



To Whom It May Concern,

February 3, 2021

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Notice Regarding the Commencement of Consideration of an Alliance in the Textiles Business with Mitsui & Co., Ltd.

NIPPON STEEL TRADING CORPORATION (President: Yasumitsu Saeki; “NST”) hereby announces that, in accordance with a resolution of its board of directors meeting held today, NST entered into a basic agreement with Mitsui & Co., Ltd. (President: Tatsuo Yasunaga; “Mitsui & Co.”) to commence consideration (the “Considerations”) of an alliance between the textiles businesses of both NST and Mitsui & Co. (the “Alliance”), mainly by integrating the textiles business of NST and Mitsui Bussan I-Fashion Ltd. (“MIF”), the core subsidiary of Mitsui & Co. in the textiles business (the “Integration”).

I. Background Leading to the Discussions

In the textiles business field, changes in the business environment are accelerating both in Japan and abroad. In particular, the OEM (abbreviation of Original Equipment Manufacturer, meaning consigned manufacturing of other parties’ branded products) market for the domestic apparel business is shrinking, and is expected to become more difficult in the future, coupled with the impact of the expansion of the novel coronavirus infection.

Under these circumstances, the intentions of NST and Mitsui & Co. (collectively, the “Companies”), which had been considering strengthening the business foundation of the textiles business and sustainable growth and development, matched, and the Companies agreed to commence the Considerations. The Companies will work on the Considerations, aiming to establish a stronger business foundation by utilizing their management resources in a mutually complementary manner, and to achieve sustainable growth and improve corporate value by creating new business opportunities through the Alliance.

II. Purpose of the Alliance

The Alliance aims to realize the following by promoting collaboration between the Companies, mainly by integrating the textiles businesses of NST and MIF.

1. Strengthening the Foundation of OEM Business, the Core Business

The companies aim to enhance their business competitiveness and establish a stronger business foundation by combining the companies’ sales power and customer networks, as well as the goods and services in which they excel, to maximize the synergistic effects of mutual complementation, and by pursuing efficiency and strengthened functions, particularly in the area of procurement, making use of the scale generated by the Integration.

2. Creating Business Opportunities in New Growing Fields

The Companies intend to expand their business in overseas markets where growth is expected by maximizing the use of their business resources across the entire supply chain, from upstream to downstream, and aim to achieve sustainable growth by creating new business opportunities, etc., based on sustainability by providing new services using digital technology, using recyclable materials and building product recycling systems.

3. Deepening Values Offered to Customers

Based on the knowledge of the textiles business, and the collective strength and procurement networks that the Companies have fostered over many years, they will aim to support the transformation of their customers through new initiatives utilizing digital technology in functional processes such as planning, production, and logistics.

III. Overview of the Integration

1. Overview of the Integration

MIF and the textiles business of NST will be integrated and operated in a unified way as a new integrated company; the terms and conditions of the Integration, including the scope of the specific businesses to be integrated and the integration method, will be discussed between the Companies moving forward. Since the Integration is based on the principle of equality, the capital contribution ratio of the Companies in the new integrated company will be 50:50.

2. Schedule

NST will promptly commence the Considerations with Mitsui & Co; upon reaching an agreement, the Companies will enter into definitive agreement(s) around June this year. After obtaining approval from competition authorities in Japan and abroad, and taking other necessary procedures, the Companies will implement the Integration around January 2022.

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| (1) February 3, 2021 (today) | Execution of the basic agreement for the Considerations |
| (2) June 2021 (planned) | Execution of the definitive agreement(s) for the Alliance |
| (3) January 2022 (planned) | Effective date of the Integration |

IV. Future Prospects

Matters yet to be decided will be discussed between the Companies and a separate announcement will be made as soon as the Considerations are complete.

There will be no impact on NST's business results for this fiscal year. The impact on NST's business results for the following fiscal years has not yet been determined.

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