

January 31, 2025
Nippon Steel Corporation

Commencement of Tender Offer Aiming to Make Sanyo Special Steel Co., Ltd. Wholly-Owned Subsidiary

Nippon Steel Corporation (the “Company”) hereby announces that with the aim of making Sanyo Special Steel Co., Ltd. (Code number: 5481, Prime Market of Tokyo Stock Exchange, Inc.; “Sanyo Special Steel”), which is the Company’s consolidated subsidiary, its wholly-owned subsidiary, at its board of directors’ meeting held on January 31, 2025, it adopted a resolution to acquire the shares of common stock of Sanyo Special Steel (the “Sanyo Special Steel Shares”) through a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), as described below.

1. Overview of the Tender Offer

Target Company	Sanyo Special Steel Co., Ltd. (Securities Code: 5481)
Tender Offer Period	From February 3, 2025 (Monday) until March 18, 2025 (Tuesday) (30 business days).
Purchase Price	Common stock: 2,750 yen per share
Planned Number of Shares to be Purchased	Planned number of shares to be purchased: 25,618,493 shares Minimum number of shares to be purchased: 7,457,756 shares (representing the number of shares that would result in the Company owning at least two-thirds of the total voting rights of Sanyo Special Steel upon completion of the Tender Offer.) Maximum number of shares to be purchased: None
Total Amount of Purchase Price	Approximately 70.5 billion yen
Other	Sanyo Special Steel, at its board of directors’ meeting held today, adopted a resolution to support the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer.

2. Purpose of the Tender Offer

(1) Background

The demand for special steel in Japan is expected to decrease and competition will intensify due to factors such as a decline in domestic demand in major demand areas due to population decline, China’s excess production capacity and aggressive exports, and the medium- to long-term trend toward the use of electric vehicles. On the other hand, in the future, demand for special steel is expected to increase in markets such as North America and India. Consequently, it is anticipated that the issues surrounding the global special steel business will become more complex.

In order to respond appropriately and promptly to environmental changes and overcome the competition in the current severe business environment, and to further enhance the corporate value of both companies in the medium- to long-term, the Company believes that it is essential to strengthen competitiveness by constantly seeking optimal production systems from a group-wide perspective, and promoting further integration and optimization by bringing together the management resources of both companies (including further personnel exchanges with Sanyo Special Steel as well as its 34 consolidated subsidiaries and one equity-method affiliate (as of December 31, 2024)). The Company also believes that it is necessary to ensure that the Company Group captures revenue opportunities in regions where a certain increase in demand for special steel is expected, such as North America and India.

(2) Benefits

Given the above-mentioned background, since Sanyo Special Steel is a listed company and its relationship with the Company involves a certain structure of conflicts of interest between the Company and Sanyo Special Steel's general shareholders, the Company understands that there are certain restrictions on the sharing of technical information and other such resources, and supplemental and mutual utilization of management resources. Specifically, although optimization measures from the perspective of the entire group contribute to enhancement of the corporate value of the entire group, there is a risk that the benefits thereof may disproportionately flow to one company when viewed on a per-company basis; therefore, it will take time for both companies to make decisions and adjust interests that give consideration to general shareholders, and bold measures that will enhance the corporate value in the medium- to long-term may become difficult to implement due to the risk of impairing the short-term profits of individual companies, which could pose hurdles to overcoming the competition in a severe business environment.

The Company believes the best way to enhance the corporate value of both companies is to develop a cooperative relationship between them without being bound by the constraints of the current circumstances. Based on this belief, the Company determined that it is desirable to make Sanyo Special Steel its wholly-owned subsidiary.

(3) Synergies

The Company believes that the following measures can be realized by making Sanyo Special Steel a wholly-owned subsidiary of the Company and making the Sanyo Special Steel Shares private.

- i. Expansion of earnings opportunities and strengthening of business strategies through further integration and optimization of the special steel bar and wire rod business
 - a. Implementation of sales expansion by strengthening collaboration in sales

The Company believes that further integration and optimization of both companies' management resources will lead to an increase in the variety of proposals and a more accurate understanding of the needs of customers, which will achieve further differentiation from competitors in the future.

- b. Strengthening of technologies and capabilities to propose solutions by strengthening collaboration between technical departments

It is extremely important to adopt the position of offering a combination of steel products and engineering methods (such as heat treatment, carburization) when proposing solutions for special steel, and the Company believes that by further integrating the technologies, patents, and knowledge of both companies, it will be possible to increase the options for steel products and engineering methods, which will contribute to strengthening its ability to make proposals.

c. Further deepening and expansion of global strategies

The Company believes that since domestic demand in the special steel area is expected to decrease, it is necessary to make further efforts to capture global demand, and that integration and optimization of both companies' resources related to overseas businesses will further contribute to the deepening and expansion of both companies' global strategies in the special steel area.

d. Improvement of cost competitiveness through raw material measures such as collaboration in scrap procurement

The Company believes that building an integrated management foundation from procurement to the use of cold iron sources used in electric furnace processes throughout the Company Group, will contribute to stable and competitive procurement and utilization of cold iron sources, such as scrap, in the future.

ii. Further pursuit of optimal production systems for the entire Company Group

The Company believes that by consolidating the products manufactured by each company across company boundaries and achieving concentrated production based on demand trends, it is expected that improvements in the capacity utilization rate will eliminate surplus capacity and contribute to improvements in productivity and strengthening of cost competitiveness of both companies when there are market fluctuations in the future; therefore, both companies will benefit from the perspective of the entire group.

3. Overview of Sanyo Special Steel

For an overview of Sanyo Special Steel, please see [Sanyo Special Steel's website](#).

For inquiries, <https://www.nipponsteel.com/en/contact/>

[Restrictions on Solicitation]

This press release is to announce the Tender Offer publicly, and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first be sure to carefully read the tender offer explanatory statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer or solicitation to sell or solicitation of any offer to buy, any securities. In addition, neither this press release (or any part of it) nor the fact of its distribution shall form the basis of any agreement pertaining to the Tender Offer or be relied upon in the event of the execution of any such agreement.

[Forward-looking Statements]

The Tender Offeror cannot promise that the predictions expressly or implicitly indicated as the forward-looking statements will turn out to be correct. The forward-looking statements included herein were prepared based on the information held by the Tender Offeror as of the date hereof, and unless obligated by laws or regulations, the Tender Offeror shall not be obligated to update or revise the statements to reflect future incidents or circumstances.

[U.S. Regulations]

The Tender Offer is not directly or indirectly conducted in or into the United States, does not make use of the U.S. mails or other means or instrumentality of interstate or international commerce (including, but not limited to, telephone, telex, facsimile, email and internet communication), and is not conducted through any facility of a national securities exchange within the United States. Furthermore, the press releases for the Tender Offer or other related documents are not, and shall not be, sent or distributed in, into or from the United States using mails or other means.

[Other Countries]

In certain countries or regions, the announcement, issuance, or distribution of this press release may be subject to legal restrictions. Recipients of this press release are requested to be mindful of and comply with any such restrictions. This shall not be deemed to constitute an offer to buy or solicitation of an offer to sell shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.