror will request that, if the Tender Offer is commenced in late February 2023, the Target 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 shares in the Tender Offer (excluding the Tender Offeror, Mitsui, and the Target Company) in the Squeeze-Out Procedures will be the same amount as the Tender Offer Price multiplied by the number of the Target 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 Target Company are different and it will prevent the shareholders of the Target Company from assuming the risk of a fall in the share price of the Tender Offeror.

- The business plan of the Target 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 Target Company's management plan, which was formulated and announced on May 10, 2021, and the special committee identified no particular unreasonable aspects in the procedures for the formulation of the business plan or the content of the business plan.
  
- The special committee identified no particular unreasonable aspects in the methods of calculation or the content of the Share Valuation Report (PLUTUS) (including the distinction between business-related assets and non-business-related assets used in the DCF Method and the reasons for making such distinction) and therefore determined the report to be reliable, and the special committee confirmed that the Tender Offer Price (i) exceeds the upper limit calculated by PLUTUS using the market price method, (ii) is within the range calculated by PLUTUS using the DCF Method, and also (iii) exceeds the median value (7,621yen) 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 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 on and after January 1, 2019 and that successfully completed) in terms of the closing price of the shares of the Target 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 Target 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 Target Company obtained the Fairness Opinion (Nomura Securities) from Nomura Securities, and PLUTUS expressed an opinion that it believes that the Tender Offer Price is considered fair for the minority

shareholders of the Target 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 Target Company excluding the Tender Offeror and Mitsui & Co. 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 amount of the Target Company when examining its share value because the Target 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 Target 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 Target 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 Target Company. Therefore, the special committee believes that the appropriateness of the Tender Offer Price is ensured even if the Target Company's net asset amount 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 Target 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 & Co. 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 Target 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 Target Company's board of directors' decision to express an opinion to support the Tender Offer and to recommend that the shareholder of the Target Company tender their shares in the Tender Offer would not be disadvantageous to the Target Company's minority shareholders and would be appropriate. The special committee also believes that Target 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 & Co. the only shareholders of the Target Company after the successful completion of the Tender Offer would not be disadvantageous to the Target Company's minority shareholders.

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

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

According to the Target Company Press Releases, as stated in "(V) Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report by the Target Company from the Special Committee" above, the special committee appointed Nakamura, Tsunoda & Matsumoto as its legal advisor independent of the Tender Offeror, Mitsui & Co., and the Target 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 & Co., or the Target 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" of "(V) Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report by the Target Company from the Special Committee" above.

(VII) 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 Target Company and the Tender Offeror

According to the Target Company Press Releases, 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 & Co., and the Target Company, calculate the value of the Target 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 “(II) Decision-Making Process and Reasons Leading to the Target Company’s Support of the Tender Offer” of “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” above, when receiving the Report Dated December 21, 2022 submitted by the special committee on December 21, 2022, the Target 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 “(VIII) Approval of All Directors of the Target Company Without Conflicts of Interest in the Transaction, and No Objection from All Audit and Supervisory Board Members of the Target Company Without Conflicts of Interest in the Transaction” below.

PLUTUS is not a related party of the Tender Offeror, Mitsui & Co., or the Target 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 Target Company Shares

For the Tender Offer, PLUTUS considered the valuation methods to be applied to the valuation of the Target Company Shares from among multiple valuation methods; moreover, based on the idea that the value of the Target Company Shares should be evaluated from various perspectives on the premise that the Target Company is a going concern, PLUTUS calculated the value of the Target Company Shares using the average market price method to take into account the trends in the market price of the Target 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 Target 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 Target Company Shares was calculated to be 5,020 yen to 5,172 yen based on the closing price of the Target 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 Target Company Shares was calculated to be 5,844 yen to 9,397 yen by analyzing the corporate value and share value of the Target 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 Target 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 plans prepared by the Target 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 plans that were used for the calculation using the DCF Method do 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 plans because those amounts are difficult to estimate specifically at the time of the valuation, excluding the effect of reducing the continued listing cost. As stated in “(V) Establishment of an Independent Special Committee by the Target Company

and Acquisition of a Report by the Target Company from the Special Committee” above, the special committee confirmed the reasonableness of the contents of the business plans, the material preconditions, 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 fair from a financial perspective for the Target Company’s minority shareholders. In light of the valuation results of the Target Company Shares based on the business plans, PLUTUS expressed its opinion that the Tender Offer Price, 9,300 yen, is fair from a financial perspective for the Target Company’s minority shareholders.

The Fairness Opinion (PLUTUS) was issued after the current status of the Target Company Group’s business, its business prospects, and other matters were disclosed by the Target Company to PLUTUS, after PLUTUS considered the results of the valuation of the Target Company Shares implemented based on the explanations regarding the disclosed matters, the questions and answers with the Target Company regarding the overview, background, and purpose of the Tender Offer, and the Target 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 Target 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 Target 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 Target Company’s management based on the best forecasts and judgments available at that time; 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 preconditions 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 Target 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 Target 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 Target Company in considering the fairness of the Tender Offer Price. Therefore, the Fairness Opinion (PLUTUS) does not mention the position of the Transaction under the business strategies compared to alternative transactions that the Target 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 Target 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.

The Fairness Opinion (PLUTUS) only expresses an opinion that the Tender Offer Price is not disadvantageous to the Target 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 Target 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 creditors or other stakeholders of the Target Company.

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

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

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

According to the Target Company Press Releases, as stated in "(II) Decision-Making Process and Reasons Leading to the Target Company's Support of the Tender Offer" of "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" above, the Target Company's board of directors carefully discussed and considered whether the Transaction including the Tender Offer will contribute to the enhancement of the Target Company's corporate value and whether the transaction terms for the Transaction including the Tender Offer Price are appropriate based on the legal advice obtained from Mori Hamada & Matsumoto; the advice from a financial perspective obtained from Nomura Securities; the content of the Share Valuation Report (Nomura Securities) and the Fairness Opinion (Nomura Securities); and the content of the Share Valuation Report (PLUTUS) and the Fairness Opinion (PLUTUS) received through the special committee, while respecting the special committee's decisions indicated in the Report Dated December 21, 2022 to the maximum extent.

As a result, as stated in "(II) Decision-Making Process and Reasons Leading to the Target Company's Support of the Tender Offer" of "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" above, the Target Company concluded that: (i) the Transaction including the Tender Offer will provide the Target 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 Target 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 Target 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 Target Company, and that the Tender Offer provides those shareholders reasonable opportunities to sell the Target Company Shares at a price including an appropriate premium; moreover, at the board of directors' meeting of the Target 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 Target Company's shareholders tender shares in the Tender Offer if the Tender Offer is commenced, as the Target Company's opinion as of the same day.

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 Target Company attended. Moreover, all of the attending Audit and Supervisory Board Members stated their opinion that they had no objection to the above-mentioned resolution.

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

At the board of directors' meetings of the Target Company held on December 21, 2022 and March 10, 2023 mentioned above, considering the fact that Mr. Shinichi Nakamura and Mr. Hidetake Ishihara have served as a Representative Director and Executive Vice President, and a Managing Executive Officer of the Tender Offeror, respectively, within the latest one year and that Mr. Hiroshi Tashiro has served as an associate officer of Mitsui & Co. 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 Target 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 Target 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 deliberations and resolutions at the board of directors' meetings of the Target Company held on December 21, 2022 and March 10, 2023 mentioned above 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 Target Company; moreover, as officers of the Target Company, they are not in such a position or have such a relationship that they receive any instructions from the Tender Offeror. Therefore, the Target Company has concluded that as of each day, there are no circumstances which cause or may cause a conflict of interest between these directors and the Target Company or the Target 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" of "(V) Establishment of an Independent Special Committee by the Target Company and Acquisition of a Report by the Target Company from the Special

Committee” 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 Target Company concurrently serves as a Managing Executive Officer of the Tender Offeror, did not participate in the deliberations and refrained from expressing his opinion when adopting a resolution at the board of directors’ meetings held on December 21, 2022 and March 10, 2023 mentioned above with a view to eliminate any possible influence of the issue of structural conflicts of interest in the Transaction.

(IX) Measures to Ensure Purchase Opportunities for Other Purchasers

The Tender Offeror believes that the opportunity for persons other than the Tender Offeror to purchase the Target Company Shares is ensured because the period from the announcement date of the Tender Offeror Press Release Dated December 21, 2022 to commencement of the Tender Offer is approximately two and a half months. Furthermore, the Tender Offeror and the Target Company have not executed any agreement that restricts competing bidders from contacting the Target Company, such as an agreement containing a deal protection clause that prohibits the Target 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.

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

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

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

As stated in “(4) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” below, the Tender Offeror (i) plans to request that the Target 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 Target Company’s shareholders, and (ii) when conducting the Share Consolidation, the amount of money to be delivered to the Target Company’s shareholders as consideration will be calculated so that it is equal to the Tender Offer Price multiplied by the number of the Target Company Shares owned by each such shareholder (excluding the Tender Offeror, Mitsui & Co., and the Target Company). Therefore, the Tender Offeror has ensured the opportunities for the Target 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) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)

As stated in “(1) Overview of the Tender Offer” above, if the Tender Offeror fails to acquire all of the Target Company Shares (excluding the Target Company Shares owned by the Tender Offeror and Mitsui & Co. and the treasury shares owned by the Target 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, the Tender Offeror plans to request that the Target Company hold the Special Shareholders’ Meeting in early June 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 & Co. 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 Target Company's shareholders will own the Target 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 Target 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 Target Company or the Tender Offeror will be delivered to each shareholder of the Target Company having such fractional Target Company Shares. The Tender Offeror plans to request that the Target Company: (a) calculate the sales price of the Target 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 Target Company (excluding the Tender Offeror, Mitsui & Co., and the Target 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 Target Company Shares owned by each such shareholder; and (b) file a petition with a court to permit such voluntary sale. The consolidation ratio of the Target Company Shares has not been determined as of the filing date of this Statement; however, it will be determined in such a way that the number of the Target Company Shares owned by the Target 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 & Co. will own all the Target Company Shares (excluding the treasury shares owned by the Target 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 Target 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 Target Company purchase, at a fair price, all of the fractions of less than one share from among shares that they own, and (b) file a petition with a court to determine the sales price for their Target Company Shares. As stated above, in the Share Consolidation, the number of the Target Company Shares owned by the Target 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 & Co. will own all the Target Company Shares (excluding the treasury shares owned by the Target Company). Thus, the Target 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 Target Company Shares will be finally determined by the court.

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 Target 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 Target Company Shares owned by each such shareholder. The Tender Offeror will discuss the specific procedures, time of implementation of those procedures, and other matters concerning the above with the Target Company, and the Target Company will promptly announce those matters as soon as they are determined.

If it is expected that the Squeeze-Out Procedures are completed by June 30, 2023, subject to completion of the Squeeze-Out Procedures, the Tender Offeror plans to request that the Target Company partially amend the articles of incorporation to abolish the provisions on a record date for voting rights for the annual shareholders meeting for the fiscal year ending March 2023 (the "Annual Shareholders Meeting") to make the shareholders who are entitled to exercise their rights at the Annual Shareholders

Meeting the shareholders after completion of the Squeeze-Out Procedures (meaning the Tender Offeror and Mitsui & Co.). Therefore, even those shareholders who are stated or recorded in the shareholders register of the Target Company as of March 31, 2023 might not exercise their rights at the Annual Shareholders Meeting.

We note that the Tender Offer does not solicit the Target Company's shareholders to agree to the proposals at the Special Shareholders' Meeting. Each shareholder of the Target 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.

(5) Possibility of Delisting and Reasons Therefor

As of the filing date of this Statement, the Target Company Shares are listed on the Prime Market of the Tokyo Stock Exchange. 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 Target Company Shares may be delisted through prescribed procedures in accordance with the delisting criteria set by the Tokyo Stock Exchange. 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 "(4) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)" above after the successful completion of the Tender Offer, then the Target Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange. After delisting, the Target Company Shares will no longer be traded on the Prime Market of the Tokyo Stock Exchange.

(6) Items Regarding Material Agreements Related to the Tender Offer

The Tender Offeror executed the Shareholders Agreement with Mitsui & Co. as of December 21, 2022. In the Shareholders Agreement, it is agreed not to tender any the Target Company Shares owned by Mitsui & Co. (6,428,800 shares: ownership ratio: 19.93%) in the Tender Offer.

Furthermore, for the purpose of implementing the Transaction, in the Shareholders Agreement, as stated in "(4) 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 Target Company Shares (excluding the Target Company Shares owned by the Tender Offeror and Mitsui & Co. and the treasury shares owned by the Target Company) through the Tender Offer, the Tender Offeror will cause the Target Company to implement the Squeeze-Out Procedures to make the Tender Offeror and Mitsui & Co. the only shareholders of the Target 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 Target Company's shareholders other than the Tender Offeror and Mitsui & Co. will be a fractional number less than one share for the purpose of making the Tender Offeror and Mitsui & Co. the only shareholders of the Target Company; (ii) that the Tender Offeror and Mitsui & Co. 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, in the Shareholders Agreement, the Tender Offeror and Mitsui & Co. agree in connection with the operation of the Target Company after the Transaction: (i) that Mitsui & Co. will nominate directors of the Target Company in the number corresponding to the voting rights ratio of Mitsui & Co.; (ii) on matters related to the Target Company's dividend policy; (iii) on matters related to the transaction terms and conditions between the Tender Offeror and the Target Company; (iv) on matters requiring Mitsui & Co.'s approval related to the operation of the Target company (amendment to 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 Target Company needs to raise funds, it will raise funds in a manner that would not cause dilution of Mitsui & Co.’s voting rights; and (vi) that the Tender Offeror will provide the Target Company’s financial information and other information to Mitsui & Co. Other than these, the Tender Offeror and Mitsui & Co. agreed to matters including: (i) general prohibition on transfer of the Target Company Shares owned by the Tender Offeror and Mitsui & Co.; (ii) call options by the Tender Offeror and put options by Mitsui & Co. 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 violation 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 assignment of contractual status and rights and obligations; and (vii) good-faith discussion duties for matters not provided in the agreement or disputes over the provisions of the agreement.

(Note 1) 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 Target 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) 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.

**4. Purchase Period, Purchase Price, and Number of Shares Planned for Purchase**

(1) Purchase Period

(I) Initial Purchase Period Set at the Time of Submission

Purchase period	From March 13, 2023 (Monday) to April 10, 2023 (Monday) (20 business days)
Date of public notice	March 13, 2023 (Monday)
Newspaper publishing public notice	An electronic public notice will be issued, and a notice to that effect will be published in the Nihon Keizai Shimbun. (URL of electronic public notice: <a href="https://disclosure2.edinet-fsa.go.jp/">https://disclosure2.edinet-fsa.go.jp/</a> ) However, because of a newspaper holiday on that day, it will be published on March 14, 2023 (Tuesday).

## (II) Possibility of Extension at Request of the Target Company

Pursuant to Article 27-10, paragraph (3) of the Act, if the Target Company submits a position statement seeking an extension of the Tender Offer Period, the Tender Offer Period will be 30 business days until April 24, 2023 (Monday).

## (III) Contact to Confirm Extension of Period

Contact Nippon Steel Corporation  
2-6-1 Marunouchi, Chiyoda-ku, Tokyo  
(03)6867-4111 (main)  
Tomoaki Arimura, Head of Department, General Administration Department,  
General Administration Division

Reception hours From 9:00 to 17:20 on weekdays

## (2) Purchase Price

Shares	9,300 yen per share of common stock
Share options	-
Bonds with share options	-
Trust beneficiary certificates of Shares ( )	-
Depository receipts for Share ( )	-
Basis for the Valuation	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 & Co., and the Target Company, to calculate the value of the Target Company Shares, and referred to the Share Valuation Report (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 “(Background Leading to the Determination of the Tender Offer Price)” of “Background of the Valuation” below, and discussing and negotiating with the Target Company; therefore, it did not obtain an opinion on the fairness of the Tender Offer Price (fairness opinion) from Mizuho Securities. Mizuho Securities is not a related party of the Tender Offeror, Mitsui & Co., or the Target 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 & Co., and the Target 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 Target Company Shares independently from Mizuho Bank’s position as a lender. The Tender Offeror considered that an appropriate conflict of interest management system to calculate the value of the Target 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.

Mizuho Securities considered the Target Company's financial condition, and the trends and other factors concerning the market price of the Target Company Shares, and then concluded that it is appropriate to calculate the value of the Target 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 Target Company Shares by using the following methods: the average market price method; the comparable company method; and the DCF Method. The ranges of values per share of the Target 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

In the average market price method, where December 19, 2022 was the base date, the value per share of the Target Company Shares was calculated to range from 5,020 yen to 5,172 yen, based on the following prices of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange: the closing price of the Target 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).

Under the comparable company method, the value of the Target 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 Target Company, and the range of the value per share of the Target Company Shares was calculated to be 3,078 yen to 6,968 yen.

In the DCF Method, the value of the Target 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 Target 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 Target 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 Target 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 Target 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 Target Company's business plan which served as a basis for the DCF Method, there are no fiscal years in which significant increases/decreases in profits are expected.

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 Target Company by the Tender Offeror conducted from early-October 2022 to late-November 2022; (iii) whether the board of directors of the Target Company would support the Tender Offer; and

	<p>(iv) the prospects of the Target Company Shares being tendered to the Tender Offer.</p> <p>Thereafter, since the Tender Offeror confirmed that all of the Conditions Precedent were fulfilled, on March 10, 2023, it decided to commence the Tender Offer on March 13, 2023. There is no change in the Tender Offer Price of 9,300 yen.</p> <p>The Tender Offer Price of 9,300 yen includes the following premiums: 85.26% on the closing price of the Target Company Shares of 5,020 yen on the Prime Market of the Tokyo Stock Exchange 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 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.</p> <p>Furthermore, the Tender Offer Price of 9,300 yen includes a premium of 0.65% on the closing price of the Target Company Shares of 9,240 yen on the Prime Market of the Tokyo Stock Exchange as of March 10, 2023, which is the business day immediately before the filing date of this Statement.</p>
Background of the Valuation	<p>(Background Leading to the Determination of the Tender Offer Price)</p> <p>As stated in “(I) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer” of “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” of “3. Purpose of the Purchase” above, 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 Tender Offeror received questions regarding the Transaction from the special committee of the Target Company on October 14, 2022, thus on October 27, 2022 (partially on December 9, 2022), the Tender Offeror explained the Transaction in more detail to the Target Company and the special committee, and gave additional responses, respectively, on November 18, 2022 in response to the additional inquiry dated November 10, 2022 received from the Target Company’s special committee, and on December 7, 2022 in response to the additional inquiry dated December 1, 2022. As such, the Tender Offeror had discussions and deliberations in further detail regarding the significance and purpose of the Transaction, and repeatedly had discussions and negotiations regarding the post-Transaction management system and business policy, and terms and conditions of the Transaction, with the Target Company. The Tender Offeror comprehensively considered each factor, such as the business plan received from the Target Company, the Target Company’s share value calculation results which take into account various factors such as the external environment surrounding the Target Company and the situation of the Due Diligence, the Target 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 Target 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, respectively), future outlook of the tender for the Tender Offer, and the discussions with Mitsui &amp; Co. on the level of the tender offer price; on November 4, 2022, as a result of the significant consideration, the Tender Offeror officially made a proposal to the Target Company to set the Tender Offer Price at 8,400 yen (calculated by adding a premium of 66.02%, 65.63%, 62.15%, and 63.68%,</p>

respectively, to the closing price of the Target 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 Target Company requested the Tender Offeror to reconsider the proposal, as the proposal did not fully reflect the Target Company's corporate value. Subsequently, based on the request for reconsideration of the proposal by the Target Company, the Tender Offeror proposed to set the Tender Offer Price at 8,800 yen on November 24, 2022, and based on the request by the Target Company, provided an overview of the Shareholders Agreement (Note), which was being deliberated over between the Tender Offeror and Mitsui & Co. at that point. In response, on December 1, 2022, the Target 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 & Co., which will be set forth in the Shareholders Agreement. Taking this into consideration, on December 7, 2022, the Tender Offeror proposed to set the Tender Offer Price at 9,300 yen. In response, on December 8, 2022, the Target Company requested the Tender Offeror to consider setting the Tender Offer Price at 9,800 yen, taking into consideration the level of the amount of the book value of the Target Company's consolidated net assets (excluding non-controlling shareholders' equity) which will be the basis for calculating 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. In response, on December 9, 2022, the Tender Offeror made a proposal to the Target Company once again to set the Tender Offer Price at 9,300 yen as the Tender Offeror considered that the tender offer price of 9,300 yen serves as a sufficient consideration for general shareholders of the Target Company, and that it is the best price that the Tender Offeror could propose. In response, on December 15, 2022, the Target Company responded that it was not aware, as of that point in time, of any circumstances that would hinder the Target Company from supporting the Tender Offer and determining to recommend that shareholders of the Target Company tender their shares in the Tender Offer if the Tender Offer were to launch the Tender Offer at the Tender Offer Price of 9,300 yen, while considerations by the special committee were still continuing. Thereafter, on December 21, 2022, the Target Company notified the Tender Offeror that the Target Company, its board of directors' meeting held on the same day, resolved, as its opinion as of the same day, that it would express a supportive opinion for the Tender Offer and recommend that shareholders of the Target Company tender their shares in the Tender Offer if the Tender Offer was launched.

(Note) For an overview of the Shareholders Agreement, please see "(6) Items Regarding Material Agreements Related to the Tender Offer" of "3. Purpose of the Purchase" above.

After those discussions and negotiations, the Tender Offeror resolved at its board of directors meeting held on December 21, 2022 to implement the Tender Offer, as part of the Transaction, with the Tender Offer Price of 9,300 yen.

(i) Name of the Third Party from Whom the Tender Offeror Obtained Opinions in Calculation

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 & Co., and the Target Company, calculate the value of the Target

	<p>Company Shares, and obtained the Share Valuation Report (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 this “(Background Leading to the Determination of the Tender Offer Price),” and discussing and negotiating with the Target Company; therefore, it did not obtain an opinion on the fairness of the Tender Offer Price (fairness opinion) from Mizuho Securities.</p> <p>Mizuho Securities is not a related party of the Tender Offeror, Mitsui &amp; Co., or the Target Company, and has no material interest in the Tender Offer.</p> <p>(ii) Overview of the Opinions</p> <p>As a result of considering the calculation methods for the Tender Offer, Mizuho Securities calculated the value of the Target Company Shares using the average market price method, the comparable company method, and the DCF Method. The methods adopted and the ranges of value per share of the Target Company Shares calculated by using such methods are as follows:</p> <p>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</p> <p>(iii) Background Leading to the Determination of the Tender Offer Price Taking into Consideration the Opinions</p> <p>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) obtained from Mizuho Securities; (ii) the results of the Due Diligence on the Target Company by the Tender Offeror conducted from early October 2022 to late November 2022; (iii) whether the board of directors of the Target Company would support the Tender Offer; and (iv) the prospects of the Target Company Shares being tendered to the Tender Offer. The Tender Offer Price, 9,300 yen, is the following amount out of the share valuation results under the methods stated in the Share Valuation Report (Tender Offeror) obtained from Mizuho Securities: above the upper limit of the calculation result under the average market price method and the calculation result under the comparable company method; and within the calculation result under the DCF Method.</p> <p>Thereafter, since the Tender Offeror confirmed that all of the Conditions Precedent were fulfilled, on March 10, 2023, it decided to commence the Tender Offer on March 13, 2023. There is no change in the Tender Offer Price of 9,300 yen.</p>
--	--

(3) Number of Shares Planned for Purchase

Class of Shares	Number of Shares Planned for Purchase	Minimum Number of Shares Planned for Purchase	Maximum Number of Shares Planned for Purchase
Common stock	14,686,938 shares	3,934,571 shares	— shares
Total	14,686,938 shares	3,934,571 shares	— shares

- (Note 1) If the total number of the Tendered Shares falls short of the minimum number of shares planned for purchase (3,934,571 shares), the Tender Offeror will purchase none of the Tendered Shares. If the total number of the Tendered Shares is the same as or more than the minimum number of shares planned for purchase (3,934,571 shares), the Tender Offeror will purchase all of the Tendered Shares.
- (Note 2) Because the maximum number of shares planned for purchase has not been set in the Tender Offer, the “Number of Shares Planned for Purchase” is the possible maximum number of Target Company Shares (14,686,938 shares) to be obtained by the Tender Offeror through the Tender Offer. This maximum number of shares (14,686,938 shares) is obtained by deducting (a), (b), and (c) from (d), wherein (a) is the number of treasury shares owned by the Target Company as of December 31, 2022, notified by the Target Company to the Tender Offeror (50,533 shares), (b) is the number of the Target Company Shares owned by the Tender Offeror as of the filing date of this Statement (14,686,938 shares), and (c) is the number of the Target Company Shares owned by Mitsui & Co. (6,428,800 shares), and (d) is the total number of issued shares as of December 31, 2022, stated in the Target Company’s Third Quarterly Report (32,307,800 shares).
- (Note 3) Shares in quantities of less than one unit and cross-held shares (referring to the Target Company Shares owned by Tetsusho Kayaba Corporation; hereinafter the same applies) are also subject to the Tender Offer. If a right to demand the purchase of shares in quantities of less than one unit is exercised by a shareholder pursuant to the Companies Act, the Target Company may purchase those shares during the Tender Offer Period in accordance with the procedures under the laws and regulations.
- (Note 4) The Tender Offeror does not intend to acquire any treasury shares owned by the Target Company through the Tender Offer.

## 5. Proportion of Share Ownership Following Implementation of Purchases

Category	Number of Voting Rights
(a) Number of voting rights pertaining to Shares to be purchased	146,869
(b) Number of voting rights in (a) related to potentially dilutive Shares	—
(c) Number of voting rights in (b) related to beneficiary share certificates in trust and depository receipts for shares representing rights pertaining to shares	—
(d) Number of voting rights pertaining to Shares owned by the Tender Offeror (as of March 13, 2023)	111,415
(e) Number of voting rights in (d) related to potentially dilutive Shares	—
(f) Number of voting rights in (e) related to beneficiary share certificates in trust and depository receipts for shares representing rights pertaining to shares	—
(g) Number of voting rights pertaining to Shares owned by specially related parties (as of March 13, 2023)	67,746
(h) Number of voting rights in (g) related to potentially dilutive Shares	—
(i) Number of voting rights in (h) related to beneficiary share certificates in trust and depository receipts for shares representing rights pertaining to shares	—
(j) Number of voting rights of all Target Company shareholders (as of September 30, 2022)	320,978
Proportion of voting rights pertaining to Shares to be purchased compared with the voting rights of all shareholders (a/j) (%)	45.76

Ownership ratio of Shares after the purchase (((a+d+g)/(j+(b-c)+(e-f)+(h-i))×100) (%)	100.00
--	--------

(Note 1) “(a) Number of voting rights pertaining to Shares to be purchased” is the number of voting rights pertaining to the number of shares planned for purchase in the Tender Offer (14,686,938 shares).

(Note 2) “(g) Number of voting rights pertaining to Shares owned by specially related parties (as of March 13, 2023)” is the total of the voting rights pertaining to the Shares owned by specially related parties (excluding those that are excluded from specially related parties pursuant to Article 3, paragraph (2), item (i) of the Cabinet Office Order in the calculation of the ownership ratio of Shares under the items of Article 27-2, paragraph (1) of the Act). Moreover, since the Shares owned by specially related parties (excluding treasury shares owned by the Target Company and the Target Company Shares owned by Mitsui & Co.) are also subject to the Tender Offer, for the purpose of calculating the “ownership ratio of Shares after the purchase,” “(g) number of voting rights pertaining to Shares owned by specially related parties (as of March 13, 2023)” (excluding the number of the voting rights (64,288 voting rights) pertaining to the Target Company Shares owned by Mitsui & Co. (6,428,800 shares)) is not added to the numerator.

(Note 3) “(j) Number of voting rights of all Target Company shareholders (as of September 30, 2022)” is the number of the voting rights of all shareholders as of September 30, 2022, stated in the Target Company’s Third Quarterly Report. However, since shares in quantities of less than one unit and cross-held shares are also subject to the Tender Offer, for the purpose of calculating the “proportion of voting rights pertaining to shares to be purchased compared with the voting rights of all shareholders” and the “ownership ratio of Shares after the purchase,” the number of voting rights (322,572 voting rights) pertaining to the number of shares, which is obtained by deducting the number of treasury shares owned by the Target Company as of December 31, 2022, notified by the Target Company to the Tender Offeror (50,533 shares) from the total number of issued shares of the Target Company as of December 31, 2022, stated in the Target Company’s Third Quarterly Report (32,307,800 shares), was used as the denominator.

(Note 4) With regard to the “proportion of voting rights pertaining to Shares to be purchased compared with the voting rights of all shareholders” and the “ownership ratio of Shares after the purchase,” any fraction is rounded off to two decimal places.

## 6. Approvals with Respect to the Acquisition of Shares

### (1) Class of Shares

Common stock

### (2) Relevant Laws and Regulations

#### (I) Act on Prohibition of Private Monopolization and Maintenance of Fair Trade

The Tender Offeror must notify in advance (hereinafter, such notification is referred to as a “Prior Notification”) the Japan Fair Trade Commission of its plan for the Share Acquisition pursuant to Article 10, paragraph (2) of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended; the “Anti-Monopoly Act”), and the Tender Offeror may not conduct the Share Acquisition until 30 days (which may be shortened) pass from the day on which the Prior Notification is accepted pursuant to paragraph (8) of the same Article (hereinafter, the period

during which the Share Acquisition is prohibited is referred to as the “Acquisition Prohibition Period”), in principle.

In addition, Article 10, paragraph (1) of the Anti-Monopoly Act prohibits any company from acquiring shares of any other company if its acquisition of shares would substantially restrain competition in any particular field of trade, and the Japan Fair Trade Commission may order the taking of measures necessary to eliminate an act in violation of said provision (Article 17-2, paragraph (1) of the Anti-Monopoly Act; a “Cease and Desist Order”). If the above-mentioned Prior Notification is given, where the Japan Fair Trade Commission intends to issue a Cease and Desist Order, it must conduct a hearing at which the would-be addressee of the Cease and Desist Order is given an opportunity to state its opinion (Article 49 of the Anti-Monopoly Act) and, prior to the hearing, it must notify the would-be addressee of the details of the planned Cease and Desist Order (Article 50, paragraph (1) of the Anti-Monopoly Act; “Prior Notice of Cease and Desist Order”). The Anti-Monopoly Act provides that Prior Notice of Cease and Desist Order regarding the acquisition of shares must be given within a certain period (in principle, 30 days from the day on which the Prior Notification was accepted; however, this period may be extended or shortened; the “Measures Period”) (Article 10, paragraph (9) of the Anti-Monopoly Act). It is also provided that if the Japan Fair Trade Commission decides not to give Prior Notice of Cease and Desist Order, it must give notice to that effect (“Notice of Not Issuing a Cease and Desist Order”) (Article 9 of the Rules on Applications for Approval, Reporting, Notification, etc. Pursuant to the Provisions of Articles 9 to 16 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Fair Trade Commission Rule No. 1 of 1953)).

The Tender Offeror made a Prior Notification with respect to the Share Acquisition to the Japan Fair Trade Commission on January 20, 2023, and it was accepted on the same day. However, as the content of the notification was changed, the Prior Notification was withdrawn on February 14, 2023, and a new Prior Notification was made to the Japan Fair Trade Commission on the same day. Thereafter, the Tender Offeror received from the Japan Fair Trade Commission on February 21, 2023, a “notice of shortening of prohibition period” dated February 20, 2023 to the effect that the Acquisition Prohibition Period would be shortened from 30 days to 6 days, and the Acquisition Prohibition Period has thus expired with the passage of February 20, 2023. Moreover, the Tender Offeror received a “Notice of Not Issuing a Cease and Desist Order” dated February 20, 2023 from the Japan Fair Trade Commission on February 21, 2023, and the Measures Period has thus expired with the passage of February 20, 2023.

## (II) China’s Anti-Monopoly Act

Before the Share Acquisition, the Tender Offeror must give a Prior Notification of the Share Acquisition to the State Administration for Market Regulation of the People’s Republic of China (“China’s State Administration for Market Regulation”) pursuant to China’s Anti-Monopoly Act. Before China’s State Administration for Market Regulation officially accepts the notification, an official confirms the completeness of the notification. Once the notification is accepted as being complete, China’s State Administration for Market Regulation decides either to approve the Share Acquisition or conduct a closer examination (a “Closer Examination”) within the examination period of 30 days from the day on which the notification is accepted. If China’s State Administration for Market Regulation decides to conduct a Closer Examination, and if it approves the Share Acquisition within the examination period of 90 days from the day on which it made such decision (however, the examination period may be extended for a maximum of 60 days), the Tender Offeror may implement the Share Acquisition.

A Prior Notification of the Share Acquisition was submitted to China’s State Administration for Market Regulation on December 9, 2022 (local time) and accepted on February 14, 2023 (local time). Thereafter, China’s State Administration for Market Regulation issued a document indicating its decision not to conduct a Closer Examination of the Share Acquisition dated February 24, 2023. The Tender Offeror received the document on February 24, 2023 and confirmed that the Share Acquisition was approved on the same day.

### (III) Taiwan's Fair Trade Act of 2002

Before the Share Acquisition, the Tender Offeror must give a Prior Notification of the Share Acquisition to the Taiwan Fair Trade Commission pursuant to Taiwan's Fair Trade Act of 2002 (as amended). If the Taiwan Fair Trade Commission decides to exercise its authority to examine the Share Acquisition, unless the Taiwan Fair Trade Commission takes any action to prohibit the Share Acquisition within a certain waiting period from the day on which the notification is accepted (30 business days, in principle, but may be shortened or extended up to 60 business days), the Tender Offeror may implement the Share Acquisition after the waiting period expires. In addition, if the Taiwan Fair Trade Commission decides not to exercise its authority to examine the Share Acquisition, the Tender Offeror may implement the Share Acquisition after such decision.

A Prior Notification of the Share Acquisition was submitted to the Taiwan Fair Trade Commission on November 23, 2022 (local time). Thereafter, it was accepted on January 30, 2023 (local time), and the Taiwan Fair Trade Commission issued a document to the effect that the waiting period applicable to the Share Acquisition would be shortened on the same day. The Tender Offeror received the document on January 31, 2023 and confirmed that the waiting period has expired on January 30, 2023 (local time).

### (IV) Turkey's Competition Act

Before the Share Acquisition, the Tender Offeror must give a Prior Notification of the Share Acquisition to the Turkish Competition Authority pursuant to Turkey's Competition Act. If the Turkish Competition Authority approves the Share Acquisition or decides not to take any action to prohibit the Share Acquisition within a certain examination period from the day on which the notification is accepted (while the examination period is for 30 days, if the authority asks additional questions, the examination period will be re-calculated from the point in time when a response is provided being the first day), the Tender Offeror may implement the Share Acquisition.

A Prior Notification of the Share Acquisition was submitted to the Turkish Competition Authority on December 23, 2022 (local time) and accepted on the same day. Thereafter, on January 27, 2023, the Turkish Competition Authority issued a document approving the Share Acquisition. The Tender Offeror received the document on January 27, 2023 and confirmed that the Share Acquisition was approved on the same day.

### (V) Mexico's Federal Economic Competition Law

Before the Share Acquisition, the Tender Offeror must give a Prior Notification of the Share Acquisition to the Mexican Federal Economic Competition Commission pursuant to Mexico's Federal Economic Competition Law. The Mexican Federal Economic Competition Commission requests provision of additional information within ten business days from the day on which the notification is accepted. The Mexican Federal Economic Competition Commission has 15 business days from the day on which a response to the information provision request is submitted, in order to make a secondary information provision request. A resolution on the Share Acquisition is made within 60 business days from the day on which a response to the first information provision request or, if applicable, the secondary information provision request is submitted.

A Prior Notification of the Share Acquisition was submitted to the Mexican Federal Economic Competition Commission on December 9, 2022 (local time). The Mexican Federal Economic Competition Commission made an information provision request on January 3, 2023 (local time), and a response to the information provision request was completed on January 31, 2023 (local time). Thereafter, the Mexican Federal Economic Competition Commission issued a document approving the Share Acquisition on February 27, 2023 (local time). The Tender Offeror received the notice on February 28, 2023 (local time) and confirmed that the Share Acquisition was approved on February 27, 2023 (local time).

(VI) The U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976

Before its Share Acquisition, the Tender Offeror must give a Prior Notification of the Share Acquisition to the Antitrust Division of the U.S. Department of Justice and the U.S. Federal Trade Commission (collectively, the “U.S. Antitrust Authorities”) pursuant to the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended). Unless an additional information provision request (a “Secondary Request”) is issued from either of the U.S. Antitrust Authorities, the Tender Offeror may implement the Share Acquisition after the passage of 15 days (or less than 15 days if early termination of the waiting period is approved) (if such day falls on a Saturday, Sunday, or a public holiday, after the passage of the following day) from the day on which the notification above is given. If a Secondary Request is issued, unless either of the U.S. Antitrust Authorities obtains an injunction against the Share Acquisition by a Federal Court, the Tender Offeror may implement the Share Acquisition after expiration of the waiting period that has been extended for ten days from the completion of submission of additional information in response to the Secondary Request.

A Prior Notification required for the Share Acquisition was submitted to the U.S. Antitrust Authorities on January 13, 2023 (local time), and the waiting period applicable to the Share Acquisition has expired on January 30, 2023 (at 11:59 p.m. local time), and the Tender Offeror confirmed that it may implement the Share Acquisition at the same time on the same day.

(VII) Vietnam Competition Act

Before the Share Acquisition, the Tender Offeror must give a Prior Notification of the Share Acquisition to the Vietnam Competition Commission pursuant to Vietnam’s Competition Act. However, the Vietnam Competition Commission has not yet been established; thus, a Prior Notification of the Share Acquisition is required to be given to the Ministry of Industry and Trade of Vietnam instead. If the Ministry of Industry and Trade of Vietnam decides to exercise its authority to examine the Share Acquisition, unless the Ministry of Industry and Trade of Vietnam takes any action to prohibit the Share Acquisition within a certain waiting period from the day on which the notification is accepted (while the initial examination period is 30 days or less, after entering into the official examination, it will be 90 days or less from the day on which the results of the initial examination are notified (however, it may be extended up to 60 days)), the Tender Offeror may implement the Share Acquisition after expiration of the waiting period. In addition, if the Ministry of Industry and Trade of Vietnam decides not to exercise its authority to examine the Share Acquisition, the Tender Offeror may implement the Share Acquisition after such decision.

A Prior Notification of the Share Acquisition was submitted to the Ministry of Industry and Trade of Vietnam on December 30, 2022 (local time) and accepted on February 2, 2023. Thereafter, on February 23, 2023 (local time), the Ministry of Industry and Trade of Vietnam issued a document indicating its decision not to exercise its authority to examine the Share Acquisition, and the Tender Offeror received the notice on February 23, 2023 and confirmed that the Share Acquisition was approved on the same day.

(3) Date and Number of Approvals

Name of Country or Region	Name of Organization that Issued Approvals	Date of Approvals	No. of Approvals
Japan	Japan Fair Trade Commission	February 20, 2023 (as a result of the receipt of a Notice of Not Issuing a Cease and Desist Order)	FECNo. 179 (number of the written Notice of Not Issuing a Cease and Desist Order)
		February 20, 2023 (as a result of the receipt	FECNo. 180 (number of the written notice of

Name of Country or Region	Name of Organization that Issued Approvals	Date of Approvals	No. of Approvals
		of a notice of shortening of prohibition period)	shortening of prohibition period)
China	China's State Administration for Market Regulation	February 24, 2023	Review Decision of Enforcement Dept. II 2023 No.120
Taiwan	Taiwan Fair Trade Commission	January 30, 2023	FMNo. 1121360012
Turkey	Turkish Competition Authority	January 27, 2023	E-77234294-120.01.06-57966
Mexico	Mexican Federal Economic Competition Commission	February 27, 2023	CNT-164-2022
United States	Antitrust Division of the U.S. Department of Justice and the U.S. Federal Trade Commission	January 30, 2023	Premerger Notification Transaction Number : 20230603
Vietnam	Vietnam Competition Commission / Ministry of Industry and Trade	February 23, 2023	No.882/BCT-CT

## 7. Methods of Tendering and Cancellation of Agreement

### (1) Tendering Method

#### (I) Tender Offer Agent

Mizuho Securities Co., Ltd. 1-5-1, Otemachi, Chiyoda-ku, Tokyo

(II) Shareholders who tender their shares in the Tender Offer will be required to do so by filling out necessary information in the prescribed "tender offer application form" no later than 15:00 on the last day of the Tender Offer Period at the tender offer agent's head office or any of its branches across Japan. No tender will be accepted by the online trade service "Mizuho Securities Net Club."

(III) In order for a tender in the Tender Offer to be accepted, shareholders who tender their Shares in the Tender Offer ("Tendering Shareholders") must have opened a securities account with the tender offer agent and had the Shares to be tendered recorded and managed in such securities account. In the Tender Offer, no tender of shares will be accepted through any financial instruments business operator other than the tender offer agent. Moreover, in the Tender Offer, Tendering Shareholders are not allowed to tender their Shares in the Tender Offer using the Shares recorded in a special account established with Sumitomo Mitsui Trust Bank, Limited, which is the special account management institution designated by the Target Company. If the Shares to be tendered are stated or recorded in a securities account opened with a financial instruments business operator other than the tender offer agent or in a special account established with the special account management institution, such Tendering Shareholders will be required to have completed the procedures to transfer the Shares to the securities account opened with the tender offer agent, before tendering their Shares. (Note 1)

(IV) A Tendering Shareholder who has not opened a securities account with the tender offer agent will be required to open a new securities account. When opening a securities account, an

individual number (My Number) or corporate number, and personal identification documents (Note 2) will be required, and a seal may also be required.

- (V) Please note that the procedures to transfer the Tendered Shares as stated in (III) above and the opening of a new account as stated in (IV) above may require a certain number of days.
- (VI) Shareholders who are residents of foreign countries (including corporate shareholders; “Foreign Shareholders”) will be required to tender their shares through a standing proxy in Japan.
- (VII) For individual shareholders who are residents of Japan, in general, the difference between the proceeds from selling the Shares purchased and the acquisition costs will be subject to separate self-assessed taxation relating to capital gains arising from a transfer of shares (Note 3).
- (VIII) When accepting a tender of shares, the tender offer agent will deliver an acceptance slip for the tender offer application to the Tendering Shareholder.

(Note 1) Regarding procedures to transfer a record of the Shares in a special account established with the special account management institution designated by the Target Company to a securities account with the tender offer agent:  
 If the procedures to transfer a record of the Shares in a special account established with the special account management institution designated by the Target Company to a securities account with the tender offer agent are conducted through the tender offer agent or the special account management institution, an application using an “account transfer application form” containing the same information as the personal information notified to the special account management institution will be required. For details, please contact the tender offer agent or the special account management institution.

(Note 2) Regarding submission of an individual number (My Number) or corporate number, and personal identification documents:  
 If a Tendering Shareholder is to open a new securities account with the tender offer agent, or if a Tendering Shareholder is a Foreign Shareholder who is to tender their shares through a standing proxy in Japan, the personal identification documents below will be required. For details of number identification documents and personal identification documents, please contact the tender offer agent.

For individual shareholders: Any of the individual number identification documents and personal identification documents listed in (i) to (iii) in the table below will be required. An individual who cannot provide his/her individual number (My Number) cannot open an account with the tender offer agent, Mizuho Securities Co., Ltd. Moreover, even an individual who has already opened a securities account with the tender offer agent will also be required to provide individual number identification documents and personal identification documents if the individual changes his/her name, address, or individual number (My Number).

	(i)	(ii)	(iii)
Number identification documents	Individual number card (both sides) with photo	Notification card	Copy of the resident record on which the individual number is indicated or certificate of items entered in resident record

			(*this document constitutes one personal identification document)
+		+	+
Personal identification documents		<p>a. One of the following documents (identification documents with photo):</p> <ul style="list-style-type: none"> <li>• driver’s license;</li> <li>• driving record certificate;</li> <li>• passport;</li> <li>• residence card;</li> <li>• medical treatment and education handbook;</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>• physical disability certificate, etc.</li> </ul>	<p>a. One of the following documents (identification documents with photo):</p> <ul style="list-style-type: none"> <li>• driver’s license;</li> <li>• driving record certificate;</li> <li>• passport;</li> <li>• residence card;</li> <li>• medical treatment and education handbook;</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>• physical disability certificate, etc.</li> </ul>
		or	or
	<p>b. Two of the following documents (if it is difficult to provide a.):</p> <ul style="list-style-type: none"> <li>• copy of resident record;</li> <li>• certificate of items entered in resident record;</li> <li>• health insurance card such as certificate of insured person of national health insurance program;</li> <li>• registered seal certificate; or</li> <li>• proof of national pension, etc.</li> </ul>	<p>b. One of the following documents (if it is difficult to provide a.):</p> <ul style="list-style-type: none"> <li>• health insurance card such as certificate of insured person of national health insurance program;</li> <li>• registered seal certificate; or</li> <li>• proof of national pension, etc.</li> </ul>	

- If an individual submits his/her individual number card (both sides), no personal identification documents are required separately.
- The notification card is available as one of the individual number identification documents only if the name, address, and other matters stated on the notification card are consistent with the matters stated in the resident record.
- Documents to be submitted are required to have the individual’s name, address, and date of birth.
- Personal identification documents to be submitted are required to be within the validity period, or those prepared within six months in the absence of a validity period.

For corporate shareholders: A copy of the “corporate number designation notification” or a document on which the corporate number is printed obtained from the National Tax Agency Corporate Number Publication Site, and personal identification documents (a

certificate of registered information, which was prepared within six months, by which the corporate name, location of the head office or principal office, and the business content can be confirmed) will be required. Not only the personal identification documents of the corporation itself, but also the personal identification documents of the individual who is the person in charge of the transaction (or the representative of the corporation if the representative engages in the transaction) are required. Moreover, even a corporation that has already opened a securities account with the tender offer agent will also be required to provide the corporate number identification documents and personal identification documents if the corporation changes its corporate name and location.

For Foreign Shareholders: Documents issued by foreign governments or authorized international organizations that have been approved by the Japanese government or other similar documents, which are equivalent to the personal identification documents above of a resident (personal identification documents are required to contain the name, address, and date of birth in the case of a natural person (Note 1), and the corporate name, location of the head office or principal office, and business content in the case of a corporation (Note 2), and limited to those prepared within six months or which are valid in the case of documents with a validity period or expiration date for both a natural person and a corporation), as well as a copy of the power of attorney under the mandate agreement with a standing proxy or the agreement (Note 3) will be required.

(Note 1) A shareholder with Japanese nationality who is residing in a foreign country should submit his/her passport, in principle.

(Note 2) For a corporation, as it is necessary to confirm the business content of the corporation, if the personal identification documents do not contain the business content, other documents by which the business content can be confirmed (documents that are equivalent to the personal identification documents of a resident or that are prescribed to be prepared for the corporation pursuant to foreign laws and regulations, which contain the business content) will be required to be submitted.

(Note 3) It must be limited to those that contain the name or corporate name, and address outside Japan of the Foreign Shareholder, and be certified as identical to the original copy with (i) the date of certification by the standing proxy, and (ii) the name, address, name and title of the representative or signatory of the standing proxy, and the registered seal pertaining to a security account with the tender offer agent.

(Note 3) Regarding separate self-assessed taxation relating to capital gains arising from a transfer of shares for residents of Japan (in the case of an individual shareholder):  
For individual shareholders who are residents of Japan, separate self-assessed taxation will apply to capital gains arising from a transfer of shares, in principle. Sale through tender in the Tender Offer will also be treated as an ordinary sale through a financial instruments business operator. For specific tax-related questions, please consult with certified public tax accountants and other experts in order to make decisions.

## (2) Method of Cancellation of Agreement

The Tendering Shareholders may cancel an agreement related to the Tender Offer at any time during the Tender Offer Period. When canceling an agreement, please deliver or send a document indicating the intention to cancel the agreement regarding the Tender Offer (a "Cancellation Document") with an acceptance slip for the tender offer application to the head office or any of the domestic branches of the tender offer agent that accepted the tender offer application by 15:00 on the last day of the Tender Offer Period. The cancellation of the agreement will take effect when the Cancellation Document is delivered to or reaches the tender offer agent. Therefore, please note that if sending a Cancellation

Document, you cannot cancel the agreement unless the Cancellation Document reaches the tender offer agent by 15:00 on the last day of the Tender Offer Period.

Party authorized to receive the Cancellation Document

Mizuho Securities Co., Ltd. 1-5-1, Otemachi, Chiyoda-ku, Tokyo  
(other branches of Mizuho Securities Co., Ltd. across Japan)

(3) Method of Returning Shares

If a Tendering Shareholder applies to cancel an agreement regarding the Tender Offer in accordance with the method described in “(2) Method of Cancellation of Agreement” above, the Tendered Shares will be returned promptly after completion of the cancellation procedures in accordance with “(4) Method of Returning Shares” of “10. Method of Settlement” below.

(4) Name and Head Office Location of Financial Instruments Business Operator, Bank, or Any Other Institution Handling Storage and Return of Shares

Mizuho Securities Co., Ltd. 1-5-1, Otemachi, Chiyoda-ku, Tokyo

**8. Funds Required for the Purchase**

(1) Funds Required for the Purchase

(a) Purchase price (yen)	136,588,523,400
Types of consideration other than cash	-
Total amount of consideration other than cash	-
(b) Purchase commission	220,000,000
(c) Others	23,060,000
Total (a)+(b)+(c)	136,831,583,400

(Note 1) “(a) Purchase price (yen)” indicates the amount obtained by multiplying the number of shares to be purchased in the Tender Offer (14,686,938 shares) by the Tender Offer Price (9,300 yen).

(Note 2) “(b) Purchase commission” indicates the estimated commissions to be paid to the tender offer agent.

(Note 3) “(c) Others” indicates the estimated amount of expenses for the public notice of the Tender Offer and printing the tender offer explanation statement and other necessary documents, as well as any other expenses.

(Note 4) The amounts stated above exclude consumption tax, etc.

(Note 5) In addition, there will be other expenses to be paid to the tender offer agent and attorneys’ fees, etc., the amount of which will not be determined until the Tender Offer is completed.

(2) Deposits or Borrowings Allocable for Funds Required for the Purchase

(I) Deposits as of One Day or Two Days Before the Filing Date

Type of deposit	Amount (thousand yen)
Ordinary deposit	357,274,296

Total (a)	357,274,296
-----------	-------------

(II) Borrowings Before the Filing Date

A Financial Institutions

	Lender's business category	Name of lender	Terms of loan agreement	Amount (thousand yen)
1	-	-	-	-
2	-	-	-	-
Total				-

B Others

Lender's business category	Name of lender	Terms of loan agreement	Amount (thousand yen)
-	-	-	-
-	-	-	-
Total			-

(III) Funds to Be Borrowed On or After the Filing Date

A Financial Institutions

	Lender's business category	Name of lender	Terms of loan agreement	Amount (thousand yen)
1	-	-	-	-
2	-	-	-	-
Total (b)				-

B Others

Lender's business category	Name of lender	Terms of loan agreement	Amount (thousand yen)
-	-	-	-
-	-	-	-
Total (c)			-

(IV) Other Funding Methods

Details	Amount (thousand yen)
-	-
Total (d)	-

(V) Total of Deposits or Borrowings Allocable for Funds Required for the Purchase

357,274,296 thousand yen ((a)+(b)+(c)+(d))

(3) Relationship Between the Issuer of Securities to Be Used as Consideration for the Purchase and the Tender Offeror

Not applicable.

#### **9. Status of the Issuer of Securities to Be Used as Consideration for the Purchase**

Not applicable.

#### **10. Method of Settlement**

(1) Name and Head Office Location of Financial Instruments Business Operator, Bank, or Any Other Institution Conducting Settlement of the Purchase

Mizuho Securities Co., Ltd. 1-5-1, Otemachi, Chiyoda-ku, Tokyo

(2) Commencement Date of Settlement

April 14, 2023 (Friday)

(Note) Pursuant to Article 27-10, paragraph (3) of the Act, if the Target Company submits a position statement seeking an extension of the Tender Offer Period, the commencement date of settlement will be April 28, 2023 (Friday).

(3) Method of Settlement

After expiration of the Tender Offer Period, a notice of purchase through the Tender Offer will be mailed to the addresses of the Tendering Shareholders (or in the case of Foreign Shareholders, their standing proxies) without delay. The purchase will be made in cash. The proceeds from selling the Shares purchased will be remitted by the tender offer agent to the places designated by the Tendering Shareholders (or in the case of Foreign Shareholders, their standing proxies) or will be paid to the accounts of the Tendering Shareholders opened with the tender offer agent and used to accept their tender applications in accordance with the Tendering Shareholders' instructions (or in the case of Foreign Shareholders, their standing proxies) on or after the commencement date of settlement without delay.

(4) Method of Returning Shares

If it is decided that all of the Tendered Shares will not be purchased pursuant to the conditions stated in “(1) Existence or Non-existence of Conditions Set Forth in the Items of Article 27-13, Paragraph (4) of the Act, and the Details Thereof” or “(2) Existence or Non-existence of Conditions of Withdrawal of the Tender Offer, Details Thereof, and Method of Disclosing Withdrawal” in “11. Other Conditions and Methods for the Purchase” below, the tender offer agent will return the Shares that are required to be returned promptly on or after two business days following the last day of the Tender Offer Period (where the Tender Offer is withdrawn, the day on which the withdrawal is made) by restoring the record to the state it was in when the tender application was made.

## 11. Other Conditions and Methods for the Purchase

- (1) Existence or Non-existence of Conditions Set Forth in the Items of Article 27-13, Paragraph (4) of the Act, and the Details Thereof

If the total number of the Tendered Shares falls short of the minimum number of shares to be purchased (3,934,571 shares), the Tender Offeror will purchase none of the Tendered Shares. If the total number of the Tendered Shares is the same as or more than the minimum number of shares to be purchased (3,934,571 shares), the Tender Offeror will purchase all the Tendered Shares.

- (2) Existence or Non-existence of Conditions of Withdrawal of the Tender Offer, Details Thereof, and Method of Disclosing Withdrawal

The Tender Offer may be withdrawn upon the occurrence of any event listed in Article 14, paragraph (1), items (i)(a) through 1(j) and items (i)(m) through (i)(s), items (iii)(a) through (iii)(h) and (iii)(j), as well as Article 14, paragraph (2), items (iii) through (vi) of the Order. With respect to Article 14, paragraph (1), item (iii)(j) of the Order, the “facts equivalent to those set forth in (a) to (i)” means (i) any case where it is found that there is a false statement regarding a material matter, or an omission of a material matter required to be stated in the statutory disclosure documents submitted by the Target Company in the past, and (ii) any case where any of the events listed in items (iii)(a) through (iii)(g) occurs with respect to any of the important subsidiaries of the Target Company.

If the Tender Offeror intends to withdraw the Tender Offer, it will give public notice thereof through electronic disclosure and make an announcement with respect thereto in the Nihon Keizai Shimbun; however, if it is difficult to give such public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the Cabinet Office Order and give public notice immediately thereafter.

- (3) Existence or Non-existence of Conditions of Reduction in Purchase Price, Details Thereof, and Method of Disclosing Reduction

In accordance with Article 27-6, paragraph (1), item (i) of the Act, if the Target Company conducts any act listed in Article 13, paragraph (1) of the Order during the Tender Offer Period, the purchase price may be reduced pursuant to the standards set forth in Article 19, paragraph (1) of the Cabinet Office Order.

If the Tender Offeror intends to reduce the purchase price, it will give public notice thereof through electronic disclosure and make an announcement with respect thereto in the Nihon Keizai Shimbun. However, if it is difficult to give such public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the Cabinet Office Order and give public notice immediately thereafter. If the purchase price is reduced, the Tendered Shares that were tendered on or before the date of the public notice are also purchased at the reduced purchase price.

- (4) Matters Relating to Agreement Cancellation Rights of Tendering Shareholders

The Tendering Shareholders may cancel an agreement related to the Tender Offer at any time during the Tender Offer Period. The methods of cancellation shall be pursuant to “(2) Methods of Cancellation of Agreement” of “7. Methods of Tendering and Cancellation of Agreement” above.

The Tender Offeror will not make any claim for damages or a penalty payment against the Tendering Shareholders due to the cancellation of their agreements. In addition, the Tender Offeror will bear the cost of returning the Tendered Shares. If a Tendering Shareholder applies for cancellation, his/her Tendered Shares will be returned by the method stated in “(4) Method of Returning Shares” of “10. Method of Settlement” above promptly after completion of the procedures related to cancellation.

(5) Method of Disclosing Changes Made to Terms and Conditions of the Purchase

The Tender Offeror may change the purchase terms during the Tender Offer Period, excluding cases where it is prohibited by Article 27-6, paragraph (1) of the Act and Article 13 of the Order. If the Tender Offeror intends to change the purchase terms, it will give public notice of these changes through electronic disclosure and make an announcement with respect thereto in the Nihon Keizai Shimbun. However, if it is difficult to give such public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the Cabinet Office Order and give public notice immediately thereafter. If the purchase terms are changed, the Tendered Shares that were tendered on or before the date of the public notice are also purchased based on the changed purchase terms.

(6) Method of Disclosure in Case of Filing of Amendment Statement

If the Tender Offeror files an amended statement with the Director-General of the Kanto Local Finance Bureau (excluding the cases set forth in the proviso to Article 27-8, paragraph (11) of the Act), the Tender Offeror will immediately make a public announcement of the details relating to those described in the public notice of tender offer commencement among other things stated in the amended statement, pursuant to Article 20 of the Cabinet Office Order. The Tender Offeror will also immediately amend the tender offer explanatory statement and deliver the amended tender offer explanatory statement to the Tendering Shareholders to whom the tender offer explanatory statement has already been delivered. However, if the scope of the amendment is limited, the amendment may be made by preparing a document stating the reason for the amendment and the subject matters before and after the amendment, and delivering the document to the Tendering Shareholders.

(7) Method of Disclosing the Results of the Tender Offer

The results of the Tender Offer will be publicly announced on the day following the last day of the Tender Offer Period by the method set forth in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Order.

**PART II. Status of Tender Offeror**

**1. In the Case of a Company**

- (1) Company Overview
- (I) Company History
- (II) Company's Purpose and Business Details
- (III) Amount of Capital and Total Number of Issued Shares
- (IV) Major Shareholders

(as of \_\_\_\_\_)

Name	Address or location	Number of shares owned (in thousand shares)	Percentage of the number of shares owned in relation to total number of issued shares (excluding treasury shares) (%)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Total	-	-	-

- (V) Occupational History of and Number of Shares Owned by Officers

(as of \_\_\_\_\_)

Title	Position	Name	Date of birth	Professional background	Number of shares owned (in thousand shares)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
Total					-

- (2) Status of Accounting
  - (I) Balance Sheet
  - (II) Profit and Loss Statement
  - (III) Statements of Changes in Shareholders' Equity

(3) Items Regarding the Tender Offeror as a Company under the Continuous Disclosure Requirement

(I) Documents Submitted by the Tender Offeror

A. Annual Securities Report and Attachments

The 97th Fiscal Year (from April 1, 2021 to March 31, 2022), filed with the Director General of the Kanto Local Finance Bureau on June 23, 2022.

B. Quarterly Reports or Semi-Annual Reports

The 3rd Quarter of the 98th Fiscal Year (from October 1, 2022 to December 31, 2022), filed with the Director General of the Kanto Local Finance Bureau on February 13, 2023.

The Tender Offeror formally decided or informally decided, at its board of directors meeting held on February 17, 2023, on the changes of the representative directors as follows:

(i) Matters Decided

(Person newly becoming a representative director)

Name	New title	Former title	Date of change
Tadashi Imai	Representative Director and Executive Vice President Head of Green Transformation Development; Deputy Project Leader, Next-Generation Hot Strip Mill Project	Managing Director, Member of the Board Project Leader, Thai Steel Project, Global Business Development Sector; Vice Head of Green Transformation Development; Deputy Project Leader, Next-Generation Hot Strip Mill Project	April 1, 2023

(Person to cease being the representative director)

Name	New title	Former title	Date of change
Akio Migita	Director, Member of the Board	Representative Director and Executive Vice President Head of Green Transformation Development	April 1, 2023

(ii) Matters Informally Decided

(Person newly becoming a representative director)

Name	New title	Former title (as of April 1, 2023)	Date of change
Kazuhisa Fukuda	Representative Director and Executive Vice President Head of Research and Development	Executive Vice President Head of Research and Development	Late June 2023 (planned)
Hirofumi Funakoshi	Representative Director and Executive Vice President	Executive Vice President	Late June 2023 (planned)

(Note 1) The changes will officially be decided at the board of directors meeting after the conclusion of the 99th Annual Shareholders Meeting (planned to be held in late June 2023).

(Note 2) The title as of March 13, 2023 is as follows:

Name	Current title
Kazuhisa Fukuda	Executive Vice President, Head of Research and Development
Hirofumi Funakoshi	Managing Executive Officer, Vice Head of Green Transformation Development

C. Correction Reports

Not applicable.

(II) Location Where Above Documents Are Available for Public Inspection

Nippon Steel Corporation  
(2-6-1 Marunouchi, Chiyoda-ku, Tokyo)  
Tokyo Stock Exchange, Inc.  
(2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)  
Nagoya Stock Exchange, Inc.  
(8-20, Sakae3-chome, Naka-ku, Nagoya)  
Securities Membership Corporation Fukuoka Stock Exchange  
(2-14-2 Tenjin, Chuo-ku, Fukuoka City)  
Securities Membership Corporation Sapporo Securities Exchange  
(5-14-1 Minami Ichijo Nishi, Chuo-ku, Sapporo-shi)

**2. In the case of Organizations other than Companies**

Not applicable.

**3. In the case of Individuals**

Not applicable.

**PART III. Status of Ownership and Trading of Shares by the Tender Offeror and Specially Related Parties**

**1. Status of Ownership of Shares**

(1) Total Shares Owned by the Tender Offeror and Specially Related Parties

(as of March 13, 2023)

	Number of Shares owned	Number of Shares falling under Article 7, paragraph (1), item (ii) of the Order	Number of Shares falling under Article 7, paragraph (1), item (iii) of the Order
Shares	177,001 (voting rights)	2,160 (voting rights)	- (voting rights)
Share options	-	-	-
Bonds with share options	-	-	-
Trust beneficiary certificates of Shares ( )	-	-	-
Depository receipts for Shares ( )	-	-	-
Total	177,001	2,160	-
Total number of Shares owned	179,161	-	-
(Total number of dilutive Shares owned)	(-)	-	-

(Note 1) “Number of Shares falling under Article 7, paragraph (1), item (ii) of the Order” above is the number of voting rights pertaining to the Target Company Shares (216,000 shares) contributed to the retirement benefit trust by Nippon Denko Co., Ltd.

(Note 2) The Target Company, being a specially related party, owns 50,533 shares of the Target Company Shares as of December 31, 2022, all of which are treasury shares and thus have no voting rights.

(2) Shares Owned by the Tender Offeror

(as of March 13, 2023)

	Number of Shares owned	Number of Shares falling under Article 7, paragraph (1), item (ii) of the Order	Number of Shares falling under Article 7, paragraph (1), item (iii) of the Order
Shares	111,415 (voting rights)	- (voting rights)	- (voting rights)
Share options	-	-	-
Bonds with share options	-	-	-
Trust beneficiary certificates of Shares ( )	-	-	-
Depository receipts for Shares ( )	-	-	-
Total	111,415	-	-
Total number of Shares owned	111,415	-	-
(Total number of dilutive Shares owned)	(-)	-	-

(3) Shares Owned by Specially Related Parties (Total Number of Shares Owned by Specially Related Parties)

(as of March 13, 2023)

	Number of Shares owned	Number of Shares falling under Article 7, paragraph (1), item (ii) of the Order	Number of Shares falling under Article 7, paragraph (1), item (iii) of the Order
Shares	65,586 (voting rights)	2,160 (voting rights)	- (voting rights)
Share options	-	-	-
Bonds with share options	-	-	-
Trust beneficiary certificates of Shares ( )	-	-	-
Depository receipts for Shares ( )	-	-	-
Total	65,586	2,160	-
Total number of Shares owned	67,746	-	-
(Total number of dilutive Shares owned)	(-)	-	-

(Note 1) “Number of Shares falling under Article 7, paragraph (1), item (ii) of the Order” above is the number of voting rights pertaining to the Target Company Shares (216,000 shares) contributed to the retirement benefit trust by Nippon Denko Co., Ltd.

(Note 2) The Target Company, being a specially related party, owns 50,533 shares of the Target Company Shares as of December 31, 2022, all of which are treasury shares and thus have no voting rights.

(4) Shares Owned by Specially Related Parties (Breakdown for Each Specially Related Party)

(I) Specially Related Parties

(as of March 13, 2023)

Name	Mitsui & Co., Ltd.
Address or location	2-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
Occupation or business	General trading company
Contact	Person to contact: Yuta Sunamura, Planning Operation Office, Finance Div., Mitsui & Co., Ltd. Place to contact: 2-1, Otemachi 1-chome, Chiyoda-ku, Tokyo Phone number: 070-7549-4784
Relationship with the Tender Offeror	Corporation that has agreed to jointly exercise voting rights and other rights as a shareholder of the Target Company after successful completion of the Tender Offer with the Tender Offeror

(as of March 13, 2023)

Name	Nippon Steel Metal Products Co., Ltd.
Address or location	4-14-1 Sotokanda, Chiyoda-ku, Tokyo
Occupation or business	Iron and steel (manufacturing of cold roll formed steel products, manufacturing of steel pipes, and others)

Contact	Person to contact: Jiro Fukita, Manager, Accounting Group, Finance Division, Nippon Steel Metal Products Co., Ltd. Place to contact: 4-14-1 Sotokanda, Chiyoda-ku, Tokyo Phone number: 03-6625-6071
Relationship with the Tender Offeror	Corporation which has a special capital relationship with the Tender Offeror

(as of March 13, 2023)

Name	Nippon Denko Co., Ltd.
Address or location	4-16, 1-chome, Yaesu, Chuo-ku, Tokyo
Occupation or business	Ferroalloys, Functional Materials, Environment, Electric Power
Contact	Person to contact: Toru Tanaka, Executive Officer and General Manager of General Affairs Department, Nippon Denko Co., Ltd. Place to contact: 4-16, 1-chome, Yaesu, Chuo-ku, Tokyo Phone number: 03-6860-6800
Relationship with the Tender Offeror	Corporation which has a special capital relationship with the Tender Offeror

(II) Number of Shares Owned

Mitsui & Co., Ltd.

(as of March 13, 2023)

	Number of Shares owned	Number of Shares falling under Article 7, paragraph (1), item (ii) of the Order	Number of Shares falling under Article 7, paragraph (1), item (iii) of the Order
Shares	64,288 (voting rights)	- (voting rights)	- (voting rights)
Share options	-	-	-
Bonds with share options	-	-	-
Trust beneficiary certificates of Shares ( )	-	-	-
Depository receipts for Shares ( )	-	-	-
Total	64,288	-	-
Total number of Shares owned	64,288	-	-
(Total number of dilutive Shares owned)	(-)	-	-

Nippon Steel Metal Products Co., Ltd.

(as of March 13, 2023)

	Number of Shares owned	Number of Shares falling under Article 7, paragraph (1), item (ii) of the Order	Number of Shares falling under Article 7, paragraph (1), item (iii) of the Order
Shares	1,298 (voting rights)	- (voting rights)	- (voting rights)
Share options	-	-	-
Bonds with share options	-	-	-

Trust beneficiary certificates of Shares ( )	-	-	-
Depository receipts for Shares ( )	-	-	-
Total	1,298	-	-
Total number of Shares owned	1,298	-	-
(Total number of dilutive Shares owned)	(-)	-	-

Nippon Denko Co., Ltd.

(as of March 13, 2023)

	Number of Shares owned	Number of Shares falling under Article 7, paragraph (1), item (ii) of the Order	Number of Shares falling under Article 7, paragraph (1), item (iii) of the Order
Shares	- (voting rights)	2,160 (voting rights)	- (voting rights)
Share options	-	-	-
Bonds with share options	-	-	-
Trust beneficiary certificates of Shares ( )	-	-	-
Depository receipts for Shares ( )	-	-	-
Total	-	2,160	-
Total number of Shares owned	2,160	-	-
(Total number of dilutive Shares owned)	(-)	-	-

(Note) “Number of Shares falling under Article 7, paragraph (1), item (ii) of the Order” above is the number of voting rights pertaining to the Target Company Shares (216,000 shares) contributed to the retirement benefit trust by Nippon Denko Co., Ltd.

## 2. Status of Trading of Shares

### (1) Trading During 60-day Period Preceding the Filing Date

Not applicable.

## 3. Important Agreements Executed with Respect to the Applicable Shares

The Tender Offeror has executed the Shareholders Agreement on December 21, 2022 with Mitsui & Co. wherein it is agreed that Mitsui & Co. will not tender all of its Target Company Shares (6,428,800 shares; ownership ratio: 19.93%) in the Tender Offer.

For details of the Shareholders Agreement, please see “(6) Items Regarding Material Agreements Related to the Tender Offer” of “3. Purpose of the Purchase” of “PART I. Terms and Conditions of the Tender Offer” above.

#### **4. Agreements Implementing Purchases of Shares On or Following the Filing Date of the Registration Statement**

The Tender Offeror has executed the Shareholders Agreement on December 21, 2022 with Mitsui & Co. wherein it is agreed that implementation of the Squeeze-Out Procedures and any other action necessary to be taken to realize the Voting Rights Ratio after implementation of the Squeeze-Out Procedures will be taken.

For details of the Shareholders Agreement, please see “(6) Items Regarding Material Agreements Related to the Tender Offer” of “3. Purpose of the Purchase” of “PART I. Terms and Conditions of the Tender Offer” above.

#### **PART IV. Transactions Between the Tender Offeror and the Target Company**

##### **1. Transactions Between the Tender Offeror and the Target Company or its Officers, and Details Thereof**

###### **(1) Transactions Between the Tender Offeror and the Target Company**

The content and other matters of the transactions between the Tender Offeror and the Target Company during the recent three fiscal years are as follows:

(Unit: million yen)

Content of transactions	FY ended March 2020 (From April 1, 2019 to March 31, 2020)	FY ended March 2021 (From April 1, 2020 to March 31, 2021)	FY ended March 2022 (From April 1, 2021 to March 31, 2022)
Iron and steel products purchased by the Target Company from the Tender Offeror (transaction amount)	923,897	763,666	409,440
Bills payable and accounts payable of the Target Company related to the purchase of products above (term-end balance)	17,257	28,426	37,944
Sale of raw fuels, machines, and others by the Target Company to the Tender Offeror (transaction amount)	96,145	81,081	149,970
Bills receivable and accounts receivable of the Target Company related to the sale of raw fuels, machines, and others above (term-end balance)	28,146	26,869	36,091

(Note 1) Regarding the transaction terms and the policy to determine them, the purchase of iron and steel products and the sale of raw fuels, machines, and others are both subject to the similar terms as those with other parties who have no relationship with the Target Company.

(Note 2) Regarding the amounts above, the “transaction amount” does not include consumption tax, etc., and the “term-end balance” of the claims and obligations includes consumption tax, etc..

(Note 3) The table above (including (Note 1) and (Note 2)) were prepared by reference to the Annual Securities Report for the 43rd Fiscal Year (submitted on June 25, 2020), the Annual Securities Report for the 44th Fiscal Year (submitted on June 29, 2021), and the Annual Securities Report for the 45th Fiscal Year (submitted on June 24, 2022) of the Target Company.

###### **(2) Transactions Between the Tender Offeror and Officers of the Target Company**

Not applicable.

## **2. Agreements Between the Tender Offeror and the Target Company or its Officers, and Details Thereof**

### **(1) Supporting the Tender Offer**

According to the Target Company Press Release Dated December 21, 2022, at its board of directors' meeting held on December 21, 2022, the Target Company resolved to express an opinion in favor of the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer when the Tender Offer is commenced, as the Target Company's opinion at that time.

Furthermore, the Target Company, at its board of directors' meeting held on March 10, 2023, again resolved to express an opinion in support of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer.

For details, please refer to the Target Company Press Releases and "(VIII) Approval of All Directors of the Target Company Without Conflicts of Interest in the Transaction, and No Objection from All Audit and Supervisory Board Members of the Target Company Without Conflicts of Interest in the Transaction" of "(3) 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. Purpose of the Purchase" of "PART I. Terms and Conditions of the Tender Offer" above.

## PART V. Status of the Target Company

### 1. Profit and Loss Status of Last Three Years

#### (1) Profit and Loss Status

Fiscal year ended	—	—	—
Net sales	—	—	—
Cost of sales	—	—	—
Sales, general and administrative expenses	—	—	—
Non-operating income	—	—	—
Non-operating expenses	—	—	—
Net income (loss) for the period	—	—	—

#### (2) Status per Share

Fiscal year ended	—	—	—
Net profit or loss per share (yen)	—	—	—
Dividend per share (yen)	—	—	—
Net assets per share (yen)	—	—	—

### 2. Share Price Status

(Unit: yen)

Name of financial instruments exchange or authorized financial instruments business association	Prime Market of the Tokyo Stock Exchange						
	Month	Sept. 2022	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023	Feb. 2023
Highest share price	5,450	5,300	5,430	9,260	9,270	9,290	9,300
Lowest share price	5,000	4,935	5,080	4,960	9,230	9,220	9,240

(Note) Share prices for March 2023 are those up until March 10, 2023.

### 3. Status of Shareholders

#### (1) Status by Owner

(as of )

Category	Status of share (1 unit = [ ] shares)	
----------	---------------------------------------	--

	Government and local government	Financial institutions	Financial instruments business operators	Other entities	Foreign entities, etc.	Foreign entities, etc. (individual)	Individual and others	Total	Status of shares less than 1 unit (shares)
Number of shareholders	-	-	-	-	-	-	-	-	-
Number of shares owned (Units)	-	-	-	-	-	-	-	-	-
Ownership ratio of shares (%)	-	-	-	-	-	-	-	-	-

(2) Number of Shares Owned by Major Shareholders and Officers

(I) Major Shareholders

(as of )

Name	Address or location	Number of shares owned (shares)	Percentage of the number of shares owned in relation to the total number of issued shares (excluding treasury shares) (%)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Total	-	-	-

(II) Officers

(as of )

Name	Title	Position	Number of shares owned (shares)	Percentage of the number of shares owned in relation to the total number of issued shares (excluding treasury shares) (%)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
Total	-	-	-	-

#### **4. Items Regarding the Target Company as a Company under the Continuous Disclosure Requirement**

##### (1) Documents Filed by the Target Company

###### (I) Annual Securities Report and Attachments

The 44th Fiscal Year (from April 1, 2020 to March 31, 2021), filed with the Director General of the Kanto Local Finance Bureau on June 29, 2021.

The 45th Fiscal Year (from April 1, 2021 to March 31, 2022), filed with the Director General of the Kanto Local Finance Bureau on June 24, 2022.

###### (II) Quarterly Reports or Semi-annual Reports

The 3rd Quarter of the 46th Fiscal Year (from October 1, 2022 to December 31, 2022), filed with the Director General of the Kanto Local Finance Bureau on February 14, 2023.

According to the Target Company, it is expected that upon completion of the Tender Offer, the Tender Offeror will become the parent company of the Target Company as of the commencement date of settlement of the Tender Offer. Therefore, Mr. Hirofumi Funakoshi (He has been informally appointed to take the position of the Executive Vice President of the Tender Offeror, effective as of April 1.), who is an outside Audit and Supervisory Board Member of the Target Company and concurrently serves as a Managing Executive Officer of the Tender Offeror as of the filing date of this Statement, will cease to qualify as an outside Audit and Supervisory Board Member of the Target Company, and the number of outside Audit and Supervisory Board Members will be under the statutory ratio (half or more of the number of Audit and Supervisory Board Members); furthermore, Mr. Takaki Goto, who is a substitute outside Audit and Supervisory Board Member of the Target Company and concurrently serves as the General Manager, Head of Division, Group Companies Planning Division of the Tender Offeror, will also cease to meet the statutory requirements to be an outside Audit and Supervisory Board Member. Based on this, on March 13, 2023, the Target Company will file a petition for appointment of a provisional Audit and Supervisory Board Member to a court in accordance with the procedures specified in Article 346, paragraph (2) of the Companies Act and other relevant laws and regulations. The decision on when the appointment of a provisional Audit and Supervisory Board Member is determined by the court will ultimately be made by the court; however, the Target Company aims for the decision on such appointment to be made as of the commencement date of settlement of the Tender Offer.

If the Tender Offer is completed and it is determined that the Tender Offeror will become the parent company of the Target Company, Mr. Hirofumi Funakoshi will resign from the post of the Audit and Supervisory Board Member of the Target Company as of the commencement date of settlement of the Tender Offer. In addition, the Target Company, at the board of directors' meeting held on March 13, 2023, resolved to cancel the appointment of Mr. Takaki Goto as a substitute outside Audit and Supervisory Board Member on the condition that the Tender Offeror becomes the parent company of the Target Company as a result of the Tender Offer, after obtaining consent from the Audit and Supervisory Board.

###### (III) Special Reports

Not applicable.

###### (IV) Correction Reports

Not applicable.

(2) Location Where Above Documents Are Available for Public Inspection

Nippon Steel Trading Corporation  
(2-7-1 Nihonbashi, Chuo-ku, Tokyo)  
Nippon Steel Trading Corporation, Osaka Office  
(2-4, Nakanoshima 3-chome, Kita-ku, Osaka)  
Nippon Steel Trading Corporation, Nagoya Branch Office  
(3-3, Sakae 1-chome, Naka-ku, Nagoya-shi)  
Tokyo Stock Exchange, Inc.  
(2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

**5. Details of Facts Relating to Implementation of Tender Offers for which Communications Were Received**

Not applicable.

**6. Other**

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

According to the Target Company, the Target Company, at its board of directors’ meeting held on December 21, 2022, 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 Target Company on December 21, 2022.