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For Immediate Release

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**Notice Regarding Expression of Opinion in Support of the Tender Offer for the Company Shares by Nippon Steel Corporation (the Company’s Parent Company) and Recommendation to Tender Shares in the Tender Offer**

Sanyo Special Steel Co., Ltd. (the “Company”), at its board of directors’ meeting held today, adopted a resolution to express an opinion in support of the tender offer for the Company’s common shares (the “Company Shares”) by Nippon Steel Corporation, the Company’s controlling shareholder (parent company) (the “Tender Offeror”) (the “Tender Offer”), and to recommend that its shareholders tender their shares in the Tender Offer, as described below.

At the board of directors’ meeting mentioned above, the resolution was adopted on the assumption that the Tender Offeror intends to make the Company its wholly-owned subsidiary through the Tender Offer and a series of subsequent procedures, and that the Company Shares will be delisted.

1. Outline of the Tender Offeror

(I)	Name	Nippon Steel Corporation	
(II)	Location	2-6-1 Marunouchi, Chiyoda-ku, Tokyo	
(III)	Name and title of representative	Tadashi Imai, Representative Director, President, and COO	
(IV)	Description of business	Steelmaking and steel fabrication, engineering and construction, chemicals and materials, system solutions	
(V)	Capital	569,519 million yen (as of September 30, 2024)	
(VI)	Date of incorporation	April 1, 1950	
(VII)	Major shareholders and shareholding ratios (as of September 30, 2024) (Note 1)	The Master Trust Bank of Japan, Ltd. (Trust Account)	13.6%
		Custody Bank of Japan, Ltd. (Trust Account)	4.8%
		Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1.8%

State Street Bank West Client – Treaty 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.7%
Nomura Securities Co., Ltd.	1.4%
Meiji Yasuda Life Insurance Company (Standing proxy: Japan Custody Bank, Ltd.)	1.3%
JPMorgan Securities Japan Co., Ltd.	1.2%
Nippon Steel Group Employees Shareholding Association	1.2%
JPMORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.1%
Mizuho Bank, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	1.1%

(VIII) Relationship between the Company and the Tender Offeror

Capital relationship	As of today, the Tender Offeror owns 28,863,844 Company Shares (ownership ratio (Note 2): 52.98%) and is the largest shareholder of the Company (Note 3); the Tender Offeror has made the Company its consolidated subsidiary by owning 28,918,581 Company Shares (ownership ratio: 53.08%) together with those indirectly owned through Nippon Steel Logistics Co., Ltd. (number of shares owned: 33,937 shares, ownership ratio: 0.06%) and Nippon Steel Texeng. Co., Ltd. (number of shares owned: 20,200 shares, ownership ratio: 0.04%), which are the Tender Offeror’s wholly-owned subsidiaries, as well as Nippon Steel Processing Co., Ltd. (number of shares owned: 600 shares, ownership ratio: 0.00%), which is the Tender Offeror’s consolidated subsidiary.
Personnel relationship	As of today, of the twelve directors of the Company, one director concurrently serves as a managing executive officer of the Tender Offeror and four directors previously worked for the Tender Offeror. Of the eight executive officers who do not concurrently serve as directors of the Company, one executive officer previously worked for the Tender Offeror. In addition, as of December 31, 2024, four employees of the Company are seconded to other companies in the Tender Offeror Group (Note 4), and eight employees of the Tender Offeror are seconded to the Company Group (Note 5).
Business relationship	The Company Group entrusts to the Tender Offeror, and is entrusted by the Tender Offeror with the production of steel products based on the business alliance agreement in February 2006.
Status as related party	The Tender Offeror is the Company’s parent company, and the Tender Offeror and the Company constitute a related party of the other.

(Note 1) “Major shareholders and shareholding ratios (as of September 30, 2024)” are cited from “Status of Major Shareholders” in the Semiannual Report for the 100<sup>th</sup> term submitted by the Tender Offeror to the Director-General of the Kanto Local Finance Bureau on November 12, 2024.

(Note 2) “Ownership ratio” refers to the ratio (rounded to two decimal places) of shares owned by a shareholder to the number of shares (54,482,337 shares) obtained by deducting the number of treasury shares (24,970 shares) owned by the Company as of December 31, 2024 from the total number of issued shares of the Company as of the same date (54,507,307 shares) as stated in “Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]” published by the Company today (the “Company Financial Results”); the same applies hereinafter.

- (Note 3) The Tender Offeror is the largest shareholder based on the number of shares owned as of September 30, 2024 as stated in “(5) Status of Major Shareholders” of “1. Status of Shares, Etc.” of “Part III. Status of the Filing Company” in the Semiannual Report for the 113<sup>th</sup> term submitted by the Company on November 14, 2024 (the “Company Semiannual Report”).
- (Note 4) As of September 30, 2024, the Tender Offeror has 425 consolidated subsidiaries, including the Company, and 113 equity-method affiliates, etc. (the Tender Offeror and its consolidated subsidiaries and equity-method affiliates, etc. are collectively referred to as the “Tender Offeror Group”; the same applies hereinafter).
- (Note 5) “Company Group” refers to a corporate group consisting of the Company, 34 consolidated subsidiaries, and one equity-method affiliate (as of today); the same applies hereinafter.

## 2. Purchase Price

2,750 yen per share of common stock (the “Tender Offer Price”)

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

### (1) Details of the Opinion on the Tender Offer

At its board of directors’ meeting held today, the Company adopted a resolution to express an opinion in support of the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer, based on the grounds and reasons stated in “(2) Grounds and Reasons for the Opinion on the Tender Offer” below.

The resolution at the board of directors’ meeting mentioned above was adopted via the method stated in “(VIII) Approval of All Directors (Including Directors Who Are Audit & Supervisory Committee Members) of the Company Without Any Conflicts of Interest” of “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

### (2) Grounds and Reasons for the Opinion on the Tender Offer

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

#### (I) Overview of the Tender Offer

The Tender Offeror, at its board of directors’ meeting held today, adopted a resolution to implement the Tender Offer as part of the transactions aiming to acquire all of the Company Shares listed on the Prime Market of Tokyo Stock Exchange, Inc. (the “TSE”) (excluding the Company Shares owned by the Tender Offeror and the treasury shares owned by the Company) and make the Company a wholly-owned subsidiary of the Tender Offeror (the “Transactions”). As of today, the Tender Offeror is the largest shareholder of the Company owning 28,863,844 Company Shares (ownership ratio: 52.98%) and has made the Company its consolidated subsidiary by owning 28,918,581 Company Shares (ownership ratio: 53.08%) together with those indirectly owned through Nippon Steel Logistics Co., Ltd. (number of shares owned: 33,937 shares, ownership ratio: 0.06%) and Nippon Steel Texeng. Co., Ltd. (number of shares owned: 20,200 shares, ownership ratio: 0.04%), which are the Tender Offeror’s wholly-owned subsidiaries, as well as Nippon Steel Processing Co., Ltd. (number of shares owned: 600 shares, ownership ratio: 0.00%), which is the Tender Offeror’s consolidated subsidiary.

In the Tender Offer, the Tender Offeror has set the minimum planned purchase quantity at 7,457,756 shares (ownership ratio: 13.69%), 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 make the Company its wholly-owned subsidiary, the Tender Offeror has not set a maximum planned purchase quantity. Thus, if the total number of the Tendered Shares is equal to or exceeds the minimum planned purchase quantity, the Tender Offeror will purchase all of the Tendered Shares.

The minimum planned purchase quantity has been set at (A) 7,457,756 shares. This is calculated by subtracting (B) the 28,863,844 shares owned by the Tender Offeror from (C) the 36,321,600 shares. The 36,321,600 shares is derived by multiplying the total number of 544,823 voting rights of the Company (which corresponds to 54,482,337 shares, obtained by deducting the 24,970 treasury shares owned by the Company from the 54,507,307 total issued shares of the Company as of December 31, 2024, as stated in the Company Financial Results) by two-thirds (2/3), and then multiplying the result (363,216 voting rights, rounded to the nearest whole number) by the number of shares per unit (100 shares) of the Company.

Since the Tender Offeror aims to make the Company its wholly-owned subsidiary, the Tender Offeror’s plan is that if it cannot acquire all of the Company Shares (excluding the Company Shares owned by the Tender Offeror and the treasury shares owned by the Company) through the Tender Offer, it will acquire all of the Company Shares (excluding the Company Shares owned by the Tender Offeror and the treasury shares owned by the Company) by implementing a series of procedures to make the Tender Offeror the only shareholder of the Company as stated in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” below (the “Squeeze-Out Procedures”) (however, this does not apply where the total number of the Tendered Shares does not reach the minimum planned purchase quantity). As of today, the Company Shares are listed on the Prime Market of the TSE; however, as stated in “(4) Possibility of Delisting and Reasons Therefor” below, depending on the results of the Tender Offer, there is a possibility that the Company Shares will be delisted through prescribed procedures. Furthermore, if the procedures stated in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” below are implemented after consummation of the Tender Offer, the Company Shares will be delisted through prescribed procedures.

(II) Background, Purpose and Decision-Making Process Leading to the Tender Offeror’s 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 TSE and Nagoya Stock Exchange, Inc. on October 2, 1950, on the Securities Membership Corporation Fukuoka Stock Exchange on October 5, 1950, and then on the Securities Membership Corporation Sapporo Securities Exchange on January 21, 1952, respectively. As of today, shares of the Tender Offeror are listed on the Prime Market of the TSE instead of the previous First Section after the transition to the new market segments in April 2022, and on the Premier Market of Nagoya Stock Exchange, Inc. instead of the previous First Section after the transition to the new market segments in April 2022, respectively, and also continue to be listed on Securities Membership Corporation Fukuoka Stock Exchange, and Securities Membership Corporation Sapporo Securities Exchange, respectively.

As of September 30, 2024, the Tender Offeror has 425 consolidated subsidiaries, including the Company, and 113 equity-method affiliates, etc. 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 formulated a medium- to long-term management plan (for fiscal years 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 (“GHG”), practically zero after subtracting the “absorbed amount” by tree plantation, forestry management, etc.

On the other hand, the Company was established as Sanyo Steel Co., Ltd. in January 1935 by succeeding to the business of Sanyo Steel Works, which was founded in 1933. Shares of the Company were listed on Osaka Securities Exchange Co., Ltd. in September 1939 and on the TSE in January 1954. In January 1959, its trade name was changed to Sanyo Special Steel Co., Ltd., which it continues today. As of today, shares of the Company are listed on the Prime Market of the TSE after the transition to the new market segments of the TSE in April 2022. The Company commenced production of bearing steel, which is the Company’s core product, at the time of its foundation, and thereafter, under its corporate philosophy of “confidence-based management,” the aims of which are to establish the “confidence of society,” the “confidence of customers,” and “confidence among people,” the Company has played a role in a resource recycling society through the manufacture of special steel using scrap iron made of recycled material as raw material, and has continued to grow as a special steel manufacturer with the mission of contributing to the further development of society through the provision of “Steel You Can Count On” which has earned a high degree of confidence in the market in all aspects, including development, quality, and stable supply, based on “high-cleanliness steel manufacturing technology.” The high-cleanliness steel manufacturing technology that the Company has developed over a long period of time has enabled its customers to omit or simplify processes and led to the development of its “ECOMAX®” series and “TOUGHFIT®,” which contribute to the reduction of GHG emissions. High-cleanliness steel manufacturing technology promotes the development of products which contribute to achieving a decarbonized society, responds to new needs for miniaturization and weight reduction of parts in connection with the increased use of EVs (Note 2), etc., and contributes to the steady capture of new demand using the Company’s technology in areas of expected future growth, such as wind power generation and railway bearings. In February 2006, the Company agreed to enter into a business alliance with the Tender Offeror with the aim of mutually enjoying the benefits of collaborative measures, such as mutual entrustment of production, promotion of cost reductions in procurement of raw materials and product logistics, joint research and development, and personnel exchanges in the production, research, and development areas, in order to respond to changes in demand for iron and steel and growing international competition. Furthermore, based on the agreement, the Company became an equity-method affiliate of the Tender Offeror in June 2006; and in March 2019, the Company became a consolidated subsidiary of the Tender Offeror through the issuance of new shares by way of third-party allotment, and at the same time, the Company made Triako Holdco AB (currently Ovako Group AB; Ovako Group AB and its subsidiaries are hereinafter referred to as “Ovako”), a Swedish company, the Company’s consolidated subsidiary. Under the collaboration of the three companies, i.e., the Company,

Ovako, and the Tender Offeror, measures have been taken to improve production efficiency at Ovako through the dispatchment of technical personnel, reduce logistics costs through use of infrastructure within the group, reduce costs through appropriate use of raw materials and equipment, consolidate production of products in which each company has expertise, and collaborate in research and development between the three companies. From the perspective of carbon neutrality, the Company's bases in Japan, Europe, and India, which are currently in operation, engage in manufacturing using electric furnaces which are relatively superior in terms of the reduction of GHG emissions. In particular, Ovako has achieved low GHG emissions, in comparison with manufacturing using blast furnaces, through the use of low-priced green electricity (Note 3), such as waterpower, and operation of the European large-scale, carbon-free hydrogen generation plant with approximately 4,000m<sup>3</sup> per hour, and the Company believes that Ovako is at the forefront of carbon neutrality in the iron and steel area. In addition, the Company's efforts to provide products that allow not only the Company but also its customers to reduce GHG emissions and promote energy saving by providing production technologies to its overseas subsidiaries have contributed to decarbonation of its entire supply chain. As a result of these activities, the Company was awarded a CDP score (Note 4) of "A-"; it is the only company to have acquired such a score among specialist special steel manufacturers in Japan.

With regard to the management environment surrounding the Company Group, a certain level of future growth in the global demand for special steel is expected, especially in North America and India; however, domestic demand for special steel is expected to decrease due to changes in social structure, such as a decrease in population and an aging population, and direct export of special steel and indirect export of products in which special steel is used are also expected to decrease in the mid- to long-term due to overseas users' increased need for local production to be used for local consumption and a review of the global supply chain. Furthermore, it is also expected that competition with domestic and overseas special steel manufacturers will intensify due to changes in social and industrial structures, such as the increased use of EVs, etc., and that competition over the procurement of scrap iron will also intensify to achieve carbon neutrality by 2050. Under these circumstances, the Company understands that it is necessary for the Company Group to strengthen its technological capabilities, product development capabilities, and cost competitiveness, and to reinforce and expand its superiority over domestic and overseas competitors.

(Note 2) "EV" stands for "Electric Vehicle" and means electric vehicles that are powered by electricity stored in a battery and supplied to the motor.

(Note 3) "Green electricity" means electricity produced from natural energy without using fossil fuels.

(Note 4) "CDP score" is an index given by the CDP (Carbon Disclosure Project), a non-governmental organization in the United Kingdom that operates a global environmental information disclosure system, that evaluates companies' efforts to address climate change and reduce GHG emissions, and scores and ranks the level of environmental measures taken by companies.

Based on the situation mentioned above, on April 30, 2021, the Company Group released "2025 Medium-term Management Plan," which is its mid-term management plan for the period of which the final fiscal year is the fiscal year ending 2025. Under the plan, the Company has made efforts to achieve continued growth, the aim of which is to "establish a lean and robust corporate structure securing stable earnings by strengthening the business foundation, and further enhance corporate value in the global special steel market." However, after its formulation of the 2025 mid-term management plan, significant changes occurred in the environment, such as inflation of resource prices, increased limitations on human resources, and the acceleration of use of EVs and carbon neutrality; therefore, the Company reviewed its mid-term management plan and released "Revision of 2025 Mid-Term Management Plan" on July 28, 2023 (the "Mid-term

Management Plan”). In the Mid-term Management Plan, the Company set five core pillars, i.e., “further enhance corporate value and presence in the global special steel market,” “reinforce profitability of domestic and global operations,” “strengthen ESG (Note 5) initiatives,” “achieve carbon neutrality by FY2050,” and “promote DX (Note 6)” to promote various strategies and has made efforts to further enhance its corporate value and presence in the global special steel market.

(Note 5) “ESG” stands for Environment, Social, and Governance.

(Note 6) “DX” stands for “Digital Transformation” and means using digital technologies to innovate in relation to business and operation processes, as well as products and services, to achieve corporate growth.

The capital relationship between the Tender Offeror and the Company began with the Tender Offeror’s equity participation as a shareholder of the Company in 1953. Subsequently, in February 2006, the Tender Offeror and the Company agreed to enter into a business alliance with the aim of mutually enjoying the benefits of collaborative measures, such as mutual entrustment of production, in order to respond to changes in demand for iron and steel and growing international competition. Furthermore, based on the agreement, the Tender Offeror acquired additional shares in the Company in June 2006, making the Company an equity-method affiliate. Subsequently, on March 28, 2019, the Company conducted a capital increase by way of third-party allotment, and the Tender Offeror acquired 24,012,500 Company Shares, and as of today, the Tender Offeror owns 28,863,844 Company Shares (ownership ratio: 52.98%). Since the Company became a consolidated subsidiary, the Tender Offeror Group, including the Company Group, as a whole has been aiming to generate synergies of approximately 10 billion yen per year, and has made efforts to pursue efficient production, such as cost reductions by supporting operational improvement of the Company’s subsidiaries, to expand sales through new proposals, etc., as a way to strengthen its customer response capabilities, and to strengthen competitiveness through initiatives such as procurement cost reductions and deepening mutual collaboration among departments of the Tender Offeror Group and the Company Group. The Tender Offeror believes that it has achieved a certain level of results.

Under those circumstances, the demand for special steel in Japan is expected to decrease and competition will intensify due to factors such as a decline in domestic demand in major demand areas due to population decline, China’s excess production capacity and aggressive exports, and the medium- to long-term trend toward the use of EVs. On the other hand, in the future, demand for special steel is expected to increase in markets such as North America and India. Consequently, it is anticipated that the issues surrounding the global special steel business will become more complex.

In order to respond appropriately and promptly to environmental changes and stay competitive in the current severe environment, and to further enhance the corporate value of both companies in the medium- to long-term, the Tender Offeror believes that it is essential to strengthen competitiveness by constantly seeking optimal production systems from a group-wide perspective, and promoting further integration and optimization by bringing together the management resources of both companies (including further personnel exchanges with the Company Group). The Tender Offeror also believes it is necessary to ensure that the Tender Offeror Group captures revenue opportunities in regions where a certain increase in demand for special steel is expected, such as North America and India.

However, since the Company is a listed company and its relationship with the Tender Offeror involves a certain structure of conflicts of interest between the Tender Offeror and the Company’s general shareholders, the Tender Offeror understands that there are certain restrictions on the sharing of technical information and other such resources, and supplemental

and mutual utilization of management resources. Specifically, although optimization measures from the perspective of the entire group contribute to enhancement of the corporate value of the entire group, there is a risk that the benefits thereof may disproportionately flow to one company when viewed on a per-company basis; therefore, it will take time for both companies to make decisions and adjust interests that give consideration to general shareholders, and bold measures that will enhance the corporate value in the medium- to long-term may become difficult to implement due to the risk of impairing the short-term profits of individual companies, which could pose hurdles to overcoming the competition in a severe business environment.

The Tender Offeror believes the best way to enhance the corporate value of both companies is to develop a cooperative relationship between them without being bound by the constraints of the current circumstances. Based on this belief, on October 9, 2024, the Tender Offeror determined that it is desirable to make the Company its wholly-owned subsidiary.

The Tender Offeror also considered the disadvantages of the delisting of the Company that will occur as a result of implementation of the Transactions. Although a disadvantage with limited means of raising funds in the stock market for capital expenditure, etc., is expected due to the delisting, the Tender Offeror believes that the impact of such disadvantage will be limited because there are alternative means to fund raising in the stock market, such as responding to the demand for funds through loans from a parent company to subsidiaries. The Tender Offeror believes that the Company becoming a wholly-owned subsidiary of the Tender Offeror and further strengthening collaboration with the Tender Offeror will contribute to enhancement of the Company's corporate value in the mid- to long-term. In addition, the Tender Offeror believes that while there is room for synergies to be generated due to further collaboration between both companies through the Transactions, there will be no particular dis-synergies that will have a material effect on the Company's business.

The Tender Offeror believes that the following measures can be realized by making the Company a wholly owned subsidiary of the Tender Offeror and making the Company Shares private.

- i. Expansion of earnings opportunities and strengthening of business strategies through further integration and optimization of the special steel bar and wire rod business
  - a. Implementation of sales expansion by strengthening collaboration in sales

Currently, in conducting activities to expand sales to customers, both companies have promoted collaborative efforts in manufacturing, sales, technology, and research, and have made various proposals, such as the development of new steel products, cost reduction activities, and presentation of price estimates based on these activities.

The Tender Offeror believes that further integration and optimization of both companies' management resources will lead to an increase in the variety of proposals and a more accurate understanding of the needs of customers, which will achieve further differentiation from competitors in the future. In particular, the Tender Offeror plans to make these efforts in the automobile, bearing, and construction and industrial machinery areas in Japan and overseas, which are major areas of demand. For example, in the automotive area, the Tender Offeror has demonstrated its group's comprehensive strengths and has promoted its efforts to expand its solution concepts (Note 7) to contribute to the development and manufacture of next-generation vehicles in the areas of components, electric vehicles, and next-generation mobility from the perspectives of material development, structural and functional design, engineering method development, and performance evaluation. The Tender Offeror believes that these efforts will enable the development and manufacturing of lightweight, versatile next-generation mobility products that require short production times and low costs. By combining these products with



others, the Tender Offeror anticipates an increased ability to strengthen its capabilities and make more compelling proposals to its customers.

(Note 7) The Tender Offeror has built its solution concepts for the development and manufacture of next-generation cars consisting of (i) a steel solution concept for electric vehicles responding to increased needs for zero carbon (“NSafe®-AutoConcept xEV”), which is included in the Tender Offeror’s next-generation steel car concept (“NSafe®-AutoConcept”) and (ii) a production solution concept for next-generation mobility, as it is expected that the shape of cars will become increasingly diverse (“NSafe®-AutoFrameConcept”).

The Tender Offeror does not believe that the current capital relationship will cause immediate difficulties in these collaborations; however, the Tender Offeror believes that it is desirable to make the Company its wholly-owned subsidiary in order to consider and implement measures more quickly and flexibly.

- b. Strengthening of technologies and capabilities to propose solutions by strengthening collaboration between technical departments

The Tender Offeror understands that although both companies have engaged in a certain level of collaboration between their technical departments thus far, at present, there are areas where they independently engage in development and propose steel products and solutions to their customers. It is extremely important to adopt the position of offering a combination of steel products and engineering methods (heat treatment and carburizing treatment (Note 8) when proposing solutions for special steel, and the Tender Offeror believes that by further integrating the technologies, patents, and knowledge of both companies, it will be possible to increase the options for steel products and engineering methods, which will contribute to strengthening its ability to make proposals. As stated in “a. Implementation of sales expansion by strengthening collaboration in sales” above, the Tender Offeror believes that the possibility of strengthening its ability to make proposals to its customers will increase by demonstrating its group’s comprehensive strengths and combining these products with other products.

(Note 8) Carburizing treatment is a process that increases the carbon content on the surface of parts by exposing them to a carbon-rich gas atmosphere for a specified period. This treatment enhances both the processability and wear resistance of the parts.

The Tender Offeror believes that under the current capital relationship, there are cases where the benefits of sharing technologies and patents disproportionately flow to one company when viewed on a per-company basis; therefore, it may not be easy for both companies to gain the understanding of general shareholders of the other company when viewed only from the perspective of an individual company, and there are certain limitations. Therefore, the Tender Offeror believes that it is desirable to make the Company its wholly owned subsidiary.

- c. Further deepening and expansion of global strategies

Since the Tender Offeror made the Company its consolidated subsidiary in 2019, it has promoted collaboration between the three companies, i.e., the Company, the Company’s overseas operating companies and consolidated subsidiaries, and the Tender Offeror, centered on Ovako in Europe and Sanyo Special Steel Manufacturing India Pvt. Ltd. in India (“SSMI”), which are the Company’s overseas operating companies. Ovako has promoted collaborative group measures, such as operational improvement, sales expansion activities, and research and development, and SSMI in India has also become profitable as a result of the three companies vigorously promoting efforts to improve profitability; thus, certain results have been achieved.

Under these circumstances, the Tender Offeror Group as a whole has implemented measures to capture growing overseas demand, mainly in North America and India; however, the Tender Offeror believes that since domestic demand in the special steel area is expected to decrease, it is necessary to make further efforts to capture global demand, and that integration and optimization of both companies' resources related to overseas businesses will further contribute to the deepening and expansion of both companies' global strategies in the special steel area.

Although the Tender Offeror does not believe that the current capital relationship will cause immediate difficulties in these collaborations, it believes that making the Company its wholly-owned subsidiary will enable the integration and optimization of resources related to the overseas businesses of both companies from a long-term perspective, which is not necessarily bound by the risk of short-term fluctuations in earnings, and that it is desirable to make the Company its wholly-owned subsidiary in order to consider and implement measures more quickly and flexibly.

- d. Improvement of cost competitiveness through raw material measures such as collaboration in scrap procurement

In "Nippon Steel Carbon Neutral Vision 2050" which was released on March 5, 2021, the Tender Offeror set a goal of achieving carbon neutrality by 2050 using three breakthrough technologies consisting of hydrogen injection into blast furnaces, manufacturing of reduced iron using hydrogen, and high-grade steel production in large-scale electric arc furnaces, and has conducted full-scale studies on switching from blast furnace processes (the iron making method in which iron ore is reduced and dissolved using a blast furnace) to electric furnace processes (the iron making method in which scrap iron and directly reduced iron are dissolved using an electric furnace) to ensure that the decarbonization targets for 2030 will be achieved. Amid these movements, the Tender Offeror plans to expand its procurement of cold iron sources (scrap iron and directly reduced iron that are raw materials necessary to manufacture iron and steel). On the other hand, this movement toward electric furnaces is also seen in competitors amid the trend in green transformation, and it is expected that competition for the procurement of scrap, etc. will intensify.

Based on these changes in the environment, the Tender Offeror believes that further integrating and optimizing resources and know-how of the Company and the Tender Offeror, and building an integrated management foundation from the procurement to the use of these cold iron sources throughout the Tender Offeror Group, will contribute to the stable and competitive procurement and utilization of cold iron sources, such as scrap, in the future.

The Tender Offeror does not believe that the current capital relationship will cause immediate difficulties in these collaborations; however, the Tender Offeror believes that it is desirable to make the Company its wholly-owned subsidiary in order to consider and implement measures more quickly and flexibly.

- ii. Further pursuit of optimal production systems for the entire Tender Offer Group

The Tender Offeror understands that currently, there are products that both companies manufacture using similar manufacturing facilities; for example, bar steel products, products manufactured by free forging (Note 9), and hot extruded products (Note 10). The Tender Offeror believes that by consolidating the products manufactured by each company across company boundaries and achieving concentrated production based on demand trends, it is expected that improvements in the capacity utilization rate will eliminate surplus capacity and contribute to improvements in productivity and strengthening of cost competitiveness of both companies when there are market fluctuations in the future; therefore, both companies will benefit from the perspective of the entire group.

(Note 9) “Products manufactured by free forging” means hot forged products manufactured by molding a steel ingot using a press machine or other machines.

(Note 10) “Hot extruded products” means products manufactured by extruding the heated basic materials through dies of a predetermined shape.

Based on the considerations mentioned above, on September 2, 2024, the Tender Offeror made an initial offer to the Company to the effect that the Tender Offeror wishes to commence consideration of measures to enhance the Tender Offeror’s and the Company’s corporate value in the mid- to long term on a continuous basis, including making the Company its wholly-owned subsidiary (the “Initial Offer”). Thereafter, in late September 2024, the Tender Offeror established a structure to consider the Transactions, the members of which were the internal relevant departments, and conducted internal deliberations regarding the business environment, the significance of the Transactions, the plan to make the Company its wholly-owned subsidiary through a tender offer, and other matters. Thereafter, on October 9, 2024, the Tender Offeror appointed Daiwa Securities Co., Ltd. (“Daiwa Securities”) as its financial advisor and third-party valuation agency independent of the Tender Offeror and the Company, and Nishimura & Asahi (Gaikokuho Kyodo Jigyo) as its legal advisor; and on the same day, the Tender Offeror submitted a proposal to make the Company its wholly-owned subsidiary through a tender offer and demand for share cash-out or share consolidation (the “Proposal”) to the Company. In response, on October 31, 2024, the Tender Offeror was informed by the Company that the Company received the proposal dated October 9 from the Tender Offeror and that the Company would consider the proposal after establishing an appropriate internal structure, including the Special Committee established on the same day, and taking measures to ensure fairness. On November 9, 2024, the Tender Offeror received questions on the Proposal, including questions on the background and purpose of the proposal for the Transactions, synergies and disadvantages of the Transactions, the management policy for the Company after the Transactions, structure, and other matters, from the Company’s special committee (the “Special Committee”); therefore, the Tender Offeror provided its view on each of the questions dated November 9, 2024 in writing on November 19, 2024. Furthermore, the Tender Offeror received additional questions on the Tender Offeror’s reply dated November 19, 2024 from the Special Committee on November 20, 2024; therefore, based on those questions, on November 21, 2024, the Tender Offeror provided detailed explanations regarding the Transactions to the Special Committee. As such, the Tender Offeror held detailed discussions and negotiations with the Company regarding the significance and purpose of the Transactions. Subsequently, on December 2, 2024, the Tender Offeror received additional questions on the Proposal from the Special Committee, including questions on the Tender Offeror Group’s future global strategies and direction concerning special steel, and the position of the Transactions in them, activities and contribution that the Tender Offeror expects of the Company, and other matters; therefore, the Tender Offeror provided a response in writing on December 6, 2024.

In addition, the Tender Offeror conducted due diligence to investigate the feasibility of the Transactions from November 9, 2024 to December 18, 2024. The Tender Offeror comprehensively considered each factor, such as the results of the due diligence and external environment surrounding the Company, as well as the business plan received from the Company and the valuation results of the Company Shares; as a result of careful consideration, on December 20, 2024, the Tender Offeror officially made a proposal to the Company, including setting the Tender Offer Price at 2,350 yen. The price proposed by the Tender Offeror was presented assuming that the Company would not pay the year-end dividends for the fiscal year ending March 2025; the same applies hereinafter. Thereafter, on December 23, 2024, the Tender Offeror was requested by the Company to consider increasing the Tender Offer Price because the Company believed that the proposed price did not reflect the Company’s intrinsic value and that a part of the synergy effects that are expected to be generated through the Tender Offer should be reflected in the Tender Offer Price. Thereafter, on December 26, 2024, the Tender Offeror stated that it wishes to explain its own views and confirm the Company’s and the Special

Committee's views on the Company's business plan. In response, on December 27, 2024, the Tender Offeror received a reply that the Company's business plan was prepared based on an objective evaluation of the business environment surrounding the Company and that it is highly probable that the plan would be achieved, and the Tender Offeror was requested by the Company to review its proposed price dated December 20, 2024. In addition, on January 9, 2025, the Tender Offeror, the Company, and the Special Committee confirmed their respective views on the Company's business plan at a meeting. Based on this dialogue, the Tender Offeror thoroughly evaluated its view of the business plan, the Company's value in carbon neutral society claimed by the Company, and synergies to be generated through the Transactions, and on January 17, 2025, the Tender Offeror proposed that the Tender Offer Price be 2,550 yen. In response, on January 20, 2025, the Tender Offeror was requested by the Company to review the Tender Offer Price by appropriately reflecting the Company's intrinsic value and the Company's balance sheet and taking into account the expectations of market participants, including the Company's general shareholders, on economic terms of the Transactions, and 2,800 yen was proposed as a price that comprehensively considered various factors for evaluation of the value of the shares of the Company. In response, on January 23, 2025, after careful consideration to respect the Company's intentions and make the most favorable proposal, the Tender Offeror proposed a Tender Offer Price of 2,750 yen. In response, on January 24, 2025, the Tender Offeror was informed by the Company that it would consider accepting the price.

As a result of the consideration, discussions, and negotiations mentioned above, the Tender Offeror and the Company reach an agreement to set the Tender Offer Price at 2,750 yen; accordingly, at the board of directors' meeting held today, the Tender Offeror adopted a resolution to implement the Tender Offer as part of the Transactions.

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

After making the Company its wholly-owned subsidiary through the Transactions, the Tender Offeror plans to accelerate collaboration of the Tender Offer Group and the Company Group, achieve efficient decision-making, and promote efficient management; through those activities, the Tender Offeror will achieve the measures stated in "(II) Background, Purpose and Decision-Making Process Leading to the Tender Offeror's Decision to Implement the Tender Offer" above and make efforts to enhance the corporate value of the Tender Offeror Group as a whole, including the Company Group. At present, there are no matters to be changed due to the Transactions in relation to the specific management policy or the policy for treatment of employees of the Company Group's companies.

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

#### (i) Proposal from the Tender Offeror and Background to the Establishment of the Structure for Consideration

As stated in "(II) Background, Purpose and Decision-Making Process Leading to the Tender Offeror's Decision to Implement the Tender Offer" above, on September 2, 2024, the Company received the Initial Offer from the Tender Offeror, and thereafter, on October 9, 2024, the Company received the Proposal regarding making the Company its wholly-owned subsidiary. Upon receipt of the proposal, in order to consider the Transactions and discuss and negotiate the Transactions with the Tender Offeror, the Company took into account the fact that the Tender Offeror is the Company's controlling shareholder (parent company) whose ownership ratio of the Company Shares is 52.98%, that the Transactions, including the Tender Offer, constitute material transactions with a controlling shareholder, and that the Transactions constitute transactions typically involving a structural conflict of interest issue and an information asymmetry issue. In order to respond to these issues and ensure the fairness of the Transactions, at the board of directors' meeting of the Company held on October 31, 2024, the Company appointed SMBC Nikko Securities Inc. ("SMBC Nikko Securities") as its financial advisor and

third-party valuation agency independent of the Tender Offeror Group and the Company Group, and Mori Hamada & Matsumoto as its outside legal advisor. Furthermore, in order to ensure the fairness of the Transactions, the Company commenced establishment of a structure to consider, negotiate, and make a decision on the Transactions with a view to enhancing the Company's corporate value and protecting the interests of its general shareholders, independently from the Tender Offeror, while obtaining advice from Mori Hamada & Matsumoto. Specifically, as stated in "(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, after the Company proceeded with preparations to establish the Special Committee, pursuant to its resolution at its board of directors' meeting held on October 31, 2024, the Company established the Special Committee consisting of four members: Mr. Hiroshi Yogi (independent outside director, member of the board and audit & supervisory committee member of the Company, and former senior officer of Sumitomo Mitsui Banking Corporation), Ms. Kayo Fujiwara (independent outside director of the Company, and director and senior vice president of ENEOS Ocean Corporation), Mr. Iwao Toide (independent outside director of the Company, and former executive vice president, and group CEO of the Automotive & Mobility Group of Mitsubishi Corporation), and Ms. Aki Miyaguchi (independent outside director, member of the board and audit & supervisory committee member of the Company, and the chief of Certified Public Accountant Miyaguchi Aki Office) (for the background of the consideration of the Special Committee and the content of decisions, please see "(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below). The Company requested that the Special Committee (1) make recommendations to the Company's board of directors after considering whether the Company's board of directors should support the Tender Offer and whether the Company's board of directors should recommend that the Company's shareholders tender their shares in the Tender Offer, and (2) provide opinions to the Company's board of directors after considering whether the Company's board of directors' decision on the Transactions is not disadvantageous to the Company's minority shareholders (when making recommendations and providing opinions mentioned above, the Special Committee (i) will consider and make a decision on the pros and cons of the Transactions by considering whether the Transactions will contribute to enhancement of the Company's corporate value and (ii) will consider and make a decision on the appropriateness of the transaction terms and the fairness of the procedures with a view to protecting the interests of the Company's general shareholders) (collectively, the "Advisory Matters").

Furthermore, when establishing the Special Committee, the Company adopted a resolution that (i) the Company's board of directors' decision-making on the Transactions will be made with respect to the Special Committee's decision to the maximum extent, including whether to support the Tender Offer, and (ii) that if the Special Committee decides that the transaction terms for the Transactions are not appropriate, the Company's board of directors will not approve the Transactions on these transaction terms (including not to support the Tender Offer). The Company's board of directors also adopted a resolution (i) that the Special Committee will be substantially involved in the negotiation process between the Company and the Tender Offeror (including providing instructions or making requests regarding the negotiation policy with the Tender Offeror and negotiating with the Tender Offeror itself, as necessary); (ii) that when making a report concerning the Advisory Matters, the Special Committee will appoint its own financial or legal advisor(s) as necessary (in this case, any expenses therefor shall be borne by the Company), and will nominate or approve the Company's financial or legal advisor(s) (including ex post fact approval) (if the Special Committee confirms that there is no problem with the independence and expertise of the Company's advisors, it may seek professional advice from the Company's advisors); (iii) that the Special Committee will receive information necessary to consider and make a decision on the Transactions from the Company's officers and

employees, including information regarding the content and premise of preparation of the business plan; and (iv) that the Company will grant authority on other matters that the Special Committee finds necessary when considering and making a decision on the Transactions (for the method of resolution at the board of directors' meeting, please see "(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below).

As stated in "(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, under the authority mentioned above, on October 31, 2024, the Special Committee decided to appoint Nomura Securities Co., Ltd. ("Nomura Securities") as its own financial advisor and third-party valuation agency independent of the Tender Offeror Group and the Company Group, and Nakamura, Tsunoda & Matsumoto as its own legal advisor independent of the Tender Offeror Group and the Company Group.

In addition, as stated in "(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, the Company obtained the approval of the Special Committee for the appointment of SMBC Nikko Securities as the Company's financial advisor and third-party valuation agency and Mori Hamada & Matsumoto as the Company's legal advisor after the Special Committee confirmed that there was no problem with their independence of the Tender Offeror Group or the Company Group, or their expertise or records.

Furthermore, as stated in "(VII) Building of Independent Structure for Consideration in the Company" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, the Company internally built a structure to consider, negotiate, and make a decision on the Transactions (including the scope of the Company's officers and employees who would be involved in the consideration, negotiation, and decision-making for the Transactions, and their duties) independently from the Tender Offeror, and obtained the approval of the Special Committee that there was no problem with the structure for consideration from the perspective of independence and fairness.

(ii) Background of the Consideration and Negotiation

The Company received a report of the valuation results of the Company Shares, advice on the negotiation policy with the Tender Offeror, and other advice from a financial perspective from SMBC Nikko Securities, and received advice on responses to ensure the fairness of the procedures in the Transactions and other legal advice from Mori Hamada & Matsumoto. Taking them into account, the Company has carefully discussed and considered the pros and cons of the Transactions and whether the transaction terms are appropriate, while respecting the Special Committee's opinions to the maximum extent.

Since the Company received the Proposal from the Tender Offeror on October 9, 2024, the Company has continued to have discussions and negotiations on the transaction terms for the Transactions, including the Tender Offer Price, with the Tender Offeror.

Specifically, following receipt of the Proposal on October 9, 2024, the Company and the Special Committee proceeded with internal examinations and discussions. On November 9, 2024, the Company and the Special Committee asked the Tender Offeror in writing about the background and purpose of the proposal for the Transactions, synergies of the Transactions, disadvantages of the Transactions, management policy for the Company after the Transactions, structure, and

other matters, and on November 19, 2024, the Company and the Special Committee received a written reply concerning the Tender Offeror's view on each of the questions dated November 9, 2024 from the Tender Offeror. Furthermore, with regard to the reply, the Special Committee asked additional questions in writing on November 20, 2024, and it received explanations regarding these questions from the Tender Offeror and held a question-and-answer session regarding the Transactions on November 21, 2024. Thereafter, on December 2, 2024, the Special Committee asked additional questions in writing about the Tender Offeror Group's future global strategies and direction concerning special steel, the role of the Transactions within these strategies, the activities and contributions that the Tender Offeror expects of the Company, and other related matters, and received a written reply to the questions dated December 2, 2024 from the Tender Offeror on December 6, 2024.

Since October 9, 2024, the Company has conducted multiple negotiations regarding the Tender Offer Price with the Tender Offeror. Specifically, on December 20, 2024, as a formal proposal that the Tender Offeror prepared as a result of careful and comprehensive consideration of each factor, such as the results of the due diligence on the Company and external environment surrounding the Company, as well as the business plan received from the Company and the valuation results of the Company Shares, the Company received from the Tender Offeror a proposal for various terms and conditions for the Transactions, including setting the Tender Offer Price at the Tender Offer of 2,350 yen (the details of the premium percentage are as follows: 32.54% (rounded to two decimal places; the same applies hereinafter in the calculation of the premium percentage) on the closing price of the Company Shares of 1,773 yen on the Prime Market of the TSE as of December 19, 2024, which is the business day immediately before the date of proposal; 29.62% on the simple average of the closing price for the one month before December 19, 2024, which was 1,813 yen; 26.14% on the simple average of the closing price for the three months before the same date, which was 1,863 yen; and 22.52% on the simple average of the closing price for the six months before the same date, which was 1,918 yen). However, on December 23, 2024, the Company and the Special Committee requested that the Tender Offeror consider increasing the Tender Offer Price because the proposed price did not reflect the Company's intrinsic value and the Company and the Special Committee believed that a part of the synergy effects that are expected to be generated through the Tender Offer should be reflected in the Tender Offer Price. Thereafter, on December 26, 2024, the Company received a reply from the Tender Offeror that the Tender Offeror wishes to confirm its own view and the Company's and the Special Committee's views on the business plan. Upon receipt of this reply, on December 27, 2024, the Company and the Special Committee stated that the Company's business plan was prepared based on an objective evaluation of its business environment and that it is highly probable that the plan would be achieved, and at the same time, requested that the Tender Offeror review the price. Subsequently, on January 9, 2025, the Tender Offeror, the Company, and the Special Committee met to confirm their respective views on the Company's business plan. Based on this discussion, the Tender Offeror thoroughly evaluated its perspective on the business plan, the Company's value in a carbon-neutral society, and the synergies to be realized through the Transactions, and on January 17, 2025, the Company received a proposal from the Tender Offeror that the Tender Offer Price be 2,550 yen (the details of the premium percentage are as follows: 38.14% on the closing price of the Company Shares of 1,846 yen on the Prime Market of the TSE as of January 16, 2025, which is the business day immediately before the date of proposal; 36.80% on the simple average of the closing price for the one month before January 16, 2025, which was 1,864 yen; 37.91% on the simple average of the closing price for the three months before the same date, which was 1,849 yen; and 35.35% on the simple average of the closing price for the six months before the same date, which was 1,884 yen). In response, on January 20, 2025, the Company and the Special Committee requested that the Tender Offeror review the Tender Offer Price by appropriately reflecting the Company's intrinsic value and the Company's balance sheet and taking into account the expectations of market participants, including the Company's general shareholders, on economic terms of the Transactions, and proposed 2,800 yen to the Tender Offeror as a price that comprehensively considered various factors for evaluation of the share value of the Company. Thereafter, on

January 23, 2025, the Company and the Special Committee received a proposal from the Tender Offeror that the Tender Offer Price be 2,750 yen as the final offer price (the details of the premium percentage are as follows: 45.50% on the closing price of the Company Shares of 1,890 yen on the Prime Market of the TSE as of January 22, 2025, which is the business day immediately before the date of proposal; 45.20% on the simple average of the closing price for the one month before January 22, 2025, which was 1,894 yen; 48.57% on the simple average of the closing price for the three months before the same date, which was 1,851 yen; and 46.43% on the simple average of the closing price for the six months before the same date, which was 1,878 yen). As a result, on January 24, 2025, the Company and the Special Committee concluded that the price proposed by the Tender Offeror could be deemed to comprehensively reflect various evaluation factors, including the Company's intrinsic value, the Company's strengths to achieve carbon neutral society against the background of holding electric furnace facilities, the expectations of market participants, including the Company's general shareholders, on economic terms of the Transactions, and other matters, and they replied that they would consider accepting the price.

In the course of the consideration and negotiations stated above, when discussing and negotiating the Tender Offer Price with the Tender Offeror, the Company considered it based on the opinion obtained from the Special Committee and the advice obtained from SMBC Nikko Securities and Mori Hamada & Matsumoto. At that time, the Special Committee received advice from Nomura Securities and Nakamura, Tsunoda & Matsumoto, which are its own advisors, from time to time, exchanged opinions with the Company and the Company's advisors, and provided confirmation and approval as necessary. Specifically, the reasonableness of the details, important assumptions, and course of preparation of the Company's business plan, which would be presented by the Company to the Tender Offeror and would be used as the basis for valuation of the Company Shares by SMBC Nikko Securities and Nomura Securities was confirmed and approved in advance by the Special Committee. Furthermore, SMBC Nikko Securities, the Company's financial advisor, negotiated with the Tender Offeror in accordance with the negotiation policy determined based on prior deliberation by the Special Committee. In addition, each time SMBC Nikko Securities received a proposal for the Tender Offer Price from the Tender Offeror, it immediately reported the proposal to the Special Committee, received opinions, instructions, requests, etc. concerning the negotiation policy with the Tender Offeror from the Special Committee, and responded thereto in accordance with them.

Thereafter, on January 30, 2025, the Company received a report from the Special Committee to the effect (i) that the Company's board of directors should express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer and (ii) that the Company's board of directors' decision on the Transactions (i.e., the decision to support the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer, and to implement the Squeeze-Out Procedures) is considered not to be disadvantageous to the Company's minority shareholders (the "Report") (for an overview of the Report, please see "(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below). The Special Committee received a share valuation report on the Company Shares and a fairness opinion to the effect that the Tender Offer Price, 2,750 yen per share, is considered to be appropriate from a financial perspective for the Company's shareholders (excluding the Tender Offeror) from Nomura Securities on January 30, 2025 (the "Share Valuation Report (Nomura Securities)" and the "Fairness Opinion (Nomura Securities)," respectively) (for an overview of the Share Valuation Report (Nomura Securities) and the Fairness Opinion (Nomura Securities), please see "(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency" of "(3) Matters relating to Valuation" below).



(iii) Details of the Company's Decision-Making

Under the circumstances described above, the Company, at its board of directors' meeting held today, carefully discussed and considered whether the Transactions, including the Tender Offer, will contribute to enhancement of the Company's corporate value and whether the transaction terms for the Transactions, 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 SMBC Nikko Securities, and the contents of a share valuation report on the Company Shares and a fairness opinion obtained from SMBC Nikko Securities on January 30, 2025 (the "Share Valuation Report (SMBC Nikko Securities)" and the "Fairness Opinion (SMBC Nikko Securities)," respectively), while respecting the Special Committee's decision indicated in the Report to the maximum extent.

As a result, the Company reached the conclusion that making the Company a wholly-owned subsidiary through the Transactions, including the Tender Offer by the Tender Offeror, will contribute to enhancement of the Company's corporate value, for the reasons below.

The structure of the management environment surrounding the Company Group is significantly changing, and future changes are also expected. In order to appropriately respond to such long-term changes in the management environment and further enhance the Company Group's corporate value, the Company believes that it is necessary to increase the value provided to customers and achieve efficient management through optimal allocation of resources by using the Tender Offeror Group's technology, know-how, and resources to pursue continued growth.

However, the Company received the following explanation from the Tender Offeror: under the current capital relationship between the Tender Offeror and the Company, there are cases where even measures that contribute to enhancement of the corporate value of the Tender Offeror Group as a whole have a risk that the benefits thereof may disproportionately flow to one company when viewed on a per-company basis, and in such case, it may not be easy for both companies to gain the understanding of general shareholders of the other company when viewed only from the perspective of an individual company; therefore, in the current situation, it is difficult to implement such measures and demonstrate synergies to the maximum extent. Furthermore, the Company also received an explanation to the effect that it will take time for the Tender Offeror and the Company to make decisions and adjust interests that give consideration to general shareholders, and that bold measures that will enhance the corporate value in the medium- to long-term may become difficult to implement due to the risk of impairing the short-term profits of individual companies, which could pose hurdles to overcoming the competition in a severe business environment. In addition, the Company also believes that maintaining the current capital relationship, which may cause conflicts of interest between the Tender Offeror and the Company's general shareholders, will impose certain limitations on furthering the business relationship between both companies, including mutual utilization of management resources, since there is a possibility that it may become difficult to take measures to protect the interests of the Company's general shareholders.

Based on such management environment surrounding the Company Group, the below are the specific synergies that the Company will be able to achieve by making the Company a wholly-owned subsidiary through the Transactions, dissolving the relationship causing structural conflicts of interest between the Tender Offeror and the Company's general shareholders, and allowing the Tender Offeror to invest further management resources in the Company Group.

I. Achievement of efficient production and procurement systems and cost reduction through integrated management

The Company believes that by achieving an efficient production system, it will be able to further effectively utilize facilities and equipment and to reduce costs and increase cost competitiveness

through optimization of joint procurement and logistics costs of raw materials and energy. Furthermore, in terms of carbon neutrality, the Company believes that achieving efficient production and procurement systems, maximal utilization of electric furnaces held by the Company, and knowledge regarding carbon-free hydrogen generation held by Ovako will play an important role in accelerating efforts across the Tender Offeror Group.

## II. Deepening of research and development

The Company believes that by integrating special steel manufacturing technologies that the Company, including Ovako, and the Tender Offeror have developed independently thus far, it will be able to provide even more products to customers when compared to the Company's independent development. Furthermore, the Company believes that by becoming a wholly-owned subsidiary of the Tender Offeror, it will be able to share detailed results of research and development that have been difficult to fully share thus far, which will become a source of the creation of significant added-value.

## III. Sharing of human capital and strengthening of competitiveness through global expansion

The Company understands that it is necessary to make efforts to capture further global demand under circumstances where domestic demand for special steel has matured. The Company believes that by focusing on global expansion, in addition to expansion in Japan, Europe, and India where the Company currently operates, it will be able to share management resources, including human capital, and know-how with the Tender Offeror and thereby strengthen its competitiveness.

## IV. Prompt and flexible decision-making

The Company believes that by unifying the perspectives of the Company with those of the Tender Offeror Group, it will be able to achieve prompt decision-making not only within Japan but also globally, flexibly respond to a business environment that is drastically changing, and deepen their collaboration.

## V. Reduction of listing maintenance costs and burden related thereto

The Company believes that fixed costs, such as annual listing fees, and other costs necessary to maintain the governance structure that is required of a listed company and respond to the recently strengthened governance regulations, as well as the burden of the administrative department, will be reduced.

The Company also considered the disadvantages of the delisting of the Company that will occur as a result of implementation of the Transactions. Although a disadvantage with limited means of raising funds in the stock market for capital expenditure, etc., is expected due to the delisting, the Company believes that the impact of such disadvantages will be limited because there are alternative means to fund raising in the stock market, such as responding to the demand for funds through loans from a parent company to subsidiaries. The Company believes that the Company becoming a wholly-owned subsidiary of the Tender Offeror and further strengthening collaboration with the Tender Offeror will contribute to enhancement of the Company's corporate value in the mid- to long-term. In addition, the Company believes that while there is room for synergies to be generated due to further collaboration between both companies through the Transactions, there will be no particular dis-synergies that will have a material effect on the Company's business.

In addition, the Company comprehensively concluded that the Tender Offer Price, 2,750 yen, is an appropriate price that reflects the Company's intrinsic value and protects interests that should

be received by general shareholders of the Company, and that even when changes in the share price that reflect the current business environment surrounding the Company are taken into account, the Tender Offer still provides those shareholders with a reasonable opportunity to sell the Company Shares at a price including an appropriate premium and to secure interests, for the following reasons:

- (A) the price was agreed upon after sincere negotiations with the Tender Offeror with the substantial involvement of the Special Committee after the Company took adequate measures to ensure the fairness of the transaction terms for the Transactions, including the Tender Offer Price, as stated in “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below;
- (B) the price is higher than the upper limit of the calculation results under the market price method and the comparable listed company method, and within the range of the calculation results under the discounted cash flow method (“DCF Method”), from the valuation results of the Company Shares by SMBC Nikko Securities in the Share Valuation Report (SMBC Nikko Securities) as stated in “(I) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” below; and as stated in “(I) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” below, the Fairness Opinion (SMBC Nikko Securities) to the effect that the Tender Offer Price, 2,750 yen per share, is considered to be fair from a financial perspective for the Company’s shareholders (excluding the Tender Offeror and the Company owning the Company Shares as treasury shares) has been issued by SMBC Nikko Securities;
- (C) the price includes the following premiums: 41.39% on the closing price of the Company Shares of 1,945 yen on the Prime Market of the TSE as of January 30, 2025, which is the business day immediately before the announcement date of the implementation of the Tender Offer; 44.58% on the simple average of the closing price for the one month before the same date, which was 1,902 yen; 47.85% on the simple average of the closing price for the three months before the same date, which was 1,860 yen; and 46.82% on the simple average of the closing price for the six months before the same date, which was 1,873 yen; the Tender Offer Price includes premiums that are comparable to those in similar cases (40 tender offer cases (the median of the premium levels were approximately 40%) that aimed to privatize a subsidiary and were announced on and after June 28, 2019, when the M&A Guidelines were published, until December 31, 2024, in which a special committee was established, and the market capitalization of the target company was 10 billion yen or more (excluding MBOs, two-step tender offers, unsuccessful cases, and cases in which shareholders were not recommended to tender)).
- (D) the price was also determined appropriate in the Report obtained from the Special Committee, as stated in “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

The Tender Offer Price, 2,750 yen, is below the book value of the consolidated net assets per share of the Company as of December 31, 2024 (4,106 yen) (33% discount). However, the book value of net assets is an indication of their theoretical liquidation value and does not reflect the Company’s future profitability or growth, and the Company believes that it is not a factor to refute the reasonableness of the calculation of the corporate value of the Company as a going concern. If the Company were to be liquidated, the book value of net assets would not directly

become the amount of residual assets to be distributed to shareholders and the book value would be reduced to a considerable degree for the following reasons: considering the Company's business and the facilities held by the Company, in the Company's consolidated balance sheet as of the same date, the percentage of illiquid assets (inventories, such as goods, products, in-progress products, raw materials, stock, etc., and tangible fixed assets, such as buildings, machinery and equipment, and land, etc.) accounting for total assets is 62.4% (rounded to one decimal place), and this is at a considerable level; and it is expected that it will be difficult to sell those assets and that various additional costs, such as removal costs related to closure of plants, will be incurred (however, since the Company does not plan to be liquidated, the Company did not obtain any estimate or make any concrete calculations in regard to liquidation). Therefore, the Company believes that the reasonableness of the Tender Offer Price is not refuted by the fact that the Tender Offer Price is below the book value of consolidated net assets per share.

In light of the above, the Company concluded that the Transactions will contribute to enhancement of the Company's corporate value and that the transaction terms for the Transactions, including the Tender Offer Price, are appropriate, and the Company adopted a resolution at its board of directors' meeting held today, to express an opinion in support of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer.

For the method of resolution at the board of directors' meeting, please see "(VIII) Approval of All Directors (Including Directors Who Are Audit & Supervisory Committee Members) of the Company Without Any Conflicts of Interest" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

- (3) Matters relating to Valuation
  - (I) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Third-party Valuation Agency
    - (i) Name of the Valuation Agency and its Relationship with the Company and the Tender Offeror

In expressing an opinion on the Tender Offer Price, in order to ensure the fairness of the decision-making with respect to the Tender Offer Price presented by the Tender Offeror, the Company requested that SMBC Nikko Securities, which is the Company's own financial advisor and third-party valuation agency independent of the Tender Offeror Group and the Company Group, calculate the value of the Company Shares, analyze any financial affairs incidental thereto, and express an opinion on the fairness of the Tender Offer Price (fairness opinion); and on January 30, 2025, the Company obtained the Share Valuation Report (SMBC Nikko Securities) (Note 1) and the Fairness Opinion (SMBC Nikko Securities) (Note 2).

SMBC Nikko Securities is not a related party of the Company or the Tender Offeror, and has no material interest in the Transactions including the Tender Offer. SMBC Nikko Securities is a member of the group companies of Sumitomo Mitsui Financial Group, Inc. similar to Sumitomo Mitsui Banking Corporation which engages in loan transactions and the like as part of its ordinary banking transactions with the Company Group and the Tender Offeror Group, and Sumitomo Mitsui Banking Corporation is the eighth largest shareholder of the Company (as of September 30, 2024; the ratio of the number of shares owned to the total number of issued shares (excluding treasury shares) as of the same date is 0.59% (rounded to the second decimal point)); however, the Company appointed SMBC Nikko Securities as its financial advisor and third-party valuation agency, considering SMBC Nikko Securities' performance as a third-party valuation agency and taking into account the following matters: as an adverse effect prevention measure, a measure to block information as set forth in the internal regulations has been taken

between the department of SMBC Nikko Securities that calculates the share value of the Company Shares on the one hand and the other departments of SMBC Nikko Securities and Sumitomo Mitsui Banking Corporation on the other hand; as the Company and SMBC Nikko Securities conduct transactions under the same transaction terms as those under which it conducts transactions with its general business partners, the independence as a financial advisor and third-party valuation agency is ensured; and SMBC Nikko Securities is not a related party of the Company or the Tender Offeror, and in particular, no problems have been found with the Company requesting that SMBC Nikko Securities calculate the share value of the Company Shares. Furthermore, the Special Committee confirmed that there is no issue with the independence or expertise of SMBC Nikko Securities, and at the first meeting, the Special Committee approved it as the Company's financial advisor. The remuneration to be paid to SMBC Nikko Securities for the Transactions includes a contingent fee to be paid subject to successful completion of the Transactions and other conditions. The Company concluded that the fact that the remuneration includes a contingent fee to be paid subject to successful completion of the Transactions and other conditions does not negate the independence of SMBC Nikko Securities, taking into account general practices in the same type of transactions and the pros and cons of the remuneration system in which the Company will incur a considerable monetary burden if the Transactions fail to be successfully completed, as well as SMBC Nikko Securities' performance for providing advice in the same type of transactions, its social appraisal, and other matters, and thereafter, the Company appointed SMBC Nikko Securities as its financial advisor and third-party valuation agency based on the remuneration system above.

(Note 1) In preparing the Share Valuation Report (SMBC Nikko Securities), SMBC Nikko Securities assumed that all the materials and information on which the Share Valuation Report (SMBC Nikko Securities) is based are accurate and complete; SMBC Nikko Securities has not independently verified, nor does it have an obligation or responsibility to verify, their accuracy and completeness; and SMBC Nikko Securities assumed that no facts, circumstances, or the like finding the provided information to be inaccurate or misleading have been found by the Company. Moreover, SMBC Nikko Securities has not independently evaluated, appraised, or assessed the assets or liabilities of the Company and its affiliates, nor has it requested that a third-party organization evaluate, appraise, or assess them. If any issue is found as to the accuracy and completeness of those materials and information, the calculation result may significantly differ. Furthermore, SMBC Nikko Securities assumed that there are no claims or obligations related to any undisclosed litigations, disputes, environmental matters, tax affairs, and the like of the Company and its affiliates, other contingent liabilities, off-balance sheet debts, or other facts that have a material impact on the Share Valuation Report (SMBC Nikko Securities). SMBC Nikko Securities assumed that the Company's business plan and other information regarding the future provided to SMBC Nikko Securities (the "Business Plan, Etc."), which are used in the Share Valuation Report (SMBC Nikko Securities), were prepared by the Company on a best forecast and determination basis as of the calculation base date in accordance with reasonable and appropriate procedures. In addition, in the Share Valuation Report (SMBC Nikko Securities), if SMBC Nikko Securities made an analysis based on the hypothesis provided based on the provided materials and information, SMBC Nikko Securities assumed that the provided materials, information, and assumptions are accurate and reasonable. SMBC Nikko Securities has not independently verified, nor does it have any obligation or responsibility to verify, the accuracy, appropriateness, and feasibility of the assumptions above.

(ii) Overview of the Valuation for the Company Shares

SMBC Nikko Securities considered the valuation methods to be applied to the valuation of the Company Shares in the Tender Offer from among multiple valuation methods; thereafter, based on the idea that it is appropriate to multilaterally evaluate the share value of the Company, SMBC Nikko Securities calculated the share value of the Company using the following methods: the market price method, as the Company Shares are listed on the TSE Prime Market; the comparable listed company method, as there are multiple listed companies that are comparable with the Company, and it is possible to infer the share value of the Company by comparing these listed companies; and the DCF Method to reflect the status of future business activities in the calculation; and on January 30, 2025, the Company obtained the Share Valuation Report (SMBC Nikko Securities) from SMBC Nikko Securities.

The ranges of the share value per share of the Company Shares calculated under each of the methods above in the Share Valuation Report (SMBC Nikko Securities) are as below.

Market price method:	1,860 yen to 1,902 yen
Comparable listed company method:	1,582 yen to 2,662 yen
DCF Method:	2,410 yen to 3,591 yen

Under the market price method, by setting the base date for valuation as January 30, 2025, the range of the share value per share of the Company Shares was calculated to be 1,860 yen to 1,902 yen based on: 1,902 yen, which is the simple average value of the closing prices for the one month before the base date; 1,860 yen, which is the simple average value of the closing prices for the three months before the base date; and 1,873 yen, which is the simple average value of the closing prices for the six months before the base date.

Under the comparable listed company method, the range of the share value per share of the Company Shares was calculated to be 1,582 yen to 2,662 yen by selecting Daido Steel Co., Ltd., Aichi Steel Corporation, and Mitsubishi Steel Mfg. Co., Ltd. as similarly listed companies that were determined to be similar to the Company and by using EBITDA magnification of the corporate value.

Under the DCF Method, the range of the share value per share of the Company Shares was calculated to be 2,410 yen to 3,591 yen based on the business plan, etc. prepared by the Company by analyzing the corporate value and share value of the Company by discounting to the present value at a certain discount rate the free cash flow expected to be generated by the Company in and after the third quarter of the fiscal year ending March 2025 on the assumption of various factors, including the earnings forecasts and investment plans in the business plan, etc. for the five fiscal years from the fiscal year ending March 2025 to the fiscal year ending March 2029, as well as publicly available information and other materials. The discount rate ranging from 6.20% to 7.20% was used; and in calculating the continued value, the perpetual growth rate model was used, and the perpetual growth rate ranging from -0.25% to 0.25% was used to calculate the share value per share of the Company Shares.

The Business Plan, Etc. prepared by the Company, which was used by SMBC Nikko Securities for the calculation using the DCF Method, includes fiscal years in which significant increases or decreases in profits and significant increases or decreases in free cash flow are expected. Specifically, in the fiscal year ending March 2024, the working capital decreased due to a decrease in net sales, which resulted in an increase in free cash flow; therefore, in the fiscal year ending March 2025, a significant decrease in free cash flow is expected. In the fiscal year ending March 2026, a significant increase in operating profit is expected due to an increase in net sales and cost reduction; however, since an increase in the working capital and an increase in capital expenditure are expected due to an increase in net sales, a significant decrease in free cash flow is expected. In the fiscal year ending March 2027 and the fiscal year ending March 2028, since

a decrease in capital expenditure is expected when compared to each of the previous fiscal years, a significant increase in free cash flow is expected. Moreover, the financial forecasts prepared by the Company, which were used as the basis for SMBC Nikko Securities' analysis under the DCF Method, differ from the Medium-term Management Plan (in the FY2025 plan, net sales: 420 billion yen; ordinary profit: 22 billion yen). However, SMBC Nikko Securities concluded that it would be prudent to consider the appropriateness of the Tender Offer Price by calculating the corporate value based on the objective and reasonable financial forecasts of the Company that are closely aligned with the current situation, taking into account changes in the market environment since the formulation of the Medium-term Management Plan up to the present (specifically, structural changes due to the emergence of low-price Chinese products in Asia and Europe, the current earnings environment, and the Company's performance). While preparing the business plan for the purpose of the Transactions, the Company provided the Special Committee with an explanation regarding the content of the draft business plan and its important preconditions, and confirmed the reasonableness of the plan and preconditions, as well as the background for their preparation. Furthermore, the Special Committee confirmed the reasonableness of the discrepancies in the figures between the Medium-term Management Plan and the financial forecasts, taking into account the current earnings environment and the Company's performance, and the fact that the market environment has significantly changed since the formulation of the Medium-term Management Plan.

The synergy effects expected to be realized by implementing the Transactions have not been taken into account in the financial forecasts below as it is difficult to accurately estimate them at present. In the Company Financial Results, the Company published a revision of its business performance forecast for the fiscal year ending March 2025, and when SMBC Nikko Securities calculated the value of the Company Shares, the impact of the revision of such business performance forecast has been reflected

The financial forecasts on which the analysis using the DCF Method was based are as shown below.

(Unit: Million yen)

	Fiscal year ending March 2025 (Six months)	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029
Sales	169,733	357,044	365,862	371,197	377,433
Operating profit	8,106	19,678	22,405	23,647	24,323
EBITDA	16,398	36,233	38,625	40,396	41,554
Free cash flow	13,445	(65)	7,385	12,803	13,449

(iii) Overview of the Fairness Opinion (SMBC Nikko Securities)

On January 30, 2025, the Company obtained from SMBC Nikko Securities the Fairness Opinion (SMBC Nikko Securities) to the effect that the Tender Offer Price, 2,750 yen per share is fair from a financial perspective for the shareholders of the Company (excluding the Tender Offeror and the Company, which owns the Company Shares as treasury shares). The Fairness Opinion (SMBC Nikko Securities) expresses an opinion to the effect that the Tender Offer Price, 2,750 yen per share is fair from a financial perspective for the shareholders of the Company (excluding the Tender Offeror and the Company, which owns the Company Shares as treasury shares) in light of the valuation result of the Company Shares based on the Business Plan, Etc.. The Fairness Opinion (SMBC Nikko Securities) was issued through the approval procedures for the fairness opinion at SMBC Nikko Securities after analysis and consideration of the financial information including the Business Plan, Etc. and exchanges of questions and answers with the Company, as well as consideration of the valuation result of the Company Shares by SMBC Nikko Securities.

(Note 2)

In expressing the opinion stated in the Fairness Opinion (SMBC Nikko Securities), SMBC Nikko Securities assumed that the publicly available information, all the information that was subject to SMBC Nikko Securities' review, provided to SMBC Nikko Securities, or discussed by SMBC Nikko Securities with the Company, and other information considered by SMBC Nikko Securities, were accurate and complete; SMBC Nikko Securities relied on the accuracy and completeness of such information, and SMBC Nikko Securities has not independently verified, nor does it have any responsibility or obligation to verify, and does not provide any guarantee with respect to, the accuracy and completeness of such information. SMBC Nikko Securities assumed that the Company's management is not aware of any facts or circumstances finding the information provided to SMBC Nikko Securities or discussed with SMBC Nikko Securities to be inaccurate or misleading. SMBC Nikko Securities has not independently evaluated, appraised, or assessed the assets and liabilities (including financial derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Company and its affiliates, nor has it received any evaluation, appraisal, or assessment of them. SMBC Nikko Securities assumed that the Business Plan, Etc. was reasonably prepared or reasonably responded on a best forecast and determination basis of the Company's management and that the Company's financial conditions will transition in accordance with the Business Plan, Etc.; and SMBC Nikko Securities has not independently investigated the feasibility of the Business Plan, Etc., and relied on the Business Plan, Etc. and materials related thereto. Moreover, in expressing the opinion stated in the Fairness Opinion (SMBC Nikko Securities), SMBC Nikko Securities assumed that all the consents or permits and approvals by the government, competent authorities, and other parties (whether or not contractual) necessary for the implementation of the Transactions will be obtained without having any adverse impact on the Company, the Tender Offeror, or the interests expected from the Transactions. SMBC Nikko Securities is not a legal, accounting, or tax expert, and in expressing the opinion stated in the Fairness Opinion (SMBC Nikko Securities), SMBC Nikko Securities has not independently considered or analyzed the lawfulness and effectiveness of the Transactions and the appropriateness of the accounting or tax treatment; and SMBC Nikko Securities assumed that the Transactions will be appropriately and effectively implemented through all the appropriate legal, accounting, and tax procedures. Furthermore, SMBC Nikko Securities has not taken into account any tax imposition impact of the implementation of the Transactions on the Company, the Tender Offeror, and other stakeholders.

SMBC Nikko Securities serves as the Company's financial advisor for the Transactions, and in consideration for its service, SMBC Nikko Securities will receive fees (a considerable portion of which is subject to the completion of the Transactions) from the Company. Moreover, the Company has agreed to bear actual expenses paid by SMBC Nikko Securities and compensate SMBC Nikko Securities for certain liabilities arising from SMBC Nikko Securities' involvement. SMBC Nikko Securities and its affiliates have provided or will provide the Company, the Tender Offeror, or their respective affiliates with investment banking services and other services related to securities/financial instruments transactions, banking services, and other services, and it has received or may receive in the future remuneration or the like for the provision of such services. Furthermore, in the ordinary course of business, SMBC Nikko Securities may, from time to time, trade or own various financial instruments, including securities and financial derivatives of the Company, the Tender



Offeror, or their respective affiliates for its own account or for account of its clients.

The expression of the opinion stated in the Fairness Opinion (SMBC Nikko Securities) does not state an opinion regarding the value or share price level of the Company Shares after implementation of the Transactions. SMBC Nikko Securities has not been requested to state an opinion regarding any of the facts or hypotheses (including the Business Plan, Etc.) based on which the Tender Offer Price is determined, business decision that the Company will execute the Transactions, or relative dominance in comparison with alternative transactions to the Transactions, nor has it stated an opinion regarding such aspects in the Fairness Opinion (SMBC Nikko Securities). SMBC Nikko Securities has not been requested to consider that the Transactions or the Tender Offer Price is fair to the holders of securities other than common shares, creditors, and other stakeholders of the Company, nor has it considered such matter. Moreover, the expression of the opinion stated in the Fairness Opinion (SMBC Nikko Securities) does not present an opinion or view regarding the fairness of the amount, nature, or other aspects of the remuneration for the officers, directors, or employees, or those persons holding certain positions of the parties to the Transactions in comparison with the Tender Offer Price (whether or not fair from a financial perspective). Furthermore, SMBC Nikko Securities is not obligated to the Company or its board of directors to solicit, or has not solicited, a third-party to express an opinion on the Transactions. The opinion of SMBC Nikko Securities stated in the Fairness Opinion (SMBC Nikko Securities) does not state any opinion or recommend the Company's shareholders to exercise their voting rights or other shareholders' rights regarding the Transactions, nor does it solicit or recommend the Company's shareholders and other stakeholders to tender in the Tender Offer, transfer, or acquire the Company Shares, or other matters related thereto. The expression of the opinion stated in the Fairness Opinion (SMBC Nikko Securities) is based on financial and capital markets, economic conditions, and other circumstances as of the preparation date of the Fairness Opinion (SMBC Nikko Securities), as well as information provided to or obtained by SMBC Nikko Securities by the preparation date of the Fairness Opinion (SMBC Nikko Securities). The content of the opinion stated in the Fairness Opinion (SMBC Nikko Securities) may be subject to any changes in the circumstances in the future; however, SMBC Nikko Securities is not obligated to update, change, or reconfirm its opinion. The opinion stated in the Fairness Opinion (SMBC Nikko Securities) was provided only to the Company's board of directors only for the purpose of providing reference information for the Company's board of directors to consider the Tender Offer Price. Accordingly, the content of the opinion stated in the Fairness Opinion (SMBC Nikko Securities) cannot be used for any purpose other than such purpose for the Company's board of directors.

- (II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency
- (i) Name of the Valuation Agency and its Relationship with the Company and the Tender Offeror

In considering the Advisory Matters, in order to ensure the fairness of the terms of the Transactions, including the Tender Offer Price, the Special Committee requested that Nomura Securities, which is its own financial advisor and third-party valuation agency independent of the Tender Offeror Group and the Company Group, calculate the value of the Company Shares, analyze any financial affairs incidental thereto, and express an opinion on the fairness of the Tender Offer Price (fairness opinion); and on January 30, 2025, the Special Committee obtained

the Share Valuation Report (Nomura Securities) (Note 1) and the Fairness Opinion (Nomura Securities) (Note 2).

Nomura Securities is not a related party of the Tender Offeror or the Company, and it has no material interest in the Transaction including the Tender Offer. As stated in “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, the Special Committee appointed Nomura Securities as its own financial advisor and third-party valuation agency after considering the independence, expertise, performance, as well as other matters of multiple candidates for financial advisors and third-party valuation agencies. Moreover, the remuneration to be paid to Nomura Securities for the Transactions consists only of a fixed amount of remuneration to be paid regardless of whether or not the Transactions are successfully completed and does not include a contingent fee to be paid subject to successful completion of the Transactions, including the Tender Offer and other conditions.

(Note 1) In calculating the share value of the Company Shares, Nomura Securities assumed that the public information and all information provided by the Company were accurate and complete, and it has not independently verified the accuracy and completeness thereof. Nomura Securities has not independently evaluated, appraised, or assessed the assets or liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Company and its affiliates, including analysis and evaluation of individual assets and liabilities, nor has it requested that a third-party organization appraise or assess them. Nomura Securities assumed that the Business Plan, Etc. was reasonably considered or prepared based on a best and honest forecast and determination basis currently available to the Special Committee or the Company’s management. The valuation by Nomura Securities reflects the information and economic conditions obtained by Nomura Securities by January 30, 2025. The purpose of the valuation by Nomura Securities is only to serve as a reference for the Special Committee to consider the share value of the Company Shares.

(ii) Overview of the Valuation for the Company Shares

Nomura Securities considered the valuation methods to be applied to the valuation of the Company Shares from among multiple valuation methods; thereafter, based on the idea that it is appropriate to multilaterally evaluate the share value of the Company on the premise that the Company is a going concern, Nomura Securities calculated the share value of the Company using the following methods: the average market price method, as the Company Shares are listed on the TSE Prime Market; the comparable company method, as there are multiple listed companies that are comparable with the Company, and it is possible to infer the share value of the Company by comparing these companies; and the DCF Method to reflect the status of future business activities in the calculation.

The ranges of the share value per share of the Company Shares calculated under each of the methods above are as below.

Average market price method:	1,860 yen to 1,945 yen
Comparable company method:	1,773 yen to 3,113 yen
DCF Method:	2,126 yen to 3,129 yen

Under the average market price method, by setting the base date for valuation as January 30, 2025, the range of the share value per share of the Company Shares was calculated to be 1,860 yen to 1,945 yen based on: 1,945 yen, which is the closing price of the Company Shares in

ordinary transactions on the TSE Prime Market on the base date; 1,899 yen, which is the simple average value of the closing prices for the five business days before the base date; 1,902 yen, which is the simple average value of the closing prices for the one month before the base date; 1,860 yen, which is the simple average value of the closing prices for the three months before the base date; and 1,873 yen, which is the simple average value of the closing prices for the six months before the base date.

Under the comparable company method, the sum-of-the-parts analysis (the “SOTP Analysis”) was performed, in which the Company Group was classified into the Company Group (excluding Ovako and SSMI), Ovako, and SSMI, and the share value was calculated). The range of the share value per share of the Company Shares was calculated to be 1,773 yen to 3,113 yen by selecting Daido Steel Co., Ltd., Aichi Steel Corporation, voestalpine AG, SSAB AB, Aperam SA, Jindal Stainless Ltd., Jindal Steel & Power Ltd., JSW Steel Ltd., Shyam Metalics & Energy Ltd., Steel Authority of India Ltd., and Tata Steel Ltd. as similarly listed companies that were determined to be similar to each group and by using EBIT magnification of the corporate value, EBITDA magnification of the corporate value, and magnification of net profits to the market capitalization.

Under the DCF Method, the SOTP Analysis was performed, and the range of the share value per share of the Company Shares was calculated to be 2,126 yen to 3,129 yen based on the business plan, etc. prepared by the Company by analyzing the corporate value and share value of the Company by discounting to the present value at a certain discount rate the free cash flow expected to be generated by each group in and after the third quarter of the fiscal year ending March 2025 on the assumption of various factors, including the earnings forecasts and investment plans in the business prospects for the five fiscal years from the fiscal year ending March 2025 to the fiscal year ending March 2029, as well as publicly available information and other materials. The discount rate ranging from 5.75% to 6.25% was used for the Company Group (excluding Ovako and SSMI), 9.00% to 9.50% for Ovako, and 10.75% to 11.25% for SSMI; and in calculating the continued value, the perpetual growth rate model and the multiple model were used, and the perpetual growth rate ranging from 0.75% to 1.25% was used for the Company Group (excluding Ovako and SSMI), 1.75% to 2.25% for Ovako, and 3.75% to 4.25% for SSMI, and an EBITDA multiple ranging from 5.0 times to 6.0 times was used for the Company Group (excluding Ovako and SSMI), 3.5 times to 4.5 times for Ovako, and 8.5 times to 9.5 times for SSMI, to calculate the share value per share of the Company Shares.

The financial forecast, which was used by Nomura Securities as the basis for its analysis using the DCF Method, is as follows:

The financial forecast includes fiscal years in which significant increases or decreases in profits and significant increases or decreases in free cash flow are expected. Specifically, in the fiscal year ending March 2024, the working capital decreased due to a decrease in net sales, which resulted in an increase in free cash flow; therefore, in the fiscal year ending March 2025, a significant decrease in free cash flow is expected. In the fiscal year ending March 2026, a significant increase in operating profit is expected due to an increase in net sales and cost reduction; however, since an increase in the working capital and an increase in capital expenditure are expected due to an increase in net sales, a significant decrease in free cash flow is expected. In the fiscal year ending March 2027 and the fiscal year ending March 2028, since a decrease in capital expenditure is expected when compared to each of the previous fiscal years, a significant increase in free cash flow is expected. Moreover, the financial forecasts prepared by the Company, which were used as the basis for Nomura Securities’ analysis under the DCF Method, differ from the Medium-term Management Plan (in the FY2025 plan, net sales: 420 billion yen; ordinary profit: 22 billion yen). However, Nomura Securities concluded that it would be appropriate to calculate the Company’s share value based on the objective and reasonable financial forecasts of the Company that are closely aligned with the current situation, taking into account changes in the market environment since the formulation of the Medium-

term Management Plan to the present (specifically, structural changes due to the emergence of low-price Chinese products in Asia and Europe, the current earnings environment, and the Company's performance). In addition, the synergy effects expected to be realized by implementing the Transactions have not been taken into account in the financial forecasts below as it is difficult to accurately estimate them at the time of the valuation. In the Company Financial Results, the Company published a revision of its business performance forecast for the fiscal year ending March 2025, and when Nomura Securities calculated the value of the Company Shares, the impact of the revision of such business performance forecast has been reflected.

(Unit: Million yen)

	Fiscal year ending March 2025 (Six months)	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029
Sales	169,733	357,044	365,862	371,197	377,433
Operating profit	8,106	19,678	22,405	23,647	24,323
EBITDA	16,398	36,233	38,625	40,396	41,554
Free cash flow	7,855	1,392	8,529	12,971	13,371

(i) Overview of Fairness Opinion (Nomura Securities)

On January 30, 2025, the Special Committee obtained from Nomura Securities the Fairness Opinion (Nomura Securities) to the effect that the Tender Offer Price, 2,750 yen per share is considered to be appropriate from a financial perspective for the shareholders of the Company (excluding the Tender Offeror).

(Note 2) Nomura Securities assumed that the public information that Nomura Securities considered, and information regarding finance, legal affairs, regulations, tax affairs, and accounting and all other information that were provided to Nomura Securities, in preparing the Fairness Opinion (Nomura Securities) were accurate and complete, and Nomura Securities has not independently verified, nor is it obligated to verify, the accuracy and completeness thereof. Nomura Securities has not independently evaluated, appraised, or assessed the assets or liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Company and its affiliates, including analysis and evaluation of individual assets and liabilities, nor has it requested that a third-party organization appraise or assess them. Nomura Securities assumed that the Company's financial forecasts and other information regarding the future were reasonably prepared and considered on a best and honest forecast and determination basis currently available to the Special Committee or the Company's management and that the Company's financial conditions will change in accordance with those forecasts; therefore, in preparing the Fairness Opinion (Nomura Securities), Nomura Securities relied on such financial forecasts and other information regarding the future without independently investigating them. Nomura Securities does not provide any guarantee with respect to the feasibility of such financial forecasts and the like. Nomura Securities assumed that the Tender Offer will be duly and effectively implemented in accordance with the terms stated in the Press Release; the effect of the Tender Offer in terms of tax affairs conforms to the assumptions presented to Nomura Securities; all consents or permits and approvals by the government, competent authorities, and other persons necessary to implement the Tender Offer will be obtained without damaging any interests expected to be generated by the Tender Offer; and the Tender Offer will be completed in accordance with the terms and conditions under the Press Release without waiving, modifying,

or changing the material terms and conditions or agreed matters stated in the Press Release; therefore, Nomura Securities has not independently investigated, nor is it obligated to investigate, those matters. Nomura Securities has not been requested by the Special Committee, the Company, or the Company's board of directors to consider transactions other than the Tender Offer or a relative valuation thereof, nor has it considered those matters. Nomura Securities is not obligated to the Company, the Company's board of directors, or the Special Committee to solicit, or has not solicited, a third party express an opinion on the Transactions.

Nomura Securities serves as the Special Committee's financial advisor for the Transactions and is involved in a part of the negotiations on the Transactions. In consideration for its service, Nomura Securities is to receive fees including those that are to be paid subject to submission of the Fairness Opinion (Nomura Securities) from the Company. Nomura Securities will receive from the Company a reimbursement of certain expenses that it and its affiliates incurred. With respect to the submission of the Fairness Opinion (Nomura Securities), the indemnification and compensation clauses set forth in the agreement between the Company and Nomura Securities apply. Nomura Securities and its affiliates have provided or will provide investment banking services or other services related to financial instruments transactions, loan services, and the like to the Company, the Tender Offeror, or their respective affiliates, and Nomura Securities may receive remuneration. Moreover, Nomura Securities and its affiliates may, in the ordinary course of business, from time to time trade or own various financial instruments including securities and derivatives of the Company, the Tender Offeror, or their respective affiliates for its own account or for account of its clients.

Nomura Securities' opinion stated in the Fairness Opinion (Nomura Securities) is only intended to provide information that serves as a reference for the Special Committee to consider the Tender Offer Price, and any third party may not use, rely on, or cite it in any way. Such opinion was stated only with respect to the appropriateness of the Tender Offer Price from a financial perspective based on the conditions and assumptions stated in the Fairness Opinion (Nomura Securities); and Nomura Securities has not been requested to state an opinion on any of the facts or hypotheses which serve as the basis for the determination of the Tender Offer Price or to state any opinions including pros and cons of the decision that the Special Committee or the Company will implement the Transactions, nor has it stated any such opinions in the Fairness Opinion (Nomura Securities). Moreover, Nomura Securities' opinion stated in the Fairness Opinion (Nomura Securities) does not recommend the Company's shareholders to exercise their shareholders' rights such as voting rights with respect to the Transactions, share transactions, or other related matters; furthermore, the Fairness Opinion (Nomura Securities) does not state any opinion regarding the share price level of the common shares of the Company in the past, at present, or in the future. Nomura Securities does not independently give advice on the Transactions regarding legal affairs, regulations, tax affairs, or accounting, and with respect to those matters, Nomura Securities relied on the determination of the Special Committee, the Company, or their outside experts.

Nomura Securities assumed that unless otherwise specially permitted in the agreement between the Company and Nomura Securities, the content of the Fairness Opinion (Nomura Securities) will not be disclosed to any third party or used for any unintended purposes; therefore, the Special Committee may not

disclose, refer to, transmit, or use the Fairness Opinion (Nomura Securities), in whole or in part, without the prior written consent of Nomura Securities.

Nomura Securities' opinion stated in the Fairness Opinion (Nomura Securities) is based on the financial, economic, market, business environment, and other conditions as of the date of the Fairness Opinion (Nomura Securities) and relies on information that Nomura Securities has obtained as of that date. Any transitions or changes in those conditions in the future may have an impact on Nomura Securities' opinion stated in the Fairness Opinion (Nomura Securities); however, Nomura Securities is not obligated to modify, change, or supplement its opinion.

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

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

In order to ensure the fairness of the Tender Offer Price, when determining the Tender Offer Price, the Tender Offeror requested that Daiwa Securities, which is the Tender Offeror's financial advisor as a third-party valuation agency independent of the Tender Offeror and the Company, calculate the share value of the Company Shares. Daiwa Securities is not a related party of the Tender Offeror or the Company, and it has no material interest in the Tender Offer. The remuneration to be paid to Daiwa Securities for the Transactions includes a contingent fee to be paid subject to successful completion of the Transactions and other conditions. The Tender Offeror concluded that the fact that the remuneration includes a contingent fee to be paid subject to successful completion of the Transactions does not negate the independence of Daiwa Securities, taking into account general practices in the same type of transactions and the pros and cons of the remuneration system in which the Tender Offeror will incur a considerable monetary burden if the Transactions fail to be successfully completed, and thereafter, the Tender Offeror appointed Daiwa Securities as its financial advisor and third-party valuation agency based on the remuneration system above. Moreover, the Tender Offeror believes that the Tender Offeror and the Company have taken measures to ensure the fairness of the Tender Offer Price (specifically, the measures stated in "(I) Acquisition of a Share Valuation Report by the Tender Offeror from an Independent Third-party Valuation Agency" to "(IX) Securement of Objective Situation to Ensure the Fairness of the Tender Offer" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest") and sufficient consideration of the interests of the Company's general shareholders has been fully given; therefore, the Tender Offeror has not obtained from Daiwa Securities an opinion on the fairness of the Tender Offer Price (fairness opinion).

(ii) Overview of the Valuation for the Company Shares

Daiwa Securities considered the valuation methods to be applied to calculate the share value of the Company Shares from among multiple valuation methods; thereafter, Daiwa Securities calculated the share value of the Company Shares using each of the following methods: the market price method, as the Company Shares are listed on the TSE Prime Market, and there is a market price thereof; the comparable company method, as there are multiple listed companies that are comparable with the Company, and it is possible to infer the share value of the Company by comparing these companies; and the DCF Method in order to reflect the status of future business activities in the calculation; and on January 30, 2025, the Tender Offeror obtained a share valuation report on the share value of the Company from Daiwa Securities (the "Tender Offeror Share Valuation Report").

The valuation results of the share value per share of the Company Shares by Daiwa Securities are as shown below.

Market price method:	1,860 yen to 1,945 yen
Comparable company method:	564 yen to 1,692 yen
DCF Method:	1,933 yen to 2,791 yen

Under the market price method, by setting the base date as January 30, 2025, the range of the share value per share of the Company Shares was calculated to be 1,860 yen to 1,945 yen based on: 1,945 yen, which is the closing price of the Company Shares on the Prime Market of the TSE as of base date; 1,902 yen, which is the simple average value of the closing prices for the one month before the base date; 1,860 yen, which is the simple average value of the closing prices for the three months before the base date; and 1,873 yen, which is the simple average value of the closing prices for the six months before the base date.

Under the comparable company method, the range of the share value per share of the Company Shares was calculated to be 564 yen to 1,692 yen as a result of the valuation of the Company Shares by selecting listed companies that engage in business relatively similar to the Company's business and by using EBITDA magnification of the business value.

Under the DCF Method, the range of the share value per share of the Company Shares was calculated to be 1,933 yen to 2,791 yen based on the Company's business plan; that is one the Tender Offeror added an adjustment to the business plan for the fiscal year ending March 2025 to the fiscal year ending March 2029 prepared by the Company, by taking into account various factors, such as the latest performance trends, the results of the due diligence on the Company conducted by the Tender Offeror, and publicly available information. It also involved analyzing the share value of the Company by discounting to the present value at a certain discount rate the free cash flow expected to be generated by the Company in and after the third quarter of the fiscal year ending March 2025. The Company's business plan used by Daiwa Securities in the DCF Method does not include any significant increase or decrease in profits or reflect synergies of the Transactions.

With regard to the Tender Offer Price, the Tender Offeror comprehensively took into account the results of the due diligence it conducted on the Company, whether or not the Company's board of directors supporting the Tender Offer, trends in the market share price of the Company Share, and the prospect of tenders for the Tender Offer, in addition to the calculations included in the Tender Offeror Share Valuation Report obtained from Daiwa Securities, and took into account discussions and negotiations with the Company. The Tender Offeror ultimately decided that the Tender Offer Price would be 2,750 yen per share during its board of directors' meeting held on January 31, 2025.

The Tender Offer Price includes the following premiums: 41.39% on the closing price of the Company Shares of 1,945 yen on the Prime Market of the TSE as of January 30, 2025, which is the business day immediately before the announcement date of the implementation of the Tender Offer; 44.58% on the simple average of the closing price for the one month before the same date, which was 1,902 yen; 47.85% on the simple average of the closing price for the three months before the same date, which was 1,860 yen; and 46.82% on the simple average of the closing price for the six months before the same date, which was 1,873 yen.

(4) Possibility of Delisting and Reasons Therefor

As of today, the Company Shares are listed on the Prime Market of the TSE; however, as the Tender Offeror has not set a maximum limit on the number of shares to be purchased in the Tender Offer, depending on the results of the Tender Offer, the Company Shares may be delisted through the prescribed procedures in accordance with the delisting criteria set by the TSE. Additionally, even if the delisting criteria are not met at the time of the successful completion of the Tender Offer, as the Tender Offeror plans to implement the Squeeze-Out Procedures stated

in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” below after the successful completion of the Tender Offer, if such procedures are implemented, then the Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria of the TSE. After the Company Shares are delisted, the Company Shares will no longer be traded on the Prime Market of the TSE.

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

As stated in “(I) Overview of the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, if the Tender Offeror fails to acquire all of the Company Shares (excluding the Company Shares owned by the Tender Offeror and the treasury shares owned by the Company) through the Tender Offer, it plans to implement the Squeeze-Out Procedures to make the Tender Offeror the only shareholder of the Company by the methods below after the successful completion of the Tender Offer.

(I) Demand for Share Cash-Out

As a result of the successful completion of the Tender Offer, if a total of the number of voting rights of the Company owned by the Tender Offeror reaches 90% or more of the number of voting rights of all the shareholders of the Company, and the Tender Offeror becomes a special controlling shareholder under Article 179, paragraph (1) of the Companies Act (Act No. 86 of 2005, as amended; the “Companies Act”), the Tender Offeror will, promptly after completion of the settlement for the Tender Offer, demand that all the shareholders of the Company (excluding the Tender Offeror and the Company) (the “Shareholders Subject to the Cash-Out”) sell all of the Company Shares owned by them pursuant to Part II, Chapter II, Section 4-2 of the Companies Act (the “Demand for Share Cash-Out”).

In the Demand for Share Cash-Out, the Tender Offeror plans to provide that as consideration for one Company Share, it will pay the same amount as the Tender Offer Price to the Shareholders Subject to the Cash-Out. In such a case, the Tender Offeror will notify the Company thereof and request that the Company approve the Demand for Share Cash Out. If the Company approves the Demand for Share Cash-Out by resolution at its board of directors’ meeting, the Tender Offeror will acquire all the Company Shares owned by the Shareholders Subject to the Cash-Out as of the acquisition date set in the Demand for Share Cash-Out, without the need for individual approvals from the Shareholders Subject to Cash-Out, in accordance with the procedures set forth in relevant laws and regulations. Thereafter, the Tender Offeror will pay the same amount as the Tender Offer Price to each of the Shareholders Subject to the Cash-Out as consideration for one Company Share that was owned by the Shareholders Subject to the Cash-Out. If the Company receives a notice from the Tender Offeror of its intention to make the Demand for Share Cash-Out and the matters set forth in each item of Article 179-2, paragraph (1) of the Companies Act, the Company plans to approve the Demand for Share Cash-Out at its board of directors’ meeting.

The provisions in the Companies Act aimed at protecting the rights of general shareholders related to the Demand for Share Cash-Out provide that the Shareholders Subject to the Cash-Out may file a petition to a court for determination of the purchase price of the Company Shares owned by them pursuant to Article 179-8 of the Companies Act and other provisions under relevant laws and regulations. The purchase price of the Company Shares, if such petition is filed, will be finally determined by a court.

(II) Share Consolidation

Even if the Tender Offer is successfully completed, if a total of the number of voting rights of the Company owned by the Tender Offeror is less than 90% of the number of voting rights of all the shareholders of the Company, the Tender Offeror will, promptly after completion of the



settlement for the Tender Offer, request that the Company hold an extraordinary general shareholders' meeting (the "Extraordinary General 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. Moreover, the Tender Offeror believes that it is desirable to hold the Extraordinary General Shareholders' Meeting as soon as possible from the perspective of enhancing the corporate value of the Company, and it plans to request that the Company give a public notice on the record date so that a day close to and after the commencement date of the settlement for the Tender Offer (as of today, which is scheduled to be in early March 2025) is the record date of the Extraordinary General Shareholders' Meeting. The Company plans to hold the Extraordinary General Shareholders' Meeting in response to the request by the Tender Offeror, and it is scheduled to be held in late May 2025. The Tender Offeror plans to agree to each of those proposals at the Extraordinary General Shareholders' Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary General Shareholders' Meeting, the Company's shareholders will own the Company Shares in the number according to the ratio of the Share Consolidation that is approved at the Extraordinary General 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, the amount of money obtained by selling the Company Shares corresponding to the total of such fractions (any fraction of less than one share included in the total number will be rounded off; hereinafter the same applies) to the Company or the Tender Offeror will be delivered to the shareholders of the Company who own such fractional Company Shares, pursuant to the procedures provided in Article 235 of the Companies Act and other relevant laws and regulations. The Tender Offeror plans to request that the Company calculate the sales price of the Company Shares corresponding to the total of such fractions so that the amount of money to be delivered, as a result of the sale, to the shareholders of the Company (excluding the Tender Offeror and the Company) who did not tender shares in the Tender Offer equals the Tender Offer Price multiplied by the number of the Company Shares that such shareholders of the Company owned; and that the Company file a petition with a court to permit such voluntary sale. The ratio of the Share Consolidation has not been determined as of today; however, the Tender Offeror plans to request that the Company determine the ratio in such a way that the number of the Company Shares owned by the Company's shareholders (excluding the Tender Offeror and the Company) who did not tender shares in the Tender Offer will be a fraction of less than one share, so that the Tender Offeror will be the only shareholder of the Company. If the Tender Offer is successfully completed, the Company plans to respond to those requests by the Tender Offeror.

The provisions of the Companies Act that aim to protect the rights of general shareholders to which the Share Consolidation relates provide that if fractions less than one share arise as a result of the Share Consolidation, the Company's shareholders (excluding the Tender Offeror and the Company) may demand that the Company purchase all of the fractions of less than one share from among the Company Shares owned by them at a fair price; and may file a petition with a court to determine the price of the Company Shares, pursuant to Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations.

As stated above, in the Share Consolidation, the number of the Company Shares owned by the Company's shareholders (excluding the Tender Offeror and the Company) who did not tender shares in the Tender Offer will be a fraction of less than one share; therefore, the Company's shareholders who dissent with the Share Consolidation will be able to file the petition mentioned above. If the petition mentioned above is filed, the purchase price for the Company Shares will be finally determined by a court.

With respect to the procedures in (I) and (II) above, depending on various circumstances such as amendments, enforcement, and authorities' interpretations of relevant laws and regulations, it may take time to implement those procedures or the method of implementation thereof may

change. However, even in such a case, it is planned that a method under which money will be ultimately delivered to the Company's shareholders (excluding the Tender Offeror and the Company) who did not tender shares in the Tender Offer will be adopted; in such a case, it is also planned that the amount of money to be delivered to each such shareholder will be calculated so that it is equal to the Tender Offer Price multiplied by the number of the Company Shares owned by each such shareholder. The Company will discuss the specific procedures, time of implementation of those procedures, and other matters in each of the cases above with the Tender Offeror and will promptly announce those matters as soon as they are determined.

The Tender Offer does not solicit the approval of the Company's shareholders at the Extraordinary General Shareholders' Meeting. With respect to tendering shares in the Tender Offer and treatment of each of the procedures in terms of tax affairs, the Company's shareholders should confirm with a tax accountant or other experts, at its own responsibility.

(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

As the Company is the Tender Offeror's consolidated subsidiary, taking into account the Transactions including the Tender Offer falling under the category of a material transaction and the like with the controlling shareholder and the category of a transaction involving a structural conflict of interest issue and an information asymmetry issue between the Tender Offeror and the Company's general shareholders in a similar manner, from the perspective of ensuring the fairness of the Tender Offer Price, eliminating arbitrariness from the decision-making process with respect to the Transactions including the Tender Offer, and avoiding conflicts of interest, the Tender Offeror and the Company have taken the measures below.

As stated in "(I) Overview of the Tender Offer" of "(2) Grounds and Reasons for the Opinion on the Tender Offer" above, as the Tender Offeror owns 28,863,844 Company Shares (ownership ratio: 52.98%) as of today, the Tender Offeror believes that if the minimum planned purchase quantity is set for the "majority of the minority" in the Tender Offer, this may lead to uncertainty with respect to 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 planned purchase quantity for the "majority of the minority" in the Tender Offer. However, as the Tender Offeror and the Company have taken the measures listed in (I) to (IX) below, the interests of the Company's general shareholders have been sufficiently considered, and the Company also believes as such.

Among the statements below, those regarding measures and the like taken by the Tender Offeror are based on explanations provided by the Tender Offeror.

(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, when determining the Tender Offer Price, the Tender Offeror requested that Daiwa Securities, which is the Tender Offeror's financial advisor as a third-party valuation agency independent of the Tender Offeror and the Company, calculate the share value of the Company Shares. Daiwa Securities is not a related party of the Tender Offeror or the Company, and it has no material interest in the Tender Offer. The remuneration to be paid to Daiwa Securities for the Transactions includes a contingent fee to be paid subject to successful completion of the Transactions and other conditions. The Tender Offeror concluded that the fact that the remuneration includes a contingent fee to be paid subject to successful completion of the Transactions does not negate the independence of Daiwa Securities, taking into account general practices in the same type of transactions and the pros and cons of the remuneration system in which the Tender Offeror will incur a considerable monetary burden if the Transactions fail to be successfully completed, and the Tender Offeror

appointed Daiwa Securities as its financial advisor and third-party valuation agency based on the remuneration system above. For details of the Tender Offeror Share Valuation Report obtained by the Tender Offeror from Daiwa Securities, please see “(III) Acquisition of a Share Valuation Report and a Fairness Opinion by the Tender Offeror from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” above.

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

As stated in “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” below, the Company appointed SMBC Nikko Securities as its financial advisor and third-party valuation agency independent of the Tender Offeror Group and the Company Group; requested that SMBC Nikko Securities calculate the value of the Company Shares and express an opinion on the appropriateness of the Tender Offer Price (fairness opinion); obtained advice and support from a financial perspective including advice on the negotiation policy with the Tender Offeror; and on January 30, 2025, obtained the Share Valuation Report (SMBC Nikko Securities) and the Fairness Opinion (SMBC Nikko Securities). For overviews of the Share Valuation Report (SMBC Nikko Securities) and the Fairness Opinion (SMBC Nikko Securities), please see “(I) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” above.

SMBC Nikko Securities is not a related party of the Tender Offeror or the Company, and it has no material interest in the Transactions including the Tender Offer. For the independence of SMBC Nikko Securities, please see “(i) Name of the Valuation Agency and its Relationship with the Company and the Tender Offeror” of “(I) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” above.

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

(i) Background to the Establishment

As stated in “(IV) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, pursuant to the resolution at the Company’s board of directors’ meeting held on October 31, 2024, the Company established the Special Committee; prior to the establishment of the Special Committee, in order to build a system to consider, negotiate, and make a decision on the Transactions with a view to enhancing the Company’s corporate value and securing interests of the Company’s general shareholders, in a position independent of the Tender Offeror, the Company, while receiving advice from Mori Hamada & Matsumoto, explained to all of its directors at that time, including the independent outside directors that it had received an initial intention concerning the Transactions and the Restructuring Within the Group from the Tender Offeror and that as the Transactions fall under the category of a transaction involving a structural conflict of interest issue and an information asymmetry issue in a similar manner, it is necessary to fully take measures to ensure the fairness of the transaction terms of the Transactions, such as establishment of the Special Committee in considering and negotiating the Transactions. Concurrently, the Company, while receiving advice from Mori Hamada & Matsumoto, confirmed the independence, qualifications, and the like of its independent outside directors, who will be candidates for members of the Special Committee. Based on this, while receiving advice from Mori Hamada & Matsumoto, in order to ensure a balance among knowledge, experience, and ability of the Special Committee as a whole and to compose the Special Committee to be an appropriate size, the Company selected the following four candidates for members of the Special Committee after confirming that they are independent of the Tender

Offeror Group and the Company Group (the Company confirmed that there is no material interest between Mr. Hiroshi Yogi, Ms. Kayo Fujiwara, Mr. Iwao Toide, and Ms. Aki Miyaguchi on the one hand, and the Tender Offeror or the Company on the other hand), and that they do not have any material interest in whether the Transactions will be successfully completed different from that of general shareholders: Mr. Hiroshi Yogi (independent outside director, member of the board and audit & supervisory committee member of the Company and a former senior officer of Sumitomo Mitsui Banking Corporation) who has a wealth of operational experience at financial institutions; Ms. Kayo Fujiwara (independent outside director, member of the board of the Company and director and senior vice president of ENEOS Ocean Corporation) who serves as an officer at a leading energy company group and has knowledge and experience in strategy building; Mr. Iwao Toide (independent outside director, member of the board of the Company and a former executive vice president, and group CEO of the Automotive & Mobility Group of Mitsubishi Corporation) who serves as an officer at a leading general trading company and has management ability and knowledge of governance in corporate management; and Ms. Aki Miyaguchi (independent outside director, member of the board and audit & supervisory committee member of the Company and the chief of Certified Public Accountant Miyaguchi Aki Office) who has abundant experience as a certified public accountant (The members of the Special Committee elected Mr. Hiroshi Yogi as the chairperson, and the members of the Special Committee have not been changed since the establishment thereof).

On that basis, as stated in “(IV) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, the Company established the Special Committee pursuant to the resolution at the Company’s board of directors’ meeting held on October 31, 2024, and consulted the Special Committee on the Advisory Matters. When establishing the Special Committee, the Company made the Special Committee a council independent of the Company’s board of directors, and the Company’s board of directors resolved that decision-making on the Transactions by the Company’s board of directors will respect the Special Committee’s opinions to the maximum extent, including whether to support the Tender Offer; that if the Special Committee decides that the implementation and the terms and conditions of the Transactions are not appropriate, the Company’s board of directors will not approve the Transactions on those terms and conditions (including not to support the Tender Offer). The Company’s board of directors also resolved that the Special Committee will be substantially involved in the negotiation process between the Company and the Tender Offeror (including providing instructions or making requests regarding the negotiation policy with the Tender Offeror as necessary, and negotiating with the Tender Offeror itself) and that the Special Committee will appoint its own financial advisor(s) and legal advisor(s) at the Company’s expense and will nominate or approve the Company’s financial advisor(s) and legal advisor(s) (including ex post fact approval) as necessary when the Special Committee submits a report on the Advisory Matters (if the Special Committee confirms that there is no issue with the independence and expertise of the Company’s advisors, it may seek professional advice from the Company’s advisors); that the Special Committee will receive information necessary to consider and make a decision on the Transactions from the Company’s officers and employees, including information regarding the content and premise of preparation of the business plan; and that the Company will grant authority for other matters that the Special Committee finds necessary when considering and making a decision on the Transaction.

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

(ii) Details of the Consideration

The Special Committee held meetings 16 times in total for approximately 18.5 hours in total during the period from October 31, 2024 to January 30, 2025, and its members performed their duties for the Advisory Matters by making reports, sharing information, deliberating, making decisions, etc. via e-mail and web meeting as necessary during each interval of the meetings.

Specifically, on October 31, 2024, the Special Committee first decided to appoint Nakamura, Tsunoda & Matsumoto as its own legal advisor independent of the Tender Offeror Group and the Company Group, and Nomura Securities as its own financial advisor and third-party valuation agency independent of the Tender Offeror Group and the Company Group, after considering their independence, expertise, performance, etc.

Furthermore, the Special Committee confirmed that there was no issue with the independence, expertise, performance, etc. of SMBC Nikko Securities, which is the Company's financial advisor and third-party valuation agency, and it approved the appointment thereof. The Special Committee also confirmed that there was no issue with the independence, expertise, performance, etc. of Mori Hamada & Matsumoto, which is the Company's legal advisor, and it approved the appointment thereof.

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

Moreover, the Special Committee considered the measures to be taken to ensure the fairness of the procedures in the Transactions based on the legal advice received from Nakamura, Tsunoda & Matsumoto and the opinion obtained from Mori Hamada & Matsumoto.

The Special Committee sent the Tender Offeror a written inquiry regarding the significance of the Transactions, synergy and dis-synergy of the Tender Offeror Group and the Company, consideration status of the Transactions, assumed structure of the Transactions, and treatment of the employees, and other matters including various conditions of the Tender Offer. Regarding these matters, the Special Committee received a written response and direct explanations from the Tender Offeror, and they exchanged questions and answers. Moreover, the Special Committee considered the written response and the result of the exchange of questions and answers, and sent the Tender Offeror a written inquiry regarding various matters, including the background, purpose, and specific synergies of making the Company a wholly-owned subsidiary, disadvantages of making the Company a wholly-owned subsidiary, management policy after making the Company a wholly-owned subsidiary, and method (structure) of making the Company a wholly-owned subsidiary. Regarding these matters, the Special Committee received a written response.

The Special Committee received explanations from the Company's management regarding its opinion on the background, purpose, and synergies of the Transactions, and they exchanged questions and answers.

In addition, the Special Committee received explanations from the Company regarding the contents of the Business Plan, Etc., the material assumptions therefor, and the preparation process thereof, which constitute the basis for negotiations with the Tender Offeror and for the valuation of the Company Shares by SMBC Nikko Securities and Nomura Securities; 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 Company from an Independent Third-party Valuation Agency" above and "(IV) Acquisition

of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” below, SMBC Nikko Securities and Nomura Securities calculated the value of the Company Shares based on the contents of the Business Plan, Etc. The Special Committee received explanations from SMBC Nikko Securities and Nomura Securities regarding the calculation methods used in their valuation of the Company Shares, the reasons why these calculation methods were adopted, the details of the calculations using each calculation method, and the material assumptions. After exchanging questions and answers, and deliberating over and considering them, the Special Committee confirmed the reasonableness of these matters.

Furthermore, as stated in “(I) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” and “(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” above, the Company received the Fairness Opinion (SMBC Nikko Securities) from SMBC Nikko Securities, and the Special Committee received the Fairness Opinion (Nomura Securities) from Nomura Securities. The Special Committee also received explanations regarding the issuance procedures and other matters of the Fairness Opinion (SMBC Nikko Securities) and the Fairness Opinion (Nomura Securities) from SMBC Nikko Securities and Nomura Securities, respectively, and exchanged questions and answers.

Since the Company received the first proposal for the Tender Offer Price from the Tender Offeror on December 20, 2024, each time a proposal for the Tender Offer Price was submitted by the Tender Offeror to the Company, the Special Committee received timely reports on matters including the details of the proposal and the course of negotiations from SMBC Nikko Securities, which is the Company’s financial advisor. The Special Committee conducts deliberation over and consideration of the details thereof also based on the advice received from Nomura Securities and opinions heard from SMBC Nikko Securities. The Special Committee also received a prior explanation from SMBC Nikko Securities on the proposal for a policy of negotiation with the Tender Offeror and the draft for a written reply to the Tender Offeror, stated opinions as necessary, and exchanged questions and answers. Thereafter, the Special Committee approved those proposals and gave instructions and requests to SMBC Nikko Securities, which is in charge of negotiations with the Tender Offeror.

With respect to the drafts for the Press Release and other documents, the Special Committee, while receiving advice and the like from Nakamura, Tsunoda & Matsumoto, which is the Special Committee’s legal advisor, received several explanations from Mori Hamada & Matsumoto, which is the Company’s legal advisor and SMBC Nikko Securities, which is the Company’s financial advisor, exchanged questions and answers, and confirmed that there are plans to engage in fruitful information disclosure.

(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, advice from a financial perspective received from Nomura Securities, and the content of the Share Valuation Report (Nomura Securities) and the Fairness Opinion (Nomura Securities) submitted as of January 30, 2025. Consequently, based on the unanimous consent of the members, the Special Committee submitted to the Company’s board of directors the Report on the same date, as summarized below.

(a) Contents of the Report

- i. The Special Committed believes that the Company's board of directors should express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender shares in the Tender Offer.
  - ii. The Special Committed believes that the Company's board of directors' decision on the Transactions (i.e., the decision to support the Tender Offer and recommend that the Company's shareholders tender shares in the Tender Offer, and to implement the Squeeze-Out Procedures) is not disadvantageous to the Company's minority shareholders.
- (b) Reasons for the Proposals Made in the Report
- i. Based on the following points, the Special Committee believes that the Transactions will contribute to enhancement of the Company's corporate value:
    - The structure of the management environment surrounding the Company Group is significantly changing, and future changes are also expected. Specifically, a certain level of future growth in the global demand for special steel is expected, especially in North America and India; however, domestic demand for special steel is expected to decrease due to changes in social structure, such as a decrease in population and an aging population, and direct export of special steel and indirect export of products in which special steel is used are also expected to decrease in the mid- to long-term due to overseas users' increased need for local production to be used for local consumption and a review of the global supply chain. Furthermore, it is also expected that competition with domestic and overseas special steel manufacturers will intensify due to changes in social and industrial structures, such as the increased use of EVs, etc., and that competition over the procurement of scrap iron will also intensify to achieve carbon neutrality by 2050. In order to appropriately respond to such long-term changes in the management environment and further enhance the Company Group's corporate value, the Special Committee believes that it is necessary to increase the value provided to customers and achieve efficient management through optimal allocation of resources by using the Tender Offeror Group's technology, know-how, and resources to pursue continued growth.
    - However, the Special Committee received the following explanation from the Tender Offeror: under the current capital relationship between the Tender Offeror and the Company, there are cases where even measures that contribute to enhancement of the corporate value of the Tender Offeror Group as a whole have a risk that the benefits thereof may disproportionately flow to one company when viewed on a per-company basis, and in such case, it may not be easy for both companies to gain the understanding of general shareholders of the other company when viewed only from the perspective of an individual company; therefore, in the current situation, it is difficult to implement such measures and demonstrate synergies to the maximum extent. Furthermore, the Special Committee also received an explanation to the effect that it will take time for the Tender Offeror and the Company to make decisions and adjust interests that give consideration to general shareholders, and that bold measures that will enhance the corporate value in the mid- to long-term may become difficult to implement due to the risk of impairing the short-term profits of individual companies, which could pose serious hurdles in a severe business environment. In addition, the Company also believes that maintaining the current capital relationship, which may cause conflicts of interest between the Tender Offeror and the Company's minority shareholders, will impose certain limitations on furthering the business relationship between both companies, including mutual utilization of management resources, since there is a possibility that it may become difficult to take measures to protect the interests of the Company's minority shareholders. The Special Committee believes that making the

Company a wholly-owned subsidiary through the Transactions will allow the Tender Offeror to invest further management resources in the Company Group.

- By allowing the Tender Offeror to invest further management resources in the Company Group, the following synergies are expected to be generated.
  - I. Achievement of efficient production and procurement systems and cost reduction through integrated management
  - II. Deepening of research and development
  - III. Sharing of human capital and strengthening of competitiveness through global expansion
  - IV. Prompt and flexible decision-making
  - V. Reduction of listing maintenance costs and burden related thereto
- While making the Company a wholly-owned subsidiary through the Transactions raises concerns about potential disadvantages, such as limited fundraising options for the Company and adverse effects on the Company's business activities due to changes in the decision-making process, according to the Tender Offeror, there are no plans to alter the loans under the cash management system currently used by the Company after the Transactions. The Tender Offeror aims to strengthen competitiveness through faster decision-making, including making positive investments. Furthermore, the Company's management believes that its decision-making process and the degree of freedom it has will not significantly change after the Company becomes a wholly-owned subsidiary through the Transactions, and that the Company becoming a wholly-owned subsidiary through the Transactions will not impair the Company's business value in a significant way.
- In addition, there are also concerns that the Company becoming a wholly-owned subsidiary may have disadvantages, such as adverse effects on employees' motivation and recruitment activities; however, according to the Tender Offeror, there are currently no plans to change the treatment of employees or recruitment policies due to the Transactions, and the Tender Offeror intends to deepen its understanding of the Company's corporate culture and efforts to promote women's empowerment, and adopt these best practices throughout the group. The Tender Offeror also aims to engage in respectful dialogue with the Company's employees. The Company's management also believes that respectful dialogue with employees is essential.
- In light of the foregoing, although there is a possibility that disadvantages may occur as a result of the Company becoming a wholly-owned subsidiary through the Transactions, the extent of such disadvantages will be limited and will not exceed the synergies expected to be generated through the Transactions.
- ii. Based on the following points, the Special Committee believes that the transaction terms of the Transactions, including the tender Offer Price, are fair and appropriate:
  - With regard to the method of acquisition in the Transactions, the approach of implementing the Tender Offer as the first stage and the squeeze-out through a demand for share cash-out or a share consolidation as the second stage, is one of the methods commonly adopted in transactions to make a company a private subsidiary, such as in the Transactions. Additionally, concerning the type of acquisition consideration, the Special Committee believes that using cash as acquisition consideration is appropriate, given the differences in business details between the Tender Offeror and the Company, as well as the possibility that some of the Company's shareholders may not wish to acquire shares in the Tender Offeror. Therefore, the Special Committee believes that the



method of the Transactions and the type of consideration for the acquisition are appropriate.

- The Company's business plan, which serves as the basis for the calculation using the DCF Method in the Share Valuation Report (SMBC Nikko Securities) and the Share Valuation Report (Nomura Securities), was formulated by a business plan study team that operates independently of the Tender Offeror and the success or failure of the Transactions by reflecting reasonable prospects based on the current business environment, based on the earnings forecast and the mid-term management plan announced by the Company for the fiscal years regarding which such earnings forecast and mid term management plan exist, and taking into account market trends and prospects based on statistical material from external organizations for the subsequent fiscal years. The Special Committee finds no unreasonable points in its formulation procedures and content.
- The Special Committee finds no unreasonable points in the methods and details of the calculations in the Share Valuation Report (Nomura Securities) (including the selection of similar companies in the comparable company method and the calculations of the discount rate and the continued value in the DCF Method) in particular, and finds them reliable. It can be found that the Tender Offer Price is higher than the upper limit of the calculation results under the market price method, and within the range of the calculation results under the comparable company method and the DCF Method conducted by Nomura Securities.
- The Special Committee finds no unreasonable points in the methods and details of the calculations in the Share Valuation Report (SMBC Nikko Securities) (including the selection of similar companies in the comparable listed company method and the calculations of the discount rate and the continued value in the DCF Method) in particular, and finds them reliable. It can be found that the Tender Offer Price is higher than the upper limit of the calculation results under the market price method and the comparable listed company method, and within the range of the calculation results under the DCF Method conducted by SMBC Nikko Securities.
- The Special Committee finds that the Tender Offer Price includes premiums that are comparable to those in similar cases (40 tender offer cases that aimed to privatize a subsidiary and were announced on and after June 28, 2019, when the "Fair M&A Guidelines" were published by the Ministry of Economy, Trade and Industry, until December 31, 2024, in which a special committee was established, and the market capitalization of the target company was 10 billion yen or more (excluding MBOs, two-step tender offers, unsuccessful cases, and cases in which shareholders were not recommended to tender)).
- The Special Committee was substantially involved in the discussion and negotiation process concerning the terms and conditions for the Transactions, including the Tender Offer Price, between the Company and the Tender Offeror, and finds that serious negotiations were conducted that allowed for reasonable efforts to ensure that the Transactions would be conducted under terms as favorable as possible for the general shareholders, effectively ensuring that the Transactions could be regarded as being conducted at arm's length.
- The Special Committee obtained the Fairness Opinion (Nomura Securities) from Nomura Securities, which states the opinion that the Tender Offer Price is appropriate from a financial perspective for the Company's shareholders (excluding the Tender Offeror). The Special Committee finds no unreasonable aspects in the procedures or

content of the Fairness Opinion (Nomura Securities), and believes that the fairness and appropriateness of the Tender Offer Price is further substantiated by this opinion.

- The Company obtained a Fairness Opinion (SMBC Nikko Securities) from SMBC Nikko Securities, which states an opinion that the Tender Offer Price is fair from a financial perspective for the Company's shareholders (excluding the Tender Offeror and the Company, which owns the Company Shares as treasury shares). The Special Committee finds no unreasonable aspects in the issuance procedures or content of the Fairness Opinion (SMBC Nikko Securities), and believes that the fairness and appropriateness of the Tender Offer Price is further substantiated by this opinion.
  - Although the Tender Offer Price is below the book value of the consolidated net assets per share of the Company, the Special Committee believes that the book value of the consolidated net assets is not a factor to refute the reasonableness of the calculation of the corporate value of the Company as a going concern. The Special Committee believes that the reasonableness of the Tender Offer Price is not refuted by the fact that the Tender Offer Price is below the book value of consolidated net assets per share.
  - In light of the foregoing, the Special Committee believes that the Tender Offer Price is fair and appropriate. In the Transactions, as stated in iii. below, fair procedures have been taken with a view to protecting the interests of general shareholders; therefore, the consideration to be delivered to the Company's shareholders in the Squeeze-Out Procedures, which is the same price as the Tender Offer Price, is also considered to be fair and appropriate.
- iii. Based on the following points, the Special Committee finds that fair procedures have been taken with a view to protecting the interests of general shareholders in the Transactions:
- The Company established the Special Committee independent of the Tender Offeror Group and the Target Company Group, and the Special Committee finds that it has effectively fulfilled its role.
  - The Special Committee received professional advice from its own legal advisor, Nakamura, Tsunoda & Matsumoto, that the Special Committee was appointed after confirmation of its independence, expertise, and track record, and from Nomura Securities, its own financial advisor and third-party valuation agency.
  - The Company received professional advice from Mori Hamada & Matsumoto, whose appointment as the Company's legal advisor was approved by the Special Committee after confirming its independence, expertise, and track record, as well as from SMBC Nikko Securities, whose appointment as the Company's financial advisor and third-party valuation agency was also approved by the Special Committee.
  - The Special Committee obtained the Share Valuation Report (Nomura Securities) and Fairness Opinion (Nomura Securities) from Nomura Securities, which serves as its own third-party valuation agency.
  - The Company obtained the Share Valuation Report (SMBC Nikko Securities) and Fairness Opinion (SMBC Nikko Securities) from SMBC Nikko Securities, which serves as its own third-party valuation agency.
  - The Company internally established a structure to consider and negotiate the Transactions independently from the Tender Offeror Group other than the Company Group, and obtained confirmation and approval of the Special Committee. Mr. Hiroto

Sonoda who is a director of the Company and concurrently serves as a managing executive officer of the Tender Offeror, and Mr. Yoshiro Hori who is a director of the Company and belonged to the Tender Offeror Group within the past two years did not participate in the deliberations or resolutions regarding the Transactions at the board of directors' meetings of the Company, or participate in the discussions or negotiations with the Tender Offeror regarding the Transactions on the Company's side.

- In the Transactions, the Tender Offer Period in the Tender Offer has been set as 30 business days, which is longer than the shortest period stated in laws or regulations, and the Tender Offeror and the Company have not executed any agreement that restricts competing bidders from contacting the Company; therefore, the opportunity for other acquirers to make a proposal for acquisition has been secured.
  - Although no majority of minority conditions are planned to be set in the Tender Offer, since the Tender Offeror owns a majority of the Company Shares, if majority of minority conditions were set, a relatively small number of shares may make it possible to prevent successful completion of the Tender Offer. This may lead to uncertainty with respect to 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. In addition, other sufficient measures to ensure fairness have been taken in the Transactions; therefore, the fact that no majority of minority conditions are set in the Tender Offer is not considered to impair the fairness of the proceedings in the Tender Offer.
  - The Special Committee finds that in the Tender Offer, the opportunity for general shareholders to make a decision based on sufficient information will be ensured.
  - In the Transactions, no scheme has been adopted in which shareholders who do not tender their shares in the Tender Offer do not have the right to request the purchase of shares or the right to petition for determining a price for the Squeeze-Out Procedures. The Squeeze-Out Procedures are scheduled to be implemented promptly after the Tender Offer is successfully completed, and the amount of money to be delivered to shareholders who did not tender their share in the Tender Offer in the Squeeze-Out Procedures is scheduled to be decided based on the same price as the Tender Offer Price. This plan is scheduled to be disclosed; therefore, the Special Committee finds that practical measures that are desirable to eliminate coercion have been taken, and that coercion has been eliminated.
- iv. The Special Committee believes that the Transactions will contribute to enhancement of the Company's corporate value as stated in i. above, that the transaction terms of the Transactions, including the Tender Offer Price, are fair and appropriate as stated in ii. above, and that fair procedures have been implemented with a view to protecting the interests of general shareholders in the Transactions as stated in iii. above. Therefore, the Special Committee believes that the Company's board of directors should express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer.
- v. The Special Committee believes that as the Transactions will contribute to enhancement of the Company's corporate value as stated in i. above, the transaction terms of the Transactions, including the Tender Offer Price, are fair and appropriate as stated in ii. above, and fair procedures have been implemented with a view to protecting the interests of general shareholders in the Transactions as stated in iii. above, the Company's board of directors' decision to express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer, and the Company's board of directors' decision to implement the Squeeze-Out Procedures, thereby making the Tender Offeror the only shareholder of the Company

following the successful completion of the Tender Offer, are not disadvantageous to the Company's minority shareholders.

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

As stated in “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” above, the Special Committee appointed Nomura Securities as its own financial advisor and third-party valuation agency independent of the Tender Offeror Group and the Company Group, received advice from a financial perspective, including advice on the valuation of the Company Shares and the negotiation policy with the Tender Offeror, and obtained the Share Valuation Report (Nomura Securities) on January 30, 2025. The Special Committee also obtained from Nomura Securities the Fairness Opinion (Nomura Securities) to the effect that the Tender Offer Price, 2,750 yen per share is appropriate from a financial perspective for the shareholders of the Company (excluding the Tender Offeror). For the outline of the Share Valuation Report (Nomura Securities) and the Fairness Opinion (Nomura Securities), please see “(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” above.

Nomura Securities is not a related party of the Tender Offeror or the Company, and it has no material interest in the Transactions, including the Tender Offer. For the independence of Nomura Securities, please see “(i) Name of the Valuation Agency and its Relationship with the Company and the Tender Offeror” of “(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” above and “(ii) Details of the Consideration” of “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” above.

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

As stated in “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” above, the Special Committee appointed Nakamura, Tsunoda & Matsumoto as its legal advisor independent of the Tender Offeror Group and the Company Group and received legal advice including advice on the measures to be taken to ensure the fairness of the procedures in the Transactions and on the Special Committee's deliberation method and process, and other matters for the Transactions.

Nakamura, Tsunoda & Matsumoto is not a related party of the Tender Offeror or the Company, and has no material interest in the Transactions including the Tender Offer. Furthermore, the remuneration to Nakamura, Tsunoda & Matsumoto consists of only an hourly-based fee to be paid regardless of the success or failure of the Transactions, and does not include any contingent fee subject to successful completion of the Transactions. For the independence of Nakamura, Tsunoda & Matsumoto, please see “(ii) Details of the Consideration” of “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” above.

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

As stated in “(II) Background, Purpose and Decision-Making Process Leading to the Tender Offeror's Decision to Implement the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, the Company appointed Mori Hamada & Matsumoto which is an outside legal advisor, and received legal advice including advice on the measures to be taken to ensure the fairness of the procedures in the Transactions, on various procedures for the

Transactions, and on the method and the process of the Company's decision-making regarding the Transactions.

Mori Hamada & Matsumoto is not a related party of the Tender Offeror or the Company, and has no material interest in the Transactions 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 Transactions, and does not include any contingent fee subject to successful completion of the Transactions.

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

As stated in "(IV) Decision-Making Process and Reasons Leading to the Company's Support of the Tender Offer" of "(2) Grounds and Reasons for the Opinion on the Tender Offer" above, the Company internally built a structure to consider, negotiate, and make a decision on the Transactions in a position independent of the Tender Offeror Group other than the Company Group. Since the Company received the Proposal from the Tender Offeror on October 9, 2024, the Company has not allowed persons who hold concurrent positions at the Tender Offer Group other than the Company Group and persons from the Tender Offeror who had been working at the Tender Offeror Group in the last three years to be involved in the negotiation process for the transaction terms of the Transactions including the Tender Offer Price between the Company and the Tender Offeror, the preparation process of the business plan that serves as the basis for the valuation of the Company Shares, or any other processes for consideration, negotiation, and determination of the Transactions, from the perspective of eliminating structural conflict of interest issues.

Specifically, the Company, under the overall coordination of Mr. Katsuhiro Miyamoto, who is the representative director and president of the Company, as well as Mr. Kozo Omae and Mr. Takashi Yatsunami, who are directors of the Company, internally set up a "team for considering business plans," "team for handling DD," "team for verifying purchase prices," and "team for handling general affairs, public relations, transmission of information to employees, and other matters", whereunder the Company proceeded with deliberations of the Transactions.

In each of the teams above, officers and employees of the Company who concurrently serve as officers and employees of each company of the Tender Offer Group other than the Company Group at present and officers and employees of the Company who previously held positions at the Tender Offer Group in the last three years were not involved in any way.

Mr. Katsuhiro Miyamoto, who is the representative director and president of the Company, as well as Mr. Kozo Omae and Mr. Takashi Yatsunami, who are directors of the Company held positions at the Tender Offeror in the past. However, with respect to Mr. Katsuhiro Miyamoto, it has already been approximately three years and seven months since he moved from the Tender Offeror to the Company, and he has no concurrent position at or other command and order relationship with the Tender Offeror Group at present, and has substantial knowledge regarding special steel business and broad experience in corporate management, which is indispensable and irreplaceable for consideration of and negotiations regarding the Transactions from the perspective of enhancing the Company's corporate value as the representative director and president of the Company. In regard to Mr. Kozo Omae and Mr. Takashi Yatsunami, it has already been approximately eight years and ten months and approximately five years and ten months, respectively, since they moved from the Tender Offeror to the Company, and they have no concurrent positions at or other command and order relationships with the Tender Offeror Group at present. Therefore, they were involved in the consideration structure above including deliberations and resolutions of the Transactions. The treatment above and the structure to consider the Transactions that was built within the Company (including the scope of the Company's officers and employees who would be involved in the consideration, negotiations, and decision-making for the Transactions, and their duties) were determined based on the advice

from Mori Hamada & Matsumoto, and the Company obtained the approval of the Special Committee to the effect that there are no issues with them from the perspective of independence and fairness.

(VIII) Approval of All Directors (Including Directors Who Are Audit & Supervisory Committee Members) of the Company Without Any Conflicts of Interest

As stated in “(IV) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, the Company’s board of directors carefully discussed and considered whether the Transactions, including the Tender Offer, will contribute to enhancement of the Company’s corporate value and whether the transaction terms for the Transactions, 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 SMBC Nikko Securities, and the content of the Share Valuation Report (SMBC Nikko Securities) and the Fairness Opinion (SMBC Nikko Securities), while respecting the Special Committee’s decision indicated in the Report to the maximum extent.

As a result, as stated in “(IV) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, the Company concluded that the Transactions will contribute to enhancement of the Company’s corporate value and that the transaction terms for the Transactions, including the Tender Offer Price, are appropriate, and at the board of directors’ meeting of the Company held today, the directors who participated in deliberation and resolution unanimously adopted a resolution to express an opinion in support of the Tender Offer and to recommend that the Company’s shareholders tender their shares in the Tender Offer.

At the above-mentioned board of directors’ meeting of the Company held today, ten directors (including directors who are audit & supervisory committee members) other than Mr. Hiroto Sonoda and Mr. Yoshiro Hori deliberated and unanimously adopted a resolution as above. Considering that Mr. Hiroto Sonoda concurrently serves as a managing executive officer of the Tender Offeror, and that Mr. Yoshiro Hori belonged to the Tender Offeror Group within the past two years, they did not participate in the deliberations or resolutions regarding the Transactions at the board of directors’ meetings of the Company, including the above-mentioned board of directors’ meeting of the Company held today, or participate in the discussions or negotiations with the Tender Offeror regarding the Transactions on the Company’s side, to exclude the possibility of any influence of the structural conflict of interest issue and the information asymmetry issue underlying the Transactions on deliberations and resolutions at the board of directors’ meetings.

(IX) Securement of Objective Situation to Ensure the Fairness of the Tender Offer

The Tender Offeror and the Company have not executed any agreement that restricts competing bidders from contacting the Company, such as an agreement containing a deal protection clause that prohibits the Company from contacting any competing bidders. In addition, the Tender Offeror has set the purchase period in the Tender Offer (the “Tender Offer Period”) as 30 business days, which is longer than 20 business days, which is the shortest period stated in laws or regulations. Thus, by setting the Tender Offer Period as a longer period than the statutorily required shortest period, the Tender Offeror has ensured an opportunity for the Company’s shareholders to appropriately determine whether or not to tender their shares in the Tender Offer and has also ensured an opportunity for persons other than the Tender Offeror to make a competing purchase of the Company Shares; thereby, the Tender Offeror has given consideration to ensure the fairness of the Tender Offer.

4. Matters Concerning Material Agreements Between the Tender Offeror and the Company's Shareholders with Respect to the Tendering of Shares in the Tender Offer

N/A

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

N/A

6. Response Policy with Respect to Basic Policies Relating to Control of the Company

N/A

7. Questions to the Tender Offeror

N/A

8. Requests for an Extension of the Tender Offer Period

N/A

9. Outlook Going Forward

Please see “(II) Background, Purpose and Decision-Making Process Leading to the Tender Offeror’s Decision to Implement the Tender Offer,” “(III) Post-Tender Offer Management Policy,” and “(IV) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer,” “(4) Possibility of Delisting and Reasons Therefor,” and “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” above.

10. Matters Concerning Transactions, etc. with the Controlling Shareholder

- (1) Applicability of Transactions, etc. with the Controlling Shareholder and Status of Compliance with the Guidelines Concerning Measures to Protect Minority Shareholders

The Tender Offeror is the Company’s controlling shareholder (parent company), and the expression of an opinion on the Tender Offer constitutes a transaction, etc. with the controlling shareholder. In the Corporate Governance Report disclosed on June 26, 2024, the Company indicated the “guidelines concerning measures to protect minority shareholders when conducting transactions, etc. with the controlling shareholder” and “other special circumstances that may have a material effect on corporate governance” as follows: “When conducting transactions with the parent company group, the board of directors will adopt a resolution to conduct such transactions based on appropriate terms and conditions that are similar to general transaction terms under which it conducts transactions with other companies, and if required based on the internal rules, the board of directors will confirm that the relevant transaction terms are not significantly different from standard transaction terms under which it conducts transactions with third parties and that implementation of such transaction will contribute to the Company’s business and will not impede the interests of the Company. Furthermore, with regard to important transactions or acts that may cause conflicts of interest between the parent company and the Company’s general shareholders, each time, the board of directors will deliberate and consider whether the relevant transaction, etc. is appropriate by establishing a “Conflict of Interest Supervising Committee” comprising all independent outside directors, and will make a decision based on the results.”

With regard to the Transactions, including the Tender Offer, as stated in “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” above, the Company took measures to respond to the structural conflict of interest issue and the information asymmetry issue to ensure the fairness of the transaction terms for the Transactions, including the Tender Offer Price; among other acts, the Company established a special committee comprising all independent outside directors, similar to the Conflict of Interest Supervising Committee, and the Company decided to replace the Conflict of Interest Supervising Committee’s deliberations and consideration with the special committee’s deliberations and consideration. Therefore, the Company believes that this response is in compliance with the guidelines mentioned above.

(2) Matters Concerning Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest

As stated in “(1) Applicability of Transactions, etc. with the Controlling Shareholder and Status of Compliance with the Guidelines Concerning Measures to Protect Minority Shareholders” above, since the Transactions, including the Tender Offer, constitute a transaction, etc. with the controlling shareholder for the Company, the Company decided that it is necessary to take measures to ensure fairness and measures to avoid conflicts of interest, and by taking the measures stated in “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” above, the Company has ensured the fairness and has made a decision while avoiding any conflicts of interest.

(3) Overview of Opinion Obtained from Persons Without Any Conflicts of Interest with the Controlling Shareholder to the Effect that the Transactions, etc. Are Not Disadvantageous to Minority Shareholders

On January 30, 2025, the Company obtained the Report from the Special Committee to the effect that the Company’s board of directors’ decision on the Transactions (i.e., the decision to support the Tender Offer and recommend that the Company’s shareholders tender their shares in the Tender Offer, and to implement the Squeeze-Out Procedures) is considered not to be disadvantageous to the Company’s minority shareholders. For details of the Report, please see “(iii) Details of the Decision” of “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” above. The Report also serves as an opinion to the effect that the Tender Offeror making the Company its wholly-owned subsidiary after consummation of the Tender Offer is not disadvantageous to the Company’s minority shareholders as stated in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” above.

11. Other

(1) U.S. Regulations

(I) The Tender Offer is not directly or indirectly conducted in or into the United States, does not make use of the U.S. mails or other means or instrumentality of interstate or international commerce (including, but not limited to, telephone, telex, facsimile, email and internet communication), and is not conducted through any facility of a national securities exchange within the United States. No shareholder will be permitted to tender shares in the Tender Offer using the above-mentioned means or instrumentalities or through the above-mentioned facilities, or from the United States.



(II) Furthermore, the press releases for the Tender Offer or other related documents are not, and shall not be, sent or distributed in, into or from the United States using mails or other means. No shares may be tendered in violation of the above-mentioned restrictions directly or indirectly.

(2) Publication of “Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]”

The Company released “Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]” today. For details, please see the publication.

(3) Publication of “Notice of Revisions to Year-End Dividend Forecast for Fiscal Year Ending March 2025 (No Dividends)”

The Company, at its board of directors’ meeting held today, adopted a resolution to revise the dividend forecast for the fiscal year ending March 2025, which was published on October 31, 2024, and not to pay year-end dividends for the fiscal year subject to consummation of the Tender Offer. For details, please see “Notice of Revisions to Year-End Dividend Forecast for Fiscal Year Ending March 2025 (No Dividends)” released by the Company today.

End

(Reference) Materials published by the Tender Offeror today, “Commencement of Tender Offer Aiming to Make Sanyo Special Steel Co., Ltd. Wholly-Owned Subsidiary” (Attachment)