

TYO : 5401

OTC : NPSCY(ADR)



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

January 31, 2025

NIPPON STEEL CORPORATION

Notes on this presentation material

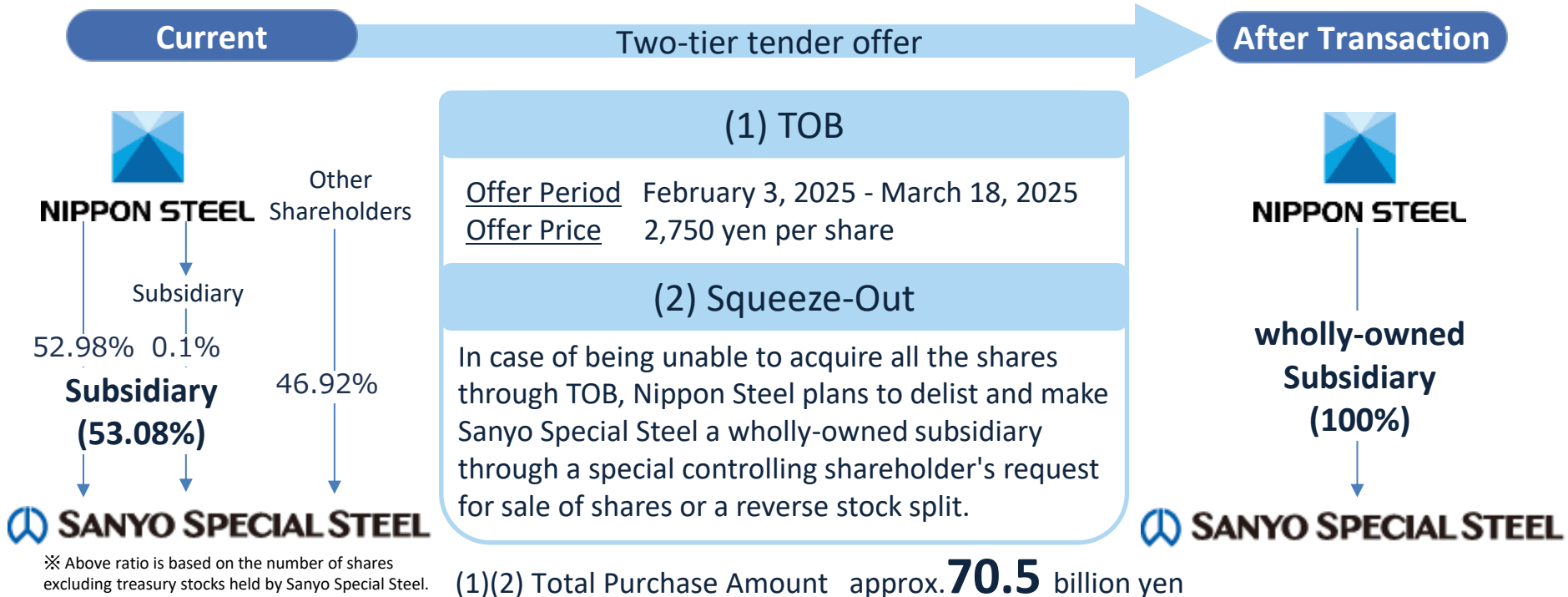
Unless otherwise noted, all volume figures are presented in metric tons.

Unless otherwise noted, all financial figures are on consolidated basis.

Unless otherwise noted, net profit represents net profit attributable to owners of the parent.

Overview of the Transaction

Full acquisition of group subsidiary, Sanyo Special Steel Co., Ltd., through two-tier tender offer (TOB and Squeeze-Out)



Cf. Chronicle of making Sanyo Special Steel a consolidated subsidiary

Feb. 2006 : Signed Business Alliance Agreement and Acquired additional shares (Mutually benefited from production consignment etc. to address to fluctuations in steel demand and intensifying global competition). Sanyo became an equity-method affiliate.

Mar. 2019: Acquired shares in response to third-party allotment of new shares. Sanyo became consolidated subsidiary.

Onwards, NSC group achieved a certain amount of success by having worked to achieve synergies of around 10 billion yen.

Overview of the TOB

Offeror	Nippon Steel Corporation (Securities Code: 5401 TSE Prime)
Target Group	Sanyo Special Steel Co., Ltd. (Securities Code: 5481 TSE Prime)
Offer Period	February 3, 2025 – March 18, 2025 (30 working days)
Offer Price	Common Stock: 2,750 yen per share
Number of Shares to be Purchased	25,618,493 shares 【Minimum】 7,457,756 shares 【Maximum】 None
Total Purchase Amount	approximately 70.5 billion yen
Other	Sanyo Special Steel, at its board of directors' meeting held on January 31, 2025, adopted a resolution to support the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer.

Objective of the Transaction

Business Environment

Global complexity in challenges surrounding special steel business

- Declining domestic demand in key sectors due to population decline
- Excess production capacity and export aggression in China
- Long-term trend towards electrification (EV shift)
- Growing demand for special steel in North America and India

Required Support

Essential further medium to long-term value creation in a severe business environment

- Continuous pursuit of optimal production system from a group-wide perspective
- Further integration and optimization to strengthen competitiveness
- Capturing revenue opportunities in overseas markets with expected demand growth

Current Status Constraints

Certain constraints in some initiatives for promoting collaboration between both companies

- Potential conflicts of interest with minority shareholders due to the sharing of technical information, complementing and mutually utilizing management resources, etc.

The best way to enhance corporate value: Development of a cooperative relationship unconstrained by current circumstances and the ability to consider and execute initiatives more rapidly and flexibly, leading to the conclusion of making Sanyo Special Steel a wholly-owned subsidiary

Expansion of earnings opportunities and strengthening of business strategies through further integration and optimization of the special steel bar and wire rod business

Leveraging group synergy,
Strengthening proposal capabilities through
product portfolio integration

Strengthening collaboration in sales

**Strengthening collaboration
between technical departments**

**Objective of
full acquisition**

Further deepening and expansion of global strategies

Raw material measures such as collaboration in scrap procurement

Further pursuit of optimal production systems

Appendix

Overview of Sanyo Special Steel Co., Ltd.

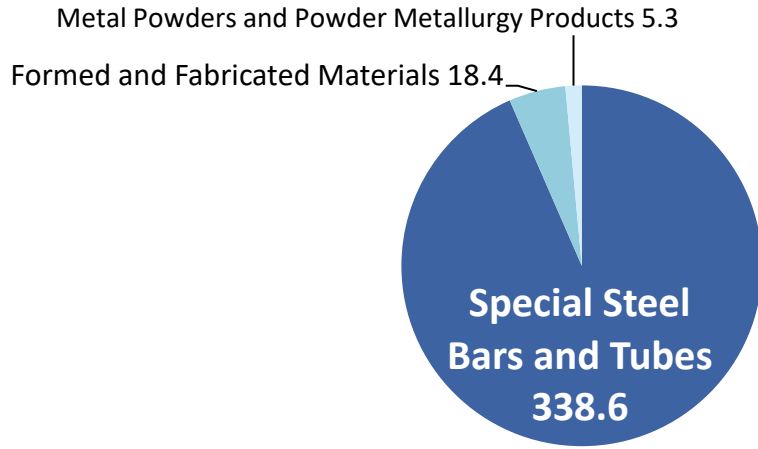
Sanyo Special Steel Company Profile

Company Name	Sanyo Special Steel Co., Ltd.	
Head Office	3007, Nakashima, Shikama-ku, Himeji, Hyogo 672-8677, Japan	
President	MIYAMOTO Katsuhiko	
Business Segment	<ul style="list-style-type: none"> ● Specialty Steel Manufacturing and marketing of various special steel products, including bearing steel, engineering steel, stainless steel, heat resistant steel and tool steel. ● Metal powder Manufacturing and marketing of metal powders and powder metallurgy products. ● Formed and Fabricated Materials Manufacturing and marketing of formed and fabricated materials made from special steel bars and tubes. ● Others Providing information processing services. 	
Capital	53,800 million yen	
Established	January 11, 1935	
Shareholder Composition * (As of the end of March 2024)	NIPPON STEEL CORPORATION : 52.98% Financial Institutions : 20.46% Overseas Corporations : 7.79%	Other Corporations : 4.59% Individuals, etc. : 14.18%

*The above percentages are ratios to the number of shares excluding treasury stock held by Sanyo Special Steel.

Sanyo Special Steel Product Summary

Sales by Product (FY2023 Bn. JPY/Y)

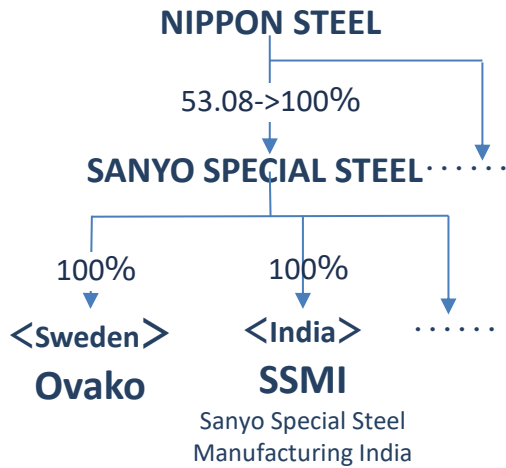


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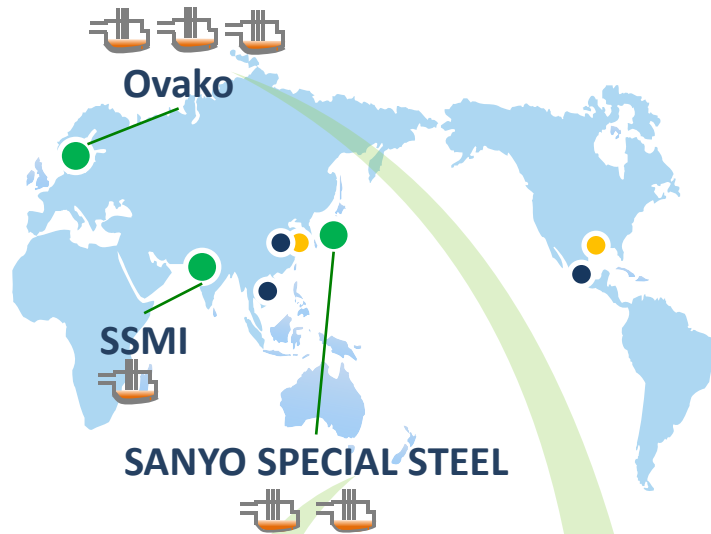
Demand Sector

Product Category	Description	Demand Sector												
		Automobile	Railroad, Shinkansen	Ship	Aerospace	Factory, Plant, Power Plant	Robot	Wind Power Plant	Power Cable	Construction Machinery	Building	Medical	TV	Cell Phone, Smartphone
Special Steel Bars and Tubes	Bearing Steel Bearings, Cylinders, etc.	●	●		●	●	●	●		●	●			
	Engineering Steel Gears, Shafts, Bolts, etc.	●		●	●	●	●	●		●	●			
	Stainless Heat Resistant Steel Valves, etc.	●		●					●					
	Tool Steel Molds, Rolls, Tools, etc.					●								
	Stainless Steel Steel pipes for boiler and chemical plant piping, etc.			●		●						●		
Formed and Fabricated Materials Bearings, Gears, Shafts, Parts, etc.	●	●					●	●		●				
Metal Powders and Powder Metallurgy Products Thermal spraying, 3D printing, Cutting tools, Molds, Screws for injection molding machine, Electro-magnetic wave absorber, etc.	●				●							●	●	

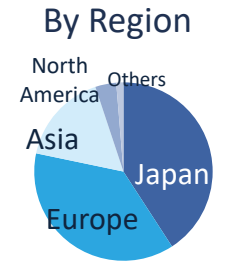
Manufacturing and Operational Sites of Both Companies



SANYO SPECIAL STEEL



Sales Breakdown
FY2023 362.4Bn. JPY/Y



NIPPON STEEL

North Nippon Works
Muroran Area

- Main Special Steel Bars Bases
- Other Product Bases

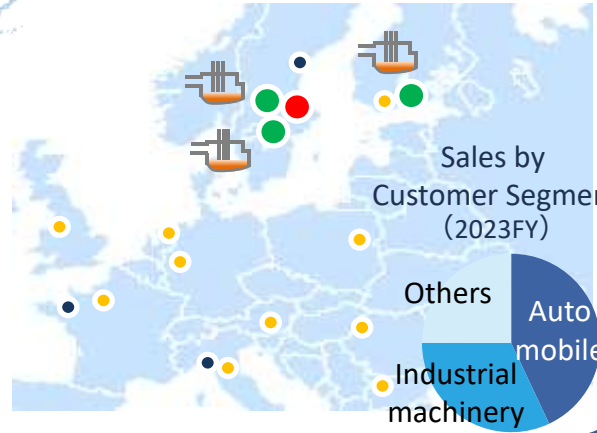
Kyushu Works

Yawata Area
(Consideration of conversion to EAF)

- Head Office
- Steelworks
- Secondary
- Processing
- Sales Office



OVAKO





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.