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August 3, 2023

To Whom It May Concern,

Company name:	Nippon Steel Corporation
Representative:	Eiji Hashimoto, Representative Director and President
Stock listing	Prime Market of Tokyo Stock Exchange / Nagoya Stock Exchange / Fukuoka Stock Exchange / Sapporo Securities Exchange
Code number:	5401
Contact:	Public Relations Center, General Administration Div. (Telephone: +81-3-6867-2135, 2146, 2977, 3419)

Announcement of Conclusion of a Company Split Agreement regarding a Company Split (Simplified Absorption-type Company Split) between Nippon Steel Corporation and Nippon Steel Engineering Co., Ltd.

As announced in the press release titled "Announcement of Conclusion of a Memorandum of Understanding (“MOU”) regarding a Company Split (Simplified Absorption-type Company Split) between Nippon Steel Corporation and Nippon Steel Engineering Co., Ltd.” dated as of March 29, 2023, Nippon Steel Corporation (“NSC”) and Nippon Steel Engineering Co., Ltd. (“NSE”), a wholly-owned subsidiary of NSC, concluded an MOU regarding the transfer of part of the steel plant business of NSE to NSC by means of a company split (the “Company Split”). NSC and NSE hereby announce that they have today decided to conclude a Company Split Agreement between them regarding the Company Split. At NSC, directors made the decision based on a mandate from the board of directors, and at NSE, the decision was made by a resolution of the board of directors. Details are as follows.

Since the Company Split is a simplified absorption-type company split in which the parent company succeeds to the business of its wholly-owned subsidiary, the disclosed matters and contents are partially omitted.

1. Purpose of the Company Split

NSE provides in its steel plant business high-quality, environmentally conscious, and energy-saving steel plant equipment, both in and outside of Japan, by utilizing its wealth of knowledge, technologies and achievements accumulated over more than half a century.

The purpose of the Company Split is to strengthen facilities engineering system through the optimal allocation of management resources among Nippon Steel group to further promote the development of innovative process technologies and introduction of equipment, etc. to support NSC’s carbon neutrality and the manufacture of high-value-added products. Under the Company Split, NSC will take over the

business (the “Business”) conducted by NSE’s Plant & Machinery Sector (excluding business, etc. related to the coke dry quenching (CDQ) system conducted by the Plant & Machinery Business Department).

2. Outline of the Company Split

(1) Schedule of the Company Split

Date of decision to conclude the company split agreement	August 3, 2023
Date of conclusion of the company split agreement	August 3, 2023
Scheduled date of closing (effective date)	October 1, 2023 (planned)

* Since the Company Split falls under the category of: (i) for NSC, a simplified absorption-type company split as set forth in Article 796, Paragraph 2 of the Companies Act; and (ii) for NSE, both a short-form absorption-type company split as set forth in Article 784, Paragraph 1 of the Companies Act and a simplified absorption-type company split as set forth in Article 784, Paragraph 2 of the Companies Act, neither NSC nor NSE will hold a general meeting of shareholders for approval of the company split agreement.

(2) Method of the Company Split

A company split in which NSC will be the successor company and NSE will be the splitting company.

(3) Details of the Allotment in Relation to the Company Split

Since this is a company split between a parent company and its wholly-owned subsidiary, no allotment of shares or payment of other consideration will be made.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights upon the Company Split

Not applicable.

(5) Change in Paid-in Capital as a Result of the Company Split

There will be no change in NSC’s paid-in capital as a result of the Company Split.

(6) Rights and Obligations Succeeded to by the Successor Company

Under the Company Split, NSC will succeed to the assets, liabilities and other rights and obligations held by NSE in connection with the Business, as specified in the company split agreement.

(7) Prospects for Performance of Obligations

It has been determined that there are no problems foreseen in fulfillment of obligations to be incurred by NSC and NSE on and after the effective date of the Company Split.

3. Outlines of the Companies Involved in the Company Split

(1) NSC

1. Name	Nippon Steel Corporation																					
2. Location	2-6-1 Marunouchi, Chiyoda-ku, Tokyo																					
3. Name and Title of Representative	Eiji Hashimoto, Representative Director and President																					
4. Description of Business Activities	Steelmaking and steel fabrication, engineering and construction, chemicals and materials, system solutions																					
5. Capital	¥419,524 million																					
6. Date of Incorporation	April 1, 1950																					
7. Number of Outstanding Shares	950,321,402 shares																					
8. Fiscal Year End	March 31																					
9. Major Shareholders and Shareholding Ratios (as of March 31, 2023)	<table border="0"> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>15.0%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Account)</td> <td>4.3%</td> </tr> <tr> <td>Nippon Life Insurance Company</td> <td>2.1%</td> </tr> <tr> <td>STATE STREET BANK WEST CLIENT – TREATY 505234</td> <td>1.7%</td> </tr> <tr> <td>Meiji Yasuda Life Insurance Company</td> <td>1.5%</td> </tr> <tr> <td>Nippon Steel Group Employees Shareholding Association</td> <td>1.3%</td> </tr> <tr> <td>Mizuho Bank, Ltd.</td> <td>1.3%</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>1.1%</td> </tr> <tr> <td>MUFG Bank, Ltd.</td> <td>1.0%</td> </tr> <tr> <td>JP MORGAN CHASE BANK 385781</td> <td>1.0%</td> </tr> </table>		The Master Trust Bank of Japan, Ltd. (Trust Account)	15.0%	Custody Bank of Japan, Ltd. (Trust Account)	4.3%	Nippon Life Insurance Company	2.1%	STATE STREET BANK WEST CLIENT – TREATY 505234	1.7%	Meiji Yasuda Life Insurance Company	1.5%	Nippon Steel Group Employees Shareholding Association	1.3%	Mizuho Bank, Ltd.	1.3%	Sumitomo Mitsui Banking Corporation	1.1%	MUFG Bank, Ltd.	1.0%	JP MORGAN CHASE BANK 385781	1.0%
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10. Financial Position and Operating Results for the Immediately Preceding Fiscal Year (Consolidated/IFRS)																						
Fiscal Year	FY ended March 2023																					
Total Equity	JPY 4,646,417 million																					
Total Assets	JPY 9,567,099 million																					
Equity Attributable to Owners of the Parent per Share	JPY 4,540.59																					
Revenue	JPY 7,975,586 million																					
Business Profit*	JPY 916,456 million																					
Operating Profit	JPY 883,646 million																					
Profit Before Income Taxes	JPY 866,849 million																					
Profit for the Year Attributable to Owners of the Parent	JPY 694,016 million																					
Basic Earnings per Share	JPY 753.66																					

*Business profit on consolidated statements of profit or loss indicates the results of sustainable business activities, and is an important measure to compare and evaluate Nippon Steel group's consolidated performance continuously. It is defined as being deducted cost of sales, selling general and administrative expenses and other operating expenses from revenue, and added share of profit in investments accounted for using the equity method and other operating income. Other operating income and expenses are composed mainly of dividend income, foreign exchange gains or losses, and loss on disposal of fixed assets.

(2) NSE

1. Name	Nippon Steel Engineering Co., Ltd.
2. Location	1-5-1 Osaki, Shinagawa-ku, Tokyo
3. Name and Title of Representative	Yukito Ishiwa, Representative Director and President
4. Description of Business Activities	Design, construction, operation, maintenance and management of environment & energy related facilities, pipelines, urban and marine infrastructure and steel plant and machinery
5. Capital	JPY 15,000 million
6. Date of Incorporation	February 13, 2006
7. Number of Outstanding Shares	300,000 shares
8. Fiscal Year End	March 31
9. Major Shareholders and Shareholding Ratios	100% owned by NSC
10. Financial Position and Operating Results for the Immediately Preceding Fiscal Year (Non-consolidated/Japanese GAAP)	
Fiscal Year	FY ended March 2023
Net Assets	JPY 90,735 million
Total Assets	JPY 215,947 million
Net Assets per Share	JPY 302,450.30
Net Sales	JPY 223,983 million
Operating Profit (loss)	(JPY 1,121 million)
Ordinary Profit	JPY 2,882 million
Net Profit (loss) for the Year	(JPY 3,567 million)
Earnings (loss) per Share	(JPY 11,890.61)

4. Outline of the Business Division to be Succeeded

(1) Business Description of the Division to be Succeeded

The business to be succeeded through the Company Split is the business conducted by NSE's Plant & Machinery Sector (excluding business, etc. related to the CDQ system conducted by the Plant & Machinery Business Department).

(2) Operating Results of the Division to be Succeeded (Fiscal Year Ended March 2023)

Net sales JPY 28,086 million

(3) Items and Amounts of Assets and Liabilities to be Succeeded

ASSETS		LIABILITIES	
Current assets	JPY 1,341 million	Current liabilities	JPY 526 million
Fixed assets	JPY 1,401 million	Long-term liabilities	JPY 2,217 million
Total	JPY 2,742 million	Total	JPY 2,742 million

*The above amounts are based on the balance sheet as of March 31, 2023. The actual amount of assets and liabilities to be succeeded to will be determined after adjusting the above amounts for increases and decreases up to the effective date of the Company Split.

5. Status Following the Company Split

There will be no changes in the NSC's trade name, location of head office, name and title of the representative, business descriptions, paid-in capital or fiscal year-end as a result of the Company Split.

6. Future Prospects

Since the Company Split is an absorption-type company split between a parent company and its wholly-owned subsidiary, the impact on NSC's consolidated results will be immaterial.

(Reference) Consolidated Earnings Forecasts for the current Fiscal Year (released on May 10, 2023) and Actual Consolidated Earnings Results for the Previous Fiscal Year of NSC

	Revenue	Business Profit	Profit for the year Attributable to Owners of the Parent	Basic Earnings per Share
Current FY Forecasts (FY Ending March 31, 2024)	JPY 9,000,000 million	JPY 650,000 million	JPY 370,000 million	JPY 402.00
Previous FY Results, Actual (FY Ended March 31, 2023)	JPY 7,975,586 million	JPY 916,456 million	JPY 694,016 million	JPY 753.66