Basic agreement on the integration of road-related business between Nippon Steel Metal Products Co., Ltd. and Kobelco Engineered Construction Materials Co., Ltd.

Nippon Steel Corporation ("Nippon Steel"), its 100% subsidiary Nippon Steel Metal Products Co., Ltd. ("Nippon Steel Metal Products"), Kobe Steel, Ltd. ("Kobe Steel") and its subsidiary Kobelco Engineered Construction Materials Co., Ltd. ("Kobelco Engineered Construction Materials") today reached a basic agreement on (i) the integration of the road-related business (such as guard fencings and soundproof walls) of Nippon Steel Metal Products and all businesses of Kobelco Engineered Construction Materials (the "Integration") and (ii) the initiation of discussions on the specific conditions towards the Integration, which is expected to be concluded on April 1, 2021. The details are as follows:

1. Purpose of the Integration

Nippon Steel Metal Products and Kobelco Engineered Construction Materials have been long engaged in road-related businesses respectively. Both companies have responded to a variety of customer needs and have made certain contributions to the establishment of infrastructure in society.

The environment surrounding road-related business is severe due to the shrinkage of road construction investment caused by the ongoing reduction of public investment. This trend is expected to continue as a result of the shrinking population in Japan and other factors. In the medium- to long-term, the road-related business environment will inevitably become more severe.

In this severe business environment, the four companies have had discussions and reached a basic agreement on the Integration today, under the shared understanding that Nippon Steel Metal Products and Kobelco Engineered Construction Materials need to integrate their business resources and enhance competitiveness in the road-related business, which thus allow them to make further contributions to infrastructures in society.

Based on the basic conditions described in paragraph 2 below, the details of the Integration will be agreed and confirmed in the definitive agreement through discussion among the four companies. The Integration is subject to prior approval by relevant authorities.

2. Basic condition of the Integration

(1) Scope and method of the Integration

In the Integration, road-related business of Nippon Steel Metal Products and all businesses of Kobelco Engineered Construction Materials will be integrated. Nippon Steel Metal Products will be the splitting company and Kobelco Engineered Construction Materials will be the succeeding company in an absorption-type company split. Details are to be stipulated in the definitive agreement.

(2) Date of the Integration April 1, 2021 (planned)
(3) Shareholding ratio after the Integration
The shareholders and shareholding ratio of the integrated company will be as follows:

- Nippon Steel Metal Products: 65%
- Kobe Steel: 35%

The integrated company will be a consolidated subsidiary of Nippon Steel Metal Products and a company, the accounting of which will use the equity method of Kobe Steel.

(4) Company name: Nippon Steel and Kobelco Metal Products Co., Ltd.

(5) Location of Head office: Sotokanda, Chiyoda-ku, Tokyo

3. Strengthening the business foundation and cost competitiveness
Upon the Integration, the business foundation and cost competitiveness of the integrated company will be strengthened through the following measures.

(1) Consolidation and streamlining of sales
Sales personnel as well as technical, development and administration personnel will be streamlined, including the consolidation of sales sites (head office and branches).

(2) Manufacturing optimization
1. The manufacturing sites of guard fences will be consolidated to two sites for the effective operation; one is in Nogi (owned by Nippon Steel Metal Products) in the eastern Japan and the other is in Amagasaki (owned by Kobelco Engineered Construction Material) in the western Japan.

2. Upon consolidation of manufacturing sites in western Japan area to in Amagasaki Factory, the manufacturing facilities at Osaka Works of Nippon Steel Metal Products are scheduled to be closed in two years after the Integration.

4. Description of the parties with an interest in the Integration

<table>
<thead>
<tr>
<th>1) Company name</th>
<th>Nippon Steel Metal Products Co., Ltd.</th>
<th>Kobe Steel Engineered Construction Materials Co., Ltd.</th>
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<tbody>
<tr>
<td>2) Business activities</td>
<td>Manufacturing and sales of light gauge steel sections, square steel tubing, deck plating, guard fencing, soundproof wall products, civil engineering products, foundation piles, disaster prevention products, designed steel sheeting, Beatty products, poles, NITTEX™, etc.</td>
<td>Manufacturing and sales of guard fencing, soundproof wall products, landscaping products, grating, disaster prevention products, structural members, etc.</td>
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<tr>
<td>3) Date of establishment</td>
<td>April 20, 1973</td>
<td>September 1, 1949</td>
</tr>
<tr>
<td>4) Location of Head office</td>
<td>4-14-1 Sotokanda, Chiyoda-ku, Tokyo Japan</td>
<td>46 Marushima-cho, Amagasaki-shi, Hyogo Japan</td>
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<td>5) Representative director</td>
<td>Tomoaki Nakagawa (President &amp; Representative Director)</td>
<td>Kan Kudo (President &amp; Representative Director)</td>
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<td>6) Capital</td>
<td>5,912 million yen</td>
<td>3,501 million yen</td>
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<tr>
<td>7) Major shareholders and its shareholding ratio</td>
<td>Nippon Steel Corporation: 100%</td>
<td>Kobe Steel, Ltd.: 96.8%, Shinsho Corporation: 2.7%</td>
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For inquiries

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