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Stock Exchange Code 1881
February 7, 2022

To Shareholders with Voting Rights:

Yoshikazu Yoshikawa
President and Representative Director
NIPPO CORPORATION
1-19-11, Kyobashi, Chuo-ku, Tokyo

**NOTICE OF
AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We are pleased to inform you that an Extraordinary General Meeting of Shareholders of NIPPO CORPORATION (the “Company”) will be held for the purposes as described below.

The coronavirus disease (COVID-19) remains a matter of concern. Those who attend this General Meeting of Shareholders are requested to come to the venue on the day of the meeting wearing a face mask and taking other precautions to prevent infection, having first checked the status of the epidemic and their own physical condition. Necessary measures will also be taken at the venue to ensure the safety of shareholders and prevent the spread of infection, such as temperature checks using a contactless thermometer, cleaning of hands at the entrance with an alcohol-based disinfectant fluid, and having administrative staff wear face masks. We request your cooperation in these measures.

In the event of major changes, such as the relocation of the meeting venue in light of future developments, notice will be given on the Company website (<https://www.nippo-c.co.jp/>).

As much as possible, shareholders are urged to exercise their voting rights in writing, by submitting the Voting Rights Exercise Form or via the Internet by close of business (6:20 p.m. Japan time) on Thursday, February 24, 2022, Japan time, in the manner described hereafter.

◎Method of exercising voting rights in writing

Please indicate your vote “for” or “against” the proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by close of business (6:20 p.m. Japan time) on Thursday, February 24, 2022, Japan time.

◎Method of exercising voting rights via the Internet

Please review the “Exercise of Voting Rights via the Internet” on page 3, and enter your vote “for” or “against” the proposal by close of business (6:20 p.m. Japan time) on Thursday, February 24, 2022, Japan time.

- 1. Date and Time:** Friday, February 25, 2022 at 10:00 a.m. Japan time
(The reception desk will open at 9:00 a.m.)
- 2. Place:** Hall 6A, TG building annex 6F, 1-2-16, Yaesu, Chuo-ku, Tokyo
Please refer to “guide map to the venue” attached at the end of this document.
- 3. Meeting Agenda:**
Proposals to be resolved:
First Proposal : Share Consolidation
Second Proposal : Partial Amendments to the Articles of Incorporation

4. Matters concerning the Exercise of Voting Rights

- (1) When a Voting Rights Exercise Form is submitted without any indication of “for” or “against” for each of the proposals, the vote shall be deemed as approval.
 - (2) In the event that voting rights are exercised redundantly either in writing by submitting the Voting Rights Exercise Form or via the Internet and the shareholder’s votes differ from one another, the last vote received shall be deemed valid. In the event that voting rights are exercised both in writing by submitting the Voting Rights Exercise Form and via the Internet and they are received on the same day, the voting rights exercised via the Internet shall be deemed valid.
 - (3) You may exercise your voting rights by proxy upon appointing another shareholder of the Company who is eligible to exercise voting rights at this year’s Annual General Meeting of Shareholders as a proxy.
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1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 2. Should the Reference Documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company’s website (<https://www.nippo-c.co.jp/>).

Exercise of Voting Rights via the Internet

1. The Voting Website

You may exercise voting right(s) through the Internet only by accessing the dedicated voting website (<https://www.web54.net>). Please access this website and set a new password of your choice following the instructions displayed on screen after referring to “voting rights exercise code” and “password” indicated on the right of the proxy card, following which you will be able to enter your approval or disapproval.

2. Exercise of Voting Right(s)

- (1) The exercise of voting right(s) will be valid only if conducted by 6:20 p.m., Thursday, February 24, 2022.
- (2) If you exercise a voting right both through the Internet and in writing, and the votes on the same item conflict, the Company shall treat the most recent vote received as valid. Where you exercise a voting right both through the Internet and in writing, and the votes reach the Company on the same day, the Company will treat the vote through the Internet as valid.
- (3) If you exercise a voting right multiple times through the Internet, and the votes on the same item conflict, the Company will treat the last vote received as valid.

3. Password

- (1) The password is a means to confirm that the person who exercises voting right(s) corresponds to the person who holds the voting right(s); therefore, please record and keep the password safe until this annual general meeting of shareholders concludes.
- (2) The password that will be provided to you this time is valid only for this annual general meeting of shareholders.
- (3) The Internet voting service will refuse access if you enter a wrong password a certain number of times. In this case, please follow the procedures in the instructions displayed on screen.

4. Fees for Accessing the Voting Website

You will be responsible for all fees that may arise from accessing the voting website, including connection fees to Internet service providers and telecommunication fees to telecommunications carriers.

5. Questions regarding Operation Method

If you are unsure how to operate a personal computer or the like regarding the exercise of voting right(s) through the Internet, please contact:

	Web support desk by
	Sumitomo Mitsui Trust Bank, Limited
[Phone Number]:	0120-652-031 (toll-free in Japan)
[Hours of Service]:	9:00 a.m. to 9:00 p.m. (Tokyo time)

Reference Material for the General Meeting of Shareholders

First Proposal: Share Consolidation

In view of the results of the Tender Offer for the common shares of the Company (the “Company Shares”) by Roadmap Holdings KK (the trade name before the organizational change was Roadmap Holdings GK (Note 1); the “Tender Offeror”), the Company submits this Proposal to request the approval of the shareholders for the consolidation of 16,972,584 shares of the Company Shares into 1 share (the “Share Consolidation”), effective as of March 31, 2022, in order to take the Company Shares private.

(Note 1) The change of organization of the Tender Offeror from a limited liability company (godo kaisha) to a stock company (kabushiki kaisha) (the “Organizational Change”) has taken effect as of January 11, 2022.

1. Reasons for the share consolidation

As mentioned in the “Announcement of Opinion Regarding the Tender Offer for the Company’s Shares by Roadmap Holdings GK” released by the Company on November 11, 2021 (as revised in other press releases of the Company released on or after that date; the “Opinion Press Release”), the Tender Offeror implemented a tender offer (the “Tender Offer”) for the Company Shares by setting a period of Tender Offer of 30 business days from November 12, 2021 to December 24, 2021 as a part of a series of transactions (the “Transaction”) for the purpose of the Tender Offeror, ENEOS Holdings, Inc. (“ENEOS”) and GSSPC (Note 2) acquiring all of the Company Shares (excluding, however, the treasury shares owned by the Company and the Company Shares owned by ENEOS) and jointly taking the Company Shares private.

(Note 2) “GSSPC” collectively refers to GK Nogizaka Holdings (“Nogizaka Holdings”) and Aether Holdings GK (“Aether Holdings”) (Note 3).

(Note 3) According to the Tender Offeror, Nogizaka Holdings and Aether Holdings are limited liability companies (godo kaisha) established under the laws of Japan for investment purposes by Goldman Sachs (as defined below), and all of their shares are indirectly owned by The Goldman Sachs Group, Inc. (the group centered on the relevant company is hereinafter referred to as “Goldman Sachs”). The Goldman Sachs Group, Inc. is a bank holding company globally engaged in leading investment banking services, securities services and investment management services. The Goldman Sachs Group, Inc. offers a wide range of services such as investment banking services, client services to institutional investors, investment and loan services and investment management services throughout the world based on its substantial and diversified customer base that includes corporations, financial institutions, governments and individuals. Established in 1869, The Goldman Sachs Group, Inc. is headquartered in New York and maintains offices in London, Frankfurt, Tokyo, Hong Kong and other major financial centers around the world.

Further, as mentioned in the “Announcement of Results of Tender Offer for the Company’s Shares by Roadmap Holdings GK and Changes in the Major Shareholders and Other Related Companies,” released by the Company on December 25, 2021, the Tender Offeror as a result of the Tender Offer owns 42,709,735 shares of the Company Shares (ownership ratio (Note 4): 35.86%) as of January 4, 2022, the commencement date of the settlement of the Tender Offer.

(Note 4) The “ownership ratio” refers to the ratio (rounded to the nearest hundredth) against the number of shares (119,085,086 shares) obtained by subtracting the number of treasury shares owned by the Company as of September 30, 2021 (316,750 shares) as stated in the “Financial Summary for the Second Quarter of the Fiscal Year Ending March 2022 Japanese Standard (Consolidated)” released on November 11, 2021 by the Company from the total number of issued shares as of September 30, 2021 (119,401,836 shares) as stated in the “Quarterly Report for the Second Quarter of the Fiscal Year Ending March 2022” filed on November 11, 2021 by the Company, and the same shall apply hereinafter.

As a result of the Share Consolidation, the number of the Company Shares owned by the shareholders other than the Tender Offeror and ENEOS will be a fraction of less than one (1) share. The details of background to the Transactions including the Tender Offer are as announced in the Opinion Press Release, but their outlines are reiterated below. Please note that any descriptions in this announcement referring to the Related Parties of the Tender Offeror (Note 5) are based on information that the Related Parties of the Tender Offeror have publicly released or on explanations provided to the Company by the Related Parties of the Tender Offeror.

(Note 5) The “Related Parties of the Tender Offeror” collectively refers to the Tender Offeror, ENEOS, and GSSPC.

(1) Current Status of the Company’s Businesses

Our current corporate philosophy is, “We devote ourselves to the realization of a prosperous society through reliable craftsmanship.” Under this philosophy, we are striving to enhance our relationship with the shareholders, investors and other stakeholders of the Company and contribute to the establishment of social and industrial infrastructures through our “reliable craftsmanship” while aiming to realize business development and stable management to operate our businesses in a way that meets the expectations from the public.

The Company has also been engaged in construction, manufacturing and sales of asphalt mixture, and development and other businesses as a corporate group consisting of 235 subsidiaries and 24 affiliates.

(Construction Business)

The Company is engaged in pavement and civil engineering works as well as construction works, and entrusted with certain construction works from ENEOS Corporation. Dai Nippon Construction (a consolidated subsidiary) is engaged in construction and general civil engineering works. Hasegawa Sports Facilities Co., Ltd. (a consolidated subsidiary) is mainly

engaged in construction works of sports facilities, and Nippo Kensetsu Co., Ltd. (a consolidated subsidiary) is engaged in general civil engineering works. Our other 104 consolidated subsidiaries, 19 non-consolidated subsidiaries, 6 affiliated companies and one equity method affiliated company are engaged in pavement and civil engineering works. Each of these companies is, under the leadership of the Company, operating its businesses based on its own marketing and construction policies.

(Manufacturing and Sales Business)

The Company is engaged in manufacturing and sales of asphalt mixture, asphalt emulsion and other paving materials all over Japan. Additionally, the Company purchases asphalt, the main material of asphalt mixture, from ENEOS Corporation. Our 85 subsidiaries including Fair Road Co., Ltd, 13 non-consolidated subsidiaries and 8 affiliated companies are engaged in manufacturing and sales of asphalt mixture as our business bases covering various regions all over Japan.

(Development Business)

The Company is engaged in real estate development business such as sale and lease of condominiums. Ashinoko Skyline Co., Ltd. (a consolidated subsidiary) is engaged in operation of automobile roads.

(Other Businesses)

The Company is engaged in lease of construction machinery, golf course and hotel businesses, PFI business and other businesses. MECX Incorporated (a consolidated subsidiary) and 2 affiliated companies are engaged in lease, sales, manufacturing and maintenance of construction machinery and vehicles. One consolidated subsidiary is engaged in PFI business, and one non-consolidated subsidiary is engaged in the operation of a golf course and a hotel, one affiliated company is engaged in soil investigation business and 5 non-consolidated subsidiaries and 6 affiliated companies are engaged in other businesses.

(2) Business Environment and Major Initiatives of the Company

For the year ended March 2021, the Company Group delivered net sales of 445.7 billion yen (103.9% of the net sales in the previous year), ordinary profit of 46.8 billion yen (122.4% of the ordinary profit in the previous year), profit of 31.1 billion yen (131.7% of the profit in the previous year), achieving increases in sales and profit. More specifically, the results reflect various profit improvement factors, such as large-scale construction orders in the previous year, which resulted in an increase in sales. Meanwhile, we have seen impacts of economic recession in various areas due to the COVID-19 pandemic since last year, and the Company has also been affected by successive postponements of private construction orders in the construction industry. Additionally, our business environment has been difficult with higher raw material costs due to higher crude oil prices.

Under such current business environment, the Company Group established our “mid-to-long-term management vision” (for the FY 2018 to 2030) (Note 6) in May 2018, following which, we have continuously been engaged in initiatives to achieve “stable growth into the future.” Under the “mid-to-long-term management vision,” we focus on the following major issues:

(Note 6) For more details on “mid-to-long-term management vision,” please see ““Mid-to-long-term Management Vision” Explanatory Meeting for the FY 2018 to 2030” that the Company released on May 21, 2018.

(a) Further enhancement of domestic revenue base of our core (pavement and civil engineering, and products) business

Despite the business environment in which a growth of domestic construction market is not expected, we are committed to enhancement of domestic earning capacity of our core (pavement and civil engineering, and products) business (the “Core Business”), the highest revenue earning division of the Company Group, by ensuring our business bases and group companies all over Japan to be fully functional.

(b) Expansion of the Core Business overseas (globally)

Under our “mid-to-long-term management vision,” we are planning to increase net sales of our overseas businesses, which are currently 20 billion yen, to 80 billion yen. Among such endeavors, we are especially focused on the development of our “product business in the Southeast Asian region.” More specifically, we are expecting a growth in pavement works in the Southeast Asian region, and we are committed to the expansion of our Core Business overseas by enhancing the alliances with local constructors, which are mainly operating pavement works in various regions in each country.

(3) Decision-making Process and Reasons of the Tender Offeror

Goldman Sachs is engaged in investment banking as one of its major business activities and it provides services such as M&A, financing, and risk management to a variety of domestic and foreign clients. With fairness and transparency of governance systems of listed subsidiaries being called upon even more, as in the announcement of the “Practical Guidelines for the Group Governance System” by the Ministry of Economy, Trade and Industry on June 28, 2019, Goldman Sachs exchanged various opinions with ENEOS about the shares of the Company, which is a listed subsidiary.

Under the business strategy of “One Goldman Sachs,” Goldman Sachs is strengthening collaboration among its divisions and creating a system that can provide more comprehensive services to best meet the needs of its clients. Under that structure, and in light of the business environment surrounding ENEOS and the Company, Goldman Sachs has come to believe that taking the Company shares private through a capital investment by Goldman Sachs by a collaboration between its investment banking division and its merchant banking division, which provides investment and asset management services, etc. and making more flexible and prompt management decisions from a medium- to long-term perspective, including the expansion of its overseas business and real estate development business, will contribute to the realization of the Company’s vision and the enhancement of the Company’s corporate value.

Meanwhile, ENEOS routinely checks whether it is optimal to maintain its listed subsidiaries as listed subsidiaries from the perspective of enhancing the corporate value of the entire group and capital efficiency, and with regard to the nature of the capital relationship between ENEOS and the Company, which falls under the category of parent-child listing, ENEOS has been continuously examining the ideal form of the relationship from the perspective of the medium- to long-term business portfolio

strategy and strengthening the governance system.

Against this backdrop, in the beginning of February 2021 as one of the strategic options for the Company's capital relationship, Goldman Sachs proposed to ENEOS to take the Company shares private jointly with ENEOS while maintaining the parent-child relationship between ENEOS and the Company, and in connection with that, ENEOS decided to proceed with a specific investigation on the dissolution of the parent-child listing with the Company.

On April 16, 2021, ENEOS and Goldman Sachs provided the Company with an initial explanation of the possibility of the Transaction, and further, after due consideration as described above, Goldman Sachs requested ENEOS to make an initial proposal to the Company on June 22, 2021 (that request, the "Request for Initial Proposal"). Goldman Sachs and ENEOS have come to the conclusion that, in order for the Company to achieve further growth and enhance its corporate value in the future, it is essential that ENEOS and Goldman Sachs jointly take the Company shares private in order to strengthen the profitability of its existing businesses and expand its business with speed and scale, as well as to establish an environment that allows for flexible and prompt management decisions from a more medium- to long-term perspective, including the expansion of the Company's overseas business and real estate development business, and to build a system that allows for the steady implementation of strategic measures not only within the Company but also by utilizing management resources outside the Company, so Goldman Sachs and ENEOS agreed to proceed with specific consideration of the Transaction, and on June 28, 2021, they submitted an initial proposal (the "Initial Proposal," and the contents of the Initial Proposal are the same as those of the Request for Initial Proposal) to the Company in their joint names. In the Initial Proposal, Goldman Sachs and ENEOS proposed a transaction method that envisaged the Company shares going private while the Company remains a consolidated subsidiary of ENEOS through a tender offer with cash as consideration by a special purpose company in which GSSPC and ENEOS will invest, a subsequent squeeze-out, and a treasury share acquisition by the Company of the Company Shares held by ENEOS. With regard to that transaction method, the Company was still in the verification stage regarding the price of the treasury share acquisition itself at the time of the submission of the Initial Proposal, but because ENEOS was expected to be able to apply the provisions on the exclusion of dividends from gross profits, Goldman Sachs and ENEOS believed that the scheme of using the treasury share acquisition described above would allow it to set a higher tender offer price and contribute to the enhancement of the interests of the Company's minority shareholders. Goldman Sachs presented to ENEOS the idea of a scheme using a treasury share acquisition as an option prior to providing the Company with the initial explanation of the possibility of the Transaction on April 16, 2021, as described above, because schemes using treasury share have been utilized many times in similar cases. Following that, as ENEOS continued to consider the matter, that scheme was presented in the Request for Initial Proposal, and after further consideration, ENEOS decided to adopt a scheme of using treasury share acquisition in the proposal made to the Company on July 26, 2021.

Since the submission of the Initial Proposal, Goldman Sachs and ENEOS have commenced specific discussions with respect to the Transaction. As part of this process, due diligence was conducted from June 30, 2021 to August 6, 2021 in order to examine the feasibility of the Transaction, and in parallel, discussions and examinations were held with the Company regarding the Transaction, the management structure and business policy after the Transaction, and other conditions of the Transaction. Those discussions and deliberations include the details of the Contribution (Note 7) and the Organizational Change. Specifically, with respect to the Contribution, the total amount of the Contribution based on the borrowing ratio, the ratio of voting rights between GSSPC and ENEOS that takes into consideration the parent-child relationship between the Company and ENEOS and the normal business operations of the Company, and the timing of the contribution between ENEOS and GSSPC were discussed by Goldman Sachs and ENEOS from the perspective of improving the operation and the corporate value of the Company after the Company shares are taken private. Further, to ensure the possibility of a merger between the Company, a stock company, and the Tender Offeror in the future, Goldman Sachs and ENEOS also confirmed the necessity of the Organizational Change that would reorganize the Tender Offeror from a limited liability company to a stock company.

(Note 7) The "Contribution" refers to the contributions accepted by the Tender Offeror from GSSPC and ENEOS as of December 27, 2021 (the amount of contribution from GSSPC to the Tender Offeror is 38.999 billion yen and the amount of contribution from ENEOS is a total of 21 billion yen).

As a result, the Tender Offeror has come to the conclusion that taking the Company shares private will contribute to the avoidance of possible conflicts of interest between the parent company and minority shareholders associated with a parent-subsidary listing, the formulation of growth strategies, and the flexibility and speed of decision-making by the Company's management, and that it is the best measure to respond to changes in the business environment surrounding the Company and contribute to the enhancement of the Company's corporate value. Specifically, Goldman Sachs and ENEOS intend to accelerate the Company's growth strategy by providing various support to the Company in the following two areas in order to establish new growth pillars, which the Company has identified as major strategic business issues.

(a) Overseas Business

As a company with high technology in the field of asphalt mixtures, entering and expanding the market of asphalt mixtures, especially in Southeast Asia, is one of the most important business strategies for us in order to develop our business in the new growth market, as the domestic asphalt market is shrinking. On the other hand, in order to expand our domestic business base to overseas markets, we need to understand the industry structure and business practices in each overseas market, how to work with local business partners, and consider various M&A strategies. Goldman Sachs and ENEOS will support the Company's growth strategy by maximizing their networks and expertise as global financial, investment and business companies. In particular, Goldman Sachs, with its global experience in investing in road paving and asphalt-related businesses and its world-leading M&A track record, will strongly support the Company in realizing its envisioned overseas business expansion.

(b) Real estate development business

The real estate development business of the Company has achieved solid results in the past five years such as steadily contributing to the profit by the operating profit ratio above the company average. However, there is room for further expansion and improvement, such as diversification of asset classes, expansion of scale, and optimization of fund

procurement methods. Goldman Sachs has a track record of investing a cumulative total of more than US\$50 billion in the real estate development business globally over more than 30 years, and will share its knowledge and expertise as a competitor as well as project information with the Company in order to expand its business. As there is no significant overlap in the asset classes targeted by the Company and Goldman Sachs, the two companies have a complementary relationship, and it is contemplated that the two companies will work together to strengthen the Company's business base through joint investments and business expansion through information exchange.

In addition, since late July 2021, the Related Parties of the Tender Offeror had multiple rounds of discussions and negotiations with the Company regarding the tender offer price of the Tender Offer (the "Tender Offer Price"). As a result, the Related Parties of the Tender Offeror and the Company agreed to set the Tender Offer Price at 4,000 yen per share and to set the consideration for acquiring treasury shares with respect to the Treasury Share Acquisition (as defined below) at 2,859 yen per share (the "Treasury Share Acquisition Price").

(4) Decision-making Process and Reasons of the Company

The Company received the initial explanation on the possibility of the Transaction from ENEOS and Goldman Sachs on April 16, 2021, and subsequently received the Initial Proposal from ENEOS and Goldman Sachs Japan Co., Ltd. on June 28, 2021. In response thereto, after considering the expertise, past results, etc. of several candidates for financial advisor and legal advisor, the Company started considering appointing Mizuho Securities Co., Ltd. ("Mizuho Securities") as its financial advisor in late May 2021, and Mori Hamada & Matsumoto as its legal advisor in early June 2021, respectively, and resolved to appoint those advisors subject to the approval of the Special Committee and other conditions at the meeting of the Board of Directors of the Company held on July 5, 2021. After that, in light of the facts that the Company is a consolidated subsidiary of ENEOS and the Transaction to be implemented in accordance with a master agreement regarding the Transaction entered into by GSSPC and ENEOS as of September 7, 2021 upon conducting the Tender Offer (the "Transaction Agreement"), including the Company's announcement of the opinion regarding the Tender Offer, might constitute a material transaction, etc. with a controlling shareholder, and that the Transaction may typically have structural conflict of interest issues and information asymmetry issues, the Company immediately commenced to establish the system for considering and determining the benefits and disadvantages of the Transaction, the appropriateness of the terms and conditions of the Transaction and the fairness of the procedures of the Transaction from the perspective of enhancing the Company's corporate value and securing the interests of the Company's minority shareholders independently from the Related Parties of the Tender Offeror and the Company, by taking into account the advice of Mori Hamada & Matsumoto, in order to ensure the fairness of the Transaction. For more details on the system, see "(I) Establishment of an Independent Special Committee by the Company" under "(4) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" under "3. Matters Concerning Appropriateness of the Terms of the Ratio of the Share Consolidation" below.

After such establishment of the system for consideration, the Company received the report on the results of the valuation of the Company Shares, the advice on the negotiation policy with the Related Parties of the Tender Offeror and other advice from a financial perspective from Mizuho Securities, and also the guidance and other legal advice on the measures to be taken in order to ensure the fairness of the procedures of the Transaction from Mori Hamada & Matsumoto. Based on the foregoing, the Company carefully considered the benefits and disadvantages of the Transaction and the appropriateness of the terms and conditions of the Transaction.

Also, as described in "(I) Establishment of an Independent Special Committee by the Company" under "(4) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" under "3. Matters Concerning Appropriateness of the Terms of the Ratio of the Share Consolidation" below, since the Special Committee received the first proposal from Goldman Sachs and ENEOS on July 26, 2021 that the Tender Offer Price be set at 3,600 yen per share, the Special Committee has continuously discussed and negotiated with the Related Parties of the Tender Offeror regarding the terms and conditions of the Transaction, including the Tender Offer Price. As a result, on August 30, 2021, the Special Committee received a proposal from the Related Parties of the Tender Offeror to set the Tender Offer Price at 4,000 yen per share and the Treasury Share Acquisition Price at 2,859 yen per share, and determined that, in principle, the price was reasonable from the viewpoint of the interests of the minority shareholders.

Further, on September 7, 2021, the Company received from the Special Committee a findings report (the "Findings Report") stating that (1) it believes the purpose of the Transaction is reasonable from the perspective of whether that will contribute to enhancing the corporate value of the Company, (2) it believes that (a) the appropriateness of the terms and conditions of the Transaction and (b) the fairness of the procedures of the Transaction are ensured from the perspective of securing the interests of the Company's minority shareholders, (3) it believes if the Tender Offer commences, the Board of Directors of the Company should make (i) a decision to express an opinion in support of the Tender Offer and recommend the Company's shareholders to tender their shares in the Tender Offer and (ii) a decision on the procedures for the privatization of the Company that will be conducted after the Tender Offer as part of the Transaction, and (4) it believes the minority shareholders of the Company will not be disadvantaged by the Company (including the Board of Directors of the Company) making a decision to execute the Transaction (for an outline of the Findings Report, please see "(I) Establishment of an Independent Special Committee by the Company" under "(4) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" under "3. Matters Concerning Appropriateness of the Terms of the Ratio of the Share Consolidation" below). In addition to the Findings Report, the Company also received from the Special Committee the share valuation report regarding the results of the valuation of the Shares (the "Share Valuation Report (Yamada Consulting)") and the fairness opinion stating that the Tender Offer Price of 4,000 yen per share is a fair price for the shareholders of the Shares (excluding the Tender Offeror and ENEOS) from a financial perspective (the "Fairness Opinion (Yamada Consulting)") submitted by YAMADA Consulting Group Co., Ltd. ("Yamada Consulting") to the Special Committee on September 6, 2021 (for the outline of the Share Valuation Report (Yamada Consulting) and the Fairness Opinion (Yamada Consulting), please see "(II) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from Independent Financial Advisor and Third-Party Valuation Organization" under "(4) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" under "3. Matters Concerning Appropriateness of the Terms of the Ratio of the Share Consolidation" below).

Under the circumstances described above, at the Board of Directors meeting held on September 7, 2021, the Company carefully

discussed and deliberated whether or not the Transaction, including the Tender Offer, will contribute to the enhancement of its corporate value, and whether or not the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate, by taking into account the legal advice received from Mori Hamada & Matsumoto, the advice from a financial perspective and the share valuation report regarding the results of the valuation of the Shares submitted on September 6, 2021 (the “Share Valuation Report (Mizuho Securities)”) from Mizuho Securities, as well as the Share Valuation Report (Yamada Consulting) and the Fairness Opinion (Yamada Consulting) submitted through the Special Committee, and paying utmost respect to the judgments of the Special Committee presented in the Findings Report.

As a result, as described below, the Company has concluded for its part that becoming a wholly-owned subsidiary of the Tender Offeror and having the capital structure that ENEOS holds 50.10% of its voting rights and Goldman Sachs holds 49.90% of its voting rights, due to the Transaction, will enable the Company to expect the expansion of overseas business, the growth of the real estate development business and other matters while stably maintaining and expanding the Company’s Core Business and will contribute to the enhancement of the Company’s corporate value.

Out of the corporate value enhancement effects that are expected to occur due to the Transaction, first of all, in terms of the expansion of overseas business, although the Company’s advanced technology relating to asphalt mixture is also highly competitive in overseas markets, it will be necessary to expand sales channels and take other actions through cooperation with local partners in order to expand the business foundation overseas. In this regard, the Company has determined that since Goldman Sachs has a global high-quality network as a financial/investment company with an internationally established reputation, the Company can expect to build cooperative relationships with the most appropriate local partners and expand business development in overseas markets by utilizing such network.

Secondly, as for the growth of the real estate development business, the Company has had a certain level of business foundation for some time and has achieved solid results, but on the other hand, although the most important factor for the growth of such business is numerous and quick access to new project information, the Company alone does not have sufficient access to such information in terms of both quality and quantity, and therefore there are constraints on the expansion of business. In this regard, since Goldman Sachs has an extensive investment performance in the real estate business amounting globally to USD 50 billion in total for more than 30 years and a strong presence in the real estate market for a long period of time, it is believed Goldman Sachs will be able to gather a great deal of new project information. The Company believed that it could expect the promotion of the growth of its real estate development business by being provided with information on the projects that Goldman Sachs will not undertake out of the project information gathered by Goldman Sachs.

Furthermore, in the Transaction, it is intended that the Company will become private with the capital participation of Goldman Sachs and that ENEOS will hold 50.10% and Goldman Sachs will hold 49.90% of the Company’s voting rights directly or indirectly. After the completion of the privatization (termination of parent-child listing) under such capital structure, the Company believed that it would be able to (i) continue to stably maintain and expand the Company’s Core Business under the umbrella of ENEOS that has been supporting the Company’s management as the parent company for many years and has a deep understanding of the Company’s management, and at the same time, (ii) make flexible, prompt and decisive strategic decisions as a private company for the expansion of overseas business, the growth of the real estate development business and other matters while being supported by Goldman Sachs and ENEOS (especially Goldman Sachs).

Also, as the Company was offered a method for the Transaction including an acquisition by it of all of the Company Shares owned by ENEOS promptly after the completion of the Share Consolidation (the “Treasury Share Acquisition”), the Company considered this method as well. According to the Tender Offeror, the Treasury Share Acquisition Price will be 2,859 yen per share before the Share Consolidation. While the Tender Offer Price has been determined to be 4,000 yen to maximize the economic profits of minority shareholders other than ENEOS, the Treasury Share Acquisition Price has been set in such manner that, even after fully considering the tax benefits that ENEOS may theoretically enjoy by applying the provisions for exclusion of deemed dividends from taxable income under the Corporation Tax Act if ENEOS were to tender its shares in the Treasury Share Acquisition, an amount that is set based on an amount that would make the proceeds after tax if ENEOS were to tender its shares in the Tender Offer equal to the proceeds after tax if ENEOS were to tender its shares in the Treasury Share Acquisition (Note 8). The Company, in consideration of advice from its external tax advisors, has assessed the reasonableness of ENEOS’ explanation and determined that, even after considering the tax benefits that ENEOS may theoretically enjoy under the current tax system, the economic profits that ENEOS will obtain as the consideration for the Shares as a result of the Treasury Share Acquisition will not exceed the economic profits that the minority shareholders of the Company will obtain as the consideration for the Shares as a result of the Tender Offer. Based on the above, by adopting a scheme incorporating the Treasury Share Acquisition, a higher tender offer price can be offered to minority shareholders who tender in the Tender Offer compared to the case where ENEOS tenders the Shares in the Tender Offer. Therefore, we believed that the method for the Transaction incorporating the Treasury Share Acquisition would contribute to maximizing the profits for minority shareholders other than ENEOS.

(Note 8) According to the Tender Offeror, these are estimates as of November 11, 2021 based on certain assumptions referring to the financial figures of ENEOS and the Company for the fiscal year ending March 31, 2021, etc., and these estimates might differ from the actual after-tax proceeds that ENEOS will receive. In addition, since there might be some variance in these estimates due to the processing of fractions in the calculation process of the Treasury Stock Acquisition Price and other factors, the after-tax proceeds in the case where ENEOS tenders its shares in the Tender Offer at the Tender Offer Price and the after-tax proceeds in the case where ENEOS tenders its shares in the Treasury Stock Acquisition might not be completely identical.

The Company also determined from the following points, etc. that the Tender Offer Price of 4,000 yen per share is an appropriate price that ensures the benefit that should be received by the Company’s minority shareholders, and that the Tender Offer will provide the Company’s minority shareholders with a reasonable opportunity to sell the Company Shares at a price with an appropriate premium.

(i) The price has been fully negotiated and agreed upon with the Related Parties of the Tender Offeror after fully taking measures to ensure the fairness of the conditions for the Transaction including the Tender Offer Price as stated in “(I) Establishment of an Independent Special Committee by the Company” under “(4) Measures to Ensure the Fairness of the

- Transaction and Measures to Avoid Conflicts of Interest” under “3. Matters Concerning Appropriateness of the Terms of the Ratio of the Share Consolidation” below, and with substantial involvement of the Special Committee.
- (ii) The price exceeds the range of the per-share values of the Shares computed based on the market stock price method and the comparable company analysis method and is also within the range of the per-share values of the Shares computed based on the DCF method in the light of the per-share values of the Shares provided by Mizuho Securities in the Share Valuation Report (Mizuho) as stated in “(IV) Share Valuation Report Obtained by the Company from Independent Financial Advisor and Third-Party Valuation Organization” under “(4) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” under “3. Matters Concerning Appropriateness of the Terms of the Ratio of the Share Consolidation” below.
 - (iii) The price exceeds the range of the per-share values of the Shares computed based on the market stock price method and the comparable company analysis method and is also within the range of the per-share values of the Shares computed based on the DCF method in the light of the per-share values of the Shares provided by Yamada Consulting in the Share Valuation Report (Yamada Consulting) as stated in “(II) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from Independent Financial Advisor and Third-Party Valuation Organization” under “(4) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” under “3. Matters Concerning Appropriateness of the Terms of the Ratio of the Share Consolidation” below. As stated in “(II) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from Independent Financial Advisor and Third-Party Valuation Organization” under “(4) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” under “3. Matters Concerning Appropriateness of the Terms of the Ratio of the Share Consolidation” below, Yamada Consulting has issued the Fairness Opinion (Yamada Consulting) stating that the Tender Offer Price of 4,000 yen per share is fair to the shareholders of the Company from a financial point of view.
 - (iv) The price has a premium of 13.80% (rounded to two decimal places; hereinafter the same in calculating the premium rate) over the closing price of the Company Shares of 3,515 yen on the First Section of the Tokyo Stock Exchange as of September 6, 2021, the business day immediately preceding the date of announcement of the Tender Offer, a premium of 27.88% over the simple average closing price of 3,128 yen (rounded to the nearest yen; hereinafter the same in calculating the simple average closing price) for the one month prior to September 6, 2021, a premium of 28.12% over the simple average closing price of 3,122 yen for the three months prior to the same date, and a premium of 30.93% over the simple average closing price of 3,055 yen for the six months prior to the same date, and excluding the impact on the stock price after the date of speculative reports that ENEOS is considering to delist its listed subsidiaries including the Company by some news media (on June 11, 2011), the price has a premium of 32.89% over the closing price of the Shares of 3,010 yen on the First Section of the Tokyo Stock Exchange as of June 10, 2021, the business day immediately preceding the date of the speculative report, a premium of 36.94% over the simple average closing price of 2,921 yen for the one month prior to June 10, 2021, a premium of 34.05% over the simple average closing price of 2,984 yen for the three months prior to the same date, and a premium of 38.65% over the simple average closing price of 2,885 yen for the six months prior to the same date. The level of the premium with a record date of September 6, 2021, the business day immediately preceding the date of announcement of the Tender Offer, might not necessarily be sufficient compared to the level of premiums in similar cases in the past (tender offers by controlling shareholders for the purpose of taking listed subsidiaries private), but the market price of the Company Shares increased significantly from August 30, 2021 to September 6, 2021, and that increase diverged from both the overall stock market and the stock price averages of other companies in the same industry during that period (in addition, the Company did not disclose any material information immediately before or during that period). Further, the market price of the Company Shares appears to have been on an upward trend compared to the overall trend of the stock market and the trends of stock price averages of other companies in the same industry even after the speculative report on June 11, 2021. In light of the above, when comparing the levels of premiums in similar past cases, it is believed that the level of the premium where the record date is the trading day immediately preceding the date of the above speculative report should be especially taken into consideration, and the Tender Offer Price is considered to be comparable and appropriate in light of the level of premiums in those past cases.
 - (v) As stated in “(I) Establishment of an Independent Special Committee by the Company” under “(4) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” under “3. Matters Concerning Appropriateness of the Terms of the Ratio of the Share Consolidation” below, the price is also deemed to be reasonable in the Findings Report obtained from the Special Committee.
 - (vi) As stated above, the Tender Offeror intends to cause the Company to conduct the Treasury Share Acquisition and the Treasury Share Acquisition Price has been set in such manner that, even after fully considering the tax benefits that ENEOS may theoretically enjoy by applying the provisions for exclusion of deemed dividends from taxable income under the Corporation Tax Act if ENEOS were to tender its shares in the Treasury Share Acquisition, an amount that is set based on an amount that would make the proceeds after tax if ENEOS were to tender its shares in the Tender Offer equal to the proceeds after tax if ENEOS were to tender its shares in the Treasury Share Acquisition.

Based on the foregoing, at the meeting of the Board of Directors of the Company held on September 7, 2021, the Company resolved, as its view on that date, to express the opinion in support of the Tender Offer and recommend its shareholders to tender their shares in the Tender Offer, in case where the Tender Offer is conducted.

The Company also resolved at the above-mentioned Board of Directors meeting, that (i) when the Tender Offer commences, the Company will ask the Special Committee established by the Company to consider whether there are any changes to the findings reported to the Board of Directors of the Company by the Special Committee on September 7, 2021, and to inform the Board of Directors of the Company to that effect if there are no changes or to report the revised findings if there are any changes, and that (ii) at the time the Tender Offer commences, the Board of Directors will express an opinion on the Tender Offer again by taking into account such findings.

After mid-September 2021, the Company made inquiries to the Tender Offeror from time to time regarding the status of the procedures for the Permissions (Note 9) and confirmed the progress of those procedures, and intermittently reviewed the situation in light of the subsequent market share price and inquiries from shareholders. The Special Committee also received information on that situation from September 7, 2021 and it considered whether there were any circumstances that should cause a change to

the contents of the findings in the Findings Report, and it gave instructions to the Company regarding the policy on matters such as discussions and negotiations with the Related Parties of the Tender Offeror (for the progress of the discussions and negotiations between the Company and the Related Parties of the Tender Offeror and the status of the Special Committee’s consideration of the Transaction during that period, please refer to “(I) Establishment of an Independent Special Committee by the Company” in “(4) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” under “3. Matters Concerning Appropriateness of the Terms of the Ratio of the Share Consolidation” below).

(Note 9) “Permissions” refer to any and all approvals under competition laws in relation to the Transaction. For more details, see “(I) Overview of the Tender Offer” under “(2) Basis and Reason for Opinions on the Tender Offer” under “3. Contents, Basis of and Reason for Opinions on the Tender Offer” in the Opinion Press Release.

Then, on November 11, 2021, the Company received a notice from the Tender Offeror that it had determined that it was possible to commence the Tender Offer because the Permissions had been obtained and the waiting period had expired and the necessary procedures and responses under the Foreign Exchange and Foreign Trade Act (Act No. 228, of 1949, as amended) were complete, and that the Tender Offer intended to commence the Tender Offer on November 12, 2021, and the Company shared that information with the Special Committee. In response, the Special Committee confirmed that there are no circumstances that should change the findings in the report dated September 7, 2021, even after taking into consideration the circumstances during the period from September 7, 2021 to November 11, 2021, and the Special Committee submitted an additional report to the Board of Directors on November 11, 2021 (the “Additional Report”) stating that there is no change to the opinion in the Findings Report. Upon the submission of the Additional Report, the Special Committee expressed a supplementary opinion to the effect that when the Board of Directors of the Company resolves to recommend that the shareholders of the Company tender their shares in the Tender Offer and makes an announcement to that effect, the Company should appropriately alert the shareholders of the Company that the market price of the Company Shares was higher than the Tender Offer Price in the closing price on November 10, 2021, which was the last trading day as of the time of the submission of the Additional Report. With respect to the contents of the Additional Report and the other opinion of the Special Committee, see “(I) Establishment of an Independent Special Committee by the Company” under “(4) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” under “3. Matters Concerning Appropriateness of the Terms of the Ratio of the Share Consolidation” below.

In addition to (i) through (vi) above, the Board of Directors of the Company also determined that the Tender Offer Price of 4,000 yen per share is an appropriate price that ensures the benefit that should be received by the Company’s minority shareholders, and that the Tender Offer will provide the Company’s minority shareholders with a reasonable opportunity to sell the Company Shares at a price with an appropriate premium in light of the fact that, among other factors, (vii) more than two months had already passed as of November 11, 2021 since September 7, 2021, the date of the announcement of the Tender Offer, and there has not been any takeover bid that can be countered in terms of the tender offer price and other transaction terms and the feasibility of the transaction compared to the proposal of the Transaction by the Related Parties of the Tender Offeror, (viii) the market price of the Company Shares after the announcement of the Transaction has been formed under the influence of various speculations on the Transaction such as the expectation for a counterproposal, which has not actually be made at the present, in anticipation of the existence of the Transaction, and (ix) the Tender Offer provides all of the minority shareholders with an opportunity to sell their shares outside the market at the same price regardless of the share price or trading volume on the market.

In light of those factors, after exhaustively discussing and carefully reviewing the terms and conditions of the Tender Offer again, while respecting the contents of the Additional Report to the maximum extent possible, on November 11, 2021, the Board of Directors of the Company again resolved to express an opinion in support of the Tender Offer and to recommend its shareholders to tender their shares in the Tender Offer. Further, at the above meeting of the Board of Directors of the Company, it was also resolved to issue a reminder to the minority shareholders of the Company in the Opinion Press Release that sales of the Company Shares on the market will not be restricted by the commencement of the Tender Offer or the opinion of the Board of Directors of the Company recommending that the Company Shares be tendered.

Thereafter, as described above, although the Tender Offer was successfully completed, the Tender Offeror was unable to acquire all of the Company Shares (excluding treasury shares owned by the Company and the Company Shares owned by ENEOS) through the Tender Offer. The Company, upon receiving a request from the Tender Offeror, has resolved at the meeting of the Board of Directors of the Company held on January 27, 2022 to propose at an extraordinary shareholders’ meeting the Share Consolidation in which 16,972,584 shares of Company Shares will be consolidated into 1 share as described in “(1) Ratio of the Share Consolidation” under “2. Gist of the Share Consolidation” below in order to take the Company Shares private, subject to the approval of the shareholders at that meeting.

Please note that, as a result of the Share Consolidation, the number of the Company Shares owned by the shareholders other than the Tender Offeror and ENEOS will be a fraction of less than one (1) share.

2. Gist of the Share Consolidation

(1) Ratio of the Share Consolidation

The Company will consolidate 16,972,584 shares of the Company Shares into 1 share.

(2) Date on which the Share Consolidation takes effect (the effective date)

March 31, 2022

(3) Total number of issued shares as of the effective date

28 shares

3. Matters concerning appropriateness of the ratio of the Share Consolidation

The ratio of consolidation in the Share Consolidation is 16,972,584 shares of the Company Shares consolidated into 1 share. The Company believes that, as described in “1. Reasons for the share consolidation” above, since the Share Consolidation is conducted for the purpose of taking the Company Shares private and in light of the following matters, the ratio of the Share Consolidation is appropriate.

(1) Matters noted in order not to be disadvantageous to the interests of the Company’s shareholders other than its parents, etc. when there are parents, etc.

In light of the facts that the Company is a consolidated subsidiary of ENEOS and the Transaction to be implemented in accordance with the Transaction Agreement, including the Company’s announcement of the opinion regarding the Tender Offer, might constitute a material transaction with a controlling shareholder, and that the Transaction may typically have structural conflict of interest issues and information asymmetry issues, the Company implemented measures described in “(4) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” below to ensure the fairness of the terms and conditions of the Transaction, including the Tender Offer.

(2) Matters concerning processing methods where there will be processing of a fraction of less than one (1) share

(I) Whether the processing under Article 235, Paragraph 1 or 2 of the Companies Act that applies *mutatis mutandis* any provisions of Article 234, Paragraph 2 of the same Act is planned, and the reason thereof

As described in “1. Reasons for the share consolidation,” as a result of the Share Consolidation, the number of Company Shares owned by each shareholder other than the Tender Offeror and ENEOS will be a fraction of less than one (1) share.

For the fractions of less than one (1) share resulting from the Share Consolidation, a number of Company Shares equal to the aggregate number of fractional shares (any fraction of less than one (1) share in the aggregate number of fractional shares will be truncated) will be sold off, and the amount of proceeds from the sale of the shares will be delivered to the shareholders in proportion to the fractional shares attributed to them.

For this sale, in light of the fact that the Share Consolidation is conducted as a part of the Transaction for the purpose of making the Tender Offeror and ENEOS the sole shareholders of the Company and that the Company Shares will become shares without a market price as they are intended to be delisted as of March 29, 2022, thus, are less likely to have a purchaser upon public auction, the Company plans to make the sale to the Tender Offeror (Roadmap Holdings KK) after obtaining permission from a court pursuant to the provisions of Article 234, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter) as applied *mutatis mutandis* in Article 235, Paragraph 2 of the same Act.

In this case, if the required court permission is obtained as planned, the selling price would be set at a price where the amount of money to be delivered to the fractional shareholders will be equal to an amount derived by multiplying the number of the Company Shares (the “Record Number of Shares”) held by shareholders who are registered or whose names appear in the latest shareholders’ register of the Company at the time immediately before the Share Consolidation takes effect (i.e., as of March 30, 2022, which is the day immediately prior to the effective date of the Share Consolidation), by 4,000 yen, which is an amount equal to the Tender Offer Price. However, the amount actually delivered may differ to the above amount if the court permission is not obtained or if an adjustment of fractions in the calculation process becomes necessary.

(II) Name or company name of the person who is expected to purchase shares for sale

Roadmap Holdings KK

(III) Method of securing funds for the payment of money for share sale by the person who is expected to purchase the shares for sale, and appropriateness of that method

The Company has confirmed that the Tender Offeror is able to secure funds for the acquisition of the Company Shares in a number equal to the aggregate amount of the fractions resulting from the Share Consolidation by way of confirming the loan certificate dated November 11, 2021 from Mizuho Bank, Ltd. (“Mizuho Bank”) to the effect that it is prepared to make a loan to the Tender Offeror up to 102 billion yen, the loan certificate dated November 11, 2021 from Sumitomo Mitsui Banking Corporation to the effect that it is prepared to make a loan to the Tender Offeror up to 76.5 billion yen, the loan certificate dated November 11, 2021 from MUFG Bank, Ltd. to the effect that it is prepared to make a loan to the Tender Offeror up to 76.5 billion yen, the capital contribution certificate dated November 11, 2021 from Nogizaka Holdings to the effect that it is prepared to make a contribution to the Tender Offeror up to 5,655,116,200 yen, the capital contribution certificate dated November 11, 2021 from Aether Holdings to the effect that it is prepared to make a contribution to the Tender Offeror up to 33,343,883,800 yen, and the capital contribution certificate dated November 11, 2021 from ENEOS to the effect that it is prepared to make a contribution to the Tender Offeror up to 21 billion yen.

For that reason, the Company has come to the conclusion that the method of securing funds by the Tender Offeror for the payment required for the purchase of Company Shares equal to the aggregate number of fractions less than one (1) share resulting from the Share Consolidation is appropriate.

(IV) Prospective time of sale and prospective time of delivery of prospective sale proceeds to the shareholders

The Company will file a petition to the court to seek a permission to sell the Company Shares equal to the aggregate number of fractional shares less than one share resulting from the Share Consolidation pursuant to the provisions of Article 234, Paragraph 2 of the Companies Act as applied *mutatis mutandis* in Article 235, Paragraph 2 of the same Act. Although the time of obtaining such permission may vary depending on the circumstances of the court, the Company expects, with such court permission, to

sell such Company Shares in or around late April 2022 or early May 2022, and after making preparations necessary for delivery of the proceeds from such sale to the shareholders, to deliver such sale proceeds to the shareholders in or around late June 2022.

The Company has determined that Company Shares equal to the aggregate number of fractional shares less than one share resulting from the Share Consolidation will be sold and that such sale proceeds will be delivered to the shareholders at the respective times described above, taking into account the period necessary for a series of procedures for the sale after the effective date of the Share Consolidation.

The Company will deliver such sale proceeds to the shareholders who are registered or whose names appear in the latest shareholders' register of the Company as of March 30, 2022, which is the day immediately prior to the effective date of the Share Consolidation, by a method similar to that of delivery of dividend property by the Company.

- (3) Amount expected to be delivered to the shareholders as a result of the processing of fractions and matters concerning appropriateness of such amount

As described in "(I) Whether the processing under Article 235, Paragraph 1 or 2 of the Companies Act that applies *mutatis mutandis* any provisions of Article 234, Paragraph 2 of the same Act is planned, and the reason thereof" under "Matters concerning processing methods where there will be processing of a fraction of less than one (1) share" above, the Company will deliver to the shareholders the amount equal to the Record Number of Shares of each shareholder multiplied by 4,000 yen that is the same amount as the Tender Offer Price per Company Share.

As described in "(4) Decision-making Process and Reasons of the Company" under "1. Reasons for the share consolidation" above, the Company determined that the Tender Offer Price of 4,000 yen per share is an appropriate price that ensures the benefit that should be received by the Company's minority shareholders, and that the Tender Offer will provide the Company's minority shareholders with a reasonable opportunity to sell the Company Shares at a price with an appropriate premium, taking into account the background and process of examinations and negotiations that have been conducted so far (including examinations, discussions, negotiations, submission of a report, etc. by the Special Committee), calculation results by the Third-Party Valuation Organization, opinions expressed in the Fairness Opinion (Yamada Consulting), similar transaction cases, and other matters.

In addition, the Company has confirmed that there has been no material change in various conditions on which the decision on the Tender Offer Price by the Company was based between when the Company expressed an opinion in support of the Tender Offer and to recommend the shareholders to tender in the Tender Offer and the meeting of the Company's Board of Directors held on January 27, 2022 at which the Company resolved to convene the extraordinary shareholder's meeting.

Based on the above, the Company has determined that the amount to be delivered to the shareholders as a result of the processing of fractions is reasonable.

- (4) Measures to ensure fairness of the purchase price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer

While the Share Consolidation is executed as the second procedures of the so-called two-step acquisition after the Tender Offer, as described in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest," the Company took the following measures to address these issues and to ensure the fairness of the terms and conditions of the Transaction, including the Tender Offer Price, in light of the fact that the Tender Offer is to be executed by the Tender Offeror, which is expected to become a subsidiary of ENEOS after the commencement date of settlement of the Tender Offer based on the Transaction Agreement to which ENEOS, the controlling shareholder (parent company) of the Company, is a party, and the Transaction, including the Expression of Opinion regarding the Tender Offer, constitutes a material transaction, etc. with the controlling shareholder, and that the Transaction may have structural conflicts of interest and information asymmetry issues, the following measures have been taken to address these problems and ensure the fairness of the terms and conditions of the Transaction, including the Tender Offer Price.

The Related Parties to the Tender Offeror have not set a minimum planned purchase quantity of the so-called "Majority of Minority" in the Tender Offer. However, the Tender Offeror believes that the interests of the Company's minority shareholders have been sufficiently taken into consideration because the Related Parties to the Tender Offeror and the Company have taken the measures described in (i) through (viii) below. In the following descriptions, the measures taken by the Target are based on the explanation received from the Target.

- (I) Establishment of an Independent Special Committee by the Company

- (i) Background of establishment, etc.

The Company established the Special Committee by a resolution at a meeting of the Board of Directors of the Company held on July 5, 2021. Prior to the establishment of the Special Committee, the Company also confirmed the independence and eligibility, etc. of the Company's independent outside directors and independent outside corporate auditors who are candidates for the members of the Special Committee. In addition, after confirming that they are independent of the Company and the Related Parties to the Tender Offeror, and that it does not have any material interest different from that of the minority shareholders in the success or failure of the Transaction, the following persons were appointed as independent outside directors of the Company: Tsutomu Kimura (Independent Outside Director of the Company, Advisor to the National Institution for Academic Degrees and University Reform), Muneaki Ueda (Independent Outside Director of the Company, Chairman of Professional Bank, Inc., Takashi Kashihara (Independent Outside Director of the Company, Special Advisor to Uchida Yoko Co., Ltd.) as candidates for of the Special Committee. The members of the Special Committee have not changed since the establishment of the Special Committee. In parallel, since late June 2021, in order to establish a system to examine, negotiate and make decisions regarding the Transaction from the standpoint of enhancing the corporate value of the Company and securing the interests of the Company's minority shareholders from a standpoint independent of the Related Parties to the Tender Offeror, the Company, with the advice of Mori Hamada & Matsumoto, has been requesting Mr. Tsutomu Kimura, Mr. Muneaki Ueda and Mr. Takashi Kashihara to explain that they were initially approached by ENEOS and Goldman Sachs regarding the Transaction, and that the Transaction would be free from structural conflicts of interest and information. In order to establish a system to

examine, negotiate, and make decisions regarding the Transaction from the perspective of securing the interests of ENEOS and Goldman Sachs, the Company, with the advice of Mori Hamada & Matsumoto, requested that Mr. Tsutomu Kimura, Mr. Muneaki Ueda, and Mr. Takashi Kashihara receive an initial proposal from ENEOS and Goldman Sachs regarding the Transaction, and that, since the Transaction falls under the category of transactions with structural conflicts of interest and information asymmetry issues, the Company, when examining and negotiating the Transaction, should establish a special committee. As the Transaction falls under the category of transactions with structural conflicts of interest and information asymmetry issues, it is necessary to take sufficient measures to ensure the fairness of the terms and conditions of the Transaction, including the establishment of a special committee, when considering and negotiating the Transaction.

Then, as described in “(4) Decision-making Process and Reasons of the Company” under “1. Reasons for the share consolidation” above, ENEOS and Goldman Sachs established the Special Committee by resolution at the extraordinary meeting of the Board of Directors held on July 5, 2021, which was promptly after the receipt of the Proposal for the Transaction from ENEOS and Goldman Sachs on June 28, 2021, and consulted the Special Committee on (i) whether the purpose of the Transaction is reasonable from the perspective of whether or not it will contribute to the enhancement of the Company’s corporate value, (ii) whether (a) the appropriateness of the terms and conditions of the Transaction and (b) the fairness of the procedures of the Transaction are ensured from the perspective of securing the interests of the Company’s minority shareholders, (iii) whether or not to recommend the Board of Directors to decide to implement the Transaction, by taking into account the considerations and judgments in (i) and (ii) above, and (iv) whether or not the Company’s minority shareholders will suffer disadvantages if the Company (including the Board of Directors) decides to implement the Transaction, by taking into account the considerations and judgments in (i) and (ii) above (collectively, the “Consulted Matters”). Furthermore, the Board of Directors resolved to make decisions on the Transaction with the utmost respect to the judgments of the Special Committee, and not to decide to implement the Transaction if the Special Committee determines that the purpose, terms and conditions or procedures of the Transaction, including the Tender Offer, are inappropriate. In addition, the Board of Directors of the Company has been resolved that the Special Committee shall be empowered to: (i) substantially participate in the process of negotiations with the Tender Offeror (including receiving reports on the status of such negotiations and, if necessary, giving instructions or making requests with respect to the policy of negotiations with the Tender Offeror, and negotiating with the Tender Offeror on its own); (ii) appoint or approve (including after-the-fact approval) the Company’s financial or legal advisors in considering the Consulted Matters, and appoint the Special Committee’s own financial or legal advisors as necessary (in this case, the Company shall bear the costs); (iii) receive information necessary to consider and make decisions regarding the Transaction from the officers and employees of the Company, and (iv) request persons deemed necessary by the Special Committee to attend the Special Committee meetings and seek explanations regarding necessary information.

In the above-mentioned meeting of the Board of Directors of the Company, Mr. Satoshi Arishige, one of the directors of the Company, and Mr. Toru Tsuiki, one of the corporate auditors of the Company, have held positions as employees and directors of ENEOS and its subsidiaries in the past. Therefore, from the perspective of eliminating the possibility that the deliberations and resolutions at the meeting of the Board of Directors of the Company may be affected by structural conflicts of interest and information asymmetries in the Transaction, both of them did not participate in the deliberations and resolutions of the related proposals.

As compensation for their duties, each member of the special committee shall be paid a fixed amount of compensation per month, regardless of the content of the report.

(ii) Background to Considerations and Content of Decision Until Submission of the Findings Report

The Special Committee met a total of 13 times between July 13, 2021 and September 6, 2021, and also carried out its duties related to the Consulted Matters by reporting and sharing information, deliberating and making decisions, etc. via e-mail frequently during each meeting.

Specifically, as described in “(4) Decision-making Process and Reasons of the Company” under “1. Reasons for the share consolidation” above, the Company received an initial explanation of the possibility of the Transaction from ENEOS and Goldman Sachs on April 16, 2021, and then the Company received the Initial Proposal from ENEOS and Goldman Sachs on June 28, 2021. Accordingly, the Company considered the policy of appointing Mizuho Securities as the Company’s financial advisor and Mori Hamada & Matsumoto as the Company’s legal advisor, and appointed these advisors at the meeting of the Board of Directors of the Company held on July 5, 2021, subject to the approval of the Special Committee, etc.

Subsequently, the Special Committee approved the appointments of the Company’s financial advisor, Mizuho Securities, and the Company’s legal advisor, Mori Hamada & Matsumoto, after confirming their respective degrees of independence, expertise, and achievements. As described in “(IV) Share Valuation Report Obtained by the Company from Independent Financial Advisor and Third-Party Valuation Organization” below, Mizuho Bank, a group company of Mizuho Securities, plans to provide financing for the Tender Offeror relating to the purchase fund, etc. However, the Special Committee approved the appointment of Mizuho Securities, as the third-party appraiser of the Company in view of its independence, expertise, etc.

In addition, the Special Committee appointed Yamada Consulting as the Special Committee’s own financial advisor and third-party valuation organization with independence from Related Parties of the Tender Offeror, the Company and from the Transactions, after considering the independence, expertise, past results, etc. of several candidates for financial advisors and third-party valuation organizations.

Furthermore, the Special Committee approved the consideration system for the Transaction after confirming that there is no problem from the viewpoint of independence (including the scope of the Company’s officers and employees who are involved in the review, negotiation and decision making with respect to the Transaction and their duties.) established internally by the Company.

Thereafter, the Special Committee has been considering the measures to be taken to ensure the fairness of the procedures in the Transactions, and the method and process of decision making of our Company pertaining to the Transaction based on the advice obtained from Mori Hamada & Matsumoto.

Also, the Special Committee received from the Company an explanation of the background of the preparation and assumptions of the business plan prepared by the Company for the three fiscal years from the fiscal year ending March 2022 to the fiscal year ending March 2024 (the “Business Plan”) as it is the premise for the negotiation of the purchase price in the Tender Offer, and heard opinions from Yamada Consulting and Mizuho Securities. In addition, the Special Committee has confirmed that the

preparation of the Business Plan had started in the fiscal year ended March 31, 2021, and that the Business Plan was formulated based on various back data collected prior to April 16 of that year, when the Company became aware of the possibility of the Transaction. Based on the above, the Special Committee confirmed that the Business Plan is reasonable as a business plan for use in the calculation of the share value in verifying the appropriateness of the Tender Offer Price, upon taking into consideration the contents thereof, the material assumptions and the background of preparation, etc., including the fact that it has been found that it cannot be said that the Business Plan was formulated in anticipation of the existence of the Transaction, and approved that it shall be a premise for the negotiation of the Tender Offer Price.

The Special Committee has sent written questions to Goldman Sachs and ENEOS regarding the background and reasons for the proposal of the Transaction, the Company's business management policy after the Transaction, whether the execution of the Transaction will enhance the corporate value of the Company or have an adverse effect on the business of the Company, the content of the shareholders agreement as of September 7, 2021 between GSSPC and ENEOS (the "Shareholders Agreement"; for the details of the Shareholders Agreement, please refer to "(II) Shareholders Agreement" under "4. Matters concerning the material agreement between the Tender Offeror and the shareholders of the Company concerning the tender of the Tender Offer" in the Opinion Press Release.), GSSPC's and ENEOS' policies regarding the holding and disposition of the Company Shares after the Transaction, and the procedures and terms of the Transaction. The Special Committee has directly received explanations from Goldman Sachs and ENEOS regarding these matters and has conducted a question-and-answer session at the Special Committee.

Moreover, the Special Committee requested the Company's Representative Director and President Yoshikazu Yoshikawa and Representative Director and Senior Managing Executive Officer Yuji Hashimoto to attend the Special Committee, and sent written questions to them regarding the background of the consideration of the Transaction and the purpose of the Transaction, the Company's policy on business operations after the Transaction, the Company's management challenges, whether the execution of the Transaction will enhance the corporate value of the Company or have an adverse effect on the business of the Company, the Company's management policy after the Transaction and other matters, and held a question-and-answer session along with a hearing on the Company management's views on these matters and related information.

Further, the Special Committee has confirmed the rationality of the content of the Business Plan, the material assumptions and the process of preparation, etc., based on the financial advice received from Yamada Consulting and Mizuho Securities. Furthermore, as described in "(II) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from Independent Financial Advisor and Third-Party Valuation Organization" and "(IV) Share Valuation Report Obtained by the Company from Independent Financial Advisor and Third-Party Valuation Organization" below, Yamada Consulting and the Mizuho Securities perform valuation of Shares based on Business Plan. The Special Committee received explanations from Yamada Consulting and Mizuho Securities with respect to the valuation of the Company Shares performed by each of them, the reason for the adoption of such valuation, the content of the valuation by each valuation method, and material assumptions (including planned value that will be the basis for the share valuation including the free cash flow that is the basis for the going concern value calculation, the basis for calculating the discount rate under the DCF method and the reason for selecting a comparable company under the Comparable Companies Analysis or the Comparable company analysis method), and after deliberations and examinations, it confirmed the reasonableness of such valuation. Furthermore, as described in "(II) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from Independent Financial Advisor and Third-Party Valuation Organization" below, the Special Committee confirmed the procedures for issuing a fairness opinion at Yamada Consulting and received this fairness opinion (Yamada Consulting) from Yamada Consulting as of September 6, 2021.

Also, the Special Committee, taking into account the advice of the external advisors (tax experts), confirmed that the Treasury Share Acquisition Price has been set in such manner that, even after fully considering the tax benefits that ENEOS may theoretically enjoy by applying the provisions for exclusion of deemed dividends from taxable income under the Corporation Tax Act if ENEOS were to tender its shares in the Treasury Share Acquisition, the amount of the proceeds after tax if ENEOS were to tender its shares in the Tender Offer would be equal to the amount of the proceeds after tax if ENEOS were to tender its shares in the Treasury Share Acquisition.

In addition, since the Special Committee received the first proposal from Goldman Sachs and ENEOS on July 26, 2021 that the Tender Offer Price be set at 3,600 yen per share, the Special Committee has continuously discussed and negotiated with the Related Parties to the Tender Offeror regarding the terms and conditions of the Transaction, including the Tender Offer Price. Specifically, in response to the proposal made on July 26, 2021, the Special Committee, on August 3, 2021, requested that the Tender Offer Price be raised and that the schedule for the Transaction be reconsidered in order to ensure a sufficient period of time for consideration in terms of enhancing the corporate value of the Company and protecting the interests of the minority shareholders. In response to this, on August 5, 2021, the Related Parties to the Tender Offeror re-proposed that the Tender Offer Price be set at 3,800 yen per share and that the date of public announcement of the Transaction be September 7, 2021. In response, on August 6, 2021, the Special Committee again requested a review of the Tender Offer Price, and on August 12, 2021, the Related Parties of the Tender Offeror re-proposed the Tender Offer Price to be 3,850 yen per share. In addition, on August 18, 2021, the Special Committee, while confirming the relationship with the acquisition price of the Treasury Share Acquisition and its intention to set a majority of minority condition, again requested a review of the tender offer price. Accordingly, on August 23, 2021, the Related Parties of the Tender Offeror proposed to set the Tender Offer Price at 3,900 yen per share and, taking into consideration that the provisions for exclusion of deemed dividends from taxable income would apply to the Treasury Share Acquisition Price, to set the Treasury Share Acquisition Price at 2,790 yen per share based on an amount equal to the after-tax proceeds if ENEOS accepted the tender offer and the after-tax proceeds if ENEOS accepted the share repurchase. Even after receiving such proposal, the Special Committee judged that further negotiations should be conducted from the viewpoint of the interests of the minority shareholders, and on August 26, 2021, the Special Committee requested the Related Parties of the Tender Offeror to repropose the Tender Offer Price as 4,000 yen per share based on the market price and other market conditions as of that date. As a result, on August 30, 2021, the Special Committee received a proposal from the Related Parties of the Tender Offeror to set the Tender Offer Price at 4,000 yen per share and the Treasury Share Acquisition Price at 2,859 yen per share, and determined that, in principle, the price was reasonable from the viewpoint of the interests of the minority shareholders. As a result, on September 7, 2021 the Company received a proposal from a Related Party of the Tender Offeror that the Tender Offer Price be set at 4,000 yen per share and the Treasury Share Acquisition Price be set at 2,859 yen, resulting in an increase of 11.11% in price compared to the initial proposal price.

In the course of such negotiations, the Special Committee deliberated carefully from the perspective of the interests of the minority shareholders based on various advice received from Yamada Consulting, Mizuho Securities, and Mori Hamada & Matsumoto and decided its own negotiation policy. Specifically, first of all, the Special Committee has received from the Company an explanation regarding the preparation and assumptions of the Business Plan as it is to be a premise for the negotiation of the purchase price in the Tender Offer. In negotiations with the Related Parties of Tender Offeror, the Special Committee receives necessary advice from each advisor, deliberates on the matter, and informs the Related Parties to the Tender Offeror of the Special Committee's intention in writing that the Special Committee confirmed the content.

Furthermore, the Special Committee received explanations from Mori Hamada & Matsumoto on multiple occasions regarding the draft of the Opinion Press Release concerning the Tender Offer to be announced or submitted by the Company and the contents of the draft of the Tender Offeror press release and the draft of the Tender Offer Notification, and verified the contents thereof. These drafts describe, the management policies of the Company after the Transaction, the policies of ENEOS and Goldman Sachs on the holding and disposition of shares of the Tender Offeror and the Company and the terms and conditions of each agreement to be entered into among the Related Parties to the Tender Offeror, including the enhancement of the corporate value of the Company by the Transaction and the terms and conditions of the Transaction, including the price of the Treasury Share Acquisition are described. At the meeting of the Special Committee, ENEOS and Goldman Sachs, as well as the Company, were asked to attend the meeting to receive explanations on related matters and made efforts to obtain information by asking questions.

Under the above-mentioned circumstances, the Special Committee carefully discussed and considered the Consultation Matters based on the legal advice from Mori Hamada & Matsumoto and the advice received from Mizuho Securities and Yamada Consulting from a financial standpoint, as well as the contents of the Share Valuation Report (Mizuho Securities) and the Share Valuation Report (Yamada Consulting) and Fairness Opinion (Yamada Consulting) submitted on September 6, 2021, and submitted the Findings Report the contents of which are outlined below with unanimous approval from all members, after careful discussions and exhaustive considerations of the Consulted Matters to the Board of Directors of the Company on September 7, 2021.

(a) Contents of Report

The Special Committee's report to the Board of Directors of the Company as of September 7, 2021 is as follows.

- i. It is believed that the purpose of the Transaction is reasonable in terms of whether or not it will contribute to the enhancement of the corporate value of the Company.
- ii. It is believed that from the perspective of the interests of the Company's minority shareholders, (a) the appropriateness of the terms and conditions of the Transaction and (b) the fairness of the procedures of the Transaction are ensured.
- iii. It is recommended to the Board of Directors of the Company that, if the Tender Offer is commenced, it (i) express an opinion in support of the Tender Offer and recommend that the Company Shareholders tender their shares in the Tender Offer and (ii) make decisions in relation to the procedures for going private of the Company following the Tender Offer as part of the Transaction.
- iv. Decisions to be made by the Company (including the Board of Directors of the Company) regarding the implementation of the Transaction would not be disadvantageous to the minority shareholders of the Company.

(Note 10) Decisions regarding to the implementation of the Transaction include (i) decisions to express an opinion supporting the Tender Offer and recommend that the Company Shareholders tender their shares in the Tender Offer and (ii) decisions relating the execution of the Share Consolidation and the other procedures for taking the Company private after the Tender Offer as part of the Transaction.

(b) Reason for Report

- i. As a result of the consideration of the relevant circumstances including the following matters, the Special Committee has determined that the purpose of the Transaction is reasonable and that the Transaction will contribute to the enhancement of the corporate value of the Company.
 - The principal purpose of the Transaction is to respond to changes in the business environment surrounding the Company and realize the effect of enhancing the Company's corporate value by planning growth strategies and achieving flexibility and speed of decision making, while avoiding the possibility of conflict of interest that may arise due to parent/subsidiary listing, by going private (more specifically, by going private, the Company may achieve corporate value enhancement effects through expansion of overseas business and growth of real estate development business).
 - With the support of Goldman Sachs and ENEOS after the Transaction, it is reasonably expected that it will be possible to achieve corporate value enhancement effects such as expansion of overseas business and growth of real estate development business. In the case of going private with Goldman Sachs' acquisition of equity participation while maintaining its status as a consolidated subsidiary of ENEOS for the time being, it is expected that the aforementioned corporate value enhancement effects will be maximized by conducting flexible and prompt business judgment as a private company while continuing to maintain and expand the stable core business of the Company within ENEOS group.
 - Regarding the possibility of adverse business effects associated with the Transaction, (i) the effect of equity participation by foreign investors: Goldman Sachs, (ii) the effect of repayment of borrowings procured to fund the settlement of the Tender Offer, etc., (iii) the effect on maintenance of licenses and approvals, bidding qualifications, etc. held by the Company, and (iv) the effect on recruitment activities and other human capital management of the Company or the Company subsidiary, etc. have been examined, and the Special Committee believes that there are no material adverse effects, or reasonable countermeasures is taken if any such adverse effects exists.
 - The Special Committee has also reviewed with ENEOS and the Company management the status of consideration of other options, including (i) the sale of ENEOS's shares in the Company to a third party, or (ii)

- ENEOS making the Company a wholly-owned subsidiary, or (iii) ENEOS partnering with a company other than Goldman Sachs, and has found that the proposed transaction involving the collaboration of ENEOS and Goldman Sachs is the most realistic and reasonable option in practice.
- ii. As a result of consideration of the relevant circumstances including the following matters, the Special Committee has determined that the appropriateness of the terms and conditions of the Transaction have been secured from the viewpoint of benefiting minority shareholders of the Company.
- The method of the Transaction will not prejudice the interests of any minority shareholders.
 - Although the Tender Offeror is a 100% (indirect) limited liability company owned by Goldman Sachs as of the time of the Tender Offer and there is no capital relationship with ENEOS with respect to the Transaction, the Related Parties to the Tender Offeror have agreed to enter into the Transaction Agreement as of September 7, 2021, the day on which the Transaction is announced, and to sequentially conduct a series of transactions including the Tender Offer, the Contribution, the Organizational Change, the Tender Offer, and the Treasury Share Acquisition by ENEOS.
 - The purchase price of the Treasury Share Acquisition is set so as not to be disadvantageous to minority shareholders as described below.
 - The Tender Offer Price is reasonable from the standpoint of the interests of the minority shareholders;
 - The Special Committee did not find anything particularly unreasonable with regard to the procedures and contents of the formulation of the Business Plan, which is used as the basis for the calculation by the DCF Method in the Share Valuation Report (Mizuho Securities) and the Share Valuation Report (Yamada Consulting).
 - The Share Valuation Report (Yamada Consulting) does not contain any unreasonable points concerning the calculation method and the content of the calculation and is thus deemed credible. The Tender Offer Price exceeds the upper limit of the calculation results of the market share price method and the comparable company method of the Share Valuation Report (Yamada Consulting) and exceeds the median value of the calculation results of the DCF Method (close to the mean value).
 - The Fairness Opinion (Yamada Consulting) does not contain any unreasonable points with respect to the issuing procedures and the contents, and it is deemed credible, and it is deemed in that Opinion that the Tender Offer Price is considered reasonable from a financial point of view for the shareholders of the Company (excluding the Tender Offeror and its affiliated companies).
 - The Share Valuation Report (Mizuho Securities) does not contain any particularly unreasonable points with respect to the calculation method and content, and it is deemed credible. The Tender Offer Price exceeds the upper limit of the calculation results of the market share price analysis method and the comparable company analysis method described in the Share Valuation Report (Mizuho Securities), and exceeds the median (and the mean value) of the calculation results of the DCF Method.
 - The premium level of the Tender Offer Price with respect to the market share price is deemed to be comparable and reasonable in light of premium levels in tender offers conducted by controlling shareholders for the purpose of taking a listed subsidiary private that are similar transactions to the Transaction, taking into consideration the speculative report of June 11, 2021 and the subsequent increase of the share price of the Company, which exceeded the trends of the overall stock market and the trends of the average share price of other companies in the same industry during the period from August 30, 2021 to September 6, 2021, in light of the levels of premiums with a transaction date that is immediately before the date of the above speculative report as the reference date, in addition to the levels of premiums with a transaction date that is immediately before the date of the announcement of the Tender Offer as the reference date.
 - It can be judged that the Tender Offer Price is reasonable even from the perspective of appropriate distributions of the effect of the enhancement of the corporate value of the Company as a result of the Transaction.
 - The Treasury Share Acquisition Price is reasonable from the viewpoint of the interests of the minority shareholders;
 - The Treasury Share Acquisition Price is set so that, even in the maximum consideration of the tax advantages which ENEOS may theoretically enjoy by applying the provisions for exclusion from taxable income of deemed dividends prescribed in the Corporation Tax Act in the case of accepting the Treasury Share Acquisition, the amount of proceeds after tax in the case where ENEOS participates in the Tender Offer and the case where ENEOS accepts the Treasury Share Acquisition is the same, to the extent that the amount of proceeds after tax in the latter does not exceed the former.
 - Other conditions are not considered to be detrimental to the interests of the minority shareholders;
 - With respect to the transaction terms of the Transaction other than the Tender Offer Price and the Treasury Share Acquisition Price, including the terms and conditions of the Transaction Agreement and the Shareholders Agreement as set forth in the Notice Concerning Planned Commencement of Tender Offer for Share Certificates of NIPPO Corporation (Securities Code: 1881)” released on September 7, 2021 by the Tender Offeror, no event has been confirmed that should be considered to unfairly benefit any of the Related Parties of the Tender Offeror at the expense of the Company’s minority shareholders, and there are no circumstances that would impair the appropriateness of the transaction terms of the Transaction.
- iii. As a result of the consideration of the relevant circumstances including the following matters, the Special Committee determined that the procedures for the Transaction are fair from the viewpoint of promoting the interests of the minority shareholders of the Company.
- The Company Board of Directors has established a Special Committee independent from the Company and the Related Parties of the Tender Offeror, and a system has been established to enable the Special Committee to be substantially involved in negotiations with the Related Parties of the Tender Offeror.

- The Special Committee shall have obtained a Share Valuation Report and a Fairness Opinion from Yamada Consulting, the Special Committee’s own financial advisor and third-party appraiser.
 - The Company has received legal advice from Mori Hamada & Matsumoto, an independent legal advisor of the Company.
 - The Company obtained the Share Valuation Report from Mizuho Securities, the independent financial advisor and third-party valuation institution of the Company;
 - With respect to the Transaction, an environment has been secured in which other potential acquirers can make counterproposals after the announcement where the so-called indirect market checks are conducted, and the fairness of the procedures will not be impaired by the absence of active market checks in the Transaction.
 - The non-establishment of a majority of minority condition may make the consummation of the Tender Offer unstable and may not benefit minority shareholders who wish to tender in the Tender Offer. In addition, it is recognized that sufficient measures to ensure fairness have been taken in the Transaction.
 - In connection with the Transaction, the Special Committee will endeavor to collect information from the Related Parties to the Tender Offeror, make adequate disclosure thereof, and secure opportunities for minority shareholders to make appropriate judgments based on sufficient information.
 - It will implement the Tender Offer as soon as possible if the Tender Offer is successful, and it is clarified that upon implementing the Tender Offer, the amount of money to be delivered to the shareholders of the Company will be calculated to be the same as the price obtained by multiplying the Tender Offer Price by the number of the Company Shares owned by each such shareholder, in order to avoid the occurrence of any coercive force;
 - There is no fact which causes presumption that the Company was unduly influenced by the Related Parties to the Tender Offeror in the course of discussions, examinations and negotiations pertaining to the Transaction.
- iv. Considering the matters set forth in (i) through (iii) above, the Special Committee recommends to the Board of Directors of the Company based on the conditions as of the date of the preparation of the Findings Report that if the Tender Offer is commenced, it should implement the Transaction, including expressing its approval for the Tender Offer, and the Special Committee believes that it would not be disadvantageous to the minority shareholders of the Company for the Company (including the board of directors of the Company) to make a decision regarding the implementation of the Transaction.

(iii) Background to Considerations and Content of Decision After Submission of the Findings Report

The Board of Directors of the Company resolved on September 7, 2021 that (i) when the Tender Offer commences, the Company will ask the Special Committee established by the Company to consider whether there are any changes to the findings reported to the Board of Directors of the Company by the Special Committee on September 7, 2021, and to inform the Board of Directors of the Company to that effect if there are no changes or to report the revised findings if there are any changes, and that (ii) at the time the Tender Offer commences, the Board of Directors will express the opinion on the Tender Offer again by taking into account such findings.

In response to the resolution of the Board of Directors, the Special Committee received reports and information sharing from the Company after September 7, 2021 through e-mails and verbal communications regarding the status and progress of the procedures for Permissions, the status of the market share price, and the status of inquiries from shareholders (including whether there is any competing takeover offer), and confirmed the response policy. Further, a total of six meetings of the Special Committee were held after September 7, 2021 and those matters were shared with the Special Committee, and the Special Committee carefully considered whether there are circumstances that should cause a change to the contents of the above findings report as of September 7, 2021.

Specifically, the Special Committee first considered the opinion of some shareholders of the Company that (i) the assumptions underlying the calculation of the value of the Company Shares (in particular, the establishment of free cash flow) should be disclosed in greater detail, (ii) a more proactive search (market check) for potential acquirers to replace Goldman Sachs should be conducted in connection with the Transaction, and (iii) a majority of minority condition should be set upon the execution of the Transaction.

With regard to (i) above, the Special Committee determined that it would be appropriate to provide a more detailed explanation of matters such as the free cash flow, which is the assumption underlying the calculation of the value of the Company Shares by each third-party valuation institution, and gave an instruction to the Company on the policy for specific disclosure. For the contents of the specific disclosure for which that instruction was given, please refer to Notes 11 through Notes 13 in “(II) Share Valuation Report Obtained by the Company from Independent Financial Advisor and Third-Party Valuation Institution” and Notes 15 through Notes 17 in “(IV) Matters Concerning Valuation Share Valuation Report Obtained by the Company from Independent Financial Advisor and Third-Party Valuation Organization” below.

With respect to (ii) above, on October 25, 2021, the Special Committee reconfirmed to ENEOS the status of the consideration of potential acquirers other than Goldman Sachs. In response, ENEOS stated that while it would be desirable from the perspective of the stability of the Company’s management for ENEOS to continue to be the parent company of the Company for the time being, given the public nature of the Company’s business and other factors, the overlap between the business domains of ENEOS and the Company is limited, and it would be difficult for ENEOS to realize the enhancement of the corporate value of the Company on its own. ENEOS also explained that, although, proposals were informally made by several securities companies and others to make the Company a wholly-owned subsidiary or to acquire a majority of the voting rights of the Company, all of those proposals were based on the premise that ENEOS would immediately cease to be the parent company of the Company and they did not simultaneously satisfy the interests of ENEOS and the enhancement of the corporate value of the Company. Based on that explanation, the Special Committee assessed that it is reasonable for ENEOS to determine that the Transaction, which will be conducted by ENEOS jointly with Goldman Sachs, will ensure the sustainable growth of both ENEOS and the Company, and will contribute to avoiding the possibility of any conflict of interest associated with a parent-subsidary listing, planning growth strategies, and increasing the flexibility and speed of decision-making by the management team. In addition, the Special Committee has determined that a market check has been conducted to a certain degree even in the presence of the intentions of ENEOS, the controlling shareholder, because no competing takeover offer has been made to the Company by any other potential

acquirer since the commencement notice was announced on September 7, 2021 until November 11, 2021.

With regard to (iii) above, on October 25, 2021, the Special Committee again asked the Tender Offeror whether it intends to set a majority of minority condition. In response, the Tender Offeror stated again that it believes that a majority of minority condition might make the successful completion of the Tender Offer unstable and might not serve the interests of the minority shareholders who intend to tender their shares in the Tender Offer. In that regard, the Special Committee assessed that while a majority of minority condition could contribute to ensuring fairness, in the Transaction, an announcement was made at the stage where the Tender Offer was scheduled to commence, and the period from the announcement to the completion of the Tender Offer is long and the risk of disruption of the transaction by the acquisition of a small portion of the Shares of the Company Shares is higher than in past cases of tender offers by controlling shareholders. Further, given that a fairness opinion regarding the Transaction was obtained from Yamada Consulting, which was independently selected by the Special Committee as a third-party valuation institution, and that the Special Committee negotiated the Tender Offer Price and other conditions in good faith from an independent position, the Special Committee determined that the fairness of the terms and conditions of the transaction as a whole was ensured even if a majority of minority condition was not set.

In addition to the above, the Special Committee also carefully considered the fact that the market share price of the Company is higher than the tender offer price following the announcement of the Transaction on September 7, 2021 (especially after the announcement of opinions, etc. on the Transaction by some shareholders in late September 2021). On October 25, 2021, the Special Committee asked the Tender Offeror whether it expects to conduct the Tender Offer under such circumstances where the market price remains higher than the Tender Offer Price, and whether the Tender Offeror intends to change the Tender Offer Price. In response, the Tender Offeror stated that the Tender Offer Price represents a sufficient premium on the market price of the Company's shares, which was at its highest level since its listing prior to the announcement of the Transaction on September 7, 2021, and that the Tender Offeror does not plan to change the Tender Offer Price because it believes that the Tender Offer will provide a reasonable and attractive opportunity for the minority shareholders of the Company to sell their shares, and it assumes that the Tender Offer will attract sufficient tendered shares in light of the Company's shareholder composition.

In this regard, in addition to the reasons the Special Committee determined that the terms and conditions of the Transaction, including the Tender Offer Price, were appropriate from the perspective of the interests of the Company's minority shareholders in the Findings Report dated September 7, 2021 mentioned above, the Special Committee also determined that the Tender Offer with a tender offer price of 4,000 yen per share will provide the Company's minority shareholders with an opportunity to sell the Company Shares at a price with an appropriate premium in light of the fact that, among other factors, the market price of the Company Shares after the announcement of the Transaction has been formed under the influence of various speculations on the Transaction such as the expectation for a counteroffer, which has not actually been made at the present, in anticipation of the existence of the Transaction and the Tender Offer provides all of the minority shareholders with an opportunity to sell their shares outside the market at the same price regardless of the share price or trading volume on the market.

After considering the above additional questions, the Special Committee confirmed that it is not necessary to change the findings in the Findings Report, even after taking into consideration the events, etc. that have occurred during the period from September 7, 2021 to November 11, 2021, and the Special Committee submitted the Additional Report to the Board of Directors on November 11, 2021 stating that there is no change to the opinion in the Findings Report. However, given that the market price of the Company Shares was higher than the Tender Offer Price even at the time of the submission of the Additional Report, the Special Committee expressed a supplementary opinion to the Board of Directors of the Company that when the Board of Directors of the Company resolves to recommend that the shareholders of the Company tender their shares in the Tender Offer and makes an announcement to that effect, the Company should appropriately alert the shareholders of the Company to that point.

(II) Share Valuation Report and Fairness Opinion Obtained by Special Committee from Independent Financial Advisor and Third-Party Valuation Organization

(i) Name of Valuation Organization and Relationship with the Company and the Related Parties of the Tender Offeror

In considering the Consulted Matters, in order to ensure the fairness of the terms and conditions of the Transaction, including the Tender Offer Price, the Special Committee requested that Yamada Consulting, an independent financial advisor and third-party appraiser independent of the Company and the Tender Offeror, calculate the value of the Company Shares and conduct accompanying financial analysis, and express an opinion on the fairness of the Tender Offer Price from a financial perspective (fairness opinion), and obtained the Share Valuation Report (Yamada Consulting) and the Fairness Opinion (Yamada Consulting) as of September 6, 2021.

When the Board of Directors received the Report from the Special Committee on September 6, 2021, it also received the Share Valuation Report (Yamada Consulting) and the Fairness Opinion (Yamada Consulting). Taking also into consideration the contents of those reports, the Board of Directors passed a resolution as described in "(VI) Approval of All Directors Disinterested in the Company and Opinion of No Objection of Auditors Disinterested in the Company" below.

Yamada Consulting does not fall under the category of a related party of the Company or Related Parties to the Tender Offeror, and does not have any material interest in the Transactions including the Tender Offer. As described in "(I) Establishment of an Independent Special Committee by the Company" above, the Special Committee decided to appoint Yamada Consulting as its independent financial advisor and third-party appraiser after considering the independence and expertise and performance of several candidates for financial advisor and third-party appraiser. Yamada Consulting's remuneration for this transaction is only the fixed remuneration to be paid regardless of the success or failure of the transaction, and does not include the success remuneration to be paid on the condition that the transaction, including the Tender Offer, is completed.

(ii) Outline of Computation of the Shares

In the Tender Offer, after considering the calculation method to be adopted for the calculation of the share value of the Company Shares from among multiple calculation methods, based on the determination that it is appropriate to evaluate the value of the Shares from multiple dimensions, and under the premise that the Company is a going concern, Yamada Consulting decided to use the market price method because the Company Shares are listed on the First Section of the Tokyo Stock Exchange and the Sapporo Securities Exchange Financial Instruments Incorporated Association (the "Sapporo Securities Exchange"), and

the market price of the Company Shares exists. Yamada Consultants also used the comparable company method because there are several similar listed companies that can be compared with the Company and it is possible to infer the share value by comparing similar companies, as well as the DCF method to reflect the future business activities of the Company.

The share value per share of the Company's stock calculated based on the above methods in this share valuation report (Yamada Consulting) is as follows.

Market price method: 3,055 yen to 3,515 yen

Comparable company method: 1,969 yen to 2,402 yen

DCF method: 3,319 yen to 4,685 yen

Under the market price method, the range of per-share value of the Company Shares was calculated to be 3,055 yen to 3,515 yen based on the closing price of the Company Shares on the First Section of the Tokyo Stock Exchange on the record date of September 6, 2021 (3,515 yen), the simple average of the closing price for the most recent one month (3,128 yen), the simple average of the closing price for the most recent three months (3,122 yen), and the simple average of the closing price for the most recent six months (3,055 yen). Under the comparable company method, Nippon Road Co., Ltd., Toa Road Corporation, and Seikitokyo Kogyo Co., Ltd. were selected as listed companies engaged in businesses similar to those of the Company, and the range of per-share value of the Company Shares was calculated to be between 1,969 yen and 2,402 yen, based on comparisons with market share prices and financial indicators of profitability. The DCF method calculates the corporate value and share value of the Company by discounting the present value of the Company's free cash flow at a certain discount rate based on the free cash flow that the Company is expected to generate from the second quarter of the fiscal year ending March 2022 onwards, assuming various factors such as the earnings forecast and investment plan based on the Business Plan and publicly available information. The range of the per-share value of the Company Shares is calculated to be between 3,319 yen and 4,685 yen. The discount rate used was 5.40% to 6.40%. In calculating the going value, the perpetual growth rate method was used, and the per share value of the Company's stock was calculated using the growth rate of -0.50% to 0.50%.

The financial forecasts assumed by Yamada Consulting in its DCF analysis are as follows, and there are no fiscal years in which a significant increase or decrease in profit is expected. In addition, the synergy effects expected to be realized through the execution of the Transaction have not been factored into the following financial forecasts, as it is difficult to make specific estimates as of September 7, 2021. This financial forecast is based on the Business Plan, and Yamada Consulting has analyzed and reviewed its contents through multiple question-and-answer sessions with the Company, and as described in "(I) Establishment of an Independent Special Committee by the Company" above, the Special Committee has confirmed the reasonableness of the contents and the process of its preparation.

(Unit: million yen)

	Fiscal year ending March 31, 2022 (9 months)	Fiscal year ending March 31, 2023	Fiscal year ending March 31, 2024
Net sales	376,042	470,000	480,000
Operating income	37,848	43,500	45,000
EBITDA	45,495	54,589	55,924
Free cash flow	-49,730	27,356	19,100

(Note 11) The above free cash flow as defined by Yamada Consulting is adjusted as follows with respect to the free cash flow shown in the New Three-Year Management Plan (21 Three-Year Plan: FY 2021–2023) (the "Medium-Term Management Plan") published by the Company on May 11, 2021 with respect to the Business Plan in accordance with general share valuation practices. (i) The free cash flow as defined by Yamada Consulting differs from the free cash flow shown in the Medium-Term Management Plan in that it does not include cash and deposits that the Company has secured as internal reserves. (ii) The free cash flow shown in the Medium-Term Management Plan uses net income as a profit item, but the free cash flow defined by Yamada Consulting uses as a profit item after-tax operating income adjusted for income and expenses that occur regularly in operating income (regular non-operating income and expenses, etc.) and adjusted by deducting tax. (iii) The free cash flow shown in the Medium-Term Management Plan excludes from the free cash flow only 26 billion yen related to payment changes in accordance with the Ministry of Land, Infrastructure, Transport and Tourism's December 2016 notice "Appropriate Subcontracts and Payment of Subcontract Proceeds," but the free cash flow defined by Yamada Consulting also takes into account other items that might affect the Company's operating capital in future periods.

Further, the figures in the free cash flow for the period ending March 2022 (nine months) are negative, but that is because, due to the nature of the business, the Company's free cash flow tends to be significantly positive in the first quarter of each year and negative in the remaining three quarters, so those figures tend to be low compared to cases where the first quarter is included. Yamada Consulting calculated the value of the Company Shares by taking into account the actual free cash flow in the first quarter of the fiscal year ending March 2022.

(Note 12) To avoid the impact of temporary factors during the planning period in the calculation of the going concern value after the above-mentioned planning period, Yamada Consulting adjusted the free cash flow by adopting (i) the steady-state amount of capital investment excluding temporary capital expenditures for capital investments in the final fiscal year of the planning period and (ii) the same amount as the steady-state amount of capital investment (i.e., the same amount as (i)) for depreciation and amortization based on the assumption that the Company will continue to exist permanently in the future.

(Note 13) In the calculation by Yamada Consulting, with respect to assets such as real estate that is leased, etc. (excluding some unused real estate) and cross-held shares that are held by the Company or its subsidiaries, the value of those assets, each of which are business assets, is reflected in the valuation of the Company Shares in light of the cash flow that is expected to arise from the utilization of those assets.

(iii) Summary of this Fairness Opinion (Yamada Consulting)

As of September 6, 2021, the Special Committee received a Fairness Opinion from Yamada Consulting to the effect that the

Tender Offer Price of 4,000 yen per share is fair from a financial point of view to the shareholders of the Company (excluding the Tender Offeror and ENEOS). The Tender Offer Price of 4,000 yen per share is fair to the shareholders of the Company (excluding the Tender Offeror and ENEOS) from a financial point of view (Note 14). The Fairness Opinion expresses the opinion that the Tender Offer Price of 4,000 yen per share is fair to the shareholders of the Company from a financial point of view, in light of the results of the valuation of the Company Shares based on the Business Plan and other factors. In addition to the results of the calculation of the value of the Company Shares, which was conducted by Yamada Consulting based on the Company's disclosure of the current status of the Group's business, business prospects, and other information, as well as explanations of such information, the Fairness Opinion was issued after a question-and-answer session with the Special Committee, a review of the Group's business environment, economic, market, and financial conditions, and other matters to the extent deemed necessary by Yamada Consulting, as well as verification of the Fairness Opinion by a team independent of the engagement team at Yamada Consulting.

(Note 14) In preparing and submitting this Fairness Opinion and calculating the share value on which it is based, Yamada Consulting has relied on information that is already publicly available or that has been provided and obtained by the Company on the assumption that it is accurate and complete and that there are no facts undisclosed to Yamada Consulting that could have a material impact on the analysis and calculation of the share value of the Company Shares. Yamada Consulting has not made an independent research or verification, and has no obligation to do so.

Yamada Consulting has not conducted any independent evaluation or appraisal of the assets and liabilities of the Company (including off-balance-sheet assets and liabilities and other contingent liabilities), including analysis and valuation of individual assets and liabilities, nor has it evaluated the Company's creditworthiness under applicable laws and regulations regarding bankruptcy, suspension of payments or similar matters. In addition, Yamada Consulting has not received any valuation or appraisal reports regarding these items.

The Business Plan and other materials used by Yamada Consulting as the basis for this Fairness Opinion are assumed to have been reasonably prepared by the Company's management based on their best estimates and judgment as of the date of preparation. Yamada Consulting does not guarantee the feasibility of these forecasts and does not express any view on the analyses or forecasts that formed the basis of these forecasts or the assumptions on which they were based.

The Fairness Opinion is based on the financial and capital markets, economic conditions and other circumstances as of the date of its preparation, and on information available to Yamada Consulting by the date of its preparation, and is an opinion as of the date of its preparation as to whether or not the Tender Offer Price is fair to the shareholders of the Company (excluding the Tender Offeror and ENEOS) from a financial point of view. The content of this Fairness Opinion may be affected by subsequent changes in circumstances, but Yamada Consulting is under no obligation to revise, change or supplement the content of this Fairness Opinion even in such cases. This Fairness Opinion does not infer or imply any opinion with respect to any matter other than as expressly set forth herein or with respect to any matter subsequent to the date of filing of this Fairness Opinion.

This Fairness Opinion only expresses the opinion that the Tender Offer Price is fair and not disadvantageous from a financial point of view to the shareholders of the Company (excluding the Tender Offeror and ENEOS). This Fairness Opinion does not express any opinion or make any recommendation as to whether or not the Tender Offer should be implemented, or as to whether or not to accept the Tender Offer or take any other action in relation to the Tender Offer, and does not express any opinion to the holders of the securities issued by the Company, creditors or other related parties. The Tender Offeror does not express any opinion to the holders of securities issued by the Company, creditors or other related parties.

(III) Advice Received from Independent Legal Advisor of Company

As set out in "(I) Establishment of an Independent Special Committee by the Company" above, the Company appointed Mori Hamada & Matsumoto as its legal advisor independent from the Related Party of the Tender Offeror, and the Company received legal advice including advice with respect to the measures to be taken to ensure the fairness of procedures taken in the Transactions, various steps to be taken for the Transactions, and the method for decision-making by the Company for the Transactions and the process, etc. thereof.

Please note that Mori Hamada & Matsumoto is not a related party of the Company or Related Party to the Tender Offeror and does not have any material interest to be noted in the Transactions including the Tender Offer.

(IV) Share Valuation Report Obtained from Independent Financial Advisor and Third-Party Valuation Organization of Company

(i) Name of Valuation Organization and Relationship with the Company and the Related Parties of the Tender Offeror

In making consideration, negotiation and determination of the appropriateness of the terms and conditions of the Transaction including the Tender Offer, the Company asked Mizuho Securities, a financial advisor and third-party valuation organization, which is independent from the Company and the Related Parties of the Tender Offeror to compute the value of the Shares and to conduct financial analyses pertaining thereto, in order to ensure the fairness of such terms and conditions, and obtained the Share Valuation Report (Mizuho Securities) as of September 6, 2021.

Mizuho Securities is not a related party of the Company or a Related Party to the Tender Offeror. Please note that Mizuho Bank, a group company of Mizuho Securities, was scheduled to extend loans for purchase fund to the Tender Offeror. According to Mizuho Securities, it has established and taken proper measures including information barrier between Mizuho Securities and Mizuho Bank in accordance with applicable laws and regulations including Article 36, Paragraph 2 of the Financial Instruments and Exchange Act and Article 70-4 of the Cabinet Office Order on Financial Instruments Business, etc., and computes the share value of the Company in a position independent from the lender of Mizuho Bank. The Special Committee has judged that there is no special problems in asking Mizuho Securities to compute the value of the Shares because sufficient independence of Mizuho Securities for conducting its duties as a financial advisor and third-party valuation organization is ensured in light of its performance as a valuation organization as well as the fact that appropriate preventative measures against adverse effects have

been taken between Mizuho Securities and Mizuho Bank. Based on such judgment, the Company has determined to continue appointing Mizuho Security as the Company's financial advisor and third-party valuation organization even after it is determined that Mizuho Bank will extend loans for purchase fund to the Tender Offeror. The remuneration payable to Mizuho Securities for the Transactions does not include any incentive fee to be paid conditional upon the closing, etc. of the Transactions, including the Tender Offer. Please note that the Company has not obtained an opinion as to the fairness of the Tender Offer Price (fairness opinion) from Mizuho Securities.

(ii) Outline of Computation of the Shares

After reviewing the calculation method to be adopted from among the multiple share value calculation methods, based on the determination that it is appropriate to evaluate the value of the Shares from multiple dimensions, and considering the Company's financial conditions and the trend of the market price of the shares, Mizuho Securities computed the value of the Shares by adopting each of the market stock price method because the Shares are listed on the First Section of the Tokyo Stock Exchange and Sapporo Securities Exchange and market stock prices are available, the comparable company analysis method because there are several listed companies that engage in the business which is relatively similar to the Company's business and it is possible to infer the value of shares through comparison with comparable companies, and the DCF method to reflect the Company's future business activities in the computation. The range of the per-share value of the Shares computed based on each of said methods is as follows:

Market price standard method: 3,055 yen to 3,515 yen

Comparable company method: 2,219 yen to 2,856 yen

DCF method: 3,402 yen to 4,466 yen

With the average market price analysis, and with September 6, 2021, which is the business day immediately preceding the date of announcement of the Tender Offer, as the record date, based on the closing price of the Company Shares on the First Section of the Tokyo Stock Exchange (3,515 yen), the simple average closing price for the most recent month until that date (from August 10, 2021 to September 6, 2021) (3,128 yen), the simple average closing price for the most recent three months until that date (from June 7, 2021 to September 6, 2021) (3,122 yen), and the simple average closing price for the most recent six months until that date (from March 8, 2021 to September 6, 2021) (3,055 yen), the range of the per-share value of the Company Shares was calculated to be from 3,055 yen to 3,515 yen.

Under the comparable company method, the Company selected Nippon Road Co., Ltd., Seikitokyu Kogyo Co., Ltd., and Toa Road Corporation as listed companies engaged in relatively similar businesses to the Company, and then calculated the share value of the Company Shares using the multiple of net income to share value and the multiple of net assets to share value to be in a range of share value per share of the Company Shares from 2,219 yen to 2,856 yen.

Under the DCF method, the Company's corporate value and share value are calculated by discounting the future free cash flow by a certain discount rate to its present value, based on various factors such as the financial forecasts and investment plans in the Business Plan and publicly available information. The range of share value per share of the Company's stock is calculated to be between 3,402 yen and 4,466 yen. The discount rate used is 5.61% to 6.61%. In calculating the going concern value, the perpetual growth rate method is used, and the perpetual growth rate is set at -0.50% to 0.50%.

The specific figures of the Company's financial forecast (consolidated), which Mizuho Securities used as a premise for the calculation in the DCF method, are as follows. The financial forecast does not include fiscal years in which a significant increase or decrease in profit is expected compared to the previous fiscal year. With regard to the said financial forecast, the Company and the special committee have held a question and answer session and the special committee has confirmed the reasonableness of the contents and assumptions. Such financial projections do not assume the execution of the Transaction.

(Unit: million yen)

	Fiscal year ending March 31, 2022 (9 months)	Fiscal year ending March 31, 2023	Fiscal year ending March 31, 2024
Net sales	376,042	470,000	480,000
Operating income	37,848	43,500	45,000
EBITDA	44,658	54,526	56,023
Free cash flow	-35,891	22,725	19,491

(Note 15) The above free cash flow as defined by Mizuho Securities is adjusted as follows with respect to the free cash flow shown in the Medium-Term Management Plan in accordance with general share valuation practices. (i) The free cash flow as defined by Mizuho Securities differs from the free cash flow shown in the Medium-Term Management Plan in that it does not include cash and deposits that the Company has secured as internal reserves. (ii) The free cash flow shown in the Medium-Term Management Plan uses net income as a profit item, but the free cash flow defined by Mizuho Securities uses as a profit item after-tax operating income adjusted for income and expenses that occur regularly in operating income (regular non-operating income and expenses, etc.) and adjusted by deducting tax. (iii) The free cash flow shown in the Medium-Term Management Plan excludes from the free cash flow only 26 billion yen related to payment changes in accordance with the Ministry of Land, Infrastructure, Transport and Tourism's December 2016 notice "Appropriate Subcontracts and Payment of Subcontract Proceeds," but the free cash flow defined by Mizuho Securities also takes into account other items that might affect the Company's operating capital in future periods.

Further, the figures in the free cash flow for the period ending March 2022 (nine months) are negative, but that is because, due to the nature of the business, the Company's free cash flow tends to be significantly positive in the first quarter of each year and negative in the remaining three quarters, so those figures tend to be low compared to cases where the first quarter is included. Mizuho Securities calculated the value of the Company Shares by taking into account the actual free cash flow in the first quarter of the fiscal year ending March 2022.

(Note 16) To avoid the impact of temporary factors during the planning period in the calculation of the going concern value after the above-mentioned planning period, Mizuho Securities adjusted the free cash flow by adopting (i) the steady-

state amount of capital investment excluding temporary capital expenditures for capital investments in the final fiscal year of the planning period and (ii) the same amount as the steady-state amount of capital investment (i.e., the same amount as (i)) for depreciation and amortization based on the assumption that the Company will continue to exist permanently in the future.

(Note 17) In the calculation by Mizuho Securities, with respect to assets such as real estate that is leased, etc. (excluding some unused real estate) and cross-held shares that are held by the Company or its subsidiaries, the value of those assets, each of which are business assets, is reflected in the valuation of the Company Shares in light of the cash flow that is expected to arise from the utilization of those assets.

In calculating the share value of the Company Shares, Mizuho Securities has, in principle, used the information provided by the Company and publicly available information as is, assumed that all such information is accurate and complete, and has not independently verified the accuracy and completeness of such information. In addition, with respect to the financial forecasts and other future information (including forecasts of future revenues and expenses, forecasts of cost savings, and business plans) of the Company and its affiliates, Mizuho Securities has assumed that such information has been reasonably prepared or created by the management of the Company based on the best and most sincere forecasts and judgments available as of September 7, 2021, and has not independently verified the feasibility of such information. With respect to the assets and liabilities (including derivative financial instruments, off-balance-sheet assets and liabilities, and other contingent liabilities) and allowances of the Company and its affiliates, Mizuho Securities has not conducted any independent evaluation, appraisal, or assessment, including analysis and valuation of individual assets and liabilities, nor has it requested any third-party institution to conduct such evaluation, appraisal, or assessment. Mizuho Securities' calculations reflect the information and economic conditions available to Mizuho Securities as of September 6, 2021. The sole purpose of the calculation by Mizuho Securities is to contribute to the reference for the Board of Directors of the Company to consider the Tender Offer Price.

(V) Establishment of an independent review system at Company

As described in “(4) Decision-making Process and Reasons of the Company” under “1. Reasons for the share consolidation” above, the Company has established a system within the Company to examine, negotiate, and make decisions regarding the Transaction from the perspective of enhancing the Company's corporate value and securing the interests of the Company's minority shareholders, independent from the Related Party of the Tender Offeror. Specifically, since the end of June 2021, the Company has decided not to engage in discussions and negotiations concerning the terms and conditions of the Transaction between the Company and Related Parties of the Tender Offeror, including, but not limited to, officers and employees of the Company who currently serve or who served concurrently as officers and employees of ENEOS or GSSPC, to eliminate the possibility of being affected by structural conflicts of interest, and it has continued such measures until the date of this Press Release. In addition, the fact that there is no problem from the perspective of independence, etc. with respect to the examination system for the Transaction established within the Company has been approved by the Special Committee.

(VI) Approval of All Directors Disinterested in the Company and Opinion of No Objection of Auditors Disinterested in the Company

The Board of Directors of the Company carefully discussed and considered whether the Transactions, including the Tender Offer, would contribute to the increase of corporate value of the Company, and whether the terms and conditions of the Transactions, including the Tender Offer Price, are reasonable, based on the legal advice received from Mori Hamada & Matsumoto and the advice from a financial standpoint and the content of the Share Valuation Report (Mizuho Securities) received from Mizuho Securities, and the Share Valuation Report (Yamada Consulting) and the Fairness Opinion (Yamada Consulting) obtained through the Special Committee, and with maximum respect for the contents of the determinations by the Special Committee stated in the Findings Report, as described in “(4) Decision-making Process and Reasons of the Company” under “1. Reason for the share consolidation” above.

As a result, at the meeting of the Board of Directors of the Company held on September 7, 2021, the Company determined that (i) the Transaction, including the Tender Offer, will contribute to the enhancement of the corporate value of the Company, and (ii) the terms and conditions of the Transaction, including the Tender Offer Price, are reasonable and secure the benefits to be enjoyed by the minority shareholders of the Company, and that the Tender Offer will provide the minority shareholders of the Company with a reasonable opportunity to sell their the Company Shares at an appropriate price of premium. At the meeting of the Board of Directors of the Company held on September 7, 2021, all of the directors of the Company who participated in the deliberations and resolutions unanimously expressed their opinion that if the Tender Offer is commenced, in the opinion of the Company on that date, and that they support the Tender Offer and recommended the shareholders of the Company that they tender in the Tender Offer.

Following that, the Board of Directors of the Company again exhaustively discussed and carefully reviewed the terms and conditions of the Tender Offer again, while respecting the contents of the Additional Report submitted by the Special Committee to the maximum extent possible. As a result, on November 11, 2021, the Company determined that the Tender Offer Price of 4,000 yen per share continues to be an appropriate price that ensures the benefit that should be received by the Company's minority shareholders, and that the Tender Offer will provide the Company's minority shareholders with a reasonable opportunity to sell the Company Shares at a price with an appropriate premium (for the reasons for that determination, please refer to “(4) Decision-making Process and Reasons of the Company” in “1. Reason for the share consolidation” above), and the Board of Directors of the Company resolved to express an opinion in support of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer.

Because, despite the completion of the Tender Offer as described in “(4) Decision-making Process and Reasons of the Company” under “1. Reasons for the share consolidation” above, the Tender Offeror failed to acquire all of the Company Shares (excluding treasury shares owned by the Company and the Company Shares owned by ENEOS), at the request of the Tender Offeror, the Company resolved to submit for deliberation the Share Consolidation for the purpose of taking the Company Shares private subject to the approval of the shareholders at the extraordinary shareholders' meeting.

At each meeting of the Board of Directors of the Company described above, Mr. Satoshi Arishige, one of the directors of the Company, and Mr. Toru Tsuiki, one of the auditors of the Company, did not participate in the deliberation and resolution of related items from the viewpoint of eliminating the possibility that the deliberation and resolution of the Board of Directors would be affected by structural conflict of interest issues and information asymmetry issues in the Transaction, because they had held positions as employees and directors of ENEOS and its subsidiaries in the past. Each of the above resolutions of the Board of Directors was deliberated by all of the Directors, except for Mr. Satoshi Arishige, and unanimously adopted. All of the Auditors, except for Mr. Toru Tsuiki, expressed their opinion that they have no objection.

Mr. Satoshi Arishige, one of the directors of the Company, did not participate in the deliberation and resolution of related items of the Transaction including each of the above meetings of the Board of Directors of this Press Release from the viewpoint of eliminating the possibility that the it would be affected by structural conflict of interest issues and information asymmetry issues in the Transaction, and did not participate in the deliberations and negotiations with the Related Parties of the Tender Offeror concerning the Transaction in his capacity as the Company.

Mr. Toru Tsuiki, one of the auditors of the Company, did not participate in either of the above deliberations of the Board of Directors on the Transaction above from the viewpoint of eliminating the possibility that the it would be affected by structural conflict of interest issues and information asymmetry issues in the Transaction, and refrained from expressing his opinion on the resolution of each of the above Board of Directors meetings.

(VII) No Deal Protection Clause

The Company and Related Parties of the Tender Offeror have not entered into any agreement that limits opportunities for the Company to have contact with a competing offeror, such as an agreement that includes deal protection provisions that prohibit the Company from having contact with a competing offeror, and not precluded opportunities of competing purchases; thus, they have given consideration to ensuring the fairness of the Tender Offer.

Further, the Company and the Tender Offeror believe that the opportunity for a competing offer for the Company Shares by a person other than the Tender Offeror has already been sufficiently provided considering that the Tender Offer was announced by the Tender Offeror in the Announcement of Opinion Regarding Planned Commencement of Tender Offer for the Company's Shares by Roadmap Holdings GK dated September 7, 2021 and that as of November 11, 2021, more than two months have passed since that announcement.

(VIII) Measures to Ensure Opportunities for Company's Shareholders to Appropriately Determine Whether or Not to Tender in Tender Offer

As set out in "(5) Post-Tender Offer Reorganization Policy (Matters Regarding a So-called Two-Step Acquisition)" under "3. Contents, Basis of and Reason for Opinions on the Tender Offer" in the Opinion Press Release, after consummation of the Tender Offer, Tender Offeror has announced that it is planning to request the Company to promptly hold a special shareholders' meeting for Share Consolidation and the amendment to the articles of incorporation to abolish the provisions as to share unit number conditional after Share Consolidation comes into effect and made it clear that the cash amount to be delivered to the Company's shareholders in the case of a demand for sale of shares or the Share Consolidation would be calculated so as to be equal to the Tender Offer Price multiplied by the number of the Shares held by each of such, and thus, this has given consideration to ensuring that the Company's shareholders had the opportunity to appropriately determine whether or not to tender in the Tender Offer and had not be coerced.

In addition, the Tender Offeror has set a Tender Offer Period of 30 business days, though the statutory minimum period for a tender offer is 20 business days. The Tender Offeror secured a period for shareholders of the Company to consider the appropriateness of the Transaction and reasonableness of the Tender Offer Price as well as make a proper decision on whether or not to tender in the Tender Offer, by setting a relatively long Tender Offer Period. In addition, as stated above, the Tender Offeror believes that the period of consideration for the Company's shareholders can be evaluated to have been longer than usual, considering that more than two months have already passed since the announcement of the Tender Offer on September 7, 2021 as of November 11, 2021, which is the announcement date of the commencement of the Tender Offer.

4. Disposition of material assets, assumption of significant obligations or any other matter materially affecting the status of company assets that has occurred after the last day of the latest fiscal year of the Company

(I) Tender Offer

As described in "1. Reasons for the share consolidation" above, the Tender Offeror implemented the Tender Offer for the period from November 12, 2021 to December 24, 2021, and, as a result, the Tender Offeror owns 42,709,735 shares of the Company Shares (ownership ratio: 35.86%) as of January 4, 2022 (the commencement date of the settlement of the Tender Offer).

(II) No Distribution of Year-end Dividend

As announced on September 7, 2021 in the "Notice Regarding Revision of the Dividend Forecast for the Fiscal Year Ending March 31, 2022 (No Dividend)," the Company resolved at the meeting of the Board of Directors of the Company held on September 7, 2021 not to distribute the year-end dividend for the fiscal year ending March 31, 2022. For details, please refer to that announcement.

(III) Cancellation of Treasury Shares

The Company resolved at the meeting of the Board of Directors held on January 27, 2022 to cancel 317,960 shares of the Company's treasury shares as of March 30, 2022 (all of the shares owned by the Company as of January 11, 2022). The

cancellation of such treasury shares is subject to the proposal of the Share Consolidation being approved by the extraordinary shareholders' meeting as proposed, and the total number of issued shares of the Company after the cancellation will be 119,083,876 shares.

Second Proposal: Partial Amendments to the Articles of Incorporation

1. Reason for Proposal

- (1) If the first proposal is approved as proposed, and the Share Consolidation becomes effective, the articles of incorporation will be deemed amended to decrease the total number of shares authorized to be issued by the Company to be 28 shares in accordance with the provisions of Article 182, Paragraph 2 of the Companies Act. To clarify such point, the Company proposes amending Article 6 (Total Number of Shares Authorized to be Issued) of the current articles of incorporation subject to the Share Consolidation becoming effective.
- (2) If the first proposal is approved as proposed, and the Share Consolidation becomes effective, because the total number of issued shares of the Company will be 7 shares, it will not be necessary to specify the number of shares constituting one unit. Therefore, in order to abolish the provisions regarding the number of shares constituting one unit of the Company Shares, which is currently 100 shares per unit, the Company proposes deleting the entire text of Article 8 (Number of Shares Constituting One Unit), Article 9 (Rights in Shares Constituting Less Than One Unit), and Article 10 (Additional Purchase of Shares Constituting Less Than One Unit) of the current articles of incorporation and adjusting the numbering of the Articles in the articles of incorporation according to such amendment, subject to the Share Consolidation becoming effective.

2. Details of Amendment

The details of amendment are as set out below. The amendments to the articles of incorporation relating to this proposal will become effective on March 31, 2022, which is the effective date of the Share Consolidation, on the condition that the first proposal is approved by the extraordinary shareholders’ meeting as proposed and the Share Consolidation becomes effective.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Changes
Articles 1 through 5 (Omitted)	Articles 1 through 5 (Same as the current provisions)
Article 6 (Total Number of Shares Authorized to be Issued) The total number of shares authorized to be issued by the Company is <u>240 million</u> shares.	Article 6 (Total Number of Shares Authorized to be Issued) The total number of shares authorized to be issued by the Company is <u>28</u> shares.
Article 7 (Omitted)	Article 7 (Same as the current provisions)
<u>Article 8 (Number of Shares Constituting One Unit)</u> <u>The number of shares constituting one unit of the Company is 100 shares.</u>	(Deleted)
<u>Article 9 (Rights in Shares Constituting Less Than One Unit)</u> <u>A shareholder who holds shares constituting less than one unit of the Company may only exercise the following rights with respect to its shares constituting less than one unit:</u> <u>(1) Rights listed in each item of Article 186, Paragraph 2 of the Companies Act;</u> <u>(2) Right to make a demand as set forth in Article 166, Paragraph 1 of the Companies Act;</u> <u>(3) Right to receive an allotment of the shares for subscription, or an allotment of share options for subscription in accordance with the number of shares held by the shareholder; and</u> <u>(4) Right to demand that the Company sell to the shareholder shares constituting less than one unit as set out in the following Article.</u>	(Deleted)
<u>Article 10 (Additional Purchase of Shares Constituting Less Than One Unit)</u> <u>A shareholder who holds shares constituting less than one unit of the Company may, in accordance with the provisions of the share handling regulations, demand that the Company sell a number of shares to such shareholder that, together with the shares constituting less than one unit held by the shareholder, will amount to the number of shares constituting one unit.</u>	(Deleted)
Articles <u>11</u> through <u>40</u> (Omitted)	Articles <u>8</u> through <u>37</u> (Same as the current provisions)

End.