

July 27, 2022

Nippon Steel Corporation
Nippon Steel Pipe Co., Ltd.

Reorganization of Nippon Steel Pipe's Overseas ERW Business for Automotive Applications

Nippon Steel Corporation (“Nippon Steel”) and its wholly owned subsidiary, Nippon Steel Pipe Co., Ltd. (“NSPC”), have agreed today on July 27, to reorganize NSPC’s overseas business of electric resistance welded pipe (“ERW”) for automotive applications (the “Business”). The Business, which has been positioned under NSPC within the Nippon Steel Group, will be transferred to Nippon Steel in order to adapt to today’s changing market environment and strengthen the Business.

1. Background and objective of the transfer

With regard to the environment surrounding the Business, while automobile production levels have slowed due to the COVID-19 pandemic and caused stagnation in the supply chain, we expect to see qualitative composition changes in the market persist, such as the ongoing growth in SUV vehicles and rise of electric vehicles in the future. To ensure that the Business survives and grows amid this environment, we have decided to transfer the Business from NSPC to Nippon Steel, as it is deemed essential for taking advantage of growth opportunities by fully utilizing the expertise and technological and developmental capabilities that Nippon Steel has cultivated to date. This transfer will enable the Business to further integrate its global business strategies, optimize the production system, and pursue a product mix that is suitable for the production assets at each site. At the same time, the transfer will enable NSPC to focus on its domestic business, thereby concentrating management resources and further strengthening cost competitiveness. Overall, this will enable the Nippon Steel Group to optimize the structures of both overseas and domestic business.

2. Method of the transfer

To accomplish the aforementioned objective, NSPC will be split into two companies by way of a company split under the Companies Act: one which will own the shares of NSPC’s overseas subsidiaries that operate the Business, their related contracts, etc., and the other which will operate the domestic business. The former will be a holding company (the “Holding Company”) and will be operated under the direct control of Nippon Steel. The latter (the “New Company”) will succeed to all business of NSPC, except for the shares of the overseas subsidiaries of NSPC’s and their related contracts, etc. Please refer to the notes below for details on the method of the company split. For more information on NSPC’s corporate profile, past financial results, business performance, etc., please visit NSPC’s website at <https://www.nspc.nipponsteel.com>.

The outline of the Holding Company and New Company resulting from the company split will be as follows.

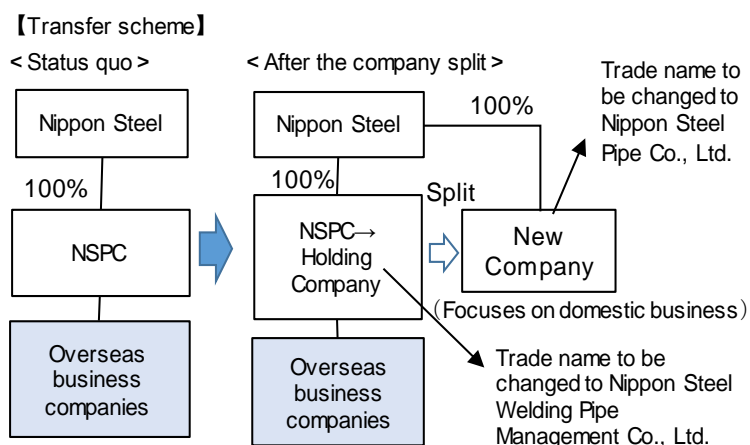
	Holding company	New company	(Reference) NSPC
Shareholder	Nippon Steel 100%	Same as on the left	Same as on the left
Number of Employees	0	765	765
Total asset value	14.4 billion yen	77.6 billion yen	92 billion yen
Main offices	Head Office (in Nippon Steel's Head Office)	Succeed to all the NSPC offices	Head Office, Headquarters Sales Department, Osaka Office, Nagoya Office, Kyushu Office, Kashima Works, Nagoya Works, Amagasaki Works, Wakayama Works, Kyushu Works

As a result of the company split, the domestic production facilities and other assets, contracts, and employees of NSPC will be transferred to the New Company while maintaining the current structure, and the New Company will work with all stakeholders related to NSPC's domestic business as before. Meanwhile, Nippon Steel, which will control the Holding Company, will be fully responsible for working with NSPC's stakeholders related to the Business.

(Notes)

(1) Method of the company split

A preparatory company will be established as Nippon Steel's wholly owned subsidiary, in turn conducting an absorption-type company split where NSPC will be split and the preparatory company will, as the successor in the company split, succeed to the domestic business and all related assets, liabilities, contracts and other operations. Once the absorption-type company split is complete, NSPC will own only the Business, and Nippon Steel will operate it through NSPC. At the same time, the trade name of the New Company will be changed to "Nippon Steel Pipe Co., Ltd." and that of the Holding Company to "Nippon Steel Welding Pipe Management Co., Ltd." The impact of the aforementioned company split on Nippon Steel's consolidated financial conditions and consolidated operating results will be negligible.



(2) Effective date

Effective date of the absorption-type company split: October 1, 2022

On the same date, the above trade name change will take place.

(3) Timeline

Early August 2022	Establish the preparatory company
Mid-August 2022	Hold an NSPC extraordinary shareholders' meeting
Mid-August 2022	Conclude the absorption-type company split agreement
October 1, 2022 (pending)	The absorption-type company split takes effect
October 1, 2022 (pending)	Change the trade names of the above two companies

(Reference) Overseas business companies that operate the Business

Company name	*The names in parentheses are the abbreviations.	Location	Shareholding ratio of NSPC
NIPPON STEEL PIPE AMERICA, INC.	(NSPA)	USA	(80.0%)
NIPPON STEEL PIPE MEXICO, S.A.DE C.V.	(MNSP)	Mexico	(73.7%)
NIPPON STEEL PIPE GUANGZHOU CO., LTD.	(NSPG)	China	(66.0%)
WUXI NIPPON STEEL PIPE CO.,LTD.	(NSPW)	China	(71.0%)
VIETNAM NIPPON STEEL PIPE COMPANY., LTD	(VNSP)	Vietnam	(60.0%)
NIPPON STEEL PIPE (THAILAND) CO., LTD.	(NSPT)	Thailand	(57.6%)
THAI STEEL PIPE INDUSTRY CO., LTD. *1	(TSP)	Thailand	(55.0%)
Siam Nippon Steel Pipe Co., Ltd. *1	(SNP)	Thailand	(60.5%)
PT.INDONESIA NIPPON STEEL PIPE	(INSP)	Indonesia	(60.0%)
NIPPON STEEL PIPE INDIA PRIVATE LTD.	(NSPI)	India	(85.5%)
Guangzhou Asahi-Ns-Manufacturing Automotive Parts Co., Ltd. *2		China	(20.0%)

*1 TSP and SNP are NSPT's holding companies.*2 Asahi-Ns-Mit is an equity-method affiliate.

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