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Press Release

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**Notice Regarding Commencement of Tender Offer for
Shares of TOA Oil Co., Ltd. (Securities Code: 5008)**

Idemitsu Kosan Co., Ltd. (the “Tender Offeror”) hereby announces that pursuant to a resolution adopted at its board of directors’ meeting held on September 30, 2022, it has resolved to acquire the shares of common stock (the “Target Company Shares”) of TOA Oil Co., Ltd. (Code: 5008, Standard Market of Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”); the “Target Company”) through a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “Act”), as described below.

1. Purpose of the Purchase

(1) Overview of the Tender Offer

The Tender Offeror, as of today, owns 6,234,425 shares (ownership ratio (Note 1): 50.12%) of the Target Company Shares listed on the Standard Market of the Tokyo Stock Exchange, and the Target Company is a consolidated subsidiary of the Tender Offeror.

(Note 1) The “ownership ratio” refers to the ratio to the number of shares (12,439,271 shares) obtained by subtracting the number of treasury shares owned by the Target Company as of June 30, 2022 (4,229 shares) as described in the “Consolidated Financial Summary for the First Quarter of the Fiscal Year Ending in March 2023 (Japan GAAP)” published on July 29, 2022 by the Target Company (the “Target Company’s Financial Summary for the First Quarter”) from the total number of issued shares as of June 30, 2022 as described in the “First Quarterly Report for the 150th Term” submitted on August 8, 2022 by the Target Company (the “Target Company’s First Quarterly Report”) (12,443,500 shares) (rounded to the nearest hundredth, which also applies with regard to subsequent descriptions of ownership ratio).

At the board of directors’ meeting held on September 30, 2022, the Tender Offeror resolved to implement the Tender Offer as part of a transaction intended to acquire all of the Target Company Shares (excluding, however, the Target Company Shares owned by the Tender Offeror, as well as the treasury shares owned by the Target Company; the same applies hereinafter) and to make the Target Company a wholly-owned subsidiary of the Tender Offeror (the

“Transaction”).

With respect to the Tender Offer, the Tender Offeror has set a minimum planned purchase quantity of 2,058,375 shares (ownership ratio: 16.55%), and if the total number of shares tendered in response to the Tender Offer (the “Tendered Shares”) falls below this minimum planned purchase quantity, the Tender Offeror will purchase no Tendered Shares. On the other hand, as described above, the Tender Offeror intends to acquire all of the Target Company Shares and has therefore not set a maximum planned purchase quantity, and if the total number of Tendered Shares is equal to or exceeds the minimum planned purchase quantity, the Tender Offeror will purchase all of the Tendered Shares. The minimum planned purchase quantity (2,058,375 shares) is intended for the Tender Offeror to make the Target Company its wholly-owned subsidiary through the Transaction. When implementing the procedures for the share consolidation necessary for the Tender Offeror to make the Target Company its wholly-owned subsidiary as described in “(II) Share Consolidation” of “(4) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called “Two-Step Acquisition”)” below, a special resolution of the shareholders’ meeting as set forth in Article 309(2) of the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter) is required. Therefore, the minimum planned purchase quantity (2,058,375 shares) was set as to allow the Tender Offeror alone to satisfy such requirement. Specifically, the minimum planned purchase quantity (2,058,375 shares) was set as the number obtained by the following formula: (i) subtracting the number of treasury shares owned by the Target Company as of June 30, 2022 (4,229 shares) as described in the Target Company’s Financial Summary for the First Quarter from the total number of issued shares of the Target Company as of June 30, 2022 as described in the Target Company’s First Quarterly Report (12,443,500 shares); this amounts to 12,439,271 shares, which corresponds to 124,392 voting rights; (ii) then multiplying such number of voting rights by 2/3, which equals to 82,928 voting rights; (iii) multiplying such number of voting rights (as rounded) by 100 shares, which is the number of shares in each unit of the Target Company; and (iv) then subtracting the number of the Target Company Shares owned by the Tender Offeror as of today (6,234,425 shares) from the result calculated in step (iii) above, which equals to 2,058,375 shares.

Upon the Tender Offer, the Tender Offeror has executed an agreement (the “Tendering Agreement”) with Cornwall Capital Management LP (number of shares owned: 3,918,100 shares; ownership ratio: 31.50% (Note 2); “Cornwall”), which is equivalent to a major shareholder holding the second largest shareholding of the Target Company, as of September 30, 2022, to the effect that all of the Target Company Shares substantively owned by Cornwall through funds it operates (this means it has the authority necessary to invest in shares based on a discretionary investment agreement or any other agreement, or any provision of law; the same applies hereinafter) will be tendered in the Tender Offer (the “Shares Agreed to be Tendered”). For the outline of the Tendering Agreement, please refer to “(6) Items Regarding Critical Agreements Related to the Tender Offer” below.

(Note 2) The fact of Cornwall being equivalent to a major shareholder of the Target Company and its ranking among the Target Company’s shareholders are based on the number of shares substantively owned by Cornwall, which the Tender Offeror has confirmed directly with Cornwall.

As the Tender Offeror intends to make the Target Company its wholly-owned subsidiary, if the Tender Offeror fails to acquire all of the Target Company Shares during the Tender Offer, the Tender Offeror will acquire all of the remaining Target Company Shares by implementing the procedures as described in “(4) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called “Two-Step Acquisition”)” below to make the Tender Offeror the

sole shareholder of the Target Company.

Furthermore, according to the “Statement of Opinion on Approval of the Tender Offer for TOA Oil Shares by Our Parent Company Idemitsu Kosan Co., Ltd. and Recommendation for Tender” (the “Target Company Press Release”) published by the Target Company on September 30, 2022, at the Target Company’s board of directors’ meeting held on September 30, 2022, the Target Company resolved to express its opinion to support the Tender Offer and to recommend that the Target Company shareholders tender their shares in the Tender Offer.

The resolution at the board of directors’ meeting of the Target Company mentioned above was adopted on the premise that the Tender Offeror intended to make the Target Company a wholly-owned subsidiary of the Tender Offeror through the Tender Offer and the subsequent procedures, and that the Target Company Share would be delisted from the Tokyo Stock Exchange. In addition, in the resolution at the board of directors’ meeting, the Target Company resolved to withdraw the “Plan to Meet the Listing Maintenance Criteria for the New Market Segment” (the “Plan”) published by the Target Company on December 13, 2021.

For details of the Target Company’s board of directors resolutions stated above, please refer to the Target Company Press Release, as well as “(vi) Approval of All Directors (Including Those Who are Audit and Supervisory Committee Members) of the Target Company Without Conflicts of Interest” of “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” of “(II) Details of the Valuation” of “(4) Basis for Valuation of the Purchase Price” of “2. Overview of the Purchase” below.

(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy

(I) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer

As of June 30, 2022, the Tender Offeror, its 184 subsidiaries, including the Target Company, and 58 affiliates (collectively, the “Tender Offeror Group”) conduct (i) fuel oil business, (ii) basic chemicals business, (iii) functional materials business, (iv) power and renewable energy business, (v) resources business, and (iv) other businesses. The Tender Offeror was established by Mr. Sazo Idemitsu, the founder, as Idemitsu Shokai in Moji City, Fukuoka Prefecture (currently, Moji Ward, Kitakyushu City) in June 1911 and started sales of petroleum mainly in the Kanmon area. In March 1940, Mr. Sazo Idemitsu established Idemitsu Kosan Co., Ltd. in Tokyo, and Idemitsu Shokai merged with Idemitsu Kosan Co., Ltd. in November 1947. The Tender Offeror was listed on the First Section of the Tokyo Stock Exchange in October 2006, and as a result of the restructuring of market divisions of the Tokyo Stock Exchange as of April 4, 2022, it currently is listed on the Prime Market of the Tokyo Stock Exchange.

In December 2016, the Tender Offeror acquired 117,761,200 shares in Showa Shell K.K. (“Showa Shell”) (equivalent to 31.3% of the total number of issued shares at that time) from The Shell Petroleum Company Limited and The Anglo-Saxon Petroleum Company Limited, which were subsidiaries of Royal Dutch Shell plc, and thereafter, the Tender Offeror made Showa Shell its wholly-owned subsidiary through a share exchange which resulted in the Tender Offeror becoming the wholly-owning parent company and Showa Shell becoming the wholly-owned subsidiary company, effective on April 1, 2019. Thereafter, the Tender Offeror conducted an absorption-type company split in which the Tender Offeror was the succeeding company and Showa Shell was the splitting company, which became effective on July 1, 2019 (the “Absorption-type Company Split”), and the Tender Offeror succeeded to all of the businesses of Showa Shell from Showa Shell.

On the other hand, the Target Company was established as Nippon Juyu Co., Ltd. in February 1924, and its purpose was to import and sell petroleum products. In April 1942, upon accepting a transfer of some of the operating assets of Nichibeï Koyu Co., Ltd., Nippon Juyu Co., Ltd. changed its name to TOA Oil Co., Ltd. The Target Company was listed on the Tokyo Stock Exchange in May 1950, and it built a refinery and commenced the operations of an atmospheric distillation unit in Kawasaki City, Kanagawa Prefecture in July 1955 in order to enter into the petroleum refining business. The Target Company was once listed on the Osaka Securities Exchange Co., Ltd. (the “Osaka Securities Exchange”) in January 1953 and was also listed on the Nagoya Stock Exchange, Inc. (the “Nagoya Stock Exchange”) in October 1961. However, the Target Company was delisted from the Nagoya Stock Exchange based on its own application in March 2006 and was delisted from the Osaka Securities Exchange based on its own application in April 2006. Currently, the Target Company is listed on the Standard Market of the Tokyo Stock Exchange as a result of the restructuring of market divisions of the Tokyo Stock Exchange as of April 4, 2022 (before the restructuring of market divisions, it was listed on the Second Section of the Tokyo Stock Exchange). According to the Target Company Press Release, in connection with the restructuring of market divisions of the Tokyo Stock Exchange, on December 13, 2021, the Target Company submitted an application form to the effect that it would select the Standard Market in the restructuring of the market divisions in April 2022 and disclosed the Plan. Thereafter, at the board of directors’ meeting of the Target Company held on September 30, 2022, it resolved to express an opinion to support the Tender Offer, which premises on the delisting of the Target Company from the Tokyo Stock Exchange; therefore, at the same time, it also resolved to withdraw the Plan.

In addition, the Target Company entered into an electric power purchase agreement with Tokyo Electric Power Company, Co., Ltd. in January 1998 and commenced the business of efficiently generating electricity using by-produced gas and residual oil generated in the process of refining crude oil as fuels and supplying electricity to outside parties; however, the agreement with Tokyo Electric Power Company, Co., Ltd. (current TEPCO Energy Partner, Incorporated) had expired at the end of March 2021. As of today, the Target Company engages in petroleum refining and electric power generation exclusively for the Tender Offeror and delivers the entire quantity of each produced petroleum product and electricity to the Tender Offeror. The Target Company, as an operator of a core refinery of the Tender Offeror Group, which has undertaken the role of supplying petroleum products to eastern Japan, among others, to the Tokyo metropolitan area having the largest domestic demand, conducts electric power generation business using by-produced gas and residual oil generated in the refining business and the refining process in which crude oil and raw oil are processed into various petroleum products in accordance with the master agreement between the Target Company and the Tender Offeror, dated May 31, 2018, regarding the outsourcing of crude oil refining and electric power generation. The Keihin Refinery of the Target Company (Kawasaki City, Kanagawa Prefecture) has various facilities, including a flexicoker (Note 1), and has an installation ratio of residual oil processing units of 99% (rounded to the nearest whole number). The Target Company believes that by utilizing these facilities, it specializes in refining of heavy oils and raw oils, and efficiently refines them into high value-added products, such as gasoline, kerosene, and diesel oil. In addition, it believes that by effectively utilizing electricity generation facilities linked to the above-mentioned facilities, operations of the refinery and the electric power plant have been efficiently integrated and have achieved high energy efficiency and effective use of resources.

(Note 1) A flexicoker is a kind of heat treatment equipment unit that pyrolyzes vacuum residual oil, which is a raw material of C heavy oil and asphalt, at a high temperature, and enhances the yield of high value-added products, such as gasoline and diesel oil, etc.

With regard to the capital relationship between the Tender Offeror and the Target Company, in December 1979, Showa Sekiyu K.K. purchased 24,806,250 Target Company Shares (equivalent to approximately 25% of the total number of issued shares of the Target Company at that time) from ITOCHU Corporation and Showa Sekiyu K.K. replaced ITOCHU Corporation as the largest shareholder of the Target Company. Thereafter, Showa Sekiyu K.K. merged with Shell Sekiyu K.K. and became Showa Shell. For the purposes of strengthening the alliance between Showa Shell and the Target Company through Showa Shell's further capital participation in the Target Company, improving the Target Company's financial structure by enhancing its shareholder equity and ensuring the continuous development of its business, the Target Company conducted a capital increase through a third-party allocation to Showa Shell in October 2005 (25,210,000 shares, which was equivalent to approximately 20.26% of the total number of issued shares of the Target Company after the capital increase at that time, were allocated to Showa Shell). As a result of the capital increase through a third-party allocation, the number of the Target Company Shares owned by Showa Shell became 62,344,250 shares (equivalent to approximately 50.10% of the total number of issued shares of the Target Company at that time), and the Target Company became a consolidated subsidiary of Showa Shell. Prior to the capital increase through a third-party allocation, Showa Shell acquired 12,328,000 Target Company Shares (equivalent to approximately 12% of the total number of issued shares of the Target Company immediately before the capital increase through a third-party allocation), although the Tender Offeror is unable to confirm the time of the acquisition, method of the acquisition, and other details regarding this acquisition. Thereafter, as a result of the share consolidation conducted by the Target Company in which 10 shares of common stock were consolidated into one share, which became effective on October 1, 2018, the number of the Target Company Shares owned by Showa Shell became 6,234,425 shares (equivalent to approximately 50.11% of the total number of issued shares of the Target Company at that time). In addition, the Tender Offeror succeeded to all of the Target Company Shares owned by Showa Shell through the Absorption-type Company Split which became effective on July 1, 2019, and the Target Company became and has remained a consolidated subsidiary of the Tender Offeror to the present.

(i) Regarding the Previous Tender Offer

As described in the tender offer statement submitted by the Tender Offeror on December 16, 2020 (including the amended statements to the tender offer statement submitted by the Tender Offeror on December 21, 2020 and January 29, 2021), the Tender Offeror, based on the resolution at the board of directors meeting dated December 15, 2020, implemented a tender offer (with the purchase period set from December 16, 2020 to February 15, 2021, the purchase price per Target Company Share set at 2,450 yen (the "Previous Tender Offer Price"); the "Previous Tender Offer") as a part of the transaction aimed at acquiring all of the Target Company Shares (however, excluding the Target Company Shares owned by the Tender Offeror and treasury shares owned by the Target Company; hereinafter the same) and making the Target Company a wholly-owned subsidiary of the Tender Offeror (the "Previous Transaction"). However, as described in the tender offer statement submitted by the Tender Offeror on February 16, 2021, the Previous Tender Offer was unsuccessfully concluded because the total number of shares tendered in response to the Previous Tender Offer was 470,688 shares and did not reach the minimum planned purchase quantity (2,058,875 shares). The background leading to the implementation of the Previous Tender Offer is as described below.

When considering the Previous Transaction, in the petroleum industry to which the Tender Offeror and the Target Company belong, the domestic demand for petroleum products reached a peak in 1999 and was on a gradual decrease due to the declining population and proliferation of eco-cars. This trend accelerated thereafter, and according to the

projections by the International Energy Agency (IEA), it was anticipated that demand would decrease by approximately 20% to 30% compared to the current demand in 2030 (Note 2) due to the movement toward a decarbonized society aimed at addressing climate change and due to the change from ownership to shared use of cars. Furthermore, the decrease in the crude oil price due to the recent COVID-19 pandemic and the decrease in the demand for petroleum products for cars and airplanes also made the business environment more severe.

(Note 2) Source: IEA (2020) World Energy Outlook. All rights reserved.

When considering the Previous Transaction, the Tender Offeror, aiming at “achieving a resilient business portfolio” that would be able to flexibly and tenaciously respond no matter what changes would occur in the business environment, which was adopted as a basic policy in the mid-term management plan (FY 2020 to FY 2022) formulated and published on November 14, 2019, made efforts to enhance its corporate value by reforming the structure of its revenue base businesses, such as the fuel oil business, by expanding its growing businesses, and by promoting the creation of next-generation businesses, under its long-term vision. The Target Company also made efforts to enhance its corporate value by utilizing the above-mentioned flexicoker and its electric power generation capability, exerting its high technical strength, and fostering human resources. However, under the circumstances where both the Tender Offeror and the Target Company independently operated their businesses as listed companies, it was necessary to carefully consider the availability of the Target Company’s management resources and the objective fairness of transactions by taking into account the Target Company’s minority interests. Therefore, the Tender Offeror believed that management optimization of the Tender Offeror Group was not fully realized.

Given these circumstances, the Tender Offeror has commenced deliberations on its group strategies from mid-November 2019 when it published the mid-term management plan (FY 2020 to FY 2022). As a result of the deliberations, in early April 2020, the Tender Offeror realized that in order to strengthen the fuel oil business, which was its revenue base, achieve maximization of the value of the Tender Offeror Group as a whole, and increase and optimize management efficiency and decision-making flexibility and speed through the integrated management of the Tender Offeror Group, it would be essential to make the Target Company a wholly owned subsidiary rather than maintaining the independence of the Target Company as a listed company, because the Target Company is responsible for supplying petroleum products to the Tokyo metropolitan area, the largest demand area in Japan, and has an important core refinery of the Tender Offeror Group. In other words, the Tender Offeror realized that it would be essential to address the decrease in the domestic demand for petroleum products, mainly gasoline, and the movement toward a decarbonized society by making the Target Company its wholly-owned subsidiary, which would allow the Target Company to (i) expeditiously make management decisions from a long-term perspective without being preoccupied with the risk of short-term fluctuations in its revenue, while aiming at optimization of the Target Company Group’s structure for producing petroleum products, and (ii) decisively streamline operations and expeditiously respond to changes in the business environment with the Tender Offeror’s cooperation if doing so would lead to strengthening its future competitiveness. Furthermore, the Tender Offeror also believes that by making the Target Company its wholly-owned subsidiary, it would enable the Tender Offeror to respond flexibly and expeditiously in the Tender Offeror Group’s production of petroleum products and investments in petroleum refining facilities in response to declining domestic demand for those products, and that it would also strengthen coordination across the entire Tender Offeror Group in addressing climate change and enhance initiatives related to greenhouse gas reduction. Moreover, the Tender Offeror was convinced that it would be possible to ensure optimization of the entire Tender Offeror Group’s production of petroleum products, investments in the petroleum

refining facilities, personnel allocation, etc., and that this would lead to continuous growth of both the Tender Offeror and the Target Company. For details of the effects of the Tender Offeror's making the Target Company its wholly-owned subsidiary, please refer to "(a) Streamlining of Operations and Prompt Action Towards Changes in the Business Environment" below.

In early April 2020, the Tender Offeror commenced initial deliberation regarding making the Target Company a wholly-owned subsidiary of the Tender Offeror, and in mid-August 2020, the Tender Offeror appointed Nishimura & Asahi as its legal advisor, which is independent of the Tender Offeror Group, including the Tender Offeror and the Target Company, and Goldman Sachs Japan Co., Ltd. ("Goldman Sachs") as its financial advisor, which is independent of the Tender Offeror Group, including the Tender Offeror and the Target Company, and the Tender Offeror commenced specific deliberations regarding the Previous Transaction. The Tender Offeror considered that providing a reasonable opportunity for the Target Company's shareholders, other than the Tender Offeror, to sell their shares would contribute to the interests of the Target Company's shareholders other than the Tender Offeror, and thus the Tender Offeror engaged in multiple deliberations on the terms, conditions, methods, etc. of the Previous Transaction from late August 2020 to early September 2020, on the assumption that a tender offer would be used as the transaction format for the Previous Transaction. As a result, the Tender Offeror reached the conclusion that the Previous Transaction may lead to enhancement of corporate value for both the Tender Offeror and the Target Company. On September 2, 2020, the Tender Offeror conveyed its intention to commence discussions on the Previous Transaction to the Target Company, and on September 9, 2020, the Tender Offeror received a reply from the Target Company to the effect that the Target Company would also consider the Previous Transaction. Thereafter, on September 28, 2020, the Tender Offeror submitted a written proposal regarding the Previous Transaction (the "Previous Written Proposal") to the Target Company.

In response, for the purpose of ensuring fairness of the Previous Tender Offer Price and the Previous Transaction, including the Previous Tender Offer, in late September of 2020, the Target Company appointed Nomura Securities Co., Ltd. ("Nomura Securities") as its financial advisor and third party valuation agency, and Anderson Mōri & Tomotsune ("Anderson Mōri & Tomotsune") as its legal advisor, both of which are independent of the Tender Offeror and the Target Company, and on October 16, 2020, it established a special committee (the "Previous Special Committee") in order to conduct discussions, negotiations, and other activities with respect to the Previous Transaction from a position independent from the Tender Offeror. Furthermore, the Previous Special Committee approved the appointment by the Target Company of Nomura Securities as its financial advisor and third party valuation agency, and Anderson Mōri & Tomotsune as its legal advisor, and established the framework necessary for discussions and negotiations related to the Previous Tender Offer.

After submission of the Previous Written Proposal, the Tender Offeror and the Target Company commenced specific discussions and deliberations towards implementing the Previous Transaction. Simultaneously with the Tender Offeror's performance of the due diligence to investigate the feasibility of the Previous Transaction from early October 2020 to early December 2020, the Tender Offeror had discussions and deliberations in further detail regarding the significance and purpose of the Previous Transaction, and discussions and deliberations regarding the post-Previous Transaction management system and business policy, and various conditions of the Previous Transaction, repeatedly with the Target Company. As a result, on December 11, 2020, it was agreed that the Previous Tender Offer Price would be 2,450 yen per share.

On December 15, 2020, the Tender Offeror and the Target Company agreed that making the Target Company a wholly-owned subsidiary of the Tender Offeror would be the best measure to respond to the changes in the business

environment surrounding the Tender Offeror and the Target Company and that doing so would contribute to enhancing the corporate value of both companies, and launched the Previous Tender Offer. Specifically, the Tender Offeror considered that the following effects were expected to occur as a result of making the Target Company a wholly-owned subsidiary of the Tender Offeror. However, the Previous Tender Offer was unsuccessfully concluded because the total number of shares tendered in the Previous Tender Offer was 470,688 shares and did not reach the minimum planned purchase quantity (2,058,875 shares).

(a) Streamlining of Operations and Prompt Action Towards Changes in the Business Environment

Firstly, by the Target Company going private through the Previous Transaction, it was expected that it would enable the Target Company to promptly make management decisions based on a long-term vision that aimed at the optimization of the Tender Offeror Group's manufacturing structure for petroleum products without being restricted by the risk of short-term revenue fluctuations.

As part of the business environment surrounding the Target Company, the domestic demand for petroleum products, centered on gasoline, continuously declined, and competition between refineries was expected to increase. Furthermore, as the society switches over to carbon-free options, the societal demand for reducing carbon dioxide (CO₂) emissions was also expected to become stronger. From these perspectives, the Target Company acknowledged that taking prompt action towards the changes in the business environment, such as streamlining the operations of existing refineries and strengthening the approach towards carbon neutrality, to maintain competitiveness even in the situation where the domestic demand for petroleum products declined was an important issue for the future. The Tender Offeror also believed that there would be limitations to the streamlining of operations and prompt action towards changes in the management environment if the Target Company continued to exist as a listed company, since the interests of the Target Company's minority shareholders (including dividends for shareholders) must also be taken into consideration. However, the Tender Offeror believed that by the Target Company going private through the Previous Transaction, it would enable the Target Company to take action decisively with the cooperation of the Tender Offeror, if such action would lead to strengthening future competitiveness, and that from a long-term perspective, it would contribute to enhancing the Target Company's corporate value.

Moreover, if the Target Company became a wholly-owned subsidiary of the Tender Offeror through the Previous Transaction, it would be possible to conduct more accurate deliberations from a financial perspective as well as a management-decision perspective, on whether strategic and flexible investments would enhance the Target Company's corporate value from a long-term perspective as the Target Company would be able to streamline its operations and take prompt action towards changes to the business environment by utilizing the capital strength, credit capability, and human resources of the Tender Offeror, which would be difficult for the Target Company to do alone.

(b) Stabilization of Management by the Target Company Becoming a Wholly-Owned Subsidiary of the Tender Offeror

The Previous Transaction was a transaction by which the Tender Offeror would increase the capital ratio of the Target Company in the oil refinement industry, where domestic demand continues to decline as described above.

The Tender Offeror believed that the Target Company becoming a wholly-owned subsidiary of the Tender Offeror through the Previous Transaction would enable the Target Company to operate in a direction fully consistent with the business strategies of the Tender Offeror Group, thereby enhancing the stability of the Tender Offeror Group's fuel oil business supply chain.

(c) Utilization of Human Resources of the Group as a Whole

The Tender Offeror believed that securing the employment and effective utilization of human resources were important measures. The employees who worked at the Target Company as of the time of completion of the procedures, which would occur after the Previous Tender Offer and which constituted the Previous Transaction to make the Target Company a wholly-owned subsidiary of the Tender Offeror, would in principle continue to be employed by the Target Company for a certain period of time after the Previous Transaction. Furthermore, from the perspective of effectively utilizing human resources and providing employees growth opportunities, the Tender Offeror planned to further intensify personnel exchanges within the Tender Offeror Group, including the Target Company, as a whole in the fuel oil business and other businesses, and among finite human resources, executing appropriate human resource allocations. It was expected that this would enable the Tender Offeror to effectively utilize the Target Company's human resources in the Tender Offeror Group, which would lead to securing human resources and vitalizing the Tender Offeror Group.

The disadvantages of making the Target Company a wholly-owned subsidiary included, in addition to the disadvantages of being delisted, which were that it would become difficult for the Target Company to raise funds through equity financing and that there might be an impact on securing excellent personnel using the publicity and the social credibility that the Target Company enjoyed as a listed company, and that the burden on the Tender Offeror could be increased in the case where the Target Company's business performance deteriorated due to causes such as decreases in the demand for energy. However, as described above, making the Target Company its wholly-owned subsidiary would have advantages outweighing the above-mentioned disadvantages of being delisted. Furthermore, considering that the Tender Offeror already made the Target Company its consolidated subsidiary and the Tender Offeror comprised 90% of the Target Company's business partners (please refer to page 13 of the Securities Report for the 147th Term submitted by the Target Company on June 24, 2020), the Tender Offeror already bore a burden comparable to the burden it would bear in the case where the Target Company became its wholly-owned subsidiary. Therefore, no special disadvantages were considered to arise from the Tender Offeror making the Target Company its wholly-owned subsidiary.

Furthermore, in and after mid-November 2020, the Tender Offeror also engaged in multiple negotiations and discussions regarding the Previous Tender Offer Price with the Target Company. Specifically, on November 16, 2020, the Tender Offeror made the first proposal that the Previous Tender Offer Price be 2,050 yen per share as the fair share value as of that time by referencing the analysis results by the financial advisor mainly based on the market price method and the discounted cash flow method (the "DCF Method"), among the share valuation methods generally used in a transaction for a parent company to make its consolidated listed subsidiary a wholly-owned subsidiary. On November 18, 2020, the Target Company requested that the Tender Offeror increase the Previous Tender Offer Price because the proposed price (2,050 yen) was below the trading prices for the Target Company Shares in the exchange market in the past and because it was at a lower level compared to the premium level in recent tender offer transactions for listed subsidiaries aiming at making them wholly-owned subsidiaries; therefore, on November 24, 2020, the Tender Offeror made the second proposal that the Previous Tender Offer Price be 2,150 yen per share. On November 26, 2020, the Tender Offeror received an inquiry from the Target Company about the share valuation and the premium level for the Target Company that constituted the premise of the proposed price because the Target Company considered the proposed price (2,150 yen) to still fail to adequately evaluate the corporate value of the Target Company. On December 1, 2020, the financial advisors for the Tender Offeror and the Target Company held discussions, and based on the results of the discussions, the third proposal that the Previous Tender Offer Price be 2,250 yen per share was made on December 2, 2020. On December 4, 2020, the Target Company requested that the Tender Offeror increase the Previous Tender Offer Price because the proposed price

(2,250 yen) did not include an adequate premium compared to the premium level in recent tender offer transactions for listed subsidiaries aiming at making them wholly-owned subsidiaries; based on it, the Tender Offeror considered it, and on December 8, 2020, the Tender Offeror made the fourth proposal that the Previous Tender Offer Price be 2,400 yen per share. Based on the Target Company's request for further increase from the proposed price (2,400 yen) on December 9, 2020, the Tender Offeror made the fifth proposal that the Previous Tender Offer Price be 2,450 yen per share on December 10, 2020. As a result of the discussions and negotiations, on December 11, 2020, the Tender Offeror and the Target Company reached an agreement that the Previous Tender Offer Price would be 2,450 yen per share. Under these circumstances, the Tender Offeror reached the conclusion that making the Target Company its wholly-owned subsidiary would contribute to enhancement of the corporate value of the Tender Offeror Group as a whole, and based on the resolution at the board of directors' meeting dated December 15, 2020, the Tender Offeror decided to implement the Previous Tender Offer.

At the time of the Previous Tender Offer, the Tender Offeror did not have discussions or negotiations with Cornwall and did not conclude an agreement with Cornwall to the effect that all of the Target Company Shares substantively owned by Cornwall through funds operated by it would be tendered in the Previous Tender Offer.

(ii) Regarding the Previously Considered Transaction

After the conclusion of the Previous Tender Offer, the Tender Offeror continued to deliberate strategies of the Tender Offeror Group and, in light of the unsuccessful conclusion of the Previous Tender Offer, the Tender Offeror basically aimed to enhance the corporate value of the Tender Offeror Group while maintaining the Target Company's listing, as had been done before. However, taking into account the circumstances where the Tender Offeror's ownership ratio of the Target Company Shares and Cornwall's beneficial ownership ratio of the Target Company Shares together exceeded 80% in total and the amendment to the criteria for maintaining listing in connection with the restructuring of the market divisions of the Tokyo Stock Exchange, the Tender Offeror has been deliberating strategies of the Tender Offeror Group again since around late September 2021. The Tender Offeror had been considering the Tender Offeror Group's strategy with a view to making the Target Company a wholly-owned subsidiary of the Tender Offeror as one of the options to enhance the corporate value of the Tender Offeror Group. Under such circumstances, in mid-February 2022, the Tender Offeror received from Cornwall a proposal to discuss the sale of the Target Company Shares substantively owned by Cornwall, together with the comment that Cornwall "understands the necessity of the structural reform of the petroleum industry"; based on the proposal, the Tender Offeror started to consider the Tender Offer again.

In late February 2022, Cornwall asked whether the Tender Offeror intended to accept purchase of the Target Company Shares substantively owned by Cornwall, and in late February 2022, the Tender Offeror conveyed its intention to accept the purchase depending on the sale price. Thereafter, in early March 2022, Cornwall notified the Tender Offeror that it was willing to consider selling the Target Company Shares substantively owned by it if the Tender Offeror and Cornwall could agree upon the sale price, and in late March 2022, Cornwall notified the Tender Offeror that it intended to sell the Target Company Shares substantively owned by it to the Tender Offeror if the sale price was equal to or more than the price evaluated by Cornwall. In light of the fact that Cornwall had the intention to sell, the Tender Offeror commenced specific deliberations regarding a transaction to acquire all of the Target Company Shares and to make the Target Company a wholly-owned subsidiary of the Tender Offeror (the "Previously Considered Transaction"), and in late March 2022, for the first time after the Previous Tender Offer was unsuccessfully concluded, the Tender Offeror made an initial approach to the Target Company to commence discussions toward implementing the Previously Considered Transaction, and in late March 2022, it received a response from the Target Company stating that it would

also commence deliberations on the Previously Considered Transaction. Based on this, and after conducting further deliberations on the terms, conditions, methods, etc. of the Previously Considered Transaction, the Tender Offeror submitted a written proposal regarding the Previously Considered Transaction to the Target Company on April 6, 2022.

In response, for the purpose of ensuring fairness of the tender offer price in the Previously Considered Transaction and the Previously Considered Transaction, including the tender offer in the Previously Considered Transaction, in early April 2022, the Target Company appointed Nomura Securities as its financial advisor and third party valuation agency, and Anderson Mōri & Tomotsune as its legal advisor, both of which are independent of the Tender Offeror and the Target Company, and on April 12, 2022, it established a special committee (the “Special Committee for the Previously Considered Transaction”) in order to conduct discussions, negotiations, and other activities with respect to the Previously Considered Transaction from a position independent from the Tender Offeror. Furthermore, the Special Committee for the Previously Considered Transaction approved the appointment by the Target Company of Nomura Securities as its financial advisor and third party valuation agency, and Anderson Mōri & Tomotsune as its legal advisor, and established the framework necessary for discussions and negotiations related to the tender offer in the Previously Considered Transaction.

After submission of the written proposal, the Tender Offeror and the Target Company commenced specific discussions and deliberations towards implementing the Previously Considered Transaction. Simultaneously with the Tender Offeror’s performance of the due diligence to investigate the feasibility of the Previously Considered Transaction from early April 2022 to early May 2022, the Tender Offeror had multiple discussions and deliberations regarding the tender offer price in the Previously Considered Transaction in and after early April 2022. Specifically, on April 12, 2022, the Tender Offeror made the first proposal that the tender offer price in the Previously Considered Transaction be 3,000 yen per share, taking into account the status of the past due diligence, the analysis of the fluctuations in the market value of the Target Company Shares, and the comparative analysis of similar listed companies, as well as the fact that the share price had never fallen below the Previous Tender Offer Price of 2,450 yen during the period from February 16, 2021, which was after the end of the Previous Tender Offer, up to the time of the consideration, except on February 19, 2021, in the expectation that the Tender Offeror would resume making the Target Company a wholly-owned subsidiary under the circumstances where the Tender Offeror and Cornwall owned more than 80% of the Target Company Shares and the ratio of negotiable shares decreased after the commencement of the Previous Tender Offer.

Thereafter, on April 14, 2022, the Tender Offeror received an inquiry from the Target Company regarding the Tender Offeror’s intention concerning the protection of minority shareholders, the status of negotiations with Cornwall, and other matters. In response to the inquiry, on April 19, 2022, the Tender Offeror answered that it would be necessary to sufficiently pay attention to the interest of minority shareholders and that it believed that the Previously Considered Transaction, which would provide to minority shareholders reasonable opportunity to sell their shares, would contribute to the interest of minority shareholders, and also, that it was under negotiation with Cornwall. On April 25, 2022, regarding the answer, the Special Committee for the Previously Considered Transaction requested that the Tender Offeror state the circumstances of negotiations with Cornwall in a disclosed document, such as a tender offer statement, and increase the tender offer price because the first proposal price was a 2.7% discount on the simple average of the closing price of 3,084 yen per Target Company Share on the Tokyo Stock Exchange for the latest three-month period from April 21, 2022 as the base date and the first proposal price was a condition that might be deemed to be a discount from the market value of the Target Company Shares depending on the perspective it was viewed, and it believed that it would be difficult for the Special Committee for the Previously Considered Transaction to recommend that the Target Company’s minority shareholders tender their shares in the tender offer on that condition.

However, on April 27, the Target Company reported that it was revealed that regarding the petroleum products produced at the Keihin Refinery of the Target Company in the past, a part of the product test items were not tested in accordance with the Act on the Quality Control of Gasoline and Other Fuels and an arrangement with the Tender Offeror which was in charge of sales of these products (the “Inappropriate Activities”). The Target Company published an outline of the Inappropriate Activities in the press release titled “Announcement on Inappropriate Activity regarding Product Testing at Keihin Refinery” dated May 6, 2022.

When implementing the Previously Considered Transaction, the Tender Offeror considered that it would be necessary to closely examine the impact of the Target Company’s efforts to investigate the facts related to the Inappropriate Activities, ascertain the causes, and formulate recurrence prevention measures, on the Target Company’s finance and management; therefore, the Tender Offeror suspended the deliberation of the Previously Considered Transaction on May 2, 2022. In early May 2022, the Tender Offeror also notified Cornwall that it suspended the deliberation of the Previously Considered Transaction.

(iii) Regarding the Tender Offer

After the deliberation of the Previously Considered Transaction was suspended, as stated in the Target Company’s press release titled “Announcement on the Establishment of a Special Investigation Committee” dated May 18, 2022, the Target Company established a special investigation committee whose purpose was to investigate the facts related to the Inappropriate Activities, ascertain the causes, and formulate recurrence prevention measures, and the special investigation committee conducted an investigation. Since late May 2022, from time to time, the Tender Offeror received reports regarding the progress of the special investigation committee’s investigation from the Target Company, its subsidiary, and in late July 2022, the conclusion was reached that the impact of the Inappropriate Activities on the Target Company’s finance and management would be limited. The Target Company published the results of the investigation by the special investigation committee in the press release titled “Results of Investigation on Inappropriate Activities in Product Testing in the Company and Future Responses” dated September 22, 2022 (the “Investigation Results Press Release”), and based on the determination that it could continue its production activities because no instruction, order, or the like leading to suspension of its operations had been issued by the Ministry of Economy, Trade and Industry, which was the supervisory authority, or Japan Quality Assurance Organization or LRQA Limited, which were quality certification organizations, it determined that the impact of the Inappropriate Activities on the Target Company’s financial results would be minor.

In addition, in late July 2022, the Tender Offeror confirmed with Cornwall regarding its policy on how to respond if the Tender Offeror acquires all of the Target Company Shares and conducts another transaction to make the Target Company its wholly-owned subsidiary, and confirmed that Cornwall continued to have the intention to sell the Target Company Shares substantively owned to the Tender Offeror if the sale price is equal to or more than the price evaluated by Cornwall.

The Tender Offeror, even after suspending the consideration of the Previously Considered Transaction, believed that making the Target Company its wholly-owned subsidiary would be the best measure to respond to changes in business environment surrounding the Tender Offeror and the Target Company and to contribute to enhancement of the corporate value of both companies; based on the determination that it could continue its production activities because no instruction, order, or the like leading to suspension of its operations had been issued by the Ministry of Economy, Trade and Industry, which was the supervisory authority, or Japan Quality Assurance Organization or LRQA Limited, which were quality certification organizations, and taking into account the forecast that the impact of the Inappropriate Activities on the Target Company’s finance and management would be limited, the recognition of the need to strengthen the Target

Company's compliance and internal control, including the quality control structure in connection with the Inappropriate Activities, and the fact that it was confirmed that Cornwall's intention remained unchanged as stated above, in late July 2022, the Tender Offeror started another initial consideration for making the Target Company its wholly-owned subsidiary, from legal and financial perspectives.

Thereafter, in late July 2022, the Tender Offeror again appointed Nishimura & Asahi as its legal advisor, which is independent of the Tender Offeror Group, including the Tender Offeror and the Target Company, and Goldman Sachs as its financial advisor, which is independent of the Tender Offeror Group, including the Tender Offeror and the Target Company, and the Tender Offeror commenced specific deliberations regarding the Transaction. In late July 2022, based on the report regarding the progress of the investigation on the Inappropriate Activities, the Tender Offeror conveyed its intention to commence discussions towards the Transaction again to the Target Company, and in late July 2022, the Tender Offeror received a reply from the Target Company to the effect that it would also consider the Transaction. Then, the Target Company accepted to commence such discussions with the Tender Offeror. Thereafter, on August 4, 2022, the Tender Offeror submitted a written proposal regarding the Transaction (the "Written Proposal") to the Target Company. At the time of the submission of the Written Proposal, the Tender Offeror was still negotiating with Cornwall on the content of the Tendering Agreement, including whether they would conclude it; therefore, the Tender Offeror did not propose that concluding the Tendering Agreement be the premise of implementing the Transaction.

In response, for the purpose of ensuring fairness of the purchase price per Target Company Share in the Tender Offer (the "Tender Offer Price") and the Transaction, including the Tender Offer, in early August, the Target Company appointed Nomura Securities as its financial advisor and third party valuation agency, and Anderson Mōri & Tomotsune as its legal advisor, both of which are independent of the Tender Offeror and the Target Company, and on August 5, 2022, it established a special committee (the "Special Committee"; for the composition of the Special Committee and details of specific activities, please refer to "(iii) Establishment of an Independent Special Committee and Acquisition of a Report from the Committee by the Target Company" of "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase") in order to conduct discussions, negotiations, and other activities with respect to the Transaction from a position independent from the Tender Offeror. Furthermore, the Special Committee approved the appointment by the Target Company of Nomura Securities as its financial advisor and third party valuation agency, and Anderson Mōri & Tomotsune as its legal advisor, and established the framework necessary for discussions and negotiations related to the Tender Offer.

After submission of the Written Proposal, the Tender Offeror and the Target Company commenced specific discussions and deliberations towards implementing the Transaction. Simultaneously with the Tender Offeror's performance of the due diligence to investigate the feasibility of the Transaction from early August 2022 to late September 2022, the Tender Offeror, on September 2, 2022 confirmed with the Target Company that no material changes occurred in various conditions of the Transaction, such as purpose of the Transaction, the post-Transaction management system and business policy, and the purchase period and the number of shares to be purchased, from the Previous Transaction.

As a result, it was decided to implement the Transaction based on the same conditions as those of the Previous Transaction, and on September 30, 2022, the Tender Offeror and the Target Company agreed that responding to the changes in the business environment surrounding the Tender Offeror and the Target Company and strengthening the Target Company's compliance and internal control, including the quality control structure by making the Target Company a wholly-owned subsidiary of the Tender Offeror would be the best measure to contribute to enhancing the corporate value of both companies. Specifically, the Tender Offeror considers that the same effects as those effects that

the Tender Offeror expected in the Previous Tender Offer are expected to occur as a result of making the Target Company a wholly-owned subsidiary of the Tender Offeror as stated in “(a) Streamlining of Operations and Prompt Action Towards Changes in the Business Environment” through “(c) Utilization of Human Resources of the Group as a Whole” of “(i) Regarding the Previous Tender Offer” above. As stated in “(i) Regarding the Previous Tender Offer” above, no special disadvantages of the Tender Offeror making the Target Company a wholly-owned subsidiary are considered to arise as with the Previous Tender Offer.

The Tender Offeror has comprehensively considered with the Target Company whether the Target Company could support the Tender Offer and recommend tendering and the possibility of the successful consummation of the Tender Offer based on the interests of the Tender Offeror and its shareholders and stakeholders, and the interests of the Target Company’s general shareholders and stakeholders including Cornwall since early August 2022. During this, on August 24, 2022, the Tender Offeror made the first proposal that the Tender Offer Price be 3,000 yen per share, taking into account the Target Company’s 52-week high (3,295 yen based on the closing price) and 52-week low (2,160 yen based on the closing price) up to August 23, 2022, as well as the fact that the share price had never fallen below the Previous Tender Offer Price of 2,450 yen during the period from February 16, 2021, which was after the end of the Previous Tender Offer, up to May 6, 2022, which was the announcement date of the outline of the Inappropriate Activities, except on February 19, 2021, in the expectation that the Tender Offeror would resume making the Target Company a wholly-owned subsidiary under the circumstances where the Tender Offeror and Cornwall owned more than 80% of the Target Company Shares and the ratio of negotiable shares decreased after the commencement of the Previous Tender Offer, and the fact that as of August 23, 2022, the due diligence which started in early August 2022 found no matters which might have a material impact on the continuance of the consideration of the Tender Offer after confirming the future forecast and the business strategies and policy based on the Target Company’s latest situation stated in the business plan from the fiscal year ending in March 2023 to the fiscal year ending in March 2026 received from the Target Company on August 16, 2022 (the “Target Company Business Plan”). The Tender Offer Price in the first proposal includes a premium of 38.89% (rounded to the nearest hundredth; the same applies hereinafter to the calculation of the premium rate) over 2,160 yen, which is the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 23, 2022, the business day immediately preceding the date of the first proposal, a premium of 27.50% over the simple average of the closing price of 2,353 yen (rounded to the nearest whole number; the same applies hereinafter to the calculation of the simple average of the closing price) for the latest one-month period from August 23, 2022, a premium of 22.85% over the simple average of the closing price of 2,442 yen for the latest three-month period from August 23, 2022, and a premium of 12.82% over the simple average of the closing price of 2,659 yen for the latest six-month period from August 23, 2022.

In response to the proposal, on August 25, 2022, the Target Company informed the Tender Offeror that since the Tender Offer Price in the first proposal includes a premium of 13.0% to 38.1% over the closing price on August 24, 2022 and the simple average of the closing price (rounded to the nearest whole number) for the one-month, three-month, and six-month periods from August 24, 2022 as the base date, it believes that the premium level is not significantly inferior compared to the premium (of 23.1% to 39.0% over the closing price on December 14, 2020 and the simple average of the closing price for the one-month, three-month, and six-month periods from December 14, 2020 as the base date) added at the time of the Previous Tender Offer for which the Target Company resolved to express a supportive opinion and to recommend tendering. The Target Company also informed the Tender Offeror that it believes that actions of the Target Company’s major shareholders will be very important for the Tender Offer to be successfully concluded and that it would

like to observe the status of discussions toward concluding a tendering agreement between the Tender Offeror and these major shareholders when the Target Company and the Special Committee consider it, and requested that the Tender Offeror share the status of discussions.

Thereafter, the Tender Offeror continued discussions and negotiations with the Target Company through the Target Company's financial advisor. In addition, after confirming that Cornwall continued to have the intention to sell the Target Company Shares substantively owned by it to the Tender Offeror if the sale price is equal to or more than the price evaluated by Cornwall in late July 2022 as described above, the Tender Offeror received from Cornwall a letter of intent dated August 29, 2022 (the "LOI"), in which Cornwall intended to tender all of the Target Company Shares substantively owned by it through funds operated by it in the Tender Offer if the Tender Offer would be implemented with the Tender Offer Price of 3,150 yen per share.

The Tender Offeror, in addition to the factors considered upon consideration of the Tender Offer Price in the first proposal, took into account Cornwall's intention shown in the LOI, and on September 22, 2022, as a final proposal, it proposed to the Target Company that the Tender Offer Price be set at 3,150 yen per share. In response thereto, on September 26, 2022, the Target Company advised that it accepted that the Tender Offer Price would be 3,150 yen per share.

Based on the above process, the Tender Offeror reached the conclusion that making the Target Company its wholly-owned subsidiary would contribute to enhancement of the corporate value of the Tender Offeror Group as a whole, and based on the resolution at the board of directors' meeting dated September 30, 2022, the Tender Offeror decided to implement the Previous Tender Offer. Also, the Tender Offeror concluded the Tendering Agreement with Cornwall as of the same day.

(II) Process of and Reasons for the Decision Making by the Target Company

(i) Regarding the Previous Tender Offer

According to the Target Company Press Release, as stated in the "Statement of Opinion on Approval of the Tender Offer for TOA Oil Shares by Our Parent Company Idemitsu Kosan Co., Ltd. and Recommendation for Tender" that the Target Company published on December 15, 2020, and the "Notice regarding Partial Amendment to 'Statement of Opinion on Approval of the Tender Offer for TOA Oil Shares by Our Parent Company Idemitsu Kosan Co., Ltd. and Recommendation for Tender'" that the Target Company published on January 29, 2021, on September 2, 2020, the Target Company was informed by the Tender Offeror of its intention to commence discussions on the Previous Transaction, and on September 9, the Target Company responded to the Tender Offeror that it would also consider the Previous Transaction. The Target Company then decided to hold discussions with the Tender Offeror and received the Previous Written Proposal from the Tender Offeror on September 28. With such proposal, in late September, the Target Company appointed Anderson Mōri & Tomotsune as the legal advisor independent of the Tender Offeror and the Target Company, and Nomura Securities as the financial advisor and third-party valuation agency independent of the Tender Offeror and the Target Company with respect to the Previous Transaction. Then, in light of the fact that the Target Company is a consolidated subsidiary of the Tender Offeror and that the Previous Transaction constitutes a transaction that typically presents issues of structural conflicts of interest, the Target Company immediately set up, based on Anderson Mōri & Tomotsune's advice, a framework to review, negotiate and make decisions on the Previous Transaction in order to address these issues and ensure the fairness of the Previous Transaction independently of the Tender Offeror, and from the perspective of enhancing its corporate value and securing the interests of the minority shareholders of the Target Company.

Specifically, from late September 2020, the Target Company started making arrangements for the establishment

of the Previous Special Committee consisting of its independent outside directors and outside experts. Then, by resolution at the board of directors meeting held on October 16, 2020, the Target Company established the Previous Special Committee consisting of five members, namely, Mr. Arata Nakamura (independent outside director of the Target Company (audit and supervisory committee member); attorney-at-law, Ginza Minami Law Office), Mr. Shigeru Kimura (independent outside director of the Target Company (audit and supervisory committee member); outside director of erex Co., Ltd.), Mr. Keiichi Kubo (independent outside director of the Target Company (audit and supervisory committee member); certified public accountant, Keiichi Kubo CPA Office), Mr. Shinsuke Hasegawa (certified public accountant, Hasegawa Certified Public Accountant Office), and Mr. Akito Takahashi (attorney-at-law, Takahashi & Katayama). The Target Company then consulted with the Previous Special Committee as to whether: (i) the purpose of the Previous Transaction was found to be reasonable (including whether the Previous Transaction would contribute to the enhancement of the Target Company's corporate value); (ii) the fairness of the procedures for the Previous Transaction had been ensured; (iii) the appropriateness of the terms and conditions of the Previous Transaction (including the Previous Tender Offer Price) had been ensured; (iv) the Previous Transaction was not considered to be disadvantageous to the minority shareholders of the Target Company based on (i) to (iii) above; and (v) the Target Company's board of directors should express its opinion in favor of the Previous Tender Offer and resolve to recommend that its shareholders tender their shares in the Previous Tender Offer. In addition, in establishing the Previous Special Committee, the Target Company's board of directors resolved to ensure that its decision-making in relation to the Previous Transaction would respect the decisions of the Previous Special Committee to the maximum extent possible and, in particular, if the Previous Special Committee determined that any of the terms and conditions of the Previous Transaction was not appropriate, the Target Company's board of directors would not approve the Previous Transaction under such terms and conditions. The Target Company's board of directors also resolved that it would grant the Previous Special Committee, among others, (i) the authority to appoint its own financial advisor, legal advisor, and other advisors, if the Previous Special Committee deemed it necessary (the reasonable cost thereof would be borne by the Target Company), or to approve the Target Company's advisors; (ii) the authority to receive information necessary for the consideration of, and decisions on the Previous Transaction from the Target Company's officers and employees or other persons that the Previous Special Committee deemed necessary; and (iii) the authority to discuss and negotiate the terms and conditions of the Previous Transaction with the Tender Offeror if the Previous Special Committee deemed it necessary.

In addition, the Target Company confirmed with the Previous Special Committee that there was no issues with the independence and expertise of Nomura Securities as its financial advisor and third-party valuation agency, and of Anderson Mōri & Tomotsune as its legal advisor, and received the Previous Special Committee's approval for their appointment.

Based on the background stated above, and taking into consideration the guidance and other legal advice received from Anderson Mōri & Tomotsune regarding measures to ensure the fairness of the procedures in the Previous Transaction, as well as the reports regarding the results of the share valuation of the Target Company Shares, advice regarding policies for negotiating with the Tender Offeror, and other advice from a financial perspective received from Nomura Securities, the Target Company carefully discussed and considered whether the Previous Transaction, including the Previous Tender Offer, would contribute to the improvement of the Target Company's corporate value and whether the terms and conditions of the Previous Transaction, including the Previous Tender Offer, were appropriate.

In the discussions and consideration by the Target Company, and during the negotiation process with the Tender Offeror, the Previous Special Committee received reports from the Target Company and its advisors, as necessary, and

confirmed and stated opinions regarding relevant matters. When negotiating with the Tender Offeror, the Target Company's financial advisor discussed the relevant matters with the Target Company in advance, and took measures in accordance with the negotiation policy while taking into consideration the Previous Special Committee's opinions. In addition, whenever its financial advisor received proposals regarding the Previous Tender Offer Price from the Tender Offeror, it immediately reported such proposals to the Previous Special Committee, discussed the proposals with the Target Company while taking into consideration the Previous Special Committee's advice, and took other relevant measures.

On December 14, 2020, the Target Company received a written report (the "Previous Report") from the Previous Special Committee to the effect that it concluded that (i) the purpose of the Previous Transaction, including the Previous Tender Offer, was reasonable (the Previous Transaction would contribute to the improvement of the Target Company's corporate value); (ii) due consideration had been given to the interests of the Target Company's shareholders through the fair procedures in the Previous Transaction; (iii) the appropriateness and fairness of the conditions for the Previous Transaction (including the Previous Tender Offer Price) were ensured; (iv) given (i) through (iii) above, the Previous Transaction would not be disadvantageous to the minority shareholders of the Target Company; and (v) given (i) through (iv) above, at the then stage, it would be reasonable for the Target Company's board of directors to make a decision to express its opinion to support the Previous Tender Offer and to recommend that its shareholders tender their shares in the Previous Tender Offer.

As a result, on December 15, 2020, the Target Company also reached the conclusion that, by becoming a wholly-owned subsidiary of the Tender Offeror, the Target Company would be able to expect to generate synergies and contribute to the improvement of its corporate value, as stated below (please note that the following information is current as of December 15, 2020).

The Target Company's two main core businesses consisted of the "petroleum refining business," in which it processed crude oil and raw oil into various petroleum products on behalf of the Tender Offeror pursuant to the outsourcing arrangements with the Tender Offeror, and the "electricity generation business," in which it generated electric power using by-produced gas and residual oil generated in the petroleum refining process. In the petroleum refining business, the Target Company owned a competitive facility called flexicokers. When compared with general refineries, its facility had higher capacities in cracking in upper-stream facilities enabling it to produce higher value-added product per unit. In addition, the Target Company also generated electric power by using low-calorie gases generated in the process of cracking in its steam boilers.

However, with respect to demand for petroleum products, there had been a strong tendency for supply to exceed demand. In light of the energy-saving efforts in society, among other things, demand was expected to continue to decrease thereafter. In addition, due to the COVID-19 pandemic, demand for such products was decreasing more significantly than expected. The Target Company generated profit by cracking heavy oil into light oil products, and the greater the price difference between heavy oil and light oil, the more its profit increased; however, the price difference was not as large as expected, and this also affected the Target Company's competitiveness and recent business performance.

In order for the Target Company to further develop its business even under such circumstances, the Target Company believed that it was necessary to enhance its business and operations integration with the Tender Offeror. Specifically, the Target Company reached the conclusion that, by unifying the perspectives within the Tender Offeror Group and making the decision-making process faster, it would be able to respond flexibly to the drastically changing business environment and to more effectively utilize the facilities of its workplaces, and that, although the Target

Company was becoming inflexible as a listed company, it would be able to realize more efficient management by concentrating on daily operations.

In addition, the Target Company's dependence on the oil refining business limited its performance to promptly and appropriately respond to changes in the business environment, such as the trend towards a decarbonized society and demand for ESG management, and thus it was desirable for the Target Company to become a wholly-owned subsidiary of the Tender Offeror to utilize the Tender Offeror Group's assets, technology, and capital, among other resources.

Furthermore, as the Target Company was concerned with the limited business scale and shortage of human resources that might constrain future business development, the Target Company was hopeful that through a stronger alliance with the Tender Offeror, it would be able to implement strategic and timely investments and develop strong human resources who were familiar with various businesses.

Also, as a listed company, the Target Company respected the interests of its minority shareholders and ensured its own independence. Accordingly, the Target Company expended considerable efforts to balance interests between the Tender Offeror Group and those of its minority shareholders, resulting in additional work in maintaining its independence while promoting fast and smooth common utilization of the management infrastructure of the Tender Offeror Group. After the Previous Transaction, the Target Company believed that by becoming a wholly-owned subsidiary of the Tender Offeror, it would no longer need to put in excessive efforts to avoid conflicts of interest between the Tender Offeror Group and its minority shareholders and to respond to restrictions against its independence, and would be able to contribute to the improvement of the corporate value of the Tender Offeror Group as a whole, including the Target Company, over a medium to long period of time by aligning with the Tender Offeror Group its perspectives on achieving such medium- to long-term growth and by efficiently using management resources in a fast and smooth manner.

With respect to the background of negotiations concerning the Previous Tender Offer Price, since the time the Target Company received an initial offer from the Tender Offeror on November 16, 2020, with the Previous Tender Offer Price being set at 2,050 yen per share, the Target Company continuously discussed and negotiated the terms and conditions of the Previous Transaction, including the Previous Tender Offer Price, with the Tender Offeror. Specifically, the Target Company received a proposal to set the Previous Tender Offer Price at 2,150 yen per share on November 24, 2020, a proposal to set the Previous Tender Offer Price at 2,250 yen per share on December 2, 2020, and a proposal to set the Previous Tender Offer Price at 2,400 yen per share on December 8, 2020. Thereafter, the Target Company engaged in discussions and negotiations with the Tender Offeror continuously through its financial advisor, and as a result, on December 10, 2020, the Target Company ultimately received the final proposal from the Tender Offeror, including the proposal to set the Previous Tender Offer Price at 2,450 yen per share. With respect to the Previous Tender Offer Price, based on the following points, among other factors, the Target Company determined that the Previous Tender Offer Price of 2,450 yen per share was an appropriate price ensuring the interests of its minority shareholders and that the Previous Tender Offer would provide to its minority shareholders reasonable opportunities to sell the Target Company Shares at a price including an appropriate premium:

- (a) The Previous Tender Offer Price was a price agreed upon as a result of the Target Company sufficiently taking measures to ensure fairness of the terms and conditions of the Previous Transaction, including the Previous Tender Offer Price, and then negotiating with the Tender Offeror a number of times, with the substantial involvement of the Previous Special Committee.
- (b) The Previous Tender Offer Price exceeded the range of amounts calculated using the market price analysis and was within the range calculated using the DCF Method included in the share valuation report regarding

the results of the share valuation of the Target Company Shares prepared and submitted by Nomura Securities on December 14, 2020.

- (c) The Previous Tender Offer Price included a premium of 23.05% over 1,991 yen, which is the closing price of the Target Company Shares on the Second Section of the Tokyo Stock Exchange on December 14, 2020, the business day immediately preceding the announcement date of the implementation of the Previous Tender Offer; a premium of 35.58% over the simple average of the closing price of 1,807 yen for the latest one-month period from December 14, 2020, a premium of 39.05% over the simple average of the closing price of 1,762 yen for the latest three-month from on December 14, 2020, and a premium of 34.76% over the simple average of the closing price of 1,818 yen for the latest six-month period from December 14, 2020, and in light of similar cases of tender offers conducted by a parent company to make its listed subsidiary a wholly-owned subsidiary, the Previous Tender Offer Price was found to be within a range of a reasonable level.
- (d) The Previous Tender Offer Price was determined to be appropriate also in the Previous Report acquired from the Previous Special Committee.

Based on the above, the Target Company determined that the Previous Transaction would contribute to the improvement of its corporate value and that the terms and conditions of the Previous Transaction, including the Previous Tender Offer Price, were appropriate, and at its board of directors meeting held on December 15, 2020, resolved to express an opinion in favor of the Previous Tender Offer and to recommend that its shareholders tender their shares in the Previous Tender Offer.

(ii) Regarding the Previously Considered Transaction

According to the Target Company Press Release, in late March 2022, as the Target Company was informed by the Tender Offeror of its intention to commence discussion on the Previously Considered Transaction and in late March, the Target Company responded to the Tender Offeror that it would also consider the Previously Considered Transaction and it agreed to hold such discussions with the Tender Offeror. On April 6 of the same year, the Target Company received a proposal from the Tender Offeror regarding the Previously Considered Transaction. Subsequently, on April 12 of the same year, the Target Company received an initial proposal from the Tender Offeror to set the tender offer price for the Previously Considered Transaction at 3,000 yen per share. Based on this proposal, the Target Company appointed Anderson Mōri & Tomotsune as a legal advisor and Nomura Securities as a financial advisor and third-party valuation agency, respectively, independent of the Tender Offeror and the Target Company, in early April. In light of the fact that the Target Company is a consolidated subsidiary of the Tender Offeror and, as with the Previous Transaction, the Previously Considered Transaction are transactions that typically involve structural conflicts of interest, in order to address these issues and ensure the fairness of the Previously Considered Transaction, based on the advice of Anderson Mōri & Tomotsune, the Target Company immediately commenced the construction of a framework to review, negotiate and make decisions on the Previously Considered Transaction from the perspective of enhancing its corporate value and securing the interests of its minority shareholders, independently of the Tender Offeror.

Specifically, since early April 2022, the Target Company has been preparing for the establishment of a special committee consisting of its independent outside directors and outside experts to review and negotiate the Previously Considered Transaction independently from the Tender Offeror. Based on this, the Special Committee for the Previously Considered Transaction was established by a resolution at the board of directors meeting held on April 12 of the same year, consisting of five members: Mr. Arata Nakamura (independent outside director of the Target Company (audit and supervisory committee member); attorney-at-law, Ginza Minami Law Office), Mr. Shigeru Kimura (independent outside director of the Target Company (audit and supervisory committee member); outside director of erex Co., Ltd.), Mr. Keiichi Kubo (independent outside director of the Target Company (audit and supervisory committee member); certified

public accountant, Keiichi Kubo CPA Office), Mr. Shinsuke Hasegawa (certified public accountant, Hasegawa Certified Public Accountant Office) and Mr. Akito Takahashi (attorney-at-law, Takahashi & Katayama). In addition, at the time of establishment of the Special Committee for the Previously Considered Transaction, the Target Company's board of directors resolved to ensure that its decision-making in relation to the Previously Considered Transaction shall be conducted with the utmost respect for the decisions made by the Special Committee for the Previously Considered Transaction and that, in particular, if the Special Committee for the Previously Considered Transaction determines that the terms and conditions of the Previously Considered Transaction are not appropriate, its board of directors shall not agree to the Previously Considered Transaction under the said terms and conditions. The Target Company's board of directors also resolved that it would grant the Special Committee for the Previously Considered Transaction, among others, (i) the authority to appoint its own advisors such as financial advisors and legal advisors (all reasonable costs shall be borne by the Target Company), or to approve the advisors of the Target Company, if the Special Committee for the Previously Considered Transaction deems it necessary, (ii) the authority to receive information necessary for the review and decision of the Previously Considered Transaction from the officers and employees of the Target Company and other persons deemed necessary by the Special Committee for the Previously Considered Transaction, and (iii) the authority to hold discussions and negotiate with the Tender Offeror on the terms and conditions of the Previously Considered Transaction, if the Special Committee for the Previously Considered Transaction deems it necessary.

In addition, the Target Company obtained approval for the appointment of Nomura Securities, its financial advisor and third-party valuation agency, and Anderson Mōri & Tomotsune, its legal advisor, after confirming that there are no problems with their independence and expertise at the Special Committee for the Previously Considered Transaction.

After that, on April 14, 2022, the Target Company asked the Tender Offeror about the Tender Offeror's way of thinking regarding the protection of minority shareholders and the status of negotiations with Cornwall. On April 19, 2022, the Target Company received a response from the Tender Offeror stating that the Tender Offeror believed that it would necessary to give sufficient consideration to the interests of minority shareholders and that the Previously Considered Transaction that would provide a reasonable opportunity for minority shareholders to sell their shares would contribute to the interests of minority shareholders, and that negotiations were under way with Cornwall. In relation to the response, on April 25, 2022, the Special Committee for the Previously Considered Transaction requested the Tender Offeror to include the details of negotiations with Cornwall in the tender offer statement and other disclosure documents, and to raise the tender offer price because the initial proposal price is a condition that may be deemed to be a discount from the market price of the Target Company Shares depending on the aspect from such facts that the initial proposal price is a discount of 2.7% on the simple average of the closing price of 3,084 yen per Target Company Shares at the Tokyo Stock Exchange for the latest three-month period based on April 21, 2022, and, it is believed to be difficult for the Special Committee for the Previously Considered Transaction to recommend that the Target Company's minority shareholders tender their shares in the tender offer under such condition.

The Target Company reported to the Tender Offeror that the Inappropriate Activities had been discovered on April 27, 2022 when they were discussing the Previously Considered Transaction. In addition, the Target Company announced the outline of this Inappropriate Activities in the press release titled "Announcement on Inappropriate Activity regarding Product Testing at Our Subsidiary" dated May 6, 2022.

On May 2, 2022, the Target Company received a notice from the Tender Offeror that the Tender Offeror will suspend their consideration of the Previously Considered Transaction as they considered it necessary to carefully examine the financial and management impact on the Target Company of its actions such as investigating the facts of the Inappropriate Activities, investigating the causes thereof and creating recurrence prevention measures for conducting the Previously Considered Transaction, and thus the Target Company also suspended consideration of the Previously Considered Transaction.

- (iii) Background to the Establishment of the Structure for Consideration of the Tender Offer and Details of the Decision

According to the Target Company Press Release, after the suspension of consideration of the Previously

Considered Transaction, as stated in the Target Company's press release dated May 18, 2022 titled "Announcement on the Establishment of a Special Investigation Committee," a special investigation committee was established at the Target Company for the purposes of investigating the facts surrounding the Inappropriate Activities, investigating the causes thereof, and creating measures to prevent recurrence thereof, and the special investigation committee began its investigation. The Target Company reported to the Tender Offeror, its parent company, the progress of the investigation of the special investigation committee since late May 2022 and onward occasionally. In late July 2022, the prospects of the financial and management impact on the Target Company due to the Inappropriate Activities became clear that it is limited. In addition, as the Target Company announced the investigation results of the special investigation committee in the Investigation Results Press Release, the Target Company has determined that the impact of the Inappropriate Activities on the Target Company's performance is limited, since no instruction, order, or the like leading to suspension of its operations had been issued by the Ministry of Economy, Trade and Industry, which was the supervisory authority, or Japan Quality Assurance Organization or LRQA Limited, which were quality certification organizations and the Target Company is considered to be able to continue its production activities.

In late July 2022, the Target Company was informed by the Tender Offeror of its intention to commence discussions toward the Transaction again based on the reports on the progress of the investigation of the Inappropriate Activities, and in late July, the Target Company responded to the Tender Offeror that the Target Company would consider the Transaction. Then, the Target Company decided to hold discussions with the Tender Offeror and received a proposal on the Transaction from the Tender Offeror on August 4, 2022. Upon receiving this proposal, in early August 2022, the Target Company appointed Anderson Mōri & Tomotsune as a legal advisor independent of the Tender Offeror and the Target Company, and Nomura Securities as a financial advisor and third-party valuation agency independent of the Tender Offeror and the Target Company in relation to the Transaction. Since the Target Company is a consolidated subsidiary of the Tender Offeror, and as with the Previous Transaction and the Previously Considered Transaction, the Transaction constitutes a transaction that typically presents issues of structural conflicts of interest, so, in order to address these issues and ensure the fairness of the Transaction, and based on Anderson Mōri & Tomotsune's advice, the Target Company immediately set up a framework to review, negotiate and make decisions on the Transaction independent of the Tender Offeror from the perspective of enhancing its corporate value and securing the interests of its minority shareholders.

Specifically, from early August 2022, the Target Company started making arrangements for the establishment of the Special Committee consisting of its independent outside directors and outside experts. Then, by resolution at the board of directors meeting held on August 5, 2022, the Target Company established the Special Committee (for matters such as the background of the establishment of the Special Committee, the details of its consideration, and the details of its decision, see "(A) Background to the Establishment of the Special Committee" through "(C) Details of the Decision" in "(iii) Establishment by the Target Company of an Independent Special Committee and Acquisition of a Report from Said Committee" in "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" in "(II) Details of the Valuation" in "(4) Basis for Valuation of the Purchase Price" under "2. Overview of the Purchase" below) consisting of four members, Mr. Keiichi Kubo (independent outside director of the Target Company (audit and supervisory committee member); certified public accountant, Keiichi Kubo CPA Office); Mr. Kazuyoshi Kakuta (independent outside director of the Target Company (audit and supervisory committee member); Mr. Akito Takahashi (independent outside director of the Target Company (audit and supervisory committee member), attorney-at-law, Takahashi & Katayama); and Mr. Shinsuke Hasegawa (certified public accountant, Hasegawa Certified Public Accountant Office). The Target Company then consulted the Special Committee as to whether the expression of an opinion on approval of the Tender Offer and the recommendation to the Target Company's shareholders to tender their shares in the Tender Offer is not disadvantageous to the Target Company's minority shareholders; in other words, (i) the purpose of the Transaction is found to be reasonable (including the point of whether the Transaction will contribute to the enhancement of its corporate value); (ii) the fairness of the procedures for the Transaction has been ensured; (iii) the appropriateness of the terms and conditions of the Transaction (including the purchase price in the Tender Offer) has been ensured; (iv) based on (i) to (iii) above, the Transaction is not considered to be disadvantageous to its minority shareholders; and (v) its board of directors should express its opinion to

approve the Tender Offer and resolve to recommend that its shareholders tender their shares in the Tender Offer (collectively, the “Advisory Matters”). In addition, in establishing the Special Committee, the Target Company’s board of directors resolved to ensure that its decision making in relation to the Transaction will respect the decisions of the Special Committee to the maximum extent possible and, in particular, if the Special Committee determines that any of the terms and conditions of the Transaction is not appropriate, its board of directors will not approve the Transaction under such terms and conditions. The Target Company’s board of directors also resolved that it will grant the Special Committee: (i) the authority to appoint its own financial advisor, legal advisor and other advisors (the reasonable cost thereof will be borne by the Target Company), or approve the Target Company’s advisors, if the Special Committee deems it necessary; (ii) the authority to receive information necessary for the consideration of, and decisions on, the Transaction from the Target Company’s officers and employees or other persons deemed necessary by the Special Committee; and (iii) the authority to discuss and negotiate the terms and conditions of the Transaction and other matters with the Tender Offeror if the Special Committee deems it necessary (for the method of resolution at such board of directors meeting, see “(A) Background to the Establishment of the Special Committee” in “(iii) Establishment by the Target Company of an Independent Special Committee and Acquisition of a Report from Said Committee” in “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” in “(II) Details of the Valuation” in “(4) Basis for Valuation of the Purchase Price” under “2. Overview of the Purchase” below).

In addition, as described in “(B) Details of the Consideration of the Transaction” in “(iii) Establishment by the Target Company of an Independent Special Committee and Acquisition of a Report from Said Committee” in “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” in “(II) Details of the Valuation” in “(4) Basis for Valuation of the Purchase Price” under “2. Overview of the Purchase” below, the Target Company has confirmed with the Special Committee that there are no issues with the independence and expertise of Nomura Securities as its financial advisor and third-party valuation agency, and of Anderson Mōri & Tomotsune as its legal advisor, and has received the Special Committee’s approval for their appointment.

Based on the background stated above, the Target Company took into consideration the guidance and other legal advice received from Anderson Mōri & Tomotsune regarding measures to ensure fairness of the procedures in the Transaction, as well as reports regarding the results of the share valuation of the Target Company Shares, advice regarding policies for negotiating with the Tender Offeror, and other advice from a financial perspective, received from Nomura Securities, and then carefully discussed and considered whether the Transaction, including the Tender Offer, would contribute to the improvement of its corporate value and whether the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate.

In the discussions and consideration by the Target Company, and during the negotiation process with the Tender Offeror, the Special Committee received reports from the Target Company and its advisors, as necessary, and confirmed and stated opinions regarding relevant matters. When negotiating with the Tender Offeror, the Target Company’s financial advisor discussed the relevant matters with the Target Company in advance of any such negotiations with the Tender Offeror and took measures in accordance with the negotiation policy while taking into consideration the Special Committee’s opinions. In addition, when its financial advisor received proposals regarding the Tender Offer Price from the Tender Offeror, it immediately reported such proposals to the Special Committee, discussed the proposals with the Target Company while taking into consideration the Special Committee’s advice, and took other relevant measures.

With respect to the negotiation process concerning the Tender Offer Price, since August 24, 2022, when the Target Company received the first proposal from the Tender Offeror that the Tender Offer Price be 3,000 yen per share, the Target Company has continuously discussed and negotiated with the Tender Offeror on the terms and conditions of the Transaction, including the Tender Offer Price. Specifically, on August 25, 2022, the Target Company informed the Tender Offeror that the Tender Offer Price in the initial proposal includes a premium of 13.0% to 38.1% on the closing price on

August 24, 2022 and the simple average of the closing prices for one-month, three-month and six-month periods from August 24, 2022 as the base date (rounded to the nearest whole number), and that it considers that the said premium level is not significantly inferior to the premium added in the Previous Tender Offer (23.1% to 39.0% on the closing price on December 14, 2020 and the simple average of the closing prices for the one-month, three-month and six-month periods from December 14, 2020 as the base date) which the Target Company resolved to express its opinion in favor of, and to recommend tendering. In addition, since the Target Company believes that the movements of its major shareholders are extremely important for the consummation of the Tender Offer, the Target Company advised that the Target Company and the Special Committee wish to pay close attention to the status of discussions between the Tender Offerer and such major shareholders regarding the execution of the Tendering Agreement for their consideration, and requested that the Tender Offeror share such status of discussions. After that, the Target Company continued discussions and negotiations with the Tender Offeror through its financial advisor. As a result, on September 22, 2022, the Target Company received a proposal from the Tender Offeror, the Tender Offer Price of 3,150 yen per share as a final proposal. In response, on September 26, 2022, the Target Company informed the Tender Offeror of its acceptance of the Tender Offer Price of 3,150 yen per share. In relation to the Tender Offer Price, the Target Company determined that the Tender Offer Price of 3,150 yen per share is an appropriate price ensuring the interests of its minority shareholders and that the Tender Offer provides to its minority shareholders reasonable opportunities to sell their shares at a price including an appropriate premium based on the following points:

- (a) The Tender Offer Price is a price agreed upon as a result of the Target Company sufficiently taking measures to ensure fairness of the terms and conditions of the Transaction, including the Tender Offer Price, as described in “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” in “(II) Details of the Valuation” in “(4) Basis for Valuation of the Purchase Price” under “2. Overview of the Purchase” below, and then negotiating with the Tender Offeror a number of times, with the substantial involvement of the Special Committee.
- (b) The price exceeds the range of the average market price method calculation results and is within the range of the DCF Method results among the values of the Target Company Shares calculated by Nomura Securities in the share valuation report (the “Share Valuation Report”) on the value of the Target Company Shares submitted by Nomura Securities as of September 29, 2022, in “(ii) Acquisition of a Share Valuation Report Regarding the Target Company from an Independent Financial Advisor and a Third-party Valuation Agency” in “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” in “(II) Details of the Valuation” in “(4) Basis for Valuation of the Purchase Price” under “2. Overview of the Purchase” below.
- (c) In view of the announcements made by the Target Company on the Inappropriate Activities in “Announcement on Inappropriate Activity regarding Product Testing at Keihin Refinery” dated May 6, 2022, on the establishment of a special investigation committee in “Announcement on the Establishment of a Special Investigation Committee” dated May 18, and on the results of the investigation by the special investigation committee in “Results of Investigation on Inappropriate Activities in Product Testing in the Company and Future Responses” dated September 22, 2022, the appropriateness and fairness of the Tender Offer Price are not believed to be damaged because volatility of share price is not only attributable to a single event, and the Special Committee does not find any circumstances suggesting that each announcement on the Inappropriate Activities is contemplated by the Target Company to affect the market share price, while it can be said that the Target Company’s market share price showed a certain reaction after such announcements. Also, with regard to downward revisions in earnings estimate announced as of July 29, 2022, the appropriateness and fairness of the Tender Offer Price are not believed to be damaged because such revisions and announcement of earnings estimate were formulated in accordance with reasonable methods and procedures at the Target Company, and the Special Committee does not find any

circumstances suggesting that the details and timing of the revisions of the earnings estimate and the announcement thereof are contemplated by the Target Company to deliberately lower the market price of the Target Company Shares.

- (d) The Tender Offer Price includes a premium of 38.58 % over 2,273 yen, which is the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on September 29, 2022, the business day immediately preceding the announcement date of the implementation of the Tender Offer; a premium of 38.10% over the simple average of the closing price of 2,281 yen for the latest one-month period ended on September 29, 2022, a premium of 34.16% over the simple average of the closing price of 2,348 yen for the latest three-month period ended on September 29, 2022, and a premium of 25.75% over the simple average of the closing price of 2,505 yen for the latest six-month period ended on September 29, 2022. In addition, considering that the market price of the Target Company Shares seems to have tended to increase after the announcement of the Previous Tender Offer compared to the changes in the share prices of stock market as a whole in Japan and the changes in the average share prices of other companies in the same industry, the level of premium which record date was the trading day immediately preceding the date of the announcement of the Previous Tender Offer should also be taken into consideration. Compared to the market price on or before December 15, 2020 which was announced with respect to the implementation of the Previous Tender Offer, such price includes a premium of 58.21% over 1,991 yen, which is the closing price of the Target Company Shares on the Second Section of the Tokyo Stock Exchange on December 14, 2020, which was the business day immediately preceding such announcement, a premium of 74.32% over the simple average of the closing price of 1,807 yen for the latest one-month period ended on December 14, 2020, a premium of 78.77% over the simple average of the closing price of 1,762 yen for the latest three-month period ended on December 14, 2020, and a premium of 73.27% over the simple average of the closing price of 1,818 yen for the latest six-month period ended on December 14, 2020. In light of these circumstances, the Tender Offer Price is deemed to be appropriate because the level of premium set as the record date for the trading day immediately preceding the announcement date of the Previous Tender Offer is comparable to the level of premium in the 45 cases where listed subsidiaries became wholly-owned subsidiaries, which have been announced since 2019, and for which a tender offer has been consummated (44.8% of the simple average of the closing price immediately preceding the date of the announcement, 45.7% of the simple average of the closing price for the latest one-month period up to the business day immediately preceding the date of the announcement, 45.1% of the simple average of the closing price for the latest three-month period up to the business day immediately preceding the date of the announcement, and 43.2% of the simple average of the closing prices for the latest six-month period up to the business day immediately preceding the date of the announcement) and the price includes a premium even if the base date is set as the trading day immediately preceding the announcement date of the Tender Offer.
- (e) As stated in “(C) Details of the Decision” in “(iii) Establishment by the Target Company of an Independent Special Committee and Acquisition of a Report from Said Committee” of “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” in “(II) Details of the Valuation” in “(4) Basis for Valuation of the Purchase Price” under “2. Overview of the Purchase” below, the price is determined to be appropriate in the Report (as defined in the following paragraph) acquired from the Special Committee.

On September 29, 2022, the Target Company received a written report (the “Report”) from the Special Committee to the effect that the Special Committee concluded that (a) the purpose of the Transaction, including the Tender Offer, was reasonable (the Transaction would contribute to the improvement of the Target Company’s corporate value), (b) due consideration was given to the interests of the Target Company’s shareholders through the fair procedures in the Transaction, (c) the appropriateness and fairness of the conditions for the Transaction (including the Tender Offer Price)

were ensured, (d) given (a) through (c) above, the Transaction would not be disadvantageous to the Target Company's minority shareholders, and (e) given (a) through (d) above, it would be reasonable for the Target Company's board of directors to make a decision to express its opinion to support the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer at the current stage (i.e., such decision to express the opinion would not be disadvantageous to our minority shareholders) (for an outline of the Report, see "(iii) Establishment by the Target Company of an Independent Special Committee and Acquisition of a Report from Said Committee" in "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" in "(II) Details of the Valuation" in "(4) Basis for Valuation of the Purchase Price" under "2. Overview of the Purchase" below).

As a result, as stated below, on September 30, 2022, the Target Company also reached the conclusion that, by becoming a wholly-owned subsidiary of the Tender Offeror, it can expect to generate synergies similar to that expected by it in the Previous Tender Offer and contribute to the improvement of its corporate value.

The Target Company's two main core businesses consist of: a "petroleum refining business" in which it processes crude oil and raw oil into various petroleum products on behalf of the Tender Offeror pursuant to the outsourcing arrangements with the Tender Offeror; and an "electricity generation business" in which it generates electric power using by-produced gas and residual oil generated in the petroleum refining process. In the petroleum refining business, the Target Company owns a competitive facility called a "flexicoker," and when compared with general refineries, its facility has higher capacities in cracking in upper-stream facilities enabling it to produce higher value-added product per unit. In addition, the Target Company also generates electric power by using low-calorie gases generated in the process of cracking in its steam boilers.

However, with respect to demand for petroleum products, there is a strong tendency for supply to exceed demand. In light of the energy-saving efforts in society, among other things, demand is expected to continue to decrease hereafter. The Target Company generates profit by cracking heavy oil into light oil products, and the greater the price difference between heavy oil and light oil, the more its profit increases; however, the current price difference is not as large as expected, and this has also had effects on its competitiveness and recent business performance.

In order for the Target Company to further develop its business even under such circumstances, it believes that it is necessary to enhance its business and operations integration with the Tender Offeror. In other words, the Target Company reached the conclusion that, by unifying the perspectives within the Tender Offeror Group and making the decision making process faster, it will be able to respond flexibly to the drastically changing business environment and to more effectively utilize the facilities of its workplaces, and that, as a listed company, although the Target Company is currently becoming inflexible as an organization, by concentrating on daily operations, it will be able to realize more efficient management.

In addition, in order to promptly and appropriately respond to changes in the business environment, such as the trend towards a decarbonized society and demand for ESG management, the Target Company's dependence on the oil refining business limits its performance and thus it is desirable for the Target Company to become a wholly-owned subsidiary of the Tender Offeror that is able to utilize the Tender Offeror Group's assets, technology, and capital, among other resources.

Furthermore, as the Target Company is concerned with the limited business scale and shortage of human resources that may constrain future business development, the Target Company is hopeful that through a stronger alliance with the Tender Offeror, it would be able to implement strategic and timely investments and develop strong human resources who are familiar with various businesses.

Also, as a listed company, the Target Company has respected the interests of its minority shareholders and ensured its own independence. Accordingly, the Target Company has expended considerable efforts to balance interests between the Tender Offeror Group and those of its minority shareholders, resulting in additional work in maintaining its independence while promoting fast and smooth common utilization of the management infrastructure of the Tender Offeror Group. Upon the closing of the Transaction and after becoming a wholly-owned subsidiary of the Tender Offeror,

the Target Company will no longer need to put in excessive efforts to avoid conflicts of interest between the Tender Offeror Group and its minority shareholders and to respond to restrictions against its independence, and will be able to contribute to the improvement of the corporate value of the Tender Offeror Group as a whole, including the Target Company, over a medium to long period of time by aligning with the Tender Offeror Group its perspectives on achieving such medium- to long-term growth and by efficiently using management resources in a fast and smooth manner.

Based on the above, the Target Company determined that the Transaction contributes to the improvement of its corporate value and that the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate, and during its board of directors meeting held on September 30, 2022, resolved to express an opinion to support the Tender Offer and to recommend that its shareholders tender in the Tender Offer.

For the method of resolution in the board of directors meeting, see “(vi) Approval of All Directors (Including Those Who are Audit and Supervisory Committee Members) of the Target Company Without Conflicts of Interest” in “Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest” in “(II) Details of the Valuation” in “(4) Basis for Valuation of the Purchase Price” under “2. Overview of the Purchase” below.

(III) Management Policy After the Tender Offer

As described in “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” above, after the Tender Offeror submitted the Written Proposal to the Target Company in early August 2022, the Tender Offeror and the Target Company have had a series of discussions on the management policy to be implemented after the Tender Offer during the period from early August 2022 to late September 2022. The Tender Offeror explained to the Target Company’s board of directors and the Special Committee the details stated in “(a) Streamlining of Operations and Prompt Action Towards Changes in the Business Environment,” “(b) Stabilization of Management by the Target Company Becoming a Wholly-Owned Subsidiary of the Tender Offeror,” and “(c) Utilization of Human Resources of the Group as a Whole” of “(i) Previous Tender Offer” of “(I) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer” of “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” above. Thereafter, the Target Company reached a shared understanding with the Tender Offeror.

Going forward, the Tender Offeror and the Target Company will discuss and decide on specific business strategies of the Tender Offeror Group and the Target Company after the Tender Offeror makes the Target Company its wholly-owned subsidiary. The Tender Offeror and the Target Company intend as a basic policy that as part of the efforts to strengthen the Tender Offeror’s domestic business foundation, which is one of the Tender Offeror’s main mid-term management plans, the Target Company’s fuel oil business will be fully incorporated into the Tender Offeror Group’s fuel oil business supply chain, and that the Tender Offeror Group, including the Target Company, will work together to enhance its competitiveness and will respond to any severe business environment in the future by providing financial support, sharing technology and knowhow, exchanging personnel, and utilizing personnel through deploying appropriate personnel to appropriate places. In addition, with regard to the Target Company’s power generation business, while the operation and management of the power plants using by-produced gas and residual oil generated from the existing petroleum refining facilities will be the basis of the Target Company’s electricity business, efforts relating to various forms of energy sought by society will be enhanced by combining the management resources of the Tender Offeror Group and the Target Company, based on the Target Company’s knowledge and experience from its power generation business. Furthermore, the Tender Offeror Group, including the Target Company, will work together to engage in efforts toward

realizing a decarbonized society.

As of today, the board of directors of the Target Company consists of eight directors, including outside directors, and one of them was an executive officer of the Tender Offeror until June 23, 2020 and one of them concurrently serves as an executive officer of the Tender Offeror. The management structure after the Target Company becomes a wholly-owned subsidiary of the Tender Offeror has not yet been determined as of today, but the Tender Offeror plans to consider the optimal structure after discussing it with the Target Company.

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

The Tender Offeror and the Target Company, recognizing that the Target Company is a consolidated subsidiary of the Tender Offeror, that the Transaction, which includes the Tender Offer, is connected to vital transactions with a controlling shareholder, and that conflicts of interest could arise in the Target Company considering the Transaction, have both implemented the measures below in order to ensure fairness of the Tender Offer Price, eliminate arbitrariness in decision-making concerning the Transaction, ensure fairness, transparency, and objectivity with respect to the Target Company's decision-making process, and avoid conflicts of interest.

As described in “(1) Overview of the Tender Offer” above, since the Tender Offeror already owns 6,234,425 Target Company Shares (ownership ratio: 50.12%) as of today, the Tender Offeror believes that if a minimum planned purchase quantity that would satisfy the so-called “majority of minority” (“MoM”) is set with respect to the Tender Offer, this would destabilize completion of the Tender Offer and actually undercut the interests of minority shareholders who seek to participate in the Tender Offer. Thus, the Tender Offeror has not included such “MoM” condition. However, as both the Tender Offeror and the Target Company have put in place the measures described below, the Tender Offeror believes that sufficient care and thought have been put into the interests of minority shareholders of the Target Company.

The measures described below implemented with respect to the Target Company were based on explanations received from the Target Company.

- (I) Acquisition of a Share Valuation Report by the Tender Offeror from an Independent Financial Advisor
- (II) Acquisition of a Share Valuation Report by the Target Company from an Independent Financial Advisor and a Third-party Valuation Agency
- (III) Establishment by the Target Company of an Independent Special Committee and Acquisition of a Report from Said Committee
- (IV) Advice from an Independent Legal Advisor on the Part the Target Company
- (V) Establishment of a Structure for Independent Review by the Target Company
- (VI) Approval of All Directors (Including Those Who are Audit and Supervisory Committee Members) of the Target Company Without Conflicts of Interest
- (VII) Efforts to Secure Purchase Opportunities by Other Buyers

For details regarding the above, please refer to “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” of “(II) Details of the Valuation” of “(4) Basis for Valuation of the Purchase Price” of “2. Overview of the Purchase” below.

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

As is stated in “(1) Overview of the Tender Offer” above, the Tender Offeror's policy is to make the Target

Company its wholly-owned subsidiary. Thus, if the Tender Offeror fails to acquire all of the Target Company Shares through the Tender Offer, once the Tender Offer is complete, the Tender Offeror will implement procedures for acquiring all of the Target Company Shares by using the following methods (the “Transactions to Make the Target Company a Wholly-owned Subsidiary”):

(I) Demand for Sale of Shares

If, upon completion of the Tender Offer, the Tender Offeror holds 90% or more of the total shareholder voting rights of the Target Company and the Tender Offeror becomes a Special Controlling Shareholder as prescribed in Article 179(1) of the Companies Act (Act No. 86 of 2005, as amended; the “Companies Act”), the Tender Offeror will, in accordance with Part II, Chapter 2, Section 4-2 of the Companies Act, request all Target Company shareholders (excluding the Tender Offeror and the Target Company) to sell all of their Target Company Shares to the Tender Offeror promptly after completion of the settlement of the Tender Offer (the “Demand for Sale of Shares”). With respect to the Demand for Sale of Shares, a monetary amount equivalent to the Tender Offer Price will be provided to Target Company shareholders (excluding the Tender Offeror and the Target Company) as consideration per Target Company Share. In such event, the Tender Offeror will notify the Target Company of, and seek approval from the Target Company for, the Demand for Sale of Shares. If the Target Company approves the Demand for Sale of Shares by a resolution of its board of directors, the Tender Offeror will acquire all of the Target Company Shares from all Target Company shareholders (excluding the Tender Offeror and the Target Company) as of the acquisition date designated in the Demand for Sale of Shares without the need for each shareholder’s individual approval, in accordance with the procedures set forth in the relevant laws and regulations. The Tender Offeror will provide each Target Company shareholder a monetary amount equivalent to the Tender Offer Price as consideration per Target Company Share owned by such Target Company shareholder. According to the Target Company Press Release, if the Target Company receives notice from the Tender Offeror that it intends to make a Demand for Sale of Shares and notice concerning each item in Article 179-2(1) of the Companies Act, the Target Company will approve the Demand for Sale of Shares at the Target Company’s board of directors meeting. For the purpose of protecting the rights of minority shareholders in relation to a Demand for Sale of Shares, it is stipulated that the Target Company shareholders may, in accordance with Article 179-8 of the Companies Act and other relevant laws and regulations, petition a court for a decision on the sale price of their Target Company Shares.

(II) Share Consolidation

On the other hand, if, following the completion of the Tender Offer, the total number of the Target Company’s voting rights owned by the Tender Offeror is less than 90% of all of the voting rights for the Target Company, the Tender Offeror will, promptly after completion of the settlement of the Tender Offer, request the Target Company to hold a special shareholders’ meeting (the “Special Shareholders’ Meeting”) and for proposals to be submitted which will include (i) implementation of consolidation of Target Company Shares in accordance with Article 180 of the Companies Act (the “Share Consolidation”), and (ii) subject to the Share Consolidation being effective, changes to the Target Company’s articles of incorporation that will eliminate provisions on a share unit number. The Tender Offeror considers that it is desirable for the Target Company to hold the Special Shareholders’ Meeting as soon as possible from the perspective of improving the Target Company’s corporate value. Therefore, the Tender Offeror plans to ask the Target Company to make a public notice during the purchase period of the Tender Offer (the “Tender Offer Period”) setting the record date for the Special Shareholders’ Meeting so that such record date will be a date shortly after the start date of the settlement of the Tender Offer (as of today, such date is planned to be November 24, 2022) and to target to hold the Special Shareholders’

Meeting in mid- to late January 2023. The Tender Offeror will approve each of the proposals above at the Special Shareholders' Meeting.

If proposals concerning the Share Consolidation are approved at the Special Shareholders' Meeting, the Target Company shareholders will each, as of the effective date of the Share Consolidation, retain a number of the Target Company Shares corresponding to the share consolidation ratio approved at the Special Shareholders' Meeting. If the Share Consolidation results in fractional shares that are less than one share, in accordance with the procedures set forth in Article 235 of the Companies Act and other relevant laws and regulations, the Target Company shareholders retaining such fractional shares will be provided with money to be obtained through the sale of Target Company Shares equivalent to the sum of such fractional shares (if the sum of such fractional shares is less than one share, such fractional shares will be discarded; the same applies hereinafter) to the Target Company or the Tender Offeror. With respect to the sale price of the Target Company Shares equivalent to the sum of such fractional shares, the Tender Offeror will request the Target Company to petition a court for permission for voluntary sale, after ensuring that as a result of such sale of fractional shares, the monetary amount provided to Target Company shareholders who did not apply for the Tender Offer (excluding the Tender Offeror and the Target Company) will be the same as the value obtained when the number of the Target Company Shares owned by each shareholder is multiplied by the Tender Offer Price. Furthermore, although the consolidation ratio of the Target Company Shares has not yet been decided as of today, the consolidation ratio will be determined such that as a result of the Share Consolidation, the shareholders of the Target Company who did not tender their Target Company Shares into the Tender Offer (excluding the Tender Offeror and the Target Company) will each hold fractional shares less than one share and that after the settlement of the sale of the sum of such fractional shares, the Tender Offeror will own all of the Target Company Shares.

For the purpose of protecting the rights of minority shareholders in relation to the Share Consolidation, if the Share Consolidation is implemented, and this results in fractional shares that are less than one share, the Companies Act allows Target Company shareholders to demand that the Target Company purchase all fractional shares less than one share owned by them at a fair price, as well as to petition a court for a decision regarding the sale price of their Target Company Shares, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. As described above, in connection with the Share Consolidation, the Target Company Shares to be owned by Target Company shareholders who did not apply for the Tender Offer (excluding the Tender Offeror and the Target Company) will be fractional shares less than one share. Therefore, the Target Company shareholders who oppose the Share Consolidation will be able to petition a court for a decision regarding the sale price of their Target Company Shares, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations.

The Tender Offer is not intended to solicit the Target Company shareholders to approve the relevant proposals at the Special Shareholders' Meeting.

Implementing each procedure described in (I) and (II) above may take extra time, or implementation methods may change, depending on the status of amendments to, execution of, and interpretation by relevant authorities of, the relevant laws and regulations. However, even in such event, if the Tender Offer is completed, measures will be taken by which monetary consideration will be ultimately provided to Target Company shareholders who did not apply for the Tender Offer (excluding the Tender Offeror and the Target Company), and the value of such consideration will be calculated to be the price obtained when the number of Target Company Shares owned by the relevant Target Company shareholders is multiplied by the Tender Offer Price. However, in the event Target Company shareholders petition a court for a decision on the sale price of their Target Company Shares in response to a Demand for Sale of Shares, or for a

decision on the price of shares in response to a share purchase demand made in relation to a Share Consolidation, the sale price or the price for a share purchase demand of their Target Company Shares will be ultimately determined by a court.

The Target Company will promptly announce the specific procedures for, and implementation timing of, each situation described above, once they are determined after consultation between the Tender Offeror and the Target Company. The Target Company shareholders are each personally responsible for consulting with tax experts regarding the handling of taxes relating to applications for the Tender Offer, and each of the procedures described above.

(5) Possibility of Delisting and Reasons Therefor

As of today, although the Target Company Shares are listed on the Standard Market of the Tokyo Stock Exchange, since the Tender Offeror has not set a maximum planned purchase quantity with respect to the Tender Offer, depending on the results of the Tender Offer, it is possible that the Target Company Shares may become delisted following the designated procedures, in accordance with the delisting standards established by the Tokyo Stock Exchange. Furthermore, even in the event that the delisting standards do not apply as of completion of the Tender Offer, as described in “(4) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called “Two-Step Acquisition”)” above, the Tender Offeror plans to implement procedures for the purpose of acquiring all of the Target Company Shares after completion of the Tender Offer. In such case, the Target Company Shares will become delisted following such designated procedures, in accordance with the delisting standards established by the Tokyo Stock Exchange. After being delisted, it will be impossible to trade the Target Company Shares on the Standard Market of the Tokyo Stock Exchange.

(6) Items Regarding Critical Agreements Related to the Tender Offer

As stated in “(ii) Regarding the Previously Considered Transaction” and “(iii) Regarding the Tender Offer” in “(1) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer” under “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” above, before concluding the Tendering Agreement, from mid-February 2022, the Tender Offeror and Cornwall discussed the Tender Offeror’s long-term plan for the Target Company and the Tender Offeror’s overall petroleum refining portfolio. Upon the launch of the Tender Offer, based on these discussions, the Tender Offeror has entered into the Tendering Agreement on September 30, 2022 with Cornwall, to the effect that Cornwall shall tender the Shares Agreed to be Tendered substantially owned through funds managed by Cornwall into the Tender Offer no later than 10 business days from the submission date of the tender offer statement concerning the Tender Offer. In the Tendering Agreement, the Tender Offeror and Cornwall have confirmed that the Tender Offeror contemplates making the Target Company its wholly-owned subsidiary for the purpose of making its petroleum product supply structure efficient and stable, and that Cornwall will tender in the Tender Offer taking into account that the petroleum supply structure in Japan will become stable and the energy security will improve and that it will contribute to those efforts. The Tendering Agreement provides for conditions precedent to the tendering by Cornwall that: (i) the Target Company’s board of directors adopts a resolution to express its opinion in support of the Tender Offer and such resolution is not changed or withdrawn; (ii) the Tender Offeror’s representations and warranties (Note 1) are not false or inaccurate; (iii) the Tender Offeror has performed or complied with its obligations and covenants under the Tendering Agreement in all material respects on the commencement date of the Tender Offer; and (iv) the Target Company has no “material fact about business” (which has the meaning provided in Article 166, Paragraph (2) of the Act) that is not “publicized” (which has the meaning provided in Article 166, Paragraph (4) of the Act). In the Tendering Agreement, Cornwall is not prohibited or restricted from, and may at its voluntary discretion, tender in the Tender Offer if it waives the conditions precedent. It is also

provided that if the Target Company's board of directors changes or withdraws the resolution to express its opinion in support of the Tender Offer, Cornwall may withdraw its tender in the Tender Offer.

Other than this, in the Tendering Agreement, it is agreed that: (i) Cornwall's representations and warranties (Note 2) are true and correct; (ii) each party shall compensate for damage suffered by the other party due to or in connection with the fact that any of the representations and warranties of a party is false or incorrect or that a party fails to perform or comply with its obligations or covenants; (iii) if the Tender Offer is not commenced by October 31, 2022 or the date agreed by both parties, each party may terminate the Tendering Agreement by giving a written notice to the other party; and (iv) after the Tender Offer is commenced, the parties may not terminate the Tendering Agreement and the Tendering Agreement will not terminate for any reason. There is no contract or agreement regarding the Tender Offer, other than the Tendering Agreement.

(Note 1) In the Tendering Agreement, the following are provided as the Tender Offeror's representations and warranties: (i) the Tender Offeror's lawful and effective incorporation and existence; (ii) the existence of the authority and power necessary to conclude and perform the Tendering Agreement, to perform the obligations under the Tendering Agreement, and to perform transactions contemplated by the Tendering Agreement; (iii) the Tendering Agreement has been lawfully and effectively concluded and will be performed by the Tender Offeror, and the Tendering Agreement constitutes an effective and legally binding obligation of the Tender Offeror and is enforceable on the Tender Offeror in accordance with its provisions; and (iv) there is no violation of its articles of incorporation, relevant authorities' orders, or laws or regulations.

(Note 2) In the Tendering Agreement, the following are provided as Cornwall's representations and warranties: (i) Cornwall's lawful and effective incorporation and existence; (ii) the existence of the authority and power necessary to conclude and perform the Tendering Agreement, to perform the obligations under the Tendering Agreement, and to perform transactions contemplated by the Tendering Agreement; (iii) the Tendering Agreement has been lawfully and effectively concluded and will be performed by Cornwall, and the Tendering Agreement constitutes an effective and legally binding obligation of Cornwall and is enforceable on Cornwall in accordance with its provisions; (iv) there is no violation of its internal rules, relevant authorities' orders, or laws or regulations; and (v) the lawfulness and effectiveness of Cornwall's acquisition and holding of the Shares Agreed to be Tendered (including compliance with the tender offer regulations and the insider trading regulations provided by law), and non-existence of mortgage on the Shares Agreed to be Tendered.

In addition, other than the above, in the Tendering Agreement, each party bears an obligation for confidentiality and an obligation for good faith negotiation on matters not provided in the Tendering Agreement.

2. Overview of the Purchase

(1) Overview of the Target Company

(I)	Name	TOA Oil Co., Ltd.
(II)	Address	3-1 Mizuecho, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture
(III)	Title and name of representative	Kazuhisa Harada, Representative Director and Presidential Executive Officer, TOA Principles of Business Conduct
(IV)	Business outline	Refinement of oil, electricity supply business, and businesses incidental thereto

(V)	Capital stock	8,415,000 thousand yen																				
(VI)	Date of establishment	February 6, 1924																				
(VII)	Major shareholders and shareholding ratios (as of March 31, 2022)	<table border="1"> <tr> <td>Idemitsu Kosan Co., Ltd.</td> <td>50.12%</td> </tr> <tr> <td>BNYM AS AGT/CLTS NON TREATY JASDEC (MUFG Bank, Ltd. as Standing Proxy)</td> <td>28.28%</td> </tr> <tr> <td>CORNWALL MASTER LP (MUFG Bank, Ltd. as Standing Proxy)</td> <td>3.22%</td> </tr> <tr> <td>Tokio Marine & Nichido Fire Insurance Co., Ltd.</td> <td>1.76%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Account 4)</td> <td>1.15%</td> </tr> <tr> <td>UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT (Citibank, N.A., Tokyo Branch as Standing Proxy)</td> <td>1.05%</td> </tr> <tr> <td>GOLDMAN SACHS INTERNATIONAL (Goldman Sachs Japan Co., Ltd. as Standing Proxy)</td> <td>0.91%</td> </tr> <tr> <td>Mitsui Sumitomo Insurance Company, Limited</td> <td>0.80%</td> </tr> <tr> <td>DFA INTL SMALL CAP VALUE PORTFOLIO (Citibank, N.A., Tokyo Branch as Standing Proxy)</td> <td>0.79%</td> </tr> <tr> <td>INTERACTIVE BROKERS LLC (Interactive Brokers Securities Japan, Inc. as Standing Proxy)</td> <td>0.75%</td> </tr> </table>	Idemitsu Kosan Co., Ltd.	50.12%	BNYM AS AGT/CLTS NON TREATY JASDEC (MUFG Bank, Ltd. as Standing Proxy)	28.28%	CORNWALL MASTER LP (MUFG Bank, Ltd. as Standing Proxy)	3.22%	Tokio Marine & Nichido Fire Insurance Co., Ltd.	1.76%	Custody Bank of Japan, Ltd. (Trust Account 4)	1.15%	UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT (Citibank, N.A., Tokyo Branch as Standing Proxy)	1.05%	GOLDMAN SACHS INTERNATIONAL (Goldman Sachs Japan Co., Ltd. as Standing Proxy)	0.91%	Mitsui Sumitomo Insurance Company, Limited	0.80%	DFA INTL SMALL CAP VALUE PORTFOLIO (Citibank, N.A., Tokyo Branch as Standing Proxy)	0.79%	INTERACTIVE BROKERS LLC (Interactive Brokers Securities Japan, Inc. as Standing Proxy)	0.75%
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INTERACTIVE BROKERS LLC (Interactive Brokers Securities Japan, Inc. as Standing Proxy)	0.75%																					
(VIII)	Relationship between the Tender Offeror and the Target Company																					
	Capital relationship	As of today, the Tender Offeror holds 6,234,425 Target Company Shares (ownership ratio: 50.12%), which makes the Target Company the Tender Offeror's consolidated subsidiary.																				
	Personnel relationship	Mr. Junzo Yamamoto, a director of the Target Company, serves concurrently as a managing executive officer of the Tender Offeror. Furthermore, 19 employees of the Tender Offeror are seconded to the Target Company, and 14 employees of the Target Company are seconded to the Tender Offeror.																				
	Business relationship	The Tender Offeror consigns refinement of oil to the Target Company (amount of consigned refinement in the Target Company's FY 2022: 22,341 million yen). The Tender Offeror consigns power generation to the Target Company (amount of consigned power generation in the Target Company's FY 2022: 4,339 million yen).																				
	Status as related Party	The Target Company is a consolidated subsidiary of the Tender Offeror, and therefore, the Target Company is regarded as a related party of the Tender Offeror.																				

(Note) Information in "Major shareholders and shareholding ratios (as of March 31, 2022)" is based on the shareholder register as of March 31, 2022.

(2) Schedule, Etc.

(I) Schedule

Resolution by board of	September 30, 2022 (Friday)
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directors	
Date of public notice of commencement of tender offer	October 3, 2022 (Monday)
Name of newspaper in which public notice is to be published	Public notice will be made electronically via the Internet, and a notice to that effect will be published in the Nihon Keizai Shimbun. (URL of the electronic notice: https://disclosure.edinet-fsa.go.jp/)
Filing date of tender offer registration statement	October 3, 2022 (Monday)

(II) Purchase Period Originally Specified in the Registration Statement

From October 3, 2022 (Monday) until November 15, 2022 (Tuesday) (30 business days)

(III) Possibility of Extension Upon Request of the Target Company

Not applicable.

(3) Purchase Price

3,150 yen per share of common stock

(4) Basis for Valuation of the Purchase Price

(I) Basis for the Valuation

In determining the Tender Offer Price, the Tender Offeror requested Goldman Sachs, its financial advisor, to perform financial analyses of the value of the Target Company Shares, and subsequently received the financial analysis report relating thereto dated September 30, 2022 (the “Analysis Report (GS)”) prepared by Goldman Sachs (note). Goldman Sachs is not a related party of the Tender Offeror or the Target Company and does not have any material interest in the Tender Offer. Further, the Tender Offeror and the Target Company have taken measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price as well as measures to avoid conflicts of interest (specifically, measures as described in “(i) Acquisition of a Share Valuation Report by the Tender Offeror from an Independent Financial Advisor” through “(vii) Efforts to Secure Purchase Opportunities by Other Buyers” of “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” of “(II) Details of the Valuation” below), and it is conceivable that sufficient consideration has been given to interests of minority shareholders of the Target Company; thus, the Tender Offeror has not obtained from Goldman Sachs, and Goldman Sachs has not expressed, any opinion concerning the fairness of the Tender Offer Price or the Tender Offer (a fairness opinion).

Goldman Sachs, in the Analysis Report (GS) referred to above, performed a historical stock price analysis and a DCF analysis (as defined below). The DCF analysis was based on the Forecasts (as defined below). The respective analyses resulted in a range of implied values per share of the Target Company shown below.

1. Historical stock price analysis: 2,157 yen – 3,295 yen

In performing the historical stock price analysis, Goldman Sachs used September 29, 2022 as the base date and

reviewed the closing prices of the Target Company for the 52-week period ending on such date. Based on this review, Goldman Sachs derived the implied per-share value for the Target Company Shares to range from 2,157 yen to 3,295 yen.

2. DCF analysis: 1,850 yen – 3,287 yen

In performing the DCF analysis, Goldman Sachs analyzed the value of the Target Company Shares by discounting the Target Company's future free cash flow estimated with certain assumptions reflected in the Forecasts to present value. Based on the analysis, Goldman Sachs derived the implied per-share value for the Target Company Shares to range from 1,850 yen to 3,287 yen. The Forecasts, which consist of five fiscal years (fiscal years ending March 31, 2023, 2024, 2025, 2026 and 2027), were used by Goldman Sachs for the DCF analysis. The Forecasts, which cover the fiscal years ending from March 2023 to March 2027 and were used by Goldman Sachs for the DCF analysis, include fiscal years during which a significant increase or decrease in profit are expected. Specifically, profit for the fiscal year ending March 2023 is forecasted to significantly decrease compared to the previous fiscal year because the operation of the refinery and the power plant is planned to shut down for a certain period for regular repair. Profit for the fiscal year ending March 2024 is forecasted to significantly increase compared to the previous fiscal year as a result of returning to a steady operation from the shutdown of the facility for a certain period for regular repair. In addition, the Forecasts were prepared on a stand-alone basis and do not reflect synergies because it is difficult to specifically estimate the synergies expected to be realized upon consummation of the Transaction.

(Note) The following is a supplemental explanation of the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with performing Goldman Sachs' financial analyses of the Target Company Shares and preparing the Analysis Report (GS).

Goldman Sachs and its affiliates (collectively, "Goldman Sachs Group") are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman Sachs Group and its employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of the Tender Offeror, the Target Company and any of their respective affiliates and third parties, including Cornwall, a significant shareholder of the Target Company, or any currency or commodity that may be involved in the Tender Offer. Goldman Sachs has acted as financial advisor to the Tender Offeror in connection with, and has participated in certain of the negotiations leading to, the Transaction. Goldman Sachs expects to receive fees for its services in connection with the Transaction, all of which is contingent upon consummation of the Tender Offer, and the Tender Offeror has agreed to reimburse certain of Goldman Sachs' expenses arising, and indemnify Goldman Sachs against certain liabilities that may arise, out of Goldman Sachs' engagement. Goldman Sachs has provided certain financial advisory and/or underwriting services to the Tender Offeror and/or its affiliates from time to time for which its Investment Banking Division has received, and may receive, compensation, including having acted as financial advisor to the Tender Offeror in connection with the Previous Tender Offer. Goldman Sachs may also in the future provide financial advisory and/or underwriting services to the Tender Offeror, the Target Company, Cornwall and their respective affiliates for which Goldman Sachs' Investment Banking Division may receive compensation. Goldman Sachs Group held shares as of March 31, 2022 representing 1.433% of the common stock of the Target Company based on the shareholders' register of the Target Company as of such date. Furthermore, Goldman Sachs Group also may have co-invested with affiliates of the Target Company and their respective affiliates, including Cornwall

and its affiliates, from time to time and may have invested in limited partnership units of affiliates of the Target Company, including Cornwall and its affiliates, from time to time and may do so in the future.

In connection with preparing the Analysis Report (GS), Goldman Sachs has reviewed, among other things, the Annual Securities Reports (*Yuka Shoken Hokoku-sho*) of the Target Company for the fiscal years ended March 31, 2022, 2021 and 2020 and for each of the fiscal years ended December 31, 2018, 2017 and 2016; the Quarterly Report (*Shihanki Hokoku-sho*) of the Target Company for the first fiscal quarter ended June 30, 2022; certain other communications from the Target Company to its stockholders; and certain internal financial analyses and forecasts for the Target Company, as prepared by its management and reflecting certain adjustments by the Tender Offeror and approved for Goldman Sachs' use by the Tender Offeror (the "Forecasts"). Goldman Sachs has also held discussions with members of the senior management of each of the Tender Offeror and the Target Company regarding their respective assessments of the past and current business operations, financial condition and future prospects of the Target Company and with the members of senior management of the Tender Offeror regarding their assessment of the past and current business operations, financial condition and future prospects of the Tender Offeror and the strategic rationale for, and the potential benefits of, the Tender Offer; reviewed the reported price and trading activity for the shares of the Target Company's common shares; compared certain financial and stock market information for the Target Company with similar information for certain other companies the securities of which are publicly traded; and performed such other studies and analyses, and considered such other factors, as Goldman Sachs deemed appropriate.

For purposes of performing its financial analyses and preparing the Analysis Report (GS), Goldman Sachs has, with the Tender Offeror's consent, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, Goldman Sachs, without assuming any responsibility for independent verification thereof. In that regard, Goldman Sachs has assumed with Tender Offeror's consent that the Forecasts have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Tender Offeror. Goldman Sachs has not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of the Target Company or any of its respective subsidiaries and Goldman Sachs has not been furnished with any such evaluation or appraisal.

The Analysis Report (GS) does not address the underlying business decision of the Tender Offeror to engage in the Transaction, or the relative merits of the Transaction as compared to any strategic alternatives that may be available to the Tender Offeror; nor does it address any legal, regulatory, tax or accounting matters. Goldman Sachs does not express any view on, and any term or aspect of the Transaction or any term or aspect of any other agreement or instrument contemplated by the Transaction or entered into or amended in connection with the Transaction, including, the fairness of the Tender Offer to, or any consideration received in connection therewith by, the holders of any class of securities, creditors, or other constituencies of the Target Company; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Target Company, or any class of such persons in connection with the Tender Offer. Goldman Sachs is not expressing any opinion as to the prices at which the Target Company's common shares will trade at any time, as to the potential effects of volatility in the credit, financial, commodity or stock markets on the Target Company or the Tender Offeror, or as to the impact of the Tender Offer on the solvency or viability of the Tender Offeror or the Target Company or the ability of the Tender Offeror or the Target

Company to pay their respective obligations when they come due. The Analysis Report (GS) is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Goldman Sachs as of, the date thereof and Goldman Sachs assumes no responsibility for updating, revising or reaffirming the Analysis Report (GS) based on circumstances, developments or events occurring after the date thereof. Goldman Sachs' advisory services and the Analysis Report (GS) expressed herein are provided solely for the information and assistance of the Board of Directors of the Tender Offeror in connection with its consideration of the Tender Offer. Goldman Sachs did not recommend any specific offer prices to the Tender Offeror, or that any specific offer prices constituted the only appropriate offer price. The Analysis Report (GS) is not necessarily susceptible to partial analysis or summary description. Selecting portions of the Analysis Report (GS) or the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying the Analysis Report (GS). Goldman Sachs did not attribute any particular weight to any factor or any analysis it performed.

The 3,150 yen per share Tender Offer Price is a price that includes the following premiums for each of the following prices and average prices: a premium of 38.58% over the closing price of the Target Company Shares listed on the Standard Market of the Tokyo Stock Exchange of 2,273 yen on September 29, 2022, the business day immediately preceding the announcement date of the implementation of the Tender Offer; a premium of 38.10% over the simple average closing price of 2,281 yen for the latest one-month period from August 30, 2022 until September 29, 2022; a premium of 34.16% over the simple average closing price of 2,348 yen for the latest three-month period from June 30, 2022 until September 29, 2022; and a premium of 25.75% over the simple average closing price of 2,505 yen for the latest six-month period from March 30, 2022 until September 29, 2022.

(II) Details of the Valuation

(How the Decision on the Tender Offer Price was Reached)

As described by the Tender Offeror in “(iii) Regarding the Tender Offer” of “(I) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer” of “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” of “1. Purpose of the Purchase” above, the Tender Offeror believes that effects similar to those it expected in the Previous Tender Offer are expected, as described in “(a) Streamlining of Operations and Prompt Action Towards Changes in the Business Environment” through “(c) Utilization of Human Resources of the Group as a Whole” of “(i) Regarding the Previous Tender Offer” of “(I) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer” of “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” of “1. Purpose of the Purchase” above; the Tender Offeror also believes that, as in the Previous Tender Offer, there will be no particular disadvantage as a result of the Tender Offeror making the Target Company its wholly-owned subsidiary, as described in “(i) Regarding the Previous Tender Offer” of “(I) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer” of “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” under “1. Purpose of the Purchase” above. Thus, the Tender Offeror reached the conclusion that making the Target Company its wholly-owned subsidiary would contribute to enhancement of the corporate value of the Tender Offeror Group as a whole, and based on the resolution at the board of directors' meeting dated September 30, 2022, the Tender Offeror decided to implement the Tender Offer.

Since early August 2022, the Tender Offeror has comprehensively considered with the Target Company whether Target Company could support the Tender Offer and recommend tendering and the possibility of the successful

consummation of the Tender Offer based on the interests of the Tender Offeror and its shareholders and stakeholders, and the interests of the Target Company's general shareholders and stakeholders including Cornwall. During this, on August 24, 2022, the Tender Offeror made the first proposal that the Tender Offer Price be 3,000 yen per share, taking into account the Target Company's 52-week high (3,295 yen based on the closing price) and 52-week low (2,160 yen based on the closing price) up to August 23, 2022, as well as the fact that the share price had never fallen below the Previous Tender Offer Price of 2,450 yen during the period from February 16, 2021, which was after the end of the Previous Tender Offer up to May 6, 2022, the announcement date of the outline of the Inappropriate Activities, except on February 19, 2021, in the expectation that the Tender Offeror would resume making the Target Company a wholly-owned subsidiary under the circumstances where the Tender Offeror and Cornwall owned more than 80% of the Target Company Shares and the ratio of negotiable shares decreased after the commencement of the Previous Tender Offer, and the fact that as of August 23, 2022, the due diligence which started in early August 2022 found no matters which might have a material impact on the continuance of the consideration of the Tender Offer after confirming the future forecast and the business strategies and policy based on the Target Company's latest situation stated in the Target Company Business Plan received from the Target Company on August 16, 2022. The Tender Offer Price in the first proposal includes a premium of 38.89% over 2,160 yen, which is the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 23, 2022, the business day immediately preceding the date of the first proposal, a premium of 27.50% over the simple average of the closing price of 2,353 yen for the latest one-month period from August 23, 2022, a premium of 22.85% over the simple average of the closing price of 2,442 yen for the latest three-month period from August 23, 2022, and a premium of 12.82% over the simple average of the closing price of 2,659 yen for the latest six-month period from August 23, 2022.

In response to the proposal, on August 25, 2022, the Target Company informed the Tender Offeror that since the Tender Offer Price in the first proposal includes a premium of 13.0% to 38.1% over the closing price on August 24, 2022 and on the simple average of the closing price (rounded to the nearest whole number) for the one-month, three-month, and six-month periods from August 24, 2022 as the base date, it believes that the premium level is not significantly inferior compared to the premium (of 23.1% to 39.0% on the closing price on December 14, 2020 and on the simple average of the closing price for the one-month, three-month, and six-month periods from December 14, 2020 as the base date) added at the time of the Previous Tender Offer for which the Target Company resolved to express a supportive opinion and to recommend tendering. The Target Company also informed the Tender Offeror that it believes that actions of the Target Company's major shareholders will be very important for the Tender Offer to be successfully concluded and that it would like to observe the status of discussions toward concluding a tendering agreement between the Tender Offeror and these major shareholders when the Target Company and the Special Committee consider it, and requested that the Tender Offeror share the status of discussions. Thereafter, the Tender Offeror continued discussions and negotiations with the Target Company through the Target Company's financial advisor. In addition, after confirming that Cornwall continued to have the intention to sell the Target Company Shares substantively owned by it to the Tender Offeror if the sale price is equal to or more than the price evaluated by Cornwall in late July 2022 as described above, the Tender Offeror received from Cornwall the LOI dated August 29, 2022, in which Cornwall intended to tender all of the Target Company Shares substantively owned by it through funds operated by it in the Tender Offer if the Tender Offer would be implemented with the Tender Offer Price of 3,150 yen per share.

The Tender Offeror, in addition to the factors considered upon consideration of the Tender Offer Price in the first proposal, took into account Cornwall's intention shown in the LOI, and on September 22, 2022, as a final proposal, it proposed to the Target Company that the Tender Offer Price be set at 3,150 yen per share. In response thereto, on September 26, 2022, the Target Company advised that it accepted that the Tender Offer Price would be 3,150 yen per share. For details

of the background for the Tender Offeror reaching to the decision to implement the Tender Offer, please refer to the “(iii) Regarding the Tender Offer” of “Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer” of “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” of “1. Purpose of the Purchase” above.

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

The Tender Offeror and the Target Company, realizing that the Target Company is a consolidated subsidiary of the Tender Offeror and that the Transaction, which includes the Tender Offer, constitutes a significant transaction with a controlling shareholder, have both implemented the following measures as measures to ensure fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest. Mr. Kazuhisa Harada, President and Representative Director of the Target Company, was an executive officer of the Tender Offeror until June 23, 2020, and Mr. Junzo Yamamoto, who is an executive officer of the Tender Offeror, serves concurrently as a director of the Target Company. In order to avoid conflicts of interest, Mr. Kazuhisa Harada and Mr. Junzo Yamamoto did not participate on behalf of the Target Company in any discussions or negotiations with the Tender Offeror regarding the Transaction.

(i) Acquisition of a Share Valuation Report by the Tender Offeror from an Independent Financial Advisor

In order to ensure fairness of the Tender Offer Price, the Tender Offeror, when deciding on the Tender Offer Price, requested that Goldman Sachs, its financial advisor who is independent from the Tender Offeror Group, including the Tender Offeror and the Target Company, conduct a financial analysis of the share value of the Target Company.

For details, please refer to “(I) Basis for the Valuation” above.

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

A. Name of the Valuation Organization and its Relationship to the Tender Offeror and the Target Company

In expressing the Target Company’s opinion on the Tender Offer Price, as in the Previous Tender Offer, in order to ensure the fairness of the decision making on the Tender Offer Price proposed by the Tender Offeror, the Target Company requested Nomura Securities, its financial advisor and third-party valuation agency independent of the Tender Offeror and the Target Company, to calculate the value of the Target Company Shares, and acquired the Share Valuation Report as of September 29, 2022. Nomura Securities is not a related party of the Tender Offeror or the Target Company and has no material interest in relation to the Transaction, including the Tender Offer. In addition, at its first meeting, the Special Committee approved Nomura Securities as the Target Company’s financial advisor and third-party valuation agency after confirming that there were no issues with the independence and expertise of Nomura Securities. The Target Company did not acquire a written opinion on the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities since it was believed that the measures to ensure the fairness of the Tender Offer as described in “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” above were taken and that the fairness of the Transaction is sufficiently secured.

In addition, the fees payable to Nomura Securities in connection with the Transaction include a contingency fee to be paid contingent upon the consummation of the Transaction and other conditions.

B. Overview of Valuation for the Target Company Shares

Nomura Securities considered the valuation method to be applied to the valuation of the Target Company's shares from among various valuation methods and, based on the idea that the valuation of the Target Company's shares should be evaluated from various perspectives on the premise the Target Company is a going concern, Nomura Securities calculated the valuation of the Target Company's shares using the average market price method since the Target Company Shares are listed on the Standard Market of the Tokyo Stock Exchange, and the DCF Method to reflect the status of future business activities in the calculation. The Target Company has acquired the Share Valuation Report from Nomura Securities as of September 29, 2022.

The ranges of values per share of the Target Company Shares calculated by each of the above methods in the Share Valuation Report are as follows.

Average market price method:	2,273 yen to 2,505 yen
DCF Method:	2,629 yen to 3,578 yen

In the average market price method, the range of the value per share of the Target Company Shares was calculated to be 2,273 yen to 2,505 yen based on the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange (the Second Section of the Tokyo Stock Exchange until April 1, 2022) on the base date of September 29, 2022, which was 2,273 yen, the simple average of the closing prices for the five (5) business days prior to the base date, which was 2,343 yen, the simple average of the closing prices for the one (1) month prior to the base date, which was 2,281 yen, the simple average of the closing prices for the three (3) months prior to the base date, which was 2,348 yen, and the simple average of the closing prices for the six (6) months prior to the base date, which was 2,505 yen.

In the DCF Method, the range of the value per share of the TOA Oil Shares was calculated to be 2,629 yen to 3,578 yen based on the corporate value and share value of our company, which was calculated by discounting to present value at a certain discount rate the free cash flow expected to be generated by our company in and after the second quarter of the fiscal year ending March 2023 on the assumption of various factors, including the earnings forecasts and investment plans in the business prospects for the four fiscal years from the fiscal year ending March 2023 to the fiscal year ending March 2026 prepared by our company as well as publicly available information. The discount rate ranged from 3.25% to 3.75%. In calculating the terminal value, the perpetuity growth rate model was used and the value per share of the TOA Oil Shares was calculated with the perpetuity growth rate ranging from 0.25% to 0.25%.

The business prospects prepared by our company, which were used by Nomura Securities for the calculation by the DCF Method, include fiscal years in which significant increases or decreases in profits are expected. Specifically, in the fiscal year ending March 2023, in addition to the scheduled temporary suspension of the operations of refineries and power plants for periodic repairs, a significant increase in profits in third quarter of fiscal year 2024 from the previous fiscal year of third quarter of fiscal year 2023 is expected based on the assumption that the price differences between some petroleum products and crude oil and crude oil prices will not continue to narrow but rather price differential will increase. In addition, the synergies expected to be realized from the execution of the Transaction are not taken into account in the following financial forecasts because those amounts are difficult to estimate specifically at this time.

The financial forecasts assumed in the analysis by the DCF Method are as follows. The forecast figures reflect changes, in the petroleum business and the electric power business of the market environment since the previous tender offer.

The financial forecasts assumed in the analysis by the DCF Method are as follows.

(In millions of yen)

	Fiscal year ending March 2023 (9)	Fiscal year ending March 2024	Fiscal year ending March 2025	Fiscal year ending March 2026

	months)			
Sales	23,564	32,979	30,189	29,933
Operating income	669	3,316	3,935	4,082
EBITDA	3,375	8,139	8,691	8,751
Free cash flow	5,593	-12,361	6,399	10,486

(Note) In calculating the value of the Target Company Shares, Nomura Securities assumed that the public information and all information provided by the Target Company was accurate and complete, and has not independently verified the accuracy and completeness of such information. The assets and liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Target Company and its affiliates have not been independently evaluated, appraised or assessed, including analysis and evaluation of individual assets and liabilities, nor has any third-party organization requested to appraise or assess those assets and liabilities. Nomura Securities assumed that the business prospects of the Target Company had been reasonably reviewed or prepared by the Target Company's management based on the best and good faith forecasts and judgments currently available. The valuation by Nomura Securities reflects the information obtained by Nomura Securities and the economic conditions prior to September 29, 2022. The sole purpose of the valuation by Nomura Securities is to serve as a reference for the Target Company's board of directors to consider the value of the Target Company Shares.

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

A. Background to the Establishment of the Special Committee

As stated in "(iii) Background to the Establishment of the Structure for Consideration of the Tender Offer and Details of the Decision" of "(II) Process of and Reasons for the Decision Making by the Target Company" of "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" under "1. Purpose of the Purchase" above, the Target Company established the Special Committee by resolution of the board of directors meeting held on August 5, 2022. With the advice from Anderson Mōri & Tomotsune, the Target Company ascertained the independence, eligibility and other criteria of candidates for members of the Special Committee. After confirming that the prospective candidates were independent of the Tender Offeror (It has been confirmed that Messrs. Keiichi Kubo, Kazuyoshi Tsunoda, Akito Takahashi and Shinsuke Hasegawa have no material interest in the Tender Offeror or the Target Company.), and that they did not have any material interest in the success or failure of the Transaction that differed from that of minority shareholders, with the view to forming an adequately-sized Special Committee while ensuring a balance of knowledge, experience and ability within the Special Committee as a whole, the Target Company selected, with the advice from Anderson Mōri & Tomotsune, the following four persons as the Special Committee members: Mr. Keiichi Kubo (independent outside director of the Target Company (audit and supervisory committee member); certified public accountant, Keiichi Kubo CPA Office), who possesses expertise regarding finance and accounting gained through his experience as a certified public accountant; Mr. Kazuyoshi Tsunoda (independent outside director of the Target Company (audit and supervisory committee member), who has long been served as operating officer and supervisory officer in business companies and possesses abundant experience and expertise of management and audit; Mr. Akito Takahashi (independent outside director of the Target Company (audit and supervisory committee member); attorney-at-law, Takahashi & Katayama), who possesses abundant experience and expertise as a professional gained through his long-standing career in corporate legal affairs and other legal matters; and Mr. Shinsuke Hasegawa (certified public accountant, Hasegawa Certified Public

Accountant Office), an outside expert with expertise regarding finance and accounting gained through his experience as a certified public accountant. Among the members of the Special Committee, Mr. Kazuyoshi Tsunoda, who had not been an outside director of the Target Company as at the establishment of the Special Committee for the Previously Considered Transaction, has been appointed an outside director through approval of the regular shareholders' meeting held on June 28, 2022 and newly became a member of the Special Committee. Messrs. Arata Nakamura and Shigeru Kimura did not become the members of the Special Committee as a result of their retirement from outside directors of the Target Company. Also, the Special Committee appointed Mr. Akito Takahashi a chairperson of the Special Committee by the members' mutual vote. A fixed-amount fee is to be paid to each of the members of the Special Committee in consideration of their work, irrespective of the contents of their report..

Then, as stated in “(iii) Background to the Establishment of the Structure for Consideration of the Tender Offer and Details of the Decision” of “(II) Process of and Reasons for the Decision Making by the Target Company” of “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” under “1. Purpose of the Purchase” above, the Target Company consulted with the Special Committee on the Advisory Matters. In addition, in establishing the Special Committee, the Target Company's board of directors resolved that it should respect the Special Committee's determinations to the fullest extent in making decisions regarding the Transaction (In particular, if the Special Committee determines that the terms of the Transaction are not appropriate, the Target Company's board of directors should not agree to the Transaction on such terms.). The Target Company's board of directors further resolved, among other things, to grant to the Special Committee: (a) authority to appoint its financial advisors, legal advisors or other advisors as it deems necessary (at the reasonable expense of the Target Company), or to approve the Target Company's advisors (including to giving retrospective approval.); (b) authority to receive information required for considering and deciding on the Transaction from the Target Company's officers and employees or other persons that the Special Committee deems necessary; and (c) authority to consult and negotiate with the Tender Offeror the terms of the Transaction or otherwise, if the Special Committee deems it necessary.

In light of the fact that, among the eight directors of the Target Company, Mr. Kazuhisa Harada served as executive officer of the Tender Offeror in the past and that Mr. Junzo Yamamoto is concurrently serving as executive officer of the Tender Offeror, from the viewpoint of eliminating the possibility of the deliberations and resolutions at the board of directors meetings being tainted by the issue of structural conflicts of interest in the Transaction and of ensuring fairness of the Transaction, these two directors were excluded from the deliberation at the above-mentioned board of directors meeting, and the remaining six directors (including those who are audit and supervisory committee members) unanimously adopted the above-mentioned resolution after deliberation.

B. Details of the Consideration of the Transaction

During the period from August 16, 2022 through September 29, 2022, a total of 6 meetings of the Special Committee were held, and a total of approximately 6 hours were spent in the meetings. In addition, the Special Committee made deliberations and considerations on the Advisory Matters between meeting dates by way of sharing reports and information, and making discussions and decisions via electronic mail.

Specifically, at its first meeting, the Special Committee approved the appointment of Nomura Securities, the Target Company's financial advisor and third-party valuation agency, and Anderson Mōri & Tomotsune, the Target Company's legal advisor, after confirming that there was no issue regarding their independence and expertise, and confirmed that the Special Committee also may receive professional advice from each entity, if needed.

Then, the Special Committee conducted a review of the measures that should be taken to ensure fairness in the

process of the Transaction, taking into account the opinion obtained from Anderson Mōri & Tomotsune.

The Special Committee sent to the Tender Offeror through the Target Company's Board of Directors a written questionnaire regarding, among other things, the purposes, reasons and the like of the Transaction, the background and purpose of choosing to implement the Transaction at this time, the management policy, governance and the like of the Target Company after the Transaction, any disadvantages of the Transaction, and the process, terms and the like of the Transaction. Regarding these matters, the Special Committee received explanations directly from the Tender Offeror, and held a question-and-answer session.

In addition, the Special Committee received from the Target Company an explanation on the substance of the business prospects prepared by the Target Company and the background of the preparation thereof, among other things, and confirmed the appropriateness of these matters. Furthermore, since Nomura conducted the valuation of the Target Company Shares based on the business prospects prepared by the Target Company, as stated in "(ii) Acquisition of a Share Valuation Report by the Target Company from an Independent Financial Advisor and a Third-party Valuation Agency" under "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(II) Details of the Valuation" of "(4) Basis for Valuation of the Purchase Price" under "2. Overview of the Purchase" above, the Special Committee received from Nomura Securities an explanation on the calculation methods used for the valuation of the TOA Oil Shares, the reason for adopting such calculation methods, the results of the valuation by each calculation method, and important assumptions. Then, the Special Committee confirmed the appropriateness of these matters after a question-and-answer session, deliberations and consideration.

The Special Committee, which was given reports from time to time by the Target Company and Nomura Securities about the Target Company's negotiations with the Tender Offeror, held deliberations and reviews, and provided necessary opinions on its negotiation policies, as appropriate. In particular, on August 24, 2022, the Special Committee received from the Target Company a report that it had received an initial offer from the Tender Offeror, which offered, among other things, to set the Tender Offer Price at 3,000 yen per share. Then, the Special Committee deliberated on the matter after hearing Nomura Securities' opinion as to how the Target Company should respond to the offers and negotiate with the Tender Offeror, taking into consideration the opinion obtained from Anderson Mōri & Tomotsune. The Special Committee provided the Target Company with an opinion that it had no objection to the Target Company's intention to request that the Tender Offeror reconsider the Tender Offer Price, and also stated its opinion regarding the matters that the Target Company should discuss with the Tender Offeror in order to attain our aim and purpose of the Transaction. Thus, the Special Committee was involved in all aspects of discussions and negotiations regarding the terms of the Transaction, including the Tender Offer Price between the Target Company and the Tender Offeror.

Moreover, on multiple occasions, the Special Committee received from Anderson Mōri & Tomotsune an explanation on the substance of a draft of this Press Release on the Tender Offer that the Target Company was to announce or submit, and has confirmed that sufficient information disclosure is to be made by it.

C. Details of the Decision

Under the circumstances described above, the Special Committee carefully discussed and reviewed the Advisory Matters on multiple occasions, and finally, based on unanimous consent of the members, submitted to the Target Company's board of directors the Report as of September 29, 2022, as summarized below.

As stated in "iii. Regarding 'whether the appropriateness of the terms of the Transaction (including the Tender Offer Price) has been ensured'" in "(b) Reasons for the Proposals Made in the Report" below, there are no discrepancies in the contents of the report to the effect that the appropriateness and fairness of the terms of the Transaction (including the Tender Offer Price) are ensured, although, unlike with the Previous Special Committee, the Special Committee made a

decision about the volatility of share price due to the Inappropriate Activities at the Target Company and the appropriateness and fairness of the Tender Offer Price based on the negotiations of the Tender Offer Price between the Tender Offeror and Cornwall.

(a) Contents of the Report

- i. The Special Committee believes that the purpose of the Transaction, including the Tender Offer, is reasonable (The Transaction will contribute to the enhancement of the Target Company's corporate value).
- ii. The Special Committee believes that sufficient consideration has been given to the interests of the Target Company's shareholders through fair procedures in the Transaction.
- iii. The Special Committee believes that the appropriateness and fairness of the terms of the Transaction (including the Tender Offer Price) has been ensured.
- iv. Based on i. through iii. above, the Special Committee does not believe that the Transaction is disadvantageous to minority shareholders of the Target Company.
- v. Based on i. through iv. above, the Special Committee believes that at present, it is reasonable for the Target Company's board of directors to decide to express an opinion in support of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer (i.e., the decision to express the opinion is not disadvantageous to the Target Company's minority shareholders.).

(b) Reasons for the Proposals Made in the Report

- i. Regarding "whether the purpose of the Transaction is found to be reasonable (including whether the Transaction will contribute to enhancement of the Target Company's corporate value)"
 - (a) The purpose, necessity and background of the Transaction and (b) the merits of the Tender Offer and subsequent Transaction, which were explained by the Target Company, are considered to be concrete and premised on, among other things, the current business and management status of the Target Company, and the forecasts of future trends of, and expected issues facing the Target Company's industry.
 - The matters mentioned in (a) and (b) above are considered to conform to what is generally explained as the environment of the industry and market of the Target Company.
 - The matters mentioned in (a) and (b) above are also considered to be realistic for the purpose of increasing the Target Company's future competitive advantage.
 - It can be said that the Target Company and the Tender Offeror have considered the necessity and merits of the Transaction taking into consideration, among other things, the environment of the market of the Target Company and forecasts of future trends.
 - It can be said that the future prospects of the Target Company's business and the Target Company's growth as well as the measures and plans that have been considered for implementation after the Transaction, which were explained by the Target Company, are premised on the details of the Target Company's business and the Target Company's management status, and based on the Tender Offeror's management policies, and are based on future issues in the Target Company's industry and market, and will contribute to

maintenance and enhancement of the Target Company's corporate value amid the expected significant changes in the business environment in the future. Thus, none of such prospects, plans and measures is found to be unreasonable.

ii. Regarding "whether fairness of the procedures for the Transaction has been ensured"

- In considering how to deal with the Transaction, the Target Company set up the Special Committee, which is independent of both the Target Company and the Tender Offeror, with the intention of eliminating the Tender Offeror's influence over the process of consideration and decision-making at the Target Company.
- Out of four Special Committee members in all, three members that constitute the majority thereof are outside directors of the Target Company respectively, and the remaining one member is a certified public accountant, who is an outside professional.
- In addition, one of the outside directors of the Target Company was appointed as a chairperson of the Special Committee by the mutual vote of the members thereof.
- With the aim of ensuring fairness of the terms of the Tender Offer, in particular the Tender Offer Price, in considering how to deal with the Transaction, the Target Company requested Nomura Securities, a third-party valuation agency, which is independent of both the Target Company and the Tender Offeror, to calculate the value of the Target Company Shares and obtained an intended share valuation report. In addition, the Special Committee confirmed the independence of Nomura Securities after receiving necessary explanations on such independence.
- The Target Company appointed Anderson Mōri & Tomotsune as a legal advisor, which is independent of both the Target Company and the Tender Offeror, to obtain legal advice regarding the Transaction. In addition, the Special Committee confirmed the independence of Anderson Mōri & Tomotsune after receiving necessary explanations on such independence.
- The Transaction, including the Transactions to Make the Target Company a Wholly-owned Subsidiary, may result in structural and typical conflicts of interest because it is to be implemented with the Tender Offeror, the Target Company's controlling shareholder (parent company). It can be said, however, that within such framework, the Target Company was aware that it needed to ensure the appropriateness and fairness of the terms of the Transaction even more carefully, and requested, from an early stage of consultation process, that the Tender Offeror propose transaction terms with due consideration of the interests of the minority shareholders.
- With respect to the policies on consultations and negotiations between the Target Company and the Tender Offeror, the Special Committee received from the Target Company and Nomura Securities, which is the Target Company's financial advisor, an explanation of the negotiation policies and related matters. Then, the negotiations with the Tender Offeror were conducted in line with such negotiation policies confirmed by the Special Committee.
- The specific status of consultation and negotiations between the Target Company and the Tender Offeror has been reported to the Special Committee in a timely manner. In particular, in a phase of the consultations and negotiations for the Tender Offer Price, based on the

substance of such reports, the Special Committee stated its opinions to, and made suggestions and requests to, the Target Company and its financial advisor, as needed. Thus, a framework is in place that allows the Special Committee to be substantially involved in the process of negotiation for the terms of the Tender Offer, in particular the Tender Offer Price.

- Then, after exhaustive consideration of various circumstances, including the appropriateness and fairness, and reality of the terms, multiple discussions with the Tender Offeror, and in particular, the Target Company's requests of explanations on the process and condition of negotiations of the Tender Offer Price between the Tender Offeror and Cornwall), the Target Company conducted a review of the appropriateness of the Tender Offer Price based thereon and engaged in a final adjustment of the price to be resolved at its board of directors meeting.
- Following that, the Target Company and the Tender Offeror finally reached an agreement on the terms of the Transaction, including the Tender Offer Price. Such agreed price was determined to be the Tender Offer Price to be approved by resolution of the Target Company's board of directors.
- Furthermore, with respect to the so-called "two-step acquisition" and related matters, it can be said that the Tender Offeror has made efforts to secure opportunities for the Target Company's shareholders to make a proper decision because the Tender Offeror states that it plans to provide them with a detailed disclosure and explanation at an early stage. In addition, information deemed necessary and appropriate for the shareholders (in particular, minority shareholders) of the Target Company to determine the appropriateness and other characteristics of each of the terms of the Transaction, including the Tender Offer, is expected to be disclosed in the disclosure documents to be prepared and disclosed by the Tender Offeror and the Target Company.
- With the view to enhancing fairness, transparency and objectivity of the decision-making process, directors who were or are associated with the Tender Offeror have not participated in the consideration of the Transaction at the Target Company, and will not participate in the deliberations and resolution at the board of directors meetings to be held in regard to the Transaction. Thus, it can be said that the Target Company is making efforts to eliminate arbitrariness in its decision-making process.
- In the Tender Offer, terms of the "MoM have not been set. However, the Tender Offeror is a controlling shareholder (parent company) of the Target Company and already owns the substantial number of the Target Company Shares, thus MoM may conversely have a possibility to destabilize completion of the Tender Offer (i.e., it can be said that, as the Tender Offeror, a controlling shareholder (parent company), indicated its intention to make the Target Company a wholly-owned subsidiary, even if the Tender Offer were not completed this time, similar transactions can be conducted again at any point in the future and minority shareholders can be put into an unstable position.). Moreover, MoM may have a possibility not to contribute to the interests of minority shareholders who seek to tender their shares in the Tender Offer (i.e., shareholders who seek an opportunity to sell the Target

Company Shares). Therefore, in light of the fact that reasonable consideration has been made for “measures to ensure fairness”, it is considered that there are no circumstances in which a formal absence of the MoM should be specifically monitored. .

- The purchase period under the Tender Offer is expected to be 30 business days in length, which is longer than the statutorily required minimum period of 20 business days. In addition, the Target Company has not made any agreement with the Tender Offeror that prohibits it from contacting any competing offerors for acquisition, such as an agreement containing a “deal protection clause,” under which the Target Company is restricted from contacting a competing offeror for acquisition. Judging from these factors, it is considered that there are no particularly unreasonable circumstances in terms of the “market-check.” From the viewpoint of information management, it is not necessarily easy in practice to implement a proactive “market-check” to investigate and consider the existence (or inexistence) of potential acquirers in the market. Therefore, in this case, the mere fact that such an investigation has not been made is not considered to result in an unreasonable situation with respect to the market-check.
 - In the Transaction, the procedures for the “two-step acquisition” are scheduled to be implemented to take the Target Company private (at present, either the Demand for Sale of Shares or the Share Consolidation is planned to be implemented as the said procedures, depending on the results of the Tender Offer). Pursuant to a provision of the Companies Act for the protection of minority shareholders (general shareholders)’ interest in relation to the Demand for Sale of Shares, such shareholders may file a petition with the court for determination of the purchase price. In addition, pursuant to a provision of the Companies Act for the protection of minority shareholders (general shareholders)’ interest in relation to the Share Consolidation, a shareholder of the Target Company may, subject to certain conditions, demand that the Target Company purchase at a fair price all of the common shares owned by that shareholder that will become a fraction less than one share and may file a petition with the court for determination of the price of the common Target Company Shares. If such a petition is filed, the purchase price will be ultimately determined by the court and the Target Company’s minority shareholders (general shareholders) will be able to secure economic benefit through such procedures.
 - As described above, one may consider that specific measures have been taken to ensure, among others, objective circumstances for the purpose of securing fairness of the conditions for the Transactions to Make the Target Company a Wholly-owned Subsidiary. One may also consider that in the Transaction, sufficient attention has been given to the interests of the Target Company’s shareholders through fair procedures.
- iii. Regarding “whether the appropriateness of the terms of the Transaction (including the Tender Offer Price) has been ensured”
- With the objective of ensuring the fairness and appropriateness of the terms of the Transaction (in particular, the Tender Offer Price of the common Target Company Shares in the Tender Offer), in reviewing and judging such terms, the Target Company appointed Nomura Securities (the “Third-party Valuation Agency”) as the independent third-party

valuation agency for the valuation of the Target Company Shares, obtained the Share Valuation Report from the Third-party Valuation Agency and used such Share Valuation Report as a reference.

- With respect to the calculation process leading to the conclusion of the Share Valuation Report prepared by the Third-party Valuation Agency, the calculation method used therein is considered to be orthodox and reasonable in light of current practice.
- The results of the above-mentioned valuation are also considered to be appropriate in light of current practice. Furthermore, based on the explanation of the Target Company and the Third-party Valuation Agency to the Special Committee regarding the substance of the Target Company's business plan on which such valuation was premised, the Special Committee verified reasonableness of the business plan by first verifying the process of preparation of the Target Company's business plan and the current state of the Target Company, and checking whether there are any unreasonable elements that do not conform with them. In conclusion, the Special Committee believes that such business plan, which set the petroleum refining business and the electricity generation business as the two main cores of the Target Company's business, is reasonable.
- Based on the above factors, it is considered that there is no particularly unreasonable element or serious problem in the Share Valuation Report prepared by the Third-party Valuation Agency.
- It can be said that based on such Share Valuation Report, the Target Company has also considered the Tender Offer Price generally taking into account such circumstances as the necessity and merits of the Transaction and possible impacts on the Target Company's future businesses.
- It can be said that the Target Company appointed the Third-party Valuation Agency as an experienced financial advisor and conducted multiple negotiations with the Tender Offeror for the overall terms of the Transaction, including the Tender Offer Price.
- In regard to the Tender Offer Price to be finally approved by resolution of the Target Company's board of directors, in a review of the market share price of the Target Company in the latest five years, it is considered that (i.) uncertainty due to COVID-19 pandemic in recent years has been settled down for now and such uncertainty was already factored in the price of the Target Company Shares, (ii.) volatility of the price of the Target Company Shares backed by so-called TOB expectations toward the Target Company Shares was stabilized coupled with the fact that Cornwall stopped additional purchases of the Target Company Shares, and (iii.) assessment of the Inappropriate Activities by market players was reflected in the price of the Target Company Shares as the disclosure to the Transaction of the results of investigation by the special investigation committee on the recent Inappropriate Activities at the Target Company was disclosed prior to the Transaction. Based on the above, it is considered that the latest share price of the Target Company has experienced adequate price formation and, by reviewing a premium of the Tender Offer Price in relation to the market share price of the Target Company, it can be said that an appropriate premium is included in the Tender Offer Price in the Tender Offer.

- In relation to the recent Inappropriate Activities at the Target Company, the Target Company made announcements on the discovery of Inappropriate Activities as of May 6, 2022, on the establishment of a special investigation committee as of May 18, 2022, and on the results of the investigation by the special investigation committee as of September 22, 2022. After such announcements, although it can be said that the market share price of the Target Company showed a certain reaction, it is also believed that volatility of share price is not only attributable to a single event. Also, no circumstances are found where each announcement on the Inappropriate Activities is contemplated by the Target Company to affect the market share price of it. In light of these facts, the appropriateness and fairness of the Tender Offer Price is not believed to be damaged because of the announcements on the recent Inappropriate Activities and a string of the volatility of share price thereafter.
 - Moreover, the Target Company made an announcement on revisions of the earnings estimate as of July 29, 2022, and it is understood that such revisions and announcement of the earnings estimate went through a reasonable process of estimating earnings at the Target Company. In this regard, no circumstances are found where the details and timing of such revisions and announcement of the earnings estimate are contemplated by the Target Company to affect the market share price of the Target Company, and therefore, the appropriateness and fairness of the Tender Offer Price is not believed to be damaged because of the revisions and announcement of the earnings estimate and a string of the volatility of the share price thereafter.
 - In addition, prior to the agreement regarding the Tender Offer Price between the Target Company and the Tender Offeror, the Tender Offeror negotiated the Tender Offer Price with Cornwall. In this regard, although Cornwall is considered to be in privity independent of the Tender Offeror, such negotiation regarding the Tender Offer Price between independent parties was conducted. This point can be said to be one of the critical elements for ensuring appropriateness and fairness of the Tender Offer Price.
 - The above-mentioned actions taken by the Target Company are considered to be reasonable and appropriate as means to ensure fairness and appropriateness of the Tender Offer Price and other terms of the Transaction, including the Tender Offer, and to eliminate arbitrariness in the process of judgment and decision making by the Target Company regarding the relevant matters.
 - According to the Target Company's explanation, with respect to the conditions for the Transactions to Make the Target Company a Wholly-Owned Subsidiary, in the absence of any future extraordinary circumstances, the squeeze-out price is expected to be calculated and determined on the basis of a price that is the same as the Tender Offer Price.
 - In this regard, given that the Transactions to Make the Target Company a Wholly-owned Subsidiary are expected to be implemented after the Tender Offer as procedures subsequent to the Tender Offer (the procedures for "two-step acquisition"), it is considered to be reasonable that the transaction terms of the procedures that are close in time are made to be the same.
- iv. Regarding "whether, based on (i) through (iii) above, the Transaction is not considered to be disadvantageous to minority shareholders of the Target Company"

- With respect to matters other than those discussed in (i) through (iii) above, at present, there are no particular circumstances that make the Special Committee believe that the Transaction (including the Tender Offer) is disadvantageous to minority shareholders of the Target Company. Hence, the Special Committee believes that the Transaction is not disadvantageous to minority shareholders of the Target Company.
- v. Regarding “whether the Target Company’s board of directors should resolve to express an opinion in support of the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer”
- As described above, (i) the purpose of the Transaction, including the Tender Offer, is considered to be reasonable (the Transaction will contribute to enhancement of the Target Company’s corporate value), (ii) it is considered that, in the Transaction, sufficient consideration has been given to the interests of the Target Company’s shareholders through fair procedures, (iii) it is considered that the appropriateness and fairness of the terms of the Transaction (including the Tender Offer Price) has been ensured, and (iv) based on (i) through (iii) above, the Transaction is not considered to be disadvantageous to minority shareholders of the Target Company. Therefore, the Special Committee believes that at present, it is reasonable for the Target Company’s board of directors to decide to express an opinion in support of the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer (i.e., the decision to express the opinion is not disadvantageous to the Target Company’s minority shareholders.), and at present, it has found no particular circumstances to the contrary.

(iv) Advice from an Independent Legal Advisor Regarding the Target Company

As in the Previous Tender Offer, the Target Company appointed Anderson Mōri & Tomotsune as its legal advisor independent of the Tender Offeror and the Target Company, and received legal advice, including advice on the measures to be implemented to ensure fairness in the process of the Transaction, the procedures for the Transaction and the methods, processes and the like of the Target Company’s decision making regarding the Transaction.

Anderson Mōri & Tomotsune is not a related party of the Tender Offeror or the Target Company, and has no material interest in the Transaction, including the Tender Offer. The Special Committee approved, at its first meeting, Anderson Mōri & Tomotsune as a legal advisor of the Target Company after confirming that there is no issue with respect to its independence and expertise.

(v) Establishment of a Structure for Independent Review by The Target Company

The Target Company established an internal structure to review, negotiate and make decisions on the Transaction independent of the Tender Offeror. To be specific, from the viewpoint of eliminating structural conflicts of interest, since late July 2022, when the Target Company received an initial offer from the Tender Offeror indicating that it would like to start considering making the Target Company a wholly-owned subsidiary of the Tender Offeror, the Target Company has made it a rule to exclude from the officers and employees of the Target Company who are serving as officers or employees of companies of the Tender Offeror Group other than the Target Company Group (meaning the Target Company and TOA TECS CO., LTD., a consolidated subsidiary of the Target Company) in the process of negotiation between the Target Company and the Tender Offeror on the terms of the Transaction, including the Tender Offer Price, and the process of drafting

of the Target Company's business forecast, which is used as a basis for the valuation of the Target Company Shares. Thus, the Target Company has established a review system consisting of a total of eight persons, comprising two directors independent of the Tender Offeror, and six employees of the Target Company.

(vi) Approval of All Directors (Including Those Who are Audit and Supervisory Committee Members) of The Target Company Without Conflicts of Interest

According to the Target Company Press Release, in the Tender Offer, as described in "(iii) Background to the Establishment of the Structure for Consideration of the Tender Offer and Details of the Decision" of "(II) Process of and Reasons for the Decision Making by the Target Company" of "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" under "1. Purpose of the Purchase" above, the Target Company carefully discussed and considered whether the Transaction, including the Tender Offer, contributes to enhancement of the Target Company's corporate value, and whether the terms of the Transaction, including the Tender Offer Price, are appropriate, based on the legal advice received from Anderson Mōri & Tomotsune and the financial advice from Nomura Securities as well as the substance of the Share Valuation Report, respecting to the fullest extent the Special Committee's determinations presented in the Report.

As a result, as stated in "(iii) Background to the Establishment of the Structure for Consideration of the Tender Offer and Details of the Decision" of "(II) Process of and Reasons for the Decision Making by the Target Company" of "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" under "1. Purpose of the Purchase" above, the Target Company's board of directors determined that the Transaction would contribute to enhancement of the Target Company's corporate value and that the terms of the Transaction, including the Tender Offer Price, are reasonable, and resolved at its meeting held on September 30, 2022, by a unanimous vote of the directors who participated in the deliberation and the resolution (including those who are audit and supervisory committee members) (unanimously by six (out of nine) directors of the Target Company who participated in the deliberation and the resolution), to express an opinion in support of the Tender Offer.

In light of the fact that Mr. Kazuhisa Harada served as executive officer of the Tender Offeror in the past, and that Mr. Junzo Yamamoto is concurrently serving as executive officer of the Tender Offeror, from the viewpoint of eliminating the possibility of the deliberations and resolutions at the board of directors meetings being tainted by the issue of structural conflicts of interest in the Transaction and of ensuring fairness of the Transaction, these two directors refrained from participating in the deliberations and the resolutions of all proposals in relation to the Transaction at the board of directors meetings of the Target Company, including the above-mentioned board of directors meeting held on September 30, 2022, and refrained from participating in the discussions or negotiations with the Tender Offeror on behalf of the Target Company.

(vii) Measures to Secure Purchase Opportunities by Other Buyers

The Tender Offeror has not entered into any agreement with the Target Company that limits the opportunities for the Target Company to have contact with a competing offeror, such as an agreement that includes deal protection provisions which prohibit the Target Company from having contact with a competing offeror.

Furthermore, the Tender Offeror has set a Tender Offer Period of 30 business days, which is longer than the minimum period of 20 business days provided by relevant laws and regulations. By setting such a comparatively long Tender Offer Period, the Tender Offeror intends to secure an appropriate opportunity to allow the Target Company shareholders to decide whether to tender their shares in the Tender Offer, and at the same time, to ensure opportunities for a potential purchaser other than the Tender Offeror to make a competing offer and to ensure the appropriateness of the

Tender Offer Price.

As is described in “(1) Overview of the Tender Offer” of “1. Purpose of the Purchase” above, since the Tender Offeror already owns 6,234,425 Target Company Shares (ownership ratio: 50.12%) as of today, the Tender Offeror believes that if a minimum planned purchase quantity that would satisfy the MoM is set with respect to the Tender Offer, this would destabilize completion of the Tender Offer and actually undercut the interests of minority shareholders who seek to participate in the Tender Offer. Thus, the Tender Offeror has not included such MoM condition. However, as both the Tender Offeror and the Target Company have put in place the measures described above, the Tender Offeror believes that sufficient care and thought have been put into the interests of minority shareholders of the Target Company. The measures described above implemented with respect to the Target Company were based on explanations received from the Target Company.

(III) Relationship with the Financial Advisor

Goldman Sachs, the financial advisor to the Tender Offeror, is not a related party to the Tender Offeror Group, including the Tender Offeror and the Target Company, and has no material interest in relation to the Tender Offer.

(5) Number of Shares Planned for Purchase

Share Type	Planned Purchase Quantity	Minimum Planned Purchase Quantity	Maximum Planned Purchase Quantity
Common stock	6,204,846 (shares)	2,058,375 (shares)	- (shares)
Total	6,204,846 (shares)	2,058,375 (shares)	- (shares)

(Note 1) If the total number of Tendered Shares does not reach the minimum planned purchase quantity (2,058,375 shares), none of the Tendered Shares will be purchased. If the total number of Tendered Shares equals or exceeds the minimum planned purchase quantity (2,058,375 shares), all Tendered Shares will be purchased.

(Note 2) No maximum planned purchase quantity has been set with respect to the Tender Offer. Therefore, the planned purchase quantity lists the maximum number of Target Company Shares that the Tender Offeror can acquire through the Tender Offer (6,204,846 shares). The planned purchase quantity is the remainder after the number of treasury shares held by the Target Company as of June 30, 2022, as described in the Target Company’s Financial Summary for the First Quarter (4,229 shares), and the number of shares held by the Tender Offeror as of today (6,234,425 shares) have been subtracted from the total number of issued shares as of June 30, 2022, as described in the Target Company’s First Quarterly Report (12,443,500 shares).

(Note 3) Shares which constitute less than one unit are also targets of the Tender Offer. In the event that the Target Company shareholders exercise their right to demand a purchase of shares less than one unit in accordance with the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with the relevant laws and regulations.

(Note 4) There are no plans for the Tender Offeror to acquire the treasury shares owned by the Target Company through the Tender Offer.

(6) Changes in the Ownership Ratio as a Result of the Purchase

Number of voting rights associated with shares held by the Tender Offeror prior to the Tender Offer	62,344	(Percentage of shares held prior to the Tender Offer 50.12%)
Number of voting rights associated with shares held by special related parties prior to the Tender Offer	0	(Percentage of shares held prior to the Tender Offer 0.00%)
Number of voting rights associated with shares held by the Tender Offeror following the Tender Offer	124,392	(Percentage of shares held following the Tender Offer 100.00%)
Number of voting rights associated with shares held by special related parties following the Tender Offer	0	(Percentage of shares held following the Tender Offer 0.00%)
Number of voting rights held by all shareholders of the Target Company	124,392	

(Note 1) “Number of voting rights associated with shares held by the Tender Offeror prior to the Tender Offer” indicates the number of voting rights associated with shares held by the Tender Offeror (6,234,425 shares) as of today (62,344).

(Note 2) “Number of voting rights associated with shares held by special related parties prior to the Tender Offer” indicates the total number of voting rights associated with shares held by the special related parties (excluding, however, special related parties who are excluded from being a special related party under Article 3(2)(i) of the Cabinet Office Order on Disclosure Required for a Tender Offer for Shares by Persons Other than the Issuer (Ordinance of the Ministry of Finance No. 38 of 1990, as amended; the “Cabinet Office Order”) for the purpose of calculating the percentage of ownership of shares, etc., under each item of Article 27-2(1) of the Act). Given that shares owned by special related parties (excluding treasury shares owned by the Target Company) are also targets of the Tender Offer, the “Number of voting rights associated with shares held by special related parties following the Tender Offer” is indicated as 0. Furthermore, the Tender Offeror will check shares of the Target Company held by special related parties, and if it is necessary to make any corrections, the Tender Offeror will promptly publish such corrections.

(Note 3) “Number of voting rights held by all shareholders of the Target Company” indicates the number of voting rights held by all shareholders (the number of one unit: 100 shares) as of March 31, 2022, as described in the Target Company’s First Quarterly Report. However, given that shares less than one unit are also targets of the Tender Offer, for the purpose of calculating the “Percentage of shares held prior to the Tender Offer” and the “Percentage of shares held following the Tender Offer,” the “Number of voting rights held by all shareholders of the Target Company” was 124,392, and the number of shares associated with the voting rights (12,439,271 shares) was obtained after subtracting the total number of treasury shares owned by the Target Company as of June 30, 2022, as described in the Target Company’s Financial Summary for the First Quarter (4,229 shares), from the total number of issued shares as of the same date as described in the Target Company’s First Quarterly Report (12,443,500 shares).

(Note 4) “Percentage of shares held prior to the Tender Offer” and “Percentage of shares held following the Tender Offer” are both rounded to the nearest hundredth.

- (7) Amount of Consideration for the Tender Offer 19,545,264,900 yen
(Note) The amount of consideration for the Tender Offer is calculated by multiplying the planned purchase quantity (6,204,846 shares) by the Tender Offer Price (3,150 yen).

(8) Settlement Method

- (I) Name and Main Office Location of Financial Instruments Business Operators, Banks, and Other Institutions Conducting Settlement of Purchases

Daiwa Securities Co., Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

- (II) Commencement Date of Settlement

November 22, 2022 (Tuesday)

(III) Settlement Method

Promptly following the expiration of the Tender Offer Period, notifications of the purchases by the Tender Offeror of the Tendered Shares will be mailed to the addresses or locations of the tendering shareholders (or the addresses of standing proxies for foreign shareholders).

Purchases will be made in cash. At the tendering shareholders' instruction and promptly after commencement of the settlement procedures, proceeds of sales received from the Tender Offeror in connection with its purchases of the Tendered Shares will be (i) remitted from the tender offer agent to a place designated by the tendering shareholders (or standing proxies for foreign shareholders) (money transfer fees may apply), or (ii) paid into an account of the tendering shareholders whose applications to tender their shares in the Tender Offer were accepted by the tender offer agent.

(IV) Method of Return of Shares

If no shares are purchased in accordance with the conditions described in "(i) Existence of Conditions Described in Each Item of Article 27-13(4) of the Act and Details Thereof" or "(ii) Existence of Conditions for Withdrawal of the Tender Offer, the Details Thereof, and Method for Disclosing Withdrawal" of "(9) Other Conditions and Methods for Purchase" below, all shares that need to be returned will be promptly returned to the tendering shareholder by restoring the state of the tendering shareholders' account opened by the tender offer agent upon the tender, on or after the second business day following the last day of the Tender Offer Period (or, if the Tender Offer is withdrawn, the date of such withdrawal).

(9) Other Conditions and Methods for Purchase

- (I) Existence of Conditions Described in Each Item of Article 27-13(4) of the Act and Details Thereof

If the total number of Tendered Shares does not reach the minimum planned purchase quantity (2,058,375 shares), none of the Tendered Shares will be purchased. If the total number of Tendered Shares equals or exceeds the minimum planned purchase quantity (2,058,375 shares), all Tendered Shares will be purchased.

- (II) Existence of Conditions for Withdrawal of the Tender Offer, the Details Thereof, and Method for Disclosing Withdrawal

If any of the circumstances set forth in Article 14(1)(i)(a) to (j) and (m) to (s), 14(1)(iii)(a) to (h) and (j), and Article

14(2)(iii) to (vi) of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended, the “Order”) should occur, the Tender Offer may be withdrawn.

If the Tender Offer is withdrawn, an electronic public notice will be made, and notice of such electronic public notice will be published in the Nihon Keizai Shimbun. However, if issuing the public notice by the last day of the Tender Offer Period proves difficult, announcement will be made via the methods prescribed in Article 20 of the Cabinet Office Order, and a public notice will be issued immediately thereafter.

(III) Existence of Conditions for Reduction in the Purchase Price, the Details Thereof, and Method for Disclosing Such Reduction

In accordance with Article 27-6(1)(i) of the Act, in the event that the Target Company engages in any of the actions described in Article 13(1) of the Order during the Tender Offer Period, the purchase price may be reduced in accordance with the standards provided in Article 19(1) of the Cabinet Office Order. If the purchase price is reduced, an electronic public notice will be made, and notice of such electronic public notice will be published in the Nihon Keizai Shimbun. However, if issuing the public notice by the last day of the Tender Offer Period proves difficult, announcement will be made via the methods prescribed in Article 20 of the Cabinet Office Order, and a public notice will be issued immediately thereafter. If the purchase price is reduced, purchases will be made at the newly reduced price even with respect to the Tendered Shares that were tendered on or before the date on which such public notice was made.

(IV) Matters Relating to Rights Held by Tendering Shareholders to Terminate their Agreements to Tender Shares and to Withdraw Any Tendered Shares

Tendering shareholders may terminate their agreements related to the Tender Offer at any time during the Tender Offer Period. When terminating an agreements to tender shares, please submit or mail the termination documents (which refers to a form of acceptance of application for the Tender Offer and a document indicating an intention to terminate such application) to the main office or the domestic branch of the tender offer agent where you submitted your original application no later than 4:00 pm on the last day of the Tender Offer Period. However, if you choose to mail the termination documents, the documents must arrive by 4:00 pm on the last day of the Tender Offer Period.

Party authorized to receive the termination documents

Daiwa Securities Co., Ltd.

9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

(Or other domestic branches of Daiwa Securities Co., Ltd.)

Even if tendering shareholders terminate their agreements related to the Tender Offer, the Tender Offeror will not seek payment of damages or penalties from such tendering shareholders. Furthermore, any expenses associated with returning Tendered Shares will be borne by the Tender Offeror. In the case of any termination of any such agreements, Tendered Shares will be returned promptly after completing procedures for such termination by means described in “(IV) Method of Return of Shares” of “(8) Settlement Method” above.

(V) Disclosure Method Where Terms and Conditions of Purchase are Changed

Except when prohibited under Article 27-6(1) of the Act and Article 13 of the Order, the Tender Offeror may change the purchase conditions during the Tender Offer Period.

If the Tender Offeror changes any purchase conditions, an electronic public notice will be made regarding such

changes, and notice of such electronic public notice will be published in the Nihon Keizai Shimbun. However, if issuing the public notice by the last day of the Tender Offer Period proves difficult, announcement will be made via the methods prescribed in Article 20 of the Cabinet Office Order, and a public notice will be issued immediately thereafter. If the Tender Offeror changes any purchase conditions, purchases of Tendered Shares will be made in accordance with the newly changed purchase conditions even with respect to Tendered Shares that were tendered into the Tender Offer on or before the date on which such public notice was made.

(VI) Disclosure Method Where an Amended Statement is Submitted

If an amended statement is submitted to the Director-General of the Kanto Finance Bureau (excluding, however, the proviso contained in Article 27-8(11) of the Act), details indicated in the amended statement relating to the content described in the public notice for commencing a tender offer will be immediately announced via the methods prescribed in Article 20 of the Cabinet Office Order. Furthermore, the Tender Offeror will immediately amend the tender offer explanation statement, and any tendering shareholders who have already received an original tender offer explanation statement will be provided with an amended version thereof. However, if the scope of the amendment is narrow, a document containing reasons for the amendment, the amended items, and the content following the amendment will be prepared and such document will be sent to the tendering shareholders for the purpose of amending the previously provided tender offer explanation statement.

(VII) Disclosure Method for Results of the Tender Offer

The results of the Tender Offer will be publicly announced on the day following the last day of the Tender Offer Period in accordance with the methods prescribed in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Order.

(10) Date of Public Notice for Commencement of the Tender Offer

October 3, 2022 (Monday)

(11) Tender Offer Agent

Daiwa Securities Co., Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

3. Post-Tender Offer Policies and the Future Outlook

(1) Post-Tender Offer Policies

Please refer to “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy,” “(4) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called “Two-Step Acquisition”),” and “(5) Possibility of Delisting and Reasons Therefor” of “1. Purpose of the Purchase” above.

(2) Future Outlook

Any facts concerning the impact of the Tender Offer on the Tender Offeror’s performance that should be disclosed will be promptly published if they arise.

4. Other Information

(1) Existence and Details of Agreements Between the Tender Offeror and the Target Company or the Target Company

Officers

(I) Existence and Details of Agreements Between the Tender Offeror and the Target Company

According to the Target Company Press Release, at the board of directors' meeting held on September 30, 2022, the Target Company resolved to (i) express its opinion to support the Tender Offer, and (ii) recommend that its shareholders tender their shares in the Tender Offer.

For details regarding the decision-making of the Target Company, please refer to the Target Company Press Release as well as “(vi) Approval of All Directors (Including Those Who are Audit and Supervisory Committee Members) of the Target Company Without Conflicts of Interest” of “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” of “(II) Details of the Valuation” of “(4) Basis for Valuation of the Purchase Price” of “2. Overview of the Purchase” above.

(II) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy

Please refer to “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” of “1. Purpose of the Purchase” above.

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

Please refer to “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” of “(II) Details of the Valuation” of “(4) Basis for Valuation of the Purchase Price” of “2. Overview of the Purchase” above.

(2) Other Information Deemed Necessary for the Investors in Deciding Whether to Apply for the Tender Offer

(I) No distribution of Target Company's dividend of surplus in the term ending in March 2023

The Target Company resolved at the board of directors meeting held on September 30, 2022, to amend the dividend expectation for the term ending in March 2023 and to not distribute dividends in the term ending in March 2023, if the Tender Offer is completed. For details, please refer to the “Announcement Regarding Amendment of Dividend Expectation (Non-Dividend) for the Term Ending in March 23)” announced by the Target Company on September 30, 2022.

Soliciting Regulations

This press release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should read the tender offer explanation statement concerning the Tender Offer first and make an offer to sell their shares at their own discretion. This press release shall neither be, nor constitute a part of, an offer to sell or purchase, or solicitation to sell or purchase any securities, and neither this press release (or a part of this press release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this press release may not be relied upon at the time of entering into any such agreement.

Forward-Looking Statements

This press release contains forward-looking statements concerning future plans and strategies of the Tender Offeror and the Tender Offeror Group in the case of acquisition by the Tender Offeror of Target Company Shares. These statements are based on the Tender Offeror's assumptions and beliefs in light of information currently available to the Tender Offeror. The Tender Offeror, therefore, wishes to caution readers that actual results might differ materially from the Tender Offeror's expectations due to various risks and uncertainty. The Tender Offeror is under no obligation to update the information in the forward-looking statements to reflect matters such as actual performance or other circumstances, or changes in terms.

U.S. Regulations

The Tender Offer shall be implemented in compliance with the procedures and information disclosure standards provided by the Financial Instruments and Exchange Act of Japan, which procedures and standards are not necessarily identical to the procedures and information disclosure standards applied in the United States. Specifically, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the "1934 Securities Exchange Act") or the rules promulgated under such Article do not apply to the Tender Offer, and the Tender Offer is not necessarily in compliance with the procedures and standards thereunder. It may be the case that not all financial information contained in this press release is the same as the financial information of a U.S. company. In addition, because the Tender Offeror and the Target Company are corporations established outside the United States and their officers are not U.S. residents, it may be difficult for investors to exercise their rights or demands that may be asserted based on U.S. securities laws. It may also not be possible to initiate legal proceedings in a court outside the United States against a corporation outside the United States and its officers based on a violation of U.S. securities laws. Furthermore, a corporation outside the United States and its subsidiaries and affiliates may not necessarily be subject to the jurisdiction of U.S. courts.

Unless otherwise stated, all procedures in connection with the Tender Offer shall be conducted in the Japanese language. While a part or all of the documents in connection with the Tender Offer may be prepared in English, the Japanese-language documents shall prevail in case of any discrepancies between the Japanese-language documents and the corresponding English-language documents.

This press release contains "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the 1934 Securities Exchange Act. The actual results may be grossly different from the projections implied or expressly stated as "forward-looking statements" due to known or unknown risks, uncertainties, or other factors. The Tender Offeror and its related parties, including related companies, are not in the position to covenant that the projections implied or expressly stated as "forward-looking statements" will actually be realized. "Forward-looking statements" contained herein were prepared based on information available to the Tender Offeror as of the date of this press release and, unless required by laws and regulations, neither the Tender Offeror nor its related parties, including related companies shall have an obligation to update or correct the statements made herein in order to reflect future events or circumstances.

Other Countries

The announcement, issuance, or distribution of this press release may be legally restricted in some countries or territories. In such cases, shareholders should be aware of, and comply with, such restrictions. The announcement, issuance, or distribution of this press release shall not be interpreted as an offer to purchase or a solicitation of an offer to sell, but simply as the dissemination of information.