



## **Notice of the Transfer of Equity Interests in AM/NS Calvert LLC at the Closing of USS Acquisition**

Nippon Steel Corporation (“Nippon Steel”) announced today that it has entered into a definitive Equity Purchase Agreement with ArcelorMittal S.A. (“ArcelorMittal”) pursuant to which Nippon Steel has agreed to transfer all shares of its wholly owned subsidiary, NS Kote, Inc. (“NS Kote”), to ArcelorMittal (such transfer, the “Share Transfer”) substantially concurrently with the consummation of Nippon Steel’s pending acquisition of United States Steel Corporation (“U. S. Steel”) (such acquisition, the “Acquisition”). Nippon Steel’s Board of Directors approved the Share Transfer today. NS Kote holds Nippon Steel’s entire equity interest in AM/NS Calvert LLC (“Calvert”).

The Share Transfer aims to proactively address any antitrust concerns that may arise from Nippon Steel’s ongoing ownership in Calvert following the Acquisition. Nippon Steel has determined that the Share Transfer is the most assured path to receiving timely regulatory approval for the Acquisition. The Share Transfer will not be consummated if the Acquisition is not consummated.

### **1. Rationale for the Share Transfer**

Calvert, a 50/50 joint venture owned by each of NS Kote and ArcelorMittal’s wholly owned subsidiary, ArcelorMittal Calvert, LLC, is a manufacturing base for steel sheets operating in the United States. After comprehensively assessing the necessity of the Share Transfer to obtain timely regulatory approval for the Acquisition as well as its strategic significance of the Acquisition for Nippon Steel, Nippon Steel has determined that it is in its best interests to effect the Share Transfer substantially concurrently with the consummation of the Acquisition. Based on this determination, and following negotiations with ArcelorMittal, Nippon Steel and ArcelorMittal have entered into a definitive Equity Purchase Agreement with respect to the Share Transfer.

Nippon Steel is committed to enhancing American national security, as well as further enhancing the resiliency of the American industrial base and supply-chain, by reinforcing U. S. Steel and its domestic production capabilities, bringing cutting-edge technologies into the United States, and providing high-quality and high-functionality steel products to American customers.

## 2. Overview of the companies to be transferred

Company name	NS Kote, Inc.	AM/NS Calvert LLC
Date of establishment	August 1989	February 2014
Location	Houston, Texas, USA	Calvert, Alabama, USA
Shareholders	NIPPON STEEL NORTH AMERICA, INC.: 100%	NS Kote, Inc.: 50%, ArcelorMittal Calvert LLC: 50%
Number of employees	2 (Only concurrent persons of NIPPON STEEL NORTH AMERICA, INC.)	1,700
Facilities	-	Hot strip mill, Cold rolling mill, Continuous annealing line, Hot-dip galvanized line
Production volume	-	4.7 million tons / year (2023 calendar year)

## 3. Details of the Share Transfer

Company to be transferred	NS Kote, Inc. (Nippon Steel's wholly owned subsidiary which holds entire equity interests in Calvert owned by Nippon Steel)
Equity interests	Entire equity interests owned by Nippon Steel
Purchaser	ArcelorMittal or its affiliate(s)
Consideration for the Share Transfer	US\$ 1 (memorandum price)

### (Reference) Overview of ArcelorMittal

Company name	ArcelorMittal, S.A.
Date of establishment	January 2006
Location	Luxembourg City, Luxembourg
Sales revenue	68,275 million US\$ (2023 calendar year)
Total asset	93,917 million US\$ (as of the end of December 2023)

## 4. Schedule for the Share Transfer

Date of Nippon Steel's Board approval	October 11, 2024
Contract signing date	October 11, 2024
Expected Date of the Share Transfer	Fourth quarter of calendar year 2024 (Immediately after consummation of the Acquisition)

## 5. Future outlook

As a result of the Share Transfer, Nippon Steel expects to record approximately 230 billion yen as a loss on business restructuring in its consolidated financial statements upon completion of the Acquisition, among which a 100 billion yen loss is a cash loss and the rest is a non-cash loss. Nippon Steel expects, in its non-consolidated financial statements, to record an extraordinary loss of about 100 billion yen.

The Acquisition is expected to be consummated in the fourth quarter of 2024, subject to the fulfillment of certain conditions, including receipt of U.S. regulatory approvals. Earnings forecasts for fiscal year (“FY”) 2024 will be disclosed as soon as a reasonable calculation can be made, after the closing of the Acquisition and the Share Transfer.

If the Acquisition is not consummated for any reason, the Share Transfer will not be consummated and there will be no impact on earnings performance.

## 6. Dividend forecast for FY 2024

Given such business reorganization loss is anticipated to be a one-time occurrence and a majority of such loss is non-cash, and Nippon Steel expects profit growth after the consummation of the Acquisition incorporating U. S. Steel’s profit, the full-year dividend forecast for FY 2024 (160 yen per share) is planned to be maintained even if the FY 2024 earnings forecast is updated after the closing of the Acquisition and the Share Transfer.

End

\* For more information about the Acquisition, please refer to the materials disclosed on December 18, 2023. (Progress disclosures on December 19, 2023, and April 15, May 3, and May 30, 2024)

[https://www.nipponsteel.com/common/secure/en/ir/library/pdf/20231218\\_100.pdf](https://www.nipponsteel.com/common/secure/en/ir/library/pdf/20231218_100.pdf)

\* Please refer to the financial statement for the first quarter of the 2024 fiscal year (disclosed on August 1, 2024) for the previous period's consolidated results and our company's current consolidated performance forecast.

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