February 27, 2026

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Notice Regarding Issuance of the 1st Series Share Acquisition Rights with Exercise Price Reset Provision by Way of a Third-Party Allotment

The Company hereby announces that, at a meeting of the Board of Directors dated February 27, 2026, it resolved to issue the 1st Series Share Acquisition Rights (the "Share Acquisition Rights") by way of a third-party allotment.

1. Overview of the offering

(1)	Allotment date	March 16, 2026
(2)	Number of share acquisition rights to be issued	35,000 Share Acquisition Rights (Each share acquisition right represents 100 shares of common stock.)
(3)	Issue price	Total amount: ¥60,760,000 (¥1,736 per share acquisition right)
(4)	Number of potential shares resulting from the issuance	3,500,000 shares of common stock
(5)	Amount of funds to be procured	¥6,136,760,000 (Estimated net proceeds: ¥6,056,760,000) (Note) Breakdown: Amount to be procured from the issuance of the Share Acquisition Rights: ¥60,760,000 Amount to be procured from the exercise of the Share Acquisition Rights: ¥6,076,000,000
(6)	Exercise price and reset conditions of the exercise price	The initial exercise price shall be ¥1,736. If the amount equivalent to 90% of the closing price of the Company's common stock in regular trading on Tokyo Stock Exchange, Inc. (the "Exchange") on the trading day immediately preceding the effective date of each exercise request of the Share Acquisition Rights (the "Reset Date") (or, if there is no closing price on such date, the most recent closing price prior thereto shall be used (the "Closing Price")), rounded up to the nearest yen (the "Reset Date Price"), exceeds or falls below the exercise price then in effect immediately prior to such Reset Date by ¥1 or more, the exercise price shall be reset to the Reset Date Price effective on and after such Reset Date; provided, however, that if the exercise price after such reset on the Reset Date would fall below ¥955 (the "Minimum Exercise Price," which shall be adjusted mutatis mutandis in accordance with Item 11 of the Terms of Conditions of Issuance), the exercise price shall be the Minimum Exercise Price. There shall be no maximum exercise price.
(7)	Exercise period	From March 17, 2026 (inclusive) to March 17, 2028 (inclusive)
(8)	Method of offering or allotment (proposed allottee)	The Share Acquisition Rights will be allotted by way of a third-party allotment to Apricus Partners LLC. (the "Proposed Allottee")
(9)	Other matters	The Company plans to enter into a purchase agreement relating to the Share Acquisition Rights (the "Purchase Agreement") with the Proposed Allottee after the filing under the Financial Instruments and Exchange Act becomes effective. The Purchase Agreement is expected to provide that any transfer of the Share Acquisition Rights shall require the prior approval of the Company's Board of Directors.

(Note) The amount of funds to be procured in connection with the Share Acquisition Rights is the amount obtained by adding (i) the total issue price of the Share Acquisition Rights and (ii) the total amount of assets to be contributed upon exercise of the Share Acquisition Rights, calculated on the assumption that all the Share Acquisition Rights are exercised at the

initial exercise price, and deducting from such sum the estimated amount of costs relating to the issuance of the Share Acquisition Rights. If the exercise price is reset or adjusted, the amount of funds to be procured will fluctuate accordingly. In addition, if all or part of the Share Acquisition Rights are not exercised during the exercise period, or if the Share Acquisition Rights acquired by the Company are cancelled, the amount of funds to be procured will decrease.

2. Purpose of the offering and reasons therefor

(1) Purpose of the offering

Guided by its vision of becoming "a leading company in recycling that supports social infrastructure," the Company operates three businesses: the Smelting and Refining Business (Lead and Silver), the Environmental and Recycling Business, and the Electronic Components and Functional Materials Business. The Company's core business is the Smelting and Refining Business (Lead and Silver), which accounts for approximately 90% of total net sales (based on the forecast for the fiscal year ending March 31, 2026). The Company holds one of the top production and sales shares in Japan for both lead and silver.

In December 2024, the Company announced the Business Revitalization Plan centered on the withdrawal from the Mineral Resources Business, the restructuring of the Zinc Smelting Business, and the strengthening of profitability in the Smelting and Refining Business (Lead and Silver). The five-year period beginning in FY2025 has been designated as the business revitalization period, and the Company is currently in the midst of implementing this plan. Against this backdrop, silver prices, which significantly affect the profitability of the Company's Smelting and Refining Business—particularly silver—have reached historically high levels. Specifically, during the 30-year period from 1994 to 2024, the highest price was in the USD40/oz range, and in January 2025 it was in the USD30/oz range. However, silver prices rose from the latter half of 2025 through early 2026, temporarily reaching the USD120/oz range on January 29, 2026. Although prices have since fluctuated within an unprecedented range, they have remained at significantly elevated levels compared with the first half of 2025. An increase in silver prices has a positive impact on earnings in silver smelting and refining. The Company views the rise in silver prices as an opportunity and plans to enhance its ability to process refractory materials (i.e. difficult-to-process materials) containing higher concentrations of precious metals, including silver as well as gold and rare metals produced as by-products of smelting, and to improve precious metal recovery rates. This financing is intended to (i) secure the investment funds necessary to implement the above initiatives and (ii) strengthen the Company's capital base in order to respond to the unprecedented volatility in silver prices.

With respect to securing investment funds, prior to the commencement of the business revitalization period, the Company prioritized investments in the Mineral Resources Business and the coverage of losses associated with the unprofitable Zinc Smelting Business, and did not make sufficient investments in the Smelting and Refining Business (Lead and Silver). While the Business Revitalization Plan incorporated a certain level of investment necessary to strengthen the profitability of the Smelting and Refining Business, a detailed review of the execution plan and a company-wide, bottom-up initiative to generate improvement ideas enabled the Company to identify numerous specific investment opportunities representing additional upside beyond the original plan. Investments aimed at improving productivity include initiatives that leverage digital transformation (DX) to prevent operational disruptions in production processes that have remained unchanged and reliant on analog methods for decades, while also optimizing recover rates and processes through data-driven approaches. Investments aimed at driving growth in the Smelting and Refining Business include, in addition to conventional pyrometallurgical processes, the introduction of hydrometallurgical processes to expand the range of recoverable elements, enhance purification levels, and enable the processing of refractory complex ores, thereby improving the profitability of the Smelting and Refining Business. In addition, to generate stable earnings without being affected by concentrate purchasing conditions, we will actively invest in initiatives to expand the collection and processing of recycled materials.

With respect to strengthening capital, the Company utilizes hedging transactions to mitigate the impact of market price fluctuations in the Smelting and Refining Business and to achieve stable profitability. Under hedge accounting, the timing of recognition differs between deferred hedge gains and losses and revenues from product sales. Specifically, in a rising metal price environment, unrealized gains embedded in work in process and finished goods are not measured at fair value. In contrast, deferred hedge losses are measured at fair value under hedge accounting and recognized against work in process and finished goods, which may result in a reduction of net assets from an accounting perspective. Accordingly, in order to increase the production and sales volume of silver amid historically unprecedented volatility in silver prices, we believe it is essential to maintain a certain level of net asset buffer.

In light of the foregoing, the Company has decided to raise funds through the issuance of the Share Acquisition Rights from both perspectives of securing the necessary investment funds to advance the above initiatives and strengthening its capital.

For details regarding the specific use of proceeds and the scheduled timing of expenditures in connection with this financing, please refer to "3. Amount of funds to be procured, use of proceeds, and scheduled timing of expenditures (2) Specific use of proceeds."

As of March 31, 2025, the Company does not meet the continued listing criteria of the Tokyo Stock Exchange (TSE) Prime Market with respect to tradable share market capitalization (¥10 billion or more), and is currently in the improvement period until March 31, 2026. The tradable share market capitalization is calculated by multiplying the number of tradable shares by the average daily closing price of auction trading at TSE for the three months to the end of the fiscal year. Based on the recent share price level as of the date of this timely disclosure, the Company expects to meet the criterion relating to the tradable share market capitalization; however, the final determination will be made based on the tradable share market capitalization to be calculated using share price trends up to March 31, 2026.

In order to avoid delisting, the Company will continue to implement the measures set forth in the "Plan to Meet the Continued Listing Criteria of the TSE Prime Market" announced on June 27, 2025, and will also consider all available options, including the possibility of applying for a change in market segment to the Tokyo Stock Exchange Standard Market, and will take the necessary measures to maintain its listing.

(2) Overview of and reasons for selecting the financing method

In considering the financing, the Company reviewed its current and projected funding through indirect financing, its financial condition, and its future business development plans, and examined financing methods available through direct financing. In the course of this review, the Company compared this financing with other available alternatives as described in "(3) Features of this financing <Comparison with other financing methods>" below, and comprehensively considered the advantages and disadvantages set forth in "(3) Features of this financing." As a result, the Company has decided to adopt the financing method proposed by the Proposed Allottee, namely the issuance of the Share Acquisition Rights by way of a third-party allotment.

As described above, a key feature of this financing (i.e., financing through the Share Acquisition Rights; the same shall apply hereinafter) is that the Share Acquisition Rights are subject, from the time of issuance, to an exercise price reset provision under which the exercise price is adjusted in accordance with the market price of shares of the Company's common stock at the time of exercise. As a result, the Share Acquisition Rights are expected to be exercised in line with share price movements during the exercise period, thereby enhancing the likelihood of successful fundraising.

The exercise period of the Share Acquisition Rights is from March 17, 2026 (inclusive) to March 17, 2028 (inclusive). The principal terms of the Share Acquisition Rights are as follows:

- The number of shares underlying each Share Acquisition Right is fixed at 100 shares, and the total number of shares underlying the Share Acquisition Rights is 3,500,000 shares.
- The holder of the Share Acquisition Rights may exercise the Share Acquisition Rights at its discretion.
- From March 17, 2026 through the last day of the exercise period of the Share Acquisition Rights (March 17, 2028), if the Reset Date Price is at least ¥1 higher or lower than the exercise price in effect immediately prior to the Reset Date, the exercise price of the Share Acquisition Rights shall be reset to the Reset Price from and after the Reset Date. However, if the exercise price after such reset would fall below the Minimum Exercise Price (¥955), the exercise price shall be the Minimum Exercise Price. There is no maximum exercise price.

(3) Features of this financing

As described above, this financing is structured so that, in light of the Company's recent share price levels and the share price levels it aims to achieve going forward, the exercise price of the Share Acquisition Rights is reset in accordance with the prevailing market price, thereby intending to enable efficient fundraising.

This financing has the following advantages and disadvantages.

Advantages

(i) Fixed number of underlying shares

The total number of shares underlying the Share Acquisition Rights is fixed at 3,500,000 shares as set forth in the Terms and Conditions of Issuance of the Share Acquisition Rights from the time of issuance, and the number of potential shares will not fluctuate due to future changes in the market price of the Company's shares. Notwithstanding the foregoing, adjustments may be made in accordance with the Terms and Conditions of Issuance of the Share Acquisition Rights in the event of certain circumstances such as a stock split.

(ii) Acquisition provision

Pursuant to a resolution of the Company's Board of Directors, the Share Acquisition Rights are structured so that the Company may, at any time on or after the day following the payment date for the Share Acquisition Rights, acquire all or part of the outstanding Share Acquisition Rights by giving notice to the holder of the Share Acquisition Rights at least two weeks in advance and paying an amount equivalent to the issue price of the Share Acquisition Rights. Accordingly, in the event that the Company's future funding needs decline or its capital policy changes, the Company may prevent dilution by acquiring the Share Acquisition Rights and maintain flexibility in its capital policy.

(iii) Exercise restriction period

The Purchase Agreement is expected to provide for Exercise Restriction Periods. During the exercise period of the Share Acquisition Rights, the Company may designate up to three periods in total during which the Proposed Allottee may not exercise all or part of the outstanding Share Acquisition Rights (the "Exercise Restriction Period"). Each Exercise Restriction Period shall not exceed 20 consecutive trading days. The Company may designate an Exercise Restriction Period by providing written notice to the Proposed Allottee no later than three trading days prior to the first day of the relevant period. This mechanism enables the Company to designate an Exercise Restriction Period when continued appreciation of its share price is expected or otherwise manage potential impacts on the share price at its discretion. The Company may also shorten an Exercise Restriction Period by giving notice to the Proposed Allottee. Exercise Restriction Periods will be determined in light of share price trends and other relevant factors. If the Company provides notice to designate or shorten an Exercise Restriction Period, it will make timely and appropriate disclosure.

(iv) Transfer restrictions

The Purchase Agreement is expected to provide for transfer restrictions. The Share Acquisition Rights will be issued to the Proposed Allottee by way of a third-party allotment, and transfer restrictions will be imposed under the Purchase Agreement. Accordingly, the Share Acquisition Rights may not be transferred by the Proposed Allottee to any third party without the approval of the Company's Board of Directors.

Disadvantages

(i) Limited access to an unspecified and broad base of new investors

As this financing is structured as a third-party allotment based on a contractual arrangement solely between the Company and the Proposed Allottee, it has inherent limitations in terms of raising funds from an unspecified and broad base of new investors.

(ii) Possibility that the amount of funds raised may fall significantly below the initially anticipated amount in the event of a prolonged decline in share price

If the share price remains below the Minimum Exercise Price for an extended period, the Share Acquisition Rights may not be exercised, and the amount of funds raised could fall significantly below the initially anticipated amount. In addition, if the share price remains below the initial exercise price, the total proceeds from exercise may be less than initially expected.

(iii) Possibility that the Company's share price may decline as a result of sales of shares of the Company's common stock in the market by the Proposed Allottee

As the Proposed Allottee's investment policy with respect to shares of the Company's common stock is for short-term holding, it is assumed that the Proposed Allottee will sell in the market the shares acquired upon exercise of the Share Acquisition Rights. Given the current liquidity of shares of the Company's common stock, such sales by the Proposed Allottee could have a downward impact on the Company's share price.

(iv) Notification obligation and restrictions on issuance of equity securities

The Purchase Agreement is expected to provide that, during the period commencing on the date of execution of the Purchase Agreement and ending six months after the period during which the Proposed Allottee holds the Share Acquisition Rights has elapsed, if the Company intends to issue or deliver shares of common stock or securities convertible into or exchangeable for shares of common stock by way of a third-party allotment (excluding cases falling under the permitted exceptions defined below and cases where the Company issues or disposes of its shares of common stock or securities convertible into or exchangeable for its shares of common stock for the purpose of business alliances), the Company must notify the Proposed Allottee of the details and terms of such securities prior to entering into any agreement for such issuance or delivery with the relevant third party.

In addition, the Purchase Agreement is expected to provide for restrictions on the issuance of equity securities. Specifically, without the prior written consent of the Proposed Allottee, the Company shall not, during the period commencing on the date of execution of the Purchase Agreement and ending 180 days after the payment date, directly or indirectly solicit, pledge, issue, sell, enter into any contract for sale of, grant any option to purchase, grant any right to purchase, grant any underwriting right with respect to, lend, or otherwise transfer or dispose of shares of the Company's common stock or securities convertible into or exchangeable for its shares of common stock. The Company shall also not enter into any swap or other arrangement that transfers, in whole or in part, the economic consequences of ownership of shares of the Company's common stock to a third party, nor shall it cause any person acting at its direction to engage in any of the foregoing acts. Provided, however, that the foregoing restrictions shall not apply to: (a) the issuance or delivery of shares of the Company's common stock as a result of a stock split of its shares of common stock; (b) the allotment of shares of the Company's common stock without consideration; (c) the sale of shares of the Company's common stock pursuant to a request for sale by shareholders holding less than one unit; (d) the issuance or delivery of share acquisition rights or shares of common stock by the Company pursuant to its stock option plan or restricted stock compensation plan; (e) the issuance or delivery of shares of the Company's common stock upon acquisition of class shares issued prior to the issuance date of the Share Acquisition Rights; (f) the issuance or delivery of shares of the Company's common stock in connection with a corporate reorganization, including a company split, share exchange, share delivery, or merger; (g) the issuance or disposition of common stock or class shares for the purpose of a business alliance, up to 10% of the total number of issued shares of the Company (including Class A Preferred Stock and Class B Subordinated Stock); (h) capital transactions conducted by the Company for the purpose of remedying a potential breach of financial covenants under agreements between the Company and its creditors; and (i) the issuance of class shares by the Company or changes in holders of class shares and capital transactions conducted in connection therewith (items (a) through (i), collectively referred to as the "Permitted Events"). Furthermore, the above restrictions shall not apply if the Proposed Allottee has exercised all the Share Acquisition Rights, or if the Company determines to acquire all of the outstanding Share Acquisition Rights pursuant to the acquisition provision set forth in Paragraph 14 of the Terms and Conditions of Issuance.

In addition, the Company shall not, without the prior written consent of the Proposed Allottee, from the date of execution of the Purchase Agreement and during the period in which the Proposed Allottee holds the Share Acquisition Rights, issue, dispose of, or sell any securities issued by the Company or its subsidiaries that grant the holder the right to acquire shares of the Company's common stock, where the exercise price, conversion price or similar price for such acquisition is subject to reset or adjustment linked to the market price of the Company's common stock, either (a) after the issuance of such securities or (b) upon the occurrence of events relating to the Company's business or the trading market for the Company's common stock.

(v) Dilution

If the exercise of the Share Acquisition Rights progresses, up to 3,500,000 new shares may be issued solely through the exercise of the Share Acquisition Rights, which would result in dilution of existing shareholders' equity interests.

<Comparison with other financing methods>

The other financing methods considered by the Company in selecting this financing are as follows:

(i) Public offering of shares

A public offering of shares would enable the Company to raise funds at the outset; however, it would simultaneously result in immediate dilution of earnings per share. Given the potentially significant impact on the share price, the Company determined that this method would not be appropriate for the current financing.

(ii) Shareholder allotment of new shares

Shareholder allotment of new shares mitigates concerns over dilution of existing shareholders' ownership; however, because the amount of funds raised depends on the participation rate of the existing shareholders to whom the shares are allotted, it is difficult to procure funds in line with the Company's funding needs. Accordingly, the Company has determined that this method is not appropriate for the current financing.

(iii) Third-party allotment through issuance of new shares

A third-party allotment through the issuance of new shares can be an effective means of raising funds promptly. However, similar to a public offering, it results in immediate dilution of earnings per share upon issuance, which

may have a significant direct impact on the share price. Accordingly, the Company has determined that this method is not appropriate for the current financing.

(iv) Convertible bonds with share acquisition rights (including MSCBs)
Convertible bonds with share acquisition rights allow the issuer to receive the full amount of the subscription price at issuance and therefore offer the advantage of meeting funding needs at an early stage. However, in the case of MSCBs, due to the structure under which the number of shares to be delivered upon conversion is determined based on the conversion price, the total number of shares to be issued upon conversion is not fixed until conversion is completed. In addition, if the conversion price is adjusted downward, the number of potential shares increases, which is considered likely to have a significant direct impact on the share price. Accordingly, the Company has determined that this method is not appropriate for the current financing.

(v) Capital increase through gratis allotment of share acquisition rights (rights offering)
In a so-called rights offering, there are two types: a commitment-type rights offering, in which an underwriting agreement is entered into with a financial instruments business operator, and a non-commitment-type rights offering, in which no such agreement is entered into and the exercise of share acquisition rights is left to the discretion of shareholders. For a commitment-type rights offering, underwriting fees and other related costs are expected to increase. Meanwhile, for a non-commitment-type rights offering, as with the shareholder allotment of new shares described in item (ii) above, the amount of funds raised depends on the exercise rate of the share acquisition rights by existing shareholders (the allottees) or by investors who acquire such rights in the market, making it uncertain whether funds can be raised in an amount commensurate with the Company's funding needs. In addition, given the Company's current level of earnings, it is clear that the listing requirements would not be satisfied in the case of a non-commitment-type rights offering. Accordingly, the Company has determined not to give specific consideration to this method for the current financing.

(vi) Debt financing
Although the funding environment for debt financing remains favorable under the continued low interest rate environment, financing through borrowings would result in the full amount raised being recorded as liabilities, which may lead to a deterioration in the Company's financial soundness.

In light of the Company's business characteristics, financial position, and the intended use of funds, the Company has concluded that equity financing is the most appropriate option. Furthermore, from the perspective of preserving sufficient capacity for flexible interest-bearing debt financing to support future business strategy execution, the Company has determined that this method is not appropriate for the current financing.

As a result of the above considerations, the Company has determined that fundraising through the issuance of the Share Acquisition Rights represents a more practical option than the other financing methods described above and is in the interests of existing shareholders.

3. Amount of funds to be procured, use of proceeds, and scheduled timing of expenditures

(1) Amount of funds to be procured

(i) Total amount to be paid	¥6,136,760,000
(ii) Estimated issuance costs	¥80,000,000
(iii) Estimated net proceeds	¥6,056,760,000

Notes
1. The total amount to be paid represents the sum of (i) the total issue price of the Share Acquisition Rights (¥60,760,000) and (ii) the total amount of assets to be contributed upon exercise of the Share Acquisition Rights (¥6,076,000,000).
2. The total amount to be paid is calculated on the assumption that all the Share Acquisition Rights are exercised at the initial exercise price. If the exercise price is reset or adjusted, the total amount to be paid and the estimated net proceeds may increase or decrease. In addition, if the Share Acquisition Rights are not exercised during the exercise period or if the Company cancels the Share Acquisition Rights, the total amount to be paid and the estimated net proceeds may decrease.
3. The estimated issuance costs do not include consumption taxes.
4. The estimated issuance costs represent the aggregate amount of legal fees, valuation fees, registration costs for the issuance of the share acquisition tights, costs relating to the preparation of the Securities Registration Statement, and other related costs.

(2) Specific use of proceeds

Specific use	Amount (Million yen)	Scheduled timing of expenditures
(i) Investment in factory DX centered on the Smelting and Refining Business (Lead and Silver)	1,756	April 2026 to March 2029
(ii) Investment to expand the range of recoverable elements, enhance purification levels, and increase processing of refractory complex ores	3,050	April 2026 to March 2029
(iii) Investment in process development and organizational structure enhancement in connection with increased processing capacity for waste batteries and crude lead production	1,250	September 2026 to March 2028
Total	6,056	—

Notes
1. The estimated net proceeds, including the aggregate amount of assets to be contributed upon exercise of the Share Acquisition Rights, are ¥6,056,760,000 as described in "(1) Amount of funds to be procured" above. However, as the exercise of the Share Acquisition Rights is at the discretion of the Proposed Allottee, the amount and timing of funds that may actually be raised have not been determined at this time. Accordingly, the scheduled timing of expenditures set forth in the table above reflects the current plan, and the specific amounts, use of proceeds, and scheduled timing of expenditures may be subject to change depending on the status of fundraising through the exercise of the Share Acquisition Rights. If the Company is unable to procure funds as planned due to the status of exercise of the Share Acquisition Rights, the proceeds will be allocated with the highest priority to (iii) Investment in process development and organizational structure enhancement in connection with increased processing capacity for waste batteries and crude lead production. Thereafter, the proceeds will be allocated to (i) Investments in factory DX and (ii) Investment to expand the range of recoverable elements, enhance purification levels, and increase processing of refractory complex ores, to the extent used for the upgrading of existing facilities, and subsequently will be allocated in the order of priority of (i) followed by (ii).
2. The Company intends to manage the funds raised through the Share Acquisition Rights in bank deposits in a stable manner until such funds are applied to the above uses.
3. If sufficient funds are not raised through the exercise of the Share Acquisition Rights by the scheduled timing of expenditures, the Company intends to cover any shortfall through internal funds, bank borrowings, or other means.
4. If the above uses of proceeds or the scheduled timing of expenditures are changed, the Company will make appropriate disclosure to that effect.

Details of the use of proceeds described in the table above are as follows:

(i) Investment in factory DX centered on the Smelting and Refining Business (Lead and Silver)

The Company is promoting initiatives to enhance operational productivity by transitioning away from legacy systems that have been in use for decades and have become constraints on operational productivity, and by introducing a modern core system. Investments relating to this initiative are being funded through proceeds from the third-party allotment conducted in conjunction with the announcement of the Business Revitalization Plan (Note).

Building upon these efforts, the Company plans to further advance digital transformation (DX) at its manufacturing facilities, particularly at its core plants for the Smelting and Refining Business (Lead and Silver), with the objective of timely monitoring operating conditions and stabilizing operations, while also improving factory-level productivity. Specifically, the Company intends to reconstruct its operational technology (OT) systems, upgrade and install additional sensors, and automatically collect equipment operation data. These

measures are expected to enable real-time optimization of operating conditions and promote labor-saving initiatives. In addition, operational efficiency improvements will be implemented through the use of IT devices by operators at each production stage. Through these initiatives, the Company aims to significantly enhance productivity in the Smelting and Refining Business, ensure operator safety, and contribute to the early prevention of operational disruptions. The Company's DX initiatives include, among others, the introduction of MES (for integrated management of operations and production performance and for linking shop-floor activities with management), the implementation of SCADA systems (for real-time monitoring of equipment conditions and enhanced visibility of operations), the installation of PLCs and sensors (to capture equipment data and establish a foundation for stable operations), and the development of an on-site network (to establish a communication infrastructure through OT data integration). While these initiatives will be advanced in parallel, taking into account the impact on plant operations, the Company expects that it will take approximately three years to reach full-scale operation (i.e., the completion of integration and advancement across all processes).

(ii) Investment to expand the range of recoverable elements, enhance purification levels, and increase processing of refractory complex ores

In the Smelting and Refining Business, the Company employs pyrometallurgical smelting, which separates elements using heat, as its primary process. For hydrometallurgical processes other than electrolysis, the Company has not made sufficient investments in either facilities or refining processes, including related research and development, which has limited its ability to selectively recover elements. As a consequence, metals such as copper and gold, whose market prices have recently increased, have had to be sold at discounted prices reflecting the presence of impurities, leading to missed revenue opportunities.

In order to recover these valuable metals at higher purity, research and development of hydrometallurgical processes, such as solvent extraction, as well as capital investments in equipment such as crushers and autoclaves, are required. By combining these additional investments with the purification and electrolysis facilities previously used in zinc smelting, the Company expects to establish hydrometallurgical processing capabilities at an early stage, enabling the high-purity recovery of a diverse range of elements and contributing to increased earnings.

Furthermore, such hydrometallurgical facilities can also be utilized to remove harmful elements such as arsenic, cadmium, and mercury. Complex ores rich in precious metals and rare metals typically contain higher levels of these harmful elements. Ores containing such elements can often be procured at discounted prices, thereby offsetting adverse changes in concentrate purchasing conditions. Accordingly, increasing the processing volume of these refractory complex ores is expected to contribute to greater earnings stability in the Smelting and Refining Business.

Through these investments, the Company expects that it will take approximately three years from the preparation for restarting existing idle facilities and the procurement and delivery of equipment, through the construction of facilities, and following the completion of trial operations, to the commencement of mass production of electrolytic copper and electrolytic zinc.

(iii) Investment in process development and organizational structure enhancement in connection with increased processing capacity for waste batteries and crude lead production

In the Smelting and Refining Business (Lead and Silver), the Company plans to increase lead production derived from waste batteries and crude lead, which generally offer relatively higher profit margins, in order to address deteriorating treatment charge (TC) conditions for concentrates and to increase the ratio of recycled raw materials. Waste batteries and crude lead are subject to intense competition not only in Japan but also globally, resulting in a more challenging procurement environment. Through this financing, the Company plans to enhance production processes at its plants—through the expansion of dismantling lines and the installation of new facilities to enhance desulfurization processing capacity—to reduce costs. In addition, the Company intends to strengthen its sales and procurement capabilities by increasing personnel engaged in collection and marketing activities, and to secure the working capital necessary for the procurement of waste batteries and crude lead, thereby increasing procurement volumes.

With respect to these measures, the Company expects that it will take approximately six months to enhance existing facilities, after which it plans to cover the increased personnel costs required for full-scale operation.

Note: The outline of the third-party allotment of 3,000,000 shares of Class A Preferred Stock and 17,537,026 shares of Class B Subordinated Stock, as announced on December 18, 2024, is as follows.

Due date of payment	March 13, 2025	
Amount of funds to be procured	Class A Preferred Stock: Class B Subordinated Stock:	¥3,000,000,000 ¥4,500,000,875
Issue price	Class A Preferred Stock: Class B Subordinated Stock:	¥1,000 per share ¥256.60 per share
Number of issued shares resulting from the offering	Class A Preferred Stock: Class B Subordinated Stock:	3,000,000 shares 17,537,026 shares
Allottees	Class A Preferred Stock: Investment Limited Partnership Advantage Partners VII JBO(AP)VII, L.P. APCP VII, L.P. CJIP(AP)VII, L.P. AP Reiwa F7-B, L.P. AP Reiwa F7-A, L.P. Class B Subordinated Stock: Investment Limited Partnership Advantage Partners VII JBO(AP)VII, L.P. APCP VII, L.P. CJIP(AP)VII, L.P. AP Reiwa F7-B, L.P. AP Reiwa F7-A, L.P. TATSUMI SHOKAI CO., LTD.	 1,261,164 shares 587,283 shares 579,660 shares 388,926 shares 107,940 shares 75,027 shares 6,553,204 shares 3,051,614 shares 3,012,004 shares 2,020,920 shares 560,873 shares 389,852 shares 1,948,559 shares

4. Rationale for the use of proceeds

As described in "2. Purpose of the offering and reasons therefor (1) Purpose of the offering" above, the funds to be raised through this financing are intended to contribute to the enhancement of the Company's corporate value. The Company therefore considers the proposed use of proceeds to be reasonable. Accordingly, the Company believes that this financing will contribute to the interests of existing shareholders through the medium- to long-term enhancement of the Company's corporate value.

5. Reasonableness of the issuance terms

(1) Basis for calculation of the amount to be paid and specific details thereof

The Company commissioned a third-party valuation firm (Plutus Consulting Co., Ltd.; Representative Director: NOGUCHI, Mahito; Address: 3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo) to evaluate the Share Acquisition Rights, taking into account the Terms and Conditions of Issuance for the Share Acquisition Rights and the provisions of the Purchase Agreement. The Company selected this firm as it has extensive experience in valuation in connection with third-party allotments and possesses sufficient expertise and experience in share acquisition rights issuance practices and valuation. There is no material relationship of interest between the valuation firm and the Company or the Proposed Allottee.

In selecting the valuation model, the valuation firm compared and examined other pricing models, such as the Black-Scholes model and binomial models, and determined that the Monte Carlo simulation method, which is a widely used pricing model, would be most appropriate for reflecting the specific terms of the Share Acquisition Rights and the provisions of the Purchase Agreement. The valuation firm conducted its evaluation based on assumptions deemed reasonable, including: the closing price of shares of the Company's common stock on the valuation date (February 26, 2026) (¥1,736), volatility (81.01%), a two-year term to maturity, dividend yield (0%), risk-free rate (1.209%), and assumptions regarding the expected actions of the Company and the Proposed Allottee, as well as reference to comparable public offerings and share acquisition rights issuances by other companies.

Based on the valuation amount calculated by the valuation firm under these assumptions, and following discussions with the Proposed Allottee, the Company determined the amount to be paid per share acquisition right as of the date of the issuance resolution to be ¥1,736, which is equal to the valuation amount. The exercise price of the Share Acquisition Rights is initially set at ¥1,736, which is equal to the Closing Price of the Company's common stock in regular trading on the Exchange on February 26, 2026. In addition, the discount rate for the reset of the exercise price of the Share Acquisition Rights has been set at 10% following discussions with the Proposed Allottee regarding the amount and timing of funds required by the Company, taking into account execution feasibility, including the ability to execute flexible and timely capital procurement.

In determining the issue price of the Share Acquisition Rights, the Company considered that the valuation firm had taken into account factors that could potentially affect the fair value and had calculated such fair value using the Monte Carlo simulation method, which is a generally accepted valuation methodology for share acquisition rights. Accordingly, the Company believes that the valuation result provided by the valuation firm represents a reasonable and fair value, and has therefore determined that the amount to be paid for the Share Acquisition Rights, which is set based on such valuation, does not constitute a particularly favorable amount and is appropriate and reasonable.

The initial exercise price is set at the same level as the closing price of the Company's common stock in regular trading on the Exchange on the trading day immediately preceding the date of the resolution for issuance. Thereafter, the exercise price will be adjusted to an amount equivalent to 90% of the Closing Price of the Company's common stock in regular trading on the Exchange on the trading day immediately preceding each Reset Date, rounded up to the nearest yen. However, such adjusted exercise price will not fall below the Minimum Exercise Price, which is set at 55% of the Closing Price of the Company's common stock in regular trading on the exchange on the trading day immediately preceding the date of the resolution for the issuance. The adjustment mechanism for the exercise price—whereby it is reset to an amount equal to 90% of the Closing Price of the Company's common stock in regular trading on the Exchange on the trading day immediately preceding the relevant Reset Date, rounded up to the nearest yen—has been determined taking into account factors such as the potential for the Proposed Allottee to realize economic benefits and the likelihood of market absorption of the shares to be acquired upon exercise of the Share Acquisition Rights. Furthermore, the Minimum Exercise Price is set at an amount equal to 55% of the Closing Price of the Company's common stock in regular trading on the Exchange on the trading day immediately preceding the date of resolution for the issuance, and is therefore not considered to be at an unreasonable level. Furthermore, as no maximum exercise price is set, the amount of funds to be procured by the Company may increase a rising share price environment. The Company believes that the method for determining the amount to be paid for the Share Acquisition Rights is reasonable, also in light of the fact that the amount to be paid for the Share Acquisition Rights has been determined with reference to such exercise price.

Furthermore, the Audit and Supervisory Committee of the Company (comprising three members, including two outside directors) has expressed the opinion that, in light of the Terms and Conditions of Issuance for the Share Acquisition Rights and the valuation results by the valuation firm, the issuance terms of the Share Acquisition Rights do not constitute issuance on particularly favorable terms to the Proposed Allottee, that the exercise price of the Share Acquisition Rights is reasonable, and that the issuance is lawful.

(2) Basis for determining that the number of the Share Acquisition Rights issued and the resulting scale of share dilution are reasonable

The number of shares of the Company's common stock to be issued upon exercise of all the Share Acquisition Rights will be 3,500,000 shares (representing 35,000 voting rights). As of September 30, 2025, the total number of issued shares of the Company's common stock was 13,585,521 shares (representing 135,445 voting rights), the total number of issued shares of Class A Preferred Stock was 3,000,000 shares (representing no voting rights), and the total number of issued shares of Class B Subordinated Stock was 17,537,026 shares (representing 175,368 voting rights). Based on 3,500,000 shares of the Company's common stock (representing 35,000 voting rights) to be issued upon exercise of all the Share Acquisition Rights, the dilution ratio is 25.76% when calculated using the total number of issued shares of the Company's common stock as the denominator, and 11.26% when calculated using the total number of voting rights of all shareholders (310,813 voting rights) as the denominator. In addition, compared with the 3,500,000 shares of common stock to be issued upon full exercise of the Share Acquisition Rights, the Company's average daily trading volume over the past six months is 1,342,461 shares. Accordingly, even assuming that the full dilution is realized through exercise over the exercise period of two years (calculated based on 245 trading days per year), the daily number of shares sold would be 7,143 shares (equivalent to 0.53% of the average daily trading volume over the past six months). Therefore, the Company believes that its shares have a certain level of liquidity even when taking into account the total number of shares underlying the Share Acquisition Rights, and that any sales of shares issued upon exercise of the Share Acquisition Rights can be absorbed by the market liquidity.

It is noted that the provisions for the Share Acquisition Rights include a call provision that allows the Company, at its discretion, to acquire all or part of the outstanding Share Acquisition Rights. Accordingly, in the event that the need for financing decreases for any reason in the future or a more advantageous financing method than the Share Acquisition Rights becomes available, measures are in place to prevent an excessive increase in the number of shares to be issued.

While this financing will result in dilution, the Company has determined to proceed with this financing because applying the funds procured through the issuance of the Share Acquisition Rights and their exercise by the Proposed Allottee to the aforementioned uses of proceeds is expected to contribute to enhancing the Company's corporate value and shareholder value by increasing its medium- to long-term earnings capacity, and is therefore considered capable of delivering sufficient benefits to existing shareholders.

In light of the foregoing, the Company considers the number of the Share Acquisition Rights to be issued and the resulting scale of dilution to be reasonable.

6. Reasons for selecting the Proposed Allottee and other matters

(1) Overview of the Proposed Allottee

(1)	Name	Apricus Partners LLC.
(2)	Location	11th Floor, Aoyama Palacio Tower, 3-6-7 Kita-Aoyama, Minato-ku, Tokyo, Japan
(3)	Job title and name of representative	Representative Member: KREUSER-JONES, Jeremy, Stuart
(4)	Description of business	Investment business
(5)	Share capital	¥5 million
(6)	Date of establishment	August 6, 2024
(7)	Number of issued shares	— (Note 1)
(8)	Fiscal year-end	December 31
(9)	Number of employees	2
(10)	Main banks	Sumitomo Mitsui Baking Corporation, Hachijuni Nagano Bank, Ltd.
(11)	Major shareholders and ownership ratios	KREUSER-JONES, Jeremy, Stuart 100%
(12)	Relationship between the parties	
	Capital relationship	Not applicable.
	Personnel relationship	There are no personnel relationships to be disclosed between the Company and the relevant company. In addition, there are no notable personnel relationships between the Company's related parties, subsidiaries, or associates and those of the relevant company.
	Financing relationship	Not applicable.
	Technical or business relationship	There are no technical or business relationships to be disclosed between the Company and the relevant company. In addition, there are no notable technical or business relationships between the Company's related parties, subsidiaries, or associates and those of the relevant company.
	Related party relationship	The relevant company does not constitute a related party of the Company. In addition, neither the relevant company's related parties nor its subsidiaries or associates constitute related parties of the Company.

Notes 1. As the Proposed Allottee is a limited liability company (godo kaisha) and does not have issued shares, information regarding the number of shares and per-share indicators is omitted.
2. At the request of the Proposed Allottee, information regarding its financial results and financial position for the most recent three fiscal years is not disclosed.

(2) Reasons for selecting the Proposed Allottee

As described in "3. (2) Specific use of proceeds," this financing is intended to (i) secure the necessary investment funds and (ii) strengthen capital to address fluctuations in silver prices, which have been experiencing unprecedented levels of volatility.

With respect to (i) securing the necessary investment funds, the Company has designated the five-year period commencing in April 2025 as a business restructuring period and has undertaken a company-wide, bottom-up initiative to generate improvement ideas, of which the identified profit enhancement measures form part. In addition, with respect to (ii) strengthening capital to address fluctuations in silver prices, which have been experiencing unprecedented levels of volatility, the Company has determined that such capital enhancement is necessary as part of its financial strategy, taking into account the impact of market fluctuations on its Smelting and Refining Business, in light of silver prices having risen to historically high levels since the latter half of 2025.

In light of the foregoing, while securing funds for the investments described in the aforementioned "use of proceeds" and strengthening the Company's financial base through capital enhancement in response to the recent sharp

fluctuations in silver prices, the Company began internal discussions on capital procurement amid a rapid surge in silver prices.

Accordingly, given that one of the objectives of this financing is to strengthen capital in response to such sharp fluctuations in silver prices, the Company has placed particular emphasis on the ability to execute flexible and timely capital procurement.

Against this backdrop, the Company requested proposals from multiple financial institutions and potential investors for financing instruments that would enable flexible and agile capital procurement. As a result, by early February 2026, the Company had received proposals from several parties regarding capital-based financing instruments capable of meeting the Company's needs. As a result, the proposal from the Proposed Allottee in February 2026 was determined to best meet the Company's needs, as it offers a high degree of flexibility in financing and strong execution feasibility for phased fund procurement, while enabling the Company to promptly secure the necessary funds with due consideration to minimizing share dilution and protecting the interests of existing shareholders, thereby contributing to the enhancement of corporate value over the medium to long term. In addition, the team in charge of this matter at the Proposed Allottee consists of personnel with extensive experience in the capital markets, including in financing transactions through instruments such as the Share Acquisition Rights contemplated in this case. The proposal submitted by the Proposed Allottee also aligned well with the Company's needs and offered a swift path to implementation. Furthermore, the Proposed Allottee itself has a proven track record in financing transactions for listed companies. For these reasons, the Company selected it as the final Proposed Allottee.

(3) Investment policy of the Proposed Allottee

In discussions between the Company and KREUSER-JONES, Jeremy, Representative Member of the Proposed Allottee, the Company has verbally confirmed that the Proposed Allottee's investment policy is for pure investment purposes, and that the common stock of the Company to be acquired upon exercise of the Share Acquisition Rights is intended to be sold within a relatively short period at its discretion, while, in managing such investments, the Proposed Allottee will at all times give due consideration to the impact on the market.

In addition, under the Purchase Agreement, the Company and the Proposed Allottee intend to implement measures to restrict, in principle, the exercise of the Share Acquisition Rights to the extent that the number of shares to be acquired by the Proposed Allottee upon exercise of the Share Acquisition Rights in any single calendar month exceeds 10% of the total number of listed shares outstanding as of the payment date for the Share Acquisition Rights (the "Excess Exercise"), in accordance with Rule 434, Paragraph 1 of the Exchange's Securities Listing Regulations; Rule 436, Paragraphs 1 through 5 of the Enforcement Rules for Securities Listing Regulations; and Article 13 of Rules Concerning Handling of Allotment of New Shares to Third Party, etc." prescribed by the Japan Securities Dealers Association.

Specifically, the Company intends to enter into the Purchase Agreement incorporating the following provisions:

(i) the Proposed Allottee shall not conduct any Excess Exercise;

(ii) in the event that the Proposed Allottee exercises the Share Acquisition Rights, it shall, in advance, confirm with the Company whether such exercise constitutes an Excess Exercise;

(iii) in the event that the Proposed Allottee transfers the Share Acquisition Rights after obtaining approval from the Company's Board of Directors, it shall, in advance, cause the transferee to agree with the Company to provisions equivalent to those set forth in items (i) and (ii) above, as well as to the transfer restrictions stipulated in the Purchase Agreement;

(iv) in the event that the transferee further transfers the Share Acquisition Rights to a third party, the Proposed Allottee shall, in advance, cause such third party to agree with the Company to provisions equivalent to those set forth in items (i) and (ii) above;

(v) the Company shall not permit the Proposed Allottee to conduct any Excess Exercise; and

(vi) the Company shall enter into an agreement with any transferee from the Proposed Allottee (including any third party that acquires the Share Acquisition Rights from such transferee) containing provisions equivalent to the restrictions on Excess Exercise agreed between the Company and the Proposed Allottee, consisting of those set forth in items (i) through (v) above.

(4) Details of confirmation of the Proposed Allottee's financial capacity to make the payment

The Company has received from the Proposed Allottee a copy of a balance certificate issued by its transaction bank as of February 12, 2026. In addition, the Proposed Allottee has obtained a written undertaking from a domestic corporation, which is a consolidated subsidiary of a major Japanese corporate group listed on the Tokyo Stock

Exchange Prime Market and is a business partner of the Proposed Allottee (the "Proposed Allottee Sponsor"), stating that it is prepared to provide sufficient funds in the event of any shortfall in the Proposed Allottee's own funds, and the Company has also confirmed the contents of such undertaking. Accordingly, the Company has determined that the Proposed Allottee has sufficient cash and deposits to make the payment for the issuance of the Share Acquisition Rights to be allotted to it. Furthermore, with respect to the exercise of the Share Acquisition Rights, the Proposed Allottee intends, at the initial stage, to fund the exercise using its own funds on hand and thereafter to utilize proceeds obtained from the sale of the shares acquired upon such exercise, or from the sale of the Company's shares borrowed pursuant to the share lending agreement described in "(5) Share lending agreement," to conduct further exercises of the Share Acquisition Rights. Accordingly, the Company has determined that funds necessary for the exercise of the Share Acquisition Rights will also be secured.

(5) Share lending agreement

In connection with the issuance of the Share Acquisition Rights, the Company plans to enter into a stock lending arrangement with a shareholder of the Company that is also a business partner, under which a portion of such shareholder's holdings of the Company's common stock will be lent to the Proposed Allottee (Total number of shares to be lent (scheduled): 139,600 shares; scheduled lending period: March 17, 2026 to March 31, 2028; scheduled lending fee: annual rate of 0.1%). The Proposed Allottee will not borrow the Company's common stock for any purpose other than sales conducted within the number of shares of the Company's common stock to be acquired upon exercise of the Share Acquisition Rights.

(6) Background of the Proposed Allottee

With respect to the Proposed Allottee and its representative, as well as the Proposed Allottee Sponsor and its officers, the Company independently engaged a specialized investigation firm, Security & Research Co., Ltd. (2-16-6 Akasaka, Minato-ku, Tokyo; Representative Director: HANEDA, Toshitsugu), to conduct background checks, and has received an investigation report confirming that there is no involvement of antisocial forces. In addition, the parent company of the Proposed Allottee Sponsor is listed on the Tokyo Stock Exchange Prime Market, and the Company has confirmed, via the Exchange's website, the basic policy for the elimination of antisocial forces and the status of its implementation as described in the Corporate Governance Report submitted by such parent company to the Exchange. Based on these reports and investigation results, the Company has determined that neither the Proposed Allottee nor its representative has any relationship with antisocial forces, and that neither the Proposed Allottee Sponsor nor its officers has any such relationship. While the Company has not conducted an independent investigation into the shareholders of the Proposed Allottee Sponsor, it has concluded that there are no issues in this regard, given that the parent company of the Proposed Allottee Sponsor is a company listed on the Tokyo Stock Exchange Prime Market. Accordingly, the Company has submitted to the Tokyo Stock Exchange a written confirmation stating that neither the Proposed Allottee nor its officers has any relationship with antisocial forces.

7. Major shareholders and shareholding ratios after the offering

Before the offering (as of September 30, 2025)		After the offering	
Investment Limited Partnership Advantage Partners VII	22.91%	Investment Limited Partnership Advantage Partners VII	20.77%
JBO (AP) VII, L.P. (Domestic contact: Advantage Partners, Inc.)	10.67%	JBO (AP) VII, L.P. (Domestic contact: Advantage Partners, Inc.)	9.67%
APCP VII, L.P. (Domestic contact: Advantage Partners, Inc.)	10.53%	APCP VII, L.P. (Domestic contact: Advantage Partners, Inc.)	9.55%
CJIP (AP) VII, L.P. (Domestic contact: Advantage Partners, Inc.)	7.06%	Apricus Partners LLC.	9.30%
TATSUMI SHOKAI CO., LTD.	5.86%	CJIP (AP) VII, L.P. (Domestic contact: Advantage Partners, Inc.)	6.41%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3.69%	TATSUMI SHOKAI CO., LTD.	5.31%
AP Reiwa F7-B, L.P. (Domestic contact: Advantage Partners, Inc.)	1.96%	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.35%
AP Reiwa F7-A, L.P. (Domestic contact: Advantage Partners, Inc.)	1.36%	AP Reiwa F7-B, L.P. (Domestic contact: Advantage Partners, Inc.)	1.78%
BOFAS INC OMNIBUS ACCOUNT (Standing proxy: BofA Securities Japan Co., Ltd.)	0.70%	AP Reiwa F7-A, L.P. (Domestic contact: Advantage Partners, Inc.)	1.24%

Ogiya Co., Ltd.	0.59%	BOFAS INC OMNIBUS ACCOUNT (Standing proxy: BofA Securities Japan Co., Ltd.)	0.64%

Notes 1. The shareholding ratios are calculated based on the number of shares recorded in the shareholder register as of September 30, 2025. The post-allotment shareholding ratios are calculated on the assumption that all Share Acquisition Rights are exercised.
2. Class A Preferred Stock and Class B Subordinated Stock issued in March 2025 are included.
3. The above ratios are calculated by rounding to two decimal places (with the third decimal place rounded).
4. The Proposed Allottee's purpose in holding the Share Acquisition Rights is for pure investment, and the Proposed Allottee may sell the shares of the Company's common stock acquired upon exercise.

8. Outlook

The Company believes that this financing will contribute to the enhancement of its corporate value and shareholder value over the medium to long term; however, the impact on its financial results for the fiscal year ending March 31, 2026 is expected to be immaterial, and there is currently no change to the earnings forecast. Should any matters requiring disclosure arise, the Company will promptly announce them.

9. Matters concerning procedures under the corporate governance code

The number of voting rights corresponding to the 3,500,000 shares of the Company's common stock to be issued upon the exercise of all of the Share Acquisition Rights is 35,000. As of September 30, 2025, the total number of issued shares of the Company consisted of 13,585,521 shares of common stock (corresponding voting rights: 135,445), 3,000,000 Class A preferred shares (corresponding voting rights: 0), and 17,537,026 Class B subordinated shares (corresponding voting rights: 175,368). Accordingly, based on the total number of voting rights of shareholders (310,813) as the denominator, the dilution rate would be 11.26%.

The current financing involves a dilution ratio of less than 25%, does not result in a change in controlling shareholder, and, even if all Share Acquisition Rights are exercised, is not expected to result in a change in controlling shareholder. Accordingly, it does not fall under the procedures set forth in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange concerning corporate actions relating to third-party allotments.

10. Recent financial results for the past three fiscal years and status of equity financing

(1) Financial results for the past three fiscal years (consolidated)

(Millions of yen, unless otherwise stated)

Fiscal year ended March 31,	2023	2024	2025
Net sales	145,764	130,803	126,267
Operating profit	4,049	(690)	5,625
Ordinary profit	3,137	(10,727)	3,689
Profit attributable to owners of parent	794	(46,452)	(1,458)
Basic earnings per share (yen)	58.52	(3,421.32)	(101.20)
Dividends per share (yen)	75.00	–	–
Net assets per share (yen)	3,720.70	199.29	126.91

(2) Status of issued shares and potential shares (as of February 27, 2026)

	Number of shares	% of total issued shares
Total number of issued shares	Common stock: 13,585,521 shares	100.00%
	Class A Preferred Stock: 3,000,000 shares	100.00%
	Class B Subordinated Stock: 17,537,026 shares	100.00%
Number of potential shares based on the current conversion price (exercise price)	Common stock: 40,613,726 shares	298.95%
Number of potential shares based on the minimum conversion price (exercise price)	–	–
Number of potential shares based on the maximum conversion price (exercise price)	–	–

Note: The above number of potential shares represents the aggregate number of potential shares attributable to the Class A Preferred Stock and the Class B Subordinated Stock. The number of potential shares relating to the Class A Preferred Stock is calculated assuming a conversion price of ¥520 and zero cumulative dividends. The number of potential shares

relating to the Class B Subordinated Stock is calculated on the assumption that all acquisition rights attached to the Class B Subordinated Stock, under which shares of shares of the Company's common stock are delivered as consideration, are exercised in full under the initial terms.

(3) Recent share price trends

(i) Share price trends over the past three years

Fiscal year ended March 31,	2023	2024	2025
Opening price	¥2,890	¥2,052	¥1,183
Highest price	¥3,215	¥2,056	¥1,183
Lowest price	¥1,958	¥990	¥504
Closing price	¥2,035	¥1,146	¥613

(ii) Share price trends over the past six months

	2025				2026	
	September	October	November	December	January	February
Opening price	¥660	¥641	¥669	¥748	¥1,088	¥1,580
Highest price	¥705	¥760	¥730	¥1,123	¥2,510	¥1,835
Lowest price	¥628	¥625	¥640	¥692	¥966	¥1,445
Closing price	¥645	¥674	¥730	¥1,033	¥1,660	¥1,736

Note: Figures for February 2026 are presented as of February 26, 2026.

(iii) Share price on the business day immediately preceding the resolution date

	February 26, 2026
Opening price	¥1,719
Highest price	¥1,835
Lowest price	¥1,693
Closing price	¥1,736

(4) Status of equity financing over the past three years

Issuance of Class A Preferred Stock and Class B Subordinated Stock by way of a third-party allotment

Due date of payment	March 13, 2025	
Amount of funds to be procured	Class A Preferred Stock: Class B Subordinated Stock:	¥3,000,000,000 ¥4,500,000,875
Amount to be paid per share	Class A Preferred Stock: Class B Subordinated Stock:	¥1,000 per share ¥256.60 per share
Number of issued shares at the time of the offering	Common stock: Class A Preferred Stock: Class B Subordinated Stock:	13,585,521 shares 0 shares 0 shares
Number of issued shares resulting from the offering	Class A Preferred Stock: Class B Subordinated Stock:	3,000,000 shares 17,537,026 shares
Allottees	Class A Preferred Stock Investment Limited Partnership Advantage Partners VII: JBO (AP) VII, L.P.: APCP VII, L.P.: CJIP (AP) VII, L.P.: AP Reiwa F7-B, L.P.: AP Reiwa F7-A, L.P.: Class B Subordinated Stock Investment Limited Partnership Advantage Partners VII: JBO (AP) VII, L.P.: APCP VII, L.P.: CJIP (AP) VII, L.P.: AP Reiwa F7-B, L.P.: AP Reiwa F7-A, L.P.: TATSUMI SHOKAI CO., LTD.:	 1,261,164 shares 587,283 shares 579,660 shares 388,926 shares 107,940 shares 75,027 shares 6,553,204 shares 3,051,614 shares 3,012,004 shares 2,020,920 shares 560,873 shares 389,852 shares 1,948,559 shares

Initial use of funds at the time of issuance	(i) Introduction of environmental dust recycling and melting facilities (Metal Recycling Business) (¥3.5 billion) (ii) Installation of rectifiers and other equipment for the production of low-grade electrolytic iron (Electronic Components and Functional Materials Business) (¥1.2 billion) (iii) Project-related costs (including DX initiatives) (¥2.8 billion)
Scheduled timing of expenditures at the time of issuance	(i) April 2025 to March 2028 (ii) October 2025 to March 2027 (iii) July 2025 to March 2030
Current status of appropriation	(i) With respect to the introduction of environmental dust recycling and smelting facilities, ¥11 million has been allocated to research and development expenses. (ii) With respect to the introduction of rectifiers and other equipment for the production of low-grade electrolytic iron, ¥5 million has been allocated to research and development expenses. (iii) With respect to project-related costs, ¥837 million has been allocated to DX-related expenses.

The 1st Series Share Acquisition Rights of Toho Zinc Co., Ltd.
Terms and Conditions of Issuance

1. Name of share acquisition rights
   The 1st Series Share Acquisition Rights of Toho Zinc Co., Ltd. (the "Share Acquisition Rights")
2. Total amount to be paid for the Share Acquisition Rights
   ¥60,760,000
3. Subscription date
   March 16, 2026
4. Allotment date and payment date
   March 16, 2026
5. Method of offering
   All of the Share Acquisition Rights shall be allotted to Apricus Partners LLC. by way of a third-party allotment.
6. Class and number of shares underlying the Share Acquisition Rights and method of calculation
   (1) The class of shares underlying the Share Acquisition Rights shall be shares of the Company's common stock.
   (2) The total number of shares underlying the Share Acquisition Rights shall be 3,500,000 shares (the number of shares underlying each of the Share Acquisition Rights (the "Number of Allotted Shares") shall be 100 shares).

   If the Company conducts a stock split or stock consolidation, the number of shares shall be adjusted in accordance with the following formula. Such adjustment shall be made only with respect to the number of shares underlying the Share Acquisition Rights that have not been exercised at that time, and any fractional shares of less than one share resulting from the adjustment shall be rounded down.

   Number of shares aftre adjustment = Number of shares before adjustment × Ratio of split or consolidation

   In addition, if any event occurs that requires adjustment of the number of shares underlying the Share Acquisition Rights, the Company shall, by resolution of the Board of Directors, appropriately adjust the number of shares within a reasonable range.
7. Total number of the Share Acquisition Rights
   35,000 share acquisition rights
8. Amount to be paid for each of the Share Acquisition Rights
   ¥1,736
9. Value of assets to be contributed upon exercise of the Share Acquisition Rights or method of calculation thereof
   (1) The assets to be contributed upon exercise of each of the Share Acquisition Rights shall be cash, and the amount shall be the product of the exercise price (as defined below) and the Number of Allotted Shares. Any fraction of less than one yen arising from such calculation shall be rounded down.
   (2) The amount of assets to be contributed per share of the Company's common stock to be delivered upon exercise of the Share Acquisition Rights (the "Exercise Price") shall initially be ¥1,736 (the "Initial Exercise Price"); provided, however, that the Exercise Price shall be reset or adjusted in accordance with Item 10 or Item 11.
10. Reset of the Exercise Price
    If the amount equivalent to 90% of the closing price of the Company's common stock in regular trading on Tokyo Stock Echange, Inc. (the "Exchange") on the trading day immediately preceding the effective date of each exercise request of the Share Acquisition Rights as set forth in Item 17, paragraph (3) (the "Reset Date") (or, if there is no closing price on such date, the most recent closing price prior thereto shall be used (the "Closing Price")), rounded up to the nearest yen (the "Reset Date Price"), exceeds or falls below the Exercise Price then in effect immediately prior to such Reset Date by ¥1 or more, the Exercise Price shall be reset to the Reset Date Price effective on and after such Reset Date; provided, however, that if the Exercise Price after such reset on the Reset Date would fall below ¥955 (the "Minimum Exercise Price," which shall be adjusted mutatis mutandis in accordance with Item 11), the Exercise Price shall be the Minimum Exercise Price.
11. Adjustment of the Exercise Price
    (1) If, on and after the day following the allotment date of the Share Acquisition Rights, the Company delivers its common stock due to any of the events set forth in item (2) below, resulting in, or potentially resulting in, a change in the number of issued shares of common stock, the Exercise Price shall be adjusted in accordance with the following formula (the "Exercise Price Adjustment Formula"):

$$\text{adjusted Exercise Price} = \text{unadjusted Exercise Price} \times \frac{\text{Number of issued shares of common stock} + \dfrac{\text{Number of shares of common stock to be delivered} \times \text{Amount to be paid per share}}{\text{Market value per share}}}{\text{Number of issued shares of common stock} + \text{Number of shares of common stock to be delivered}}$$

(2) In the event that the Exercise Price is adjusted pursuant to the Exercise Price Adjustment Formula, the effective date of the Exercise Price after such adjustment shall be as set forth below:

(i) If the Company issues new shares of its common stock or disposes of shares of its common stock held by the Company at a payment amount below the fair value set forth in Item (4)-(ii) of this paragraph (excluding cases where such shares are delivered in exchange for the acquisition of shares with put options issued by the Company; upon request or exercise of share acquisition rights, bonds with share acquisition rights, or other securities or rights that entitle the holder to request delivery of the Company's common stock; or where the Company allocates shares of its common stock as compensation to its directors, other officers, or employees, or those of its related comapnies (meaning the related comapnies as defined in Article 8, paragraph 8 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements; the same shall apply hereinafter)), the adjusted Exercise Price shall be applied on and after the day following the payment date (or, if a payment period is provided in connection with the offering, the last day of such period; the same shall apply hereinafter), or, if there is a shareholder allotment date for the offering, on and after the day following such date.

(ii) If the Company issues shares of its common stock by way of a stock split or a gratis allotment of shares, the adjusted Exercise Price shall apply as follows: in the case of a stock split, on and after the day following the record date for such stock split; in the case of a gratis allotment of shares of the Company's common stock to common shareholders where a record date is specified for granting the right to receive such allotment, on and after the day following such record date; and in the case where no such record date is specified for granting the right to receive a gratis allotment of shares of the Company's common stock to common shareholders, or where shares of the Company's common stock are allotted without consideration to shareholders other than common shareholders, on and after the day following the effective date of such allotment.

(iii) If the Company issues (i) shares with put options that provide for the delivery of shares of the Company's common stock in exchange for their acquisition at a price below the market price specified in Item (4)-(ii) of this paragraph (including cases of gratis allotment), or (ii) share acquisition rights, bonds with share acquisition rights, or any other securities or rights entitling the holder to request delivery of shares of the Company's common stock at a price below such market price specified in Item (4)-(ii) (including cases of gratis allotment; excluding cases where share acquisition rights are allotted to directors, other officers, or employees of the Company or its related companies), the adjusted Exercise Price shall be calculated by applying mutatis mutandis the Exercise Price Adjustment Formula, assuming that all such shares with put options, share acquisition rights, bonds with share acquisition rights, or other securities or rights issued are requested or exercised at their initial acquisition price or exercise price and that shares of the Company's common stock are delivered accordingly, and shall apply on and after the day following the payment date (or, in the case of share acquisition rights or bonds with share acquisition rights, the allotment date, and in the case of gratis allotment, the effective date); provided, however, that if there is a record date for the allotment of such rights, the adjusted Exercise Price shall apply on and after the day following such record date.

Notwithstanding the foregoing, if the consideration for shares of the Company's common stock to be delivered upon request or exercise is not determined at the time of issuance of the shares with put options, share acquisition rights, bonds with share acquisition rights, or any other securities or rights, the adjusted Exercise Price shall be calculated by applying mutatis mutandis the Exercise Price Adjustment Formula, assuming that all such shares with put options, share acquisition rights, bonds with share acquisition rights, or other securities or rights outstanding at the time such consideration is determined are requested or exercised under the conditions prevailing at such time and that shares of the Company's common stock are delivered accordingly, and shall apply on and after the day following the date on which such consideration is determined.

(iv) Notwithstanding items (i) through (iii) of this paragraph, if, in any of the transactions set forth in items (i) through (iii), a record date for the allotment of the relevant rights is specified and the effectiveness of such transaction is subject to approval by a general shareholders meeting, the Board of Directors, or any other corporate body of the Company on or after such record date, the adjusted Exercise Price shall apply on and after the day following the date on which such approval is obtained.

In such case, with respect to holders of the Share Acquisition Rights who have exercised the Share Acquisition Rights during the period from the day following such record date to the date on which approval of such transaction is obtained, the number of shares of the Company's common stock to be delivered shall be determined in accordance with the following formula.

$$\text{Number of shares} = \frac{\left(\text{Unadjusted Exercise Price} - \text{Adjusted Exercise Price}\right) \times \text{Number of shares delivered during such period based on the Unadjusted Exercise Price}}{\text{Adjusted Exercise Price}}$$

In such case, any fractional share of less than one share shall be rounded down, and no cash adjustment shall be made.

(3) If the difference between the adjusted Exercise Price calculated in accordance with the Exercise Price Adjustment Formula and the unadjusted Exercise Price is less than ¥1, no adjustment to the Exercise Price shall be made; provided, however, that if any event requiring an adjustment to the Exercise Price subsequently occurs and the Exercise Price is recalculated, the amount obtained by subtracting such difference from the unadjusted Exercise Price shall be used in place of the unadjusted Exercise Price in the Exercise Price Adjustment Formula.

(4) (i) In calculating the Exercise Price adjustment formula, any fraction of less than ¥1 shall be rounded to the nearest yen.

(ii) The market price used in the Exercise Price Adjustment Formula shall be the average of the closing prices of the Company's common stock in regular trading on the Exchange for the 30 trading days (meaning days on which trading sessions are held on the Exchange; the same shall apply hereinafter) commencing on the 45th trading day prior to the date on which the adjusted Exercise Price becomes applicable (or, in the case of Item (2)-(iv) of this paragraph, the record date), excluding days on which no closing price is available. In this case, the average shall be calculated to two decimal places (yen basis), with the second decimal place rounded to the nearest hundredth of a yen.

(iii) The number of issued shares of the Company's common stock used in the Exercise Price Adjustment Formula shall be the number obtained by deducting the number of shares of the Company's common stock held by the Company as of the relevant date from the total number of issued shares of the Company's common stock as of such date, which shall be the record date, if any, or, if there is no record date, the date one month prior to the date on which the adjusted Exercise Price becomes applicable. In addition, in the case of Item (2)-(ii) of this paragraph, the number of shares of common stock to be delivered used in the Exercise Price Adjustment Formula shall not include the number of shares of the Company's common stock allocated to the Company's common stock held by the Company as of the record date.

(5) In addition to the cases requiring adjustment of the Exercise Price set forth in Item (2) of this paragraph, the Company shall make such necessary adjustments to the Exercise Price as appropriate in the following cases:

(i) If an adjustment to the Exercise Price is required in connection with a stock consolidation, a merger in which the Company is the surviving company, an absorption-type company split in which the Company is the successor company, or a share exchange in which the Company becomes the wholly owning parent company.

(ii) If an adjustment to the Exercise Price is required due to a change or a potential change in the number of issued shares of the Company's common stock.

(iii) If two or more events requiring an adjustment to the Exercise Price occur in close succession and it is necessary to take into account the effect of one such event in determining the market price to be used in calculating the adjusted Exercise Price based on the other event.

(6) Notwithstanding Item (2) above, if the date on which the adjusted Exercise Price determined pursuant to Item (2) above first becomes applicable coincides with the Reset Date pursuant to paragraph 10, the Company shall make such necessary adjustments to the Exercise Price and the Minimum Exercise Price.

(7) If the Exercise Price is adjusted pursuant to the provisions of this paragraph, the Company shall give prior written notice to the holders of the Share Acquisition Rights of such adjustment, including the reason therefor, the unadjusted Exercise Price, the adjusted Exercise Price, the date of application, and any other necessary matters, no later than the day preceding such date of application; provided, however, that in the case set forth in Item (2)-(iv) of this paragraph, or if such notice cannot be given by the day preceding the date of application, the Company shall give such notice promptly after the date of application..

12. Exercise period of the Share Acquisition Rights
From March 17, 2026 (inclusive) to March 17, 2028 (inclusive).

13. Other conditions for exercise of the Share Acquisition Rights
The Share Acquisition Rights may not be exercised in part.

14. Grounds for acquisition of the Share Acquisition Rights
(1) If the Board of Directors of the Company resolves that it is necessary for the Company to acquire the Share Acquisition Rights, the Company may, on or after the day following the payment date for the Share Acquisition Rights, in accordance with Articles 273 and 274 of the Companies Act, acquire all or part of the Share Acquisition Rights held by the holders of the Share Acquisition Rights (excluding the Company) on the acquisition date determined by the Board of Directors of the Company, by giving notice at least two weeks prior to such acquisition date and paying an amount per Share Acquisition Right equal to the amount to be paid therefor. Any partial acquisition shall be made by lottery or other reasonable methods.
(2) The Company shall, on March 17, 2028 (the last day of the exercise period), acquire all the Share Acquisition Rights held by the holders of the Share Acquisition Rights (excluding the Company) at an amount per Share Acquisition Right equal to the amount to be paid therefor.
(3) If a merger in which the Company is the dissolving company, or a share exchange or share transfer in which the Company becomes a wholly owned subsidiary (collectively, the "Corporate Reorganization") is approved by a resolution of the general shareholders meeting of the Company, the Company shall, prior to the effective date of such Corporate Reorganization, in accordance with Articles 273 and 274 of the Companies Act, acquire all the Share Acquisition Rights held by the holders of the Share Acquisition Rights (excluding the Company) on the acquisition date determined by the Board of Directors of the Company, by giving notice at least two weeks prior to such acquisition date and paying an amount per Share Acquisition Right equal to the amount to be paid therefor.
(4) If the shares issued by the Company are designated by the Exchange as securities on alert or securities to be delisted, or if the shares are delisted, the Company shall, on the date falling two weeks after the date of such designation or the date on which the delisting is decided (or, if such date is not a business day, the next business day), acquire all the Share Acquisition Rights held by the holders of the Share Acquisition Rights (excluding the Company) at an amount per Share Acquisition Right equal to the amount to be paid therefor.

15. Issuance of certificates for the Share Acquisition Rights
The Company shall not issue certificates representing the Share Acquisition Rights.

16. Increase in share capital and legal capital surplus upon issuance of shares upon exercise of the Share Acquisition Rights
In the event that shares of the Company's common stock are issued upon exercise of the Share Acquisition Rights, the amount of increase in share capital shall be one-half of the maximum amount of increase in share capital, etc. calculated in accordance with Article 17, paragraph 1 of the Regulations for Corporate Accounting (any fraction of less than ¥1 resulting from such calculation shall be rounded up), and the amount obtained by deducting such increase in share capital from such maximum amount of increase in share capital, etc. shall be the amount of increase in legal capital surplus.

17. Method of exercise of the Share Acquisition Rights
(1) In the event that the Share Acquisition Rights are exercised, during the period in which the Share Acquisition Rights may be exercised as set forth in paragraph 12, the holder shall notify the place for acceptance of exercise requests set forth in paragraph 19 of the matters required for such exercise request.
(2) In the event that the Share Acquisition Rights are exercised, in addition to the notice of the exercise request set forth in the preceding item, the full amount of the assets to be contributed upon exercise of the Share Acquisition Rights shall be paid in cash by remittance to the account designated by the Company at the payment handling place set forth in paragraph 20.
(3) An exercise request of the Share Acquisition Rights shall become effective on the date when notice of all matters required for such exercise request has been given to the place for acceptance of exercise requests set

forth in paragraph 19 and when the full amount of the assets to be contributed upon such exercise has been credited to the account specified in the preceding item.

18. Method of dlivery of sares
    The Company shall deliver the shares by recording an increase in the number of book-entry shares in the account balance of the transfer account book at the transfer institution or account management institution designated by the holder of the Share Acquisition Rights after the exercise request becomes effective.
19. Place for acceptance of exercise requests
    Securities Transfer Agency Divison, Mitsubishi UFJ Trust and Banking Corporation
20. Payment handling place
    Yaesudori Branch of MUFG Bank, Ltd
21. Basis for determining the amount to be paid for the Share Acquisition Rights and the amount of assets to be contributed upon exercise thereof
    Taking into account the terms and conditions of the Share Acquisition Rights and the Purchase Agreement, the amount to be paid for each of the Share Acquisition Rights has been determined as set forth in paragraph 8, with reference to the results of a valuation based on the Monte Carlo simulation method, which is a generally accepted pricing model. Furthermore, the amount to be paid upon exercise of the Share Acquisition Rights shall be as set forth in paragraph 9.
22. Application of the act on book-entry transfer of corporate bonds and shares
    The Share Acquisition Rights shall be book-entry share acquisition rights as provided for in the Act on Book-Entry Transfer of Corporate Bonds and Shares, and all the Share Acquisition Rights shall be subject to the provisions of such Act. In addition, the handling of the Share Acquisition Rights shall be in accordance with the operational rules, enforcement rules, and other regulations concerning the book-entry transfer of shares, etc., as prescribed by Japan Securities Depository Center, Incorporated.
23. Name and address of transfer institution
    Japan Securities Depository Center, Incoeporated
    7-1 Nihonbashi Kayabacho, Chuo-ku, Tokyo
24. Other matters
    (1) In the event that amendments to the Companies Act or other laws require any reinterpretation or other measures with respect to the provisions of these terms, the Company shall take the necessary measures.
    (2) The provisions of each of the above items are subject to the effectiveness of the filing under the Financial Instruments and Exchange Act.
    (3) Any other matters necessary for the issuance of the Share Acquisition Rights shall be delegated to the President and Representative Director of the Company.