

January 30, 2026

To whom it may concern,

Company name: KROSAKI HARIMA CORPORATION  
Representative: Kazuhiro Egawa, Representative Director,  
President  
(Securities code: 5352, Tokyo Stock Exchange Prime Market,  
Fukuoka Stock Exchange)  
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**Notice Regarding Expression of Opinion in Support of Commencement of the Tender Offer for the Company Shares by Nippon Steel Corporation (the Company's Parent Company) and Recommendation to Tender Shares in the Tender Offer**

As announced in the “Notice of Expression of Opinion in Support of and Recommendation to Tender in the Planned Commencement of the Tender Offer by Our Parent Company, Nippon Steel Corporation for the Company's Shares, etc.” (Japanese only) dated August 1, 2025 (including the matters amended in the “(Amendment to Disclosure Matters) Partial Amendment to ‘Notice of Expression of Opinion in Support of and Recommendation to Tender in the Planned Commencement of the Tender Offer by Our Parent Company, Nippon Steel Corporation for the Company's Shares, etc.’” (Japanese only) that the Company announced on November 13, 2025; the “Company Press Release Dated August 1, 2025”), at its board of directors’ meeting held on August 1, 2025, Krosaki Harima Corporation (the “Company”) resolved to express its then opinion in support of tender offer for the Company’s common shares (the “Company Shares”) by Nippon Steel Corporation, the Company’s controlling shareholder (parent company) (the “Tender Offeror”) (the “Tender Offer”) and to recommend that the Company’s shareholders tender their shares in the Tender Offer if the Tender Offer is commenced.

According to the “Notice Regarding Commencement of Tender Offer for Shares of Krosaki Harima Corporation (Securities Code: 5352)” announced by the Tender Offeror today, the Tender Offeror has decided to commence the Tender Offer on February 2, 2026. In response, the Company reconsidered the Tender Offer, and at its board of directors’ meeting held today, resolved to express an opinion in support of the Tender Offer, and to recommend that its shareholders tender their shares in the Tender Offer.

The resolutions of the board of directors at the board of directors’ meetings held on August 1, 2025 and today were made on the premise that the Tender Offeror intends to make itself the Company’s only shareholder after the Tender Offer and a series of subsequent procedures, and that the Company Shares are scheduled to be delisted.

1. Overview of the Tender Offeror

(1)	Name	Nippon Steel Corporation
(2)	Location	2-6-1 Marunouchi, Chiyoda-ku, Tokyo
(3)	Name and Title of Representative	Tadashi Imai, Representative Director, President, and COO
(4)	Description of Business Activities	Steelmaking and steel fabrication, engineering and construction, chemicals and materials, system solutions
(5)	Capital	569,519 million yen (as of September 30, 2025)

(6)	Date of Establishment	April 1, 1950	
(7)	Major Shareholders and Ownership Percentage (as of September 30, 2025) (Note 1)	The Master Trust Bank of Japan, Ltd. (Trust Account)	13.7%
		Custody Bank of Japan, Ltd. (Trust Account)	4.3%
		JP MORGAN CHASE BANK 385632 (Mizuho Bank, Ltd., Settlement & Clearing Services Department as Standing Proxy)	2.1%
		STATE STREET BANK WEST CLIENT – TREATY 505234 (The Master Trust Bank of Japan, Ltd. as Standing Proxy)	1.9%
		Nippon Life Insurance Company (The Master Trust Bank of Japan, Ltd. as Standing Proxy)	1.8%
		STATE STREET BANK AND TRUST COMPANY 505001 (Mizuho Bank, Ltd., Settlement & Clearing Services Department as Standing Proxy)	1.5%
		JP MORGAN CHASE BANK 385864 (Mizuho Bank, Ltd., Settlement & Clearing Services Department as Standing Proxy)	1.4%
		JP MORGAN CHASE BANK 385781 (Mizuho Bank, Ltd., Settlement & Clearing Services Department as Standing Proxy)	1.4%
		Meiji Yasuda Life Insurance Company (Custody Bank of Japan, Ltd. as Standing Proxy)	1.3%
		Nippon Steel Group Employees Shareholding Association	1.3%
(8)	Relationship between the Tender Offeror and the Company		
	Capital Relationship	As of today, the Tender Offeror is the largest shareholder (Note 2) of the Company, owning 15,632,004 Company Shares (ownership ratio (Note 3): 46.42%); together with those indirectly owned through Nippon Steel Texeng. Co., Ltd. (number of shares owned: 16,128 shares, ownership ratio: 0.05%), which is a wholly owned subsidiary of the Tender Offeror, the Tender Offeror owns 15,648,132 Company Shares (ownership ratio: 46.47%) and substantially controls the Company, making the Company its consolidated subsidiary.	
	Personnel Relationship	Among the nine directors of the Company, four directors are from the Tender Offeror; and among the four Audit and Supervisory Board Members of the Company, one Audit and Supervisory Board Member concurrently serves as an employee of the Tender Offeror. In addition to the above, as of September 30, 2025, seven employees of the Company are seconded to the Tender Offeror; and seven employees of the Tender Offeror are seconded to the Company Group (Note 4).	
	Business Relationship	The Company sells refractory products, etc. to the Tender Offeror and undertakes new construction, improvement work, and	

		maintenance work of large-sized industrial furnaces from the Tender Offeror.
	Status as Related Parties	The Tender Offeror is the Company's parent company, and the Tender Offeror and the Company constitute a related party of the other.

(Note 1) "Major shareholders and shareholding ratios (as of September 30, 2025)" are cited from "Status of Major Shareholders" in the Semi-Annual Report for the 101st term submitted by the Tender Offeror on November 11, 2025.

(Note 2) The Tender Offeror is the largest shareholder based on the number of shares owned as of September 30, 2025 as stated in "(5) Status of Major Shareholders" of "1. Information on the Company's Shares" of "III. Information on the Filing Company" in the Semi-Annual Report for the 135th term submitted by the Company on November 14, 2025 (the "Company Semi-Annual Report").

(Note 3) "Ownership ratio" refers to the ratio (rounded to two decimal places) of shares owned by a shareholder to the number of shares (33,675,927 shares) obtained by deducting the number of treasury shares (2,782,185 shares) owned by the Company as of December 31, 2025 from the total number of issued shares of the Company as of the same date (36,458,112 shares) as stated in "Summary of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 2026 [Japanese Standards]" published by the Company on January 30, 2026 (the "Company Third Quarter Financial Results"); the same applies hereinafter.

(Note 4) "Company Group" collectively refers to the Company, as well as twelve consolidated subsidiaries and three equity-method affiliates (as of today); the same applies hereinafter.

## 2. Purchase Price

4,200 yen per share of common share

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

### (1) Details of the Opinion

At the board of directors' meeting held on August 1, 2025, based on the grounds and reasons stated in "(2) Grounds and Reasons for the Opinion" below, the Company resolved to express its then opinion in support of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer if the Tender Offer is commenced.

As stated in "(IV) Decision-Making Process and Reasons Leading to the Company's Support of the Tender Offer" of "(2) Grounds and Reasons for the Opinion" below, at the board of directors' meeting mentioned above, the Company also resolved as follows: (i) when the Tender Offer is to commence, the Company will request that the special committee established by the Company's board of directors for the Tender Offer (the "Special Committee") consider whether there are any changes to the opinion that the Special Committee expressed to the Company's board of directors on August 1, 2025, and if there is no change to that opinion, state as such, or if there is any change, state their new opinion to the Company's board of directors; and (ii) based on such opinion, the Company will express its opinion regarding the Tender Offer again at the time of commencement of the Tender Offer.

Subsequently, on December 3, 2025, the Company was informed by the Tender Offeror that it expected to complete necessary procedures and actions under domestic and foreign (Japanese and Indian) competition laws, and foreign (Italian) investment laws and regulations, etc. by mid-January 2026, and that the Tender Offer was scheduled to commence on February 2, 2026. The Company began

preparations to reconsider the terms and conditions of the Tender Offer. In addition, the Company requested that the Special Committee consider whether there were any changes to the opinion in the report that the Company obtained from the Special Committee on August 1, 2025 (the “Report Dated August 1, 2025;” for details of the Report Dated August 1, 2025, please refer to the attachment), and if there were no changes to that opinion, to state as such, or if there were any changes, to state their new opinion to the Company’s board of directors. Subsequently, on January 6, 2026, the Company was informed by the Tender Offeror that since necessary procedures and actions under domestic and foreign (Japanese and Indian) competition laws, and under foreign (Italian) investment laws and regulations, etc. were completed, it wished to commence the Tender Offer on February 2, 2026 if other certain conditions precedent (for details, please refer to (Note 1) below; such conditions precedent are hereinafter referred to as the “Conditions Precedent”) are fulfilled or waived by the Tender Offeror. Upon being informed of the above, the Special Committee confirmed the facts as to whether or not important changes in circumstances or events that may affect the Transaction (defined in “(2) Grounds and Reasons for the Opinion” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” below; hereinafter the same) had occurred on or after August 1, 2025, and reviewed the aforementioned advisory matters. As a result, it was confirmed that there were no circumstances that should change the contents of the Report Dated August 1, 2025. On January 29, 2026, the Special Committee submitted a report to the board of directors of the Company stating that there was no change in the previous opinion (the “Report Dated January 29, 2026;” for details of the Report Dated January 29, 2026, please refer to the attachment, and for the specific activities of the Special Committee, please refer to “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” below, respectively).

The Company carefully examined the terms and conditions of the Tender Offer again based on the business conditions of the Company and the environment surrounding the Transaction, while respecting the Report Dated January 29, 2026 submitted by the Special Committee to the maximum extent. As a result, it decided that as of today, there is no factor that will change its opinion on the Tender Offer as of August 1, 2025.

Based on the above, at the board of directors’ meeting of the Company held today, 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.

The resolutions at the board of directors’ meetings held on August 1, 2025 and today were carried out in the manner described in “(VIII) Approval of All Directors of the Company Without Conflicts of Interest, and No Objection from All Audit and Supervisory Board Members of the Company Without Conflicts of Interest” of “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” below.

(Note 1) The “Conditions Precedent” are as follows: (I) the acquisition of clearances under competition laws and investment laws and regulations, etc. required to implement the Transaction has been completed (Note 2); (II) the Company’s board of directors has resolved to express its opinion in support of the Tender Offer and to recommend that the Company’s shareholders tender their shares in the Tender Offer, and the resolution is valid at the time of commencement of the Tender Offer without any amendment, addition, or correction; (III) the Special Committee has submitted a report stating its positive opinion to the Company’s board of directors regarding the support of the Tender Offer, the recommendation to the Company’s shareholders to tender their shares in the Tender Offer, and the implementation of the Transaction, and the content of such report is valid at the time of commencement of the Tender Offer without any amendment, addition, or correction; (IV) no part of the Transaction breaches any laws or regulations, etc., there is no petition, litigation, or procedures pending against judicial and government agencies seeking limitation or prohibition of any part of the Transaction, or

any decision rendered by judicial and government agencies to limit or prohibit any part of the Transaction, and there is no specific likelihood thereof; (V) there is no material fact about the business of the Company (Article 166, paragraph (2) of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”)) that has not been disclosed by the Company (Article 166, paragraph (4) of the Act); (VI) there has been no material change in the business or property of the Company or its subsidiaries, or any other circumstance that would significantly compromise its ability to achieve the purpose of the Tender Offer, as set forth in the proviso to Article 27-11, paragraph (1) of the Act; and (VII) no other circumstance has occurred or has been discovered, which makes it objectively impossible or extremely difficult to implement the Transaction.

(Note 2) If there is a waiting period under laws and regulations, etc. regarding a notification or other procedures with national, local governments, and other public institutions and administrative agencies, etc. (“Public Institutions, Etc.”) under domestic and foreign competition laws and foreign investment laws and regulations, etc., as reasonably determined by the Tender Offeror to be necessary or desirable for implementation of the Transaction, this individually or collectively means expiry of the waiting period (if the waiting period is extended by a Public Institution, Etc. in charge of the procedures, including the extended period); if it is necessary to acquire permission, authorization, license, approval, consent, registration, decision, etc. from a Public Institution, Etc., this individually or collectively means completion of such acquisition.

## (2) Grounds and Reasons for the Opinion

Among the grounds and reasons for the opinion on the Tender Offer, the descriptions of those related to the Tender Offeror are based on explanations provided by the Tender Offeror.

### (I) Overview of the Tender Offer

As the Tender Offeror announced in the “Notice Regarding Planned Commencement of Tender Offer for Shares of Krosaki Harima Corporation (Securities Code: 5352) (Summary)” dated August 1, 2025 (including the matters amended in the “(Amendment to Disclosure Matters) Partial Amendment to ‘Notice Regarding Planned Commencement of Tender Offer for Krosaki Harima Corporation (Securities Code: 5352) (Summary)’” released by the Tender Offeror on November 13, 2025; the “Tender Offeror Press Release Dated August 1, 2025”), at its board of directors’ meeting held on August 1, 2025, the Tender Offeror resolved to implement the Tender Offer if the Conditions Precedent are fulfilled (or waived by the Tender Offeror), as part of a transaction intended to acquire all of the Company Shares listed on the Prime Market of the Tokyo Stock Exchange and the Main Board of the Securities Membership Corporation Fukuoka Stock Exchange (the “Fukuoka Stock Exchange”) (excluding the Company Shares owned by the Tender Offeror and the treasury shares owned by the Company) and to make the Company a wholly owned subsidiary of the Tender Offeror (the “Transaction”). The Tender Offeror aimed to commence the Tender Offer by around early February 2026. As of today, the Tender Offeror is the largest shareholder of the Company (Note 1), owning 15,632,004 Company Shares (ownership ratio: 46.42%); together with those indirectly owned through Nippon Steel Texeng. Co., Ltd. (number of shares owned: 16,128 shares, ownership ratio: 0.05%), which is a wholly owned subsidiary of the Tender Offeror, the Tender Offeror owns 15,648,132 Company Shares (ownership ratio: 46.47%) and substantially controls the Company, making the Company its consolidated subsidiary.

(Note 1) The Tender Offeror is the largest shareholder based on the number of shares owned as of September 30, 2025 as stated in “(5) Status of Major Shareholders” of “1. Information on the Company’s Shares” of “III. Information on the Filing Company” in the Company Semi-Annual Report.

In the Tender Offer, the Tender Offeror has set the minimum number of shares to be purchased at 6,818,596 shares (ownership ratio: 20.25%); if the total number of shares, etc. tendered in the Tender Offer (the “Tendered Shares, Etc.”) does not reach the minimum number of shares to be purchased, the Tender Offeror will not purchase any of the Tendered Shares, Etc. On the other hand, as the Tender Offeror aims to make the Company its wholly owned subsidiary, the Tender Offeror has not set a maximum number of shares to be purchased. Thus, if the total number of the Tendered Shares, Etc. is equal to or more than the minimum number of shares to be purchased, the Tender Offeror will purchase all of the Tendered Shares, Etc.

Recently, necessary procedures and actions under domestic and foreign (Japanese and Indian) competition laws and foreign (Italian) investment laws and regulations, etc. were completed; therefore, today, the Tender Offeror confirmed that all of the Conditions Precedent were fulfilled and decided to commence the Tender Offer on February 2, 2026.

The minimum number of shares to be purchased, 6,818,596 shares (ownership ratio: 20.25%), has been set at the number of shares (6,818,596 shares) obtained by (i) multiplying the number of voting rights (336,759 voting rights) pertaining to the number of shares (33,675,927 shares) obtained by subtracting the number of treasury shares owned by the Company as of December 31, 2025 (2,782,185 shares), as described in the Company Third Quarter Financial Results, from the total number of issued shares as of December 31, 2025 (36,458,112 shares), as described in the Company Third Quarter Financial Results, by two-thirds, (ii) multiplying the product (224,506 voting rights, rounded up to the nearest whole number) by one unit of the Company Shares (100 shares), and then (iii) subtracting from the product (22,450,600 shares) the number of the Company Shares owned by the Tender Offeror as of today (15,632,004 shares). The Transaction aims to make the Tender Offeror the only shareholder of the Company; and when implementing the procedures for the share consolidation pursuant to Article 180 of the Companies Act (Act No. 86 of 2005, as amended; the “Companies Act”) as stated in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” below (the “Share Consolidation”), a special resolution of the shareholders’ meeting as set forth in Article 309, paragraph (2) of the Companies Act is required. Therefore, in order to ensure that those procedures will be implemented, the minimum number of shares to be purchased has been set to allow the Tender Offeror to own two-thirds or more of the number of voting rights of all shareholders of the Company after the Tender Offer.

If the Tender Offeror fails to acquire all of the Company Shares (excluding the Company Shares owned by the Tender Offeror and the treasury shares owned by the Company) through the Tender Offer, the Tender Offeror plans to implement a series of procedures to make the Tender Offeror the only shareholder of the Company as stated in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” below (the “Squeeze-out Procedures”) after successful completion of the Tender Offer.

In the Tender Offeror Press Release Dated August 1, 2025, the Tender Offeror announced that the Tender Offer would not be conducted in or toward the United States or made to any U.S. person (meaning a “U.S. person” as defined in Regulation S of the U.S. Securities Act of 1933; hereinafter the same applies), unless the Tender Offer could be implemented in compliance with applicable U.S. laws and regulations. Thereafter, as announced in the “(Amendment to Disclosure Matters) Partial Amendment to ‘Notice regarding Planned Commencement of Tender Offer for Krosaki Harima Corporation (Securities Code: 5352) (Summary)’” dated November 13, 2025 (the “Tender Offeror Press Release Dated November 13, 2025”), in the course of preparing for the Tender Offer since August 1, 2025, and based on advice from a U.S. law firm, the Tender Offeror reexamined the facts and the application of relevant laws and regulations. As a result, it confirmed that it would be possible for it to comply with the applicable U.S. laws and regulations. Accordingly, the Tender Offeror changed its policy to conduct the Tender Offer in or toward the United States and make it available to U.S. persons.

(II) Background, Purpose and Decision-Making Process Leading to the Tender Offeror's Decision to Implement the Tender Offer

The Tender Offeror was established as Yawata Iron & Steel Co., Ltd. and Fuji Iron & Steel Co., Ltd., respectively, on April 1, 1950, and was renamed to Nippon Steel Corporation (*Shin-nippon Seitetsu Kabushiki Kaisha*) upon the merger of the two companies on March 31, 1970. After conducting an absorption-type merger with Sumitomo Metal Industries, Ltd. (established on July 1, 1949) on October 1, 2012, where Sumitomo Metal Industries, Ltd. was the disappearing company, Nippon Steel Corporation (*Shin-nippon Seitetsu Kabushiki Kaisha*) was renamed to Nippon Steel & Sumitomo Metal Corporation; then, on April 1, 2019, it was renamed to the current trade name, Nippon Steel Corporation (*Nippon Seitetsu Kabushiki Kaisha*). Recently, on April 1, 2020, the Tender Offeror conducted an absorption-type merger with Nippon Steel Nisshin Co., Ltd., where Nippon Steel Nisshin Co., Ltd. was the disappearing company. The Tender Offeror was listed on the Tokyo Stock Exchange and Nagoya Stock Exchange, Inc. on October 2, 1950, on the Fukuoka Stock Exchange on October 5, 1950, and then on the Securities Membership Corporation Sapporo Securities Exchange on January 21, 1952, respectively. As of today, shares of the Tender Offeror are listed on the Prime Market of the Tokyo Stock Exchange instead of the previous First Section after the transition to the new market segments in April 2022, and the Premier Market of Nagoya Stock Exchange, Inc. instead of the previous First Section after the transition to the new market segments in April 2022, respectively. They also continue to be listed on the Main Board of the Fukuoka Stock Exchange, and the Main Board of the Securities Membership Corporation Sapporo Securities Exchange, respectively.

As of September 30, 2025, the Tender Offeror had 501 consolidated subsidiaries, including the Company, and 114 equity-method affiliates, etc. (the Tender Offeror, its consolidated subsidiaries, and its equity-method affiliates, etc. are collectively referred to as the “Tender Offeror Group”). The Tender Offeror Group adopts a four-segment structure, namely, the steelmaking and steel fabrication business (which is the main segment), the engineering and construction business, the chemicals and materials business, and the system solutions business. The Tender Offeror Group has formulated a medium- to long-term management plan (for fiscal years 2021 to 2025) as of March 5, 2021 (the “Tender Offeror Management Plan”), with the aim of continually growing to become “the best steelmaker with world-leading capabilities” that contributes to Japan’s industrial competitiveness from the present and into the future, based on their values to “pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services.” In the Tender Offeror Management Plan, the following four pillars are described: (i) “Rebuilding our domestic steel business and strengthening our group’s management”; (ii) “Promoting a global strategy to deepen and expand our overseas business”; (iii) “Taking on the challenge of carbon neutrality (Note 2)”; and (iv) “Promoting digital transformation strategies.” In addition, the Tender Offeror Group formulated the “2030 Medium- to Long-term Management Plan”(for fiscal years 2026 to 2030) as of December 12, 2025; in this plan, the following strategies are described: (i) improving profitability by further strengthening the earnings base in domestic operations and (ii) dramatically increasing profit by implementing the global growth strategy in overseas operations. In order to further strengthen the management foundation that supports these strategies, the Tender Offeror Group will also work to promote the development of cutting-edge technologies, renovate business and improve business efficiency, and strengthen the competitiveness of human resources.

(Note 2) “Carbon neutrality” means to make the total “emissions” of greenhouse gases, including carbon dioxide, practically zero after subtracting the “absorbed amount” by tree plantation, forestry management, etc.

On the other hand, the Company was established in October 1918 as Krosaki Refractories Co., Ltd. for the purpose of manufacturing and selling refractory bricks. The Company Shares were listed on the Tokyo Stock Exchange and Osaka Securities Exchange Co., Ltd. in May 1949 (delisted from Osaka Securities Exchange Co., Ltd. in December 2003), and were listed on the Fukuoka Stock Exchange in June 1949. In April 2000, after the merger with Harima Ceramic Co., Ltd., it changed its trade name to the current name, Krosaki Harima Corporation. After the reorganization of market segments of the

Tokyo Stock Exchange in April 2022, the Company is listed on the Prime Market of the Tokyo Stock Exchange as of today.

As of today, the Company Group comprises the Company, its twelve consolidated subsidiaries, and its three equity-method affiliates. It manufactures and sells a wide variety of refractories (Note 3) used in industrial kilns in various fields of the materials industry, including the steel industry; it designs and constructs high-performance and energy-saving industrial furnaces; and it manufactures and sells semiconductor manufacturing equipment and ceramics for the electronic components industry. Under its purpose, “Mastering heat, empowering industries, and creating a brighter future. We at Krosaki Harima Group are a global force in advanced comprehensive ceramics entities, driving industrial progress and building a sustainable world where future generations can thrive”, the Company Group has set its vision, “We aspire to be the world’s most trusted leader in advanced comprehensive ceramics entities—recognized for our relentless pursuit of excellence and passion for innovation”; furthermore, as a refractory manufacturer that supports the development of various fields of the materials industry, including the steel industry, it has continued to grow globally, mainly in India, Europe, North America, and Asia.

The Company Group handles high-performance and high-value-added refractory products by utilizing its high technological development capabilities and know-how fostered through many years of working with customers to solve problems in its history of more than 100 years. In addition, the Company Group is engaged in the design and construction of large-scale industrial furnaces and energy-saving industrial furnaces for biomass power generation, as well as the development of ceramics for components that are essential to the firing process of electronic components and for precision parts. As a comprehensive ceramics company, the Company Group has continuously invested in R&D to provide products and services that meet advanced customer needs. As blast furnace companies have worked on switching to electric furnaces and manufacturing process reforms, such as implementing hydrogen reduction technology, toward decarbonization, the specifications required for refractories are becoming more advanced, such as high-durability products and products suitable for operating conditions, in line with changes in the steelmaking process; and the Company Group’s high-performance refractories are becoming indispensable. In addition, as demand for high-grade steel, which enables weight reduction and high strength to improve the quality of hybrid vehicles and EVs (Note 4) with low environmental impact, is expected to grow, demand for high-performance refractories that are essential for their manufacturing is also expected to increase. Therefore, in these fields, the Company Group has also secured a position that can capture new demand on a steady basis by utilizing its technology. From the perspective of carbon neutrality, the Company has utilized its “Heat Management technology” to develop “Dry-Free<sup>®</sup>,” which are unshaped refractories that have achieved a reduction of CO<sub>2</sub> emissions and improved durability; “TOUGHMAX<sup>™</sup>,” which are refractory bricks; and “NEXCERA<sup>®</sup>,” which are lightweight and robust ultra-low thermal expansion ceramics that contribute to fuel savings by reducing the loading weight of rockets. From daily living spaces to cutting-edge fields and even outer space, the Company Group provides differentiated products with high environmental value and contributes to the realization of a decarbonized society.

Regarding the business environment surrounding the Company Group, in Japan, in the steel industry, which is the main customer of refractories, according to the Japan Iron and Steel Federation, steel demand for both the construction and manufacturing industries is sluggish (domestic steel demand is gradually declining in both the manufacturing and civil engineering construction industries; and while domestic steel demand was approximately 62 million tons in fiscal year 2018, it decreased to approximately 50 million tons in fiscal year 2024). In addition, due to the impact of China’s overproduction of steel and continued high levels of exports at low prices to the global markets, Japan’s domestic crude steel production in fiscal year 2024 was 82.95 million tons and decreased for three consecutive years; and since fiscal year 1970, it remained at the second lowest level in history after fiscal year 2020 (82.78 million tons) of the coronavirus pandemic. In addition, crude steel production in the 2024 calendar year published by the World Steel Association was 149.6 million tons in India, an increase by 6.3% from the previous year; however, globally, it was 1,882.6 million tons, a decrease by 0.8% from the previous year. In the future, due to changes in the social and industrial structure, such as



the switch from blast furnaces to electric furnaces and the advancement of EVs, competition with domestic and foreign refractory manufacturers is expected to intensify; and the Company Group recognizes that it is necessary for it to focus on strengthening its technological capabilities, product development capabilities, and cost competitiveness, and to further strengthen and expand its advantages over domestic and foreign competitors.

Under these circumstances, on March 24, 2021, the Company Group announced the management plan “Krosaki Harima Group 2025 Management Plan” (the “2025 Management Plan”) whose final fiscal year is 2025, and it worked to pursue sustainable growth. After the formulation of the 2025 Management Plan, the Company Group faced significant environmental changes; e.g., raw material prices remained high worldwide, the Russian invasion of Ukraine led to soaring energy and food prices, which caused inflation, a rise in interest rates, and rapid depreciation of the yen, and the crude steel output of major domestic and foreign customers declined due to decreased automobile production against a backdrop of disrupted supply chains for semiconductors and other components. However, the Company Group worked diligently to pass on cost increases to selling prices, promote thorough cost reductions, and capture demand in the refractory business in India and other overseas markets. As a result, as of the end of fiscal year 2022, the Company Group already achieved the targets for the final fiscal year of the 2025 Management Plan of net sales of 150 billion yen and ordinary income of 12 billion yen. Accordingly, on July 28, 2023, the Company Group revised the 2025 Management Plan and released “Notice Regarding the Revision of the 2025 Management Plan” (the “2025 Revised Management Plan”). In the 2025 Revised Management Plan, the Company Group aimed to be “the world’s top-rated integrated ceramics group while supporting the steel and other industries”; and by maintaining and enhancing the competitive edge of its domestic refractory business as the mother factory location (Note 5) through fundamental reinforcement of the business structure in response to structural changes in domestic demand, seeking sales expansion in India and Southeast Asia through the Company Group’s high technological expertise, and promoting alliances with partner companies to expand businesses in Europe and the United States, the Company Group has promoted various measures, increased its capital investment plan, revised its financial targets upward, and promoted global strategies leveraging the strengths of the Company Group to further improve its corporate value and presence in the refractory market. As a result, the Company Group has already exceeded the ordinary income target of 15 billion yen for the final fiscal year in the 2025 Revised Management Plan for two consecutive fiscal years.

- (Note 3) “Refractory” means the material used to withstand heat and corrosion caused by high temperatures, for inner lining of melting furnaces that melt iron and glass, kiln tools, etc.
- (Note 4) “EV” stands for “Electric Vehicle” and collectively means electric vehicles that are powered by electricity stored in a battery and supplied to the motor.
- (Note 5) “Mother factory location” collectively means a base that serves as a model for the technology and system of other production bases, as a mother factory, at a multinational company with multiple production bases overseas.

The capital relationship between the Tender Offeror and the Company began in 1956 when the Tender Offeror (the trade name at that time was Yawata Iron & Steel Co., Ltd.) took a stake in the Company (the trade name at that time was Krosaki Refractories Co., Ltd.) as a shareholder and owned 4,160,000 Company Shares (shareholding ratio (Note 6): 52.00%). In April 2000, the Company conducted an absorption-type merger with Harima Ceramic Co., Ltd. in which the Company became the surviving company and Harima Ceramic Co., Ltd. became the disappearing company; as a result, the number of the Company Shares owned by the Tender Offeror decreased to 39,080,012 shares (shareholding ratio: 44.45%). Subsequently, in October 2017, the Company conducted a share consolidation in which ten Company Shares were consolidated into one share; and as of the end of March 2018, the Tender Offeror owned 3,908,001 Company Shares (shareholding ratio: 42.88%). In March 2019, the Company became a consolidated subsidiary of the Tender Offeror when the Tender Offeror applied the International Financial Reporting Standards. Subsequently, in April 2024, the Company conducted a share split in

which one Company Share was split into four shares; and as of the end of December 2025, the Tender Offeror owned 15,632,004 Company Shares (shareholding ratio: 42.88%). As of today, there has been no change in the number of Company Shares owned by the Tender Offeror and the shareholding ratio.

(Note 6) The “shareholding ratio” refers to the ratio to the total number of shares issued by the Company as of each time, rounded to three decimal places (please note that the number of treasury shares has not been subtracted from the total number of issued shares, as it is difficult to determine the number of treasury shares as of each time).

Under the circumstances where the domestic steel market is in a severe business environment against the backdrop of shrinking domestic demand due to population decline (domestic steel demand is gradually declining in both the manufacturing and civil engineering construction industries; and according to the Japan Iron and Steel Federation, while domestic steel demand was approximately 62 million tons in fiscal year 2018, it decreased to approximately 50 million tons in fiscal year 2024), the Tender Offeror believes that in order to respond quickly and accurately to environmental changes and win competition, it is essential for the Tender Offeror and the Company to further strengthen their competitiveness by bringing together their management resources and promoting further integration and optimization. However, as the Tender Offeror and the Company are currently operating independently as listed companies, it is undeniable that there are certain restrictions on the sharing of technical information, the complementary nature and mutual utilization of management resources, etc. In order to achieve further growth of the Tender Offeror Group, it is necessary to establish a more integrated management system with the Company in terms of overseas expansion and functions and technologies of the iron source process (a process that uses refractories, such as blast furnaces and steelmaking, in the steelmaking process), maximize overseas business profits and strengthen competitiveness over the iron source process throughout the group, and build an efficient and stable management system.

From this perspective, the Tender Offeror determined on May 28, 2025, that it would be desirable to make the Company its wholly owned subsidiary.

Furthermore, the Tender Offeror believes that it is possible to realize the following by making the Company its wholly owned subsidiary.

i. Further maximizing overseas business profits across the Tender Offeror Group

The Tender Offeror recognizes that the Company has secured manufacturing and sales bases in India, Europe, Brazil, and other countries in order to make overseas business a pillar of growth as the domestic refractory market is shrinking. The Tender Offeror believes that through the Transaction, it will be possible to further expand overseas business profits across the Tender Offeror Group in North America in addition to India, Europe, Brazil, and other countries where the Company has been conducting business, by expanding utilization of the Tender Offeror Group’s resources for the Company’s future overseas expansion and by collaborating with the Tender Offeror Group’s overseas expansion.

ii. Strengthening competitiveness over iron sources across the Tender Offeror Group

a. Refractory products

The Company has achieved certain results, such as improved durability (longer service life) of refractories, regarding quality improvement based on joint development and usage evaluation with the Tender Offeror thus far; however, the Tender Offeror believes that by improving competitiveness through strengthening collaboration between both companies, and accelerating the development of refractories for electric furnaces that capture changes in the manufacturing process toward carbon neutrality under the more integrated management system, it will be possible to strengthen competitiveness over iron sources and expand profits across the Tender Offeror Group.

b. Refractory maintenance work

Issues, such as a decrease in workload and a shortage of furnace builders (refractory maintenance personnel), are expected to become more serious and apparent regarding the refractory maintenance functions for various industrial furnaces in Japan; and the Tender Offeror believes that it is necessary to make efforts to maintain the maintenance functions essential to the steelmaking business from a medium- to long-term perspective. The Tender Offeror also believes that the Company has a competitive advantage among the companies responsible for domestic refractory maintenance from the perspective of corporate scale and management system; and that by making the Company a core company when reviewing the refractory maintenance system of the Tender Offeror in the future, benefits can be expected for both the Tender Offeror and the Company.

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

In late March 2025, the Tender Offeror internally established a structure for consideration of the Transaction comprising relevant departments, and internally considered the business environment, the significance of the Transaction, and the aim of making the Company its wholly owned subsidiary. On April 4 of the same year, the Tender Offeror made an initial offer to the Company to the effect that the Tender Offeror wishes to commence consideration of measures to enhance the Tender Offeror's and the Company's corporate value in the medium- to long-term on a continuous basis, including making the Company its wholly owned subsidiary (the "Initial Offer"). Thereafter, on May 28, 2025, the Tender Offeror appointed Nomura Securities Co., Ltd. ("Nomura Securities") as its financial advisor and third-party valuation agency independent of the Tender Offeror and the Company, and Nishimura & Asahi (Gaikokuho Kyodo Jigyo) as its legal advisor; and on May 28, 2025, the Tender Offeror submitted a written proposal to make the Company its wholly owned subsidiary through a tender offer and demand for share cash-out or share consolidation (the "Written Proposal") to the Company. In response, on the same day, the Tender Offeror was informed by the Company that the Company had received the Written Proposal and that the Company would consider the proposed details in the Written Proposal after establishing an appropriate internal structure, including the Special Committee established on the same day, and taking measures to ensure fairness. On and after the day on which the Written Proposal was submitted, the Tender Offeror discussed and explained the significance and purpose, etc. of the Transaction with/to the Company.

Furthermore, the Tender Offeror conducted due diligence (the "Due Diligence") to scrutinize the feasibility of the Transaction from early June to early July 2025; at the same time, since the Tender Offeror received an inquiry regarding the Transaction from the Special Committee on June 12, 2025, it provided a written response on June 20, 2025. In response to an additional inquiry dated June 30, 2025, received from the Special Committee following the content of the response, the Tender Offeror held a Q&A session with the Company and the Special Committee on July 1, 2025, and provided a written response on July 8, 2025. Thus, the Tender Offeror held detailed discussions and examinations with the Company and the Special Committee on the significance and purpose of the Transaction, as well as holding numerous discussions on the management structure and business policies after the Transaction, and the terms and conditions of the Transaction. The Tender Offeror comprehensively considered each

factor, such as the results of the Due Diligence and external environment surrounding the Company, as well as the business plan received from the Company and the calculation results of the share value of the Company; as a result of careful consideration, on July 4, 2025, the Tender Offeror officially made a proposal to the Company, including setting the purchase price per Company Share in the Tender Offer (the “Tender Offer Price”) at 3,500 yen (a price obtained by adding a premium of 4.17% (rounded to the nearest hundredth; hereinafter the same applies to subsequent calculations of premiums), 11.61%, 28.39%, and 32.33%, respectively, to the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on July 3, 2025, and the simple average closing prices for the latest one-month period, the latest three-month period, and the latest six-month period, which were 3,360 yen, 3,136 yen (rounded to the nearest whole number; hereinafter the same applies to subsequent calculations of the simple average closing prices), 2,726 yen, and 2,645 yen, respectively) (the price proposed by the Tender Offeror was presented assuming that the Company would not pay an interim or year-end dividend; hereinafter the same applies). In response, on July 9, 2025, the Tender Offeror was requested by the Company to consider increasing the Tender Offer Price because the Company believed that the price proposed by the Tender Offeror did not fully reflect the Company’s intrinsic value, and that the synergy effects expected to be generated through the Tender Offer should be reflected in the Tender Offer Price. Following this, based on the request for reconsideration of increasing the price by the Company, on July 11, 2025, the Tender Offeror made a proposal to set the Tender Offer Price at 3,700 yen (a price obtained by adding a premium of 5.87%, 14.20%, 31.02%, and 37.91%, respectively, to the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on July 10, 2025, and the simple average closing prices for the latest one-month period, the latest three-month period, and the latest six-month period, which were 3,495 yen, 3,240 yen, 2,824 yen, and 2,683 yen, respectively). In response, on July 16, 2025, the Tender Offeror was again requested by the Company to reconsider the Tender Offer Price because the Company believed that the price proposed by the Tender Offeror still did not fully reflect the Company’s intrinsic value and was significantly insufficient. Following this, based on the request for reconsideration of increasing the price by the Company, on July 18, 2025, the Tender Offeror made a proposal to set the Tender Offer Price at 4,050 yen (a price obtained by adding a premium of 18.08%, 21.33%, 39.03%, and 48.62%, respectively, to the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on July 17, 2025, and the simple average closing prices for the latest one-month period, the latest three-month period, and the latest six-month period, which were 3,430 yen, 3,338 yen, 2,913 yen, and 2,725 yen, respectively). In response, the Tender Offeror received from the Company a proposal that the Tender Offer Price be 4,300 yen as a price calculated based on comprehensive consideration of various evaluation factors related to the share value of the Company because the Company believed that the price proposed by the Tender Offeror was still not deemed sufficient as the Tender Offer Price. In response, on July 23, 2025, as a result of respecting the Company’s intention and considering it to the maximum extent, the Tender Offeror made a proposal to set the Tender Offer Price at 4,200 yen as the final proposal price (a price obtained by adding a premium of 22.09%, 24.78%, 42.18%, and 53.12%, respectively, to the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on July 22, 2025, and the simple average closing prices for the latest one-month period, the latest three-month period, and the latest six-month period, which were 3,440 yen, 3,366 yen, 2,954 yen, and 2,743 yen, respectively). In response, on July 24, 2025, the Tender Offeror received a response from the Company to the effect that the price proposed by the Tender Offeror could be evaluated as comprehensively reflecting the intrinsic value of the Company and the expectations of market participants, including general shareholders of the Company, for the economic conditions of the Transaction; and, as the Company’s thoughts at that time, that it would consider accepting the Tender Offer Price of 4,200 yen on the premise that the final decision would be made by resolution at a board of directors’ meeting scheduled to be held on August 1, 2025, considering the financial, economic, market, and other conditions up to August 1, 2025, and based on the report of the Special Committee.

As a result of the consideration, discussions, and negotiations mentioned above, the Tender Offeror and the Company reached an agreement to set the Tender Offer Price at 4,200 yen; accordingly, at the board of directors’ meeting held on August 1, 2025, the Tender Offeror resolved to implement the Tender Offer as part of the Transaction subject to the condition that the Conditions Precedent are fulfilled (or waived by the Tender Offer).

In the Tender Offeror Press Release Dated August 1, 2025, the Tender Offeror announced that the Tender Offer would not be conducted in or toward the United States or made to any U.S. person, unless the Tender Offer could be implemented in compliance with applicable U.S. laws and regulations. Thereafter, as announced in the Tender Offeror Press Release Dated November 13, 2025, in the course of preparing for the Tender Offer since August 1, 2025, and based on advice from a U.S. law firm, the Tender Offeror reexamined the facts and the application of relevant laws and regulations. As a result, it confirmed that it would be possible for it to comply with the applicable U.S. laws and regulations. Accordingly, the Tender Offeror changed its policy to conduct the Tender Offer in or toward the United States and make it available to U.S. persons.

On December 3, 2025, the Tender Offeror informed the Company that it planned to commence the Tender Offer on February 2, 2026 as necessary procedures and actions under domestic and foreign (Japanese and Indian) competition laws and foreign (Italian) investment laws and regulations, etc. are expected to be completed by mid-January 2026. Thereafter, on January 6, 2026, based on the fact that all of the procedures and actions under domestic and foreign (Japanese and Indian) competition laws and foreign (Italian) investment laws and regulations, etc. required to implement the Transaction were completed on the same date (local time), the Tender Offeror informed the Company that on the premise that other Conditions Precedent are fulfilled or waived by the Tender Offeror, it wished to commence the Tender Offer on February 2, 2026. In addition, on January 30, 2026, the Tender Offeror was informed by the Company that as of then, there was no material fact about the business of the Company that had not been disclosed by the Company.

Since the Tender Offeror confirmed that necessary procedures and actions under domestic and foreign (Japanese and Indian) competition laws and foreign (Italian) investment laws and regulations, etc. were completed and that all of the other Conditions Precedent were fulfilled, it decided to commence the Tender Offer on February 2, 2026.

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

After making the Company its wholly owned subsidiary through the Transaction, the Tender Offeror plans to accelerate collaboration of the Tender Offeror Group and the Company Group, achieve efficient decision-making, and promote efficient management; through those activities, the Tender Offeror will achieve the measures stated in “(I) Overview of the Tender Offer” above and make efforts to enhance the Tender Offeror Group’s corporate value as a whole, including the Company Group. At present, there are no matters to be changed due to the Transaction in relation to the specific management policy or the policy for treatment of employees of the Company Group’s companies.

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

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

As stated in “(II) Background, Purpose and Decision-Making Process Leading to the Tender Offeror’s Decision to Implement the Tender Offer” above, on April 4, 2025, the Company received the Initial Offer from the Tender Offeror. Subsequently, on May 28, 2025, the Company received the Written Proposal from the Tender Offeror. Thus, in connection with considerations concerning the Transaction, and discussions and negotiations on the same with the Tender Offeror, considering that the Tender Offeror is the controlling shareholder (parent company) of the Company with the Company as a consolidated subsidiary, and in view of the fact that the Transaction, including the Tender Offer, constitutes an important transaction with the controlling shareholder, and that the Transaction is a type of transaction in which there are issues of structural conflict of interest and of information asymmetry, at the Company’s board of directors’ meeting held on May 28, 2025, the Company appointed SMBC Nikko Securities Inc. (“SMBC Nikko Securities”) as its financial advisor and third-party valuation agency and Anderson Mori & Tomotsune (“AMT”) as its legal advisor, both independent of the Tender

Offeror Group, Company Group, and the success or failure of the Transaction in order to ensure the fairness of the Transaction.

In addition, in order to ensure the fairness of the Transaction, with the advice of AMT and independently from the Tender Offeror, the Company began to establish a structure to consider, negotiate, and make decisions related to the Transaction from the perspective of enhancing the Company's corporate value and securing the interests of the Company's general shareholders. Specifically, as stated in "(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest" below, the Company proceeded with preparations to establish a special committee. Subsequently, pursuant to the resolution of its board of directors' meeting held on May 28, 2025, the Company established the Special Committee comprising three members: Mr. Takuji Kato (outside director of the Company, Representative Director and President, and President and Executive Officer of SAIBU GAS HOLDINGS CO., LTD.), Ms. Yumi Akagi (outside director of the Company, Director and Managing Corporate Officer of Kyushu Railway Company), and Mr. Sunao Okaku (outside Audit and Supervisory Board Member of the Company, Director and Senior Managing Executive Officer of Nishi-Nippon Railroad Co., Ltd.) (for the background of considerations, and the content of decisions of the Special Committee, please refer to "(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest" below). Thereafter, the Company requested advice from the Special Committee on: (A) whether the purpose of the Transaction is legitimate (including whether the Transaction contributes to enhancement of the Company's corporate value); (B) whether fairness and appropriateness of the terms and conditions of the Transaction (including the purchase price in the Tender Offer) are ensured; (C) whether the interests of the shareholders of the Company have been sufficiently considered through fair procedures in the Transaction; and (D) in addition to (A) to (C) above, whether the Transaction is not considered to be disadvantageous to minority shareholders. In addition, due to the Tokyo Stock Exchange's partial revision of the Securities Listing Regulations effective as of July 22, 2025, at the board of directors' meeting held on July 29, 2025, the Company changed the above advisory matter (D) to "in addition to (A) to (C) above, whether the Transaction is considered to be fair to general shareholders" (advisory matters after the change are collectively referred to as the "Advisory Matters").

Furthermore, when establishing the Special Committee, the Company's board of directors resolved that (a) when considering the Advisory Matters, the Special Committee may entrust to a third-party agency to provide the valuation of the Company's shares and fairness opinions related to the Transaction, and other matters that the Special Committee deems necessary, in which case, the Company shall bear reasonable costs related to such entrustment; (b) its decision-making on the Transaction will be made with maximum respect to the Special Committee's decisions, and in particular, if the Special Committee decides that the transaction terms for the Transaction are inappropriate, it will not support the Transaction on these transaction terms. The Company's board of directors also resolved (c) to grant the Special Committee authority to negotiate with the Tender Offeror as necessary regarding the transaction terms pertaining to the Transaction; and (d) that the Special Committee shall, at the expense of the Company, conduct investigations related to its duties (including asking questions and soliciting explanations or advice from the officers or employees of the Company or advisors of the Company related to the Transaction regarding matters necessary for their duties) (for the background of the establishment of the Special Committee, please refer to "(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest" below).

As stated in "(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of

Interest” below, under the authority above, on May 28, 2025, the Special Committee decided to appoint PLUTUS CONSULTING Co., Ltd. (“PLUTUS CONSULTING”) as its own financial advisor and third-party valuation agency and Nakamura, Tsunoda & Matsumoto as its own legal advisor, respectively independent of the Tender Offeror Group, the Company Group, and the success or failure of the Transaction.

In addition, as stated in “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” below, the Company obtained the approval of the Special Committee for the appointment of SMBC Nikko Securities as the Company’s financial advisor and third-party valuation agency and AMT as the Company’s legal advisor, after confirming that there were no issues with the independence of the Tender Offeror Group, Company Group, and the success or failure of the Transaction, expertise, as well as other matters such as track record.

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

#### (ii) Background of the Consideration and Negotiation

After establishing the structure for consideration as described above, the Company received a report of the valuation result of the Company Shares, and advice on the policy for negotiation with the Tender Offeror and other advice from a financial perspective from SMBC Nikko Securities; and the Company received legal advice on matters such as responses to ensure fairness of the procedures in the Transaction from AMT. Taking them into account, the Company has carefully considered whether to implement the Transaction and whether the transaction terms are appropriate, while respecting the Special Committee’s opinions to the maximum extent.

Furthermore, since May 28, 2025, on which the Company received the Written Proposal from the Tender Offeror, the Company continually had discussions and negotiations on transaction terms of the Transaction including the Tender Offer Price, with the Tender Offeror, while hearing opinions from the Special Committee and receiving approval as well as instructions and requests therefrom.

Specifically, following receipt of the Written Proposal on May 28, 2025, the Company and the Special Committee proceeded with internal examinations and discussions at the Special Committee. On June 12, 2025, the Company and the Special Committee asked the Tender Offeror in writing about the background and purpose of the proposal for the Transaction, synergies of the Transaction, disadvantages of the Transaction, management policy for the Company after the Transaction, structure, and other matters; and on June 20, 2025, the Company and the Special Committee received a written reply to each of the questions. Subsequently, at the Special Committee meeting on July 1, 2025, they received an explanation of the reply to the additional written questions dated June 30, 2025, based on the contents of the reply from the Tender Offeror and held a question-and-answer session.

Since July 4, 2025, the Company has conducted multiple negotiations regarding the Tender Offer Price with the Tender Offeror. Specifically, on July 4, 2025, as a formal proposal that the Tender Offeror prepared as a result of careful and comprehensive consideration of each factor, such as the results of the Due Diligence on the Company and external environment surrounding the Company, as well as the business plan received from the Company and the valuation results of the Company Shares, the Company received from the Tender Offeror a proposal for various terms and conditions for the

Transaction, including setting the Tender Offer Price in the Tender Offer at 3,500 yen (details of the premium percentage are as follows: 4.17% on the closing price of the Company Shares of 3,360 yen on the Prime Market of the TSE as of July 3, 2025, which is the business day immediately before the date of proposal; 11.61% on the simple average of the closing price for the one month before July 3, 2025, which was 3,136 yen; 28.39% on the simple average of the closing price for the three months before the same date, which was 2,726 yen; and 32.33% on the simple average of the closing price for the six months before the same date, which was 2,645 yen). In response, on July 9, 2025, the Company and the Special Committee requested that the Tender Offeror consider increasing the Tender Offer Price because the proposed price did not sufficiently reflect the Company's intrinsic value, and the Company and the Special Committee believed that the synergy effects expected to be generated through the Tender Offer should be reflected in the Tender Offer Price. In response, on July 11, 2025, the Company received a proposal from the Tender Offeror that the Tender Offer Price be 3,700 yen (details of the premium percentage are as follows: 5.87% on the closing price of the Company Shares of 3,495 yen on the Prime Market of the TSE as of July 10, 2025, which is the business day immediately before the date of proposal; 14.20% on the simple average of the closing price for the one month before July 10, 2025, which was 3,240 yen; 31.02% on the simple average of the closing price for the three months before the same date, which was 2,824 yen; and 37.91% on the simple average of the closing price for the six months before the same date, which was 2,683 yen). In response, on July 16, 2025, the Special Committee reiterated its request for a review of the Tender Offer Price because it continued to be highly inadequate, as it did not sufficiently reflect the intrinsic value of the Company. In response, on July 18, 2025, the Company received a proposal that the Tender Offer Price be 4,050 yen (details of the premium percentage are as follows: 18.08% on the closing price of the Company Shares of 3,430 yen on the Prime Market of the TSE as of July 17, 2025, which is the business day immediately before the date of proposal; 21.33% on the simple average of the closing price for the one month before July 17, 2025, which was 3,338 yen; 39.03% on the simple average of the closing price for the three months before the same date, which was 2,913 yen; and 48.62% on the simple average of the closing price for the six months before the same date, which was 2,725 yen). In response, on July 23, 2025, as the Company and the Special Committee considered that the price was still insufficient as the Tender Offer Price, they proposed 4,300 yen to the Tender Offeror as a price that comprehensively considered various factors for evaluation of the share value of the Company. Thereafter, on July 23, 2025, the Company and the Special Committee received a proposal from the Tender Offeror that the Tender Offer Price be 4,200 yen as the final offer price (details of the premium percentage are as follows: 22.09% on the closing price of the Company Shares of 3,440 yen on the Prime Market of the TSE as of July 22, 2025, which is the business day immediately before the date of proposal; 24.78% on the simple average of the closing price for the one month before July 22, 2025, which was 3,366 yen; 42.18% on the simple average of the closing price for the three months before the same date, which was 2,954 yen; and 53.12% on the simple average of the closing price for the six months before the same date, which was 2,743 yen). As a result, on July 24, 2025, the Company and the Special Committee concluded that the price proposed by the Tender Offeror could be deemed to comprehensively reflect various evaluation factors, including the Company's intrinsic value, the expectations of market participants, including the Company's general shareholders, on economic terms of the Transaction, and other matters; and they replied that they would consider accepting to set the Tender Offer Price at 4,200 yen as the Company's view at the time.

During the consideration and negotiations stated above, when discussing and negotiating the Tender Offer Price with the Tender Offeror, the Company considered it based on the opinion obtained from the Special Committee and the advice obtained from SMBC Nikko Securities and AMT. At that time, the Special Committee received advice from PLUTUS CONSULTING and Nakamura, Tsunoda & Matsumoto, which are its own advisors, from time to time, exchanged opinions with the Company and the Company's advisors, and provided confirmation and approval as necessary. Specifically, the reasonableness of the details, important assumptions, and the preparation process of the Company's business plan (Note 7), which would be presented by the Company to the Tender Offeror and would be used as the basis for valuation of the Company Shares by SMBC Nikko Securities and PLUTUS CONSULTING was confirmed and approved in advance by the Special Committee. Furthermore, SMBC Nikko Securities, the Company's financial advisor, negotiated with the Tender Offeror in accordance with the negotiation policy determined based on prior deliberation by the Special



Committee. In addition, each time SMBC Nikko Securities received a proposal for the Tender Offer Price from the Tender Offeror, it immediately reported the proposal to the Special Committee, received opinions, instructions, requests, etc. concerning the negotiation policy with the Tender Offeror from the Special Committee, and responded thereto in accordance with them. The Company's basic policy when discussing and negotiating the Tender Offer Price with the Tender Offeror is to (A) set the price approved in light of the share valuation report obtained by the Company and the Special Committee as the Tender Offer Price, and (B) to make the price as favorable as possible to the shareholders of the Company.

(Note 7) The business plan was prepared by the Company after the Company began considering the Transaction. In addition, although three employees who are concurrently serving the Company and the Tender Offeror were involved in preparation of the business plan, considering the knowledge and experience of the three employees, there are significant concerns about the adequacy and feasibility of the Company's business plan prepared without their involvement. Therefore, there is a significant need to involve the three employees in the preparation process of the business plan; thus, they were involved on condition that the appropriateness of the content would be confirmed by a supervisor with no interest in the business plan. The above approach has been approved by the Special Committee.

Thereafter, on August 1, 2025, the Company received the Report Dated August 1, 2025 from the Special Committee to the effect that (A) the Transaction contributes to enhancement of the Company's corporate value, and the purpose is recognized as legitimate; (B) it is recognized that fairness and appropriateness of the terms and conditions of the Transaction (including the purchase price in the Tender Offer) are ensured; (C) it is recognized that the interests of the shareholders of the Company have been sufficiently considered through fair procedures in the Transaction; and (D) in addition to (A) to (C) above, the Transaction is considered to be fair to general shareholders. The Special Committee received a share valuation report on the Company Shares and a fairness opinion to the effect that the Tender Offer Price, 4,200 yen per share, is considered to be appropriate from a financial perspective for the Company's shareholders (excluding the Tender Offeror and the Company, which owns the Company Shares as treasury shares) from PLUTUS CONSULTING on July 31 of the same year (the "Share Valuation Report (PLUTUS CONSULTING)" and the "Fairness Opinion (PLUTUS CONSULTING)," respectively) (for an overview of the Share Valuation Report (PLUTUS CONSULTING) and the Fairness Opinion (PLUTUS CONSULTING), please refer to "(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency" of "(3) Matters Regarding the Valuation" below).

(iii) Details of the Decision

Under the circumstances described above, the Company, at its board of directors' meeting held on August 1, 2025, carefully discussed and considered whether the Transaction, including the Tender Offer, would contribute to enhancement of the Company's corporate value and whether the transaction terms for the Transaction, including the Tender Offer Price, are appropriate, based on the legal advice obtained from AMT, the advice from a financial perspective obtained from SMBC Nikko Securities, and the contents of a share valuation report on the Company Shares and a fairness opinion obtained from SMBC Nikko Securities on July 31, 2025 (the "Share Valuation Report (SMBC Nikko Securities)" and the "Fairness Opinion (SMBC Nikko Securities)," respectively), while respecting the Special Committee's decision indicated in the Report Dated August 1, 2025 to the maximum extent.

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

Based on the business environment surrounding the Company Group, the specific synergies that the Company believes feasible by the Tender Offeror making the Company its wholly owned subsidiary

through the Transaction and enabling the Tender Offeror to invest further management resources into the Company Group are as follows.

I. Maximizing overseas business profits

Domestic demand for refractories is expected to shrink due to a decline in domestic steel demand, including indirect exports, and a significant decline in steel exports, which are caused by acceleration of domestic population decline, China's overproduction of steel and continued high-level exports at low prices to the world, and the progress of the block economy. Under this environment, the Company has secured manufacturing and sales bases in India, Europe, the United States, Brazil, and other countries in order to make overseas business a pillar of growth. As the Company focuses on further overseas business development in the future, being able to further strengthen cooperation with the Tender Offeror and expand the use of its resources will be a strength of the Company not possessed by its competitors. In particular, the Company believes that by sharing specific measures and working closely with the Tender Offeror who is actively expanding its business in North America, one of the few growth markets even globally, it will be possible to accurately capture the demand for high-performance refractories that are expected to increase significantly due to the introduction of technology by the Tender Offerors, as well as the demand associated with large-scale capital investment by the Tender Offeror Group. In addition, the Company believes that by flexibly utilizing the financing capabilities of the Tender Offeror in large-scale M&A and other opportunities, it is expected that the Company will be able to further expand global profits with more speed and flexibility than the Company would develop alone.

II. Strengthening ability to propose solutions regarding refractory products

In order to contribute to the improvement of its operation and steel quality in cooperation with the Tender Offeror, the Company has proposed solutions related to refractories by providing high-performance refractories, maintenance work, peripheral equipment, etc. However, through the Transaction, the Company will become a wholly owned subsidiary of the Tender Offeror and will be able to receive further disclosure of operating information. The Company believes that this will make it possible to strengthen its ability to propose solutions, including the development of refractories, in order to strengthen the Tender Offeror's competitiveness over iron sources, and lead to an increase in profits for the Company.

III. Stability of refractory maintenance work

The Company recognizes that the domestic furnace construction industry, which undertakes refractory maintenance work for various industrial furnaces, is exposed to major changes in the business environment, such as the emergence of a shortage of furnace builders, the suspension of blast furnaces, and the progress of transition to electric furnaces; and that structural measures are necessary from a medium- to long-term perspective.

The Company believes that if its position as a core company in the refractory maintenance business becomes clear as a result of the Transaction, this will contribute to the stability of the Company's business, including securing human resources.

On the other hand, regarding the dis-synergy of the Company due to implementation of the Transaction, the Company believes that, considering that it is a well-known fact that the Company is originally one of the companies of the Tender Offeror Group, the impact of the decrease in orders due to the Company becoming a wholly owned subsidiary of the Tender Offeror is expected to be limited. In addition, the means of raising funds in the capital market such as stock will be limited due to the delisting; however, the Company believes that this will not be a dis-synergy of the Transaction because the Company can flexibly utilize the financing power of the Tender Offeror, the parent company.

Overall, the Company believes that while there is room for synergies to be demonstrated by further cooperation between the Tender Offeror and the Company through the Transaction, there will be no particular dis-synergy that will have a significant impact on the Company's business.

In addition, the Company comprehensively concluded that the Tender Offer Price, 4,200 yen, is an appropriate price that reflects the Company's intrinsic value and protects interests that should be received by general shareholders of the Company; and that even when changes in the share price that reflect the current business environment surrounding the Company are considered, the Tender Offer still provides those shareholders with a reasonable opportunity to sell the Company Shares at a price including an appropriate premium and to secure interests, for the following reasons:

- (A) the price was agreed upon after sincere negotiations with the Tender Offeror with the substantial involvement of the Special Committee after the Company took adequate measures to ensure the fairness of the transaction terms for the Transaction, including the Tender Offer Price, as stated in “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” below;
- (B) the price is higher than the upper limit of the calculation results under the market price method and the comparable listed company method, and within the range of the calculation results under the discounted cash flow method (“DCF Method”), from the valuation results of the Company Shares by SMBC Nikko Securities in the Share Valuation Report (SMBC Nikko Securities) as stated in “(I) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency” of “(3) Matters Regarding the Valuation” below; and as stated in “(I) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency” of “(3) Matters Regarding the Valuation” below, the Fairness Opinion (SMBC Nikko Securities) to the effect that the Tender Offer Price, 4,200 yen per share, is considered to be fair from a financial perspective for the Company's shareholders (excluding the Tender Offeror and the Company owning the Company Shares as treasury shares) has been issued by SMBC Nikko Securities;
- (C) the price is higher than the upper limit of the calculation results under the market price method and the comparable listed company method, and within the range of the calculation results under the DCF Method, from the valuation results of the Company Shares by PLUTUS CONSULTING in the Share Valuation Report (PLUTUS CONSULTING) as stated in “(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(3) Matters Regarding the Valuation” below; and as stated in “(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(3) Matters Regarding the Valuation” below, the Fairness Opinion (PLUTUS CONSULTING) to the effect that the Tender Offer Price, 4,200 yen per share, is considered to be fair from a financial perspective for the Company's shareholders (excluding the Tender Offeror and the Company owning the Company Shares as treasury shares) has been issued by PLUTUS CONSULTING;
- (D) the price includes the following premiums: 21.74% on the closing price of the Company Shares of 3,450 yen on the Prime Market of the TSE as of July 31, 2025, which is the business day immediately before the announcement date of implementation of the Tender Offer; 21.85% on the simple average of the closing price for the one month before the same date, which was 3,447 yen; 37.52% on the simple average of the closing price for the three months before the same date, which was 3,054 yen; 49.79% on the simple average of the closing price for the six months before the same date, which was 2,804 yen; and 63.81% on the simple average of the closing price for the 12 months before the same date, which was 2,564 yen; the Tender Offer Price includes premiums that are recognized as comparable to the average closing price of the past three, six, and 12 months, from the previous day as compared to similar cases (17 tender offer cases (the median of the premium levels were approximately 25.97% compared to the

closing price of the previous day, approximately 31.57% compared to the average closing price of the past month from the previous day, approximately 34.12% compared to the average closing price of the past three months from the previous day, approximately 28.97% compared to the average closing price from the past six months from the previous day, and approximately 32.97% compared to the average closing price of the past 12 months from the previous day) that were selected from those that aimed to make a subsidiary a wholly owned subsidiary and were announced on and after June 28, 2019, when the “Fair M&A Guidelines” dated June 28, 2019 published by the Ministry of Economy, Trade and Industry (the “M&A Guidelines”) were published, until June 30, 2025, in which the market capitalization of the Company was 100 billion yen or more and that involved a share price before the purchase that was more than one times the consolidated book value net asset amount per share), despite the recent situation in which the Company Share price has risen.

- (E) the price was also determined appropriate in the Report Dated August 1, 2025 obtained from the Special Committee, as stated in “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” below.

In light of the above, the Company concluded that the Transaction will contribute to enhancement of the Company’s corporate value and that the transaction terms for the Transaction, including the Tender Offer Price, are appropriate; and the Company adopted a resolution at its board of directors’ meeting held on August 1, 2025, to express its then current opinion in support of the Tender Offer and to recommend that the Company’s shareholders tender their shares in the Tender Offer.

In addition, the Company resolved at the board of directors’ meeting above that (i) when the Tender Offer commences, the Company will request that the Special Committee established by the Company examine whether there are any changes to the opinion that the Special Committee expressed to the Company’s board of directors as of August 1, 2025, and if there is no change to the previous opinion, state to that effect, and if there is any change, state its new opinion, to the Company’s board of directors; and (ii) based on such opinion of the Special Committee, the Company will re-express its opinion regarding the Tender Offer at the time of commencement of the Tender Offer.

Subsequently, on December 3, 2025, the Company was informed by the Tender Offeror that it expected to complete necessary procedures and actions under domestic and foreign (Japanese and Indian) competition laws, and foreign (Italian) investment laws and regulations, etc. by mid-January 2026, and that the Tender Offer was scheduled to commence on February 2, 2026. The Company began preparations to reconsider the terms and conditions of the Tender Offer. In addition, the Company requested that the Special Committee consider whether there were any changes to the opinion in the Report Dated August 1, 2025, and if there were no changes to that opinion, to state as such, or if there were any changes, to state their new opinion to the Company’s board of directors. Subsequently, on January 6, 2026, the Company was informed by the Tender Offeror that since necessary procedures and actions under domestic and foreign (Japanese and Indian) competition laws, and foreign (Italian) investment laws and regulations, etc. were completed, it wished to commence the Tender Offer on February 2, 2026 if other Conditions Precedent are fulfilled or waived by the Tender Offeror. Upon being informed of the above, the Special Committee confirmed the facts as to whether or not important changes in circumstances or events that may affect the Transaction had occurred on or after August 1, 2025, and reviewed the aforementioned advisory matters. As a result, it was confirmed that there were no circumstances that should change the contents of the Report Dated August 1, 2025. On January 29, 2026, the Special Committee submitted the Report Dated January 29, 2026 to the board of directors of the Company stating that there was no change in the previous opinion.

In addition, the Company carefully examined the terms and conditions of the Tender Offer again based on the business conditions of the Company and the environment surrounding the Transaction, while respecting the Report Dated January 29, 2026 submitted by the Special Committee to the maximum

extent. As a result, it decided that as of today, there is no factor that will change its opinion on the Tender Offer as of August 1, 2025.

Based on the above, at the board of directors' meeting of the Company held today, the directors who participated in the deliberation and resolution again unanimously 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 the method of each resolution at the board of directors' meetings held on August 1, 2025 and today, please refer to "(VIII) Approval of All Directors of the Company Without Conflicts of Interest, and No Objection from All Audit and Supervisory Board Members of the Company Without Conflicts of Interest" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest" below.

(3) Matters Regarding the Valuation

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

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

In expressing an opinion on the Tender Offer Price, in order to ensure the fairness of the decision-making on the Tender Offer Price presented by the Tender Offeror, the Company requested that SMBC Nikko Securities, the Company's own financial advisor and third-party valuation agency independent of the Tender Offeror Group and the Company Group as well as the success or failure of the Transaction, calculate the value of the Company Shares; and on July 31, 2025, the Company obtained the Share Valuation Report (SMBC Nikko Securities) (Note 1).

SMBC Nikko Securities is not a related party of the Company or the Tender Offeror and has no material interest in the Transaction including the Tender Offer. SMBC Nikko Securities is a member of the group companies of Sumitomo Mitsui Financial Group, Inc. as with Sumitomo Mitsui Banking Corporation which engages in loan transactions, etc. as part of its ordinary banking transactions with the Company Group and the Tender Offeror Group; however, the Company appointed SMBC Nikko Securities as its financial advisor and third-party valuation agency, considering both SMBC Nikko Securities' performance as a third-party valuation agency and the following facts: (i) as an adverse effect prevention measure, a measure to block information as set forth in the internal regulations has been taken between the department of SMBC Nikko Securities that calculates the share value of the Company Shares on the one hand and the other departments of SMBC Nikko Securities and Sumitomo Mitsui Banking Corporation on the other hand; (ii) as the Company and SMBC Nikko Securities conduct transactions under the same transaction terms as those under which it conducts transactions with its general business partners, its independence as a financial advisor and third-party valuation agency is ensured; and (iii) SMBC Nikko Securities is not a related party of the Company or the Tender Offeror, and no particular problems have been found with the Company requesting that SMBC Nikko Securities calculate the share value of the Company Shares. Furthermore, at the first meeting held on May 28, 2025, the Special Committee confirmed that there is no issue with the independence or expertise of SMBC Nikko Securities, and approved it as the Company's financial advisor.

The remuneration for SMBC Nikko Securities for the Transaction includes a contingent fee to be paid subject to successful completion of the Transaction and other conditions. The Company concluded that the fact that the remuneration includes a contingent fee to be paid subject to successful completion of the Transaction and other conditions does not negate the independence of SMBC Nikko Securities, considering general practices in the same type of transactions and the pros and cons of the remuneration system in which the Company will incur a considerable monetary burden if the Transaction fails to be successfully completed, as well as SMBC Nikko Securities' performance for providing advice in the same type of transactions, its social appraisal, and other matters; thereafter, the Company appointed

SMBC Nikko Securities as its financial advisor and third-party valuation agency based on the remuneration system mentioned above.

(Note 1) In preparing the Share Valuation Report (SMBC Nikko Securities), SMBC Nikko Securities assumed that all the materials and information on which the Share Valuation Report (SMBC Nikko Securities) is based are accurate and complete; SMBC Nikko Securities has neither independently verified, nor does it have any obligation or responsibility to verify their accuracy and completeness; and SMBC Nikko Securities assumed that the Company is not aware of any facts, circumstances, etc. finding the provided information to be inaccurate or misleading. Moreover, SMBC Nikko Securities has neither independently evaluated, appraised, or assessed the assets or liabilities of the Company and its related companies, nor has it requested that a third-party valuation organization evaluate, appraise, or assess them. If any issue is found regarding the accuracy and completeness of those materials and information, the calculation results may significantly differ. Furthermore, SMBC Nikko Securities assumed that there are no claims or obligations related to any undisclosed lawsuits, disputes, environmental matters, tax affairs, etc. of the Company and its related companies, other contingent liabilities, off-the-book debts, or other facts that have a material impact on the Share Valuation Report (SMBC Nikko Securities). SMBC Nikko Securities assumed that the Company's business plan and other information regarding the future provided to SMBC Nikko Securities (the "Business Plan, Etc."), which are used in the Share Valuation Report (SMBC Nikko Securities), were prepared by the Company based on the best forecast and judgment as of the reference date for the calculation in accordance with reasonable and appropriate procedures. In addition, in the Share Valuation Report (SMBC Nikko Securities), if SMBC Nikko Securities made an analysis based on the hypothesis provided based on the provided materials and information, SMBC Nikko Securities assumed that the provided materials, information, and hypothesis are accurate and reasonable. SMBC Nikko Securities has neither independently verified, nor does it have any obligation or responsibility to verify the accuracy, appropriateness, and feasibility of these assumptions.

(ii) Overview of the Valuation for the Company Shares

SMBC Nikko Securities considered the calculation methods to be applied in calculating the share value of the Company in the Tender Offer from among multiple calculation methods; thereafter, believing that it would be appropriate to multilaterally evaluate the share value of the Company, SMBC Nikko Securities calculated the share value of the Company using the following methods: the market share price method, as the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange; the comparable listed company method, as there are listed companies that are comparable to the Company and it is possible to analogize the share value of the Company by comparison with that of similar listed companies; and the DCF Method, in order to reflect the status of future business activities in the calculation; and on July 31, 2025, the Company obtained the Share Valuation Report (SMBC Nikko Securities) from SMBC Nikko Securities.

The ranges of the per-share value of the Company Shares calculated using each of the methods mentioned above in the Share Valuation Report (SMBC Nikko Securities) are as follows:

Market share price method:	2,804 yen to 3,447 yen
Comparable listed company method:	1,615 yen to 2,239 yen
DCF Method:	3,063 yen to 5,397 yen

Under the market share price method, by setting the reference date for valuation as July 31, 2025, the range of the per-share value of the Company Shares was calculated to be 2,804 yen to 3,447 yen based on: 3,447 yen, which was the simple average closing price on the Prime Market of the Tokyo Stock Exchange for the latest one-month period; 3,054 yen, which was the simple average closing price for

the latest three-month period; and 2,804 yen, which was the simple average closing price for the latest six-month period.

Under the comparable listed company method, the range of the per-share value of the Company Shares was calculated to be 1,615 yen to 2,239 yen by selecting Shinagawa Refractories Co., Ltd. (currently, SHINAGAWAREFRA Co., Ltd.; hereinafter the same applies) and TOKYO YOGYO Kabushiki Kaisha (known as TYK Corporation) as listed companies that were determined to be similar to the Company and by using the enterprise value-to-EBITDA ratio.

Under the DCF Method, the financial forecasts for the Company that SMBC Nikko Securities used as the basis for its calculation using the DCF Method were prepared by the Company considering the outlook for the global business environment, such as a decrease in domestic crude steel production and an increase in crude steel production in India, as well as the most recent business performance and various measures for future growth in the Company's business, such as refractories, furnaces, and ceramics; and the forecast period was set as the fiscal year ending March 2026 to the fiscal year ending March 2031 as the period for which reasonable future forecasts are possible. Based on the Business Plan, Etc. prepared by the Company, SMBC Nikko Securities analyzed the corporate value and the share value of the Company by discounting the free cash flow expected to be generated by the Company in and after the fiscal year ending March 2026 back to the present value using a certain discount rate on the assumption of various factors, including the earnings forecasts and investment plans in the business plan, etc. for the six fiscal years from the fiscal year ending March 2026 to the fiscal year ending March 2031, as well as publicly available information, etc. The range of the per-share value of the Company Shares was calculated to be 3,063 yen to 5,397 yen.

Regarding the discount rate, the weighted average cost of capital, which is based on the cost of shareholders' equity and debt, ranging from 6.59% to 8.05% was applied; and the continued value was calculated to range from 93,743 million yen to 180,198 million yen based on the perpetual growth method and the multiple method. In the perpetual growth method, the perpetual growth rate of 0.00% to 1.00% was adopted based on the long-term economic outlook surrounding the Company; in the multiple method, the EV/EBITDA ratio, which is common in M&A calculation practice, was adopted and was set at 5.8 times to 7.0 times based on the standards of each company in the industry.

The Business Plan, Etc. prepared by the Company, which were used by SMBC Nikko Securities for the calculation using the DCF Method, do not include fiscal years in which significant increases or decreases in profits are expected but include fiscal years in which significant increases or decreases in free cash flow are expected. Specifically, in the fiscal year ending March 2026, a significant surplus in free cash flow is expected due to progress in the collection of receivables related to sales of construction refractories, which was particularly large in the second half of the previous fiscal year; however, in the fiscal year ending March 2027, a decrease by 49% year-on-year is expected due to the elimination of such special factors. In the fiscal year ending March 2028, a further decrease by 73% year-on-year is expected due to an increase in capital expenditure, including investment in growth markets, and an increase in working capital; however, in the fiscal year ending March 2029, an increase by 292% year-on-year is expected due to a decrease in capital expenditure due to a decrease in working capital year-on-year. In the fiscal year ending March 2030, a decrease by 36% year-on-year is expected due to an increase in capital expenditure, including investment in growth markets, and an increase in working capital; however, in the fiscal year ending March 2031, an increase by 49% year-on-year is expected due to a decrease in capital expenditure.

The synergy effects expected to be realized through implementation of the Transaction have not been considered in the financial forecasts below as it was difficult to specifically estimate them at the time of the valuation. In the "Notice on Recording of Extraordinary Income Accompanying the Transfer of Non-current Assets and Revision to the Full-Year Consolidated Financial Results Forecast" disclosed on June 24, 2025, the Company published a revision of its business performance forecast for the fiscal year ending March 2026; and when SMBC Nikko Securities calculated the value of the Company Shares, the impact of the revision of such business performance forecast was reflected.

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

(Unit: Million yen)

	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029	Fiscal year ending March 2030	Fiscal year ending March 2031
Sales	180,000	175,424	188,148	186,827	192,651	200,283
Operating income	15,000	15,135	17,616	16,733	17,716	19,320
Ordinary income	15,000	15,510	18,014	17,166	18,365	20,083
EBITDA	19,820	20,066	22,905	22,353	23,549	25,519
Free cash flow	21,099	10,751	2,913	11,427	7,268	10,856

SMBC Nikko Securities assumed that the Business Plan, Etc. were reasonably prepared or answered based on the best forecast and judgment of the management of the Company, and that the financial situation of the Company would change in accordance with the Business Plan, Etc.; and SMBC Nikko Securities relied on the Business Plan, Etc. and related materials without conducting its own investigation into the feasibility of the Business Plan, Etc. In addition, SMBC Nikko Securities has not considered the impact of implementation of the Transaction on the tax affairs of the Company, the Tender Offeror, and other stakeholders.

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

On July 31, 2025, the Company obtained from SMBC Nikko Securities the Fairness Opinion (SMBC Nikko Securities) to the effect that the Tender Offer Price, 4,200 yen per share, is fair from a financial perspective for the Company's shareholders (excluding the Tender Offeror and the Company, which owns the Company Shares as treasury shares) (Note 2). The Fairness Opinion (SMBC Nikko Securities) expresses an opinion to the effect that the Tender Offer Price, 4,200 yen per share, is fair from a financial perspective for the Company's shareholders (excluding the Tender Offeror and the Company, which owns the Company Shares as treasury shares) in light of the valuation results of the Company Shares based on the Business Plan, Etc. The Fairness Opinion (SMBC Nikko Securities) was issued through the approval procedures for a fairness opinion at SMBC Nikko Securities after analysis and consideration of the financial information including the Business Plan, Etc. and exchanges of questions and answers with the Company, as well as consideration of the valuation results of the Company Shares by SMBC Nikko Securities.

(Note 2) In expressing the opinion stated in the Fairness Opinion (SMBC Nikko Securities), SMBC Nikko Securities assumed that all of the publicly available information, the information reviewed by SMBC Nikko Securities, provided to SMBC Nikko Securities, or discussed by SMBC Nikko Securities with the Company, and other information considered by SMBC Nikko Securities is accurate and complete. SMBC Nikko Securities relied on the accuracy and completeness of such information; and SMBC Nikko Securities has neither independently verified, nor does it have any responsibility or obligation to verify such information itself or the accuracy and completeness of such information. SMBC Nikko Securities does not provide any guarantee with respect to the accuracy and completeness of such information. SMBC Nikko Securities assumed that the Company's management is not aware of any facts or circumstances finding the information provided to SMBC Nikko Securities or discussed with SMBC Nikko Securities to be inaccurate or misleading. SMBC Nikko Securities has neither independently evaluated, appraised, or assessed the assets and liabilities (including financial derivatives, off-the-book assets and liabilities, and other contingent liabilities) of the Company and its related companies, nor has it received any evaluation, appraisal, or assessment of them. SMBC Nikko Securities assumed that the Business Plan, Etc. were reasonably prepared or answered based on the best forecast and judgment of the management of the Company and that the Company's financial conditions would



change in accordance with the Business Plan, Etc.; and SMBC Nikko Securities has not independently investigated the feasibility of the Business Plan, Etc., and relied on the Business Plan, Etc. and materials related thereto. Moreover, in expressing the opinion stated in the Fairness Opinion (SMBC Nikko Securities), SMBC Nikko Securities assumed that all the consents or permits and approvals by the government, competent authorities, and other parties (whether or not contractual) necessary for implementation of the Transaction would be obtained without having any adverse impact on the Company or the Tender Offeror. SMBC Nikko Securities is not a legal, accounting, or tax expert; and in expressing the opinion stated in the Fairness Opinion (SMBC Nikko Securities), SMBC Nikko Securities has not independently considered or analyzed the lawfulness, effectiveness of, and appropriateness of accounting or tax treatment concerning the Transaction. SMBC Nikko Securities assumed that the Transaction would be appropriately and effectively implemented through all the appropriate legal, accounting, and tax procedures. Furthermore, SMBC Nikko Securities has not considered any impact of implementation of the Transaction on taxation of the Company, the Tender Offeror, and other stakeholders. SMBC Nikko Securities serves as the Company's financial advisor for the Transaction; and in consideration for its service, SMBC Nikko Securities will receive fees (a considerable portion of which is subject to completion of the Transaction) from the Company. Moreover, the Company has agreed to bear actual expenses paid by SMBC Nikko Securities and compensate SMBC Nikko Securities for certain losses arising from SMBC Nikko Securities' involvement. SMBC Nikko Securities and its related companies have provided or will provide the Company, the Tender Offeror, or their related companies with investment banking services and other services related to securities/financial instruments transactions, banking services, and other services; and it has received or may receive in the future remuneration, etc. for the provision of such services. Furthermore, in the ordinary course of business, SMBC Nikko Securities may, from time to time, trade or own various financial instruments, including securities and financial derivatives of the Company, the Tender Offeror, or their related parties for its own account or for account of its clients.

The expression of the opinion stated in the Fairness Opinion (SMBC Nikko Securities) does not state an opinion regarding the value or share price level of the Company Shares after implementation of the Transaction. SMBC Nikko Securities has neither been requested to state an opinion regarding the facts or hypotheses (including the Business Plan, Etc.) based on which the Tender Offer Price was determined, the Company's business decision to conduct the Transaction, or the relative dominance in comparison with alternative transactions to the Transaction, nor has it stated an opinion regarding such aspects in the Fairness Opinion (SMBC Nikko Securities). SMBC Nikko Securities has neither been requested to consider that the Transaction or the Tender Offer Price is fair to the holders of securities other than common shares, creditors, and other stakeholders of the Company, nor has it considered such matter. Moreover, the expression of the opinion stated in the Fairness Opinion (SMBC Nikko Securities) does not present an opinion or view regarding the fairness of the amount, nature, or other aspects of the remuneration for the officers, directors, or employees, or those persons holding certain positions of the parties to the Transaction in comparison with the Tender Offer Price (whether fair from a financial perspective). Furthermore, SMBC Nikko Securities is not obligated to the Company or its board of directors to solicit, or has not solicited, a third party to express an opinion on the Transaction. The opinion of SMBC Nikko Securities stated in the Fairness Opinion (SMBC Nikko Securities) neither states any opinion on the Company's shareholders' exercise of their voting rights or other shareholders' rights regarding the Transaction or solicits the Company's shareholders to do so, nor does it solicit or recommend that the Company's shareholders and other stakeholders tender in the Tender Offer, transfer, or acquire the Company Shares, or other matters related thereto. The expression of the opinion stated in the Fairness

Opinion (SMBC Nikko Securities) is based on financial and capital markets, economic conditions, and other circumstances as of the preparation date of the Fairness Opinion (SMBC Nikko Securities), as well as information provided to or obtained by SMBC Nikko Securities by the preparation date of the Fairness Opinion (SMBC Nikko Securities). The content of the opinion stated in the Fairness Opinion (SMBC Nikko Securities) may be subject to changes in the circumstances in the future; however, SMBC Nikko Securities is not obligated to update, change, or reconfirm its opinion. The opinion stated in the Fairness Opinion (SMBC Nikko Securities) was provided only to the Company's board of directors solely for the purpose of providing reference information for the Company's board of directors to consider the Tender Offer Price. Accordingly, the content of the opinion stated in the Fairness Opinion (SMBC Nikko Securities) cannot be used for any purpose other than such purpose for the Company's board of directors.

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

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

When considering the Advisory Matters, in order to ensure the fairness of the terms and conditions of the Transaction, including the Tender Offer Price, the Special Committee requested that PLUTUS CONSULTING, its own financial advisor and third-party valuation agency independent of the Tender Offeror Group and the Company Group, calculate the value of the Company Shares and express an opinion on the fairness of the Tender Offer Price (fairness opinion); and on July 31, 2025, the Special Committee obtained the Share Valuation Report (PLUTUS CONSULTING) and the Fairness Opinion (PLUTUS CONSULTING).

PLUTUS CONSULTING is not a related party of the Tender Offeror Group or the Company Group, and it has no material interest in the Transaction including the Tender Offer. As stated in “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” below, the Special Committee appointed PLUTUS CONSULTING as its own third-party valuation agency after considering the independence, expertise, and performance of multiple candidates for the third-party valuation agency. The remuneration for PLUTUS CONSULTING for the Transaction consists only of a fixed remuneration to be paid regardless of the success or failure of the Transaction, and it does not include any contingent fee to be paid subject to successful completion of the Transaction including the Tender Offer and other conditions.

(ii) Overview of the Valuation for the Company Shares

PLUTUS CONSULTING considered the calculation methods to be applied in calculating the share value of the Company in the Tender Offer from among multiple calculation methods; thereafter, believing that it would be appropriate to multilaterally evaluate the share value of the Company, PLUTUS CONSULTING calculated the share value of the Company using the following methods: the market share price method, as the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange; the comparable company method, as there are listed companies that are comparable to the Company and it is possible to analogize the share value of the Company by comparison with that of similar companies; and the DCF Method, in order to reflect the status of future business activities in the calculation; and on July 31, 2025, the Special Committee obtained the Share Valuation Report (PLUTUS CONSULTING) from PLUTUS CONSULTING.

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

Market share price method:	2,804 yen to 3,450 yen
Comparable company method:	1,831 yen to 2,637 yen
DCF Method:	3,210 yen to 4,794 yen

Under the market share price method, by setting the reference date for valuation as July 31, 2025, the range of the per-share value of the Company Shares was calculated to be 2,804 yen to 3,450 yen based on: 3,450 yen, which was the closing price on the Prime Market of the Tokyo Stock Exchange on the reference date; 3,447 yen, which was the simple average closing price for the latest one-month period; 3,054 yen, which was the simple average closing price for the latest three-month period; and 2,804 yen, which was the simple average closing price for the latest six-month period.

Under the comparable company method, the range of the per-share value of the Company Shares was calculated to be 1,831 yen to 2,637 yen by selecting Shinagawa Refractories Co., Ltd. and Yotai Refractories Co., Ltd. as companies that were determined to be similar to the Company and by using the enterprise value-to-EBIT ratio and the enterprise value-to-EBITDA ratio.

Under the DCF Method, based on the Business Plan, Etc. prepared by the Company, the corporate value and share value of the Company were analyzed by discounting the free cash flow expected to be generated by the Company in and after the fiscal year ending March 2026 back to the present value using a certain discount rate on the assumption of various factors, including the earnings forecasts and investment plans in the business plan, etc. for the six fiscal years from the fiscal year ending March 2026 to the fiscal year ending March 2031, as well as publicly available information, etc. The range of the per-share value of the Company Shares was calculated to be 3,210 yen to 4,794 yen.

The financial forecasts for the Company that were used as the basis for the calculation using the DCF Method were prepared by the Company considering the outlook for the global business environment, such as a decrease in domestic crude steel production and an increase in crude steel production in India, as well as the most recent business performance and various measures for future growth in the Company's business, such as refractories, furnaces, and ceramics; and the forecast period was set as the fiscal year ending March 2026 to the fiscal year ending March 2031 as the period for which reasonable future forecasts are possible.

Regarding the discount rate, the weighted average cost of capital, which is based on the cost of shareholders' equity and debt, ranging from 5.5% to 6.7% was applied; and the continued value was calculated to range from 131,434 million yen to 194,539 million yen based on the multiple method. In the multiple method, the EBIT and EBITDA multiples were adopted and were set at 6.9 to 9.8 times and 5.1 to 7.5 times, respectively, based on the standards of each company in the industry.

The Business Plan, Etc. prepared by the Company, which were used by PLUTUS CONSULTING for the calculation using the DCF Method, do not include fiscal years in which significant increases or decreases in profits are expected but include fiscal years in which significant increases or decreases in free cash flow are expected. Specifically, in the fiscal year ending March 2026, a significant surplus in free cash flow is expected due to progress in the collection of receivables related to sales of construction refractories, which was particularly large in the second half of the previous fiscal year; however, in the fiscal year ending March 2027, a decrease by 50% year-on-year is expected due to the elimination of such special factors. In the fiscal year ending March 2028, a further decrease by 78% year-on-year is expected due to an increase in capital expenditure, including investment in growth markets, and an increase in working capital; however, in the fiscal year ending March 2029, an increase by 380% year-on-year is expected due to a decrease in capital expenditure due to a decrease in working capital year-on-year. In the fiscal year ending March 2030, a decrease by 39% year-on-year is expected due to an increase in capital expenditure, including investment in growth markets, and an increase in working capital; however, in the fiscal year ending March 2031, an increase by 51% year-on-year is expected due to a decrease in capital expenditure.

The synergy effects expected to be realized through implementation of the Transaction (except for the effect of reducing listing maintenance costs) have not been considered in the financial forecasts below as it was difficult to specifically estimate them at the time of the valuation.

In the “Notice on Recording of Extraordinary Income Accompanying the Transfer of Non-current Assets and Revision to the Full-Year Consolidated Financial Results Forecast” disclosed on June 24, 2025, the Company published a revision of its business performance forecast for the fiscal year ending March 2026; and when PLUTUS CONSULTING calculated the value of the Company Shares, the impact of such revision of the business performance forecast has been reflected.

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

(Unit: Million yen)

	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029	Fiscal year ending March 2030	Fiscal year ending March 2031
Sales	180,000	175,424	188,148	186,827	192,651	200,283
Operating income	15,000	15,135	17,616	16,733	17,716	19,320
Ordinary income	15,000	15,510	18,014	17,166	18,365	20,083
EBITDA	19,820	20,066	22,905	22,353	23,549	25,519
Free cash flow	21,741	10,930	2,361	11,329	6,923	10,466

PLUTUS CONSULTING assumed that the Business Plan, Etc. were reasonably prepared or answered based on the best forecast and judgment of the management of the Company, and that the financial situation of the Company would change in accordance with the Business Plan, Etc.; and PLUTUS CONSULTING relied on the Business Plan, Etc. and related materials without conducting its own investigation into the feasibility of the Business Plan, Etc. In addition, PLUTUS CONSULTING has not considered the impact of implementation of the Transaction on the tax affairs of the Company, the Tender Offeror, and other stakeholders. However, regarding the Business Plan, etc. used as the basis for the calculation, PLUTUS CONSULTING conducted multiple interviews and analyzed and examined the contents thereof. In addition, as stated in “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” below, the Special Committee confirmed the reasonableness of the contents, the material preconditions, and the preparation process of the Business Plan, Etc.

### (iii) Overview of Fairness Opinion (PLUTUS CONSULTING)

On July 31, 2025, the Special Committee obtained from PLUTUS CONSULTING the Fairness Opinion (PLUTUS CONSULTING) to the effect that the Tender Offer Price, 4,200 yen per share, is fair from a financial perspective for the Company’s shareholders (excluding the Tender Offeror and the Company, which owns the Company Shares as treasury shares) (Note 3). The Fairness Opinion (PLUTUS CONSULTING) expresses an opinion to the effect that the Tender Offer Price, 4,200 yen per share, is fair from a financial perspective for the Company’s shareholders (excluding the Tender Offeror and the Company, which owns the Company Shares as treasury shares) in light of the valuation results of the Company Shares based on the Business Plan, Etc. The Fairness Opinion (PLUTUS CONSULTING) was issued after: (i) the current status of the Company Group’s business, its business prospects, and other matters were disclosed by the Company to PLUTUS CONSULTING; (ii) PLUTUS CONSULTING considered the results of the valuation of the Company Shares conducted after receiving explanations regarding the disclosed matters, the Q&A sessions with the Company regarding the overview, background, and purpose of the Tender Offer, and the Company Group’s business environment, economy, market, and financial conditions within the scope that PLUTUS CONSULTING found necessary; and (iii) the review procedures were taken by the review board independent of the engagement team within PLUTUS CONSULTING.

(Note 3)

When preparing the Fairness Opinion (PLUTUS CONSULTING), PLUTUS CONSULTING assumed that the basic materials provided by the Company, the publicly available materials, and the information obtained from the Company are accurate and complete; and it has neither independently investigated or verified, nor does it have any obligation to investigate or verify the accuracy and completeness thereof. Therefore, PLUTUS CONSULTING is not responsible for any deficiencies in these materials or non-disclosure of material facts. PLUTUS CONSULTING assumed that the Business Plan, Etc. that it used as basic materials for the Fairness Opinion (PLUTUS CONSULTING) had been reasonably prepared based on the best forecast and judgment at the time of preparation of those materials. When the Company prepared the business plan for the Transaction, the Special Committee received an explanation on the contents of the proposed business plan and material preconditions and confirmed the reasonableness of the contents, the material preconditions, and the preparation process of the final business plan. PLUTUS CONSULTING does not guarantee the feasibility of the business plan or express its opinion regarding the analysis or forecast based on which the business plan was prepared or the preconditions that constituted the grounds therefor.

Since PLUTUS CONSULTING is not an agency specialized in law, accounting, or tax, it does not state, or have any obligation to state, an opinion on any legal, accounting, or tax issues relating to the Tender Offer.

PLUTUS CONSULTING has neither independently evaluated or appraised the assets and liabilities (including off-the-book assets and liabilities, and other contingent liabilities) of the Company and its related companies, including analysis and evaluation of individual assets and liabilities, nor has it received any written evaluation or written appraisal regarding them. Therefore, PLUTUS CONSULTING has not evaluated the solvency of the Company and its related companies.

The Fairness Opinion (PLUTUS CONSULTING) expresses an opinion on the fairness of the Tender Offer Price from a financial perspective for the purpose of being used in the Company's consideration when expressing an opinion on the Tender Offer; therefore, the Fairness Opinion (PLUTUS CONSULTING) does not state an opinion on the superiority or inferiority of a transaction that may be an alternative to the Tender Offer, the benefits to be brought through implementation of the Tender Offer, or the pros and cons of implementing the Tender Offer.

Since the Fairness Opinion (PLUTUS CONSULTING) does not state any opinion to the holders of securities issued by the Company, creditors or other stakeholders of the Company, PLUTUS CONSULTING is not liable to the shareholders or third parties who rely on the Fairness Opinion (PLUTUS CONSULTING).

Since PLUTUS CONSULTING does not solicit investment in the Company and does not have the authority to do so, the Fairness Opinion (PLUTUS CONSULTING) does not recommend that shareholders tender their shares in the Tender Offer or engage in any other act.

The Fairness Opinion (PLUTUS CONSULTING) states an opinion as of its submission date regarding whether the Tender Offer Price is fair from a financial perspective for the Company's general shareholders based on the financial and capital markets, economic conditions, and other circumstances as of the same date, and the information provided to or obtained by PLUTUS CONSULTING by the same date. Even if these assumptions change due to future changes in the situation, PLUTUS CONSULTING has no obligation to modify, change, or supplement its opinion.

The Fairness Opinion (PLUTUS CONSULTING) does not make any inference on or suggest any opinion on any matters other than those expressly stated in it or any matters on and after its submission date.

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

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

When determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, the Tender Offeror requested that Nomura Securities, the Tender Offeror's financial advisor, as a third-party valuation agency independent from the Tender Offeror and the Company, calculate the share value of the Company. Nomura Securities is not a related party of the Tender Offeror or the Company and has no material interest in the Tender Offer.

(ii) Overview of the Valuation for the Company Shares

Nomura Securities believed that it would be appropriate to multilaterally evaluate the share value of the Company after considering the financial situation of the Company, trends in the market share price of the Company Shares, etc., and considered the calculation methods to be applied in calculating the share value of the Company from among multiple share valuation methods. As a result, Nomura Securities calculated the share value of the Company using the following methods: the average market share price method, as the market share value exists; the comparable company method, as there are multiple listed companies comparable to the Company and it is possible to analogize the share value of the Company Shares by comparison with that of similar companies; and the DCF Method, in order to reflect the status of future business activities in the calculation. The Tender Offeror has obtained a share valuation report (the "Share Valuation Report (Tender Offeror)") (Note 4) from Nomura Securities on July 31, 2025. Nomura Securities is not a related party of the Tender Offeror or the Company and has no material interest in the Tender Offer. Furthermore, by comprehensively considering the factors stated below, the Tender Offeror believes that due consideration has been given to the interests of the Company's general shareholders. Therefore, the Tender Offeror has not obtained an opinion concerning the fairness of the Tender Offer Price (fairness opinion) from Nomura Securities.

The ranges of the per-share value of the Company Shares calculated by Nomura Securities using each of the methods mentioned above are as follows:

Average market share price method:	2,804 yen to 3,504 yen
Comparable company method:	2,258 yen to 3,219 yen
DCF Method:	2,819 yen to 4,480 yen

Under the average market share price method, by setting the reference date as July 31, 2025, the range of the per-share value of the Company Shares was calculated to be 2,804 yen to 3,504 yen based on: 3,450 yen, which was the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of the reference date; 3,504 yen, which was the simple average closing price for the latest five business days; 3,447 yen, which was the simple average closing price for the latest one month; 3,054 yen, which was the simple average closing price for the latest three months; and 2,804 yen, which was the simple average closing price for the latest six months.

Under the comparable company method, the share value of the Company was calculated by comparison with the market prices and financial indicators showing profitability of listed companies that engage in businesses similar to those of the Company, and the range of the per-share value of the Company Shares was calculated to be 2,258 yen to 3,219 yen.

Under the DCF Method, based on the future forecasts for the Company in and after the fiscal year ending March 2026 that considered various factors, including the earnings and investment plans in the business

plan for the six fiscal years from the fiscal year ending March 2026 to the fiscal year ending March 2031 received from the Company and provided after modification by the Tender Offeror, recent trends in the business performance, as well as publicly available information, etc., the corporate value and the share value of the Company were analyzed and evaluated by discounting the free cash flow expected to be generated by the Company in the future back to the present value using a certain discount rate; and the range of the per-share value of the Company Shares was calculated to be 2,819 yen to 4,480 yen. The business plan of the Company on which the DCF Method was based does not include fiscal years in which significant increases or decreases in profits are expected. That business plan is not premised on the Transaction being implemented and does not reflect the synergies expected to be realized through implementation of the Transaction because it was difficult to specifically estimate those synergies at the time of the valuation.

Comprehensively considering the calculation results of the share value of the Company in the Share Valuation Report (Tender Offeror) obtained from Nomura Securities, the results of the Due Diligence conducted from early June to early July 2025, whether the Company's board of directors would support the Tender Offer, trends in the market share price of the Company Shares, and the forecast for tendering shares in the Tender Offer, etc., based on the results of discussions and negotiations with the Company, the Tender Offeror ultimately decided on August 1, 2025, that the Tender Offer Price would be 4,200 yen.

The Tender Offer Price of 4,200 yen is obtained by adding a premium of 21.74% to 3,450 yen, which was the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on July 31, 2025, the business day immediately before the date of announcement regarding the planned commencement of the Tender Offer (August 1, 2025); a premium of 21.85% to 3,447 yen, which was the simple average closing price for the latest one month; a premium of 37.52% to 3,054 yen, which was the simple average closing price for the latest three months; and a premium of 49.79% to 2,804 yen, which was the simple average closing price for the latest six months, respectively.

In addition, the Tender Offer Price of 4,200 yen is obtained by adding a premium of 0.60% to 4,175, which was the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on January 29, 2026, the business day immediately before the date of announcement regarding commencement of the Tender Offer.

(Note 4) In calculating the share value of the Company, Nomura Securities assumed that all of the publicly available information and information provided to Nomura Securities is accurate and complete; and it has not independently verified the accuracy or completeness of such information. Nomura Securities has neither made any independent evaluation, appraisal, or assessment of the assets or liabilities (including financial derivatives, off-the-book assets and liabilities, and other contingent liabilities) of the Company and its related companies, including analysis and evaluation of individual assets and liabilities, nor has Nomura Securities requested an appraisal or assessment from any third-party organization. With respect to the financial forecasts (including the profit plan and other information) of the Company received from the Company and provided after modification by the Tender Offeror, Nomura Securities assumed that they had been reasonably examined or prepared by the management of the Tender Offeror based on the best and honest forecast and judgment available at the time of the valuation. The calculation by Nomura Securities reflects the information and economic conditions that it obtained by July 31, 2025. The aim of Nomura Securities' calculation is only to contribute to the examination by the Tender Offeror's board of directors of the share value of the Company.

#### (4) Possibility of Delisting and Reasons Therefor

As of today, the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange and the Main Board of the Fukuoka Stock Exchange. However, since the Tender Offeror has not set a maximum

number of shares to be purchased in the Tender Offer, depending on the results of the Tender Offer, the Company Shares may be delisted through prescribed procedures in accordance with the delisting criteria set by the Tokyo Stock Exchange and the Fukuoka Stock Exchange. Additionally, even if the delisting criteria are not met upon successful completion of the Tender Offer, if the Squeeze-out Procedures as stated in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” below are implemented after successful completion of the Tender Offer, the Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange and the Fukuoka Stock Exchange. After delisting, the Company Shares will no longer be traded on the Prime Market of the Tokyo Stock Exchange or the Main Board of the Fukuoka Stock Exchange.

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

As stated in “(I) Overview of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” above, if the Tender Offeror fails to acquire all of the Company Shares (however, excluding the Company Shares owned by the Tender Offeror and the treasury shares owned by the Company) through the Tender Offer, it intends to implement the Squeeze-out Procedures using either method mentioned below after successful completion of the Tender Offer.

##### (I) Demand for Share Cash-out

If the Tender Offeror owns 90% or more of voting rights of all shareholders of the Company as a result of successful completion of the Tender Offer, and the Tender Offeror becomes a special controlling shareholder as specified in Article 179, paragraph (1) of the Companies Act, the Tender Offeror plans, promptly after completion of the settlement for the Tender Offer, to demand that all shareholders of the Company (excluding the Tender Offeror and the Company) (the “Shareholders Subject to Share Cash-out”) sell all of the Company Shares owned by them pursuant to Part II, Chapter II, Section 4-2 of the Companies Act (the “Demand for Share Cash-out”).

In the Demand for Share Cash-out, the Tender Offeror plans to provide the Shareholders Subject to Share Cash-out with cash consideration per Company Share equal to the Tender Offer Price. In such a case, the Tender Offeror will notify the Company to that effect and request that the Company approve the Demand for Share Cash-out. If the Company approves the Demand for Share Cash-out by resolution at its board of directors’ meeting, the Tender Offeror will acquire all the Company Shares owned by the Shareholders Subject to Share Cash-out as of the acquisition date set in the Demand for Share Cash-out, without the need for individual approvals from the Shareholders Subject to Share Cash-out, in accordance with the procedures set forth in relevant laws and regulations. Thereafter, the Tender Offeror will deliver the same amount of money as the Tender Offer Price to each of the Shareholders Subject to Share Cash-out as consideration per share of the Company Shares owned by the Shareholders Subject to Share Cash-out. If the Company receives a notice from the Tender Offeror of its intention to make the Demand for Share Cash-out and the matters set forth in each item of Article 179-2, paragraph (1) of the Companies Act, the Company plans to approve the Demand for Share Cash-out at its board of directors’ meeting. The provisions in the Companies Act aimed at protecting the rights of general shareholders related to the procedures mentioned above provide that if the Demand for Share Cash-out is made, the Shareholders Subject to Share Cash-out may file a petition with a court to determine the purchase price of the Company Shares owned by them pursuant to Article 179-8 of the Companies Act and other provisions of relevant laws and regulations. The purchase price of the Company Shares, if such petition is filed, will be finally determined by a court.

##### (II) Share Consolidation

If the Tender Offeror fails to own 90% or more of voting rights of all shareholders of the Company after successful completion of the Tender Offer, the Tender Offeror plans, promptly after completion of the settlement for the Tender Offer, to request that the Company hold a special shareholders’ meeting (the “Special Shareholders’ Meeting”) in late April 2026, the proposals for which include the Share



Consolidation and a partial amendment to the articles of incorporation to abolish the provisions of the share unit number subject to the Share Consolidation taking effect. If the Company receives this request from the Tender Offeror, the Company plans to accept this request. Moreover, the Tender Offeror plans to agree to each of those proposals at the Special Shareholders' Meeting.

If the proposal for the Share Consolidation is approved at the Special Shareholders' Meeting, the Company's shareholders will own the Company Shares in the number according to the ratio of the Share Consolidation that is approved at the Special Shareholders' Meeting, on the day on which the Share Consolidation takes effect. If fractions less than one share arise in the number of shares as a result of the Share Consolidation, the amount of money obtained by selling the Company Shares corresponding to the total of such fractions (any fraction less than one share included in the total number will be rounded off; hereinafter the same applies) to the Company or the Tender Offeror will be delivered to the shareholders of the Company for whom such fractions arise, pursuant to Article 235 of the Companies Act and other provisions of relevant laws and regulations. The Tender Offeror plans to request that the Company calculate the sales price of the Company Shares corresponding to the total number of such fractions so that the amount of money to be delivered, as a result of the sale, to the shareholders of the Company (excluding the Tender Offeror and the Company) who did not tender shares in the Tender Offer equals the Tender Offer Price multiplied by the number of the Company Shares that each shareholder owned; and that the Company file a petition with a court to permit such voluntary sale.

The ratio of the Share Consolidation has not been determined as of today; however, the Tender Offeror contemplates exclusively owning all of the Company Shares (excluding treasury shares owned by the Company) and plans to request that the Company determine the ratio so that the number of the Company Shares to be owned by the Company's shareholders (excluding the Tender Offeror and the Company) who did not tender shares in the Tender Offer will be a fraction less than one share. Furthermore, if the Company receives this request from the Tender Offeror, the Company plans to accept it.

In addition, the provisions of the Companies Act aimed at protecting the rights of general shareholders to which the Share Consolidation relates provide that if the Share Consolidation is conducted and fractions less than one share arise in the number of shares as a result of the Share Consolidation, the Company's shareholders (excluding the Tender Offeror and the Company) who did not tender shares in the Tender Offer may request that the Company purchase all of the fractions less than one share from among the shares owned by them at a fair price, and may file a petition with a court to determine the price of the Company Shares, pursuant to Articles 182-4 and 182-5 of the Companies Act and other provisions of relevant laws and regulations. As stated above, in the Share Consolidation, the number of the Company Shares to be owned by the Company's shareholders (excluding the Tender Offeror and the Company) who did not tender shares in the Tender Offer will be a fraction less than one share; therefore, the Company's shareholders (excluding the Tender Offeror and the Company) who dissent to the Share Consolidation will be able to file the petition mentioned above. If such petition is filed, the purchase price for the Company Shares will be finally determined by a court.

With respect to the procedures mentioned in (I) and (II) above, depending on various circumstances, such as amendments, enforcement, and authorities' interpretations of relevant laws and regulations, it may take time to implement those procedures, or the method of implementation thereof may change. However, even in such a case, if the Tender Offer is successfully completed, it is planned that a method under which money will be ultimately delivered to the Company's shareholders (excluding the Tender Offeror and the Company) who did not tender shares in the Tender Offer will be adopted; in such a case, it is also planned that the amount of money to be delivered to such shareholders of the Company will be calculated so that it is equal to the Tender Offer Price multiplied by the number of the Company Shares owned by such shareholders of the Company. The Tender Offeror will discuss the specific procedures, time of implementation of those procedures, and other matters in each of the cases mentioned above with the Company; and the Company will promptly announce those matters as soon as they are determined.

The Tender Offer is not intended to solicit approval of the Company's shareholders at the Special Shareholders' Meeting. With respect to tendering shares in the Tender Offer and the handling of tax affairs in each of the procedures, the Company's shareholders should confirm these with a tax accountant or other experts at their own responsibility.

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

As the Company is the Tender Offeror's consolidated subsidiary, considering that the Transaction, including the Tender Offer, falls under the category of a material transaction with a controlling shareholder, etc. and the category of a transaction typologically involving a structural conflict-of-interest issue and an information asymmetry issue between the Tender Offeror and the Company's general shareholders, the Tender Offeror and the Company have taken the measures below from the perspective of ensuring the fairness of the Tender Offer eliminating arbitrariness from the decision-making process with respect to the Transaction, including the Tender Offer, and avoiding conflicts of interest.

As stated in "(I) Overview of the Tender Offer" of "(2) Grounds and Reasons for the Opinion" above, as the Tender Offeror owns 15,632,004 Company Shares (ownership ratio: 46.42%) as of today, the Tender Offeror believes that if the minimum number of shares to be purchased is set for the "majority of the minority" in the Tender Offer, this may lead to uncertainty with respect to successful completion of the Tender Offer and may not be in the interests of general shareholders who seek to tender shares in the Tender Offer. Accordingly, the Tender Offeror has not set the minimum number of shares to be purchased for the "majority of the minority" in the Tender Offer. However, as the Tender Offeror and the Company have taken the measures below, the Tender Offeror believes that due consideration has been given to the interests of the Company's general shareholders, and the Company has reached the same conclusion.

Among the descriptions below, the measures, etc. taken by the Tender Offeror are based on explanations provided by the Tender Offeror.

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

The Tender Offeror obtained the Share Valuation Report (Tender Offeror) concerning the calculation results for the share value of the Company from Nomura Securities on July 31, 2025. For details, please refer to "(III) Acquisition of a Share Valuation Report by the Tender Offeror from an Independent Third-party Valuation Agency" of "(3) Matters Regarding the Valuation" above.

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

As stated in "(I) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency" of "(3) Matters Regarding the Valuation" above, the Company appointed SMBC Nikko Securities as its financial advisor and third-party valuation agency independent of the Tender Offeror Group and the Company Group as well as the success or failure of the Transaction, requested that SMBC Nikko Securities calculate the value of the Company Shares and express an opinion on the appropriateness of the Tender Offer Price (fairness opinion), and received advice and assistance from a financial perspective, including advice concerning the negotiation policy with the Tender Offeror; and on July 31, 2025, the Company obtained the Share Valuation Report (SMBC Nikko Securities) and the Fairness Opinion (SMBC Nikko Securities). For an outline of the Share Valuation Report (SMBC Nikko Securities) and the Fairness Opinion (SMBC Nikko Securities), please refer to "(I) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Financial Advisor and Third-party Valuation Agency" of "(3) Matters Regarding the Valuation" above.

SMBC Nikko Securities is not a related party of the Tender Offeror or the Company and has no material interest in the Transaction including the Tender Offer.

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

(i) Background to the Establishment

As stated in “(IV) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” above, pursuant to the resolution at the Company’s board of directors’ meeting held on May 28, 2025, the Company established the Special Committee. Before establishing the Special Committee, in order to build a system to consider, negotiate, and make a decision on the Transaction toward enhancing the Company’s corporate value and securing interests of the Company’s general shareholders, independently of the Tender Offeror, the Company, while receiving advice from AMT, explained to all of its directors at that time, including the outside directors, that it had received the Tender Offeror’s initial intention concerning the Transaction; and that as the Transaction falls under the category of a transaction typically involving a structural conflict-of-interest issue and an information asymmetry issue, it is necessary to take sufficient measures to ensure the fairness of the transaction terms of the Transaction, such as establishing the Special Committee in considering and negotiating the Transaction. Concurrently, the Company, while receiving advice from AMT, confirmed the independence, qualifications, and the like of its outside directors, who will be candidates for members of the Special Committee. Based on this, while receiving advice from AMT, in order to ensure a balance among knowledge, experience, and ability of the Special Committee as a whole and to appropriately compose the Special Committee regarding its size, the Company selected the following three candidates for members of the Special Committee after confirming that they are independent of the Tender Offeror Group, the Company Group, and the success or failure of the Transaction: Mr. Takuji Kato (outside director of the Company, Representative Director and President, and President and Executive Officer of SAIBU GAS HOLDINGS CO., LTD.); Ms. Yumi Akagi (outside director of the Company, Director and Managing Corporate Officer of Kyushu Railway Company); and Mr. Sunao Okaku (outside Audit and Supervisory Board Member of the Company, Director and Senior Managing Executive Officer of Nishi-Nippon Railroad Co., Ltd.) (The members of the Special Committee elected Mr. Takuji Kato as the chairperson, and the members of the Special Committee have not been changed since the establishment thereof).

On that basis, as stated in “(IV) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” above, the Company established the Special Committee pursuant to the resolution at the Company’s board of directors’ meeting held on May 28, 2025, and consulted the Special Committee on the Advisory Matters. (Due to the Tokyo Stock Exchange’s partial revision of the Securities Listing Regulations effective July 22, 2025, at the board of directors’ meeting held on July 29, 2025, the Company partially changed the Advisory Matters. For details, please refer to “(IV) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” above.) Furthermore, when establishing the Special Committee, the Company’s board of directors resolved that (a) when considering the Advisory Matters, the Special Committee may entrust to a third-party agency to provide the valuation of the Company’s shares and fairness opinions related to the Transaction, and other matters that the Special Committee deems necessary, in which case, the Company shall bear reasonable costs related to such entrustment; (b) its decision-making on the Transaction will be made with maximum respect to the Special Committee’s decisions, and in particular, if the Special Committee decides that the transaction terms for the Transaction are inappropriate, it will not support the Transaction on these transaction terms. The Company’s board of directors also resolved (c) to grant the Special Committee authority to negotiate with the Tender Offeror as necessary regarding the transaction terms pertaining to the Transaction; and (d) that the Special Committee shall, at the expense of the Company, conduct investigations related to its duties (including asking questions and soliciting explanations or advice from the officers or employees of the Company or advisors of the Company related to the Transaction regarding matters necessary for their duties).

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

(ii) Details of the Consideration

The Special Committee held meetings 11 times in total for approximately ten hours in total during the period from May 28, 2025 to August 1, 2025; and its members performed their duties for the Advisory Matters by making reports, sharing information, deliberating, making decisions, etc. via e-mail and web meeting as necessary during each meeting interval.

Specifically, on May 28, 2025, the Special Committee first decided to appoint Nakamura, Tsunoda & Matsumoto as its own legal advisor independent of the Tender Offeror Group, the Company Group, and the success or failure of the Transaction, and PLUTUS CONSULTING as its own financial advisor and third-party valuation agency independent of the Tender Offeror Group, the Company Group, and the Transaction, after considering their independence, expertise, performance, etc.

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

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

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

On June 12, 2025, the Company and the Special Committee asked the Tender Offeror in writing about the background and purpose of the proposal for the Transaction, synergies of the Transaction, disadvantages of the Transaction, management policy for the Company after the Transaction, structure, and other matters; and on June 20, 2025, the Company and the Special Committee received a written reply to each of the questions. Subsequently, at the Special Committee meeting on July 1, 2025, they received an explanation of the reply to the additional written questions dated June 30, 2025, based on the contents of the reply from the Tender Offeror and held a question-and-answer session.

On June 23, 2025, the Special Committee asked the Company written questions regarding matters such as the current situation and issues of the Company, the synergies of the Transaction, the disadvantages of the Transaction, and the fairness of the procedures; and it received a written response to the questionnaire on July 3, 2025. The Special Committee asked further questions based on this; subsequently, it received an additional written response to the additional questions on July 9, 2025.

In addition, the Special Committee received explanations from the Company regarding the contents of the Business Plan, Etc., the material assumptions therefor, and the preparation process thereof, which constitute the basis for negotiations with the Tender Offeror and for the valuation of the Company Shares by SMBC Nikko Securities and PLUTUS CONSULTING; after exchanging questions and answers, it confirmed the reasonableness thereof and approved them. Moreover, as stated in "(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Third-party Valuation Agency" above and "(VII) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency" below, SMBC Nikko

Securities and PLUTUS CONSULTING calculated the value of the Company Shares based on the contents of the Business Plan, Etc. The Special Committee received explanations from SMBC Nikko Securities and PLUTUS CONSULTING regarding the calculation methods used in their valuation of the Company Shares, the reasons why these calculation methods were adopted, the details of the calculations using each calculation method, and the material assumptions. After exchanging questions and answers, and deliberating over and considering them, the Special Committee confirmed the reasonableness of these matters.

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

Since the Company received the first proposal for the Tender Offer Price from the Tender Offeror on July 4, 2025, each time a proposal for the Tender Offer Price was submitted by the Tender Offeror to the Company, the Special Committee received timely reports on matters including details of the proposal and the course of negotiations from SMBC Nikko Securities, which is the Company’s financial advisor. The Special Committee deliberated over and considered the details thereof also based on opinions from SMBC Nikko Securities. The Special Committee also received a prior explanation from SMBC Nikko Securities on the proposal for a negotiation policy with the Tender Offeror and the draft for a written reply to the Tender Offeror, stated opinions as necessary, and exchanged questions and answers. Thereafter, the Special Committee approved those proposals and gave instructions and requests to SMBC Nikko Securities, which is in charge of negotiations with the Tender Offeror.

With respect to the drafts for the Company Press Release Dated August 1, 2025 and other documents, the Special Committee received several explanations from AMT (which is the Company’s legal advisor) and SMBC Nikko Securities (which is the Company’s financial advisor), exchanged questions and answers, and confirmed that there are plans to engage in fruitful information disclosure.

Subsequently, on December 3, 2025, the Company was informed by the Tender Offeror that it expected to complete necessary procedures and actions under domestic and foreign (Japanese and Indian) competition laws, and foreign (Italian) investment laws and regulations, etc. by mid-January 2026, and that the Tender Offer was scheduled to commence on February 2, 2026. The Company began preparations to reconsider the terms and conditions of the Tender Offer. In addition, the Company requested that the Special Committee consider whether there were any changes to the opinion in the Report Dated August 1, 2025, and if there were no changes to that opinion, to state as such, or if there were any changes, to state their new opinion to the Company’s board of directors. Subsequently, on January 6, 2026, the Company was informed by the Tender Offeror that since necessary procedures and actions under domestic and foreign (Japanese and Indian) competition laws, and foreign (Italian) investment laws and regulations, etc. were completed, it wished to commence the Tender Offer on February 2, 2026 if other Conditions Precedent are fulfilled or waived by the Tender Offeror. Upon being informed of the above, the Special Committee confirmed the facts as to whether or not important changes in circumstances or events that may affect the Transaction had occurred on or after August 1, 2025, and reviewed the aforementioned advisory matters. As a result, it was confirmed that there were no circumstances that should change the contents of the Report Dated August 1, 2025.

(iii) Details of the Decision

Under the circumstances described above, the Special Committee carefully discussed and considered the Advisory Matters based on the legal advice received from Nakamura, Tsunoda & Matsumoto; the advice from a financial perspective received from PLUTUS CONSULTING; and the content of the Share Valuation Report (PLUTUS CONSULTING) and the Fairness Opinion (PLUTUS CONSULTING) submitted as of July 31, 2025. Consequently, based on the unanimous consent of the members, the Special Committee submitted to the Company's board of directors the Report Dated August 1, 2025 as of August 1, 2025 and the Report Dated January 29, 2026 as of January 29, 2026. For details of the Report Dated August 1, 2025 and the Report Dated January 29, 2026, please refer to the attachment.

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

As stated in “(IV) Decision-Making Process and Reasons Leading to the Company's Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” above, the Company appointed AMT which is an outside legal advisor; and it has received legal advice, including advice on the measures to be taken to ensure the fairness of the procedures in the Transaction, various procedures for the Transaction, and the method and the process of the Company's decision-making regarding the Transaction.

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

(V) Establishment of Independent Structure for Consideration in the Company

As stated in “(IV) Decision-Making Process and Reasons Leading to the Company's Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” above, the Company internally established a structure to consider, negotiate, and make a decision on the Transaction independently of the Tender Offeror Group other than the Company Group. Since the Company received the Initial Offer on April 4, 2025, the Company has not involved persons who concurrently serve as officers/employees of the Tender Offeror Group other than the Company Group and persons who are from the Tender Offeror and belonged to the Tender Offeror Group during the past three years in the negotiation process between the Company and the Tender Offeror regarding the terms and conditions of the Transaction, including the Tender Offer Price, from the perspective of eliminating the structural conflict-of-interest issue.

The structure to consider the Transaction that was established within the Company (including the scope of the Company's officers and employees involved in the consideration, negotiations, and decision-making for the Transaction, and their duties) was based on the advice from AMT, and The Company obtained approval of the Special Committee to the effect that there is no issue from the perspective of independence and fairness.

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

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

Nakamura, Tsunoda & Matsumoto is not a related party of the Tender Offeror or the Company, and it has no material interest in the Transaction including the Tender Offer. Furthermore, the remuneration

for Nakamura, Tsunoda & Matsumoto consists of only an hourly-based fee to be paid regardless of the success or failure of the Transaction, and it does not include any contingent fee subject to successful completion of the Transaction.

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

As stated in “(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(3) Matters Regarding the Valuation” above, the Special Committee appointed PLUTUS CONSULTING as its financial advisor and third-party valuation agency independent of the Tender Offeror Group and the Company Group as well as the success or failure of the Transaction, requested that PLUTUS CONSULTING calculate the value of the Company Shares and express an opinion on the appropriateness of the Tender Offer Price (fairness opinion), and received advice and assistance from a financial perspective, including advice concerning the negotiation policy with the Tender Offeror; and on July 31, 2025, the Special Committee obtained the Share Valuation Report (PLUTUS CONSULTING) and the Fairness Opinion (PLUTUS CONSULTING). For an outline of the Share Valuation Report (PLUTUS CONSULTING) and the Fairness Opinion (PLUTUS CONSULTING), please refer to “(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency” of “(3) Matters Regarding the Valuation” above.

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

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

As stated in “(IV) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” above, the Company’s board of directors carefully discussed and considered whether the Transaction including the Tender Offer will contribute to enhancement of the Company’s corporate value and whether the terms and conditions of the Transaction including the Tender Offer Price are appropriate based on the legal advice received from AMT, the advice from a financial perspective received from SMBC Nikko Securities, and the content of the Share Valuation Report (SMBC Nikko Securities) and the Fairness Opinion (SMBC Nikko Securities), while respecting the Special Committee’s decisions indicated in the Report Dated August 1, 2025 to the maximum extent.

As a result, as stated in “(IV) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” above, the Company concluded that the Transaction will contribute to enhancement of the Company’s corporate value, and that the terms and conditions of the Transaction including the Tender Offer Price are appropriate; moreover, at the board of directors’ meeting of the Company held on August 1, 2025, the directors who participated in the deliberation and resolution unanimously 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, as the Company’s then current opinion. Subsequently, on December 3, 2025, the Company was informed by the Tender Offeror that it expected to complete necessary procedures and actions under domestic and foreign (Japanese and Indian) competition laws, and foreign (Italian) investment laws and regulations, etc. by mid-January 2026, and that it wished to commence the Tender Offer on February 2, 2026. The Company began preparations to reconsider the terms and conditions of the Tender Offer. In addition, the Company requested that the Special Committee consider whether there were any changes to the opinion in the Report Dated August 1, 2025, and if there were no changes to that opinion, to state as such, or if there were any changes, to state their new opinion to the Company’s board of directors. Subsequently, after the Company was informed by the Tender Offeror on January 6, 2026 that necessary procedures and actions under domestic and foreign (Japanese and Indian) competition laws, and foreign (Italian) investment laws and regulations, etc. were completed, at the board of directors’ meeting of the Company

held on January 30, 2026, the Company carefully examined the terms and conditions of the Tender Offer again based on the business conditions of the Company and the environment surrounding the Transaction, while respecting the Report Dated January 29, 2026 submitted by the Special Committee to the maximum extent; as a result, it decided that as of January 30, 2026, there is no factor that will change its opinion on the Tender Offer as of August 1, 2025, and the directors who participated in the deliberation and resolution unanimously 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.

Furthermore, among the four Audit and Supervisory Board Members of the Company, three Audit and Supervisory Board Members other than Mr. Takaki Goto attended the board of directors' meetings held on August 1, 2025 and January 30, 2026, and all of the attending Audit and Supervisory Board Members stated their opinion that they had no objection to the above-mentioned resolution. Since Mr. Takaki Goto, who is an Audit and Supervisory Board Member of the Company, concurrently serves as an employee of the Tender Offeror, he did not participate in the deliberation at the above-mentioned board of directors' meetings and refrained from stating his opinion when adopting a resolution at each of the above-mentioned board of directors' meetings, with a view to eliminating any possible influence of the issue of structural conflicts of interest in the Transaction.

(IX) Measures to Ensure Purchase Opportunities for Other Purchasers

Although the purchase period in the Tender Offer (the "Tender Offer Period") has been set as 20 business days, there has been a period of approximately six months between the date of announcement of the Tender Offeror Press Release Dated August 1, 2025 and commencement of the Tender Offer. Therefore, the Tender Offeror believes that opportunities for persons other than the Tender Offeror to purchase the Company Shares have been ensured. Furthermore, the Tender Offeror and the Company have not executed any agreement that restricts competing bidders from contacting the Company, such as an agreement containing a deal protection clause that prohibits the Company from contacting any competing bidders. The Tender Offeror and the Company have given consideration to ensure the fairness of the Tender Offer by not hindering opportunities for competitive purchases.

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

As stated in "(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)" above, the Tender Offeror has clarified that (i) it plans to make the Demand for Share Cash-out or to request that the Company hold the Special Shareholders' Meeting, and will not adopt a method that does not ensure the right to demand share purchase or the right to demand price determination of the Company's general shareholders; and that (ii) when making the Demand for Share Cash-out or conducting the Share Consolidation, the amount of money to be delivered to the Company's general shareholders as consideration will be calculated so that it is equal to the Tender Offer Price multiplied by the number of the Company Shares owned by each such shareholder (excluding the Tender Offeror and the Company). Therefore, the Tender Offeror has ensured opportunities for the Company's general shareholders to properly determine whether to tender their shares in the Tender Offer, and thereby has given consideration so as not to cause any coercion.

In addition, in connection with implementation of the Transaction, the Company has not investigated or examined whether there is a potential acquiror (active market check); however, the Company believes that only the fact that no active market check has been adopted will not lead to any insufficiency of ensuring fairness in the Tender Offer because (A) it is not always easy to conduct an active market check in practice from the perspective of information management, etc., and (B) the Tender Offeror, which is the proposer of the Transaction, is the largest shareholder of the Company that owns 15,632,004 Company Shares (ownership ratio: 46.42%) as of today, making the Company its consolidated subsidiary based on the substantial control criteria; therefore, it is unlikely that a counterproposal will be made to the Tender Offeror's acquisition proposal.



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

N/A

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

N/A

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

N/A

7. Questions for the Tender Offeror

N/A

8. Requests for an Extension of the Tender Offer Period

N/A

9. Outlook Going Forward

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

10. Matters Regarding MBOs

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

The Tender Offeror is the Company's controlling shareholder (parent company), and the “Matters to be Observed Pertaining to MBOs, etc.” as set forth in Rule 441 of the Securities Listing Regulations published by the Tokyo Stock Exchange apply to the expression of an opinion on the Tender Offer.

In the Corporate Governance Report disclosed on December 26, 2024, the Company indicated the “guidelines concerning measures to protect minority shareholders when conducting transactions, etc. with the controlling shareholder” as follows: “The Company will conduct transactions with its parent company subject to the same terms and conditions as those applied to the Company's general transactions. The Company will appropriately respond so that this will not cause any detriment to minority shareholders.” “Each time an important transaction or act with the parent company arises, the Company will establish a ‘Special Committee Concerning Parent-Subsidiary Transactions,’ which comprises all independent outside directors, and will have such committee make deliberation and consideration and submit a report to the board of directors.”

The Company had the Special Committee Concerning Parent-Subsidiary Transactions deliberate and consider the Transaction, including the Tender Offer, and as stated in “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” above, the Company took measures to respond to the structural conflict-of-interest issue and the information asymmetry issue to ensure the fairness of the transaction terms for the Transaction, including the Tender Offer Price; among others, the Company established a special committee comprising all independent outside directors, similar to the Special Committee Concerning Parent-

Subsidiary Transactions, and the Company had such special committee make deliberation and consideration.

Based on the above, the Company believes that the aforementioned response complies with the guidelines mentioned above.

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

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

(3) Opinion of the Special Committee on the Fairness of the Transaction, Etc. to General Shareholders

On August 1, 2025, the Company obtained the Report Dated August 1, 2025 from the Special Committee to the effect that the Company’s board of directors’ decision concerning the Transaction (the decision to express an opinion in support of the Tender Offer and recommend that the Company’s shareholders tender their shares in the Tender Offer and the decision to implement the Squeeze-out Procedures) is fair to the Company’s general shareholders. Furthermore, on January 29, 2026, the Company also obtained the Report Dated January 29, 2026 to the effect that there is no change in the Report Dated August 1, 2025. For details of the Report Dated August 1, 2025 and Report Dated January 29, 2026, please refer to the attachment.

The Report Dated August 1, 2025 and the Report Dated January 29, 2026 also serve as an opinion to the effect that the Tender Offeror making the Company its wholly owned subsidiary after successful completion of the Tender Offer is fair to the Company’s general shareholders as stated in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” above.

11. Other Matters Necessary for Investors to Appropriately Understand and Determine Company Information

(1) Announcement of the “Summary of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 2026 Japanese Standards”

The Company announced the Company Third Quarter Financial Results on January 30, 2026. The content of the announcement has not undergone a quarterly review by an auditing firm pursuant to the provisions of Article 193-2, paragraph (1) of the Act. In addition, the outline of the announcement below is a partial extract of the content announced by the Company. For details, please refer to the content of the announcement.

(I) Profit and Loss (consolidated)

Fiscal Period	Third Quarter of Fiscal Year Ending March 2026
Net sales	132,978 million yen
Operating profit	11,715 million yen
Ordinary profit	12,693 million yen

Profit attributable to owners of parent	13,677 million yen
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(II) Per Share (consolidated)

Fiscal Period	Third Quarter of Fiscal Year Ending March 2026
Profit per share	406.15 yen

End

[Restrictions on Solicitation]

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

[U.S. Regulations]

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards provided under the Financial Instruments and Exchange Act of Japan, and those procedures and standards are not always the same as those applicable in the United States. In particular, neither Section 13(e) nor Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the “U.S. Securities Exchange Act of 1934”) or the rules under these sections apply to the Tender Offer; therefore, the Tender Offer will not be conducted in accordance with the procedures or standards prescribed thereby. The financial information included in this press release does not conform to the U.S. accounting standards and may not be equivalent to the financial information of a company in the United States. Also, since the Tender Offeror and the Company are corporations incorporated outside the United States and some or all of their directors are non-U.S. residents, it may be difficult to exercise rights or demands against them under the U.S. securities laws. In addition, it may not be possible to commence any legal procedures in courts outside the United States against a non-U.S. corporation or its directors based on a breach of U.S. securities laws. Furthermore, U.S. courts are not necessarily granted jurisdiction over a non-U.S. corporation or its directors.

All procedures regarding the Tender Offer will be conducted in Japanese unless specifically set forth otherwise. All or part of the documents regarding the Tender Offer will be prepared in English. However, if there is any discrepancy between the documents in English and those in Japanese, the documents in Japanese shall prevail.

Before the commencement of the Tender Offer or during the tender offer period of the Tender Offer, the Tender Offeror and its affiliates, and affiliates of the financial advisors to the Tender Offeror or the Company may, in the ordinary course of their business and to the extent permitted by Japanese laws and regulations related to financial instruments transactions and other applicable laws and regulations and in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, purchase Company Shares other than as part of the Tender Offer, or take actions aimed at such a purchase, on their own account or the account of their clients. If information regarding such a purchase is disclosed in Japan, that information will also be disclosed in the English language on the website of the person that conducted that purchase. In accordance with the Companies Act, if a shareholder exercises the right to request the purchase of shares constituting less than one unit, the Company may, in accordance with the procedures prescribed by laws and regulations, purchase its own shares either before the commencement of the Tender Offer or during the tender offer period.

[Forward-looking Statements]

This press release includes forward-looking statements as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. The actual results may be significantly different from the predictions expressly or impliedly indicated in the forward-looking statements, due to known or unknown risks, uncertainty, or other factors. The Tender Offeror or its affiliates do not guarantee that the predictions expressly or impliedly indicated as forward-looking statements will turn out to be correct. The forward-looking statements included in this press release were prepared based on information held by the Tender Offeror as of the date

hereof, and unless obligated by laws or regulations or the rules of a financial instruments exchange, the Tender Offeror or its affiliates shall not be obligated to update or revise the statements to reflect future incidents or situations.

[Other Countries]

In certain countries or regions, the announcement, issuance, or distribution of this press release may be subject to legal restrictions. Recipients of this press release are requested to be mindful of and comply with any such restrictions. The announcement, issuance, or distribution of this press release shall not be deemed to constitute an offer to buy or a solicitation of an offer to sell shares relating to the Tender Offer and shall be deemed a distribution of materials for informational purposes only.

(Translation)

August 1, 2025

To: Board of Directors of Krosaki Harima Corporation

Special Committee of Krosaki Harima Corporation

Chairperson      Takuji Kato

Member      Yumi Akagi

Member      Sunao Okaku

## **Report**

This report (this “Report”) sets forth the recommendations adopted by the Special Committee (the “Committee”), which was established pursuant to a commission from the board of directors of Krosaki Harima Corporation (the “Company”) to deliberate on the Transaction (as defined in Part I. of this Report) currently under consideration by the Company. The Committee, acting independently of the Tender Offeror (as defined in Part I. of this Report) and of the outcome of the Transaction, carefully deliberated on the matters referred to it for an advisory opinion by the Company’s board of directors and adopted the recommendations contained herein.

### **Part I. Terms**

In this Report, the terms listed in the following items have the meanings specified in each respective item.

- (1) “M&A Guidelines” means the “Fair M&A Guidelines” dated June 28, 2019, published by the Ministry of Economy, Trade and Industry.
- (2) “SMBC Nikko Securities” means SMBC Nikko Securities Inc., which serves as the Company’s financial advisor and third-party valuation agency.

- (3) “General Shareholders” means the shareholders of the Company excluding the Tender Offeror and the Company (in other words, it means the Company’s minority shareholders.).
- (4) “Tender Offeror” means Nippon Steel Corporation.
- (5) “Tender Offeror Group” means, collectively, the Tender Offeror as well as its consolidated subsidiaries and equity-method affiliates, etc.
- (6) “Company Shares” means the common shares of the Company.
- (7) “Company Group” means, collectively, the Company as well as its consolidated subsidiaries and equity-method affiliates, etc.
- (8) “Company Press Release” means the draft, as of the date of this Report, of the Company’s press release dated August 1, 2025, entitled “Notice Regarding Expression of Opinion in Support of Planned Commencement of Tender Offer for the Company Shares by Nippon Steel Corporation (the Company’s Parent Company) and Recommendation for Tender.”
- (9) “Takeover Guidelines” means the “Guidelines for Corporate Takeovers” dated August 31, 2023, published by the Ministry of Economy, Trade and Industry.
- (10) “PLUTUS CONSULTING” means PLUTUS CONSULTING Co., Ltd., which serves as the Committee’s own financial advisor and third-party valuation agency.
- (11) “Share Valuation Report (SMBC Nikko Securities)” means the share valuation report dated July 31, 2025, prepared by SMBC Nikko Securities.
- (12) “Share Valuation Report (PLUTUS CONSULTING)” means the share valuation report dated July 31, 2025, prepared by PLUTUS CONSULTING.
- (13) “Tender Offer” means the tender offer for the Company Shares to be made by the Tender Offeror as part of the Transaction.
- (14) “Tender Offer Price” means the price at which shares are purchased in the Tender Offer.
- (15) “Valuation Materials” means, collectively, the Share Valuation Report (SMBC Nikko Securities) and the Share Valuation Report (PLUTUS CONSULTING).
- (16) “Business Plan” means the business plan prepared by the Company, which served as the basis for the share valuation in the Valuation Materials.
- (17) “Squeeze-out Procedures” means the procedures, as part of the Transaction, to be carried out after successful completion of the Tender Offer to make the Tender Offeror the sole shareholder of the Company.
- (18) “Transaction” means a series of transactions whereby the Tender Offeror acquires all of the Company Shares (excluding the Company Shares owned by the Tender Offeror and the treasury shares owned by the Company) to make the Tender Offeror the sole shareholder of the Company.
- (19) “Hearings” means, collectively, the hearings, receiving of explanations, and other proceedings conducted by the Committee with relevant parties, as described in Part III., 1. of this Report.

- (20) “Fairness Opinions” means, collectively, the Fairness Opinion (SMBC Nikko Securities) and the Fairness Opinion (PLUTUS CONSULTING).
- (21) “Fairness Opinion (SMBC Nikko Securities)” means the opinion letter dated July 31, 2025, prepared by SMBC Nikko Securities.
- (22) “Fairness Opinion (PLUTUS CONSULTING)” means the opinion letter dated July 31, 2025, prepared by PLUTUS CONSULTING.
- (23) “Securities Listing Regulations” means the Tokyo Stock Exchange’s Securities Listing Regulations.

## Part II. Advisory Matters

1. Whether the purpose of the Transaction is legitimate (including whether the Transaction will contribute to enhancement of the Company’s corporate value).
2. Whether fairness and appropriateness of the Transaction terms (including the purchase price in the Tender Offer) are ensured.
3. Whether the interests of the shareholders of the Company have been sufficiently considered through fair procedures in the Transaction.
4. In addition to 1 through 3 above, whether the Transaction is considered to be fair to the General Shareholders.

## Part III. Procedures Leading to Committee’s Recommendations

In making its recommendations with respect to the Advisory Matters, the Committee carried out the following actions.

### 1. Convening of Committee

The Committee held a total of 11 meetings between May 28, 2025 and August 1, 2025. Each meeting was attended by all three Committee members, and the Committee deliberated on the Advisory Matters for a total of approximately 10 hours.

As a result, on the date of this Report, the Committee unanimously approved this Report with all three members voting in favor.

### 2. Materials Reviewed

The Committee reviewed the Valuation Materials, the Fairness Opinions, and the Company Press Release, together with a series of documents relating to the implementation of the Transaction and the negotiation of the Tender Offer Price, and various other materials distributed to the Committee (including the Committee’s written questions addressed to the



Company and the Tender Offeror respectively, and the responses thereto; collectively, the “Review Materials”).

### 3. Hearings

In order to review the Advisory Matters, the Committee (i) received explanations on the Transaction from, and conducted question-and-answer sessions with, the Company, the Company’s legal advisor and financial advisor, and the Committee’s own legal advisor and financial advisor; (ii) conducted question-and-answer sessions with the Tender Offeror regarding the purpose of the Transaction; and (iii) to ensure the fairness of the Transaction terms, was actively involved, as described below, in establishing the negotiation policy for price negotiations between the Company and the Tender Offeror, and ensured that the Company conducted negotiations in accordance with such policy.

As described above, the Committee collected information that is deemed reasonably necessary to make its recommendations on the Advisory Matters. The detailed contents of the Hearings conducted by the Committee are as described in the relevant sections of this Report.

## Part IV. Committee’s Recommendations on Advisory Matters

1. The Transaction is deemed to contribute to enhancement of the Company’s corporate value, and its purpose is recognized as legitimate.
2. The fairness and appropriateness of the Transaction terms (including the purchase price in the Tender Offer) are deemed to be ensured.
3. The interests of the shareholders of the Company are deemed to have been sufficiently considered through fair procedures in the Transaction.
4. In addition to 1 through 3 above, the Transaction is considered to be fair to the General Shareholders.

## Part V. Grounds for Committee’s Recommendations

### 1. Committee’s Review Policy

#### (1) Conflict of Interest in Transaction

The Transaction is intended by the Tender Offeror (,which is the Company’s parent company and its controlling shareholder) to make the Tender Offeror the sole shareholder of the Company; as a result, the Company Shares are expected to be delisted.

Accordingly, the Tender Offer component of the Transaction falls into the category of tender offers by the controlling shareholder, and the Squeeze-out Procedure component of

the Transaction falls into the category of share consolidations involving the controlling shareholder or procedures requiring approval for a share transfer request. Consequently, the Transaction falls into the category of transactions requiring an opinion letter from a special committee (main sentence of Article 441, Paragraph 1 of the Securities Listing Regulations).

In addition, in implementing the Transaction, the Tender Offeror has an incentive to acquire Company Shares at the lowest possible price, whereas the General Shareholders have an incentive to sell their Company Shares at the highest possible price. Accordingly, a conflict of interest is likely to arise between the Tender Offeror (,which is the Company's controlling shareholder) and the General Shareholders.

(2) Principles to be Considered by Committee

Because the Transaction is a kind of transaction that is conducted by a controlling shareholder to make a subsidiary a wholly owned company, it falls within the scope of transactions subject to the M&A Guidelines (M&A Guidelines 1.4). Accordingly, the Committee determined that the Advisory Matters should be review from the standpoint of whether the following two principles required by the M&A Guidelines (M&A Guidelines 2.3) are satisfied:

- (i) Increase corporate value (whether an M&A transaction is desirable should be decided based on whether it increases corporate value); and
- (ii) Ensure the protection of the interests of general shareholders through fair procedures.

(3) Organizing Advisory Matters and Reivew Method

On the basis of the foregoing, the Committee has organized the Advisory Matters as follows. First, Advisory Matter 1 requires a review of whether the Transaction satisfies (2)(i) above.

Second, Advisory Matter 3 requires a review of whether (2)(ii) above is ensured in the Transaction, and Advirosy Matter 2 requires a review of whether the fairness and appropriateness of the Tender Offer Price and other transaction terms, a matter that is particularly important for the General Shareholders in (2)(ii) above, are ensured.

Finally, Advisory Matter 4 addresses whether, in light of the results of the reviews under Advisory Matters 1 through 3, the Transaction can be regarded as fair to the General Shareholders.

Accordingly, in the following sections, the Committee will first review and make recommendations with respect to each of Advisory Matters 1 through 3 and, based on those recommendations, will then conclude with its recommendation on Advisory Matter 4.

## 2. Enhancement of Corporate Value (Related to Advisory Matter 1)

### (1) Review Approach

In assessing the reasonableness of the Transaction's purpose, the Committee considered it preferable, for the sake of clarity, to first review the synergies expected to result from the Transaction (i.e., the benefits of the Transaction) and then review potential disadvantages that may arise from the Transaction.

At the same time, because the Transaction will have the effect of causing General Shareholders to exit their status as shareholders of the Company, the Committee also reviewed—not merely whether the Transaction offers benefits—but whether delisting is unavoidable to implement the Transaction and whether any alternative transactions could produce the same effect without resulting in delisting.

### (2) Synergies Expected from Transaction

#### A. Company's Challenges and Desirable M&A

In the Hearings, the Committee received from the Company the following summary explanations regarding the business environment surrounding the Company Group. These explanations are consistent with the contents of the Company Press Release.

- (i) In Japan, in the steel industry, which is the main customer of refractories, according to the Japan Iron and Steel Federation, steel demand for both the construction and manufacturing industries is sluggish (domestic steel demand is gradually declining in both the manufacturing and civil engineering construction industries; and while domestic steel demand was approximately 62 million tons in fiscal year 2018, it decreased to approximately 50 million tons in fiscal year 2024). In addition, due to the impact of China's overproduction of steel and continued high levels of exports at low prices to the global markets, Japan's domestic crude steel production in fiscal year 2024 was 82.95 million tons and decreased for three consecutive years; and since fiscal year 1970, it remained at the second lowest level in history after fiscal year 2020 (82.78 million tons) of the coronavirus pandemic.
- (ii) In addition, crude steel production in the 2024 calendar year published by the World Steel Association was 149.6 million tons in India, an increase by 6.3% from the previous year; however, globally, it was 1,882.6 million tons, a decrease by 0.8% from the previous year.
- (iii) In the future, due to changes in the social and industrial structure, such as the switch from blast furnaces to electric furnaces and the advancement of EVs, competition with domestic and foreign refractory manufacturers is expected to intensify; and the Company Group recognizes that it is necessary for it to focus on strengthening its

technological capabilities, product development capabilities, and cost competitiveness, and to further strengthen and expand its advantages over domestic and foreign competitors.

The Committee, composed of the Company's outside officers, who, through their regular participation in the Company's board discussions, have repeatedly reviewed the Company's strengths and challenges, considers that the explanations provided by the Company, as set out above, do not contradict the previous discussions held by the board of directors and are acceptable.

Therefore, as the basic view on the enhancement of the Company's corporate value, the Committee believes that, given intensifying competition with domestic and overseas refractory manufacturers, an M&A which creates synergies to strengthen the Company Group's technological capabilities, product development capabilities, and cost competitiveness, and to further strengthen and expand its advantages over domestic and foreign competitors, would contribute to enhancing the Company's corporate value.

#### B. Explanation by Company regarding Synergies Expected from Transaction

Based on the basic view outlined in A. above, the Committee, having sent written questions regarding the purpose of the Transaction multiple times and received written responses from the Company, was informed by the Company that it believes the following synergies can be realized through the Transaction. These synergies are also described in detail in the Company Press Release.

##### (i) Maximizing Overseas Business Profits

- Domestic demand for refractories is expected to shrink due to a decline in domestic steel demand, including indirect exports, and a significant decline in steel exports, which are caused by acceleration of domestic population decline, China's overproduction of steel and continued high-level exports at low prices to the world, and the progress of the block economy. Under this environment, the Company has secured manufacturing and sales bases in India, Europe, the United States, Brazil, and other countries in order to make overseas business a pillar of growth.
- As the Company focuses on further overseas business development in the future, being able to further strengthen cooperation with the Tender Offeror and expand the use of its resources will be a strength of the Company not possessed by its competitors. In particular, the Company believes that by sharing specific measures and working closely with the Tender Offeror who is actively expanding its business in North America, one of the few growth markets even globally, it will be possible to accurately capture the demand for high-performance refractories that are expected

to increase significantly due to the introduction of technology by the Tender Offeror, as well as the demand associated with large-scale capital investment by the Tender Offeror Group. In addition, the Company believes that by flexibly utilizing the financing capabilities of the Tender Offeror in large-scale M&A and other opportunities, it is expected that the Company will be able to further expand global profits with more speed and flexibility than the Company would develop alone.

(ii) Strengthening Ability to Propose Solutions regarding Refractory Products

- In order to contribute to the improvement of its operation and steel quality in cooperation with the Tender Offeror, the Company has proposed solutions related to refractories by providing high-performance refractories, maintenance work, peripheral equipment, etc.
- Through the Transaction, the Company will become a wholly owned subsidiary of the Tender Offeror and will be able to receive further disclosure of operating information. The Company believes that this will make it possible to strengthen its ability to propose solutions, including the development of refractories, in order to strengthen the Tender Offeror's competitiveness over iron sources, and lead to an increase in profits for the Company.

(iii) Stability of Refractory Maintenance Work

- The Company recognizes that the domestic furnace construction industry, which undertakes refractory maintenance work for various industrial furnaces, is exposed to major changes in the business environment, such as the emergence of a shortage of furnace builders, the suspension of blast furnaces, and the progress of transition to electric furnaces; and that structural measures are necessary from a medium- to long-term perspective.
- The Company believes that if its position as a core company in the refractory maintenance business becomes clear as a result of the Transaction, this will contribute to the stability of the Company's business, including securing human resources.

C. Explanation by Tender Offeror regarding Synergies

The Committee, considering it necessary to hear explanations regarding the purpose of the Transaction not only from the Company but also from the Tender Offeror, sent written questions to the Tender Offeror regarding the purpose of the Transaction multiple times, received written responses, and conducted oral question-and-answer sessions. Following these exchanges, the Committee was informed by the Tender Offeror of the measures it intends to implement following the Transaction to enhance the Company's corporate value and the effects it anticipates, as summarized below. These explanations are also described

in detail in the Company Press Release.

(i) Further Maximizing Overseas Business Profits across the Tender Offeror Group

- The Tender Offeror recognizes that the Company has secured manufacturing and sales bases in India, Europe, Brazil, and other countries in order to make overseas business a pillar of growth as the domestic refractory market is shrinking.
- The Tender Offeror believes that through the Transaction, it will be possible to further expand overseas business profits across the Tender Offeror Group in North America in addition to India, Europe, Brazil, and other countries where the Company has been conducting business, by expanding utilization of the Tender Offeror Group's resources for the Company's future overseas expansion and by collaborating with the Tender Offeror Group's overseas expansion.

(ii) Strengthening Competitiveness over Iron Sources across the Tender Offeror Group

i. Refractory Products

- The Company has achieved certain results, such as improved durability (longer service life) of refractories, regarding quality improvement based on joint development and usage evaluation with the Tender Offeror thus far.
- The Tender Offeror believes that by improving competitiveness through strengthening collaboration between the Company and the Tender Offeror, and accelerating the development of refractories for electric furnaces that capture changes in the manufacturing process toward carbon neutrality under the more integrated management system, it will be possible to strengthen competitiveness over iron sources and expand profits across the Tender Offeror Group.

ii. Refractory Maintenance Work

- Issues, such as a decrease in workload and a shortage of furnace builders (refractory maintenance personnel), are expected to become more serious and apparent regarding the refractory maintenance functions for various industrial furnaces in Japan; and the Tender Offeror believes that it is necessary to make efforts to maintain the maintenance functions essential to the steelmaking business from a medium- to long-term perspective.
- The Tender Offeror also believes that the Company has a competitive advantage among the companies responsible for domestic refractory maintenance from the perspective of corporate scale and management system; and that by making the Company a core company when reviewing the refractory maintenance system of the Tender Offeror in the future, benefits can be expected for both the Tender Offeror and the Company.

D. Evaluation

The Committee observed that the measures (B. and C. above) which the Company and the Tender Offeror intend to implement following the Transaction to enhance the Company's corporate value do not contradict with each other and that the parties involved in the Transaction share a common understanding regarding the synergies expected from the Transaction. On that basis, the Committee regards each synergy as reasonable for the reasons set out below.

(i) Maximizing Overseas Business Profits

Both the Company and the Tender Offeror project that business expansion in North America will lead to improved profitability of their overseas businesses.

North America is a critically important market where, due to population growth, demand for steel is expected to expand and new electric furnace steel plants continue to be established one after another. Thus, the Committee deems it reasonable to project that the Company's overseas business profits could be improved by leveraging the business platform of the Tender Offeror Group in North America to expand exports of refractory products and deepen partnerships with local firms.

(ii) Strengthening Ability to Propose Solutions regarding Refractory Products

Both the Company and the Tender Offeror project that accelerating the development of refractories for electric furnaces that capture changes in the manufacturing process toward carbon neutrality will strengthen their ability to propose solutions and, in turn, enhance competitiveness over iron sources and expand their profits.

The Company has long served the demanding steelmaking operations associated with the Tender Offeror's high-grade steel production and has developed expertise in producing highly durable refractories, which it recognizes as its strength. If the Company becomes a wholly owned subsidiary of the Tender Offeror and thereby receives more extensive information disclosure than in the past, such disclosure is considered to accelerate the development of refractories for electric furnaces that contribute to carbon neutrality.

Thus, the Committee deems it reasonable to project that accelerating the development of refractories that contribute to carbon neutrality could strengthen the Company's ability to propose solutions and, in turn, achieve enhancement of competitiveness over iron sources and expansion of its profits.

(iii) Stability of Refractory Maintenance Work

Both the Company and the Tender Offeror project that positioning the Company as a core company of the Tender Offeror's refractory maintenance business will contribute to the stability of the Company's business, including securing human resources.

The Company holds a leading domestic market share in the refractory maintenance business and, in addition to its larger corporate scale relative to competitors, has a

unique strength of integrated products-and-construction services that no other competitors provide. If the Company becomes a wholly owned subsidiary of the Tender Offeror and is positioned, and publicly identified, as the core company of the refractory maintenance business within the Tender Offeror's group—a world-class steel manufacturer, the Company's competitive position in the refractory maintenance market is considered to become even more enhanced.

Thus, the Committee considers that the Transaction will contribute to the stability of the Company's refractory maintenance business, including securing human resources, and deems the foregoing projections by the Company and the Tender Offeror reasonable.

As described above, the projections made by the Company and the Tender Offeror are based on objective facts and statistical data and do not contradict with the Company's prior disclosures. Moreover, the projections are consistent with the insights the Committee members have derived from information about the Company's business that they, as all of whom are serving as outside officers of the Company, have known in their capacities as outside officers, and the Committee deems those projections reasonable.

Furthermore, the parties involved in the Transaction have identified the strengthening of the Company Group's technological capabilities, product development capabilities, and cost competitiveness as synergies expected from the Transaction. In light of the Committee's basic view on addressing the Company's business challenges set out above in A., the Committee deems that these synergies would contribute to enhancing the Company's corporate value.

### (3) Potential Disadvantages Arising from Transaction

As set out in (2) above, certain positive aspects have been identified; however, because the Transaction will lead to the Company Shares being taken private, any significant disadvantages arising from privatization must also be considered in assessing the reasonableness of the Transaction's purpose.

Accordingly, the Committee asked the Company and the Tender Offeror about potential disadvantages and received the following responses.

#### (i) Difficulty in Raising Funds through Equity Financing

The Company and the Tender Offeror have explained that, in respect of post-delisting funding needs, there are alternative means of raising fund in the stock market, such as the Tender Offeror responding to the Company's demand for funds through loans, and therefore they consider the impact of such disadvantage to be limited. In light of the Tender Offeror's corporate scale and the Company's prior track record in equity



financings, the Committee deems this explanation reasonable.

(ii) Decline in Employee Motivation or Adverse Effects on Retention

The Tender Offeror has explained that, with respect to policies concerning the treatment of the Company's employees, there are currently no matters under consideration for change in connection with the Transaction. In addition, the Company has explained that it expects this concern will be mitigated if the Company can preserve its autonomy and diversity (flexibility) in management and personnel appointments and demonstrate a credible plan for future growth.

In light of the foregoing explanations by the Company and the Tender Offeror, and taking into account that, as noted in (2)D.(iii) above, the Transaction is expected to further strengthen the Company's position in the industry, the Committee considers that this disadvantage would, even if it were to arise, be limited in scope.

(iii) Loss of External Credibility Associated with Being a Listed Company and Deterioration of Brand Image

The Company has explained that it does not have concerns that this disadvantage will materialize. The Company's name recognition, brand strength, and social credibility have largely been acquired and are maintained through its business activities, and the Company is considered to be able to acquire and maintain such reputation through its ongoing operations even after the Transaction is consummated. Accordingly, the Committee considers the likelihood of this disadvantage arising to be low and, even if it were to occur, it would be limited in scope.

(iv) Weakening of Relationships with Major Customers and Business Partners, including Competitors within Same Industry as Tender Offeror Group

The Company has explained that, considering that it is a well-known fact that the Company is originally one of the companies of the Tender Offeror Group, the impact of the decrease in orders due to the Company becoming a wholly owned subsidiary of the Tender Offeror is expected to be limited. In addition, the Tender Offeror has indicated that it intends to consult closely with the Company and take measures so that implementation of the Transaction will not disrupt the Company's existing business relationships.

Given that the Company's major customers and business partners have historically transacted with the Company on the understanding that the Company has been a consolidated subsidiary of the Tender Offeror, and in light of the Tender Offeror's stated intention to consult closely with the Company and take measures to avoid disruption to existing business relationships, the Committee considers the likelihood of this disadvantage to be low and, even if it were to occur, it would be limited in scope.

(v) Concern that Company's Managerial Autonomy may be Curtailed

The Tender Offeror has stated that, following implementation of the Transaction, it

intends to establish an integrated management system for the Company. The Tender Offeror has explained that such an integrated system is designed to enable the Company and the Tender Offeror, from a unified perspective, to implement measures to strengthen competitiveness quickly and flexibly, and is not intended as a mechanism for enhanced control, and the Tender Offeror therefore considers that the system can be compatible with the Company's autonomy and diversity.

Among the synergies from the Transaction projected by the Company and the Tender Offeror, the development of refractories that contribute to carbon neutrality would be made possible by maintaining the Company's managerial autonomy and diversity and enabling development based on free and diverse ideas. Therefore, the Committee considers the Tender Offeror's explanation above to be reasonable and the likelihood of this disadvantage arising to be low.

(vi) Transfer or Divestiture of Company's Business or Assets, other M&A Transactions, or Partial Scaling-Down or Withdrawal of Business Operations

The Tender Offeror has explained that there are currently no matters under consideration regarding any of these measures, and the Committee considers the likelihood of this disadvantage arising to be limited.

On the basis of the foregoing, the Committee considers that the synergies expected to result from the Transaction outweigh the potential disadvantages associated with undertaking the Transaction.

(4) Necessity of Delisting and Availability of Alternative Transactions

A. Necessity of Delisting

Based on the discussions in (2) and (3) above, the synergies expected to result from the Transaction are considered to address the Company's challenges and outweigh the potential disadvantages.

However, because the Transaction is premised on the delisting of the Company, it will have the effect of forcibly terminating the status of the Company's General Shareholders as shareholders of the Company. Accordingly, the Committee considers it necessary to further review whether the same effects as those contemplated by the Transaction could be achieved without effectuating a delisting, and, if such alternatives exist, whether there would remain a compelling necessity to proceed with the Transaction that results in delisting.

On this point, the Tender Offeror explained in the Hearings that, as the Tender Offeror and the Company are currently operating independently as listed companies, it is undeniable that there are certain restrictions on the sharing of technical information, the

complementary nature, and mutual utilization of management resources, etc. The Tender Offeror stated that, in order to achieve further growth of the Tender Offeror Group, it is necessary to establish a more integrated management system with the Company in terms of overseas expansion and functions and technologies of the iron source process, maximize overseas business profits and strengthen competitiveness over the iron source process throughout the group, and build an efficient and stable management system.

Indeed, the point is well taken that, under the current capital relationship, even if the Tender Offeror were to deploy its management resources to implement measures of the kind envisaged post-Transaction, it cannot be assumed that all of the value generated would necessarily be captured by the Tender Offeror Group.

Moreover, because the Tender Offeror is itself a listed company and thus must fulfill its accountability to its own shareholders for any deployment of management resources, the Tender Offeror's explanation that it must proceed cautiously when investing its management resources in the Company under the current capital relationship is also convincing.

Therefore, the Committee considers that, as a prerequisite to implementing the value-enhancement measures contemplated by the Transaction, it is unavoidable that the Transaction entails the delisting of the Company.

#### B. Availability of Alternative Transactions

As a further matter, if the Company had been considering any feasible transaction that could serve as an alternative to the Transaction, the rationale for proceeding with the Transaction that entails delisting would be diminished.

As such, the Committee asked the Company during the Hearings as to whether any transactions existed that could serve as an alternative to the Transaction, the Company responded that no concrete consideration had been given to any feasible transactions that would serve as an alternative to the Transaction.

Therefore, from the perspective of enhancing corporate value, the Committee considers that there are no specific transactions at this time that would serve as an alternative to the Transaction.

#### (5) Summary

As discussed above, to assess the reasonableness of the Transaction's purpose, the Committee first reviewed the Company's business challenges and the elements required of measures to address those challenges (i.e., the Company's challenges and desirable M&A).

The Committee then conducted a detailed review of the corporate-value enhancement measures contemplated by the Company and the Tender Offeror following implementation of

the Transaction. The Committee has found that the Company's and the Tender Offeror's explanations regarding those synergy items, including their underlying assessments of the Company's current business situation and its key challenges, are based on objective facts and statistical data; are consistent with prior discussions at the Company's board of directors meetings and with the insights the Committee members have derived from information about the Company's business that they have known in their capacities as outside officers; and would contribute to strengthening the Company Group's technological capabilities, product development capabilities, and cost competitiveness, thereby helping the Company address its business challenges. For these reasons, the Committee considers these explanations to be, on the whole, reasonable.

As the Takeover Guidelines also indicate, the Committee considers that the question of whether a transaction will contribute to enhancement of corporate value requires not merely qualitative explanations but concrete review. The synergies expected from the Transaction (specifically, the maximization of overseas business profits and the strengthening of the ability to propose solutions regarding refractory products) are not limited to qualitative narratives; rather, they include concrete elements such as improving profitability in a specific region (North America) and developing refractories for electric furnaces that contribute to carbon neutrality.

On that basis, the Committee has confirmed that: the synergies expected from the Transaction are considered to outweigh the disadvantages associated with undertaking the Transaction; proceeding with the Transaction that entails delisting is necessary; and there are no specific transactions that would serve as an alternative to the Transaction.

After reviewing the foregoing, the Committee believes that the Transaction will contribute to enhancement of the Company's corporate value and that the purpose of the Transaction is legitimate.

### 3. Fairness and Appropriateness of Transaction Terms (Advisory Matter 2)

#### (1) Review Approach

The M&A Guidelines require that, in reviewing the appropriateness of transaction terms in a M&A, a Special Committee should (i) ensure that, in discussions and negotiations of transaction terms with an acquiring party, reasonable efforts are made to conduct the M&A transaction on the best possible transaction terms for general shareholders, while also increasing corporate value; (ii) confirm the contents of the share price valuation, which is an important basis for judging the reasonableness of transaction terms, and the rationality of financial forecasts, assumptions, and other factors which are the premises for such valuation; and (iii) examine not only the level of the acquisition consideration but also the reasonableness of both the acquisition method and types of acquisition consideration (M&A

Guidelines 3.2.2).

Accordingly, the Committee will assess the fairness and appropriateness of the terms of the Transaction through the lens of items (i) through (iii) above.

(2) Ensuring Negotiation Conditions

A. Negotiation Policy and Stance

Based on advice from their respective advisors and on the results of value estimates of the Company Shares, the Company and the Committee confirmed that they would discuss and negotiate with the Tender Offeror with the basic policy which aims to set the Tender Offer Price: (A) at a level supported by the share valuation reports obtained by the Company and the Committee; and (B) at the best possible price for the General Shareholders.

The M&A Guidelines also state that (a) “value that can be realized without executing the M&A transaction” should be enjoyed by all shareholders, including general shareholders, in accordance with the number of shares held by such shareholders; whereas (b) “value that cannot be realized without executing the M&A transaction”—even though general shareholders may be squeezed out by the M&A—should nevertheless be enjoyed by the general shareholders to an appropriate extent to be fair (M&A Guidelines 2.2.1).

Accordingly, the Committee engaged in negotiations on the basis of the foregoing.

B. Negotiation Progress and Key Negotiation Points

Since July 4, 2025, the Company has conducted multiple negotiations regarding the Tender Offer Price with the Tender Offeror. The specific progress of the negotiations is as follows.

- (i) On July 4, 2025, the Company received from the Tender Offeror a proposal for various terms and conditions for the Transactions, including setting the Tender Offer Price in the Tender Offer at 3,500 yen.
- (ii) In response, on July 9, 2025, the Company, upon approval of the Committee, requested that the Tender Offeror consider increasing the proposed price because the proposed price did not sufficiently reflect the Company’s intrinsic value, and the Company believed that the synergy effects expected to be generated through the Tender Offer should be reflected in the Tender Offer Price.
- (iii) On July 11, 2025, the Company received a proposal from the Tender Offeror that the Tender Offer Price be 3,700 yen.
- (iv) In response, on July 16, 2025, the Company, upon approval of the Committee, reiterated its request for a review of the proposed price because it continued to be

highly inadequate, as it did not sufficiently reflect the intrinsic value of the Company.

- (v) On July 18, 2025, the Company received a proposal from the Tender Offeror that the Tender Offer Price be 4,050 yen.
- (vi) In response, on July 23, 2025, in accordance with the Committee's negotiation policy to make the best possible efforts to elicit a proposal of at least 4,200 yen, the Company considered 4,050 yen as still insufficient as the Tender Offer Price and proposed 4,300 yen to the Tender Offeror as a price that comprehensively considered various factors for evaluation of the share value of the Company.
- (vii) On July 23, 2025, the Company received a proposal from the Tender Offeror that the Tender Offer Price be 4,200 yen as the final offer price.
- (viii) As a result, on July 24, 2025, the Company concluded that the price proposed by the Tender Offeror could be deemed to comprehensively reflect various evaluation factors, including the Company's intrinsic value, the expectations of general shareholders on economic terms of the Transactions, and other matters; and replied, upon approval of the Committee, that it would consider accepting to set the Tender Offer Price at 4,200 yen as the Company's view at the time.

During the course of the negotiations as described above, the Committee held a meeting each time the Tender Offeror submitted price proposals as described in (i), (iii), and (v) above and received detailed explanations of each proposal from the Company and SMBC Nikko Securities. Additionally, in light of the results of the valuation estimate for the Company's shares prepared by SMBC Nikko Securities and PLUTUS CONSULTING, the premium levels represented by each proposal, the premium levels in the Similar Cases (as defined in (3)D.(B) below), and advice from the respective advisors, the Committee provided its opinions on the content and manner of responses to each proposal to ensure that the Tender Offer Price would be set at the best possible price for the General Shareholders, and provided approval to responses incorporating those opinions, thereby substantively participating in the price negotiations. The Company then responded to each price proposal in accordance with the content and manner approved by the Committee.

The key negotiation points were whether the Company should make a price proposal to the Tender Offeror and, if so, what price to propose, on what basis, and at what timing.

Regarding these points, the Committee, at the Committee meeting held on July 23, 2025, observed that the Tender Offeror's proposal had already been increased by 550 yen from the initial proposal of 3,500 yen to the then-current proposal of 4,050 yen ((v) above) and determined that a price indication from the Company would be an effective means of eliciting a further increase. Prior to making any price indication to the Tender

Offeror, the Committee deemed it necessary to determine a price level that could be regarded as fair and appropriate. Taking into account the circumstances described below and the advice of the respective advisors, the Committee determined that 4,200 yen was a price level that could be regarded as fair and appropriate.

- The 4,200-yen price exceeds the upper bounds of the market share price method and the comparable (listed) company method as calculated in the valuation estimates for the Company's shares prepared by SMBC Nikko Securities and PLUTUS CONSULTING, falls within the range calculated by the DCF Method, and is expected to exceed the median estimate calculated by PLUTUS CONSULTING using the DCF Method.
- The 4,200-yen price is expected to represent premiums exceeding 35% and 50% over the three-month and six-month average closing prices, respectively, which is comparable to the premium levels observed in the Similar Cases.

Accordingly, the Committee adopted its negotiation policy going forward to make best-efforts to elicit a proposal of at least 4,200 yen. Pursuant to this policy, the Company, in order to elicit a proposal of at least 4,200 yen from the Tender Offeror (as a tactical negotiation measure and not as an indication of the minimum price that the Company would regard as fair and appropriate), responded to proposal (v) above by proposing 4,300 yen to the Tender Offeror.

Subsequently, upon receiving the Tender Offeror's 4,200-yen proposal as described (vii) above, the Company replied, after obtaining approval of the Committee, that it would consider accepting the proposed price, as the Company's view at the time.

### C. Evaluation of Negotiation Conditions

The negotiation process concerning the Tender Offer Price is as described in A. and B. above; the Committee discussed the details of individual responses in advance, and the Company replied with the details approved by the Committee or responded in accordance with the negotiation policy the Committee had previously established. In doing so, the Company fully respected the Committee's opinions in the price negotiations, and the Committee was substantively involved throughout the entire price negotiation process, including in reviewing and determining the key negotiation points.

The foregoing negotiation process conforms to the practice recommended by the M&A Guidelines, namely that the Special Committee confirm the negotiation strategy in advance, obtain timely reports on the negotiation status, and at important junctures render opinions, instructions, or requests (M&A Guidelines 3.2.4.4).

Moreover, pursuant to this negotiation process, the Company succeeded in eliciting three successive increases of the proposed price following the Tender Offeror's initial

proposal of 3,500 yen, such that the final proposal of the Tender Offer Price reached 4,200 yen, representing an aggregate uplift of 700 yen from the initial proposal.

As set forth above, because the Committee was substantively involved in the price negotiations in the manner recommended by the M&A Guidelines and the Company conducted those negotiations giving full respect to the Committee's opinions, a substantial increase was achieved from the initial proposal. Moreover, as described in (3) below, the Tender Offer Price exceeds the upper bounds calculated by the market share price method and the comparable (listed) company method in the Valuation Materials and falls within the range of estimates calculated by the DCF Method (at a level exceeding the median in relation to the Share Valuation Report (PLUTUS CONSULTING)). In light of the foregoing, it is recognized that negotiations were conducted in accordance with the policy confirmed by the Company and the Committee, which sought to set the Tender Offer Price at a level supported by the Share Valuation Reports and at the best possible price for the General Shareholders.

Accordingly, it can be concluded that, in the course of discussions and negotiations of the transaction terms with the Tender Offeror, reasonable efforts were made to conduct the M&A transaction on the best possible transaction terms for the General Shareholders, while also increasing corporate value.

### (3) Share Valuation and Premium

#### A. Business Plan

In examining the fairness and appropriateness of the Tender Offer Price, the valuation results prepared by SMBC Nikko Securities and PLUTUS CONSULTING constitute the core materials. Since both valuation results are based on the Business Plan, the initial issue is whether the Business Plan is sufficiently reliable.

First, the Business Plan was prepared by the Company after the commencement of consideration of the Transaction, for the purpose of serving as the base material for the share valuation conducted by SMBC Nikko Securities and PLUTUS CONSULTING. The fiscal year ending March 2026, in which the submission date of this Report falls, is the final year of the Company's "2025 Management Plan" and "2025 Revised Management Plan," which cover the implementation period from the fiscal year ended March 2022 to the fiscal year ending March 2026, and no management plan has been formulated for the fiscal year ending March 2027 and thereafter. In addition, in transactions of this type, it is common for a target company to newly prepare a business plan for fiscal years for which a management plan has not yet been formulated, to be used as the base material for share valuation by a third-party valuation agency. In light of these circumstances, the fact that the Business Plan was prepared after the commencement of consideration of the



Transaction does not constitute a circumstance that gives rise to doubts as to the reasonableness of the Business Plan.

Next, with respect to the preparation process of the Business Plan, the Committee sent written questions to the Company and received written responses in the course of the Hearings, and verified the method and preparation process of the Business Plan. As a result, no arbitrary aspects were recognized in the formulation process. Specifically, the Committee confirmed, that three employees who concurrently serve the Company and the Tender Offeror - namely, the General Manager of the Management Planning Department (Executive Officer), the General Manager of the General Affairs Department and Risk Management Department (Executive Officer), and the General Manager of the Global Marketing Department of the Global Sales Headquarters for Refractories (Advisor) - were involved from the Company in the preparation process of the Business Plan. However, there were significant concerns regarding the adequacy and feasibility of the Business Plan if it were to be prepared without their involvement, and it was considered highly necessary to involve these three individuals in the preparation process of the Business Plan. Accordingly, subject to conditions such as verification of the appropriateness of the contents by a supervisor with no interest in the Business Plan, the Committee approved the involvement of these three individuals in the preparation process of the Business Plan. In addition, the Committee confirmed, not only with the Company but also with the Tender Offeror, that no persons related to the Tender Offeror other than the above three individuals were involved in the preparation process of the Business Plan.

In addition, the Committee examined whether the contents of the Business Plan had been intentionally constrained to suppress the valuation of the Company Shares (including whether it was based on excessively conservative assumptions). Specifically, after receiving a lecture from PLUTUS CONSULTING, the Company's own financial advisor, regarding key points for reviewing the Business Plan, the Committee received detailed explanations from the Company regarding the contents and assumptions of the Business Plan (including assumptions regarding the business operations and business environment), the rationale for setting the period (covering the six years from the fiscal year ending March 2026 to the fiscal year ending March 2031), and other aspects. In addition, PLUTUS CONSULTING conducted multiple interviews with the Company, analyzed and examined the contents of the Business Plan (including ensuring no inconsistencies with past performance), the assumptions, and the preparation process, and then explained the contents and results of such analysis and examination to the Committee. Based on these explanations, the Committee confirmed that there were no unreasonable aspects in the contents, assumptions, or preparation process of the Business Plan, and that the Business Plan was not formulated in an arbitrarily aggressive or conservative manner.

As a Committee composed of outside directors of the Company, the Committee also

confirmed that, in light of its recognition and understanding of the Company's business gained through ongoing discussions at the board of directors' meetings of the Company, there were no inconsistencies in the contents and assumptions of the Business Plan, nor in the Company's explanations thereof. For example, while the acquisition of United States Steel Corporation by the Tender Offeror has recently been announced and certain growth in the Company Group's North American business is expected as a result, such circumstances have been appropriately taken into account in the Business Plan. In addition, the Business Plan has been prepared considering the outlook for the global business environment, such as a decrease in domestic crude steel production and an increase in crude steel production in India, as well as the most recent business performance and various measures for future growth in the Company's businesses, such as refractories, furnaces, and ceramics. These points are also considered reasonable.

Furthermore, the Business Plan is consistent with the Company's "2025 Revised Management Plan" and also aligns with the publicly disclosed business performance forecast for the fiscal year ending March 2026, and thus the Business Plan does not significantly deviate from the most recently disclosed figures. While the Business Plan does not include any fiscal year in which a significant increase or decrease in profits is projected, the share valuations conducted by PLUTUS CONSULTING and SMBC Nikko Securities include fiscal years in which significant increases or decreases in free cash flow are projected. As more specifically described in the Company Press Release, for each fiscal year from the fiscal year ending March 2026 to the fiscal year ending March 2031, specific fluctuation items and figures explaining such increases or decreases are presented, and these explanations are considered to be concrete and reasonable.

Moreover, unlike a merger-type transaction in which both parties conduct due diligence on each other, in this Transaction the Company did not conduct due diligence on the Tender Offeror. Accordingly, there are circumstances that make it difficult for the Company to quantitatively estimate the corporate value enhancement effect of the Transaction at this time. Therefore, the Business Plan is prepared on a stand-alone basis, which is not unreasonable (see M&A Guidelines 3.3.2.1).

In light of the foregoing, with respect to the Business Plan, no facts indicating the involvement of arbitrary pressure by the Tender Offeror are recognized from either the formulation process or the formulation method, and the contents are deemed to be reasonable.

## **B. Valuation Process**

The Committee conducted hearings with PLUTUS CONSULTING and SMBC Nikko Securities on multiple occasions, received detailed explanations regarding the valuation

methods and evaluation processes for the share valuation of the Company Shares, as well as the process of consideration relating to such share valuation, and then examined the share valuation accordingly.

(A) Selection of Valuation Methods

PLUTUS CONSULTING and SMBC Nikko Securities examined the valuation methods to be adopted from among multiple share valuation methods in valuing the Company Shares, and, based on the view that it is appropriate to evaluate the value of the Company Shares from multiple perspectives on the premise that the Company is a going concern, adopted the market share price method, the comparable (listed) company method, and the DCF Method for the following reasons:

- Market share price method: The Company Shares are listed on the Prime Market of the Tokyo Stock Exchange, and the market price exists.
- Comparable (listed) company method: There are multiple listed companies comparable to the Company, making it possible to analogize the share value through comparison with similar companies.
- DCF Method: Future business performance can be reflected in the share valuation.

The above valuation methods are commonly used in share valuations in transactions of the same type as the Transaction, and no unreasonable aspects are recognized in the reasons for adopting each method. Accordingly, no unreasonable aspects are recognized in the fact that both valuation agencies valued the Company Shares using these methods.

(B) Reasonableness of Valuation

(i) Market Share Price Method

In applying the market share price method, by setting the reference date for valuation as July 31, 2025, PLUTUS CONSULTING and SMBC Nikko Securities adopted the closing price on the reference date, the simple average closing price for the latest one-month period, the simple average closing price for the latest three-month period, and the simple average closing price for the latest six-month period. The adoption of these values is common practice in the market share price method, and no unreasonable aspects are recognized in the valuation based on this method.

(ii) Comparable (Listed) Company Method

PLUTUS CONSULTING selected Shinagawa Refra Co., Ltd. and Yotai Refractories Co., Ltd. as comparable listed companies, and calculated the per-

share value of the Company Shares using the EV/EBIT ratio and the EV/EBITDA ratio. SMBC Nikko Securities selected Shinagawa Refra Co., Ltd. and TOKYO YOGYO Kabushiki Kaisha (known as TYK Corporation) as comparable listed companies, and calculated the per-share value of the Company Shares using the EV/EBITDA ratio.

No unreasonable aspects are recognized in the explanations provided by both valuation agencies regarding the selection process for comparable listed companies, the comparison indices adopted, or the basis for calculating the ratios.

(iii) DCF Method

(a) Valuation by PLUTUS CONSULTING using the DCF Method

PLUTUS CONSULTING adopted WACC as the discount rate and set the WACC range from 5.5 % to 6.7 %. No unreasonable aspects are recognized in the basis for calculating these figures.

In addition, for the calculation of continued value, PLUTUS CONSULTING adopted the multiple method, using the EV/EBIT ratio and the EV/EBITDA ratio as comparison indices at 6.9 to 9.8 times and 5.1 to 7.5 times, respectively, and valued the continued value at 131,434 million yen to 194,539 million yen. No unreasonable aspects are recognized in the selection of these valuation methods and comparison indices, the basis for calculating them, or the underlying reasoning therefor.

Furthermore, no unreasonable aspects are recognized in other valuation processes or conditions precedent under the DCF Method.

Accordingly, no unreasonable aspects are recognized in the valuation results obtained by PLUTUS CONSULTING using the DCF Method.

(b) Valuation by SMBC Nikko Securities using the DCF Method

SMBC Nikko Securities adopted WACC as the discount rate and set the WACC range from 6.59 % to 8.05 %. No unreasonable aspects are recognized in the basis for calculating these figures.

In addition, for the calculation of continued value, SMBC Nikko Securities adopted both the perpetual growth method and the multiple method. In the perpetual growth method, the perpetual growth rate of 0.00 % to 1.00 % was adopted. In the multiple method, the EV/EBITDA ratio of 5.8 times to 7.0 times was adopted as the comparison index. Based on the above, the continued value was calculated at 93,743 million yen to 180,198 million yen. No unreasonable aspects are recognized in the selection of these valuation methods and comparison indices, the basis for calculating them, or the underlying reasoning

therefor.

Furthermore, no unreasonable aspects are recognized in other valuation processes or conditions precedent under the DCF Method.

Accordingly, no unreasonable aspects are recognized in the valuation results obtained by SMBC Nikko Securities using the DCF Method.

(C) Differences between the Share Valuations by PLUTUS CONSULTING and SMBC Nikko Securities

Differences are recognized between the share valuations by PLUTUS CONSULTING and SMBC Nikko Securities described in (A) and (B) above, including differences in the selection of comparable listed companies under the comparable (listed) company method and differences in the methods for calculating continued value under the DCF Method (such as whether to adopt the perpetual growth method and the selection of comparison indices under the multiple method).

However, the Committee received an explanation from PLUTUS CONSULTING that these differences are reasonable differences arising from the professional judgment exercised by both valuation agencies in conducting their valuation and do not give rise to doubts as to the reasonableness of the share valuations conducted by either agency.

(D) Summary

As a result of the above verification, the Committee concluded that no unreasonable aspects are recognized in the Valuation Materials prepared by PLUTUS CONSULTING and SMBC Nikko Securities, and evaluated them as credible.

C. Valuation of the Company Shares

Based on the above, the valuation result of the Company Shares shall be reviewed. According to the Share Valuation Report (PLUTUS CONSULTING), the share value of the Company Shares based on each valuation method is as set forth in Table 1 below.

When compared with the below valuation results, the Tender Offer Price of 4,200 yen per share (i) exceeds the upper limit of the values calculated by the market share price method and comparable (listed) company method, and also (ii) exceeds the median of the share value per share calculated by the DCF method which is considered to reflect the intrinsic value of the Company Shares.

< Table 1 Share value of the Company Shares calculated by PLUTUS CONSULTING >

Calculation method	Reference date	Per share value
Market share price method	July 31, 2025	2,804 yen~3,450 yen
Comparable (listed) company method	July 16, 2025	1,831 yen~2,637 yen
DCF method	July 16, 2025	3,210 yen~4,794 yen

According to the Share Valuation Report (SMBC Nikko Securities), the share value of the Company Shares based on each valuation method is as set forth in Table 2 below.

< Table 2 Share value of the Company Shares calculated by SMBC Nikko Securities >

Calculation method	Reference date	Per share value
Market share price method	July 31, 2025	2,804 yen~3,447 yen
Comparable (listed) company method	July 31, 2025	1,615 yen~2,239 yen
DCF method	July 31, 2025	3,063 yen~5,397 yen

When compared with the above valuation results, the Tender Offer Price of 4,200 yen per share (i) exceeds the upper limit of the value calculated under the market share price method and comparable (listed) company method, and also (ii) falls within the range of share value per share calculated under the DCF method which is considered to reflect the intrinsic value of the Company Shares.

On July 31, 2025, the Committee obtained from PLUTIS CONSULTING the Fairness Opinion (PLUTUS CONSULTING) to the effect that the Tender offer Price, 4,200 yen per share, is fair from a financial perspective for the General Shareholders. On July 31, 2025, the Company obtained from SMBC Nikko Securities the Fairness Opinion (SMBC Nikko Securities) to the effect that the Tender Offer Price, 4,200 yen per share, is fair from a financial perspective for the Company's shareholders (excluding the Tender Offeror and its affiliates, and the Company owning the Company Shares as treasury shares). These facts could be evaluated to support the fairness of the Tender Offer Price (M&A Guidelines 3.3.2.2).

From the above, the Committee considers that the Tender Offer Price is a level that is fair to the General Shareholders based on comparison with the share valuations of the Company Shares as calculated by PLUTUS CONSULTING and SMBC Nikko Securities.

#### D. Review of the Premium

(A) Premium

Next, the Tender Offer Price is the amount added thereto the premium, such as those given in Table 3 below, to the closing price of the Company Shares on the Tokyo Stock Exchange until July 31, 2025 (the “Previous Day”).

< Table 3 Premium of the Tender Offer Price >

Reference price	Share price	Premium
Closing price on the Previous Day	3,450 yen	21.74%
Average closing price for one month before the Previous Day	3,447 yen	21.85%
Average closing price for three months before the Previous Day	3,054 yen	37.52%
Average closing price for six months before the Previous Day	2,804 yen	49.79%
Average closing price for one year before the Previous Day	2,564 yen	63.81%

(B) Comparison with other cases

As also indicated by the M&A Guidelines, in any tender offer, it is difficult to establish any singular or objective criteria on how much premium is appropriate over the share price (M&A Guidelines 2.2.2).

Therefore, the Committee cannot immediately judge whether a Tender Offer Price is fair and appropriate based on the fact that a premium as give in the above is added.

In any event, however, if the level of premium is comparable to similar cases, then such fact is generally considered as one of the grounds that support the appropriateness of the price.

The Committee therefore requested PLUTUS CONSULTING to provide data on the premium level among the tender offers that were announced on and after June 28, 2019, when the M&A Guidelines were published, until June 30, 2025 (17 tender offer cases; “Similar Cases”) where a parent company purchased its subsidiary and where such subsidiary’s market capitalization was 100 billion yen or more and that involved a share price before the purchase that was more than one times the consolidated book value net asset amount per share.

The Committee, as a reference case of tender offer in the recent one year before the date of submission of this Report, reviewed the case of Sanyo Special Steel Co., Ltd. which aimed to make this company a wholly owned subsidiary of the tender offeror as an example of making a consolidated subsidiary a wholly owned subsidiary. In this

case, the purchase price, etc. was of a level that was below the consolidated net book value per share of Sanyo Special Steel Co., Ltd. and since the circumstances between that case and this Tender Offer were different, the Committee confirmed that the exclusion of this case from the Similar Cases is reasonable.

Based on the above, according to the data provided, the median of the premium level in the Similar Cases are as per Table 4 below.

< Table 4 Premiums in 17 Similar Cases >

Premium	Median
Closing price on the Previous Day	25.97%
Average closing price for one month before the Previous Day	31.57%
Average closing price for three months before the Previous Day	34.12%
Average closing price for six months before the Previous Day	28.97%
Average closing price for one year before the Previous Day	32.97%

When compared with the premium level of the Tender Offer Price indicated in Table 3 above with those in Similar Cases, it is found that the premium level of the Tender Offer Price, even when considering the recent trends where the share price of the Company Shares is rising, is comparable to those in Similar Cases in the average closing price for three months, six months, and one year before the Previous Date, respectively.

#### E. Summary

From the above, the following circumstances are found with respect to the Tender Offer Price.

- (i) As indicated in C. above, the Tender Offer Price exceeds the upper limit calculated under the market share price method and comparable (listed) company method, and falls within the range calculated under the DCF method (exceeds the median in relation to the Share Valuation Report (PLUTUS CONSULTING)) in the Share Valuation Report (PLUTUS CONSULTING) and Share Valuation Report (SMBC Nikko Securities).
- (ii) As indicated in C. above, the Company and the Committee obtained the Fairness Opinions.



(iii) As indicated in D. above, when the premium is compared with those in the Similar Cases, the premium level is comparable to those in the Similar Cases with respect to average closing price for three months, six months, and one year before the Previous Date, respectively.

(iv) The Tender Offer Price is of a level that exceeds the highest price since the Company became listed.

As previously stated, the M&A Guidelines indicate that fair transaction terms may be realized if general shareholders enjoy the respective portions of (a) “value that can be realized without the M&A transaction” and (b) “value that cannot be realized without the M&A transaction.” The Committee thus conducted negotiations based on such indications and it considers that, based on each circumstances indicated above, the Tender Offer Price is an amount with appropriate additional increment even when this is compared with the share value of the Company Shares calculated on a standalone basis, and that the Tender Offer Price is of a level that satisfies the criteria of (a) and (b) above.

#### (1) Appropriateness of the Scheme

The Committee also reviewed the appropriateness of the type, etc. of the acquisition method and consideration to be paid for purchase. In the Tender Offer, cash is paid as consideration, and in the Squeeze-out Procedures, the amount of cash to be issued to General Shareholders who did not tender in the Tender Offer is expected to be set to an amount equal to the Tender Offer Price, and no stock-based consideration transaction will be employed.

Not all General Shareholders of the Company may wish to hold the shares of the Tender Offeror, and from the general advantages that cash has higher liquidity than stocks, transactions for cash consideration are considered to be more reasonable than transactions for stock consideration.

Furthermore, as indicated in 2 (4) B. above, there seems to be no particular transaction that may be an alternative for the Transactions.

Therefore, it could be said that the scheme for the Transactions may be more reasonable for the Company’s General Shareholders as this provides them with an opportunity to appropriately collect on their investment.

#### (2) Summary

As stated above, there are no queries in the situation of negotiations for the Transactions and the level of the Tender Offer Price is fair and appropriate in relation to the share valuation calculated, premium level, and the highest price since listed.

Furthermore, the Transactions ensure that the General Shareholders receive consideration

in the amount equal to the Tender Offer Price even if they receive consideration through either the Tender Offer or the Squeeze-out Procedures.

Therefore, it is concluded that fairness and appropriateness of the terms of the Transaction are ensured from the standpoint of the Company's General Shareholders in the Transactions overall including the Tender Offer Price.

However, as it is expected that considerable time will be required from the announcement of the Tender Offer until the commencement thereof, the Committee is scheduled to conduct additional reviews on the fairness and appropriateness of the terms of the Transactions again at the time of commencement of the Tender Offer.

#### 4. Ensuring the Benefit of General Shareholders through Fair Procedures (Advisory Matter 3)

Next, the question of whether the General Shareholders' interest is ensured or not through fair procedures shall be reviewed by confirming the situation of adoption and operation of fairness ensuring measures that are given in the M&A Guidelines.

##### (1) Establishment of a Special Committee

The Committee is comprised of a total of three persons, i.e., the Company's two independent outside directors and one independent outside auditor.

The Committee, as described in each relevant sections of this Report, is performing its roles that is expected to be performed by it as prescribed in the M&A Guidelines when reviewing the Advisory Matter (Specifically, (i) to review and decide whether the M&A is beneficial from the perspective of whether the Transactions improve the corporate value of the target company, and (ii) to review the (1) appropriateness of the transaction terms and (2) fairness of the procedures from the perspective of benefiting the General Shareholders) (M&A Guidelines 3.2.2).

The Committee also gives consideration such the following (M&A Guidelines 3.2.4).

- (i) The Committee was established before the transaction terms were decided between the Tender Offeror and the Company (M&A Guidelines 3.2.4.1).
- (ii) The independence of all members of the Committee from the Tender Offeror and their independence from success or failure of the Transactions are ensured, none of the members of the Committee have an agreement with the Company that they shall receive a reward if the Transactions succeed, and the Committee is comprised only of outside directors who are regarded by the M&A Guidelines to be eligible to serve as members of the Committee, and outside company auditors who are regarded by the M&A

- Guidelines as eligible to complement these outside directors (M&A Guidelines 3.2.4.2).
- (iii) When the Company discusses with the Tender Offeror on the Tender Offer Price, the Company seeks confirmation from the Committee in advance which ensures the Committee to receive timely reports on the status of negotiations, state its opinion at critical moments, give instructions and make requests, and substantially exercise influence in the course of negotiating the transaction terms (M&A Guidelines 3.2.4.4).
  - (iv) The Committee considered the independence, expertise, and experience of multiple candidates for legal advisor, financial advisor, and third-party valuation agency. On June 2025, the Committee appointed Nakamura, Tsunoda & Matsumoto as the legal advisor who is independent from the Company and Tender Offeror, and on the same day, appointed PLUTUS CONSULTING as the financial advisor and third-party valuation agency who is independent from the Company and Tender Offeror, and with their advice, reviewed and judged the fairness of procedures and assessment of corporate value by relying on their expert knowledge (M&A Guidelines 3.2.4.5).
  - (v) The Committee has, as described in detail in the relevant sections of this Report, acted on behalf of the General Shareholders where it acquired documents scheduled to be disclosed concerning the Transactions and material information concerning anticipated synergies, interviewed both parties and confirmed the details of the Transactions, and reviewed and made decisions based on the foregoing (M&A Guidelines 3.2.4.6).
  - (vi) The Company's board of directors, made a resolution concerning the Advisory Matter for the Committee, that it shall respect the decisions of the Committee to the maximum extent where if the Committee decided that the transaction terms for the Transactions are not appropriate, the board shall not support the Transactions based on those transaction terms (M&A Guidelines 3.2.5).

From the above circumstances of establishment and operation of the Committee, the Committee is found to be effectively functioning as measures to ensure fairness.

## (2) The Company's Decision-Making Process

Among the 13 directors and auditors of the Company, one officer (Takaki Goto, Corporate Auditor) has not participated in the discussion and resolution of the Company's board of directors concerning the Transactions.

Furthermore, in the course of review of the Transactions by the Company, specifically for (i) formulating the Business Plan, (ii) undertaking due diligence, (iii) discussion concerning synergy, and (iv) participating in the administration of the Committee, it was found that persons who concurrently serve for the Company and the Tender Offeror were involved (two persons were involved in the actions for (i) to (iii) and one person was involved in the actions

for the (i) to (iv)), however, it cannot be found that their involvement would raise doubts towards the fairness of the decision-making process by the Company.

- (i) With respect to the action for (i) above, it is highly questionable whether such formulated Business Plan would be sufficient and feasible without the involvement of those relevant persons, and their involvement is indispensable in formulating the Business Plan. Furthermore, the appropriateness of the contents of the Business Plan is subject to confirmation by a disinterested supervisor and the appropriateness of the contents of the Business Plan is subject to review by SMBC Nikko Securities and PLUTUS CONSULTING.
- (ii) With respect to the actions for (ii) and (iii) above, the involvement of the relevant persons is indispensable to overall ensure the Company's interests when responding to due diligence and discussing on synergy, value of sales activities, and corporate governance and legal. Furthermore, the need for their involvement and appropriateness of the contents are subject to confirmation by a disinterested supervisor.
- (iii) With respect to the actions for above (iv), the involvement of the relevant persons is indispensable as they are in a position to oversee the actual administration of the Company's board of directors, and their involvement in the operation of the Committee which is closely related to the operation of the board of directors, is indispensable, (a) their involvement is permitted only to the extent of supporting the preparation of holding the meetings of the Committee such as to arrange the dates for holding the meetings of the Committee, and meetings between the Committee and the board of directors, and prepare materials for distribution, (b) while they are not prevented from being present at the meetings of the Committee, they are required to leave when holding discussions with the Tender Offeror concerning the Tender Offer Price and other transaction terms, and (c) their involvement is subject to confirmation by a disinterested supervisor that this does not exceed the scope permitted.
- (iv) The relevant persons involved have not been involved in the negotiations with the Tender Offeror concerning the Tender Offer Price and other transaction terms.

Based on the foregoing, there are no facts that should raise concerns towards the fairness of the decision-making process of the Company.

### (3) Obtaining Professional Advice and Other Assistance from Outside Experts

#### A Obtaining Advice from the Legal Advisor

The Company's board of directors has received advice for its decision-making from lawyers of Anderson Mori & Tomotsune, the legal advisor.

Regarding the law firm's independence, at the first Committee meeting held on May

28, 2025, the Committee, by directly confirming with the law firm's lawyers at the Hearings that the law firm has no ongoing transactional relationship with the Tender Offeror or the Company and that a contingent-fee arrangement is not being adopted, confirmed that the law firm is not a related party of the Tender Offeror or the Company and does not have a material interest in the success or failure of the Transaction; accordingly, the Company is deemed to have obtained independent advice from the lawyers (M&A Guidelines 3.3.1).

#### B Obtaining Share Valuation Reports from Third-Party Valuation Agencies

To ensure the fairness of the Tender Offer Price, as materials concerning the value of the Company Shares, the Company's board of directors has obtained the Share Valuation Report (SMBC Nikko Securities) from SMBC Nikko Securities, an independent third-party valuation agency, and the Committee has obtained the Share Valuation Report (PLUTUS CONSULTING) from PLUTUS CONSULTING, an independent third-party valuation agency.

The contents of the Share Valuation Reports and the Business Plan, which form the basis for those valuations, are reasonable, as stated in 3 above.

Regarding the independence of SMBC Nikko Securities, at the first Committee meeting held on May 28, 2025, the Committee, by directly confirming with SMBC Nikko Securities at the Hearings that SMBC Nikko Securities is not a related party of the Tender Offeror or the Company and does not have a material interest in the Transaction, including the Tender Offer, confirmed that the independence of SMBC Nikko Securities is secured (M&A Guidelines 3.3.2.3). Although SMBC Nikko Securities' remuneration includes a contingent fee payable upon the successful completion of the Transaction, given that the adoption of contingent-fee arrangements is common practice in transactions of this kind, the existence of a contingent-fee arrangement is not, by itself, considered to negate independence.

In addition, regarding the independence of PLUTUS CONSULTING, at the second Committee meeting held on June 5, 2025, the Committee, by directly confirming with PLUTUS CONSULTING at the Hearings that PLUTUS CONSULTING is not a related party of the Tender Offeror or the Company and does not have a material interest in the Transaction, including the Tender Offer, confirmed the independence of PLUTUS CONSULTING as an advisor (M&A Guidelines 3.3.2.3). Furthermore, PLUTUS CONSULTING's remuneration comprises only fixed remuneration payable irrespective of the success or failure of the Transaction and does not include any contingent fee.

Accordingly, the Valuation Materials are each recognized as Share Valuation Reports prepared by independent third-party valuation agencies (M&A Guidelines 3.3.2).

### C Obtaining the Fairness Opinions

In order to ensure the fairness of the Tender Offer Price, the Company's board of directors has obtained the Fairness Opinion (SMBC Nikko Securities) from SMBC Nikko Securities to the effect that the Tender Offer Price of ¥4,200 per share is, from a financial perspective, fair to the holders of Company Shares other than the Tender Offeror and its related companies (the Tender Offeror being the Company's parent) and the Company with respect to Company Shares held as treasury shares.

Additionally, the Committee has obtained the Fairness Opinion (PLUTUS CONSULTING) from PLUTUS CONSULTING to the effect that the Tender Offer Price of ¥4,200 per share is, from a financial perspective, fair to the Company's General Shareholders.

A fairness opinion differs from a share valuation report in that a third-party valuation agency serves as the opinion-forming party and the subject of the opinion is the fairness, for the target company's General Shareholders, of the specific transaction terms agreed between the parties. As a fairness opinion can serve as more direct and material reference information regarding the value of the target company, it is considered to have a more effective role in addressing a structural conflict-of-interest issue and an information asymmetry issue in the process of forming transaction terms (M&A Guidelines 3.3.2.2).

On that basis, the M&A Guidelines provide that a fairness opinion obtained from a third-party valuation agency that possesses (i) independence and neutrality, (ii) a careful issuance process, (iii) a high level of expertise and track record, and (iv) reputation should be positively evaluated as a measure to ensure fairness (M&A Guidelines 3.3.2.2(B)).

With respect to the independence of SMBC Nikko Securities and PLUTUS CONSULTING, as described in B above, after the Committee conducted Hearings with both firms, the Committee determined that both firms possess (i) independence and neutrality.

In addition, through the Hearings with SMBC Nikko Securities and PLUTUS CONSULTING, the Committee confirmed that they satisfy (ii) through (iv).

Accordingly, the Committee considers that the Fairness Opinions can be positively evaluated as measures to ensure fairness.

## (4) Market Check

### A Tender Offer Period and Deal Protection Clause

At the Hearings, it was explained that the Tender Offer period is planned to be set at the statutory minimum of 20 business days. However, the Company Press Release states

that the Tender Offer is a so-called pre-announcement-type Tender Offer and that a relatively long period will be secured between the publication of the series of transaction terms, including the Tender Offer Price, and the commencement of the Tender Offer. Taking that period into account, it is recognized that there will be a reasonable opportunity for other potential acquirers to make competing acquisition proposals.

Furthermore, the Tender Offeror and the target company have not entered into any agreement that would restrict competing bidders from contacting the target company, such as an agreement containing a deal-protection clause that prohibits the target company from contacting competing bidders. By not hindering opportunities for competing purchases, consideration has been given to ensuring the fairness of the Tender Offer.

Accordingly, in this Transaction, a so-called indirect market check has been conducted by implementing the M&A after establishing an environment in which other potential acquirers can make competing proposals following public disclosure (M&A Guidelines 3.4.2).

## B Assessment

Under the M&A Guidelines, where the acquirer is a controlling shareholder, market checks are generally limited in their effectiveness as measures to ensure fairness and often have little practical significance. However, because there may be exceptional situations in which a market check can function, the Special Committee is advised to confirm, as a precaution, whether any such exceptional circumstances exist. On that basis, the M&A Guidelines specifically list the following as such exceptional circumstances: (i) where the percentage of voting rights held by the controlling shareholder is low; (ii) where a highly attractive competing proposal is made such that the controlling shareholder may agree to sell; and (iii) where the controlling shareholder initially acquires a subsidiary but subsequently intends to sell all or part of it (as set forth in M&A Guidelines 3.4.3.2).

First, in this case, the Tender Offeror, which is the controlling shareholder of the Company, owns, including indirect ownership through Nippon Steel Texeng Co., Ltd., a total of 46.47% of the Company Shares, an ownership ratio that approaches a majority; accordingly, the Transaction does not fall under (i). At the Hearings, the Tender Offeror explicitly denied the possibility described in (ii). Furthermore, the Transaction scheme does not envisage the situation described in (iii).

Based on the foregoing, the Special Committee has determined that, in this case, there are no particular exceptional circumstances that would require conducting an active market check.

## (5) Majority of Minority

In this Tender Offer, the concept of Majority of Minority has not been adopted with respect to the minimum number of shares planned for purchase.

However, the M&A Guidelines note that, in cases where the Tender Offeror's shareholding ratio in the target company is high—such as acquisitions of subsidiaries by a controlling shareholder—concerns have been raised about potential deterrent effects on M&A that would contribute to enhancing corporate value; accordingly, the adoption of Majority of Minority is not mandatory (M&A Guidelines 3.5.2), and in this case the decision not to establish Majority of Minority is not a decisive negative factor.

Further, as stated in Part V, 4 of this Report, it is recognized that many measures to ensure fairness other than the setting of Majority of Minority conditions have been adopted in connection with the implementation of this Tender Offer.

Accordingly, the absence of a Majority of Minority condition in this Tender Offer is not considered to impair the fairness of the Transaction terms.

(6) Enhancing Information Provision to General Shareholders and Improving Process Transparency

Under the M&A Guidelines, informed judgment by the General Shareholders is emphasized, and it is therefore recommended that important materials that assist General Shareholders in assessing the appropriateness of the transaction terms be provided (M&A Guidelines 3.6.1).

Specifically, with respect to the Special Committee, the M&A Guidelines recommend disclosure of (a) information on the qualifications of committee members such as their independence and expertise, (b) information on the scope of authority granted to the Special Committee, (c) information on the Special Committee's deliberation process and its involvement in the negotiation process, (d) the basis/reasons for the Special Committee's decision and the contents of this Report, and (e) disclosure of the committee members' compensation framework (M&A Guidelines 3.6.2.1). With respect to this matter, the Company Press Release contains elements (a) through (c) and (e), and the attachment of this Report to the Company Press Release provides disclosure of element (d).

Next, regarding the Share Valuation Reports, the M&A Guidelines list, especially for DCF analysis, examples of disclosures such as (i) the Company's free-cash-flow forecasts that formed the basis of the valuation and whether those forecasts assume the implementation of the M&A, (ii) the background of the financial forecasts on which the valuation was based, (iii) the types of discount rates and the basis for their calculation, and (iv) the approach to the forecast period for free cash flows and the approach to continued value (including the growth rate assumed after the forecast period) (M&A Guidelines 3.6.2.2). (These items are illustrative and are not all mandatory.)



With respect to this case, the Company Press Release discloses (i) and (ii) (stating that the Committee has confirmed the Share Valuation Reports prepared by SMBC Nikko Securities and PLUTUS CONSULTING and the reasonableness of the Business Plan, and indicating whether the Business Plan includes any fiscal years in which significant increases or decreases in profits are expected), and describes (iii) the discount rate and (iv) the continued value and its calculation method.

Finally, other information regarding the process and negotiation history leading to the execution of the M&A is recognized as being substantially described in the Company Press Release (M&A Guidelines 3.6.2.3).

(7) Elimination of Coerciveness

The Squeeze-out Procedures in this Transaction are to be implemented under a scheme using either a Share Consolidation or a request for sale of shares. In either scheme, shareholders are afforded the right to file an application for determination of the price, and the Company Press Release explicitly discloses this fact.

The Company Press Release also discloses that the Squeeze-out Procedures will be carried out promptly after the end of the Tender Offer and that the cash to be delivered to the General Shareholders in connection with the Squeeze-out Procedures is scheduled to be the same as the Tender Offer Price.

On the foregoing basis, it is recognized that measures to eliminate coerciveness have been implemented with respect to the Transaction (M&A Guidelines 3.7).

(8) Summary

As described in (1) through (7) above, in this Transaction, from both perspectives under M&A Guidelines 2.4—(i) ensuring conditions that can be regarded as equivalent to transactions between independent parties in the process of forming the transaction terms, and (ii) ensuring opportunities for General Shareholders to make appropriate judgments based on sufficient information—measures to ensure fairness that are necessary and sufficient for this Transaction have been adopted. Furthermore, those measures to ensure fairness are recognized to be actually operated effectively.

Accordingly, in this Transaction, it is recognized that sufficient consideration has been given to the interests of the Company's General Shareholders through fair procedures.

5. With respect to Advisory Matter 4

Advisory Matter 4 asks whether the Transaction is fair to the Company's General Shareholders.

The Committee considers that the matters requested for examination in Advisory Matters 1 through 3 are relevant factors to be taken into account when considering Advisory Matter 4. As detailed in this Report, based on the Committee's deliberations, the Committee has concluded that none of Advisory Matters 1 through 3 raise any concerns.

Accordingly, the Committee submits its opinion on Advisory Matter 4 as set forth in Part IV of this Report.

However, the Committee's opinion with respect to Advisory Matter 4 is based on the circumstances as of the date of this Report. As the Tender Offer, which is the first phase of the Transaction, is expected to require a reasonable period between public announcement and commencement, the Committee intends to conduct additional review of these matters at the commencement of the Tender Offer.

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(Translation)

January 29, 2026

To: Board of Directors of Krosaki Harima Corporation

Special Committee of Krosaki Harima Corporation

Chairperson      Takuji Kato

Member      Yumi Akagi

Member      Sunao Okaku

## **Additional Report**

This Additional Report (the “Additional Report”) sets forth the contents of the report adopted after careful deliberation in addition to the report of the Committee dated August 1, 2025 (the “August 1 Report”) with respect to the matters on which the Committee was consulted by the board of directors of the Company, the details of which are set forth in Part I of this Additional Report.

Unless otherwise specified, terms used in this document shall have the same meanings as those used in the August 1 Report.

### **Part I. Advisory Matters**

To review whether there have been any changes to the opinions set forth in the August 1 Report, and, if there have been any changes, to inform the Company’s board of directors on such changes.

## Part II. Procedures Leading to Committee's Recommendations

### 1. Materials Reviewed

The Committee reviewed, in addition to the materials and information on which its August 1 Report are based, the draft press release dated January 30, 2026 regarding the commencement of the Tender Offer for the Company (the "TOB Commencement Press Release"), materials relating to the status of preparation for the Transaction since August 1, 2025, and various other materials submitted to the Committee by e-mail.

### 2. Hearings of Explanations

In order to review the Advisory Matters, the Committee received from the Company and SMBC Nikko Securities by e-mail their reports on the status of preparation for the Transaction since August 1, 2025.

Similarly, the Committee received (i) from PLUTUS CONSULTING by e-mail its opinion on whether the Share Valuation Report (PLUTUS CONSULTING) and Fairness Opinion (PLUTUS CONSULTING) should be updated and (ii) from SMBC Nikko Securities by e-mail its opinion on whether the Share Valuation Report (SMBC Nikko Securities) and Fairness Opinion (SMBC Nikko Securities) should be updated.

Separately, the Committee received from the Company's legal advisor, Anderson Mōri & Tomotsune, by e-mail its report on the status of various procedures in connection with the Transaction since August 1, 2025.

As described above, the Committee collected information that is deemed reasonably necessary to make its recommendations on the Advisory Matters by confirming the facts of whether any material change in circumstances or event that could affect the Transaction have occurred since August 1, 2025.

Based on such information collected, the Committee reviewed on the Advisory Matters and on drafting of this Additional Report. After each of the members of the Committee expressed their opinions by e-mail, all members unanimously approved this Additional Report as of the date of the same.

## Part III. Committee's Recommendations on Advisory Matters

The Committee reviewed its opinions stated in its August 1 Report in light of the circumstances during the period from August 1, 2025, to the date of preparation of this Additional Report, and it confirms that it has no changes to its opinions therefrom.

#### Part IV. Grounds for Committee's Recommendations

##### 1. Change in Circumstances since the August 1 Report

###### (1) Changes in Circumstances after the Announcement of the Transaction

As described in Part II of this Additional Report, the Committee conducted a factual review on whether there occurred any material change in circumstances or event that may affect the Transaction since August 1, 2025. The Committee found that the circumstances are as follows since August 1, 2025:

- (i) There has been no change to the structure of the Transaction since August 1, 2025. While the Tender Offeror announced, as of August 1, 2025, that it would not make the Tender Offer in, to and for the U.S. or to any U.S. persons, the Tender Offeror has changed, as a result of subsequent review, its policy to make the Tender Offer also in, to and for the U.S. or to any U.S. persons. This, however, will not change the structure of the Transaction itself, being an expansion of the scope of shareholders of the Company who may tender their shares in the Tender Offer.
- (ii) Since August 1, 2025, there has been no significant issue, which may create an obstacle to the consummation of the Transaction, in relation to procedures and actions required by the Tender Offeror under competition laws of Japan and abroad.
- (iii) No material changes were made to the contents of the TOB Commencement Press Release compared to the Company's press release dated August 1, 2025.
- (iv) On and after August 1, 2025, no event occurred regarding the Company which may have a material impact on its business value.
- (v) The Company announced its consolidated performance forecast for the fiscal year ending March 2026 in its "Summary of Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 2026 (Japanese Standards)" dated November 7, 2025, where it has not revised its performance forecast previously announced as of August 1, 2025. The Company also has no plans to revise any previously announced performance forecast as of the date of preparation of this Additional Report.
- (vi) In light of the points (iv) and (v) above, the Company has not revised the Business Plan and has determined that no revisions to the Business Plan is necessary at present.
- (vii) On and after August 1, 2025, the share price of the Company has not exceeded the Tender Offer Price, no counterproposal to the Tender Offer with a higher purchase price was made, and no other event has occurred which cast doubt on the appropriateness of

the Tender Offer Price.

None of the above circumstances known to the Committee conflicts with the information reviewed by the Committee at the time of the preparation of the August 1 Report. Furthermore, none of the members of the Committee, each of whom concurrently serves as outside officer of the Company and regularly receives reports on the business execution from the executive management at the meetings of the board of directors and other meetings, are aware of any such circumstances that are unusual in nature.

## (2) Justification of Purpose of the Transaction

When reviewing whether there were any changes to the content of the August 1 Report in light of (1) above, it is found that, first, no change has occurred to the structure of the Transaction since August 1, 2025, in terms of enhancement of the corporate value, as explained in (1) (i) above.

Also, as explained in (1) (ii) through (vii) above, since the announcement of the Transaction on August 1, 2025, in the process of various works toward implementation of the Transaction, no new event, which may materially change the business value of the Company, has occurred.

Based on the above, there are no circumstances that would require revision to the contents concerning enhancement of corporate value through the Transaction described in the August 1 Report.

## (3) Fairness and Appropriateness of Transaction Terms

With respect to the appropriateness of the terms of the Transaction, the following circumstances are found.

- (i) No updates were made to the Share Valuation Report (SMBC Nikko Securities) or the Share Valuation Report (PLUTUS CONSULTING), which were the basis for the Committee's judgment in its August 1 Report.
- (ii) With respect to the appropriateness of the terms of the Transaction, PLUTUS CONSULTING, a financial advisor and a third-party valuation agency independently engaged by the Committee, expressed its opinion that (i) as indicated in (1) (vi) above, PLUTUS CONSULTING confirmed that there had been no change and that it is unnecessary to change the Business Plan, which was used as its basis for calculation by the DCF Method in the Share Valuation Report (PLUTUS CONSULTING), and (ii) it understands that no material change has occurred even in the market environment after the announcement of the Transaction (the situation of the general market, changes in the Company's stock price, etc.). Therefore, PLUTUS CONSULTING considers that

there is no need to update the Share Valuation Report (PLUTUS CONSULTING) and the Fairness Opinion (PLUTUS CONSULTING), and that it judges that even as of the date of preparation of this Additional Report, the Fairness Opinion (PLUTUS CONSULTING) is valid and the Share Valuation Report (PLUTUS CONSULTING) remains reasonable as a valuation of the shares of the Company.

- (iii) The Committee also heard the opinions of SMBC Nikko Securities that SMBC Nikko Securities did not consider that it is necessary to update the Share Valuation Report (SMBC Nikko Securities) and Fairness Opinion (SMBC Nikko Securities).

The circumstances given in (i) through (iii) are found and these circumstances are considered to be reasonable in light of the (1) (ii) through (vi) above. Furthermore, as found in (1) (vii) above, the Company's share price has not exceeded the Tender Offer Price since August 1, 2025, no counterproposal with a higher purchase price was made against the Tender Offer, and no other events occurred which cast doubts on the appropriateness of the Tender Offer Price.

Thus, in view of the (i) through (iii) above (in particular, the above (ii) opinion by PLUTUS CONSULTING, an independent valuation firm with expert knowledge), the Committee considers that the opinion of the Committee stated in its August 1 Report, that the terms of the Transaction are fair and reasonable, should be maintained as of the date of this Additional Report on the same grounds as stated in its August 1 Report.

#### (4) Ensuring the Benefit of General Shareholders through Fair Procedures in the Transaction

With respect to the securing of interests of the General Shareholders through fair procedures in the Transaction, the Committee finds that the following items pointed out in its August 1 Report have not changed as of the date of preparation of this Additional Report and remain unchanged: (i) the establishment of the Special Committee; (ii) the decision - making process at the Company; (iii) the obtaining of expert advice from outside experts; (iv) market checks; (v) the fairness of the terms of the Transaction is not considered to be impaired by the absence of the concept of a majority of minority interest; (vi) improvement in the provision of information to General Shareholders and transparency of the process; and (vii) elimination of coercive nature.

With respect to (vi) above, the Committee confirms that a detailed disclosure is scheduled to be made not only through the disclosure documents as of the date of announcement but also through the TOB Commencement Press Release.

Based on the foregoing, there are no circumstances that require change in the contents of the August 1 Report with respect to the securing of interests of the General Shareholders through fair procedures in the Transaction.

## 2. Conclusion

As a result of the foregoing review, the Committee finds no circumstances that require change with respect to any of the contents of the August 1 Report. Therefore, as stated in Part III of this Additional Report, the Committee reports that the Committee has not changed its opinion from its opinions stated in its August 1 Report in light of the circumstances since August 1, 2025, to the date of preparation of this Additional Report.

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