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March 28, 2025

For Immediate Release

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	(Code No.: 5481, Prime Market of the TSE)
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**Notice Regarding Nippon Steel Corporation’s Decision to Make a Demand for Cash Out of Shares in the Company, and the Company’s Approval of the Demand for Cash Out of Shares and Delisting of the Shares in the Company**

As Sanyo Special Steel Co., Ltd. (the “Company”) announced in the “Notice Regarding Results of the Tender Offer for the Company Shares by Nippon Steel Corporation (the Company’s Parent Company)”, dated March 19, 2025, Nippon Steel Corporation (“Nippon Steel”) conducted a tender offer for the Company’s common shares (the “Company Shares”) from February 3, 2025 (the “Tender Offer”), and, as a result, Nippon Steel came to own 50,213,399 shares of the Company Shares (Voting Rights Ownership Ratio (Note 1): 92.16%) as of March 26, 2025 (the commencement date of settlement of the Tender Offer), and became a special controlling shareholder of the Company as defined in the Companies Act (Act No.86 of 2005, as amended; hereinafter the same applies).

(Note 1) “Voting Rights Ownership Ratio” means the percentage obtained by dividing a number of voting rights of the Company Shares by the number of the voting rights (i.e., 544,823 voting rights) of the total number of the Company Shares (i.e., 54,482,337 shares) calculated by the total issued shares of the Company as of December 31, 2024 (i.e., 54,507,307 shares), as set forth in the “Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]” published by the Company on January 31, 2025 (the “Company Financial Results”), minus the number of treasury shares held by the Company as of December 31, 2024 (i.e., 24,970 shares), as set forth in the Company Financial Results (with the resulting percentage rounded to the nearest hundredth). The same applies hereinafter.

On March 27, 2025, Nippon Steel has decided to conduct a demand to all of the shareholders of the Company (excluding the Company and Nippon Steel; the “Shareholders Subject to the Cash-Out”) to sell all of their Company Shares (the “Shares Subject to the Cash-Out”) (the “Demand for Share Cash-Out”) under Article 179, paragraph (1) of the Companies Act as a series of procedures to make the Company a wholly-owned subsidiary of Nippon Steel by acquiring all of the Company Shares (excluding those held by Nippon Steel and the treasury shares held by the Company) (the “Transactions”) as stated in “(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)” in “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” in “Notice Regarding Expression of Opinion in Support of the Tender Offer for the Company

Shares by Nippon Steel Corporation (the Company’s Parent Company) and Recommendation to Tender Shares in the Tender Offer” released by the Company on January 31, 2025 (as amended in the press release published by the Company after January 31, 2025; the “Opinion Press Release”) since Nippon Steel has come to own 90% or more of the voting rights of all shareholders of the Company as a result of the consummation of the Tender Offer.

The Company received from Nippon Steel a notice regarding the Demand for Share Cash-Out today, and hereby announces that the Company resolved at its board of directors meeting held today to approve the Demand for Share Cash-Out, as detailed below.

In addition, the Company Shares will come to fall under the delisting criteria of the Prime Market of Tokyo Stock Exchange, Inc. (the “TSE”) upon the approval of the Demand for Share Cash-Out. Therefore, the Company Shares will be designated as stock to be delisted for the period from today through April 22, 2025, and they will be delisted on April 23, 2025. Please note that after the delisting, it will no longer be possible to trade the Company Shares on the Prime Market of the TSE.

1. Outline of the Demand for Share Cash-Out

(1) Outline of the Special Controlling Shareholder

(I)	Name	Nippon Steel Corporation	
(II)	Location	2-6-1 Marunouchi, Chiyoda-ku, Tokyo	
(III)	Name and title of representative	Tadashi Imai, Representative Director, President, and COO	
(IV)	Description of business	Steelmaking and steel fabrication, engineering and construction, chemicals and materials, system solutions	
(V)	Capital	569,519 million yen (as of September 30, 2024)	
(VI)	Date of incorporation	April 1, 1950	
(VII)	Major shareholders and shareholding ratios (as of September 30, 2024) (Note 2)	The Master Trust Bank of Japan, Ltd. (Trust Account)	13.6%
		Custody Bank of Japan, Ltd. (Trust Account)	4.8%
		Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1.8%
		State Street Bank West Client – Treaty 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.7%
		Nomura Securities Co., Ltd.	1.4%
		Meiji Yasuda Life Insurance Company (Standing proxy: Japan Custody Bank, Ltd.)	1.3%
		JPMorgan Securities Japan Co., Ltd.	1.2%
		Nippon Steel Group Employees Shareholding Association	1.2%
		JPMORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.1%
		Mizuho Bank, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	1.1%
(VIII)	Relationship between the Company and the special controlling shareholder		
	Capital relationship	As of today, Nippon Steel owns 50,213,399 Company Shares (ownership ratio (Note 3): 92.16 %) and has made the Company its consolidated subsidiary.	

Personnel relationship	As of today, of the twelve directors of the Company, one director concurrently serves as a managing executive officer of Nippon Steel and four directors previously worked for Nippon Steel. Of the eight executive officers who do not concurrently serve as directors of the Company, one executive officer previously worked for Nippon Steel. In addition, as of December 31, 2024, four employees of the Company are seconded to other companies in Nippon Steel Group (Note 5), and eight employees of Nippon Steel are seconded to the Company Group (Note 6).
Business relationship	The Company Group entrusts to Nippon Steel, and is entrusted by Nippon Steel with the production of steel products based on the business alliance agreement in February 2006.
Status as related party	Nippon Steel is the Company's parent company, and Nippon Steel and the Company constitute a related party of the other.

(Note 2) "Major shareholders and shareholding ratios (as of September 30, 2024)" are cited from "Status of Major Shareholders" in the Semiannual Report for the 100<sup>th</sup> term submitted by Nippon Steel to the Director-General of the Kanto Local Finance Bureau on November 12, 2024.

(Note 3) "Ownership ratio" refers to the ratio (rounded to two decimal places) of shares owned by a shareholder to the number of shares (54,482,337 shares) obtained by deducting the number of treasury shares (24,970 shares) owned by the Company as of December 31, 2024 from the total number of issued shares of the Company as of the same date (54,507,307 shares) as stated in the Company Financial Results published by the Company on January 31, 2025; the same applies hereinafter.

(Note 4) Nippon Steel is the largest shareholder based on the number of shares owned as of September 30, 2024 as stated in "(5) Status of Major Shareholders" of "1. Status of Shares, Etc." of "Part III. Status of the Filing Company" in the Semiannual Report for the 113<sup>th</sup> term submitted by the Company on November 14, 2024.

(Note 5) As of September 30, 2024, Nippon Steel has 425 consolidated subsidiaries, including the Company, and 113 equity-method affiliates, etc. (Nippon Steel and its consolidated subsidiaries and equity-method affiliates, etc. are collectively referred to as the "Nippon Steel Group"; the same applies hereinafter).

(Note 6) "Company Group" refers to a corporate group consisting of the Company, 34 consolidated subsidiaries, and one equity-method affiliate (as of January 31, 2025); the same applies hereinafter.

(2) Schedule of the Demand for Share Cash-Out

Date of the demand for the cash out of shares	Friday, March 28, 2025
Date when the resolution was passed at the Company's board of directors meeting	Friday, March 28, 2025
Last trading day	Tuesday, April 22, 2025 (scheduled)
Delisting date	Wednesday, April 23, 2025 (scheduled)
Acquisition date	Friday, April 25, 2025 (scheduled)

(3) Cash-Out Consideration

2,750 yen per share of common stock

2. Details of the Demand for Share Cash-Out

The Company received from Nippon Steel today a notice of its intention to make the Demand for Share Cash-Out, the details of which are as follows.

- (1) When Deciding not to Make the Demand for Share Cash-Out to a Wholly-Owned Subsidiary Corporation of the Special Controlling Shareholder, That Decision and the Name of That Wholly-Owned Subsidiary Corporation of the Special Controlling Shareholder (Article 179-2, paragraph (1), item (i) of the Companies Act)

Not applicable.

- (2) Amount of Cash to be Delivered to Shareholders Subject to the Cash-Out as Consideration for the Shares Subject to the Cash-Out Through the Demand for Share Cash-Out and Matters Related to the Allotment of Cash to the Shareholders Subject to the Cash-Out (Article 179-2, paragraph (1), items (ii) and (iii) of the Companies Act)

Nippon Steel will allot and deliver to each of the Shareholders Subject to the Cash-Out JPY 2,750 per share of the Shares Subject to the Cash-Out held by such shareholder as consideration for the Shares Subject to the Cash-Out (the “Cash-Out Consideration”).

- (3) Matters Related to a Demand for Stock Acquisition Rights Cash-Out (Article 179-2, paragraph (1), item (iv) of the Companies Act)

Not applicable.

- (4) Date on Which the Special Controlling Shareholder Acquires the Shares Subject to the Cash-Out (“Acquisition Date”) (Article 179-2, paragraph (1), item (v) of the Companies Act)

April 25, 2025

- (5) Method of Securing Funds for Payment of the Cash-Out Consideration (Article 179-2, paragraph (1), item (vi) of the Companies Act and Article 33-5, paragraph (1), item (i) of the Ordinance for Enforcement of the Companies Act)

Nippon Steel plans to pay the Cash-Out Consideration in cash or from deposits held by Nippon Steel. While Nippon Steel submitted its balance certificate as of January 31, 2025 as attachments to the tender offer registration statement, no event obstructing the payment of the Cash-Out Consideration has occurred since January 31, 2025, and Nippon Steel is not aware of any possibility that such an event may occur in the future.

- (6) Other Terms and Conditions for the Demand for Share Cash-Out (Article 179-2, paragraph (1), item (vi) of the Companies Act and Article 33-5, paragraph (1), item (ii) of the Ordinance for Enforcement of the Companies Act)

The Cash-Out Consideration will be delivered within a reasonable period after the Acquisition Date in the same manner as delivery of dividends by the Company to the address of each of the Shareholders Subject to the Cash-Out stated or recorded in the Company’s final shareholder register as of the day immediately preceding the Acquisition Date, or at any other place notified by the Shareholders Subject to the Cash-Out to the Company.

However, if delivery is unable to be made in that manner, the Cash-Out Consideration will be paid to the relevant Shareholders Subject to the Cash-Out at the head office of the Company in a manner designated by the Company (or, at any other place and in any other manner designated by Nippon Steel for delivery of the Cash-Out Consideration).

3. Grounds and Reasons for the Decision to Approve the Demand for Share Cash-Out
  - (1) Grounds and reasons for the Decision to Approve the Demand for Share Cash-Out

The Demand for Share Cash-Out will be conducted as part of the Transactions, and the Cash-Out Consideration is set to be equal to the tender offer price per share of the Company Shares in the Tender Offer (the “Tender Offer Price”).

At its board of directors’ meeting held on January 31, 2025, the Company adopted a resolution to express an opinion in support of the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer, based on the following grounds and reasons as stated in “(IV) Decision-Making Process and Reasons Leading to the Company’s Support of the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” in the Opinion Press Release.

The following descriptions that relate to Nippon Steel are based on explanations given by Nippon Steel.

- (i) Proposal from Nippon Steel and Background to the Establishment of the Structure for Consideration

On September 2, 2024, the Company received an initial offer from Nippon Steel to the effect that Nippon Steel wishes to commence consideration of measures to enhance Nippon Steel’s and the Company’s corporate value in the mid- to long term on a continuous basis, including making the Company its wholly-owned subsidiary. Thereafter, on October 9, 2024, the Company received a proposal to make the Company its wholly-owned subsidiary through a tender offer and demand for share cash-out or share consolidation (the “Proposal”).

Upon receipt of the proposal, in order to consider the Transactions and discuss and negotiate the Transactions with Nippon Steel, the Company took into account the fact that Nippon Steel was the Company’s controlling shareholder (parent company) whose ownership ratio of the Company Shares was 52.98% at that time, that the Transactions, including the Tender Offer, constitute material transactions with a controlling shareholder, and that the Transactions constitute transactions typically involving a structural conflict of interest issue and an information asymmetry issue. In order to respond to these issues and ensure the fairness of the Transactions, at the board of directors’ meeting of the Company held on October 31, 2024, the Company appointed SMBC Nikko Securities Inc. (“SMBC Nikko Securities”) as its financial advisor and third-party valuation agency independent of Nippon Steel Group and the Company Group, and Mori Hamada & Matsumoto as its outside legal advisor. Furthermore, in order to ensure the fairness of the Transactions, the Company commenced establishment of a structure to consider, negotiate, and make a decision on the Transactions with a view to enhancing the Company’s corporate value and protecting the interests of its general shareholders, independently from Nippon Steel, while obtaining advice from Mori Hamada & Matsumoto. Specifically, as stated in “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below, after the Company proceeded with preparations to establish the Company’s special committee (the “Special Committee”), pursuant to its resolution at its board of directors’ meeting held on October 31, 2024, the Company established the Special Committee consisting of four members: Mr. Hiroshi Yogi (independent outside director, member of the board and audit & supervisory committee member of the Company, and former senior officer of Sumitomo Mitsui Banking Corporation), Ms. Kayo Fujiwara (independent outside director of the Company, and director and senior vice president of ENEOS Ocean Corporation), Mr. Iwao Toide (independent outside director of the Company, and former executive vice president, and group CEO of the Automotive & Mobility Group of Mitsubishi Corporation), and Ms. Aki Miyaguchi (independent outside director, member of the

board and audit & supervisory committee member of the Company, and the chief of Certified Public Accountant Miyaguchi Aki Office) (for the background of the consideration of the Special Committee and the content of decisions, please see “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below). The Company requested that the Special Committee (1) make recommendations to the Company’s board of directors after considering whether the Company’s board of directors should support the Tender Offer and whether the Company’s board of directors should recommend that the Company’s shareholders tender their shares in the Tender Offer, and (2) provide opinions to the Company’s board of directors after considering whether the Company’s board of directors’ decision on the Transactions is not disadvantageous to the Company’s minority shareholders (when making recommendations and providing opinions mentioned above, the Special Committee (i) will consider and make a decision on the pros and cons of the Transactions by considering whether the Transactions will contribute to enhancement of the Company’s corporate value and (ii) will consider and make a decision on the appropriateness of the transaction terms and the fairness of the procedures with a view to protecting the interests of the Company’s general shareholders) (collectively, the “Advisory Matters”).

Furthermore, when establishing the Special Committee, the Company adopted a resolution that (i) the Company’s board of directors’ decision-making on the Transactions will be made with respect to the Special Committee’s decision to the maximum extent, including whether to support the Tender Offer, and (ii) that if the Special Committee decides that the transaction terms for the Transactions are not appropriate, the Company’s board of directors will not approve the Transactions on these transaction terms (including not to support the Tender Offer). The Company’s board of directors also adopted a resolution (i) that the Special Committee will be substantially involved in the negotiation process between the Company and Nippon Steel (including providing instructions or making requests regarding the negotiation policy with Nippon Steel and negotiating with Nippon Steel itself, as necessary); (ii) that when making a report concerning the Advisory Matters, the Special Committee will appoint its own financial or legal advisor(s) as necessary (in this case, any expenses therefor shall be borne by the Company), and will nominate or approve the Company’s financial or legal advisor(s) (including ex post fact approval) (if the Special Committee confirms that there is no problem with the independence and expertise of the Company’s advisors, it may seek professional advice from the Company’s advisors); (iii) that the Special Committee will receive information necessary to consider and make a decision on the Transactions from the Company’s officers and employees, including information regarding the content and premise of preparation of the business plan; and (iv) that the Company will grant authority on other matters that the Special Committee finds necessary when considering and making a decision on the Transactions (for the method of resolution at the board of directors’ meeting, please see “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below).

As stated in “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below, under the authority mentioned above, on October 31, 2024, the Special Committee decided to appoint Nomura Securities Co., Ltd. (“Nomura Securities”) as its own financial advisor and third-party valuation agency independent of Nippon Steel Group and the Company Group, and Nakamura, Tsunoda & Matsumoto as its own legal advisor independent of Nippon Steel Group and the Company Group.

In addition, as stated in “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below, the Company obtained the approval of the Special Committee for the appointment of SMBC Nikko Securities as the Company’s financial advisor and third-party valuation agency and Mori Hamada & Matsumoto

as the Company's legal advisor after the Special Committee confirmed that there was no problem with their independence of Nippon Steel Group or the Company Group, or their expertise or records.

Furthermore, as stated in "(VII) Building of Independent Structure for Consideration in the Company" of "(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest" below, the Company internally built a structure to consider, negotiate, and make a decision on the Transactions (including the scope of the Company's officers and employees who would be involved in the consideration, negotiation, and decision-making for the Transactions, and their duties) independently from Nippon Steel, and obtained the approval of the Special Committee that there was no problem with the structure for consideration from the perspective of independence and fairness.

(ii) Background of the Consideration and Negotiation

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

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

Specifically, following receipt of the Proposal on October 9, 2024, the Company and the Special Committee proceeded with internal examinations and discussions. On November 9, 2024, the Company and the Special Committee asked Nippon Steel in writing about the background and purpose of the proposal for the Transactions, synergies of the Transactions, disadvantages of the Transactions, management policy for the Company after the Transactions, structure, and other matters, and on November 19, 2024, the Company and the Special Committee received a written reply concerning Nippon Steel's view on each of the questions dated November 9, 2024 from Nippon Steel. Furthermore, with regard to the reply, the Special Committee asked additional questions in writing on November 20, 2024, and it received explanations regarding these questions from Nippon Steel and held a question-and-answer session regarding the Transactions on November 21, 2024. Thereafter, on December 2, 2024, the Special Committee asked additional questions in writing about Nippon Steel Group's future global strategies and direction concerning special steel, the role of the Transactions within these strategies, the activities and contributions that Nippon Steel expects of the Company, and other related matters, and received a written reply to the questions dated December 2, 2024 from Nippon Steel on December 6, 2024.

Since October 9, 2024, the Company has conducted multiple negotiations regarding the Tender Offer Price with Nippon Steel. Specifically, on December 20, 2024, as a formal proposal that Nippon Steel 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 Nippon Steel a proposal for various terms and conditions for the Transactions, including setting the Tender Offer Price at the Tender Offer of 2,350 yen (the details of the premium percentage are as follows: 32.54% (rounded to two decimal places; the same applies hereinafter in the calculation of the premium percentage) on the closing price of the Company Shares of 1,773 yen on the Prime Market of the TSE as of December 19, 2024, which is the business day immediately before the date of proposal; 29.62%

on the simple average of the closing price for the one month before December 19, 2025, which was 1,813 yen; 26.14% on the simple average of the closing price for the three months before the same date, which was 1,863 yen; and 22.52% on the simple average of the closing price for the six months before the same date, which was 1,918 yen). However, on December 23, 2024, the Company and the Special Committee requested that Nippon Steel consider increasing the Tender Offer Price because the proposed price did not reflect the Company's intrinsic value and the Company and the Special Committee believed that a part of the synergy effects that are expected to be generated through the Tender Offer should be reflected in the Tender Offer Price. Thereafter, on December 26, 2024, the Company received a reply from Nippon Steel that Nippon Steel wishes to confirm its own view and the Company's and the Special Committee's views on the business plan. Upon receipt of this reply, on December 27, 2024, the Company and the Special Committee stated that the Company's business plan was prepared based on an objective evaluation of its business environment and that it is highly probable that the plan would be achieved, and at the same time, requested that Nippon Steel review the price. Subsequently, on January 9, 2025, Nippon Steel, the Company, and the Special Committee met to confirm their respective views on the Company's business plan. Based on this discussion, Nippon Steel thoroughly evaluated its perspective on the business plan, the Company's value in a carbon-neutral society, and the synergies to be realized through the Transactions, and on January 17, 2025, the Company received a proposal from Nippon Steel that the Tender Offer Price be 2,550 yen (the details of the premium percentage are as follows: 38.14% on the closing price of the Company Shares of 1,846 yen on the Prime Market of the TSE as of January 16, 2025, which is the business day immediately before the date of proposal; 36.80% on the simple average of the closing price for the one month before January 16, 2025, which was 1,864 yen; 37.91% on the simple average of the closing price for the three months before the same date, which was 1,849 yen; and 35.35% on the simple average of the closing price for the six months before the same date, which was 1,884 yen). In response, on January 20, 2025, the Company and the Special Committee requested that Nippon Steel review the Tender Offer Price by appropriately reflecting the Company's intrinsic value and the Company's balance sheet and taking into account the expectations of market participants, including the Company's general shareholders, on economic terms of the Transactions, and proposed 2,800 yen to Nippon Steel as a price that comprehensively considered various factors for evaluation of the share value of the Company. Thereafter, on January 23, 2025, the Company and the Special Committee received a proposal from Nippon Steel that the Tender Offer Price be 2,750 yen as the final offer price (the details of the premium percentage are as follows: 45.50% on the closing price of the Company Shares of 1,890 yen on the Prime Market of the TSE as of January 22, 2025, which is the business day immediately before the date of proposal; 45.20% on the simple average of the closing price for the one month before January 22, 2025, which was 1,894 yen; 48.57% on the simple average of the closing price for the three months before the same date, which was 1,851 yen; and 46.43% on the simple average of the closing price for the six months before the same date, which was 1,878 yen). As a result, on January 24, 2025, the Company and the Special Committee concluded that the price proposed by Nippon Steel could be deemed to comprehensively reflect various evaluation factors, including the Company's intrinsic value, the Company's strengths to achieve carbon neutral society against the background of holding electric furnace facilities, the expectations of market participants, including the Company's general shareholders, on economic terms of the Transactions, and other matters, and they replied that they would consider accepting the price.

In the course of the consideration and negotiations stated above, when discussing and negotiating the Tender Offer Price with Nippon Steel, the Company considered it based on the opinion obtained from the Special Committee and the advice obtained from SMBC Nikko Securities and Mori Hamada & Matsumoto. At that time, the Special Committee received advice from Nomura Securities and Nakamura, Tsunoda & Matsumoto, which are its own advisors, from time to time, exchanged opinions with the Company and the Company's advisors, and provided confirmation and approval as necessary. Specifically, the reasonableness of the details, important assumptions, and course of preparation of the Company's business plan, which would



be presented by the Company to Nippon Steel and would be used as the basis for valuation of the Company Shares by SMBC Nikko Securities and Nomura Securities was confirmed and approved in advance by the Special Committee. Furthermore, SMBC Nikko Securities, the Company's financial advisor, negotiated with Nippon Steel 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 Nippon Steel, it immediately reported the proposal to the Special Committee, received opinions, instructions, requests, etc. concerning the negotiation policy with Nippon Steel from the Special Committee, and responded thereto in accordance with them.

Thereafter, on January 30, 2025, the Company received a report from the Special Committee to the effect (i) that the Company's board of directors should express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer and (ii) that the Company's board of directors' decision on the Transactions (i.e., the decision to support the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer, and to implement a series of procedures to make Nippon Steel the only shareholder of the Company 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" in the Opinion Press Release (the "Squeeze-Out Procedures")) is considered not to be disadvantageous to the Company's minority shareholders (the "Report") (for an overview of the Report, please see "(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee" of "(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest" below). The Special Committee received a share valuation report on the Company Shares and a fairness opinion to the effect that the Tender Offer Price, 2,750 yen per share, is considered to be appropriate from a financial perspective for the Company's shareholders (excluding Nippon Steel) from Nomura Securities on January 30, 2025 (the "Share Valuation Report (Nomura Securities)" and the "Fairness Opinion (Nomura Securities)," respectively) (for an overview of the Share Valuation Report (Nomura Securities) and the Fairness Opinion (Nomura Securities), please see "(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency" of "(3) Matters relating to Valuation" of "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" in the Opinion Press Release).

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

Under the circumstances described above, the Company, at its board of directors' meeting held on January 31, 2025, carefully discussed and considered whether the Transactions, including the Tender Offer, will contribute to enhancement of the Company's corporate value and whether the transaction terms for the Transactions, including the Tender Offer Price, are appropriate, based on the legal advice obtained from Mori Hamada & Matsumoto, the advice from a financial perspective obtained from SMBC Nikko Securities, and the contents of a share valuation report on the Company Shares and a fairness opinion obtained from SMBC Nikko Securities on January 30, 2025 (the "Share Valuation Report (SMBC Nikko Securities)" and the "Fairness Opinion (SMBC Nikko Securities)," respectively), while respecting the Special Committee's decision indicated in the Report to the maximum extent.

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

The structure of the management environment surrounding the Company Group is significantly changing, and future changes are also expected. In order to appropriately respond to such long-term changes in the management environment and further enhance the Company Group's corporate value, the Company believes that it is necessary to increase the value provided to

customers and achieve efficient management through optimal allocation of resources by using Nippon Steel Group's technology, know-how, and resources to pursue continued growth.

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

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

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

The Company believes that by achieving an efficient production system, it will be able to further effectively utilize facilities and equipment and to reduce costs and increase cost competitiveness through optimization of joint procurement and logistics costs of raw materials and energy. Furthermore, in terms of carbon neutrality, the Company believes that achieving efficient production and procurement systems, maximal utilization of electric furnaces held by the Company, and knowledge regarding carbon-free hydrogen generation held by Triako Holdco AB (currently Ovako Group AB; Ovako Group AB and its subsidiaries are hereinafter referred to as "Ovako"), a Swedish company, will play an important role in accelerating efforts across Nippon Steel Group.

II. Deepening of research and development

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

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

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

### IV. Prompt and flexible decision-making

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

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

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

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

In addition, the Company comprehensively concluded that the Tender Offer Price, 2,750 yen, is an appropriate price that reflects the Company's intrinsic value and protects interests that should be received by general shareholders of the Company, and that even when changes in the share price that reflect the current business environment surrounding the Company are taken into account, the Tender Offer still provides those shareholders with a reasonable opportunity to sell the Company Shares at a price including an appropriate premium and to secure interests, for the following reasons:

- (A) the price was agreed upon after sincere negotiations with Nippon Steel with the substantial involvement of the Special Committee after the Company took adequate measures to ensure the fairness of the transaction terms for the Transactions, including the Tender Offer Price, as stated in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below;
- (B) the price is higher than the upper limit of the calculation results under the market price method and the comparable listed company method, and within the range of the calculation results under the discounted cash flow method (“DCF Method”), from the valuation results of the Company Shares by SMBC Nikko Securities in the Share

Valuation Report (SMBC Nikko Securities) as stated in “(I) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” in the Opinion Press Release; and the Fairness Opinion (SMBC Nikko Securities) to the effect that the Tender Offer Price, 2,750 yen per share, is considered to be fair from a financial perspective for the Company’s shareholders (excluding Nippon Steel and the Company owning the Company Shares as treasury shares) has been issued by SMBC Nikko Securities;

- (C) the price includes the following premiums: 41.39% on the closing price of the Company Shares of 1,945 yen on the Prime Market of the TSE as of January 30, 2025, which is the business day immediately before the announcement date of the implementation of the Tender Offer; 44.58% on the simple average of the closing price for the one month before the same date, which was 1,902 yen; 47.85% on the simple average of the closing price for the three months before the same date, which was 1,860 yen; and 46.82% on the simple average of the closing price for the six months before the same date, which was 1,873 yen; the Tender Offer Price includes premiums that are comparable to those in similar cases (40 tender offer cases (the median of the premium levels were approximately 40%) that aimed to privatize a subsidiary and were announced on and after June 28, 2019, when the M&A Guidelines were published, until December 31, 2024, in which a special committee was established, and the market capitalization of the target company was 10 billion yen or more (excluding MBOs, two-step tender offers, unsuccessful cases, and cases in which shareholders were not recommended to tender)).
- (D) the price was also determined appropriate in the Report obtained from the Special Committee, as stated in “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below.

The Tender Offer Price, 2,750 yen, is below the book value of the consolidated net assets per share of the Company as of December 31, 2024 (4,106 yen) (33% discount). However, the book value of net assets is an indication of their theoretical liquidation value and does not reflect the Company’s future profitability or growth, and the Company believes that it is not a factor to refute the reasonableness of the calculation of the corporate value of the Company as a going concern. If the Company were to be liquidated, the book value of net assets would not directly become the amount of residual assets to be distributed to shareholders and the book value would be reduced to a considerable degree for the following reasons: considering the Company’s business and the facilities held by the Company, in the Company’s consolidated balance sheet as of the same date, the percentage of illiquid assets (inventories, such as goods, products, in-progress products, raw materials, stock, etc., and tangible fixed assets, such as buildings, machinery and equipment, and land, etc.) accounting for total assets is 62.4% (rounded to one decimal place), and this is at a considerable level; and it is expected that it will be difficult to sell those assets and that various additional costs, such as removal costs related to closure of plants, will be incurred (however, since the Company does not plan to be liquidated, the Company did not obtain any estimate or make any concrete calculations in regard to liquidation). Therefore, the Company believes that the reasonableness of the Tender Offer Price is not refuted by the fact that the Tender Offer Price is below the book value of consolidated net assets per share.

In light of the above, the Company concluded that the Transactions will contribute to enhancement of the Company’s corporate value and that the transaction terms for the Transactions, including the Tender Offer Price, are appropriate, and the Company adopted a resolution at its board of directors’ meeting held on January 31, 2025, to express an opinion in support of the Tender Offer and to recommend that the Company’s shareholders tender their shares in the Tender Offer.

For the method of resolution at the board of directors' meeting, please see "(VIII) Approval of All Directors (Including Directors Who Are Audit & Supervisory Committee Members) of the Company Without Any Conflicts of Interest" of "(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest" below.

Thereafter, on March 19, 2025, the Company received from Nippon Steel a report on the results of the Tender Offer to the effect that 21,349,555 shares of the Company Shares were tendered and that Nippon Steel would acquire all of them. As a result, Nippon Steel came to own 50,213,399 shares of the Company Shares (Voting Rights Ownership Ratio: 92.16%) as of March 26, 2025 (the commencement date of the settlement of the Tender Offer), and Nippon Steel became the special controlling shareholder of the Company.

Based on this, the Company received from Nippon Steel the notice of its intention to make the Demand for Share Cash-Out as part of the Transactions as stated in "(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)" in "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" in the Opinion Press Release.

Upon receipt of that notice, the Company prudently discussed and deliberated whether to approve the Demand for Share Cash-Out.

As a result, the Company resolved today at its board of directors of the Company held today that the terms and conditions of the Demand for Share Cash-Out, including the Cash-Out Consideration, are appropriate and approved the Demand for Share Cash-Out as stated in the notice from Nippon Steel based on the following reasons:

- (a) the Demand for Share Cash-Out is to be conducted as part of the Transactions, and based on the background and reasons explained above, the Company determined at the time of the commencement of the Tender Offer that the Transactions would contribute to the improvement of the Company's corporate value, and no particular circumstances that require that determination to be changed have found;
- (b) the Cash-Out Consideration of 2,750 yen per Share Subject to the Cash-Out is equal to the Tender Offer Price per Company Share, and it is believed that that price is reasonable for the Shareholders Subject to the Cash-Out after taking sufficient measures to ensure the fairness of the Transactions stated in "(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest" below, the appropriateness of the terms and conditions of the Transactions including the Tender Offer Price are ensured;
- (c) the method for securing funds for payment of the Cash-Out Consideration by Nippon Steel is considered to be reasonable, and it is expected Nippon Steel will be capable of delivering the Cash-Out Consideration, because Nippon Steel plans to pay the Cash-Out Consideration in cash or from deposits held by Nippon Steel and as a result of confirming the balance certificate as of January 31, 2025 which was submitted by Nippon Steel as an attachment to the tender offer registration statement, the Company confirmed that Nippon Steel has bank deposits in an amount equal to the funds required for the payment of the Cash-Out Consideration, and (b) according to Nippon Steel, no event that hinders securing funds for payment described above has occurred and Nippon Steel is not currently aware of any specific risk of such an event occurring in the future;
- (d) the terms and conditions of the Demand for Share Cash-Out are considered to be appropriate because no unreasonable points have been found with respect to the time frame until the delivery and the payment method of the Cash-Out Consideration;

- (e) there has been no material change in the Company's corporate value since the commencement of the Tender Offer to the present date;
- (f) the Special Committee that was established upon the commencement of the Tender Offer submitted the Report to the effect that the Transactions are not disadvantageous to the Company's minority shareholders after considering the Squeeze-Out Procedures including the Demand for Share Cash-Out.

(2) Matters Relating to Valuation

The Demand for Share Cash-Out will be conducted as the second step of the so-called "Two-step Acquisition" after the Tender Offer, and the Cash-Out Consideration is set to be equal to the Tender Offer Price. Therefore, when making the decision to approve the Demand for Share Cash-Out, the Company did not obtain another share valuation report.

(3) Possibility of Delisting and Reasons Therefor

The Company Shares are listed on the Prime Market of the TSE as of today. However, the Company Shares will come to fall under the delisting criteria of the TSE upon the approval of the Demand for Share Cash-Out. Therefore, the Company Shares will be designated as stock to be delisted for the period from today through April 22, 2025, and will be delisted on April 23, 2025. After the delisting of the Company Shares, it will no longer be possible to trade the Company Shares on the Prime Market of the TSE.

(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest

The Demand for Share Cash-Out will be conducted as the second step of the so-called "Two-step Acquisition" after the Tender Offer as part of the Transactions with the Cash-Out Consideration equal to the Tender Offer Price. As stated in "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" of "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" in the Opinion Press Release, the Company is Nippon Steel's consolidated subsidiary, taking into account the Transactions including the Tender Offer falling under the category of a material transaction and the like with the controlling shareholder and the category of a transaction involving a structural conflict of interest issue and an information asymmetry issue between Nippon Steel and the Company's general shareholders in a similar manner, from the perspective of ensuring the fairness of the Tender Offer Price, eliminating arbitrariness from the decision-making process with respect to the Transactions including the Tender Offer, and avoiding conflicts of interest, Nippon Steel and the Company have taken the measures below.

As stated in "(1) Grounds and Reasons for the Decision to Approve the Demand for Share Cash-Out" above, as Nippon Steel owns 28,863,844 Company Shares (ownership ratio: 52.98%) as of January 31, 2025, Nippon Steel believes that if the minimum planned purchase quantity is set for the "majority of the minority" in the Tender Offer, this may lead to uncertainty with respect to successful completion of the Tender Offer and may not be in the interests of general shareholders who seek to tender shares in the Tender Offer. Accordingly, Nippon Steel has not set the minimum planned purchase quantity for the "majority of the minority" in the Tender Offer. However, as Nippon Steel and the Company have taken the measures listed in (I) to (IX) below, the interests of the Company's general shareholders have been sufficiently considered, and the Company also believes as such.

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

(I) Acquisition of a Share Valuation Report by Nippon Steel from an Independent Third-party Valuation Agency

In order to ensure the fairness of the Tender Offer Price, when determining the Tender Offer Price, Nippon Steel requested that Daiwa Securities, Co., Ltd. (“Daiwa Securities”), which is Nippon Steel’s financial advisor as a third-party valuation agency independent of Nippon Steel and the Company, calculate the share value of the Company Shares. Daiwa Securities is not a related party of Nippon Steel or the Company, and it has no material interest in the Tender Offer. The remuneration to be paid to Daiwa Securities for the Transactions includes a contingent fee to be paid subject to successful completion of the Transactions and other conditions. Nippon Steel concluded that the fact that the remuneration includes a contingent fee to be paid subject to successful completion of the Transactions does not negate the independence of Daiwa Securities, taking into account general practices in the same type of transactions and the pros and cons of the remuneration system in which Nippon Steel will incur a considerable monetary burden if the Transactions fail to be successfully completed, and Nippon Steel appointed Daiwa Securities as its financial advisor and third-party valuation agency based on the remuneration system above. For details of the share valuation report on the share value of the Company obtained by Nippon Steel from Daiwa Securities on January 30, 2025, please see “(III) Acquisition of a Share Valuation Report and a Fairness Opinion by the Tender Offeror from an Independent Third-party Valuation Agency” of “(3) Matters relating to Valuation” of “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” in the Opinion Press Release.

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

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

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

(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 “(1) Grounds and Reasons for the Decision to Approve the Demand for Share Cash-Out” above, pursuant to the resolution at the Company’s board of directors’ meeting held on October 31, 2024, the Company established the Special Committee; prior to the establishment

of the Special Committee, in order to build a system to consider, negotiate, and make a decision on the Transactions with a view to enhancing the Company's corporate value and securing interests of the Company's general shareholders, in a position independent of Nippon Steel, the Company, while receiving advice from Mori Hamada & Matsumoto, explained to all of its directors at that time, including the independent outside directors that it had received an initial intention concerning the Transactions and the Restructuring Within the Group from Nippon Steel and that as the Transactions fall under the category of a transaction involving a structural conflict of interest issue and an information asymmetry issue in a similar manner, it is necessary to fully take measures to ensure the fairness of the transaction terms of the Transactions, such as establishment of the Special Committee in considering and negotiating the Transactions. Concurrently, the Company, while receiving advice from Mori Hamada & Matsumoto, confirmed the independence, qualifications, and the like of its independent outside directors, who will be candidates for members of the Special Committee. Based on this, while receiving advice from Mori Hamada & Matsumoto, in order to ensure a balance among knowledge, experience, and ability of the Special Committee as a whole and to compose the Special Committee to be an appropriate size, the Company selected the following four candidates for members of the Special Committee after confirming that they are independent of Nippon Steel Group and the Company Group (the Company confirmed that there is no material interest between Mr. Hiroshi Yogi, Ms. Kayo Fujiwara, Mr. Iwao Toide, and Ms. Aki Miyaguchi on the one hand, and Nippon Steel or the Company on the other hand), and that they do not have any material interest in whether the Transactions will be successfully completed different from that of general shareholders: Mr. Hiroshi Yogi (independent outside director, member of the board and audit & supervisory committee member of the Company and a former senior officer of Sumitomo Mitsui Banking Corporation) who has a wealth of operational experience at financial institutions; Ms. Kayo Fujiwara (independent outside director, member of the board of the Company and director and senior vice president of ENEOS Ocean Corporation) who serves as an officer at a leading energy company group and has knowledge and experience in strategy building; Mr. Iwao Toide (independent outside director, member of the board of the Company and a former executive vice president, and group CEO of the Automotive & Mobility Group of Mitsubishi Corporation) who serves as an officer at a leading general trading company and has management ability and knowledge of governance in corporate management; and Ms. Aki Miyaguchi (independent outside director, member of the board and audit & supervisory committee member of the Company and the chief of Certified Public Accountant Miyaguchi Aki Office) who has abundant experience as a certified public accountant (The members of the Special Committee elected Mr. Hiroshi Yogi as the chairperson, and the members of the Special Committee have not been changed since the establishment thereof).

On that basis, as stated in "(1) Grounds and Reasons for the Decision to Approve the Demand for Share Cash-Out" above, the Company established the Special Committee pursuant to the resolution at the Company's board of directors' meeting held on October 31, 2024, and consulted the Special Committee on the Advisory Matters. When establishing the Special Committee, the Company made the Special Committee a council independent of the Company's board of directors, and the Company's board of directors resolved that decision-making on the Transactions by the Company's board of directors will respect the Special Committee's opinions to the maximum extent, including whether to support the Tender Offer; that if the Special Committee decides that the implementation and the terms and conditions of the Transactions are not appropriate, the Company's board of directors will not approve the Transactions on those terms and conditions (including not to support the Tender Offer). The Company's board of directors also resolved that the Special Committee will be substantially involved in the negotiation process between the Company and Nippon Steel (including providing instructions or making requests regarding the negotiation policy with Nippon Steel as necessary, and negotiating with Nippon Steel itself) and that the Special Committee will appoint its own financial advisor(s) and legal advisor(s) at the Company's expense and will nominate or approve the Company's financial advisor(s) and legal advisor(s) (including ex post fact approval) as necessary when the Special Committee submits a report on the Advisory Matters (if the Special



Committee confirms that there is no issue with the independence and expertise of the Company's advisors, it may seek professional advice from the Company's advisors); that the Special Committee will receive information necessary to consider and make a decision on the Transactions from the Company's officers and employees, including information regarding the content and premise of preparation of the business plan; and that the Company will grant authority for other matters that the Special Committee finds necessary when considering and making a decision on the Transaction.

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

(ii) Details of the Consideration

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

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

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

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

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

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

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

In addition, the Special Committee received explanations from the Company regarding the contents of the Company's business plan and other information regarding the future provided to SMBC Nikko Securities (the "Business Plan, Etc."), the material assumptions therefor, and the preparation process thereof, which constitute the basis for negotiations with Nippon Steel and for the valuation of the Company Shares by SMBC Nikko Securities and Nomura Securities; after exchanging questions and answers, it confirmed the reasonableness thereof and approved them. Moreover, as stated in "(II) Acquisition of a Share Valuation Report and a Fairness Opinion by the Company from an Independent Third-party Valuation Agency" above and "(IV) Acquisition of a Share Valuation Report and a Fairness Opinion by the Special Committee from an Independent Third-party Valuation Agency" below, SMBC Nikko Securities and Nomura Securities calculated the value of the Company Shares based on the contents of the Business Plan, Etc. The Special Committee received explanations from SMBC Nikko Securities and Nomura Securities regarding the calculation methods used in their valuation of the Company Shares, the reasons why these calculation methods were adopted, the details of the calculations using each calculation method, and the material assumptions. After exchanging questions and answers, and deliberating over and considering them, the Special Committee confirmed the reasonableness of these matters.

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

Since the Company received the first proposal for the Tender Offer Price from Nippon Steel on December 20, 2024, each time a proposal for the Tender Offer Price was submitted by Nippon Steel to the Company, the Special Committee received timely reports on matters including the details of the proposal and the course of negotiations from SMBC Nikko Securities, which is the Company's financial advisor. The Special Committee conducts deliberation over and consideration of the details thereof also based on the advice received from Nomura Securities and opinions heard from SMBC Nikko Securities. The Special Committee also received a prior explanation from SMBC Nikko Securities on the proposal for a policy of negotiation with Nippon Steel and the draft for a written reply to Nippon Steel, 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 Nippon Steel.

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

(iii) Details of the Decision

Under the circumstances described above, the Special Committee carefully discussed and considered the Advisory Matters based on the legal advice received from Nakamura, Tsunoda & Matsumoto, advice from a financial perspective received from Nomura Securities, and the content of the Share Valuation Report (Nomura Securities) and the Fairness Opinion (Nomura Securities) submitted as of January 30, 2025. Consequently, based on the unanimous consent of the members, the Special Committee submitted to the Company's board of directors the Report on the same date, as summarized below.

(a) Contents of the Report

- i. The Special Committee believes that the Company's board of directors should express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender shares in the Tender Offer.
- ii. The Special Committee believes that the Company's board of directors' decision on the Transactions (i.e., the decision to support the Tender Offer and recommend that the Company's shareholders tender shares in the Tender Offer, and to implement the Squeeze-Out Procedures) is not disadvantageous to the Company's minority shareholders.

(b) Reasons for the Proposals Made in the Report

- i. Based on the following points, the Special Committee believes that the Transactions will contribute to enhancement of the Company's corporate value:
  - The structure of the management environment surrounding the Company Group is significantly changing, and future changes are also expected. Specifically, a certain level of future growth in the global demand for special steel is expected, especially in North America and India; however, domestic demand for special steel is expected to decrease due to changes in social structure, such as a decrease in population and an aging population, and direct export of special steel and indirect export of products in which special steel is used are also expected to decrease in the mid- to long-term due to overseas users' increased need for local production to be used for local consumption and a review of the global supply chain. Furthermore, it is also expected that competition with domestic and overseas special steel manufacturers will intensify due to changes in social and industrial structures, such as the increased use of EVs, etc., and that competition over the procurement of scrap iron will also intensify to achieve carbon neutrality by 2050. In order to appropriately respond to such long-term changes in the management environment and further enhance the Company Group's corporate value, the Special Committee believes that it is necessary to increase the value provided to customers and achieve efficient management through optimal allocation of resources by using Nippon Steel Group's technology, know-how, and resources to pursue continued growth.
  - However, the Special Committee received the following explanation from Nippon Steel: under the current capital relationship between Nippon Steel and the Company, there are cases where even measures that contribute to enhancement of the corporate value of Nippon Steel Group as a whole have a risk that the benefits thereof may disproportionately flow to one company when viewed on a per-company basis, and in such case, it may not be easy for both companies to gain the understanding of general shareholders of the other company when viewed only from the perspective of an individual company; therefore, in the current situation, it is difficult to implement such measures and demonstrate synergies to the maximum extent. Furthermore, the Special

Committee also received an explanation to the effect that it will take time for Nippon Steel and the Company to make decisions and adjust interests that give consideration to general shareholders, and that bold measures that will enhance the corporate value in the mid- to long-term may become difficult to implement due to the risk of impairing the short-term profits of individual companies, which could pose serious hurdles in a severe business environment. In addition, the Company also believes that maintaining the current capital relationship, which may cause conflicts of interest between Nippon Steel and the Company's minority shareholders, will impose certain limitations on furthering the business relationship between both companies, including mutual utilization of management resources, since there is a possibility that it may become difficult to take measures to protect the interests of the Company's minority shareholders. The Special Committee believes that making the Company a wholly-owned subsidiary through the Transactions will allow Nippon Steel to invest further management resources in the Company Group.

- By allowing Nippon Steel to invest further management resources in the Company Group, the following synergies are expected to be generated.
  - I. Achievement of efficient production and procurement systems and cost reduction through integrated management
  - II. Deepening of research and development
  - III. Sharing of human capital and strengthening of competitiveness through global expansion
  - IV. Prompt and flexible decision-making
  - V. Reduction of listing maintenance costs and burden related thereto
- While making the Company a wholly-owned subsidiary through the Transactions raises concerns about potential disadvantages, such as limited fundraising options for the Company and adverse effects on the Company's business activities due to changes in the decision-making process, according to Nippon Steel, there are no plans to alter the loans under the cash management system currently used by the Company after the Transactions. Nippon Steel aims to strengthen competitiveness through faster decision-making, including making positive investments. Furthermore, the Company's management believes that its decision-making process and the degree of freedom it has will not significantly change after the Company becomes a wholly-owned subsidiary through the Transactions, and that the Company becoming a wholly-owned subsidiary through the Transactions will not impair the Company's business value in a significant way.
- In addition, there are also concerns that the Company becoming a wholly-owned subsidiary may have disadvantages, such as adverse effects on employees' motivation and recruitment activities; however, according to Nippon Steel, there are currently no plans to change the treatment of employees or recruitment policies due to the Transactions, and Nippon Steel intends to deepen its understanding of the Company's corporate culture and efforts to promote women's empowerment, and adopt these best practices throughout the group. Nippon Steel also aims to engage in respectful dialogue with the Company's employees. The Company's management also believes that respectful dialogue with employees is essential.
- In light of the foregoing, although there is a possibility that disadvantages may occur as a result of the Company becoming a wholly-owned subsidiary through the Transactions, the extent of such disadvantages will be limited and will not exceed the synergies expected to be generated through the Transactions.

- ii. Based on the following points, the Special Committee believes that the transaction terms of the Transactions, including the tender Offer Price, are fair and appropriate:
- With regard to the method of acquisition in the Transactions, the approach of implementing the Tender Offer as the first stage and the squeeze-out through a demand for share cash-out or a share consolidation as the second stage, is one of the methods commonly adopted in transactions to make a company a private subsidiary, such as in the Transactions. Additionally, concerning the type of acquisition consideration, the Special Committee believes that using cash as acquisition consideration is appropriate, given the differences in business details between Nippon Steel and the Company, as well as the possibility that some of the Company's shareholders may not wish to acquire shares in Nippon Steel. Therefore, the Special Committee believes that the method of the Transactions and the type of consideration for the acquisition are appropriate.
  - The Company's business plan, which serves as the basis for the calculation using the DCF Method in the Share Valuation Report (SMBC Nikko Securities) and the Share Valuation Report (Nomura Securities), was formulated by a business plan study team that operates independently of Nippon Steel and the success or failure of the Transactions by reflecting reasonable prospects based on the current business environment, based on the earnings forecast and the mid-term management plan announced by the Company for the fiscal years regarding which such earnings forecast and mid term management plan exist, and taking into account market trends and prospects based on statistical material from external organizations for the subsequent fiscal years. The Special Committee finds no unreasonable points in its formulation procedures and content.
  - The Special Committee finds no unreasonable points in the methods and details of the calculations in the Share Valuation Report (Nomura Securities) (including the selection of similar companies in the comparable company method and the calculations of the discount rate and the continued value in the DCF Method) in particular, and finds them reliable. It can be found that the Tender Offer Price is higher than the upper limit of the calculation results under the market price method, and within the range of the calculation results under the comparable company method and the DCF Method conducted by Nomura Securities.
  - The Special Committee finds no unreasonable points in the methods and details of the calculations in the Share Valuation Report (SMBC Nikko Securities) (including the selection of similar companies in the comparable listed company method and the calculations of the discount rate and the continued value in the DCF Method) in particular, and finds them reliable. It can be found that the Tender Offer Price is higher than the upper limit of the calculation results under the market price method and the comparable listed company method, and within the range of the calculation results under the DCF Method conducted by SMBC Nikko Securities.
  - The Special Committee finds that the Tender Offer Price includes premiums that are comparable to those in similar cases (40 tender offer cases that aimed to privatize a subsidiary and were announced on and after June 28, 2019, when the "Fair M&A Guidelines" were published by the Ministry of Economy, Trade and Industry, until December 31, 2024, in which a special committee was established, and the market capitalization of the target company was 10 billion yen or more (excluding MBOs, two-step tender offers, unsuccessful cases, and cases in which shareholders were not recommended to tender)).
  - The Special Committee was substantially involved in the discussion and negotiation process concerning the terms and conditions for the Transactions, including the Tender

Offer Price, between the Company and Nippon Steel, and finds that serious negotiations were conducted that allowed for reasonable efforts to ensure that the Transactions would be conducted under terms as favorable as possible for the general shareholders, effectively ensuring that the Transactions could be regarded as being conducted at arm's length.

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

- The Special Committee obtained the Share Valuation Report (Nomura Securities) and Fairness Opinion (Nomura Securities) from Nomura Securities, which serves as its own third-party valuation agency.
  - The Company obtained the Share Valuation Report (SMBC Nikko Securities) and Fairness Opinion (SMBC Nikko Securities) from SMBC Nikko Securities, which serves as its own third-party valuation agency.
  - The Company internally established a structure to consider and negotiate the Transactions independently from Nippon Steel Group other than the Company Group, and obtained confirmation and approval of the Special Committee. Mr. Hiroto Sonoda who is a director of the Company and concurrently serves as a managing executive officer of Nippon Steel, and Mr. Yoshiro Hori who is a director of the Company and belonged to Nippon Steel Group within the past two years did not participate in the deliberations or resolutions regarding the Transactions at the board of directors' meetings of the Company, or participate in the discussions or negotiations with Nippon Steel regarding the Transactions on the Company's side.
  - In the Transactions, the Tender Offer Period in the Tender Offer has been set as 30 business days, which is longer than the shortest period stated in laws or regulations, and Nippon Steel and the Company have not executed any agreement that restricts competing bidders from contacting the Company; therefore, the opportunity for other acquirers to make a proposal for acquisition has been secured.
  - Although no majority of minority conditions are planned to be set in the Tender Offer, since Nippon Steel owns a majority of the Company Shares, if majority of minority conditions were set, a relatively small number of shares may make it possible to prevent successful completion of the Tender Offer. This may lead to uncertainty with respect to successful completion of the Tender Offer and may not be in the interests of general shareholders who seek to tender shares in the Tender Offer. In addition, other sufficient measures to ensure fairness have been taken in the Transactions; therefore, the fact that no majority of minority conditions are set in the Tender Offer is not considered to impair the fairness of the proceedings in the Tender Offer.
  - The Special Committee finds that in the Tender Offer, the opportunity for general shareholders to make a decision based on sufficient information will be ensured.
  - In the Transactions, no scheme has been adopted in which shareholders who do not tender their shares in the Tender Offer do not have the right to request the purchase of shares or the right to petition for determining a price for the Squeeze-Out Procedures. The Squeeze-Out Procedures are scheduled to be implemented promptly after the Tender Offer is successfully completed, and the amount of money to be delivered to shareholders who did not tender their share in the Tender Offer in the Squeeze-Out Procedures is scheduled to be decided based on the same price as the Tender Offer Price. This plan is scheduled to be disclosed; therefore, the Special Committee finds that practical measures that are desirable to eliminate coercion have been taken, and that coercion has been eliminated.
- iv. The Special Committee believes that the Transactions will contribute to enhancement of the Company's corporate value as stated in i. above, that the transaction terms of the Transactions, including the Tender Offer Price, are fair and appropriate as stated in ii. above, and that fair procedures have been implemented with a view to protecting the interests of general shareholders in the Transactions as stated in iii. above. Therefore, the Special Committee believes that the Company's board of directors should express

an opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer.

- v. The Special Committee believes that as the Transactions will contribute to enhancement of the Company's corporate value as stated in i. above, the transaction terms of the Transactions, including the Tender Offer Price, are fair and appropriate as stated in ii. above, and fair procedures have been implemented with a view to protecting the interests of general shareholders in the Transactions as stated in iii. above, the Company's board of directors' decision to express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer, and the Company's board of directors' decision to implement the Squeeze-Out Procedures, thereby making Nippon Steel the only shareholder of the Company following the successful completion of the Tender Offer, are not disadvantageous to the Company's minority shareholders.

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

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

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

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

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

Nakamura, Tsunoda & Matsumoto is not a related party of Nippon Steel or the Company, and has no material interest in the Transactions including the Tender Offer. Furthermore, the remuneration to Nakamura, Tsunoda & Matsumoto consists of only an hourly-based fee to be



paid regardless of the success or failure of the Transactions, and does not include any contingent fee subject to successful completion of the Transactions. For the independence of Nakamura, Tsunoda & Matsumoto, please see “(ii) Details of the Consideration” of “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” above.

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

As stated in “(1) Grounds and Reasons for the Decision to Approve the Demand for Share Cash-Out” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, the Company appointed Mori Hamada & Matsumoto which is an outside legal advisor, and received legal advice including advice on the measures to be taken to ensure the fairness of the procedures in the Transactions, on various procedures for the Transactions, and on the method and the process of the Company’s decision-making regarding the Transactions.

Mori Hamada & Matsumoto is not a related party of Nippon Steel or the Company, and has no material interest in the Transactions including the Tender Offer. Furthermore, the remuneration to Mori Hamada & Matsumoto consists of only an hourly-based fee to be paid regardless of the success or failure of the Transactions, and does not include any contingent fee subject to successful completion of the Transactions.

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

As stated in “(1) Grounds and Reasons for the Decision to Approve the Demand for Share Cash-Out” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, the Company internally built a structure to consider, negotiate, and make a decision on the Transactions in a position independent of Nippon Steel Group other than the Company Group. Since the Company received the Proposal from Nippon Steel on October 9, 2024, the Company has not allowed persons who hold concurrent positions at the Tender Offer Group other than the Company Group and persons from Nippon Steel who had been working at Nippon Steel Group in the last three years to be involved in the negotiation process for the transaction terms of the Transactions including the Tender Offer Price between the Company and Nippon Steel, the preparation process of the business plan that serves as the basis for the valuation of the Company Shares, or any other processes for consideration, negotiation, and determination of the Transactions, from the perspective of eliminating structural conflict of interest issues.

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

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

Mr. Katsuhiko Miyamoto, who is the representative director and president of the Company, as well as Mr. Kozo Omae and Mr. Takashi Yatsunami, who are directors of the Company held positions at Nippon Steel in the past. However, with respect to Mr. Katsuhiko Miyamoto, it has already been approximately three years and seven months since he moved from Nippon Steel to the Company, and he has no concurrent position at or other command and order relationship with Nippon Steel Group at present, and has substantial knowledge regarding special steel business and broad experience in corporate management, which is indispensable and

irreplaceable for consideration of and negotiations regarding the Transactions from the perspective of enhancing the Company's corporate value as the representative director and president of the Company. In regard to Mr. Kozo Omae and Mr. Takashi Yatsunami, it has already been approximately eight years and ten months and approximately five years and ten months, respectively, since they moved from Nippon Steel to the Company, and they have no concurrent positions at or other command and order relationships with Nippon Steel Group at present. Therefore, they were involved in the consideration structure above including deliberations and resolutions of the Transactions. The treatment above and the structure to consider the Transactions that was built within the Company (including the scope of the Company's officers and employees who would be involved in the consideration, negotiations, and decision-making for the Transactions, and their duties) were determined based on the advice from Mori Hamada & Matsumoto, and the Company obtained the approval of the Special Committee to the effect that there are no issues with them from the perspective of independence and fairness.

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

As stated in "(1) Grounds and Reasons for the Decision to Approve the Demand for Share Cash-Out" of "(2) Grounds and Reasons for the Opinion on the Tender Offer" above, the Company's board of directors carefully discussed and considered whether the Transactions, including the Tender Offer, will contribute to enhancement of the Company's corporate value and whether the transaction terms for the Transactions, including the Tender Offer Price, are appropriate based on the legal advice obtained from Mori Hamada & Matsumoto, the advice from a financial perspective obtained from SMBC Nikko Securities, and the content of the Share Valuation Report (SMBC Nikko Securities) and the Fairness Opinion (SMBC Nikko Securities), while respecting the Special Committee's decision indicated in the Report to the maximum extent.

As a result, as stated in "(1) Grounds and Reasons for the Decision to Approve the Demand for Share Cash-Out" of "(2) Grounds and Reasons for the Opinion on the Tender Offer" above, the Company concluded that the Transactions will contribute to enhancement of the Company's corporate value and that the transaction terms for the Transactions, including the Tender Offer Price, are appropriate, and at the board of directors' meeting of the Company held on January 31, 2025, the directors who participated in deliberation and resolution unanimously adopted a resolution to express an opinion in support of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer.

At the above-mentioned board of directors' meeting of the Company held on January 31, 2025, ten directors (including directors who are audit & supervisory committee members) other than Mr. Hiroto Sonoda and Mr. Yoshiro Hori deliberated and unanimously adopted a resolution as above. Considering that Mr. Hiroto Sonoda concurrently serves as a managing executive officer of Nippon Steel, and that Mr. Yoshiro Hori belonged to Nippon Steel Group within the past two years, they did not participate in the deliberations or resolutions regarding the Transactions at the board of directors' meetings of the Company, including the above-mentioned board of directors' meeting of the Company held on January 31, 2025, or participate in the discussions or negotiations with Nippon Steel regarding the Transactions on the Company's side, to exclude the possibility of any influence of the structural conflict of interest issue and the information asymmetry issue underlying the Transactions on deliberations and resolutions at the board of directors' meetings.

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

Nippon Steel and the Company have not executed any agreement that restricts competing bidders from contacting the Company, such as an agreement containing a deal protection clause that prohibits the Company from contacting any competing bidders. In addition, Nippon Steel

has set the purchase period in the Tender Offer (the “Tender Offer Period”) as 30 business days, which is longer than 20 business days, which is the shortest period stated in laws or regulations. Thus, by setting the Tender Offer Period as a longer period than the statutorily required shortest period, Nippon Steel has ensured an opportunity for the Company’s shareholders to appropriately determine whether or not to tender their shares in the Tender Offer and has also ensured an opportunity for persons other than Nippon Steel to make a competing purchase of the Company Shares; thereby, Nippon Steel has given consideration to ensure the fairness of the Tender Offer.

4. Outlook Going Forward

The schedule, policy, and plan, etc. of the Company’s management structure after the Company’s decision to approve the Demand for Share Cash-Out will be discussed and deliberated between the Company and Nippon Steel.

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

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

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

With regard to the Transactions, including the Demand for Share Cash-Out, as stated in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” of “3. Grounds and Reasons for the Decision to Approve the Demand for Share Cash-Out” above, the Company took measures to respond to the structural conflict of interest issue and the information asymmetry issue to ensure the fairness of the transaction terms for the Transactions, including the Tender Offer Price; among other acts, the Company established a special committee comprising all independent outside directors, similar to the Conflict of Interest Supervising Committee, and the Company decided to replace the Conflict of Interest Supervising Committee’s deliberations and consideration with the special committee’s deliberations and consideration. Therefore, the Company believes that this response is in compliance with the guidelines mentioned above.

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

As stated in “(1) Applicability of Transactions, etc. with the Controlling Shareholder and Status of Compliance with the Guidelines Concerning Measures to Protect Minority Shareholders”

above, since the Transactions, including the Demand for Share Cash-Out, constitute a transaction, etc. with the controlling shareholder for the Company, the Company decided that it is necessary to take measures to ensure fairness and measures to avoid conflicts of interest, and by taking the measures stated in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” of “3. Grounds and Reasons for the Decision to Approve the Demand for Share Cash-Out” above, the Company has ensured the fairness and has made a decision while avoiding any conflicts of interest.

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

On January 30, 2025, the Company obtained the Report from the Special Committee to the effect that the Company’s board of directors’ decision on the Transactions (i.e., the decision to support the Tender Offer and recommend that the Company’s shareholders tender their shares in the Tender Offer, and to implement the Squeeze-Out Procedures) is considered not to be disadvantageous to the Company’s minority shareholders. For details of the Report, please see “(iii) Details of the Decision” of “(III) Establishment of an Independent Special Committee by the Company and Acquisition of a Report from the Special Committee” of “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” of “3. Grounds and Reasons for the Decision to Approve the Demand for Share Cash-Out” above. The Report also relates to the Transactions, including the Demand for Share Cash-Out, so the Company did not obtain any further opinions regarding the Demand for Share Cash-Out from any party who has no interest in the controlling shareholder.

End