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November 10, 2025

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Exchange Prime Market)  
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## **Notice Concerning Share Consolidation, Abolition of Provisions on Number of Shares per Unit and Partial Amendments to Articles of Incorporation**

Fuji Oil Company, Ltd. (the “Company”) announces it resolved, at a meeting of the Board of Directors held today, to submit a proposal for a share consolidation, the abolition of provisions regarding the number of shares per unit, and partial amendments to the Articles of Incorporation to the extraordinary general shareholders’ meeting to be convened on December 22, 2025 (the “Extraordinary General Shareholders’ Meeting”), as outlined below.

In the course of the above procedures, ordinary shares of the Company (the “Company Shares”) will fall under the delisting criteria set out in the Securities Listing Regulations of Tokyo Stock Exchange, Inc. (“TSE”). As a result, the Company Shares will be designated as securities to be delisted from December 22, 2025 until January 19, 2026, and will be delisted on January 20, 2026. After delisting, the Company Shares will no longer be tradeable on the TSE Prime Market.

### **I. Share Consolidation**

#### **1. Purpose and Reason for the Share Consolidation**

As the Company announced in the “Notice Concerning Expression of Opinion in Support of Tender Offer for Company Shares by Idemitsu Kosan, an Other Associated Company, and Recommendation to Tender Shares” (the “Expression of Opinion Press Release”) dated September 11, 2025, the tender offeror, Idemitsu Kosan Co., Ltd. (“Tender Offeror”) conducted a tender offer (the “Tender Offer”) to acquire all Company Shares listed on the TSE Prime Market (including restricted shares of the Company (“Restricted Shares”) granted to Company directors and executive officers in the form of transfer-restricted stock compensation, but excluding Company Shares held by Tender Offeror and the Government of the Kingdom of Saudi Arabia (the “Non-Tendering Shareholder”), the Company’s shareholder, and treasury shares held by the Company). The Tender Offer was conducted as part of a series of transactions (the “Transactions”) intended to delist the Company Shares, and the tender offer period (the “Tender Offer Period”) was set at 30 business days from September 12, 2025 to October 28, 2025.

As stated in the “Notice Concerning Results of Tender Offer for the Company Shares by Idemitsu Kosan

and Change in Parent Company and Other Associated Company” dated October 29, 2025, as a result of the Tender Offer, Tender Offeror came to own 57,951,478 shares of the Company Shares (ownership ratio (Note): 75.03%) as of November 5, 2025, the commencement date for settlement for the Tender Offer.

(Note) “Ownership ratio” means the ratio (rounded to the second decimal place; hereinafter the same applies in the calculation of ownership ratios) to the number of shares (77,240,335 shares; referred to as the “Reference Number of Shares”) obtained by deducting the number of treasury shares held by the Company (943,342 shares) as of June 30, 2025 as stated in the March 2026 Term First Quarter Earnings Report (based on Japanese GAAP) (the “Company First Quarter Earnings Report”) submitted by the Company on August 7, 2025, from the total number of issued shares of the Company as of June 30, 2025 (78,183,677 shares) as stated in the Company First Quarter Earnings Report.

Although details of the purpose and background of the Transactions, including the Tender Offer and the share consolidation (defined below), were announced in the Expression of Opinion Press Release, a summary is provided again below for reference. The descriptions below regarding Tender Offeror are based on explanations provided by Tender Offeror.

On May 13, 2025, the Company received a non-legally binding initial proposal from Tender Offeror to delist the Company by acquiring all Company Shares (excluding treasury shares held by the Company) and making the Company a wholly owned subsidiary of Tender Offeror. Upon receiving the initial proposal, to ensure the fairness of the purchase price per Company Share in the Tender Offer (the “Tender Offer Price”) and the fairness of the Transactions including the Tender Offer, in mid-May 2025, the Company engaged Mizuho Securities Co., Ltd. (“Mizuho Securities”) as a financial advisor and third-party calculation agency independent from the Company Group (the corporate group comprising the Company, consolidated subsidiaries, and affiliates; hereinafter the same applies) and the Tender Offeror Group (the corporate group comprising Tender Offeror, consolidated subsidiaries, and affiliates; hereinafter the same applies), and the success or failure of the Transactions, and engaged Iwata Godo law firm (“Iwata Godo”) as a legal advisor independent from the Company Group and the Tender Offeror Group, as well as from the success or failure of the Transactions.

In addition, in light of the fact that the Transactions will constitute an acquisition of an equity-method affiliate by a major shareholder and top Company shareholder, and the fact that there are structural conflicts of interest and information asymmetry issues between Tender Offeror and the Company or the Company’s general shareholders, with the aim of exercising caution in the Company’s decision-making regarding the Transactions, eliminating the risk of arbitrariness and conflicts of interest in the decision-making process of the Company’s Board of Directors, and ensuring fairness, the Company established, by resolution of a meeting of its Board of Directors held on May 22, 2025, a special committee (the “Special Committee”) that would be independent from the Company Group and the Tender Offeror Group, as well as from the success or failure of the Transactions, and that would consist of three members: Mr. Ryo Sato (outside director of the Company), Ms. Mutsumi Kanai (outside auditor of the Company and certified public accountant), and Mr. Mikiharu Mori (attorney and representative partner at Tokyo International Law Office), who was recommended by Iwata Godo for his extensive knowledge and insight as a corporate attorney (for information concerning the background to the establishment of the Special Committee, the background of its investigations, and its decisions, see “[4] Establishment by the Company of Independent Special Committee and Procurement of a Report from the Committee” in “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” under “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation” below). Further, the Special Committee decided on June 11, 2025 to engage Plutus Consulting (“Plutus”) as the Special Committee’s independent third-party calculation agency, in consideration of Plutus’ expertise, track record, etc. and the fact that Plutus is independent from the Company Group and the Tender Offeror Group, as well as from the success or failure of the Transactions.

In addition, as discussed below in “[7] Approval of All Directors Not Having an Interest in the Company; Opinion of No Objection by All Auditors Not Having an Interest in the Company” in “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” under “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation,” the Company established an internal framework to consider, negotiate, and make decisions regarding the Tender Offer from a perspective independent from the Tender Offeror Group and the Company Group (including the scope of Company officers and employees who would be involved in such consideration, negotiation, and decision-making relating to the Tender Offer, and their duties), and proceeded with its examination of the Tender Offer.

Following the establishment of the above-referenced internal framework, the Special Committee, while receiving advice from Mizuho Securities and Iwata Godo, conducted discussions and negotiations regarding the terms and conditions of the Transactions including the Tender Offer Price with Tender Offeror through Mizuho Securities, the Company’s financial advisor.

Specifically, on August 8, 2025, the Company and Special Committee received from Tender Offeror an initial proposal relating to the Tender Offer for Company Shares, under which, on the assumption that the Non-Tendering Shareholder and Kuwait Oil Company would remain shareholders of the Company even after the Transactions, the Tender Offer Price was set at 400 yen per share (a 25.00% premium (rounded to the nearest hundredth; the same applies hereinafter to calculation of the premium rate on share prices) over the closing price for the Company Shares on the TSE Prime Market of 320 yen at that time) and the minimum number of shares to be purchased was such that Tender Offeror’s ownership ratio after the completion of the Tender Offer would be 35.05%. In response, the Special Committee comprehensively considered the proposal, because [1] with respect to the proposed price, considering (a) the results of analyses using the DCF method of the Company Share valuation by Mizuho Securities and by Plutus (including the results of multi-faceted analyses of the shares of affiliated companies and loss carryforwards for which multiple valuation methods can conceivably be used) (b) the premium levels in examples of transactions similar to the Transactions (specifically, TOBs (excluding TOBs where leaked information was reported) intended to delist a listed equity-method affiliate which were announced and successfully completed on and after June 28, 2019, the date the Guidelines on Fair Mergers and Acquisitions were released by the Ministry of Economy, Trade and Industry (the “M&A Guidelines”), (c) fluctuations in the market price of the Company Shares, and (d) the synergy effects expected to be achieved through implementation of the Transactions (including synergy effects in doing business as well as synergy effects from the further utilization of loss carryforwards expected in a case where Tender Offeror reduces the Company’s capital after the Transactions), the Special Committee believed that the increase in corporate value expected to be realized by implementation of the Transactions was at an insufficient level as a fair distribution price to the Company’s general shareholders; and [2] with respect to the minimum number of shares to be purchased, from the perspective of the fairness and reasonableness of the transactional terms and conditions and the fairness of procedures, the Special Committee believed that the minimum should be set so as to satisfy what is known as the majority of minority (“MoM”) level (MoM here refers to the threshold number of shares that exceed the majority (24,291,018 shares) of 48,582,035 shares, calculated by subtracting the number of Company Shares held by Tender Offeror (17,035,520 shares), the number of all Company Shares held by the Non-Tendering Shareholder (“Non-Tendered Shares”) (5,811,390 shares) and the number of Company Shares held by Kuwait Oil Company (5,811,390 shares) as of September 11, 2025 from the Reference Number of Shares (77,240,335 shares)), and on August 16, 2025, the Special Committee requested that Tender Offeror reconsider the details of its proposal in relation to the Tender Offer Price and minimum number of shares to be purchased.

Then, on August 21, 2025, the Company and the Special Committee received a second proposal from Tender Offeror setting the Tender Offer Price at 425 yen per share (a premium of 29.97% over the closing price of 327 yen for the Company Shares on the TSE Prime Market at that time), based on the premise that

the Non-Tendering Shareholder and Kuwait Oil Company would remain as shareholders of the Company after the Transactions, and to maintain the minimum number of shares to be purchased such that Tender Offeror's ownership ratio would be 35.05% after the Tender Offer was completed. Upon receiving this proposal, the Special Committee, (1) after comprehensive consideration based on (a) to (d) above, considered the proposed price to be of an insufficient level in terms of a price that would fairly distribute to the Company's general shareholders the increase in corporate value expected to be achieved through implementation of the Transactions, and (2) from the perspective of the fairness and appropriateness of the transaction terms and conditions and procedural fairness, considered it important that a minimum number of shares to be purchased that satisfies the above MoM level be set, and again requested on August 26, 2025 that Tender Offeror reconsider the details of the proposal including the Tender Offer Price.

Later, on August 28, 2025, the Company and the Special Committee received a third proposal from Tender Offeror setting the Tender Offer Price at 450 yen per share (a premium of 33.53% over the closing price of 337 yen for the Company Shares on the TSE Prime Market at that time), based on the premise that the Non-Tendering Shareholder and Kuwait Oil Company would remain as shareholders of the Company after the Transactions, and to maintain the minimum number of shares to be purchased such that Tender Offeror's ownership ratio would be 35.05% after the Tender Offer was completed. Upon receiving this proposal, the Special Committee, (1) regarding the proposed price, after comprehensive consideration based on (a) to (d) above, considered the price to be an insufficient level as a price that would fairly distribute to the Company's general shareholders the increase in corporate value expected to be achieved through implementation of the Transactions, and (2) regarding the minimum number of shares to be purchased, from the perspective of the fairness and appropriateness of the transaction terms and conditions and procedural fairness, considered it important that a minimum that satisfies the above MoM level be set, and again requested on September 1, 2025 that Tender Offeror reconsider the details of the proposal including the Tender Offer Price.

Subsequently, on September 2, 2025, the Company and the Special Committee received a fourth proposal from Tender Offeror that the Tender Offer Price be set at 470 yen per share (a premium of 37.83% over the closing price of 341 yen for the Company Shares on the TSE Prime Market at that time), based on the premise that the Non-Tendering Shareholder and Kuwait Oil Company would remain as shareholders of the Company after the Transactions, that the minimum number of shares to be purchased would be set to make Tender Offeror's ownership ratio 48.05% after the Tender Offer was completed, and that Tender Offeror would not plan to raise the Tender Offer Price or to reduce the number of shares to be purchased going forward. Upon receiving this proposal, the Special Committee, (1) regarding the proposed price, after comprehensive consideration based on (a) to (d) above, considered the price to be an insufficient level as a price that would fairly distribute to the Company's general shareholders the increase in corporate value expected to be achieved through implementation of the Transactions, and (2) regarding the minimum number of shares to be purchased, from the perspective of the fairness and appropriateness of the transaction terms and conditions and procedural fairness, considered it important that a minimum that satisfies the above MoM level be set, and again requested on September 4, 2025 that Tender Offeror reconsider the details of the proposal including the Tender Offer Price.

Following this, on September 5, 2025, the Company and the Special Committee received the fifth proposal from Tender Offeror that the Tender Offer Price be set at 480 yen per share (a premium of 39.94% over the closing price of 343 yen for the Company Shares on the TSE Prime Market at that time), based on the premise that the Non-Tendering Shareholder would remain as a shareholder of the Company after the Transactions (according to Tender Offeror, in early September 2025, Kuwait Oil Company indicated its intent to take the Transactions as an opportunity to sell its Company Shares, and Tender Offeror confirmed Kuwait Oil Company's intent to tender all of the Company Shares held by it (5,811,390 shares; ownership ratio: 7.52%) in the Tender Offer), that the minimum number of shares to be purchased would be set to make Tender Offeror's ownership ratio 57.91% after the Tender Offer was completed, and that Tender

Offeror had no plan to make another proposal going forward, because this proposal was the result of giving maximum deference to the opinions of the Special Committee, and because Tender Offeror was accountable to its shareholders and needed to make efforts to maintain the stability of the Transactions. Upon receiving this proposal, the Special Committee, (1) believing the proposed price to be of a sufficient level as a price that would fairly distribute to the Company's general shareholders the increase in corporate value expected to be achieved through implementation of the Transactions, and (2) believing that the minimum number of shares to be purchased would satisfy the MoM level (MoM here refers to the threshold number of shares that exceeds the majority (27,196,713 shares) of 54,393,425 shares, calculated by subtracting the number of Company Shares held by Tender Offeror (17,035,520 shares) and the number of Non-Tendered Shares (5,811,390 shares) as of September 11, 2025 from the Reference Number of Shares (77,240,335 shares)), and would also ensure the fairness and appropriateness of the transaction terms and conditions as well as procedural fairness, responded to Tender Offeror on September 7, 2025 that on the presumption that the commencement of the Tender Offer would be publicly announced on September 9, 2025, it would provide the Company's Board of Directors with opinions including to the effect that the implementation of the Transactions appeared to be fair to the Company's general shareholders.

On September 8, 2025, the Company and the Special Committee were notified by Tender Offeror to the effect that it was considering publicly announcing the commencement of the Tender Offer on September 11, 2025, and on September 10, 2025, the Special Committee gave consideration again to the content of Tender Offeror's proposal and decided to advise the Company's Board of Directors to the effect that the implementation of the Transactions appeared to be fair to the Company's general shareholders.

Furthermore, on September 11, 2025, the Company carefully discussed and considered whether the Transactions would contribute to enhancement of the Company's corporate value and whether the terms and conditions of the Transactions were appropriate, in light of the content of the September 10, 2025 share valuation report received from Mizuho Securities (the "Company Share Valuation Report (Mizuho Securities)"), the content of the September 10, 2025 share valuation report received from Plutus (the "Special Committee Share Valuation Report (Plutus)"), and legal advice concerning points of note for the decision-making with regard to the Transactions including the Tender Offer received from Special Committee legal advisor Iwata Godo, and with utmost deference to the content of the report submitted by the Special Committee on September 10, 2025 (the "Report").

As a result, the Company has concluded, from the following perspectives, that the Transactions will contribute to enhancing the Company's corporate value.

Specifically, the Company believes that the Transactions will enable it to achieve the synergies listed in (a) to (e) below, and based on this, has determined that the Transactions will contribute to enhancing the Company's corporate value.

(a) Optimization of petroleum product production structures

Currently, the Sodegaura Refinery is the only refinery owned by the Company, which makes it impossible to exchange hydrocarbon oil with other refineries, but the Company believes that implementing the Transactions and thereby adding the Company to the Tender Offeror Group will enable rapid and efficient responses, through exchanges of hydrocarbon oil with five refineries owned by Tender Offeror in the event of any equipment problems or sudden changes in supply and demand at the Sodegaura Refinery.

(b) Establishing a stable energy supply foundation by building production systems rooted in a long-term perspective

The Company has unique customers other than Tender Offeror, and therefore believes that Tender

Offeror can expand and enhance its supply structures. At the same time, the Company believes that being able to consolidate its customers within Tender Offeror will lead to improved sales prices and productivity for the Company.

(c) Joint management of regular maintenance work

The costs necessary for regular maintenance work, including labor costs, have increased greatly in recent years, and workstyle reforms have meant longer work periods, resulting in longer periods when refineries are unable to operate. In light of these circumstances, the Company believes that pursuing further cooperation with Tender Offeror and performing joint management initiatives such as optimization of regular maintenance work timing and personnel allocation during regular maintenance work will lead to reduced costs and shortened work periods in connection with regular maintenance.

(d) Cost reductions for both companies through centralization of raw material and equipment procurement and expansion of both companies' existing businesses through maximally effective use of facilities including the Company's pier which is one of the largest in Japan

In addition to cost reductions achieved through the centralization of raw material and equipment procurement, it is believed that cost reductions through the centralization of subsidiary material procurement can also be expected. Also, while the Company has found it difficult in the past to compare costs with other refineries, the Company believes that by using information provided by Tender Offeror, which operates multiple refineries, it will be possible to identify the strengths and weaknesses of the Company's Sodegaura Refinery and by extension identify areas that should be strengthened and improved, enabling management decisions that contribute to further business development.

(e) Transformation of the Company's Sodegaura Refinery and Tender Offeror's Chiba Site into low-carbon energy supply sites by implementing structural reforms from a long-term perspective

The Company's Sodegaura Refinery and Tender Offeror's Chiba Site are located close to one another, and therefore, it is believed that it is possible for one facility to continue supplying petroleum products while the other converts to a new fuel supply site. The Company also believes that the establishment of a major carbon-neutral center that connects the Company's Sodegaura Refinery, Tender Offeror's Chiba Site, and other facilities with pipelines to accommodate products and raw materials among them can be expected.

Furthermore, with respect to the Tender Offer Price, based on the discussions and negotiations described above as well as the points discussed below in (i) to (ix), the Special Committee concluded that the Tender Offer Price is appropriate and that the Company's shareholders are provided a reasonable opportunity to sell their shares.

- (i) According to the results of the share valuation of the Company Shares set forth in the Company Share Valuation Report (Mizuho Securities) prepared by Mizuho Securities as described in "[2] Obtaining Stock Valuation Report from Independent Third-Party Calculation Agency by the Company" in "(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest" under "3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation" below, the Tender Offer Price exceeds the upper limit of the market price method calculation results, falls within the range of the DCF method calculation results, and represents an amount that exceeds the median value;
- (ii) According to the results of the share valuation of the Company Shares set forth in the Special

Committee Share Valuation Report (Plutus) prepared by Plutus as described in “[3] Obtaining Stock Valuation Report and Fairness Opinion from Independent Third-Party Calculation Agency by the Special Committee” in “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” under “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation” below, the Tender Offer Price exceeds the upper limit of the market price method calculation results, falls within the range of the DCF method calculation results, and represents an amount that exceeds the median value, and further, the Fairness Opinion described in “[3] Obtaining Stock Valuation Report and Fairness Opinion from Independent Third-Party Calculation Agency by the Special Committee” in “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” under “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation” below expresses the opinion that the Tender Offer Price of 480 yen per share is a fair from a financial standpoint to the Company’s general shareholders in light of the valuation results of the Company Shares;

- (iii) The Tender Offer Price represents a price that adds the following premiums over the closing price of the Company Shares on the TSE Prime Market on September 10, 2025, the business day preceding the date of announcement of implementation of the Tender Offer, and on the simple averages of past closing prices, and the levels of such premiums are considered reasonable in comparison with the average premium level in comparable cases of other companies (specifically, the average values of premium levels and median values between 45.42% and 59.37% for 21 cases of TOBs (excluding TOBs where leaked information was reported) for delisting a listed equity-method affiliate announced and successfully completed from June 28, 2019, when the M&A Guidelines were released by the Ministry of Economy, Trade and Industry, to August 22, 2025 (the average values of premium levels of the above 21 cases: 54.48% over the share price on the business day preceding the date of announcement, 57.06% over the simple average closing price for the one month up to the business day preceding the date of announcement, 59.37% over the simple average closing price for the three months up to the business day preceding the date of announcement, and 58.55% over the simple average closing price for the six months up to the business day preceding the date of announcement; and the median values of premium levels of the above 21 cases: 45.42% over the share price on the business day preceding the date of announcement, 50.64% over the simple average closing price for the one month up to the business day preceding the date of announcement, 53.19% over the simple average closing price for the three months up to the business day preceding the date of announcement, and 54.32% over the simple average closing price for the six months up to the business day preceding the date of announcement);

(Valuation Reference Date: September 10, 2025)

	Reference Closing Price	Simple Average of Closing Prices		
		Past 1 Month	Past 3 Months	Past 6 Months
<b>Market Price</b>	332 yen	334 yen	320 yen	305 yen
<b>Premium</b>	44.58%	43.71%	50.00%	57.38%

- (iv) The Tender Offer Price is an amount that (a) exceeds the share acquisition price of 330 yen per share when Tender Offeror acquired all Company Shares that were held by Sumitomo Chemical Co. Ltd. (5,051,600 shares, 6.46% of the total number of issued shares at the time) through an

off-market transaction on March 26, 2024 and (b) exceeds the share acquisition price of 360 yen per share when Tender Offeror acquired all Company Shares held by K.K. JERA (6,839,920 shares, 8.75% of the total number of issued shares at the time) through an off-market transaction on August 1, 2024;

- (v) Kuwait Oil Company, the Company's third-largest shareholder, is believed to be independent from Tender Offeror, and the fact that Kuwait Oil Company, from such a standpoint, has indicated an intent to tender all of the Company Shares that it holds (5,811,390 shares; ownership ratio: 7.52%) in the Tender Offer can be said to be a factor supporting the fairness of the Tender Offer Price;
- (vi) It is recognized that consideration has been given to the interests of the Company's general shareholders by setting the minimum number of shares to be purchased at a level that satisfies the MoM and through other means, as described in "(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest" under "3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation" below;
- (vii) The Special Committee conducted continuous discussions and negotiations with Tender Offeror through Mizuho Securities, in view of the share valuation results for the Company Shares obtained from the analyses conducted by Mizuho Securities and Plutus and legal advice etc. received from Iwata Godo, and the Tender Offer Price was raised to a level at which Tender Offeror asserted multiple times that it has no plans to further increase the price;
- (viii) The Special Committee expressed an opinion regarding the terms and conditions of the Transactions other than the Tender Offer Price, including the minimum and maximum number of shares to be purchased, conditions for withdrawal etc., and matters relating to the two-step acquisition, to the effect that the terms and conditions do not lack consideration for preventing coercion, are not otherwise disadvantageous to general shareholders, and are appropriate; and
- (ix) Although the Tender Offer Price is lower than the consolidated book value of net assets per share (882.62 yen) (the Tender Offer Price is equivalent to 54.38% of the consolidated book value of net assets per share at that time), given that the consolidated book value of net assets represents the expected value that would be realized in the case where a company is dissolved and liquidated at the present time (the "Liquidation Value") and is considered equivalent to the amount in the case where it is assumed that all assets and liabilities held by a company could be sold at book value, (a) the Company as a going concern, it is planned that the Company will continue business activities within the Tender Offeror Group after implementation of the Transactions, and it is not anticipated that the Company will be dissolved and liquidated after the Transactions, and additionally, the Company has received confirmation from Tender Offeror on multiple occasions that it has no plans to dissolve and liquidate the Company after the Transactions, and therefore, valuation based on an assumption of liquidation of the Company would not be reasonable, and further, (b) when the Company performed calculations regarding the Liquidation Value using multiple hypotheses for the sole purpose of considering the reasonableness of the terms and conditions of the Transactions, among the assets and liabilities held by the Company, tangible fixed assets and intangible fixed assets (excluding land) are based on the Company's proprietary specifications, particularly machinery and equipment, making it difficult to sell them at book value and also, regarding land, the Liquidation Value per share was roughly calculated to be below the Tender Offer Price because it is difficult to sell at book value in light of market value information.

As set forth in "Notice of Revision of Earnings Forecast" dated August 9, 2024, the Company revised downward its consolidated earnings forecast for the cumulative second quarter and full year of the March



2025 term. Please note that this downward revision was due to such factors as a temporary equipment suspension and a production plan revision following a lightning strike in late July 2024, as well as a loss on the sale of all shares of Tokyo Sekiyu Kogyo K.K., a consolidated subsidiary of the Company at the time. It is not that the Company intentionally formulated and announced the downward revision for the purpose of lowering the Company’s share price. Additionally, as set forth in “Notice of Revision of Earnings Forecast” dated November 8, 2024, the Company again revised downward its consolidated earnings forecast for the March 2025 term. This downward revision was due to such factors as the recording of an inventory asset valuation loss at the end of the first half of the March 2025 term, as well as the reductions in Dubai crude oil prices based on market trends at the time and a revision of the foreign exchange rate to reflect the yen’s expected appreciation. The Company did not intentionally formulate and announce the downward revision for the purpose of lowering the Company’s share price.

Based on the above, the Company concluded that the Transactions including the Tender Offer will contribute to enhancing the Company’s corporate value and that the terms and conditions relating to the Transactions including the Tender Offer will contribute to the common interests of shareholders including general shareholders, and therefore, at a Board of Directors meeting held on September 11, 2025, the Company resolved 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 details of the above Board of Directors resolution, please refer to “[7] Approval of All Directors Not Having an Interest in the Company; Opinion of No Objection by All Auditors Not Having an Interest in the Company” in “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” under “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation” below.

Subsequently, as described above, the Tender Offer was completed; however, Tender Offeror did not come to hold all Company Shares (including Restricted Shares but excluding Company Shares held by Tender Offeror and the Non-Tendering Shareholder, and treasury shares held by the Company). Accordingly, as stated in the Expression of Opinion Press Release, at the request of Tender Offeror, the Company’s Board of Directors, at its meeting held on November 10, 2025, resolved to submit a proposal to the Extraordinary General Shareholders’ Meeting to implement a share consolidation (the “Share Consolidation”), in which 5,811,390 share of Company Shares will be consolidated into one share, as described in “(2) Details of the Share Consolidation” under “2. Summary of the Share Consolidation” below. This proposal is subject to the approval of shareholders at the Extraordinary General Shareholders’ Meeting and is intended to make Tender Offeror and the Non-Tendering Shareholder the sole shareholders of the Company.

As a result of the Share Consolidation, the number of shares held by shareholders other than Tender Offeror and the Non-Tendering Shareholder will become fractional shares of less than one share.

## 2. Summary of the Share Consolidation

### (1) Schedule of the Share Consolidation

Date of public notice of record date for the Extraordinary General Shareholders’ Meeting	Wednesday, October 22, 2025
Record date for the Extraordinary General Shareholders’ Meeting	Thursday, November 6, 2025
Date of resolution by the Board of Directors	Monday, November 10, 2025
Date of the Extraordinary General Shareholders’ Meeting	Monday, December 22, 2025 (scheduled)
Date of designation as securities to be delisted	Monday, December 22, 2025 (scheduled)
Date of final trading	Monday, January 19, 2026 (scheduled)

Date of delisting	Tuesday, January 20, 2026 (scheduled)
Effective date of the Share Consolidation	Thursday, January 22, 2026 (scheduled)

(2) Details of the Share Consolidation

[1] Class of Shares Subject to Consolidation

Common shares

[2] Consolidation Ratio

Company Shares will be consolidated at a ratio of 5,811,390 shares to one share

[3] Number of Shares to Be Reduced

77,395,189 shares

[4] Total Number of Issued Shares Before the Effective Date

77,395,202 shares

(Note) At a meeting of its Board of Directors held on November 10, 2025, the Company resolved to cancel 788,475 treasury shares (equivalent to all of the treasury shares directly owned by the Company as of October 31, 2025), effective January 21, 2026. Accordingly, the “total number of issued shares before the effective date” reflects the total number of issued shares after such cancellation. The cancellation of treasury shares shall be subject to the approval of this proposal as originally proposed at the Extraordinary General Shareholders’ Meeting.

[5] Total Number of Issued Shares After the Effective Date

13 shares

[6] Total Number of Authorized Shares as of the Effective Date

34 shares

[7] Method of Treatment of Fractions Less than One Share, If Any, and Amount of Money Expected to Be Delivered to Shareholders as a Result of Such Treatment

As stated in “1. Purpose and Reason for the Share Consolidation” above, as a result of the Share Consolidation, the number of Company Shares held by shareholders other than Tender Offeror and the Non-Tendering Shareholder will become a fraction less than one share.

Fractional shares of less than one share resulting from the Share Consolidation will be aggregated, and if the total includes a fraction of less than one whole share, such fraction will be rounded down in accordance with Article 235, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended; the same shall apply hereinafter). The Company will sell a number of Company Shares equivalent to the total number of such aggregated fractional shares, and will distribute the proceeds from such sale to the shareholders in proportion to the number of fractional shares attributable to each shareholder.

With respect to such sale, the Company intends to sell the shares to Tender Offeror, with the permission of the court, pursuant to Article 234, Paragraph 2 of the Companies Act, as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act.

If such court approval is obtained as scheduled, the sale price will be set at a level that will enable the Company to deliver to shareholders money in an amount equal to 480 yen, which is the same amount as the Tender Offer Price, multiplied by the number of Company Shares held by each shareholder.

3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation

(1) Basis and Reason for the Amount of Cash Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares

[1] Considerations in Cases Where a Parent Company, etc. Exists to Avoid Harming the Interests of Shareholders Other than the Parent Company

As part of the Transactions, the Share Consolidation is being conducted as the second step of the so-called two-step acquisition procedure following the Tender Offer. As of September 11, 2025, the date of announcement of the Tender Offer, the Company was not a subsidiary of Tender Offeror, and the Tender Offer did not constitute a transaction, etc. with a controlling shareholder. However, as of September 11, 2025, Tender Offeror was a major shareholder and the largest shareholder of the Company, owning 17,035,520 Company Shares (ownership ratio: 22.06%), and the Company was an equity-method affiliate of Tender Offeror. In addition, since Tender Offeror aims to delist the Company, and some of the Company's officers and employees are former employees of, or on secondment from, Tender Offeror, both Tender Offeror and the Company have implemented the measures described in "(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest" below in the Transactions including the Tender Offer. These measures are intended to ensure the fairness of the Transactions from the Tender Offer stage, eliminate arbitrariness in the Company's decision-making on the Transaction, secure fairness, transparency, and objectivity in the decision-making process, and avoid any appearance of conflicts of interest.

[2] Method of Treatment of Fractions Less than One Share, If Any, as Well as Amount of Money Expected to Be Delivered to Shareholders as a Result of Such Treatment, and Reasonableness of Such Amount

(a) Whether the Company plans to conduct the treatment pursuant to Article 235, Paragraph 1 or Article 234, Paragraph 2 of the Companies Act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act, and the reasons therefor

As described in "[7] Method of Treatment of Fractions Less than One Share, If Any, and Amount of Money Expected to Be Delivered to Shareholders as a Result of Such Treatment" in "(2) Details of the Share Consolidation" of "2. Summary of the Share Consolidation," as a result of the Share Consolidation, the number of Company Shares held by shareholders other than Tender Offeror and the Non-Tendering Shareholder will become fractional shares of less than one share. Any fractional shares of less than one share resulting from this Share Consolidation will be aggregated, and if the total includes a fraction of less than one whole share, such fraction will be rounded down in accordance with Article 235, Paragraph 1 of the Companies Act. The Company will sell a number of Company Shares equivalent to the total number of such aggregated fractional shares in accordance with Article 235 of the Companies Act and other applicable laws and regulations, and will distribute the proceeds from such sale to shareholders who hold fractional shares in proportion to the number of fractional shares attributable to each shareholder. With respect to such sale, the Company plans to sell the shares to Tender Offeror (Idemitsu Kosan Co., Ltd.), with the permission of the court, pursuant to Article 234, Paragraph 2 of the Companies Act, as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act. This is because the Share Consolidation is part of the Transactions, the purpose of which is to make Tender Offeror and the Non-Tendering Shareholder the sole shareholders of the Company, and since the Company Shares are scheduled to be delisted on January 20, 2026 and will therefore have no market price, it is considered unlikely that a purchaser will emerge through an auction.

If the necessary court approval is obtained as scheduled, the sale price will be set at a level that

will enable the Company to deliver to shareholders listed or recorded in the Company's final register of shareholders as of January 21, 2026, the day before the effective date of the Share Consolidation, a cash amount equal to 480 yen, which is the same amount as the Tender Offer Price, multiplied by the number of Company Shares held by each shareholder. However, the amount actually delivered may differ from the above amount if court approval cannot be obtained or if an adjustment for rounding is required in the calculation.

- (b) Name or denomination of the party expected to be the purchaser of the shares involved in the sale

Tender Offeror (Idemitsu Kosan Co., Ltd.)

- (c) Method by which the prospective purchaser of the shares involved in the sale will secure funds to pay the purchase price and the reasonableness of such method

Tender Offeror intends to fund the acquisition of Company Shares equivalent to the total number of fractional shares arising from the Share Consolidation using funds from its checking account. In the course of procedures for implementing the Transactions, the Company confirmed that Tender Offeror had secured the necessary funds by reviewing the tender offer registration statement and the certificate of deposit balance attached thereto, which were filed by Tender Offeror on September 12, 2025. According to Tender Offeror, since that date, no events have occurred that could hinder payment of the proceeds of the sale of Company Shares equivalent to the total number of fractional shares of less than one share arising from the Share Consolidation, nor is Tender Offeror aware of any possibility of such events occurring in the future.

Therefore, the Company has determined that the method by which Tender Offeror will secure funds to pay for the purchase of Company Shares equivalent to the total number of fractional shares of less than one share arising from the Share Consolidation is reasonable.

- (d) Timing of the sale and estimated timing of delivery of proceeds from the sale to shareholders

After the Share Consolidation takes effect, the Company plans to file a petition with the court in early February 2026, pursuant to Article 234, Paragraph 2 of the Companies Act, as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the Companies Act, seeking permission to sell to Tender Offeror Company Shares equivalent to the total number of fractional shares of less than one share arising from the Share Consolidation. The timing of obtaining such court permission may vary depending on the circumstances of the court. However, after obtaining the court's permission, the Company expects to sell Company Shares to Tender Offeror in early March 2026 and, after making the necessary preparations to deliver the proceeds to shareholders, expects to distribute the sale proceeds to shareholders in late April 2026.

Considering the time required for the series of procedures related to the sale from the effective date of the Share Consolidation, the Company has determined that Company Shares equivalent to the total number of fractional shares of less than one share resulting from the Share Consolidation will be sold and the proceeds of such sale will be delivered to shareholders at the respective times described above.

- (e) Amount of money expected to be delivered to shareholders as a result of treatment of fractional shares and the reasonableness of such amount

As described in "(a) Whether the Company plans to conduct the treatment pursuant to Article 235, Paragraph 1 or Article 234, Paragraph 2 of the Companies Act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act, and the reasons therefor" under "(1) [2] Method of Treatment of Fractions Less than One Share, If Any, as Well as Amount of Money Expected to Be

Delivered to Shareholders as a Result of Such Treatment, and Reasonableness of Such Amount,” the amount of money expected to be delivered to shareholders as a result of treatment of fractional shares will be calculated by multiplying 480 yen, which is the same amount as the Tender Offer Price, by the number of Company Shares held by the shareholders listed or recorded in the Company’s final register of shareholders as of January 21, 2026, the day before the effective date of the Share Consolidation.

As stated in “1. Purpose and Reason for the Share Consolidation” above, the Company has determined that the Tender Offer Price of 480 yen is reasonable and provides shareholders with a fair opportunity to sell their shares.

In addition, the Company has confirmed that no material changes occurred in the conditions forming the basis of the Company’s determination of the Tender Offer Price during the period from the resolution of the Board of Directors on September 11, 2025, at which it expressed its opinion in favor of the Tender Offer and resolved to recommend that the Company’s shareholders tender their shares, through to the Board of Directors’ resolution on November 10, 2025 to convene the Extraordinary General Shareholders’ Meeting.

Based on the above, the Company has determined that the amount of money expected to be delivered to shareholders as a result of treatment of fractional shares is appropriate.

[3] Disposition of Material Assets, Assumption of Material Liabilities, or Other Events Materially Affecting the Status of the Company’s Assets That Occur After the Last Day of the Final Fiscal Year of the Company

(a) Tender Offer

As stated in “1. Purpose and Reason for the Share Consolidation” above, Tender Offeror conducted the Tender Offer for the tender offer period of 30 business days from September 12, 2025 to October 28, 2025. As a result of the Tender Offer, as of November 5, 2025 (the commencement date for settlement of the Tender Offer), Tender Offeror holds 57,951,478 Company Shares (ownership ratio: 75.03%).

(b) Cancellation of treasury shares

At a meeting of the Company’s Board of Directors held on November 10, 2025, the Company resolved to cancel 788,475 treasury shares (equivalent to all of the treasury shares directly owned by the Company as of October 31, 2025) effective January 21, 2026. The cancellation of such treasury shares is subject to the approval of this proposal as originally proposed at the Extraordinary General Shareholders’ Meeting, and following the cancellation, the total number of issued shares of the Company will be 77,395,202 shares.

(2) Prospects for Delisting

[1] Delisting

As stated in “1. Purpose and Reason for the Share Consolidation” above, in order to make Tender Offeror and the Non-Tendering Shareholder the sole shareholders of the Company, the Company will implement the Share Consolidation subject to the approval of the shareholders at the Extraordinary General Shareholders’ Meeting. As a result, Company Shares are scheduled to be delisted through prescribed procedures in accordance with the delisting criteria of the TSE.

The Company is scheduled to be delisted on January 20, 2026, after being designated as a security to be delisted from December 22, 2025 to January 19, 2026. After the delisting, Company Shares will no longer be tradeable on the TSE Prime Market.

[2] Reasons for Aiming at Delisting

As stated in “1. Purpose and Reason for the Share Consolidation” above, the Company concluded that the risk associated with making Company Shares private is limited and that doing so will contribute to enhancing the Company’s corporate value in the future.

[3] Impact on Minority Shareholders and the View Thereof

As described in “[4] Establishment by the Company of Independent Special Committee and Procurement of a Report from the Committee” in “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” below, the Company received a report from the Special Committee dated September 10, 2025, stating that the Transactions are considered fair to the Company’s general shareholders.

(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest

As of September 11, 2025, the Company is not a subsidiary of Tender Offeror, and the Tender Offer does not fall under a transaction etc. with a controlling shareholder. Furthermore, given that Tender Offeror is the Company’s other associated company holding 17,035,520 Company Shares (ownership ratio: 22.06%) and the Company is an equity-method affiliate, that of the Company’s 11 directors, one (Mr. Hiroshi Maezawa) was a managing executive officer of Tender Offeror, one (Mr. Junzo Yamamoto) concurrently serves as a managing executive officer of Tender Offeror, one (Mr. Mohammed Alshubrumi; resigned from the Company’s director on October 3, 2025) has been seconded from the Non-Tendering Shareholder, and one (Mr. Khaled Al-Sabah) has been seconded from the shareholder (Kuwait Oil Company) which was potentially to execute with Tender Offeror a non-tendering agreement in relation to the Tender Offer, that some Company employees used to work for Tender Offeror or have been seconded from Tender Offeror, and other factors, in the Transactions including the Tender Offer, Tender Offeror and the Company have implemented the following measures to ensure that the fairness of the Transactions and to avoid conflicts of interest from perspectives of ensuring the fairness of the Tender Offer from the Tender Offer stage, eliminating arbitrariness in the Company’s decision-making regarding the Transactions, ensuring fairness, transparency, and objectivity in the decision-making process, and avoiding any suspicion of conflicts of interest. Also, of the following measures, those measures implemented by Tender Offeror are based on explanations received from Tender Offeror.

Tender Offeror has set 27,693,547 Company Shares (ownership ratio: 35.85%) as the minimum number of shares to be purchased in the Tender Offer, satisfying the so-called MoM level, that is, a majority of the number of Company Shares held by Company shareholders without interests in Tender Offeror (determined by subtracting from the Reference Number of Shares (77,240,335 shares) the number of Company Shares held by Tender Offeror as of September 11, 2025, 17,035,520 shares and the number of Non-Tendered Shares, 5,811,390 shares, resulting in 27,196,713 shares, which corresponds to a majority of 54,393,425 shares).

[1] Obtaining Stock Valuation Report from Independent Third-Party Calculation Agency by Tender Offeror

To ensure the fairness of the Tender Offer Price, Tender Offeror requested that JPMorgan Securities Japan Co., Ltd. (“JPMorgan Securities”), which is Tender Offeror’s financial advisor, calculate the share value of the Company Shares as a third-party calculation agency independent from the Tender Offeror Group and the Company Group.

As a result of examining methods of valuating the Company Shares from among multiple methods for valuating shares, JPMorgan Securities calculated the value of the Company Shares using the average market price method, which takes into account trends of the Company’s market share price, and the DCF method, which reflects the circumstances of the Company’s future business activities in the valuation. Tender Offeror received a share valuation report (the “Tender Offeror Valuation

Report”) from JPMorgan Securities on September 10, 2025. JPMorgan Securities is not a related party of Tender Offeror or the Company and does not have any material interests in the Transactions including the Tender Offer. Also, Tender Offeror determined and decided the Tender Offer Price through comprehensive consideration of the various elements discussed in “[2] Background, Purpose and Decision-Making Process Leading to Tender Offeror’s Decision to Implement the Tender Offer; Post-Tender Offer Managerial Policy” in “(2) Basis and Reasons for the Opinion” under “3. Details of the Opinion Regarding the Tender Offer, and the Basis and Reasons Thereof” in the Expression of Opinion Press Release and through discussions and negotiations with the Company and the Special Committee, and therefore, did not obtain an evaluation concerning the fairness of the Tender Offer Price (a fairness opinion) from JPMorgan Securities.

According to the Tender Offeror Valuation Report, the adopted methods and the ranges of the per-share valuations of the Company Shares calculated using those methods are as follows:

Market price method:	305 yen to 334 yen
DCF method:	335 yen to 617 yen

Using the market price method, on the basis of publicly available information, JPMorgan Securities analyzed the range of per-share value of the Company Shares to be 305 yen to 334 yen, which was calculated based on the closing prices for Company Shares quoted on the TSE Prime Market with September 10, 2025 as the reference date: 332 yen, the closing price of Company Shares on the reference date; 334 yen, the simple average closing price over the past one-month period up to that date; 320 yen, the simple average closing price over the past three-month period up to that date; and 305 yen, the simple average closing price over the past six-month period up to that date.

Using the DCF method, JPMorgan Securities analyzed the range of per-share value of the Company Shares to be 335 yen to 617 yen by calculating the share value by discounting free cash flows expected to be generated by the Company from the second quarter of the March 2026 term onward to present value at discount rates in a certain range, based on various factors including the Company’s business plan and financial results for the March 2026 term to the March 2031 term that Tender Offeror approved for JPMorgan Securities to use, revenue and investment plans in the Company’s business plan, the results of interviews and due diligence conducted on Tender Offeror and the Company, and other publicly available information.

The Company business plan and financial forecasts that JPMorgan Securities used as premises for the analysis using DCF method include fiscal years in which substantial year-on-year fluctuations in profit and free cash flows are expected. Specifically, periodic repair will be performed in the March 2026 term, the March 2028 term, and the March 2030 term, and consequently, temporary suspensions of refinery operation for certain periods are planned and substantial decreases in operating profit and free cash flow are expected; operating profit is projected to be -17,021 million yen, 1,945 million yen (a year-on-year decrease of 82.8%), and -5,904 million yen (a year-on-year decrease of 146.9%), respectively, in the March 2026 term, the March 2028 term, and the March 2030 term, and free cash flow is projected to be -10,912 million yen (a year-on-year decrease of 150.2%), and -5,208 million yen (a year-on-year decrease of 151.5%), respectively, in the March 2026 term and the March 2030 term. Also, the Company’s business plan and financial forecasts used as premises when JPMorgan Securities performed calculations using the DCF method assume that the Transactions will be implemented and project synergy effects expected from the implementation of the Transactions. Supplementary explanations regarding the Tender Offeror Valuation Report and the assumptions for calculation of the share value of the Company Shares, matters considered, and limitations on the consideration that form the basis of the Tender Offeror Valuation Report are set forth in Note.

(Note) In calculating the share value of the Company Shares that is the basis for the Tender Offeror

Valuation Report, publicly available information, information received from Tender Offeror or the Company, or information discussed with Tender Offeror or the Company, and all other information reviewed by or for JPMorgan Securities was assumed to be accurate and complete, and JPMorgan Securities did not independently verify the accuracy and completeness of that information (and assumes no obligation to verify the accuracy and completeness of that information). JPMorgan Securities did not evaluate or assess any of the assets and liabilities of Tender Offeror or the Company and did not receive any such evaluation or assessment, and further, JPMorgan Securities did not evaluate the creditworthiness of Tender Offeror or the Company under applicable laws and regulations relating to insolvency, suspension of payments, or any other similar matter. When relying on financial analyses and forecasts submitted by Tender Offeror and the Company or calculated based on them, JPMorgan Securities assumes that they were reasonably prepared based on the best estimates and judgments of Tender Offeror and the Company's management as of the date of the Tender Offeror Valuation Report with respect to the future performance and financial condition of Tender Offeror and the Company in relation to such analyses or forecasts. JPMorgan Securities does not express any opinion regarding such analyses or forecasts or the assumptions on which they are based. Also, JPMorgan Securities assumes that other transactions contemplated by Tender Offeror including the Tender Offer will be implemented as intended and that all effects explained in the materials received from Tender Offeror will occur. JPMorgan Securities is not an expert in legal matters, regulation by the authorities, tax matters, accounting, or other such matters and relied on the judgments of Tender Offeror's advisors with respect to those matters. Furthermore, JPMorgan Securities assumes that all material consents or permits and approvals from governments, regulatory authorities, and other parties necessary for implementation of the Tender Offer will be obtained without adversely affecting Tender Offeror, the Company, or the benefits expected from implementation of the Tender Offer. The Tender Offeror Valuation Report and the underlying share valuation results of the Company Shares are inevitably based on the information available to JPMorgan Securities as of the date of the Tender Offeror Valuation Report and on the economic, market, and other conditions as they existed on that date. Events occurring after that date might affect the Tender Offeror Valuation Report and the underlying share valuation results of the Company Shares, but JPMorgan Securities assumes no obligation to update, revise, or reaffirm its analyses or opinions. The Tender Offeror Valuation Report and the underlying share valuation results of the Company Shares do not recommend to Tender Offeror or its Board of Directors any specific tender offer price and are not a recommendation that any particular purchase price is the only appropriate purchase price. JPMorgan Securities is the financial advisor of Tender Offeror in relation to the Tender Offer and expects to receive a fee from Tender Offeror as consideration for its services as financial advisor, but a certain portion of that fee will be payable only if the Tender Offer is implemented. Further, Tender Offeror has agreed to indemnify JPMorgan Securities for certain liabilities that might arise out of its services. During the two years preceding the date of the Tender Offeror Valuation Report, JPMorgan Securities and its affiliates did not conduct any material financial advisory, commercial banking, or investment banking business with Tender Offeror or the Company. Also, JPMorgan Securities and its affiliates hold less than 1% of the issued shares of Tender Offeror and the Company, respectively, on their own account. JPMorgan Securities and its affiliates conduct trading of bonds or shares issued by Tender Offeror or the Company on its own account or the accounts of customers in the ordinary course of business, and therefore, JPMorgan Securities and its affiliates may hold long or short



positions in those securities from time to time. The financial forecasts of the Company (the “Financial Forecasts”) assumed by JPMorgan Securities when analyzing the share value of the Company Shares have been approved by Tender Offeror for use by JPMorgan Securities. It should be noted that the Financial Forecasts have not been publicly disclosed by Tender Offeror and were not prepared for the purpose of public disclosure. The Financial Forecasts are inherently uncertain and depend on numerous variables and assumptions beyond the control of Tender Offeror and the Company’s management (including but not limited to factors related to general economic conditions, competitive conditions, and prevailing interest rates). Therefore, actual performance might differ significantly from the Financial Forecasts. The above statements regarding the results of the calculation of the share value of the Company Shares that is the basis of the Tender Offeror Valuation Report and the summary of the calculation methods do not include all analyses conducted or data referenced by JPMorgan Securities. The Tender Offeror Valuation Report was prepared after going through a complex process, so any partial or summarized description of the analysis results in those documents does not necessarily accurately represent the entirety of the analysis. The results of the analysis by JPMorgan Securities must be considered as a whole, and relying on only a part or a summary of those results without considering the analysis results in their entirety may result in an incorrect understanding of the processes underlying the analysis by JPMorgan Securities. In performing those analyses, JPMorgan Securities considered each analysis and factor holistically and comprehensively, without assigning undue weight to any specific analysis or factor, and JPMorgan Securities does not express an opinion on whether any particular analysis or factor was the primary basis for its opinion or the extent to which any individual analysis or factor contributed to its opinion.

In light of the calculation details and results set forth in the Tender Offeror Valuation Report received from JPMorgan Securities and giving comprehensive consideration to the results of due diligence of the Company conducted from mid-June to early September, 2025, whether the Company’s Board of Directors will support the Tender Offer, market price trends of the Company Shares over the past year (highest closing price: 382 yen; lowest closing price: 242 yen), future prospects for domestic and overseas business including the Company’s earnings forecasts, and the outlook for tendering of shares in the Tender Offer, and based on the results of discussions and negotiations with the Company and the Special Committee, on September 11, 2025, Tender Offeror decided to set the Tender Offer Price at 480 yen per share, which is within the range of the DCF method.

The Tender Offer Price of 480 yen per share represents a premium of 44.58% over the closing price of 332 yen for Company Shares on the TSE Prime Market on September 10, 2025, the business day preceding the date of announcement of the Tender Offer, 43.71% over the simple average of closing prices of 334 yen for the past one month up to that date, 50.00% over the simple average of closing prices of 320 yen for the past three months up to that date, and 57.38% over the simple average of closing prices of 305 yen for the past six months up to that date.

[2] Obtaining Stock Valuation Report from Independent Third-Party Calculation Agency by the Company

The Company requested Mizuho Securities, as a third-party calculation agency independent from the Company Group and the Tender Offeror Group, as well as from the success or failure of the Transactions, to calculate the share value of the Company Shares and received the Company Share Valuation Report (Mizuho Securities) on September 10, 2025.

For details of the Company Share Valuation Report (Mizuho Securities) received from Mizuho Securities, please also refer to the Expression of Opinion Press Release.

[3] Obtaining Stock Valuation Report and Fairness Opinion from Independent Third-Party Calculation Agency by the Special Committee

The Special Committee engaged Plutus as a third-party calculation agency independent from the Company Group and the Tender Offeror Group, as well as from the success or failure of the Transactions, and requested Plutus to calculate the share value of the Company Shares and received the Special Committee Share Valuation Report (Plutus) and a fairness opinion (the “Fairness Opinion”) on September 10, 2025.

For details of the Special Committee Share Valuation Report (Plutus) and the Fairness Opinion received from Plutus, please also refer to the Expression of Opinion Press Release.

[4] Establishment by the Company of Independent Special Committee and Procurement of a Report from the Committee

In order to exercise great care in its decision-making concerning the Transactions, eliminate arbitrariness and the risk of conflicts of interest in decision-making by the Company’s Board of Directors, and ensure the fairness of such decision-making, pursuant to a resolution of the Board of Directors adopted at a meeting held on May 22, 2025, the Company established a Special Committee independent from the Company Group and the Tender Offeror Group, as well as from the success or failure of the Transactions, and comprising three members: Mr. Ryo Sato (an outside director of the Company), who has extensive experience and insight as a corporate manager, Ms. Mutsumi Kanai (an outside auditor of the Company), who has extensive experience and insight as a certified public accountant, and Mr. Mikiharu Mori (attorney and representative partner at Tokyo International Law Office), who was recommended by Iwata Godo, has extensive knowledge and insight as a corporate legal affairs attorney, and was selected as an outside expert, whose appointment in addition to outside officers in order to supplement the expertise relating to M&A (specialized knowledge regarding procedural fairness and corporate valuation) is not denied by the M&A Guidelines. Among the Company’s outside directors, Mr. Junzo Yamamoto, who concurrently serves as senior executive officer of Tender Offeror, Mr. Hiroshi Maezawa, who formerly worked for Tender Offeror, Mr. Mohammed Alshubrumi who is a related party of the Non-Tendering Shareholder, and Mr. Khaled Al-Sabah, who is a related party of the shareholder (Kuwait Oil Company) which was potentially to execute with Tender Offeror a non-tendering agreement in relation to the Tender Offer, were not selected as members of the Special Committee in order to eliminate the possibility of being affected by structural conflicts of interest in the Transactions. Further, a contingency fee was not adopted as remuneration for the members of the Special Committee. The Special Committee elected Mr. Mikiharu Mori as committee chairperson through a mutual vote among committee members. The Company selected these three individuals as members of the Special Committee at the time of its establishment, and no changes to the committee’s membership have been made.

When it decided to establish the Special Committee, the Company’s Board of Directors referred the following matters to the Special Committee: (i) the legitimacy and appropriateness of the objectives of the Transactions (including whether the Transactions contribute to enhancing the Company’s corporate value), (ii) the fairness and appropriateness of the terms and conditions of the Transactions, including the Tender Offer Price in the Tender Offer, (iii) the fairness of the procedures relating to the Transactions, (iv) whether conducting the Transactions can be considered to be disadvantageous to the Company’s minority shareholders (Note), and (v) based on (i) to (iv) above

and other matters, whether the Company's Board of Directors should decide 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 (the "Consultation Matters"). Further, the Company's Board of Directors resolved that when making decisions regarding the Transactions, it would give maximum deference to the opinions of the Special Committee, and if the Special Committee determined that the terms and conditions of the Transactions are not appropriate, that the Board of Directors would not make a decision to implement the Transactions (including expressing an opinion in support of the Tender Offer and recommending that the Company's shareholders tender their shares in the Tender Offer).

(Note) A partial revision (revision of compliance matters relating to MBO, etc.; referred to as the "Listing Regulations Revision") of the Securities Listing Regulations of Tokyo Stock Exchange, Inc. ("TSE") came into effect on July 22, 2025, and since the Transactions correspond to a "tender offer ... where the tender offeror is ... an other associated company" (Securities Listing Regulations, Article 441, Paragraph 1, Item (2)) decided after the effective date of the Listing Regulations Revision, the Transactions are subject to application of the Listing Regulations Revision. Under the Listing Regulations Revision, the provision on a "tender offer ... where the tender offeror is ... an other associated company" requires that an opinion be obtained regarding the matter of fairness to general shareholders. Referral Matter (4) inquires as to whether the implementation of the Transactions can be considered disadvantageous to the Company's minority shareholders, but the issues of the Referral Matters were dated May 22, 2025, before the public release of the Listing Regulations Revision, and were based on the TSE Listing Regulations at the time. Given the foregoing, it is expected that the Company's Board of Directors will provide a response that takes into account the Listing Regulations Revision. Therefore, in light of the Listing Regulations Revision, the Special Committee will respond to Referral Matter (4) by indicating whether it believes that the Transactions are fair to the Company's general shareholders.

Additionally, the Company's Board of Directors granted the following authority to the Special Committee: (i) the authority to conduct investigations relating to the Transactions at the Company's expense (including the ability to question Company officers or employees involved in the Transactions or the Company's advisors relating to the Transactions on matters necessary for consideration of the Consultation Matters and to seek explanations or advice), (ii) the authority to request that the Company (a) convey the Special Committee's proposals, other opinions, or questions to Tender Offeror and (b) arrange opportunities for the Special Committee itself to discuss and negotiate with Tender Offeror (including Tender Offeror's advisors relating to the Transactions), and even if the Special Committee does not request such arrangements, when the Company conducts discussions and negotiations with Tender Offeror, the Company shall promptly report the details to the Special Committee, and the Special Committee may, based on those details, express opinions to the Company regarding the policy on discussions and negotiations with Tender Offeror and provide necessary instructions and requests, and (iii) the authority to appoint the Special Committee's own attorneys, calculation agencies, certified public accountants, and other advisors at the Company's expense when determined to be necessary. In response, the Special Committee confirmed that Mizuho Securities, the Company's third-party calculation agency and financial advisor, and Iwata Godo, the Company's legal advisor pose no issues with respect to independence and expertise, and therefore, approved each as the Company's third-party calculation agency and financial advisor and legal advisor, respectively, and the Special Committee confirmed that it may obtain professional advice from them as necessary.

The Special Committee met a total of 18 times from May 29, 2025 to September 10, 2025 and conducted careful discussions and consideration of the Consultation Matters. Specifically, the

Special Committee (i) conducted interviews with Tender Offeror regarding the background and circumstances leading to the proposal for the Transactions, synergies to be generated from implementation of the Transactions, Tender Offeror's managerial policy after the Transactions, and the conditions and anticipated structure etc. of the Transactions, (ii) conducted interviews with the Company's project team members regarding the status of evaluation and consideration of the details of the proposal from Tender Offeror by the Company's management (limited to those independent from the Tender Offeror Group, the Non-Tendering Shareholder, and the shareholder (Kuwait Oil Company) which was potentially to execute with Tender Offeror a non-tendering agreement in relation to the Tender Offer), the details of discussions with Tender Offeror, and the details and methods of preparation of the Business Plan that served as the basis for the share valuation of the Company Shares by Mizuho Securities and Plutus (the business plan for the March 2026 term to the March 2031 term prepared by the Company as the period that can reasonably be predicted at present; hereinafter the same applies), (iii) conducted interviews with Mizuho Securities regarding the details and progress etc. of the Transactions and the details and methods etc. of the valuation of the Company Shares; (iv) obtained the Special Committee Share Valuation Report (Plutus) and the Fairness Opinion from Plutus and conducted interviews etc. of Plutus regarding the details and methods etc. of the valuation of the Company Shares, and (v) conducted interviews etc. of Iwata Godo regarding legal advice, including advice on measures to be taken to ensure procedural fairness in the Transactions, various procedures for the Transactions, methods for the Special Committee's deliberations regarding the Transactions, and negotiations etc. with Tender Offeror regarding the Tender Offer Price and other terms and conditions.

As a result of careful discussion and consideration of the Consultation Matters under the circumstances described above, the Special Committee unanimously submitted the Report concerning the Consultation Matters with the attached content to the Company's Board of Directors on September 10, 2025. For the content of the Special Committee's opinions regarding the Consultation Matters and the reasons therefor, please refer to the Report.

#### [5] Advice from an Independent Law Firm Obtained by the Company

To ensure the fairness and appropriateness of decision-making by the Company's Board of Directors, the Company engaged Iwata Godo as its legal advisor independent from the Company Group and the Tender Offeror Group, as well as from the success or failure of the Transactions, and received legal advice including advice on measures that should be taken to ensure the fairness of procedures in the Transactions, the various procedures of the Transactions, methods of deliberation by the Special Committee relating to the Transactions, and negotiations with Tender Offeror concerning the Tender Offer Price and other terms and conditions.

Iwata Godo is not a related party of the Company Group or the Tender Offeror Group and does not have any material interests relating to the Transactions. Iwata Godo is the Company's legal advisor, but the amount paid by the Company to Iwata Godo as consideration for legal advice is less than the Company's standard for the independence of outside officers and is not an amount that would give rise to any doubts concerning the fairness of Iwata Godo's legal advice regarding the Transactions, and the fees paid to Iwata Godo do not include contingency fees to be paid contingent on the successful completion etc. of the Transactions. Also, Iwata Godo is an external law firm that provides legal services to multiple clients not limited to the Company, and as one of Iwata Godo's clients, the Company continuously requests legal advice regarding business and management decisions, taking into account Iwata Godo's areas of expertise and specialization, and has entered into a legal advisory agreement with Iwata Godo for the receipt of legal advice from an outside legal expert, and the Company has concluded that the execution of such a legal advisory agreement does

not impair Iwata Godo's independence from the Company.

[6] Establishment of an Independent Consideration Framework at the Company

As discussed above in "1. Purpose and Reason for the Share Consolidation" in mid-May 2025, based on the legal advice received from Iwata Godo, including advice on measures that should be taken to ensure the fairness of procedures in the Transactions, the various procedures of the Transactions, methods of deliberation by the Special Committee relating to the Transactions, and negotiations with Tender Offeror concerning the Tender Offer Price and other terms and conditions, the Company began establishing a framework to consider, negotiate, and make decisions concerning the Transactions from a standpoint independent from Tender Offeror and from the perspectives of enhancing the Company's corporate value and protecting the common interests of the Company's shareholders.

Specifically, under instructions from the Special Committee, for the Company to consider, negotiate, and make decisions regarding the Transactions, including responding to due diligence on the Company by Tender Offer, consideration and preparation of the Business Plan, and consideration of the Company's managerial policy after the Transactions, the Company established a project team comprising 11 members in total: Senior Managing Executive Officer Takahiko Yamamoto, Executive Officer and Planning Dept. General Manager Masahiro Hirano, Executive Officer and General Affairs Dept. General Manager Motohiro Nakayama, General Affairs Dept. Section Manager Takashi Hikita, and seven other Company employees. When selecting the members, care was taken to establish a framework that did not include any Company officers and employees who concurrently serve or previously served as officers or employees of the Tender Offeror Group (excluding the Company) including Tender Offeror. In particular, in relation to preparation of the Business Plan that serves as the basis for the share valuation of the Company Shares, the Special Committee received advice from Mizuho Securities, the Company's financial advisor, conducted multiple question and answer sessions with Mizuho Securities and Plutus, and confirmed the fairness of the preparation process, including the independence of the officers and employees involved in its preparation, with confirmation from Iwata Godo, the Company's legal advisor, and the Special Committee.

Also, based on the reasons set forth below in "[7] Approval of All Directors Not Having an Interest in the Company; Opinion of No Objection by All Auditors Not Having an Interest in the Company," Mr. Hiroshi Maezawa, Mr. Junzo Yamamoto, Mr. Mohammed Alshubrumi, and Mr. Khaled Al-Sabah were excluded from the framework, and this treatment has continued as of September 11, 2025. Further, none of Mr. Hiroshi Maezawa, Mr. Junzo Yamamoto, Mr. Mohammed Alshubrumi, and Mr. Khaled Al-Sabah issued any instructions etc. to the framework regarding consideration, negotiation, and decision-making concerning the Transactions. (However, after completion of the settlement of the Tender Offer, Kuwait Oil Company will no longer be a shareholder of the Company, and because there is little need to exclude Mr. Khaled Al-Sabah, who has been dispatched from Kuwait Oil Company, from the Company's decision-making process concerning the Transactions, he has been permitted to participate in the deliberations of the Board of Directors on matters related to the consideration of the Transactions after the completion of the settlement of the Tender Offer.)

Including the handling of these matters, the framework for considering the Transactions at the Company (including the scope and roles of Company officers and employees involved in the consideration, negotiation, and decision-making concerning the Transactions) was established with advice from Iwata Goto and was approved by the Special Committee as presenting no issues from the perspectives of independence and fairness.

[7] Approval of All Directors Not Having an Interest in the Company; Opinion of No Objection by All Auditors Not Having an Interest in the Company

The Company's Board of Directors conducted careful deliberations and consideration of the Transactions from the perspective of enhancing the Company's corporate value and the appropriateness of the terms and conditions relating to the Transactions based on legal advice received from Iwata Goto and the content of the Company Share Valuation Report (Mizuho Securities), the Special Committee Share Valuation Report (Plutus), and the Fairness Opinion while giving maximum deference to the content of the Report submitted by the Special Committee.

As a result, as discussed in "1. Purpose and Reason for the Share Consolidation," the Company determined that the Transactions including the Tender Offer will contribute to enhancing the Company Group's corporate value and that the Tender Offer Price is appropriate and provides a reasonable opportunity for the Company's shareholders to sell their shares, and at a meeting held on September 11, 2025, the Company's Board of Directors resolved 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.

Also, seven of the Company's 11 directors excluding Mr. Hiroshi Maezawa, Mr. Junzo Yamamoto, Mr. Mohammed Alshubrumi, and Mr. Khaled Al-Sabah attended the deliberations and resolutions, and the resolutions were adopted by all directors in attendance. All four of the Company's corporate auditors attended the above Board of Directors meeting and all of the corporate auditors in attendance expressed opinions to the effect that they had no objection to the above resolution. From the perspective of preventing the suspicion of conflicts of interests and ensuring the fairness of the Transactions, among the Company's directors, Mr. Junzo Yamamoto, who concurrently serves as senior executive officer of Tender Offeror, Mr. Hiroshi Maezawa, who formerly worked for Tender Offeror, Mr. Mohammed Alshubrumi, who is a related party of the Non-Tendering Shareholder, and Mr. Khaled Al-Sabah, who is a related party of the shareholder (Kuwait Oil Company) which was potentially to execute with Tender Offeror a non-tendering agreement in relation to the Tender Offer, did not participate at all in the deliberations on proposals relating to consideration of the Transactions at the Company's Board of Directors meetings and did not participate at all in consideration of the Transactions from the Company's standpoint or in discussions and negotiations with Tender Offers regarding the Transactions. (However, after completion of the settlement of the Tender Offer, Kuwait Oil Company will no longer be a shareholder of the Company, and because there is little need to exclude Mr. Khaled Al-Sabah, who has been dispatched from Kuwait Oil Company, from the Company's decision-making process concerning the Transactions, he has been permitted to participate in the deliberations of the Board of Directors on matters related to the consideration of the Transactions after the completion of the settlement of the Tender Offer.)

[8] Measures for Ensuring that Other Purchasers Have an Opportunity to Purchase

Tender Offeror and the Company have not entered into any agreements etc. that include transaction protection clauses prohibiting the Company from having contact with persons who make counterproposals ("Persons Making Counterproposals") other than Tender Offeror or any agreements with terms that would restrict such Persons Making Counterproposals from having contact with the Company. By not impeding opportunities for competing purchases, consideration has been given to the fairness of the Tender Offer.

Also, while the minimum period for purchases relating to a tender offer is set at 20 business days by laws and regulations, Tender Offeror has set a tender offer period relating to the Tender Offer of 30 business days. Tender Offeror considers that setting a relatively long tender offer period that is longer than the statutory minimum period ensures that Company shareholders have an opportunity

to make appropriate decisions regarding tendering their shares in the Tender Offer and ensures purchase opportunities for Persons Making Counterproposals.

[9] Consideration to Prevent Coerciveness

As described in “(5) Post-Tender Offer Reorganization Policy (Matters Concerning so-called Two-Step Acquisition)” in “3. Details of the Opinion Regarding the Tender Offer, and the Basis and Reasons Thereof” in the Expression of Opinion Press Release, Tender Offeror (i) plans to request that the Company hold an Extraordinary General Shareholders’ Meeting that includes proposals concerning implementation of the Share Consolidation promptly after the completion of settlement of the Tender Offer and amendment of the Company’s Articles of Incorporation to abolish provisions on the number of shares per unit, subject to the Share Consolidation taking effect, and will not adopt methods that do not secure Company shareholders’ share buyback request right or price determination request right, and (ii) has clarified that when implementing the Share Consolidation, it plans to request that the Company file a petition with the court for approval of a voluntary sale, with the amount of cash to be delivered as consideration to Company shareholders (excluding Tender Offeror, the Non-Tendering Shareholder, and the Company) set to be equal to the price calculated by multiplying the Tender Offer Price by the number of Company Shares held by the respective shareholder, and therefore, Tender Offeror has given consideration to ensuring that Company shareholders have an appropriate opportunity to make decisions regarding whether to tender their shares in the Tender Offer, and to preventing coerciveness from arising regarding the measures in (i) and (ii) above.

4. Future Outlook

As a result of the implementation of the Share Consolidation, Company Shares are scheduled to be delisted as described in “[1] Delisting” in “(2) Prospects for Delisting” under “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation” above.

5. Matters Relating to MBO, etc.

(1) The Applicability of a Transaction, etc. with a Controlling Shareholders and the Status of Compliance of the Transaction with the Policy for Measures to Protect Minority Shareholders

The Share Consolidation will be carried out as part of a series of the Transactions aimed at taking the Company private, led by the Tender Offeror, which, prior to the commencement of the Tender Offer, was an other associated company of the Company and now serves as its parent company. Accordingly, this transaction falls under the scope of the “Matters to be Observed Pertaining to Disclosure of MBO, etc.” specified in Article 441 of the Securities Listing Regulations.

In the Corporate Governance Report disclosed on October 21, 2025, the Company has not established the “Policy for Measures to Protect Minority Shareholders in Conducting Transactions, etc. with Controlling Shareholders.” However, when conducting a transaction, etc., with a controlling shareholder, the Company confirms the appropriateness and economic rationality of the transaction terms and conditions, including whether such terms are equivalent to general transaction terms, and takes appropriate measures to ensure that the interests of minority shareholders are not impaired when determining those terms.

With respect to the Transactions, including the Tender Offer, from the standpoint of eliminating arbitrariness in the Company’s decision-making, ensuring fairness, transparency, and objectivity in the decision-making process, and avoiding any appearance of conflicts of interest, the Company has taken

measures to ensure the fairness of the Transactions and to avoid conflicts of interest, as described in “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” in “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation” above. The Company considers these measures to be consistent with the above-mentioned policy.

(2) Matters Concerning Measures for Ensuring Fairness and Measures for Avoiding Conflicts of Interest

Please refer to “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” in “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation” above.

(3) Summary of the Opinion Obtained from a Person Who is Independent from the Controlling Shareholder with Respect to the Transactions Not Being Disadvantageous to Minority Shareholders

The Company received the Report from the Special Committee dated September 10, 2025, stating that the Transactions are considered fair to the Company’s general shareholders. For details, please refer to “[4] Establishment by the Company of Independent Special Committee and Procurement of a Report from the Committee” in “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” under “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation” above. Since the Report relates to the Transactions, including the Share Consolidation, the Company has not separately obtained another opinion from a person who does not have an interest in a controlling shareholder in connection with the implementation of the Share Consolidation.

II. Abolition of Provisions on the Number of Shares per Unit

1. Reason for Abolition

When the Share Consolidation takes effect, the total number of issued shares of the Company will be 13 shares, and it will no longer be necessary to stipulate the number of shares per unit.

2. Scheduled Date of Abolition

January 22, 2026 (scheduled)

3. Conditions for Abolition

The abolition of provisions on the number of shares per unit will be conditional upon approval, as originally proposed, of the proposal relating to the Share Consolidation and the proposal for partial amendments to the Articles of Incorporation concerning the abolition of provisions on the number of shares per unit at the Extraordinary General Shareholders’ Meeting, and upon the Share Consolidation taking effect.

III. Partial Amendments to the Articles of Incorporation

1. Purpose of the Amendments to the Articles of Incorporation

- (1) If the proposal for the Share Consolidation is approved and passed as originally proposed at the Extraordinary General Shareholders’ Meeting and the Share Consolidation takes effect, the total number of authorized shares of the Company will be reduced to 34 shares in accordance with Article 182, Paragraph 2 of the Companies Act. To clarify this point, Article 5 (Total Number of Authorized Shares) of the Articles of Incorporation will be amended, conditional upon the Share Consolidation taking effect.
- (2) If the proposal for the Share Consolidation is approved and passed as originally proposed at the Extraordinary General Shareholders’ Meeting and the Share Consolidation takes effect, the total number of issued shares of the Company will be 13 shares, and it will no longer be necessary to stipulate the



number of shares per unit. Therefore, conditional upon the Share Consolidation taking effect, in order to abolish the provision on the number of shares per unit, which is currently 100 shares per unit, the entire text of Article 6 (Number of Shares per Unit) of the Articles of Incorporation will be deleted, and the numbering of subsequent articles will be adjusted accordingly.

- (3) If the proposal for the Share Consolidation is approved and passed as originally proposed at the Extraordinary General Shareholders' Meeting and the Share Consolidation takes effect, Tender Offeror and the Non-Tendering Shareholder will be the sole holders of one or more Company Shares, and the provisions regarding the record date for the Annual General Meeting of Shareholders will no longer be necessary. Therefore, conditional upon the Share Consolidation taking effect, the entire text of Article 7 (Record Date) of the Articles of Incorporation will be deleted, and the numbering of subsequent articles will be adjusted accordingly.
- (4) If the proposal for the Share Consolidation is approved and passed as originally proposed at the Extraordinary General Shareholders' Meeting and the Share Consolidation takes effect, Tender Offeror and the Non-Tendering Shareholder will be the sole holders of one or more Company Shares. In addition, since the Company Shares will be delisted following the implementation of the Share Consolidation, the provisions regarding the electronic provision of materials for general meetings of shareholders will no longer be necessary. Therefore, conditional upon the Share Consolidation taking effect, the entire text of Article 12 (Measures for Electronic Provision, etc.) of the Articles of Incorporation will be deleted, and the numbering of subsequent articles will be adjusted accordingly.

## 2. Details of Amendments to the Articles of Incorporation

Details of the amendments are shown below.

(Amended portions are underlined.)

Current Articles of Incorporation	Proposed Amendments
Article 1 to Article 4 (Omitted)	Article 1 to Article 4 (Unchanged)
Article 5 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>200 million</u> .	Article 5 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>34</u> .
<u>Article 6 (Number of Shares per Unit)</u> <u>The number of shares per unit of the Company shall be 100.</u>	(Deleted)
<u>Article 7 (Record Date)</u> <u>(1) The Company shall deem that shareholders with voting rights recorded in the final shareholders' register on March 31 of each year shall be the shareholders who may exercise their voting rights at the Annual General Meeting of Shareholders relating to that fiscal year.</u> <u>(2) In addition to the preceding paragraph, when necessary, the</u>	(Deleted)

<p><u>Company may, by resolution of the Board of Directors, designate a temporary record date after publicly announcing it in advance.</u></p> <p>Article <u>8</u> to Article <u>11</u> (Omitted)</p>	<p>Article <u>6</u> to Article <u>9</u> (Unchanged)</p>
<p><u>Article 12 (Measures for Electronic Provision, etc.)</u></p> <p>(1) <u>When convening a general meeting of shareholders, the Company shall take measures for providing information that constitutes the content of reference materials for the general meeting of shareholders, etc. in an electronic format.</u></p> <p>(2) <u>Among items for which the measures for providing information in an electronic format will be taken, the Company may exclude all or part of those items designated by the Order of the Ministry of Justice from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>	<p>(Deleted)</p>
<p>Article <u>13</u> to Article <u>44</u> (Omitted)</p>	<p>Article <u>10</u> to Article <u>41</u> (Unchanged)</p>

3. Schedule for the Amendments to the Articles of Incorporation  
January 22, 2026 (scheduled)

4. Conditions for the Amendments to the Articles of Incorporation

The amendments to the Articles of Incorporation are conditional upon approval of the proposal for the Share Consolidation as originally proposed at the Extraordinary General Shareholders' Meeting and the Share Consolidation taking effect.

End

(Reference)

The Report (Attachment)

# Report

Special Committee, Fuji Oil Company, Ltd.

September 10, 2025

September 10, 2025

To Fuji Oil Company, Ltd.

The Committee hereby submits its responses to the matters referred to it by the Company's Board of Directors on May 22, 2025.

Special Committee, Fuji Oil Company, Ltd.

Chair: Mikiharu Mori [Seal]

(Attorney and representative partner, Tokyo International Law Office)

Member: Ryo Sato [Seal]

(Outside Director, Fuji Oil Company)

Member: Mutsumi Kanai [Seal]

(Outside Audit & Supervisory Board Member, Fuji Oil Company; CPA)

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## **Part 1. Introduction**

The Committee (the “Committee”) responds as set forth below to the referral matters specified below in Part 2 (the “Referral Matters”) submitted to the Committee by the Board of Directors of Fuji Oil Company, Ltd. (the “Company”) concerning a tender offer (the “Tender Offer”) by Idemitsu Kosan Co., Ltd. (“Tender Offeror”) for ordinary shares of the Company (the “Company Shares”) and the subsequent series of procedures (collectively, the “Transactions”) for delisting the Company Shares including squeeze-out procedures (the “Squeeze-Out Procedures”).

## **Part 2. Referral Matters**

The Referral Matters are as set forth below.

- (1) The legitimacy and appropriateness of the objectives of the Transactions (including whether the Transactions contribute to enhancing the Company’s corporate value);
- (2) The fairness and appropriateness of the terms and conditions of the Transactions, including the Tender Offer Price in the Tender Offer;
- (3) The fairness of the procedures relating to the Transactions;
- (4) Whether conducting the Transactions can be considered to be disadvantageous to the Company’s minority shareholders; and
- (5) Based on (1) to (4) above and other matters, whether the Company’s Board of Directors should decide to express an opinion in support of the Tender Offer and recommend that the Company’s shareholders tender their shares in the Tender Offer.

A partial revision (revision of compliance matters relating to MBO, etc.; referred to as the “Listing Regulations Revision”) of the Securities Listing Regulations of Tokyo Stock Exchange, Inc. (“TSE”) came into effect on July 22, 2025, and since the Transactions correspond to a “tender offer ... where the tender offeror is ... an other associated company” (Securities Listing Regulations, Article 441, Paragraph 1, Item (2)) decided after the effective date of the Listing Regulations Revision, the Transactions are subject to application of the Listing Regulations Revision. The provision on a “tender offer ... where the tender offeror is ... an other associated company” requires the acquisition of an opinion relating fairness to general shareholders.

Referral Matter (4) inquires whether implementation of the Transactions can be considered to be disadvantageous to the Company’s minority shareholders, but the issues of the Referral Matters were dated May 22, 2025, before the public release of the Listing Regulations Revision, and were based on the TSE Listing Regulations at the time. Considering this, it is expected that the Company’s Board of Directors will provide a response that takes into account the Listing Regulations Revision.

Therefore, in light of the Listing Regulations Revision, the Committee will respond to Referral Matter (4) by indicating whether it believes that the Transactions are fair to the Company’s general shareholders.

### **Part 3. Composition of the Committee**

The Committee comprises the three members indicated below. All the three members indicated below are independent from the Company Group (the corporate group comprising the Company, five consolidated subsidiaries, and four affiliates (as of the date of submission of this Report); hereinafter the same applies), the Tender Offeror Group (the corporate group comprising Tender Offeror, 181 subsidiaries, and 58 affiliates (as of the date of submission of this Report); hereinafter the same applies), and the success of the Transactions.

Attorney and representative partner, Tokyo International Law Office	Mikiharu Mori (chair)
Independent Outside Director, Fuji Oil Company	Ryo Sato
Independent Outside Audit & Supervisory Board Member, Fuji Oil Company; CPA	Mutsumi Kanai

### **Part 4. Background to and Methods of Investigation**

To investigate the Referral Matters, the Committee convened a total of 18 times, meeting for approximately 42 hours between May 29, 2025 and September 10, 2025 (meetings of the Committee are collectively or individually referred to as “Committee Meetings”). Outside of Committee Meetings, the members expressed opinions, exchanged information, gathered information, and engaged in other activities through email and other means, held discussions from time to time as necessary, and otherwise engaged in careful investigation of and deliberation on the Referral Matters.

Considering that Mizuho Securities Co., Ltd. (“Mizuho Securities”), which the Company appointed as its financial advisor and third-party calculation agency, and Iwata Godo law firm (“Iwata Godo”), which the Company appointed as its legal advisor, each have adequate expertise, experience, etc. and are independent from the Company Group, Tender Offeror Group, and the success of the Transactions, the Committee approved the appointment of Mizuho Securities and Iwata Godo and confirmed that the Company may obtain professional advice from them as necessary. Also, on June 11, 2025, the Committee appointed K.K. Plutus Consulting (“Plutus”) as the Committee’s own third-party calculation agency, taking into consideration Plutus’ expertise, experience, etc. and the fact that it is independent from the Company Group, Tender Offeror Group, and the success of the Transactions.

The specific methods of investigation concerning the Referral Matters used by the Committee are described below.



## 1. Review and Investigation of the Investigation Materials

The Committee reviewed and investigated the materials and public materials (the “Investigation Materials”) set forth below.

- (1) Proposal materials relating to the initial proposal submitted by Tender Offeror (the “Proposal” prepared by Tender Offeror dated May 13, 2025; referred to as the “Initial Proposal”);
- (2) The written questions submitted by the Committee to Tender Offeror (the “Questions” dated June 11, 2025 prepared by the Committee; referred to as the “June 11, 2025 Written Questions”);
- (3) Tender Offeror’s written response to (2) (“Concerning the ‘Questions’ dated June 11, 2025” dated June 21, 2025 prepared by Tender Offeror; referred to as the “June 21, 2025 Written Response”);
- (4) The written questions submitted by the Committee to the Company (the “Questions for Suruga from the Special Committee” dated July 2, 2025 prepared by the Committee; referred to as the “July 2, 2025 Written Questions”);
- (5) The additional written questions submitted by the Committee to Tender Offeror in response to (3) (the “Second Questions” dated July 4, 2025 prepared by the Committee; referred to as the “July 4, 2025 Written Questions”);
- (6) Tender Offeror’s written response to (5) (“Concerning the ‘Second Questions’ dated July 4, 2025” dated July 9, 2025 prepared by Tender Offeror; referred to as the “July 9, 2025 Written Response”);
- (7) The additional written questions submitted by the Committee to Tender Offeror in response to (6) (the “Third Questions” dated July 24, 2025 prepared by the Committee; referred to as the “July 24, 2025 Written Questions”);
- (8) The Company’s business plan (the “Business Plan (March 2026 Term to March 2031 Term)” dated July 29, 2025 prepared by the Company; referred to as the “Business Plan”);
- (9) Tender Offeror’s written response to (7) (“Concerning the ‘Third Questions’ dated July 24, 2025” dated July 31, 2025 prepared by Tender Offeror; referred to as the “July 31, 2025 Written Response”);
- (10) Tender Offeror’s proposal of tender offer price and other terms and conditions (the “Proposal of Tender Offer Price and Other Terms and Conditions” dated August 8, 2025 prepared by Tender Offeror; referred to as the “August 8, 2025 Price Proposal”);
- (11) The written response to (10) from the Committee to Tender Offeror requesting consideration of the tender offer price and other terms and conditions (the “Response to Proposal” dated August 16, 2025 prepared by the Committee; referred to as the “August 16, 2025 Proposal Response”);
- (12) Tender Offeror’s proposal of tender offer price and other terms and conditions in

- response to (11) (the “Proposal of Tender Offer Price and Response to the ‘Response to Proposal’ dated August 16, 2025” dated August 21, 2025 prepared by Tender Offeror; referred to as the “August 21, 2025 Price Proposal”);
- (13) The written response to (12) from the Committee to Tender Offeror requesting reconsideration of the tender offer price and other terms and conditions (the “Response to Second Proposal” dated August 26, 2025 prepared by the Committee; referred to as the “August 26, 2025 Proposal Response”);
- (14) Tender Offeror’s proposal of tender offer price and other terms and conditions in response to (13) (the “Proposal of Tender Offer Price and Response to the ‘Response to Second Proposal’ dated August 26, 2025” dated August 28, 2025 prepared by Tender Offeror; referred to as the “August 28, 2025 Price Proposal”);
- (15) The written response to (14) from the Committee to Tender Offeror requesting reconsideration of the tender offer price and other terms and conditions (the “Response to Third Proposal” dated September 1, 2025 prepared by the Committee; referred to as the “September 1, 2025 Proposal Response”);
- (16) Tender Offeror’s proposal of tender offer price and other terms and conditions in response to (15) (the “Proposal of Tender Offer Price and Response to the ‘Response to Third Proposal’ dated September 1, 2025” dated September 2, 2025 prepared by Tender Offeror; referred to as the “September 2, 2025 Price Proposal”);
- (17) The written response to (16) from the Committee to Tender Offeror requesting reconsideration of the tender offer price and other terms and conditions (the “Response to Fourth Proposal” dated September 4, 2025 prepared by the Committee; referred to as the “September 4, 2025 Proposal Response”);
- (18) Tender Offeror’s proposal of tender offer price and other terms and conditions in response to (17) (the “Final Proposal of Tender Offer Price and Minimum” dated September 5, 2025 prepared by Tender Offeror; referred to as the “September 5, 2025 Price Proposal”);
- (19) The written response to (18) from the Committee to Tender Offeror (the “Response to Final Proposal” dated September 7, 2025 prepared by the Committee; referred to as the “September 7, 2025 Proposal Response”);
- (20) Tender Offeror’s written response to (19) (the “Response to Matters for Confirmation” dated September 8, 2025 prepared by Tender Offeror; referred to as the “September 8, 2025 Response”);
- (21) Materials relating to the share price valuation results by Mizuho Securities (the “Share Valuation Report” dated September 10, 2025 prepared by Mizuho Securities; referred to as the “Company Share Valuation Report (Mizuho Securities)”);
- (22) Materials relating to the share price valuation results by Plutus (the “Share Valuation Report” dated September 10, 2025 prepared by Plutus; referred to as the “Committee Share Valuation Report (Plutus)”);
- (23) The Fairness Opinion relating to the Tender Offer Price prepared by Plutus (the “Opinion”

dated September 10, 2025 prepared by Plutus; referred to as the “Fairness Opinion”);  
and

(24) The Company’s draft press release concerning expression of an opinion on the Tender Offer (the “Press Release”).

(25)

## **2. Interviews with Company Directors, etc.**

The Committee conducted interviews with members of the Company’s project team at Committee Meetings from time to time regarding the status of evaluation and consideration of the details of the proposal from Tender Offeror by the Company’s management (limited to those independent from Tender Offeror Group and the Major Shareholders (defined in Part 7.1(5) below; hereinafter the same applies), the details of discussions with Tender Offeror, and the content and methods of preparation of the Business Plan that served as the basis for the valuations of the Company Shares by Mizuho Securities and Plutus.

Also, at the June 10, 2025 Committee Meeting, the Committee received explanations from Company President and Representative Director Shigeto Yamamoto (“Mr. Shigeto Yamamoto”) regarding the status of evaluation and consideration of the Company’s business environment, impacts that the Transactions would have on the Company’s corporate value, and other matters, posed questions, and received responses. Furthermore, the Committee made inquiries to the Company through the July 2, 2025 Written Questions regarding the Company’s views on the details of the June 21, 2025 Written Response received from Tender Offeror based on the status of evaluation and consideration of the Company’s business environment and impacts that the Transactions would have on the Company’s corporate value, and at the Committee Meeting held on July 2, 2025, the Committee received responses to its inquiries from Mr. Shigeto Yamamoto and posed questions to and received responses from Mr. Shigeto Yamamoto regarding the details of those responses.

## **3. Interviews with Tender Offeror**

The Committee made inquiries to Tender Offeror through the June 11, 2025 Written Questions regarding the background and course of events leading to the proposal for the Transactions, synergies that will be achieved through the Transactions, Tender Offeror’s management policies after the Transactions, the terms and conditions of the Transactions and the anticipated structure, and other matters, and received responses to those inquiries from Tender Offeror through the June 21, 2025 Written Response. Based on those responses, the Committee posed additional questions to Tender Offeror through the July 4, 2025 Written Questions regarding the background and course of events leading to the proposal for the Transactions, synergies that will be achieved through the Transactions, Tender Offeror’s management policies after the Transactions, the terms and conditions of the Transactions and the anticipated structure, and other matters, and received

responses to those inquiries from Tender Offeror through the July 9, 2025 Written Response.

Also, at the Committee Meeting on July 14, 2025, the Company and the Committee conducted a question and answer session with Tender Offeror regarding the details of the July 9, 2025 Written Response with Mr. Kenya Maeda, Managing Executive Officer of Tender Offeror, and others in attendance (the “July 14, 2025 Interview”) and received explanations regarding the background and course of events leading to the proposal for the Transactions, synergies that will be achieved through the Transactions, Tender Offeror’s management policies after the Transactions, and other matters.

Furthermore, based on those explanations and the responses in the July 9, 2025 Written Response, the Committee posed additional questions to Tender Offeror through the July 24, 2025 Written Questions regarding handling of the Major Shareholders in the Transactions, the minimum number of shares planned to be purchased through the Tender Offer in the Transactions, the schedule for acquisition of permits and approvals under competition law, the level of the Tender Offer Price in the Transactions in comparison to the amount of net assets per share, and other matters, and received responses to those inquiries from Tender Offeror through the July 31, 2025 Written Response.

Additionally, after the Company and Committee received an initial proposal on the Tender Offer Price and other terms and conditions from Tender Offeror in the August 8, 2025 Price Proposal, the Committee, through the August 16, 2025 Proposal Response, August 26, 2025 Proposal Response, September 1, 2025 Proposal Response, and September 4, 2025 Proposal Response, requested that Tender Offeror reconsider the Tender Offer Price and other terms and conditions presented by Tender Offeror. The Committee received responses to its requests from Tender Offeror in the form of the August 21, 2025 Price Proposal, August 28, 2025 Price Proposal, September 2, 2025 Price Proposal, and September 5, 2025 Price Proposal, and confirmed or approved the content of those proposals, requests, and responses. Subsequently, the Committee sent the September 7, 2025 Proposal Response to Tender Offeror, effectively reaching agreement with Tender Offeror on the Tender Offer Price and other terms and conditions.

#### **4. Explanations, etc. from the Company’s Financial Advisor and Third-Party Calculation Agency**

The Committee received explanations from time to time from Mizuho Securities, the Company’s financial advisor and third-party calculation agency, regarding the details and status of progress of the Transactions, the details and methods of the share valuation of the Company Shares, and other matters as well as the status of the discussions and negotiations with JPMorgan Securities Japan Co., Ltd. (“JPMorgan Securities”), Tender Offeror’s financial advisor, and conducted question and answer sessions with Mizuho Securities.

## **5. Explanations, etc. from the Committee's Own Third-Party Calculation Agency**

The Committee received explanations from time to time from Plutus, the Committee's own third-party calculation agency, regarding the details and methods of the share valuation of the Company Shares, and other matters and conducted question and answer sessions with Plutus.

## **6. Explanations, etc. from the Company's Legal Advisor**

The Committee received legal advice from time to time from Iwata Godo, the Company's legal advisor, including advice regarding measures for ensuring fairness in the procedures relating to the Transactions, the various procedures of the Transactions, methods of deliberation by the Committee regarding the Transactions, negotiations with Tender Offeror concerning the Tender Offer Price and other terms and conditions, and other matters and conducted question and answer sessions with Iwata Godo.

## **Part 5. Assumptions**

In this Advisory Report, the Committee makes the following assumptions.

- (1) That the procedures of the Transactions will be implemented by the Company and Tender Offeror in compliance with the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same applies), the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter the same applies), the Securities Listing Regulations, and other applicable laws and regulations; and
- (2) That the content of the Investigation Materials and information regarding which the Committee received explanations from Mizuho Securities, Plutus, Iwata Godo, Tender Offeror, JPMorgan Securities, and Tender Offeror's legal advisor Nishimura & Asahi (Gaikokuho Kyodo Jigyo) ("Nishimura & Asahi") are true, accurate, and complete as of the date of submission of this Report, no information necessary to avoid misunderstanding has been omitted, and there have been no material changes to the content of that information as of the date of submission of this Report. Further, other than the content of those materials and that information, there are no material facts or information that could have an impact on the content of the Committee's response.

## **Part 6. Details of Response**

The Committee's responses to the Referral Matters are as set forth below (the content of the responses is referred to as the "Response Content").

### **1. Referral Matter (1)**

The Transactions will contribute to enhancing the Company's corporate value, and the objectives of the Transactions are recognized to be legitimate and appropriate.

### **2. Referral Matter (2)**

The Committee believes that fairness and appropriateness are ensured in the terms and conditions of the Transactions including the Tender Offer Price in the Tender Offer.

### **3. Referral Matter (3)**

The Committee believes the fairness of the procedures relating to the Transactions is ensured.

### **4. Referral Matter (4)**

The Committee believes that implementation of the Transactions ensures fairness for the Company's general shareholders.

### **5. Referral Matter (5)**

Based on (1) to (4) above and other matters, the Committee believes that the Company's Board of Directors should decide to express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer.

## **Part 7. Reasons for the Response**

The reasons leading to the Response Content are set forth below.

### **1. Legitimacy and Appropriateness of the Objectives of the Transaction (Referral Matter (1))**

Regarding whether the Transactions will contribute to enhancing the Company's corporate value and whether the objectives of the Transactions are legitimate and appropriate, the Committee conducted the investigations described below, and as a result of comprehensive consideration, reached the conclusions that: (i) since there are no discrepancies between the Tender Offeror's Objectives of the Transactions and the objectives of the Transactions recognized by the Company, and in light of the Tender Offeror's Objectives of the Transactions, it seems reasonable to believe that the Transactions can be expected to improve the Management Issues Recognized by the Company (defined below in (2), hereinafter the same applies); (ii) even if

there are disadvantages to the Company from the Transactions, they can be evaluated as not posing a significant obstacle to implementation of the Transaction; and (iii) considering that no alternative measures other than the Transactions that could be expected to produce effects similar to those of the Transactions are anticipated, the Transactions will contribute to enhancing the Company's corporate value and the objectives of the Transactions are recognized as legitimate and appropriate.

(1) Course of events leading Tender Offeror to investigate the Transactions and Tender Offeror's Objectives of the Transactions

On July 1, 2019, Tender Offeror assumed all of Showa Shell Sekiyu K.K.'s business through a corporate division in which Tender Offeror was the successor company and Showa Shell Sekiyu was the dividing company, and Tender Offeror acquired 5,144,000 Company Shares (6.58% of the total number of issued shares as of that date) from Showa Shell Sekiyu. Later, on March 26, 2024, Tender Offeror made an off-market acquisition of 5,051,600 Company Shares (6.46% of the total number of issued shares on that date), which was all Company Shares held by Sumitomo Chemical K.K. As a result, Tender Offeror held 10,195,600 Company Shares (13.04% of the total number of shares issued as of that date) and became the Company's top shareholder.

In addition, Tender Offeror and the Company concluded an agreement relating to a capital and business alliance (the "Capital and Business Alliance") on April 16, 2024, and as a part of that Capital and Business Alliance, Tender Offeror made an off-market acquisition of 6,839,920 Company Shares held by K.K. JERA (8.75% of the total number of issued shares on that date) on August 1, 2024. As a result, when combined with the 10,195,600 Company Shares already held, Tender Offeror held a total of 17,035,520 Company Shares (21.79% of the total number of shares issued as of that date), and the Company became an equity-method affiliate of Tender Offeror.

Later, as part of the preparation of its next medium-term management plan, in late March 2025, Tender Offeror began examining the expected environmental conditions for petroleum products and supply systems based on those conditions. In the course of these activities, Tender Offeror determined that, although domestic fuel oil demand is gradually declining, given that the "Tourism Vision for Supporting Japan's Future" released in March 2024 by the Japan Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism set a target of increasing the number of inbound tourists from 31.88 million in 2019 to 60 million in 2030, and that the number of flights to and from Japan is expected to increase as part of efforts to achieve this target, domestic jet fuel<sup>1</sup> demand is expected to increase substantially. According

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<sup>1</sup> According to Tender Offeror, a type of liquid fuel produced by refining crude oil, similarly to gasoline and diesel, that is used to power the jet engines on aircraft.

to a fuel oil demand forecast report published in 2024 by Facts Global Energy<sup>2</sup> that takes into account the policies and economic conditions of different countries, overseas fuel oil demand, particularly in the Asia-Pacific region, is also expected to grow in the medium to long term, and thus demand is expected to remain steady, while at the same time there has been a trend toward increased activity in response to equipment problems at refineries, and the time required for periodic maintenance has been trending longer because of reformed work practices; thus, Tender Offeror concluded that strengthening the petroleum product supply system will be crucial to the fulfillment of its social responsibility for ensuring stable energy supply in the future.

Then, around mid-April 2025, Tender Offeror came to believe that, given the Company's current situation where it is operating its business independently as a listed company under the capital structure of equity-method affiliate, the two entities will be unable to reciprocally utilize each other's refinery equipment, other business foundations, talent, and information and will face certain limits on synergy creation if they each continue operating under separate managerial policies; and that delisting the Company and conducting business activities under the same corporate organization and the same managerial policy will enable them to realize even deeper collaborative structures, achieve more flexible and rapid decision-making, and further develop both companies' existing fuel oil businesses by pursuing even more synergies, such as those of (a) through (d) below, than were possible when the Company was made an equity-method affiliate.

(a) Optimization of Petroleum Product Production Structures

Tender Offeror believes that swift reciprocal exchange of products and crude oil between the two companies in the event of various changes in demand such as sudden equipment problems will make it possible to supply petroleum products both rapidly and efficiently.

(b) Establishment of a Stable Energy Supply Foundation from a Long-Term Perspective

Tender Offeror anticipates establishing a more effective stable supply foundation for energy through effective utilization of piers and tanks and otherwise through groupwide capital investment and reciprocal utilization.

(c) Improvement of Cost Competitiveness through Reciprocal Utilization and Centralization of The Two Companies' Functions and Infrastructures

Tender Offeror believes that further cost reductions can be expected through centralization of procurement of raw materials, equipment, and construction-related materials, and that

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<sup>2</sup> According to Tender Offeror, a British global energy consulting company that provides leading independent research, analysis, consulting, and advisory services for oil, gas, LNG, and NGL markets.



improved competitiveness can be expected through efficient importing and exporting to be realized by utilizing the Company's large pier, one of the foremost piers in Japan.

(d) Establishment of a Low-Carbon Energy Supply Structure

Tender Offeror will consider establishing a low-carbon energy supply base through a structural reform from a long-term perspective in which the Company's Sodegaura Refinery and Tender Offeror's Chiba Site are formed into a single unit.

In light of the above considerations, on May 13, 2025, Tender Offeror presented to the Company the non-legally-binding Initial Proposal relating to the Transactions.

(2) Management Issues and Objectives of the Transactions Recognized by the Company

According to the Company, (i) building a system capable of stably supplying petroleum products amidst various anticipated changes, such as the gradual decline in domestic fuel oil demand, increased demand for jet fuel, steady demand trends overseas (particularly in the Asia-Pacific region), and decreasing demand for gasoline and kerosene, (ii) reducing the costs required for periodic refinery maintenance work, which are trending upwards due to rising personnel costs and extended maintenance periods caused by reformed work practices at a time when equipment problems at the refinery are increasing due to aging, (iii) reducing procurement costs for raw materials and equipment caused by inflationary pressures on raw materials and equipment, and (iv) adopting a long-term perspective in responding to carbon neutrality are all considered to be essential goals, and in light of the fact that the Sodegaura Refinery is the Company's only refinery, the Company recognizes that how it goes about achieving the goals of (i) to (iv) will be a key management issue (hereinafter, (i) to (iv) are collectively referred to as the "Management Issues Recognized by the Company").

Also, according to the Company, the Company recognizes that in responding to the Management Issues Recognized by the Company, it has been able to achieve certain results by collaborating with Tender Offeror, under the Capital and Business Alliance, to improve efficiency and strengthen competitiveness in petroleum product manufacturing and supply through deepened collaboration between the two companies, and to realize the functions of a flagship supply base for next-generation carbon neutral fuels. However, because the Company is an independent listed company, it has needed, even in its collaborations with Tender Offeror, to conduct its business operations with consideration for the interests of general shareholders, and when collaborative structures have been established between the Company and Tender Offeror (such as for joint management of periodic maintenance work), there have been certain constraints on Tender Offeror's ability to share information about refineries owned by Tender Offeror and other such confidential information relating to management resources, know-how, and marketing; therefore, further deepening of the collaboration under the Capital and Business

Alliance has been difficult. The Company believes that using the Transactions to bring the Company into the Tender Offeror Group can realize the synergies described in (a) to (e) below and can be expected to improve the Management Issues Recognized by the Company.

(a) Optimization of Petroleum Product Production structures

According to the Company, the Company currently has only the Sodegaura Refinery, and therefore, it is not possible to exchange crude oil with other refineries, but the Company believes that using the Transactions to bring the Company into the Tender Offeror Group will make it possible to exchange crude oil with the five refineries of the Tender Offeror Group, and to thereby respond swiftly and efficiently, in the event of any equipment problems at the Sodegaura Refinery or any sudden changes in supply and demand.

Based on the above, the Company believes that through the Transactions, optimization of petroleum product production structures will be possible and that improvement of issue (i) among the Management Issues Recognized by the Company can be expected.

(b) Establishing a Stable Energy Supply Base Rooted in a Long-Term Perspective

According to the Company, the Company has unique customers other than Tender Offeror, and therefore, believes that Tender Offeror can expand and enhance its supply structures. At the same time, the Company believes that the possibility of consolidating its customers within Tender Offeror will lead to improved sales prices and productivity for the Company. During on the July 14, 2025 Interview, the Company received from Tender Offeror a response to the effect that after implementation of the Transactions, until demand for petroleum products declines and it becomes difficult to operate both the Company's Sodegaura Refinery and Tender Offeror's Chiba Site at full capacity, Tender Offeror anticipates that the Company's Sodegaura Refinery will continue operating at full capacity in the same manner as currently to produce petroleum products.

Also, in the June 21, 2025 Written Response, the Company received from Tender Offeror a response to the effect that if demand for petroleum products declines substantially, the Company and Tender Offeror will work together to adjust production volumes and that it may be possible to prevent decreases in product prices resulting from overproduction and oversupply of petroleum products.

Based on the above, the Company believes that through the Transactions, it will be possible to stably sell large volumes of petroleum products to Tender Offeror at prices that generate a certain margin, even if demand declines substantially, it will be possible to sell petroleum products while maintaining profits, and that improvement of issue (i) among the Management Issues Recognized by the Company can be expected.

(c) Joint Management of Regular Maintenance Work

According to the Company, the costs necessary for regular maintenance work, including labor costs, have increased greatly in recent years, and reformed work practices have meant longer work periods, resulting in longer periods when refineries are unable to operate. In light of these circumstances, the Company believes that pursuing further cooperation with Tender Offeror and performing joint management initiatives, such as optimization of regular maintenance work timing and personnel allocation during regular maintenance work, will lead to reduced costs and shortened work periods in connection with regular maintenance.

Based on the above, according to the Company, through the Transactions, it will be possible to reduce costs associated with periodic maintenance and increase petroleum product manufacturing volumes in years when periodic maintenance is implemented, and improvement of issues (i) and (ii) among the Management Issues Recognized by the Company can be expected.

(d) Cost Reductions for Both Companies through Centralization of Procurement of Raw Materials, Equipment, etc. and Expansion of Both Companies' Existing Businesses through Maximally Effective Use of Facilities including the Company's Pier, One of the Foremost Piers in Japan

According to the Company, in addition to cost reductions achieved through centralization of raw material and equipment procurement, it is believed that cost reductions through centralization of subsidiary material procurement can also be expected, and while the Company has found it difficult in the past to compare costs with other refineries, the Company believes that by using information provided by Tender Offeror, which operates multiple refineries, it will be possible to identify the strengths and weaknesses of the Company's Sodegaura Refinery and by extension identify areas that should be strengthened and improved, enabling management decisions that contribute to further business development.

Also, in the June 21, 2025 Written Response and the July 14, 2025 Interview, the Company received from Tender Offeror responses to the effect that efficient export and import operations will be possible through the effective use of the Company's large pier.

Based on the above, the Company believes that through the Transactions, it will be possible to reduce costs associated with procurement of raw materials, equipment, etc. and to strengthen domestic and international petroleum product production systems using information provided by Tender Offeror and increased import and export efficiency, and that improvement of issues (i) through (iii) among the Management Issues Recognized by the Company can be expected.

(e) Transformation of the Company's Sodegaura Refinery and Tender Offeror's Chiba Site into Low-Carbon Energy Supply Sites by Implementing Structural Reforms from a Long-Term Perspective

According to the Company, the Company's Sodegaura Refinery and Tender Offeror's Chiba Site are located close to one another, and therefore, the Company believes that it will be possible for one facility to continue supplying petroleum products while the other converts to a fuel supply site for new carbon neutral fuels to replace petroleum products, and that the construction of a major carbon-neutral center that connects the Company's Sodegaura Refinery, Tender Offeror's Chiba Site, and other facilities with pipelines to enable the interchange of products and raw materials can also be expected.

Based on the above, the Company believes that the Transactions will make it possible, if long-term demand for petroleum products declines and it becomes difficult to operate both the Company's Sodegaura Refinery and Tender Offeror's Chiba Site, to make such a conversion to a carbon neutral fuel supply site and supply carbon-neutral fuel, and that the improvement of issue (iv) among the Management Issues Recognized by the Company can be expected.

(f) Summary

Based on (1) and (2) above, there are no discrepancies between the Tender Offeror's Objectives of the Transactions and the objectives of the Transactions recognized by the Company, and in light of the Tender Offeror's Objectives of the Transactions, it would seem reasonable to believe that the Transactions can be expected to improve the Management Issues Recognized by the Company.

(3) Disadvantages of the Transactions to the Company

Potential disadvantages to the Company that may arise from the Transactions are effects on the Company's ability to raise funds or capital, the Company's social credibility, and the ability to recruit human resources in conjunction with the delisting of the Company.

Regarding this point, according to the Company, the Company primarily uses borrowings from financial institutions as a means of procuring business funds, and given that, it is thought that the Company is currently not benefiting fully from the advantages of capital market access arising from being a listed company.

Also, according to Tender Offeror, after the Transactions, Tender Offeror anticipates drawing on its capital procurement abilities and financial foundations through the cash management system employed by Tender Offeror and other means, and according to the Company, in light of the disparity in creditworthiness between the Company and Tender Offeror, the Company expects to be able to favorably procure capital. In this way, the ability

to procure appropriate amounts of capital at appropriate times and at interest rates reflecting the creditworthiness of Tender Offeror is believed to be an advantage for the Company's business operations.

Furthermore, regarding social credibility and human resource recruiting capabilities, since Tender Offeror is a listed company and is considered to have high social credibility and recognition, even if the Company is delisted as a result of the Transactions, it will be possible to enhance the Company's external credibility, and it is even possible to expect that maintenance and further improvement of social credibility and human resource recruiting capabilities can be achieved.

Based on the above, even if there are disadvantages to the Company in relation to the Transactions, the Committee deems that they are not a particular impediment to execution of the Transactions.

#### (4) Impact on the Company Group's Employees from the Transactions

The Committee believes that, with respect to the treatment of employees following implementation of the Transactions, the knowledge and experience of the Company Group's employees are indispensable for the operation of the Company from the perspective of maintaining and enhancing corporate value, and further, it is necessary to sustain employee motivation through the establishment of appropriate employment conditions. Therefore, when implementing the Transactions, the Committee believes that it will be important that Tender Offeror continue the employment of the Company Group's employees and maintain (or improve) employment conditions.

Regarding this point, according to Tender Offeror, after implementation of the Transactions, Tender Offeror plans in principle to continue operation of the Company's Sodegaura Refinery at least until long-term demand for petroleum products declines and it becomes difficult to operate both the Company's Sodegaura Refinery and Tender Offeror's Chiba Site. Also, management structures after implementation of the Transactions are premised on continuing the employment of the Company Group's employees, and no major changes to their employment conditions are anticipated.

Based on the above, it can be said that Tender Offeror has an appropriate policy concerning the treatment of the Company Group's employees from the perspective of maintaining and enhancing the Company's corporate value, and the Committee deems that as long as those policies are carried out after implementation of the Transactions, the Transactions will contribute to maintaining and enhancing the Company's corporate value.

#### (5) Existence of Alternative Means Other than the Transactions

As discussed above in (1), the Transactions are the scheme adopted by Tender Offeror as the means of achieving the Tender Offeror's Objectives of the Transactions and, as discussed

above in (2), it would seem reasonable to believe that the Transactions can be expected to improve the Management Issues Recognized by the Company.

Upon investigating whether there are any alternative means other than the Transactions for achieving those objectives, possible alternative means include strengthening the Capital and Business Alliance with Tender Offeror while maintaining the Company's listing or securing additional equity contributions from Tender Offeror. With regard to these other means, however, considering that the Company is an independent listed company and its business management must give consideration to the interests of general shareholders, and that for the establishment of collaborative structures between the Company and Tender Offeror (including joint management of periodic maintenance work), there are certain constraints on the sharing of information about refineries owned by Tender Offeror and other such confidential information relating to management resources, know-how, and marketing, these are not desirable options from the perspective of maximizing the effects of collaboration with Tender Offeror.

Based on the above, the Committee believes that there are no alternative means other than the Transactions that can be expected to produce effects comparable to those of the Transactions.

At the stage where Tender Offeror presented the Initial Proposal, Tender Offeror proposed to the Company a scheme whereby Tender Offeror would acquire all Company Shares (including transfer-restricted Company Shares ("Restricted Shares") granted to Company directors and executive officers in the form of restricted stock compensation and excluding Company Shares held by Tender Offer and treasury shares held by the Company), including the Company Shares held by the government of the Kingdom of Saudi Arabia (referred to as the "Non-Tendering Shareholder"), the third largest shareholder of the Company (number of shares held: 5,811,390 shares; ownership ratio<sup>3</sup>: 7.52%), and by Kuwait Oil Company, likewise the third largest shareholder of the Company (number of shares held: 5,811,390 shares; ownership ratio: 7.52%) (hereinafter, the Non-Tendering Shareholder and Kuwait Oil Company are collectively referred to as the "Major Shareholders"), thus making the Company a wholly-owned subsidiary of Tender Offeror (the "Wholly-Owned Subsidiary Scheme"); but subsequently, in the course of investigating means of maximizing synergies and enhancing the Company Group's corporate value, Tender Offeror came to the conclusion that, with respect to the Major Shareholders, which are stable sources of supply for crude oil that support the petroleum refining businesses of the Company and the Tender Offeror Group, maintaining and strengthening the relationships with both companies and keeping the Major Shareholders as shareholders of the Company for at least a certain period after the delisting of the Company Shares would be optimal from the perspective of maintaining a stable crude oil supply to the

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<sup>3</sup> "Ownership ratio" means the ratio (rounded to the second decimal place; hereinafter the same applies in the calculation of ownership ratios) to the number of shares (77,240,335 shares) obtained by subtracting the number of treasury shares held by the Company (943,342 shares) as of June 30, 2025 as stated in the "March 2026 Term First Quarter Earnings Report (based on Japanese GAAP)" submitted by the Company on August 7, 2025 (the "Company First Quarter Earnings Report"), from the total number of issued shares of the Company as of June 30, 2025 (78,183,677 shares) as stated in the Company First Quarter Earnings Report.

Tender Offeror Group including the Company after the implementation of the Transactions, and Tender Offeror thus explained to the Committee that it anticipated a scheme whereby it would enter into non-tendering agreements with the Major Shareholders regarding the Tender Offer so that the Major Shareholders would not tender the Company Shares they held in the Tender Offer and would remain as shareholders of the Company even after the Transactions (the “Major Shareholder Non-Tendering Scheme”).

The Committee, believing that a method whereby Tender Offeror would receive equity investment from the Major Shareholders after implementation of the Transactions through the Wholly-Owned Subsidiary Scheme by Tender Offeror could also be considered, requested that Tender Offeror adopt the Wholly-Owned Subsidiary Scheme. In response to this request from the Committee, however, Tender Offeror responded that since the Major Shareholders are the government of a foreign country and a foreign oil company, the feasibility of securing equity capital after execution of the Transactions through the Wholly-Owned Subsidiary Scheme was not necessarily high; that the Major Shareholders are stable sources of supply of crude oil that support the crude oil refining business of the Company and the Tender Offeror Group, and keeping them as shareholders of the Company even after the Transactions would allow the Tender Offeror Group including the Company to maintain good relations with the Major Shareholders after the Transactions and the stability of crude oil supply, and by extension, could mean a greater ability to respond to geopolitical risks and fluctuations in international crude oil markets, and could ensure long-term stability of crude oil supply and secure a foundation for the ongoing construction of a cooperative relationship; and that Tender Offeror had determined that such a shareholder composition not only would increase the reliability of the domestic crude oil refining business and energy supply through stable crude oil procurement, but also would contribute to enhancing the Company’s corporate value.

Upon receiving this response, the Committee investigated the suitability of executing the Transactions through the Major Shareholder Non-Tendering Scheme rather than the Wholly-Owned Subsidiary Scheme. Regarding this point, according to the Company, (i) although currently no crude oil transactions are conducted between the Company and the Major Shareholders, it is conceivable that in the future, the Company will receive crude oil supply from the Major Shareholders, taking into consideration the crude oil sale prices of the Major Shareholders at the time, and therefore, it could be said that there are potential benefits for the Company in having the Major Shareholders remain shareholders of the Company after the Transactions, and (ii) even in the case where after the Transactions, the Major Shareholders remain shareholders of the Company and the secondment of directors by the Major Shareholders to the Company continues, no impairment of speedy decision-making by the Company is anticipated.

Based on the above, the Committee reached the conclusion that having the Major Shareholders remain as shareholders of the Company after the Transactions would not necessarily impede enhancement of the Company’s corporate value and that adoption of the Major Shareholder Non-Tendering Scheme rather than the Wholly-Owned Subsidiary Scheme

as the scheme for the Transactions would be acceptable.

Subsequently, in the September 5, 2025 Price Proposal, Tender Offeror explained to the Committee that Kuwait Oil Company, one of the Major Shareholders, had expressed its desire to sell Company Shares, in response to which Tender Offeror had decided that in order to maintain the longstanding good relations between the Tender Offeror Group and said company, it would respect said company's intention to sell; and in the September 8, 2025 Response, Tender Offeror explained that it did not plan to execute a tendering agreement with said company, that it anticipated said company tendering its shares in the Tender Offer in the same manner as a general shareholder, and that it would clearly state in disclosure documents that said company intended to tender its shares in the Tender Offer. Thus, the Committee considered the appropriateness of implementing the Transactions under a scheme whereby, instead of the Wholly-Owned Subsidiary Scheme, an agreement regarding non-tender of shares in the Tender Offer would be executed only with the Non-Tendering Shareholder among the Major Shareholders,<sup>4</sup> and of the Major Shareholders, only the Non-Tendering Shareholder would remain a shareholder of the Company after the Transactions.

As a result, for the reasons of (i) and (ii) above, the Committee has determined that a scheme which keeps only the Non-Tendering Shareholder among the Major Shareholders as a Company shareholder will not necessarily hinder the Company from enhancing its corporate value, and that as a scheme for the Transactions, the above scheme can be accepted in lieu of the Wholly-Owned Subsidiary Scheme.

## (6) Conclusion

Based on the above, the Committee recognizes that the Transactions will contribute to enhancing the Company's corporate value and that the objectives of the Transactions are legitimate and appropriate.

## **2. Fairness and Appropriateness of the Terms and Conditions of the Transactions (Referral Matter (2))**

Regarding whether the transactional terms and conditions of the Transactions ensure fairness and appropriateness, the Committee has conducted the evaluations described below, and as a result of comprehensive consideration, the Committee is of the view that the fairness and appropriateness of the transactional terms and conditions of the Transactions, including the Tender Offer Price for the Tender Offer, have been ensured, based on the fact that the tender offer price in the Tender Offer of 480 yen per share (the "Tender Offer Price") (i) is within a reasonable range in relation to the results of the share valuation by Mizuho Securities, the Company's third-

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<sup>4</sup> According to Tender Offeror, on September 11, 2025, Tender Offeror plans to execute with the Non-Tendering Shareholder a non-tendering agreement, as outlined in section 4. of the Press Release, for all Company Shares held by the Non-Tendering Shareholder.



party calculation agency, (ii) is within a reasonable range in relation to the results of the share valuation by Plutus, the Committee’s third-party calculation agency, (iii) is regarded, in the fairness opinion from Plutus, the Committee’s third-party calculation agency, as being fair to the Company’s general shareholders from a financial standpoint, (iv) can be considered, in terms of premium levels, to reflect to a reasonable degree the share price that would be achieved by the Company through the Transactions, and (v) was decided through sincere negotiations conducted by the Committee with Tender Offeror through Mizuho Securities, the Company’s highly specialized financial advisor, and for these reasons can be regarded as a fair and appropriate price, while the fairness and appropriateness of the transactional terms and conditions of the Transactions other than the Tender Offer Price are also ensured.

(1) Acquisition of Share Valuation Report from the Company’s Third-Party Calculation Agency

In expressing its opinion with regard to the Tender Offer, to ensure fairness in the decision-making process concerning the Tender Offer Price proposed by Tender Offeror, the Company requested Mizuho Securities, a financial advisor and third-party calculation agency independent of the Company Group, the Tender Offeror Group, and the success/failure of the Transactions, to calculate the share value of the Company Shares, and received the Company Share Valuation Report (Mizuho Securities) on September 10, 2025.

(a) Calculation Results of the Company Share Valuation Report (Mizuho Securities)

As a result of examining valuation methods in the Tender Offer and based on the belief that it is appropriate to evaluate the value of the Company Shares from multiple perspectives with the assumption that the Company is a going concern, Mizuho Securities calculated the per-share value of the Company Shares using the market price method, since the Company Shares are listed on the TSE Prime Market and market prices are available, and the discounted cash flow method (the “DCF Method”), to reflect the circumstances of the Company’s future business activities in the valuation.

According to Mizuho Securities, the ranges of the per-share valuations of the Company Shares calculated using the above methods are as follows:

Market price method	305 yen to 334 yen
DCF Method	217 yen to 638 yen

The range of per-share value of the Company Shares obtained from the market price method is 305 yen to 334 yen, which using September 10, 2025 as the reference date, was calculated based on 332 yen, the closing price of Company Shares quoted on the TSE Prime Market on the reference date; 334 yen, the simple average closing price for the most recent one-month period; 320 yen, the simple average closing price for the most recent three-month

period; and 305 yen, the simple average closing price for the most recent six-month period.

Using the DCF Method, based on various factors including revenue forecasts and investment plans in the business plan for the March 2026 term to the March 2031 term (the “Business Plan”) prepared by the Company as the period that can reasonably be predicted at present, the Company’s financial information for the first quarter of the March 2026 term, and publicly available information, the Company’s corporate value and share value were calculated by discounting free cash flows expected to be generated by the Company from the second quarter of the March 2026 term onward to present value at a certain discount rate, and the range of per-share value for the Company Shares was calculated to be 217 yen to 638 yen. The discount rate was set at the weighted average cost of capital, and a rate of 2.75% to 3.25% was adopted. Also, when calculating continuing value, the perpetual growth method was adopted, and for the perpetual growth method, after comprehensively considering external environmental factors etc., the perpetual growth rate was set at -0.25% to 0.25% and the continuing value was calculated to be 125,919 million yen to 157,651 million yen. In calculating continuing value, in light of the Company’s business cycle, in which large-scale periodic maintenance is conducted once every four years and small-scale periodic maintenance is conducted in the intermediate years, in addition to financial figures for the March 2031 term, which is the final fiscal year of the Business Plan, four-year financial information for the period from the March 2028 term to the March 2031 term was taken into consideration.

When formulating the Business Plan, it was assumed that the Company’s current business, including the oil refining business, will be continued, and no large-scale changes in business activities were anticipated. Also, in light of the Company’s external environment and other factors, such as carbon neutrality, although there is a possibility of conducting concrete investigations of new businesses, such as the supply of biofuels in the future, as no new businesses are currently planned for implementation and it is difficult to make specific estimates of the impact on revenue, such new businesses have not been incorporated into the Business Plan. The Company has a business cycle of conducting large-scale periodic maintenance once every four years and small-scale periodic maintenance in the intermediate years, and accordingly, the Business Plan is premised on continuation of this business cycle.

Furthermore, to investigate the appropriateness of the terms and conditions of the Transactions, the Business Plan was formulated by a team comprising Company employees independent from the Tender Offeror Group, and the Tender Offeror Group (including personnel seconded from Tender Offeror and former employees of Tender Offeror) did not participate in the process of preparing the Business Plan. Also, when the Company formulated the Business Plan for the Transactions, the Committee conducted question and answer sessions concerning the content of the draft Business Plan, its important assumptions, and other matters and confirmed and approved the reasonableness of the content of the final Business Plan, its important assumptions, the preparation process, and other matters.

The financial forecasts based on the Business Plan that Mizuho Securities assumed when

performing calculations using the DCF Method are as follows. Such financial forecasts include fiscal years in which substantial year-on-year fluctuations in profit and free cash flow are expected. Specifically, large-scale periodic maintenance will be performed in the March 2026 term and the March 2030 term and small-scale periodic maintenance will be performed in the March 2028 term, and consequently, temporary suspensions of refinery operations for certain periods are planned and capital investment amounts are expected to increase, and as a result, operating income is projected to decrease by 10,048 million yen year-on-year in the March 2026 term, increase by 29,330 million yen year-on-year in the March 2027 term, decrease by 10,602 million yen year-on-year in the March 2028 term, increase by 10,162 million yen year-on-year in the March 2029 term, decrease by 16,557 million yen year-on-year in the March 2030 term, and increase by 14,831 million yen year-on-year in the March 2031 term, while free cash flow is projected to decrease by 38,532 million yen year-on-year in the March 2026 term, increase by 8,928 million yen year-on-year in the March 2027 term, increase by 10,424 million yen year-on-year in the March 2028 term, increase by 10,621 million yen year-on-year in the March 2029 term, decrease by 40,703 million yen year-on-year in the March 2030 term, and increase by 40,057 million yen year-on-year in the March 2031 term.

Also, with respect to the synergy effects expected to be generated from implementation of the Transactions, except for the reduction in listing expenses resulting from delisting the Company Shares, at this time, it is difficult to make specific estimates of the impact on revenue, and therefore, such effects are not incorporated into the financial forecasts in the Business Plan and are not included in the calculations performed by Mizuho Securities using the Business Plan as the basis for its calculations.

(Unit: million yen)

	March 2026 term (9 months)	March 2027 term	March 2028 term	March 2029 term	March 2030 term	March 2031 term
Net sales	504,439	787,333	693,000	787,024	631,213	786,484
Operating income	△2,195	13,713	3,111	13,273	△3,284	11,547
EBITDA	3,038	21,646	11,516	21,195	5,668	21,172
Free cash flow	△16,762	△3,714	6,710	17,332	△23,372	16,686

The details of the materials and information that Mizuho Securities analyzed and investigated and the matters it presupposed in calculating the share value of the Company Shares are as described in (Note 13) of 3(3)[1](B) of the Press Release.

(b) Reliability of the Company Share Valuation Report (Mizuho Securities)

To consider now the reliability of the Company Share Valuation Report (Mizuho Securities) as a precondition for the fairness and appropriateness of the Tender Offer Price, first, the Company has determined that Mizuho Securities is not a related party of the Company Group or the Tender Offeror Group and does not have any material interests in the Transactions (Mizuho Securities is a member of the Mizuho Financial Group, as are Mizuho Bank, Ltd. (“Mizuho Bank”) and Mizuho Trust & Banking Co., Ltd. (“Mizuho Trust & Banking”), and while Mizuho Bank has the status of a shareholder of the Company and of Tender Offeror and conducts financing transactions as part of its ordinary bank transactions with the Company and Tender Offeror, and Mizuho Trust & Banking also conducts financing transactions as part of its ordinary bank transactions with the Company, neither entity has any noteworthy material interests in the Transactions). Also, Mizuho Securities has established and implemented appropriate conflict of interest management systems, such as information barrier measures between itself and Mizuho Bank and Mizuho Trust & Banking, in accordance with Article 36 of the Financial Instruments and Exchange Act and Article 70-4 of the Cabinet Office Order on Financial Instruments Business, and conducted its share valuation of the Company Shares from a standpoint independent of the statuses as shareholder and lender of Mizuho Bank and Mizuho Trust & Banking. The Company thus determined that when it conducted the share valuation of the Company Shares, Mizuho Securities had established and implemented appropriate conflict of interest management systems.

No unreasonable aspects are recognized in these determinations of the Company, and according to the Company, the remuneration paid to Mizuho Securities in relation to the Transactions does not include contingency remuneration to be paid conditionally upon the success of the Transactions, the qualifications of Mizuho Securities as a third-party calculation agency can be regarded as unproblematic, and the calculation methods used by Mizuho Securities to calculate the per-share value of the Company Shares are all recognized as general calculation methods. Also, the combination of valuation methods - that is, the market price method, which is based on market stock prices, and the DCF Method, which incorporates the present value of future cash flows into the valuation - is appropriate and follows standard approaches to corporate evaluation, and no unreasonable aspects are recognized in Mizuho Securities’ reasons for adopting each of these calculation methods.

The calculation results based on these calculation methods were calculated by Mizuho Securities, a third-party calculation agency that has extensive experience, and no unreasonable aspects are recognized in the calculation results of the per-share value of the Company Shares. Furthermore, no unreasonable aspects are recognized with regard to the above calculation methods or the financial forecasts, assumptions, etc. that served as the basis for the results of those calculations.

Based on the above, the Company Share Valuation Report (Mizuho Securities) can be

regarded as reliable.

(c) Fairness and appropriateness of the Tender Offer Price

Considering that the Tender Offer Price of 480 yen is greater than the upper limit of the range of the calculation results using the market price method in the Company Share Valuation Report (Mizuho Securities) and is greater than the median of the range of the calculation results using the DCF Method in the Company Share Valuation Report (Mizuho Securities), the Tender Offer Price can be regarded as being within a reasonable range in relation to the results of the share valuation in the Company Share Valuation Report (Mizuho Securities).

(2) Acquisition of Share Valuation Report and Fairness Opinion from the Committee's Third-Party Calculation Agency

When investigating the Referral Matters, to ensure the appropriateness of the transactional terms and conditions concerning the Tender Offer Price proposed by Tender Offeror, the Committee requested Plutus, a third-party calculation agency independent of the Company Group, the Tender Offeror Group, and the success/failure of the Transactions, to calculate the share value of the Company Shares and express an opinion concerning the fairness of the Tender Offer Price (a fairness opinion). On September 10, 2025, the Committee received the Committee Share Valuation Report (Plutus) and the Fairness Opinion, the latter of which indicated that the Tender Offer Price is fair to the Company's general shareholders from a financial standpoint.

(a) Calculation Results of the Committee Share Valuation Report (Plutus)

As a result of examining valuation methods in the Tender Offer and based on the belief that it is appropriate to evaluate the value of the Company Shares from multiple perspectives with the assumption that the Company is a going concern, Plutus conducted per-share valuations of the Company Shares using the market price method, since the Company Shares are listed on the TSE Prime Market and market prices are available, and the DCF Method, to reflect the circumstances of the Company's future business activities in the valuation.

The ranges of the per-share valuations of the Company Shares calculated by Plutus using the above methods are as follows:

Market price method	305 yen to 334 yen
DCF Method	265 yen to 618 yen

The range of per-share value of the Company Shares obtained from the market price method

is 305 yen to 334 yen, which, using September 10, 2025 as the reference date, was calculated based on 332 yen, the closing price of Company Shares quoted on the TSE Prime Market on the reference date; 334 yen, the simple average closing price for the most recent one-month period; 320 yen, the simple average closing price for the most recent three-month period; and 305 yen, the simple average closing price for the most recent six-month period.

Using the DCF Method, based on various factors including revenue forecasts and investment plans in the Business Plan, the Company's financial information for the first quarter of the March 2026 term, and publicly available information, the Company's corporate value and share value were calculated by discounting free cash flows expected to be generated by the Company from the second quarter of the March 2026 term onward to present value at a certain discount rate, and the range of per-share value for the Company shares was calculated to be 265 yen to 618 yen. The discount rate was set at the weighted average cost of capital, and a rate of 3.1% to 3.8% was adopted. Also, when calculating continuing value, the perpetual growth method was adopted, and for the perpetual growth method, after comprehensively considering external environmental factors, the perpetual growth rate was set at 0.0% and the continuing value was calculated to be 120,357 million yen to 147,364 million yen. In calculating continuing value, in light of the Company's business cycle, in which large-scale periodic maintenance is conducted once every four years and small-scale periodic maintenance is conducted in the intervening years, in addition to financial figures for the March 2031 term, which is the final year of the Business Plan, four-year financial information for the period from the March 2028 term to the March 2031 term was taken into consideration.

When formulating the Business Plan, it was assumed that the Company's current business, including the oil refining business, will be continued, and no large-scale changes in business activities were anticipated. Also, in light of the Company's external environment and other factors, such as carbon neutrality, although there is a possibility of conducting concrete investigation of new businesses, such as the supply of biofuels in the future, as no new businesses are currently planned for implementation and it is difficult to make specific estimates of the impact on revenue, such new businesses have not been incorporated into the Business Plan. The Company has a business cycle of conducting large-scale periodic maintenance once every four years and small-scale periodic maintenance in the intermediate years, and the Business Plan is premised on continuation of this business cycle.

As also discussed above in (1)(a), to investigate the appropriateness of the terms and conditions of the Transactions, the Business Plan was formulated by a team comprising Company employees independent from the Tender Offeror Group, and the Tender Offeror Group (including personnel seconded from Tender Offeror and former employees of Tender Offeror) did not participate in the process of preparing the Business Plan. When the Company formulated the Business Plan for the Transactions, the Committee conducted question and answer sessions concerning the content of the draft Business Plan, its important assumptions, and other matters and confirmed and approved the reasonableness of the content of the final Business Plan, its important assumptions, the preparation process, and other matters.

The financial forecasts based on the Business Plan that Plutus assumed when performing the DCF Method calculations are as follows. Such financial forecasts include fiscal years in which substantial year-on-year fluctuations in profit or free cash flow are expected. Specifically, large-scale periodic maintenance will be performed in the March 2026 term and the March 2030 term and small-scale periodic maintenance will be performed in the March 2028 term, and consequently, temporary suspensions of refinery operations for certain periods are planned and capital investment amounts are expected to increase, and as a result, operating income is projected to decrease by 10,048 million yen year-on-year in the March 2026 term, increase by 29,330 million yen year-on-year in the March 2027 term, decrease by 10,602 million yen year-on-year in the March 2028 term, increase by 10,162 million yen year-on-year in the March 2029 term, decrease by 16,557 million yen year-on-year in the March 2030 term, and increase by 14,831 million yen year-on-year in the March 2031 term, while free cash flow is projected to decrease by 42,137 million yen year-on-year in the March 2026 term, increase by 11,006 million yen year-on-year in the March 2027 term, increase by 9,947 million yen year-on-year in the March 2028 term, increase by 11,653 million yen year-on-year in the March 2029 term, decrease by 42,135 million yen year-on-year in the March 2030 term, and increase by 41,494 million yen year-on-year in the March 2031 term.

Also, with respect to the synergy effects expected to be generated from implementation of the Transactions, at this time, it is difficult to make specific estimates of the impact on revenue, and therefore, such effects are not incorporated into the financial forecasts in the Business Plan and are not included in the calculations made by Plutus using the Business Plan as the basis for its calculations.

(Unit: million yen)

	March 2026 term (9 months)	March 2027 term	March 2028 term	March 2029 term	March 2030 term	March 2031 term
Net sales	504,439	787,333	693,000	787,024	631,213	786,484
Operating income	△2,195	13,713	3,111	13,273	△3,284	11,547
EBITDA	3,441	21,781	11,664	21,354	5,829	21,336
Free cash flow	△17,664	△2,676	7,271	18,925	△23,211	18,283

The details of matters that Plutus presupposed and its other considerations etc. in calculating the share value of the Company Shares are as described at the end of 3(3)[2](C) of the Press Release. Plutus conducted question and answer sessions with the Company regarding the Business Plan that served as the basis of its calculations, and analyzed and examined the content thereof.

(b) Overview of the Fairness Opinion

The Fairness Opinion expresses the opinion that, in light of the results of the share valuation calculation performed based on the Business Plan prepared by the Company, the Tender Offer Price of 480 yen per share is fair to the Company's general shareholders from a financial standpoint.

The Fairness Opinion was issued by Plutus based on the results of its valuation of the Company Shares, which was conducted after receiving disclosures from the Company concerning the current status of its business, the Business Plan, and related explanations, as well as question and answer sessions conducted with the Company regarding the overview, background, and objectives of the Tender Offer, examination by Plutus, to the extent that it deemed it necessary, of the Company's business environment, economic, market, and financial conditions, and other factors, and a review process by a review committee independent from the Plutus engagement team (the matters presupposed and other considerations etc. for preparation of the Fairness Opinion are as described in (Note 14) of 3(3)[2](C) of the Press Release).

(c) Reliability of the Committee Share Valuation Report (Plutus) and Fairness Opinion

To consider now the reliability of the Committee Share Valuation Report (Plutus) and the Fairness Opinion as a precondition for the fairness and appropriateness of the Tender Offer Price, the Committee has determined that Plutus is not a related party of the Company Group or the Tender Offeror Group and does not have any material interests in the Transactions.

In addition to this determination by the Committee, according to the Company, considering that the remuneration paid to Plutus in relation to the Transactions does not include contingency remuneration to be paid conditionally upon the success of the Transactions, the qualifications of Plutus as a third-party calculation agency can be regarded as unproblematic, and the calculation methods used by Plutus to calculate the per-share value of the Company Shares are all recognized as general calculation methods. Also, the combination of valuation methods - that is, the market price method, which is based on market stock prices, and the DCF Method, which incorporates the present value of future cash flows into the valuation - is appropriate and follows standard approaches to corporate evaluation, and no unreasonable aspects are recognized in Plutus' reasons for adopting each of these calculation methods.

The calculation results based on these calculation methods were calculated by Plutus, a third-party calculation agency that has extensive experience, and no unreasonable aspects are recognized in the calculation results of the per-share value of the Company Shares. Furthermore, no unreasonable aspects are recognized with regard to the above calculation methods or the financial forecasts, assumptions, etc. that served as the basis for the results of those calculations.



Also, no unreasonable aspects are recognized with regard to the issuance procedures or content of the Fairness Opinion.

Based on the above, the Committee Share Valuation Report (Plutus) and Fairness Opinion can be regarded as reliable.

#### (d) Fairness and appropriateness of the Tender Offer Price

Considering that the Tender Offer Price of 480 yen is greater than the upper limit of the range of the calculation results using the market price method in the Committee Share Valuation Report (Plutus) and is greater than the median of the range of the calculation results using the DCF Method in the Committee Share Valuation Report (Plutus), the Tender Offer Price can be regarded as being within a reasonable range in relation to the results of the share valuation in the Committee Share Valuation Report (Plutus).

Further, the Fairness Opinion expresses an opinion to the effect that the Tender Offer price is fair to the Company's general shareholders from a financial standpoint, and this is also considered to support the fairness and appropriateness of the Tender Offer Price.

#### (3) Securing a Premium

The Tender Offer Price is a price that represents a premium over the closing price of Company Shares on the TSE Prime Market on September 10, 2025, the business day preceding the date of announcement of the Tender Offer, and the simple averages of prior closing prices.

(Reference Date: September 10, 2025)

	Closing Price on Reference Date	Simple Average of Closing Prices		
		Past Month	Past 3 Months	Past 6 Months
<b>Market price</b>	332 yen	334 yen	320 yen	305 yen
<b>Premium</b>	44.58%	43.71%	50.00%	57.38%

The above premium levels, according to Mizuho Securities, can be regarded as being comparable with the average premium levels for similar cases (specifically, the 45.42% to 59.37% levels of the mean and median values for 21 TOBs intended to delist a listed equity-method affiliate which were announced and completed between June 28, 2019, when the "Fair M&A Guidelines – Enhancing Corporate Value and Securing Shareholders' Interests" (the "M&A Guidelines") were published by the Ministry of Economy, Trade and Industry, and August 22, 2025 (excluding cases where leaked information was reported in the news) (the mean values of the premium levels in such 21 cases are: 54.58% over the share price on the business day before the announcement date, 57.06% over the simple average closing price for the one month up to the business day before the announcement date, 59.37% over the simple average closing price for the three months up to the business day before the announcement

date, and 58.55% over the simple average closing price for the six months up to the business day before the announcement date; and the median values of the premium levels in such 21 cases are: 45.42% over the share price on the business day before the announcement date, 50.64% over the simple average closing price for the one month up to the business day before the announcement date, 53.19% over the simple average closing price for the three months up to the business day before the announcement date, and 54.32% over the simple average closing price for the six months up to the business day before the announcement date)), and with these premium levels secured, it can be evaluated the Tender Offer Price will reflect to a reasonable degree the share price that would be achieved by the Company through implementation of the Transactions.

#### (4) Downward Revision Disclosures

As the Company stated in its “Notice Concerning Revision of Projected Earnings” dated August 9, 2024 (the “Downward Revision Disclosure (1)”), the Company made a downward revision of its forecast of consolidated performance for the cumulative second quarter and the full year of the fiscal year ending March 2025. According to the Company, this downward revision was precipitated by factors including the temporary shutdown of equipment due to a lightning strike in late July 2024, a review of production plans, and losses from the sale of all shares of Tokyo Sekiyu Kogyo K.K., which was a consolidated subsidiary of the Company at the time; and the Company has not formulated and announced this downward revision for the purpose of deliberately lowering the share price of Company Shares.

Also, as the Company stated in its “Notice Concerning Revision of Projected Earnings” dated November 8, 2024 (“Downward Revision Disclosure (2)”), the Company again made a downward revision of its forecast of full-year consolidated performance for the fiscal year ending March 2025. According to the Company, this downward revision was precipitated by factors including the recording of inventory valuation losses at the end of the first half of the fiscal year ending March 2025, as well as lower Dubai crude oil prices and revisions to exchange rate forecasts toward yen appreciation based on market trends at that time; and the Company has not formulated and announced this downward revision for the purpose of deliberately lowering the share price of the Company Shares.

According to Tender Offeror, as part of the preparation of its next medium-term management plan, beginning in late March 2025, Tender Offeror began examining the expected environmental conditions for petroleum products and supply systems based on those conditions, and Downward Revision Disclosure (1) and Downward Revision Disclosure (2) were made before Tender Offeror began considering the Tender Offer.

Based on the above, Downward Revision Disclosure (1) and Downward Revision Disclosure (2) can reasonably be considered to have not been made for the purpose of intentionally lowering the price of the Company Shares, and it can be considered unproblematic to take into account the prices of the Company Shares after Downward Revision

Disclosure (1) and Downward Revision Disclosure (2) in the calculations using the market price method by Mizuho Securities discussed above in (1), the calculations using the market price method by Plutus discussed above in (2), and the determination of the premium levels discussed in (3) above.

#### (5) Negotiations with Tender Offeror

Regarding the Tender Offer Price, starting on August 8, 2025, the Committee conducted multiple discussions and negotiations with Tender Offeror through Mizuho Securities, the Company's highly-specialized financial advisor, under a policy of negotiating until a fair and appropriate price and the minimum set based on MoM levels (defined below) etc. were agreed upon (that is, a policy of seeking to have all of the Company shares held by the Major Shareholders tendered in the Tender Offer and, if the Major Shareholders were to remain as Company shareholders even after the Transactions, taking such point into account when negotiating the price and setting the minimum), taking into consideration (a) the valuations of the Company Shares using the DCF Method (including the results of multifaceted analyses of losses carried forward and shares of associated companies, for which multiple valuation methods were conceivable) by Mizuho Securities, the Company's financial advisor and third-party calculation agency, and by Plutus, the Committee's third-party calculation agency; (b) the premium levels in examples of transactions similar to the Transactions (specifically, TOBs intended to delist a listed equity-method affiliate which had been announced and completed since June 28, 2019, the date the M&A Guidelines were released by the Ministry of Economy, Trade and Industry (excluding cases where leaked information was reported in the news)); (c) fluctuations in the market price of the Company Shares; and (d) the synergy effects that can be expected to be achieved through implementation of the Transactions (including, in addition to business-related synergy effects, synergy effects through further utilization of losses carried forward, which are anticipated in the case where Tender Offeror reduces the Company's capital after the Transactions).

Specifically, on August 8, 2025, the Company and the Committee received from Tender Offeror the first proposal pertaining to the Tender Offer, under which, on the assumption that the Major Shareholders would remain shareholders of the Company after the Transactions, the tender offer price was set at 400 yen per share (a 25.00% premium over the closing price of 320 yen of Company Shares on the TSE Prime Market at that time) and the minimum number of shares to be purchased was set such that Tender Offeror's ownership ratio after the completion of the Tender Offer would be 35.05%. In response to the proposal, the Committee [i] gave comprehensive consideration to the price so proposed in light of (a) through (d) above, and concluded that the increase in corporate value expected to be realized through the implementation of the Transactions was at an insufficient level as a fair distribution price to the Company's general shareholders, and [ii] with respect to the minimum number of shares to

be purchased, believed, from the perspective of the fairness and appropriateness of the transactional terms and conditions and the fairness of procedures, that it was important that the minimum be set so as to satisfy the so-called majority-of-minority (“MoM”) level (MoM, in this context, means a number of shares greater than the number equivalent to a majority (24,291,018 shares) of the 48,582,035 shares obtained by subtracting, from the Reference Number of Shares<sup>5</sup> (77,240,335 shares), the number of Company Shares held by Tender Offeror as of the date of submission of this Report (17,035,520 shares), the number of Company Shares held by the Non-Tendering Shareholder (5,811,390 shares), and the number of Company Shares held by Kuwait Oil Company (5,811,390 shares)). On August 16, 2025, the Committee requested that Tender Offeror reconsider its proposal for the tender offer price and the minimum number of shares to be purchased.

Subsequently, on August 21, 2025, the Company and the Committee received from Tender Offeror a second proposal under which, on the assumption that the Major Shareholders would remain shareholders of the Company after the Transactions, the tender offer price was set at 425 yen per share (a premium of 29.97% on the closing price of 327 yen of Company Shares on the TSE Prime Market at that time), and the minimum number of shares to be purchased remained was set so that the Tender Offeror’s ownership ratio after the completion of the tender offer would be 35.05%. In response to such proposal, the Committee [i] gave comprehensive consideration to the price so proposed in light of (a) through (d) above, and concluded that the increase in corporate value expected to be realized through the implementation of the Transactions was at an insufficient level as a fair distribution price to the Company’s general shareholders, and [ii] with respect to the minimum number of shares to be purchased, believed, from the perspective of the fairness and appropriateness of the transactional terms and conditions and the fairness of procedures, that it was important that the minimum be set so as to satisfy the MoM level. On August 26, 2025, the Committee requested that Tender Offeror reconsider its proposal, including the tender offer price.

Subsequently, on August 28, 2025, the Company and the Committee received from Tender Offeror a third proposal under which, on the assumption that the Major Shareholders would remain shareholders of the Company after the Transactions, the tender offer price was set at 450 yen per share (a premium of 33.53% on the closing price of 337 yen of Company Shares on the TSE Prime Market at that time), and the minimum number of shares to be purchased remained was set so that the Tender Offeror’s ownership ratio after the completion of the tender offer would be 35.05%. In response to such proposal, the Committee [i] gave comprehensive consideration to the price so proposed in light of (a) through (d) above, and concluded that the increase in corporate value expected to be realized through the implementation of the Transactions was at an insufficient level as a fair distribution price to the Company’s general

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<sup>5</sup> The Reference Number of Shares means the number of shares (77,240,335 shares) obtained by subtracting, from the total number of issued shares of the Company as of June 30, 2025 (78,183,677 shares) as stated in the Company First Quarter Earnings Report, the number of treasury shares held by the Company as of June 30, 2025 (943,342 shares) as stated in the Company First Quarter Earnings Report; hereinafter the same applies.

shareholders, and [ii] with respect to the minimum number of shares to be purchased, believed, from the perspective of the fairness and appropriateness of the transactional terms and conditions and the fairness of procedures, that it was important that the minimum be set so as to satisfy the MoM level. On September 1, 2025, the Committee requested that Tender Offeror reconsider its proposal, including the tender offer price.

Subsequently, on September 2, 2025, the Company and the Committee received from Tender Offeror a fourth proposal under which, on the assumption that the Major Shareholders would remain shareholders of the Company after the Transactions, the tender offer price was set at 470 yen per share (a premium of 37.83% on the closing price of 341 yen of Company Shares on the TSE Prime Market at that time), the minimum number of shares to be purchased was set so that Tender Offeror's ownership ratio after the completion of the tender offer would be 48.05%, and it was indicated that there were no plans for any further increase of the Tender Offer Price or decrease of the minimum number of shares to be purchased. In response to such proposal, the Committee [i] gave comprehensive consideration to the price so proposed in light of (a) through (d) above, and concluded that the increase in corporate value expected to be realized through the implementation of the Transactions was at an insufficient level as a fair distribution price to the Company's general shareholders, and [ii] with respect to the minimum number of shares to be purchased, believed, from the perspective of the fairness and appropriateness of the transactional terms and conditions and the fairness of procedures, that it was important that the minimum be set so as to satisfy the MoM level. On September 4, 2025, the Committee requested that Tender Offeror reconsider its proposal, including the tender offer price.

Subsequently, on September 5, 2025, the Company and the Committee received from Tender Offeror a fifth proposal under which, on the assumption that only the Non-Tendering Shareholder would remain a shareholder of the Company after the Transactions (according to Tender Offeror, at the beginning of September, Kuwait Oil Company had expressed its policy of selling its Company Shares on the occasion of the Transactions, and Tender Offeror confirmed Kuwait Oil Company's desire to tender all of its Company Shares (5,811,390 shares; ownership ratio: 7.52%) in the Tender Offer; see 1(5) above), the tender offer price was set at 480 yen per share (a premium of 39.94% on the closing price of 343 yen of Company Shares on the TSE Prime Market at that time), the minimum number of shares to be purchased was set so that the Tender Offeror's ownership ratio after the completion of the tender offer would be 57.91%, and it was indicated that, because the content of the proposal gave utmost deference to the Committee's observations, and because Tender Offeror was accountable to its shareholders and needed to make efforts to maintain the stability of the Transactions, Tender Offeror had no intention of making any further changes to the proposal. In response to such proposal, the Committee believed [i] that the price so proposed was at an appropriate level as a price ensuring a fair distribution to the Company's general shareholders of the increase in corporate value expected to be realized through the implementation of the Transactions, and [ii] that the minimum number of shares to be purchased would satisfy the MoM level (MoM,

in this context, means a number of shares at a level greater than the number equivalent to a majority (27,196,713 shares) of the 54,393,425 shares obtained by subtracting, from the Reference Number of Shares (77,240,335 shares), the number of Company Shares held by Tender Offeror as of the date of submission of this Report (17,035,520 shares) and the number of Company Shares held by the Non-Tendering Shareholder (5,811,390 shares)) and ensure the fairness and appropriateness of the transactional terms and conditions and the fairness of procedures. On September 7, 2025, the Committee communicated to Tender Offeror that, on the condition that the commencement of the Tender Offer would be publicly announced on September 9, the Committee planned to report to the Company's Board of Directors that it believed the implementation of the Transactions would be fair to the Company's general shareholders.

Subsequently, on September 8, 2025, Tender Offeror communicated to the Company and the Committee that it was considering making the public announcement of the commencement of the Tender Offer on September 11, 2025. In response, on September 10, 2025, the Committee again considered the content of Tender Offeror's proposal and decided that it would report to the Company's Board of Directors that it believed the implementation of the Transactions would be fair to the Company's general shareholders. As a result, the Committee and Tender Offeror agreed upon the tender offer price (480 yen per share) and other terms and conditions, on the assumption that the Company's official decision would be approved by a resolution of the Company's Board of Directors.

No circumstances can be found in the course of the above negotiations concerning the Transactions which would raise doubts about transparency or fairness, the Tender Offer Price and other terms and conditions were agreed upon as a result of multiple rounds of discussions and negotiations between the Committee and Tender Offeror through Mizuho Securities, the Company's highly-specialized financial advisor and the Tender Offer Price of 480 yen per share represents a substantial increase from Tender Offeror's first proposal (400 yen per share), and hence can be regarded as a price that was determined through sincere negotiations.

#### (6) Comparison of the Tender Offer Price and Consolidated Net Asset Book Value Per Share

The Tender Offer Price of 480 yen per share is equivalent to 54.38% of the consolidated net asset book value per share (882.62 yen) calculated based on the Company's consolidated net asset book value as of the end of June 2025 and is less than such book value.

Regarding this point, according to the Company, the consolidated net asset book value per share is considered to correspond to the amount of value that would be expected through any dissolution or liquidation of the Company (liquidation value) at the present time, on the assumption that all assets and liabilities can be sold at book value, but (a) the Company plans to continue business operations even after the Transactions within the Tender Offeror Group, does not anticipate dissolution or liquidation after the Transactions, and has confirmed multiple times with Tender Offeror that there are no plans to dissolve or liquidate the Company after

the Transactions, and accordingly believes that it is not reasonable to emphasize the consolidated net asset book value per share when calculating the share value of the Company, which is a going concern; and (b) the liquidation value was estimated by the Company using a number of postulates, for the sole purpose of considering the appropriateness of the terms and conditions of the Transactions, and estimates were obtained in which the per-share liquidation value was lower than the Tender Offer Price, because, of the assets and liabilities held by the Company, it was found that the tangible fixed assets and intangible fixed assets (other than land), including machinery and devices, would be difficult to sell at book value because they were made according to Company-specific standards, and that the land would be difficult to sell at book value in light of information related to its current market price

No unreasonable points are recognized in the Company's explanations described above, and the fact that Tender Offer Price of 480 yen per share is less than the consolidated net asset book value per share as calculated based on the consolidated net asset book value per share as of the end of June 2025 (882.62 yen) is not a reason to deny the fairness and appropriateness of the Tender Offer Price.

#### (7) Past Acquisitions of Company Shares by Tender Offeror

On March 26, 2024, Tender Offeror made an off-market acquisition, at a price of 330 yen, of 5,051,600 Company Shares (6.46% of the total number of issued shares at the time), which was all Company Shares held by Sumitomo Chemical K.K.; and subsequently, on August 1, 2024, as part of the Capital and Business Alliance, Tender Offeror made an off-market acquisition, at a price of 360 yen, of all of the 6,839,920 Company Shares held by K.K. JERA (8.75% of the total number of shares issued at the time).

As indicated above, the per-share acquisition prices (330 yen and 360 yen) paid when Tender Offeror acquired Company Shares in the past are substantially lower than the Tender Offer Price of 480 yen per share, and on this point as well there is nothing unreasonable about the Tender Offer Price.

#### (8) Kuwait Oil Company's Desire to Tender in the Tender Offer

As discussed in (5) above, Kuwait Oil Company, the third largest shareholder of the Company, intends to tender all Company Shares held by it (5,811,390 shares; ownership ratio: 7.52%) in the Tender Offer.

Given that this intention was conveyed by Kuwait Oil Company, which is independent from the Tender Offeror Group, the fairness and appropriateness of the transactional terms and conditions of the Transactions, including the Tender Offer Price, can be considered to be supported.

(9) Transactional Terms and Conditions of the Transactions Other Than the Tender Offer Price

(a) Appropriateness of the Transaction Scheme

In light of the fact that, as discussed above in 1(5), no alternative means other than the Transactions which can be expected to produce effects comparable to those of the Transactions seem to be anticipated, and in the sense that the Transactions provide appropriate investment recovery opportunities to the Company's general shareholders, the scheme of the Transactions can be regarded as reasonable.

(b) Squeeze-Out Procedures

As discussed below in 3(7), if Tender Offeror is unable to acquire all Company Shares (including Restricted Shares but excluding shares held by Tender Offeror and Non-Tendering Shareholders and treasury shares held by the Company) through the Tender Offer even though the Tender Offer is successfully completed, then following completion of the Tender Offer, Tender Offeror plans to implement the Squeeze-Out Procedures using a share consolidation method. This method is a method commonly adopted in transactions where the delisting of the target company is contemplated, and can be considered an appropriate method for the Transactions, in which delisting of the Company is contemplated.

Also, according to Tender Offeror and the Company, (i) if the Tender Offer is completed, Tender Offeror plans to implement the Squeeze-Out Procedures promptly, and (ii) Tender Offeror plans to specify in the Press Release and other disclosure materials that the price standard for the Squeeze-Out Procedures will be based on a price the same as the Tender Offer Price. Regarding this point, as indicated above in (i), Tender Offeror plans to implement the Squeeze-Out Procedures as close in time as possible to the Tender Offer as a continuation of the Tender Offer procedures, and as indicated above in (ii), it can be considered reasonable to set the same price standard for the consideration to be given in both procedures, which will be implemented close together in time.

(c) Other Transactional Terms and Conditions.

The other terms and conditions of the Transactions other than the Tender Offer Price cannot be considered unreasonable in comparison to the terms and conditions of other transactions of the same type and scale, and the transactional terms and conditions thus cannot be regarded as lacking in fairness or appropriateness.

(10) Conclusion

Based on the above, the Committee believes that the fairness and appropriateness of the



transactional terms and conditions of the Transactions, including the Tender Offer Price for the Tender Offer, are ensured.

### **3. Fairness of the Procedures Relating to the Transactions (Referral Matter (3))**

Regarding whether the fairness of the procedures relating to the Transactions is ensured, the Committee conducted the investigations discussed below, and as a result of comprehensive consideration, believes that the fairness of the procedures relating to the Transactions is ensured.

#### **(1) Establishment, Deliberations, etc. of the Committee**

##### **(a) Establishment of the Committee**

In light of the fact that the Transactions correspond to the acquisition of an equity-method affiliate by a principal shareholder and the largest shareholder of the Company, and that there are structural conflicts of interest and information asymmetry issues between Tender Offeror and the Company or the Company's general shareholders, in order to exercise caution in the Company's decision-making regarding the Transactions, eliminate the risk of arbitrariness and conflicts of interest in the Company's Board of Directors decision-making process, and ensure fairness in such process, pursuant to a resolution of the Board of Directors adopted at a meeting held on May 22, 2025, the Company established the Committee.

The Committee comprises three members: Mr. Ryo Sato (an outside director of the Company), who has extensive experience and insight as a corporate manager; Ms. Mutsumi Kanai (an outside auditor of the Company), who has extensive experience and insight as a certified public accountant; and Mr. Mikiharu Mori (an attorney and representative partner of Tokyo International Law Office), who has extensive knowledge and insight as a corporate legal affairs attorney, was recommended by Iwata Godo, and is serving as an outside expert, which the M&A Guidelines do not prohibit from being appointed to committees, in addition to outside officers, for the purpose of supplementing M&A expertise (specialized knowledge regarding procedural fairness and corporate valuation). According to the Company, among the Company's outside directors, Mr. Junzo Yamamoto, who concurrently serves as senior executive officer of Tender Offeror, Mr. Hiroshi Maezawa, who formerly worked for Tender Offeror, Mr. Mohammed Alshubrumi, who is a related party of the Non-Tendering Shareholder, and Mr. Khaled Al-Sabah, who is a related party of a shareholder (Kuwait Oil Company) which was potentially to execute with Tender Offeror a non-tendering agreement in relation to the Tender Offer, were not selected as members of the Committee with the aim of eliminating any potential impact of structural conflicts of interest in the Transactions.

All Committee members are independent from the Company Group, the Tender Offeror Group, and the success/failure of the Transactions. Also, regarding remuneration of

Committee members, a contingency fee was not adopted, and the Committee members do not have any material interests relating to the Transactions.

In addition to the above, the Board of Directors resolution establishing the Committee provided that along with submitting the Referral Matters to the Committee, when making decisions regarding the Transactions, the Board of Directors would give maximum deference to the opinions of the Committee, and if the Committee determined that the terms and conditions of the Transactions are not appropriate, that the Board of Directors would not make a decision to implement the Transactions (including expressing an opinion in support of the Tender Offer and recommending tendering of shares in the Tender Offer). Furthermore, the Committee was granted the following authority by the Company's Board of Directors: (i) the authority to conduct investigations relating to the Transactions at the Company's expense (including the ability to question Company officers or employees involved in the Transactions or the Company's advisors regarding the Transactions on matters necessary for consideration of the Referral Matters and to seek explanations or advice), (ii) the authority to request that the Company (a) convey the Committee's proposals, other opinions, or questions to Tender Offeror and (b) arrange opportunities for the Committee itself to discuss and negotiate with Tender Offeror (including Tender Offeror's advisors regarding the Transactions), and even if the Committee does not request such arrangements, when the Company conducts discussions and negotiations with Tender Offeror, the Company shall promptly report the details to the Committee, and the Committee may, based on those details, express opinions to the Company regarding the policy on discussions and negotiations with Tender Offeror and provide necessary instructions and requests, and (iii) the authority to appoint the Committee's own attorneys, calculation agencies, certified public accountants, and other advisors at the Company's expense when determined to be necessary.

Therefore, it can be said that the Committee comprises qualified individuals as special committee members and was designed to enable appropriate decisions, and the opportunity to substantively participate in the decision-making process regarding the Transactions has been ensured.

(b) Deliberations, etc. by the Committee

With the composition and design discussed in (a) above, and as discussed in Part 4 above, the Committee reviewed and investigated the Investigation Materials, received explanations from Mr. Junzo Yamamoto regarding the Company's business environment and the status of evaluation and consideration of the impacts of the Transactions on the Company's corporate value, conducted question and answer sessions, posed questions to the Company regarding the Company's business environment and the status of evaluation and consideration of the impacts of the Transactions on the Company's corporate value, received responses to those questions from Mr. Junzo Yamamoto, and posed questions to and received answers from Mr. Junzo Yamamoto regarding the details of those responses. The Committee also submitted

written questions to Tender Offeror regarding the background and circumstances leading to the proposal for the Transactions, synergies to be generated from implementation of the Transactions, Tender Offeror's managerial policy after the Transactions, and the conditions and anticipated structure of the Transactions on three occasions and received written responses from Tender Offeror each time, and at Committee Meetings, posed questions to and received responses from Tender Offeror regarding the details of its written responses.

Furthermore, the Committee received from Mizuho Securities, the Company's financial advisor and third-party calculation agency, explanations regarding the details and status of progress of the Transactions, the content of the Company Share Valuation Report (Mizuho Securities), the status of discussions and negotiations with JPMorgan Securities, Tender Offeror's financial advisor, and other matters, and posed questions and received responses concerning these points. The Committee also received explanations from Plutus, the Committee's own third-party calculation agency, regarding the content of the Committee Share Valuation Report (Plutus) and the Fairness Opinion, and posed questions and received responses regarding these points, and received legal advice from Iwata Godo, the Company's legal advisor, including advice regarding measures that should be taken to ensure the fairness of procedures in the Transactions, the various procedures of the Transactions, methods of deliberation by the Committee relating to the Transactions, and negotiations etc. with Tender Offeror concerning the Tender Offer Price and other terms and conditions and posed questions and received responses concerning these points.

Based on the above, it can be said that deliberations were carefully and appropriately conducted by the Committee.

(c) Negotiations by the Committee with Tender Offeror through the Company's Highly-Specialized Financial Advisor

The Committee negotiated with Tender Offeror regarding the Transaction terms and conditions relating to the Transactions including the Tender Offer Price through Mizuho Securities, the Company's highly-specialized financial advisor.

(e) Summary

As discussed above, the Committee comprises qualified individuals as special committee members and was designed to enable appropriate decisions, and the opportunity to substantively participate in the decision-making process regarding the Transactions has been ensured. In fact, the Committee conducted careful and appropriate deliberations and directly conducted negotiations with Tender Offeror regarding the transactional terms and conditions of the Transactions through the Company's highly-specialized financial advisor, and therefore, it can be evaluated that the establishment, deliberations, etc. of the Committee ensure the fairness of the procedures relating to the Transactions and effectively function as

means of ensuring fairness.

## (2) Deliberations within the Company

In the Tender Offer, the Company conducted careful discussions and consideration regarding whether the Transactions including the Tender Offer will contribute to enhancing the Company's corporate value and whether the transactional terms and conditions relating to the Transactions including the Tender Offer Price are appropriate, taking into account legal advice received from Iwata Godo, advice from a financial perspective received from Mizuho Securities, and the content of the Company Share Valuation Report (Mizuho Securities) submitted by Mizuho Securities.

Also, under instructions from the Committee, to enable the Company to consider, negotiate, and make decisions regarding the Transactions, including responding to due diligence of the Company by Tender Offer, consideration and preparation of the Business Plan, and consideration of the Company's managerial policy after the Transactions, the Company established a project team comprising 11 members from the Company in total: Senior Managing Executive Officer Takahiko Yamamoto, Executive Officer and Planning Dep. General Manager Masahiro Hirano, Executive Officer and General Affairs Dept. General Manager Motohiro Nakayama, General Affairs Dept. Section Manager Takashi Hikita, and seven other Company employees. When selecting the members, care was taken to establish a framework that did not include any Company officers and employees who concurrently serve or previously served as officers or employees of the Tender Offeror Group (excluding the Company). In particular, in relation to preparation of the Business Plan that serves as the basis for the share valuation of the Company Shares, the Company received advice from Mizuho Securities, the Company's financial advisor, Mizuho Securities, Plutus and the Committee had multiple question and answer sessions, and furthermore, the fairness of the preparation process, including the independence of the officers and employees involved in the preparation was confirmed by legal advisor Iwata Godo and by the Committee.

Also, among the Company's directors, Mr. Junzo Yamamoto, who concurrently serves as senior executive officer of Tender Offeror, Mr. Hiroshi Maezawa, who formerly worked for Tender Offeror, Mr. Mohammed Alshubrumi, who is a related party of the Non-Tendering Shareholder, and Mr. Khaled Al-Sabah, who is a related party of a shareholder (Kuwait Oil Company) which was potentially to execute with Tender Offeror a non-tendering agreement in relation to the Tender Offer, were excluded from the framework with a view to preventing the risk of conflicts of interest and ensuring the fairness of the Transactions, and this treatment has continued to the date of submission of this Report. Further, Mr. Junzo Yamamoto, Mr. Hiroshi Maezawa, Mr. Mohammed Alshubrumi, and Mr. Khaled Al-Sabah did not issue any instructions to such framework regarding consideration, negotiation, and decision-making concerning the Transactions.

Based on the above, it can be said that the Company established a framework for considering,

negotiating, and making decisions relating to the Transactions from a perspective independent from Tender Offeror and the Major Shareholders, and it can be evaluated that such framework ensures the fairness of the procedures relating to the Transactions and functions effectively as a measure for ensuring fairness.

### (3) Advice from Independent Outside Professional Advisors

#### (a) The Company's Financial Advisor and Third-Party Calculation Agency

In relation to the Transactions, the Company appointed Mizuho Securities as its financial advisor and received necessary and sufficient advice from a financial perspective from Mizuho Securities to ensure the fairness and appropriateness of the procedures relating to the Transactions and the terms and conditions of the Transactions including the Tender Offer Price. The Company also appointed Mizuho Securities as a third-party calculation agency, requested Mizuho Securities to calculate the share value of the Company Shares, and received the Company Share Valuation Report (Mizuho Securities) from Mizuho Securities on September 10, 2025.

According to the Company, Mizuho Securities is not a related party of the Company Group or the Tender Offeror Group and does not have any material interests relating to the Transactions (as discussed in 2(1)(b) above, Mizuho Securities is a member of Mizuho Financial Group, Inc., like Mizuho Bank and Mizuho Trust & Banking, but does not have any noteworthy material interests relating to the Transactions), and the remuneration paid to Mizuho Securities in relation to the Transactions does not include any contingency fees to be paid subject to the successful completion etc. of the Transactions.

Also, as discussed above in 2(1)(b), the Company determined that when conducting the share valuation of the Company Shares, Mizuho Securities established and implemented appropriate conflict of interest management systems.

Additionally, the Committee confirmed that there are no problems regarding Mizuho Securities' independence, approved Mizuho Securities as the Company's financial advisor and third-party calculation agency, and received necessary and sufficient advice from a financial perspective from Mizuho Securities to ensure the fairness and appropriateness of the procedures relating to the Transactions and the terms and conditions of the Transactions including the Tender Offer Price.

Therefore, the appointment and approval of Mizuho Securities and the advice from Mizuho Securities ensure the fairness of the procedures relating to the Transactions and can be evaluated as effectively functioning as a measure for ensuring fairness.

According to the Company, as stated in this section 3, the Company and Tender Offeror are implementing measures to ensure the fairness of the Tender Offer Price and measures for avoiding conflicts of interest, and therefore, the Company believes that ample consideration has been given to the interests of its general shareholders, and an opinion

regarding the fairness of the Tender Offer Price (a fairness opinion) has not been obtained from Mizuho Securities. No unreasonable aspects are found in this decision by the Company.

(b) The Committee's Third-Party Calculation Agency

In investigating the Referral Matters, to ensure the appropriateness of the transactional terms and conditions relating to the Transaction including the Tender Offer Price indicated by Tender Offeror, the Committee appointed Plutus as its own third-party calculation agency, requested Plutus to calculate the share value of the Company Shares and express an opinion regarding the fairness of the Tender Offer Price (a fairness opinion), and received the Committee Share Valuation Report (Plutus) and the Fairness Opinion on September 10, 2025, as well as advice based on those calculation results, the policy for negotiating with Tender Offeror, and other matters.

Plutus is not a related party of the Company Group or the Tender Offeror Group and does not have any material interests relating to the Transactions. The remuneration paid to Plutus in relation to the Transactions does not include any contingency fees to be paid subject to the successful completion etc. of the Transactions.

The Committee appointed Plutus as its own third-party calculation agency after conducting a comparative investigation of the independence, expertise, track record, etc. of multiple third-party calculation agency candidates and confirming that there were no problems regarding Plutus' independence.

Therefore, the appointment of Plutus and the advice from Plutus ensure the fairness of the procedures relating to the Transactions and can be evaluated as effectively functioning as a measure for ensuring fairness.

(c) The Company's Legal Advisor

The Company appointed Iwata Godo as its legal advisor in relation to the Transactions and received legal advice including advice regarding measures that should be taken to ensure the fairness of procedures in the Transactions, the various procedures of the Transactions, methods of decision-making by the Company relating to the Transactions, and negotiations etc. with Tender Offeror concerning the Tender Offer Price and other terms and conditions.

Iwata Godo is not a related party of the Company Group or the Tender Offeror Group and does not have any material interests relating to the Transactions. Iwata Godo is a law firm that serves as an advisor for the Company, but the amount paid by the Company to Iwata Godo as consideration for legal advice is a small amount of less than the standard of independence for an outside officer of the Company and does not raise any suspicion as to the impartiality of Iwata Godo's legal advice on the Transactions, and the remuneration paid to Iwata Godo in relation to the Transactions does not include any contingency fees to be paid subject to the successful completion etc. of the Transactions. Furthermore, Iwata Godo

is an outside law firm that provides legal services to many clients other than the Company, and as one of the clients of Iwata Godo, the Company requests legal consultation on an ongoing basis concerning its business and business decisions in view of Iwata Godo's practice areas and its expertise, and has executed a legal advisory agreement under which the Company receives legal advice from Iwata Godo as an outside legal expert. The Company determines that the fact of the execution of this legal advisory agreement does not impair Iwata Godo's independence from the Company.

Additionally, after confirming that there are no problems regarding the independence of Iwata Godo, the Committee approved the appointment of Iwata Godo as the Company's legal advisor, and the Company received necessary and sufficient advice from a legal perspective from Iwata Godo regarding measures that should be taken to ensure the fairness of procedures in the Transactions, the various procedures of the Transactions, methods of deliberation by the Committee relating to the Transactions, and negotiations etc. with Tender Offeror concerning the Tender Offer Price and other terms and conditions. Given that Iwata Godo has adequate specialized knowledge and experience as well as independence, and there are no particular circumstances requiring the Committee to appoint its own legal advisor, it can be said that the fact that the Committee did not appoint its own legal advisor does not impair the fairness of the procedures relating to the Transactions.

Based on the above, the appointment of Iwata Godo and the advice from Iwata Godo ensure the fairness of the procedures relating to the Transactions and can be evaluated as effectively functioning as a measure for ensuring fairness.

#### (4) Measures to Ensure Purchase Opportunities by Other Purchasers (Market Check)

While the minimum tender offer period is set at 20 business days by laws and regulations, Tender Offeror has set a tender offer period of 30 business days. It can be said that this is intended to conduct a so-called indirect market check by setting a tender offer period relatively longer than the minimum period set by laws and regulations, thereby ensuring an adequate opportunity for the Company's shareholders to make decisions regarding tendering their shares in the Tender Offer as well as opportunities for potential buyers other than the Tender Offeror ("Persons Making Counterproposals") to make competing purchases etc.; and to ensure the fairness of the Tender Offer.

Also, Tender Offeror and the Company have not entered into any agreements etc. that include transaction protection clauses prohibiting the Company from having contact with Persons Making Counterproposals or any agreements with terms that would restrict Persons Making Counterproposals from having contact with the Company.

In light of these measures etc., it can be said that opportunities for competing purchase etc. have been ensured, and it can be evaluated that the indirect market check functions accordingly in the Transactions.

Although a so-called active market check to investigate and consider the existence of

potential Persons Making Counterproposals in the market has not been conducted, such implementation is not necessarily easy in practice from the perspective of information management etc. In this case, considering that Tender Offeror holds 17,035,520 Company Shares (ownership ratio: 22.06%) and that a collaborative framework based on the Capital and Business Alliance has been established between Tender Offeror and the Company, it is believed that there are no realistic options other than the Transactions and the significance of conducting an active market check would be limited. Also, in this case, considering that the measures for ensuring fairness described in this section 3 have been implemented, even if an active market check is not implemented, it can be said that the fairness of the transactional terms and conditions has been procedurally ensured overall.

(5) Appropriate Provision of Information to the Company's General Shareholders

The Company plans to disclose, in the Company's disclosure materials (the Press Release etc.) relating to the Transactions, specific and detailed information including information relating to the Committee (independence of each Committee member, authority granted to the Committee, course of investigations by the Committee, the content of and reasons for the Committee's response, etc.) and information relating to the Transactions (objectives of the Transactions, course of events leading up to implementation of the Transactions, status of deliberations by the Board of Directors regarding the Transactions, etc.).

As stated above, it is recognized that in the Transactions, appropriate information as planned to be provided to the Company's general shareholders so that they can evaluate and make decisions regarding the Transactions, and such information provision ensures the fairness of the procedures relating to the Transactions and can be evaluated as functioning effectively as a measure for ensuring fairness.

(6) Setting a Minimum Number of Shares to be Purchased Greater than the MoM

In the Tender Offer, Tender Offeror has set the minimum number of shares to be purchased at 27,693,547 shares (ownership ratio: 35.85%), and if the sum of tendered share certificates etc. is less than the minimum number of shares to be purchased (27,693,547 shares), Tender Offeror will not purchase any of the tendered share certificates etc. It can be said that this minimum number of shares to be purchased (27,693,547 shares) will exceed the majority of Company Shares held by shareholders of the Company who do not share interests with Tender Offeror - in other words, will satisfy the MoM level (MoM, in this context, means a number of shares at a level greater than the number equivalent to a majority (27,196,713 shares) of the 54,393,425 shares obtained by subtracting, from the Reference Number of Shares (77,240,335 shares), the number of Company Shares held by Tender Offeror as of the date of submission of this Report (17,035,520 shares) and the number of Company Shares held by the Non-



Tendering Shareholder (5,811,390 shares)).

That is, regarding such minimum number, if such minimum number is reached, there will effectively be a tender of a majority of shares held by shareholders who do not share material interests with Tender Offeror, i.e., general shareholders (in other words, such minimum number will not be reached unless a majority of shares held by general shareholders are tendered), and therefore, setting such minimum number above substantively functions as setting the minimum number of shares to be purchased equivalent to the MoM, ensuring the fairness of the procedures relating to the Transactions and can be evaluated as effectively functioning as a measure for ensuring fairness.

## (7) Elimination of Coerciveness

### (a) Details of Squeeze-Out Procedures

In the Tender Offer, Tender Offeror has set the minimum number shares to be purchased at 27,693,547 shares (ownership ratio: 35.85%), and if the total number of tendered share certificates etc. falls short of the minimum number of shares to be purchased, Tender Offeror will not purchase any of the tendered share certificates etc. Also, Tender Offeror intends to delist the Company Shares by acquiring all Company Shares (including Restricted Shares and excluding shares held by Tender Offeror and the Non-Tendering Shareholder and treasury shares held by the Company), and consequently, Tender Offeror has not set a limit on the maximum number of shares to be purchased, and if the total number of tendered share certificates etc. exceeds the minimum number of shares to be purchased, Tender Offeror will purchase all of the tendered share certificates etc. Additionally, if Tender Offeror is unable to acquire all Company Shares (including Restricted Shares and excluding shares held by Tender Offeror and the Non-Tendering Shareholder and treasury shares held by the Company) in the Tender Offer even though the Tender Offer is completed, following completion of the Tender Offer, Tender Offeror plans to implement the Squeeze-Out Procedures by means of share consolidation.

Specifically, following completion of the Tender Offer, Tender Offeror plans to request that the Company convene an extraordinary general shareholders' meeting (the "Extraordinary General Shareholders' Meeting") that includes proposals concerning implementation of a share consolidation pursuant to Article 180 of the Companies Act (the "Share Consolidation") after the completion of settlement of the Tender Offer and amendment of the Company's Articles of Incorporation to abolish provisions on the number of shares per unit, subject to the Share Consolidation taking effect. Tender Offeror believes that from the perspective of enhancing the Company's corporate value, holding the Extraordinary General Shareholders' Meeting as early as possible would be desirable and plans to request that the Company publicly announce a record date during the tender offer period so that a date close to the Tender Offer settlement commencement date can serve as the record date for the Extraordinary General Shareholders'

Meeting, and that the Company hold the Extraordinary General Shareholders' Meeting around December 2025. If such a request is received from Tender Offeror, the Company plans to comply with the request. Tender Offeror and the Non-Tendering Shareholder plan to vote in support of the above proposals at the Extraordinary General Shareholders' Meeting.

According to Tender Offeror, (i) if the proposal for the Share Consolidation is approved at the Extraordinary General Shareholders' Meeting, the Company's shareholders will come to hold the number of Company Shares proportional to the ratio of the Share Consolidation that is approved at the Extraordinary General Shareholders' Meeting as of the effective date of the Share Consolidation, (ii) if, due to the Share Consolidation, the number of shares is a fraction less than one share, each Company shareholder who holds such fractional shares will receive an amount of cash obtained by selling etc. the Company Shares equivalent to the sum of such fractional shares (if there is any fraction less than one share in such sum, such fraction will be rounded off; hereinafter the same applies) to Tender Offeror or the Company pursuant to the procedures specified in Article 235 of the Companies Act and other relevant laws and regulations, (iii) the sales price for the Company Shares equivalent to the sum of such fractional shares will be set at a price such that the amount of cash delivered as a result of the sale to each Company shareholder who do not tender their shares in the Tender Offer (excluding Tender Offeror, the Non-Tendering Shareholder, and the Company) will be equal to the price obtained by multiplying the Tender Offer Price by the number of Company Shares owned by each such shareholder, and Tender Offeror will request that the Company file a petition to the court for approval of such voluntary sale, and (iv) although the Share Consolidation ratio of the Company Shares has not been determined as of the date of submission of this Report, Tender Offeror intends to request the Company to determine the ratio such that Company Shares held by Company shareholders who do not tender their shares in the Tender Offer (excluding Tender Offeror, the Non-Tendering Shareholder, and the Company) become fractional shares, with the result that all Company Shares (excluding treasury shares held by the Company) will be owned only by Tender Offeror and the Non-Tendering Shareholder.

(b) Reasons for Minimum Setting Asserted by Tender Offeror

According to Tender Offeror, the reasons for setting 27,693,547 shares (ownership ratio: 35.85%) as the minimum of number of shares to be purchased (the "Minimum Setting") are as follows.

First, as the M&A Guidelines state, "as the scale of passive index funds has increased in recent years as a trend in the Japanese capital markets, some of these investors refrain, as a matter of policy, from tendering their shares in response to a tender offer regardless of the appropriateness of the transaction terms," Tender Offeror recognizes that some passive index funds generally have policies not to tender their shares in tender offers as a matter of principle, regardless of the appropriateness of the tender offer conditions, but to vote in favor of share consolidation proposals at shareholder meetings in subsequent squeeze-out procedures, and

further recognizes that this is also the case for passive index funds that hold Company Shares. Against this background, since January 1, 2020, there have been multiple instances of privatization by a tender offer without specifying the maximum number of shares to be purchased, where a certain number of shares held by passive index funds were deducted from the minimum number of shares to be purchased, and Tender Offeror has confirmed that among these cases, there are multiple instances where share consolidation proposals were approved at shareholder meetings in squeeze-out procedures, even though the tender offeror's voting rights ownership ratio after the tender offer was completed was less than two-thirds.

Additionally, with respect to passive index funds that hold Company Shares, Tender Offeror confirmed the details of the shareholder identification survey of Company shareholders as of the end of March 2025, which was conducted by the Company and shared by the Company on May 21, 2025, as well as database information regarding share ownership status organized by institutional investor fund from information vendors that provide data services for financial markets etc., and also analyzed the status of tendering of shares by institutional investors in a tender offer that Tender Offeror announced would be implemented in November 2024. Tender Offeror also conducted anonymous and general theory-based interviews with domestic institutional investors that manage such funds, asking about their general policy on the tendering of shares in tender offers and their policy on the exercise of voting rights at shareholder meetings after a tender offer is completed, without making any direct mention of the Transactions. As a result of some of the responses received, Tender Offeror recognizes that of the 7,951,600 shares in total held by passive index funds that held Company Shares (ownership ratio: 10.29%) as of the end of March 2025, for a total of 828,800 shares (ownership ratio 1.07 %), it was confirmed that such shares are held by institutional investors that answered, in anonymous and general theory-based interviews which made no direct mention of the Transactions, that they do not tender their shares in the tender offers but do, as a matter of principle, vote in favor of share consolidation proposals at shareholder meetings in subsequent squeeze-out procedures, and therefore, such investors can reasonably be expected to not tender their shares in the Tender Offer but to vote in favor of a proposal concerning the Share Consolidation.

Based on the above, Tender Offeror believes that considering the total number of shares, consisting of the number of shares held by Tender Offeror following completion of the Tender Offer (the minimum value is assumed to be 57.91% in terms of ownership ratio), the number of shares held by the Non-Tendering Shareholder (ownership ratio: 7.52%), the number of shares held by the above-mentioned passive index funds (ownership ratio: 1.07%), and the number of Restricted Shares held by Company directors and executive officers (ownership ratio: 0.16%), totaling a 66.67% ownership ratio, the proposal regarding the Share Consolidation can be approved.

In consideration of the foregoing, according to Tender Offeror's explanations, the above-mentioned passive index funds holding a total of 828,800 shares (ownership ratio: 1.07%) have answered that they withhold their shares "as a matter of principle" but vote in favor of squeeze-

out proposals in extraordinary general shareholders' meetings without tendering in the tender offers; thus, there would seem to be a certain reasonableness to the view that such passive index funds can be expected to not tender their shares in the Tender Offer but to vote affirmatively at the Extraordinary General Shareholders' Meeting.

(c) It Can be Found that Consideration Was Given to Ensure that No Coerciveness Would Arise

In the Tender Offer, to ensure that coerciveness does not arise, it is conceivable that the minimum number of shares to be purchased will be set at 28,522,347 (ownership ratio: 36.93%), which is equal to the number obtained by multiplying the Reference Number of Shares by two-thirds (51,493,557 shares, rounded to the nearest whole number), *less* the number of the Company Shares held by Tender Offeror (17,035,520 shares), the number of shares held by the Non-Tendering Shareholder (5,811,390 shares)<sup>6</sup>, and the number of Restricted Shares held by Company directors and executive officers (124,300 shares)<sup>7</sup> as of the date of submission of this Report; but Tender Offeror's proposed Minimum Setting, i.e., 27,693,547 shares (ownership ratio: 35.85%), is less than this figure.

However, the Minimum Setting is only slightly below the above-referenced minimum setting (28,522,347 shares (ownership ratio: 36.93%)), and as set forth in (b) above, there would seem to be a certain reasonableness to the view that the above-mentioned passive index funds holding a total of 828,800 shares (ownership ratio: 1.07%) can be expected to not tender their shares in the Tender Offer but to vote affirmatively at the Extraordinary General Shareholders' Meeting, and assuming that the passive index funds do behave in such fashion, the establishment of the Minimum Setting will ensure that the proposal regarding the Share Consolidation can be approved. Thus, it would appear that the establishment of the Minimum Setting makes it likely that the resolution concerning the Share Consolidation will be approved.

Further, according to Tender Offeror, even if the resolution concerning the Share Consolidation is not approved, given that Tender Offeror's ultimate aim is to obtain all Company Shares (including Restricted Shares, but excluding Company Shares held by Tender Offeror and the Non-Tendering Shareholder and treasury shares held by the Company) and its policy is to delist Company Shares, in light of the status of tendering in the Tender Offer, the state of ownership and attributes of the Company's shareholders at the relevant point in time, and trends in market share prices, until a level where the resolution concerning the Share

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<sup>6</sup> According to Tender Offeror, Tender Offer plans to enter into an agreement with the Non-Tendering Shareholder that provides that the Non-Tendering Shareholder will not engage in any conduct intended to hinder or delay the Share Consolidation, that the Non-Tendering Shareholder must not instruct or encourage any director of the Company to oppose when the Company's Board of Directors convene an extraordinary general shareholders' meeting to be held for the purpose of approving the Share Consolidation, and that the Non-Tendering Shareholder must exercise its voting rights in favor of the proposal concerning share consolidation (including the proposal to amend the Company's Articles of Incorporation to reflect the Share Consolidation) at the Extraordinary General Shareholders Meeting.

<sup>7</sup> According to Tender Offeror, if the Tender Offer is completed, of the Company's directors and executive officers not concurrently engaged as directors, those persons who hold Restricted Shares will be likely to support the resolution concerning the Share Consolidation at the Extraordinary General Shareholders' Meeting.

Consolidation will be realistically approved at a Company general shareholders' meeting (the specific level will be decided based on the ratio of voting rights exercises at the Extraordinary General Shareholders' Meeting and the recent composition of the shareholders of the Company) is reached, Tender Offeror plans to acquire additional Company Shares through market purchases or off-market negotiated acquisitions, with the aim of delisting Company Shares. With respect to the acquisition of such additional shares, it is Tender Offeror's policy that acquisitions of Company Shares, in the case of market transactions, will be made at the market price, and in the case of methods other than market transactions, as long as there are no circumstances necessitating a price adjustment such as a share consolidation or share split of Company Shares, will be made at a price evaluated as being economically equivalent to the Tender Offer Price (the price per one share will be the same amount as the Tender Offer Price unless there is an action by the Company that necessitates an adjustment of the consideration to be paid, such as a share consolidation or share split). Although the specific timing of such additional acquisition, and the period required until the approval of the resolution concerning the Share Consolidation at a subsequent general shareholders' meeting cannot be determined at this time because they will depend on market conditions and other circumstances, Tender Offeror has indicated that it will make the utmost effort so that the Share Consolidation is implemented as soon as practicably possible.

(d) Summary

In consideration of (a) through (c) above, (1) in the Transactions, the Squeeze-Out Procedures are planned to be implemented after the Tender Offer by means of the Share Consolidation; (2) (i) it is determined that the Minimum Setting makes it likely that the resolution concerning the Share Consolidation will be approved, and (ii) according to Tender Offeror, even if the resolution concerning the Share Consolidation is not approved, in light of the status of tendering in the Tender Offer, the state of ownership and attributes of the Company's shareholders at the relevant point in time, and trends in market share prices, until a level where the resolution concerning the Share Consolidation will be realistically approved at a Company general shareholders' meeting is reached, Tender Offeror plans to acquire additional Company Shares through market purchases or off-market negotiated acquisitions, with the aim of delisting Company Shares, and thus, in substantive terms, a scheme that will not secure Company's shareholders' share buyback request right or price determination request right has not been adopted; and (3) (i) if the Tender Offer is completed, Tender Offeror plans to implement the Squeeze-Out Procedures promptly, and (ii) it is planned to disclose that the price at the time of the Squeeze-Out Procedures will be based on the same price as the Tender Offer Price in the Press Release and other disclosure materials. Therefore, it can be said that consideration has been given such that general shareholders will not fall into a situation where they can expect to be treated disadvantageously if they do not tender their shares when deciding whether to tender in the Tender Offer, and it is recognized that in the Transactions,

consideration has been given to preventing coerciveness on general shareholders from arising.

#### (8) Conclusion

The measures for ensuring fairness have been taken in the Transactions, and the Committee believes that fairness is ensured in the procedures relating to the Transactions.

#### **4. Whether the Implementation of the Transactions can be Considered to be Fair to the Company's General Shareholders (Referral Matter (4))**

As discussed in 1 through 3 above, (i) it is recognized that the Transactions will contribute to enhancing the Company's corporate value and the objectives thereof have legitimacy and appropriateness (1 above), (ii) it is believed that fairness and appropriateness are ensured in the transaction terms and conditions of the Transactions including the Tender Offer Price the Tender Offer (2 above), and (iii) it is believed that fairness has been ensured in the procedures relating to the Transactions (3 above), and therefore, the Committee believes that implementation of the Transactions is fair to the Company's general shareholders.

#### **5. Whether the Company's Board of Directors should Decide to Express an Opinion in Support of the Tender Offer and Recommend That the Company's Shareholders Tender Their Shares in the Tender Offer (Referral Matter (5))**

As discussed in 1 through 4 above, considering that (i) it is recognized that the Transactions will contribute to enhancing the Company's corporate value and the objectives thereof have legitimacy and appropriateness (1 above), (ii) it is believed that fairness and appropriateness are ensured in the transaction terms and conditions of the Transactions including the Tender Offer Price the Tender Offer (2 above), (iii) it is believed that fairness has been ensured in the procedures relating to the Transactions (3 above), and (iv) it is believed that implementation of the Transactions is fair to the Company's general shareholders, the Committee believes that it is appropriate for the Company's Board of Directors 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.

### **Part 8. Disclaimers and Restrictions on Use**

#### **1. Disclaimers**

This Report must be interpreted as limited to the matters stated herein, and no matters not expressly stated in this Report should be inferred or overinterpreted.

Also, this Report assumes that the content of the Investigation Materials and the information

explained to the Committee by the Company, Mizuho Securities, Plutus, Iwata Godo, Tender Offeror, JPMorgan Securities, and Nishimura & Asahi are true, accurate, and complete as of the date of submission of this Report and does not omit any information necessary to prevent misunderstanding, that no changes to the content of such information has occurred as of the date of submission of this Report, and that other than the content of those materials and that information, there are no material facts or information that could have an impact on the content of the Committee's report. The Committee has not performed any independent verification of the truth, accuracy, or completeness of such information.

Furthermore, this Report does not guarantee any interpretation or decision by a court, administrative agency, or self-regulating body etc.

The terms used by the Committee in this Report have the meanings used in Japanese laws and regulations that are directly applicable to the Company as a joint stock company listed in Japan.

## **2. Restrictions on Use**

This Report is intended only to respond to the Referral Matters to the Company and was prepared with the assumption that the Company strictly maintains the confidentiality of the content herein. Therefore, the Company shall not use any content of this Report for any purpose other than the purpose specified above without obtaining the written consent of all Committee members, and except when required pursuant to laws and regulations or stock exchange regulations, shall not allow any third party to use this Report.

Individual members of the Committee shall not be precluded from using this Report for legitimate reasons in order to protect their own rights or interests.

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