



News Release

February 4, 2021
Nippon Steel Corporation

Regarding Opinion Against the Tender Offer Expressed by Tokyo Rope Mfg. Co., Ltd. (Securities Code: 5981)

On January 21, 2021, the board of directors of Nippon Steel Corporation (“NSC”) adopted a resolution to conduct a tender offer (the “Tender Offer”) for Tokyo Rope Mfg. Co., Ltd. (the “Target Company”). Today, the Target Company announced an opinion against the Tender Offer.

The Tender Offer is intended to promote autonomous restructuring of the Target Company’s governance and management systems and to support recovery and improvement of its corporate value through the improvement of its business. It is disappointing that the board of directors of the Target Company did not understand the purpose of the Tender Offer and, maintaining that the Target Company does not have any problem with its current governance and management systems, expressed an opinion against the Tender Offer.

That the Target Company asserts, before anything else, that there is a direct conflict of interest between NSC and general shareholders of the Target Company, is particularly puzzling considering that the issue NSC has raised concerns the Target Company’s failure to take effective measures to address its management issues including poor business results and dysfunction of its governance system. NSC believes that, as a base material supplier and a joint development partner, it has contributed to increasing the Target Company’s competitiveness by deepening the “combination of wire rods and processing technology” through joint product development with the Target Company and customers of the Target Company. NSC also believes that enhancing these efforts further, for the recovery and improvement of the Target Company’s corporate value which has been damaged by its business downturn, would serve the common interests of shareholders and of all stakeholder in the Target Company.

The Target Company also asserts, with regard to the issue of dysfunction of its governance system, including the proper functioning, amid the deterioration of its business, of the processes of evaluation by outside directors of the Target Company’s management team and the appointment and reappointment based on such evaluation, that the fact that only two of its nine directors are outside directors is not a problem in itself, based on statistical data from the TSE-Listed Companies White Paper on Corporate Governance 2019, published by the Tokyo Stock Exchange in May 2019. The Target Company’s attitude to merely focus on formalistic aspects without addressing the substantive issue of dysfunction of its governance system is telling of the failure of the Target Company’s governance system to properly serve its proper function.

As announced in the “Notice regarding the Commencement of a Tender Offer for Tokyo Rope Mfg. Co., Ltd.’s Shares (Securities Code: 5981)” dated January 21, 2021, NSC believes that by increasing its commitment to improvement of the Target Company’s corporate value by acquiring additional Target Company’s shares through the Tender Offer and promoting restructuring of the Target Company’s management and governance systems which is necessary to recover and improve its corporate value, and obtaining the understanding of the Target Company and its stakeholders, including shareholders, customers, and employees, it will be able to contribute to the recovery and improvement of the Target

Company's corporate value. On the basis of such belief, NSC will proceed with the Tender Offer.

NSC will make efforts to promote understanding from the Target Company and each of its stakeholders of NSC's thoughts regarding the recovery and improvement of the Target Company's corporate value.

For inquiries

Public Relations Center Tel.: +81-3-6867-2135, 2146, 2977, 3419

End