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May 9, 2025

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Representative: Kazuaki Hakomori, President
(Securities code: 5408; Tokyo Stock
Exchange Prime Market)
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Notice Regarding the Establishment of a Joint Venture with NIPPON STEEL CORPORATION and the Conclusion of a Memorandum of Understanding for a Business Alliance

NAKAYAMASTEEL WORKS, LTD. (the “Company”) announces that at a Board of Directors meeting held May 9, 2025, it was resolved to enter a memorandum of understanding for a business alliance with NIPPON STEEL CORPORATION (hereinafter, “Nippon Steel”) regarding the establishment of a joint venture by the companies for the construction of a new electric furnace facility, its ownership and lease to the Company. Details are as follows.

1. Purpose and Background to the Establishment of a Joint Venture

The Company set “establish the electric furnace production system with a monthly capacity of 50,000 tons” and “detailed study of increasing the production capacity of the electric furnace” as key policies in the Medium-Term Management Plan, which commenced FY2022. Amid growing demand for electric furnace steel, which has lower CO₂ emissions than blast furnace steel and is part of the resource circulation process for recycling scrap steel into products, the Company has given thorough consideration in the Medium-Term Management Plan, in particular, to initiatives in the plan to fundamentally increase the production capacity of the electric furnace, including new construction of the electric furnace.

Against this backdrop, the Company has engaged in discussions with Nippon Steel for the establishment of a joint venture for the purpose of the construction of a new electric furnace facility, its ownership and lease to the Company, and we have now concluded a memorandum of understanding.

2. Details of the Alliance

(1) Overview of joint venture

(1) Name	Undecided
(2) Location	1-1-66 Funamachi, Taisho-ku, Osaka Japan
(3) Job title and name of representative	Undecided
(4) Description of business	Ownership and lease of a new electric furnace necessary for the manufacture of steel slabs
(5) Investment amount	Approximately 50 billion yen

(6)	Date of establishment	March 2026 (scheduled)
(7)	Investment ratio	NAKAYAMA STEEL WORKS, LTD.: 51%, NIPPON STEEL CORPORATION: 49%

(2) Overview of joint business

The joint venture backed by Nippon Steel and the Company will newly construct the electric furnace facility within the premises of the Company's Funamachi Plant and lease it to the Company. The manufacture of steel slabs will be undertaken by the Company. The Company will provide the steel slabs manufactured at the new electric furnace to Nippon Steel. Additionally, some steel slabs manufactured by the new electric furnace are to be supplied as hot coils, a hot-rolled product, with the Company undertaking rolling processes.

The Company seeks the stable supply of general-purpose steel produced by the electric furnace, which has lower CO₂ emissions. The two companies will continue to discuss details of the joint business with an eye to concluding a joint business agreement.

(3) Financial results forecasts of the joint venture

The new electric furnace is scheduled to commence operations from 2030 onward. We plan to disclose financial results forecasts for the joint venture again at an appropriate time.

3. Overview of the Counterparty to the Joint Venture

(1)	Name	NIPPON STEEL CORPORATION	
(2)	Location	2-6-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	
(3)	Job title and name of representative	Representative Director, President and COO: Tadashi Imai	
(4)	Description of business	Steelmaking and steel fabrication, engineering, chemical materials, system solutions	
(5)	Share capital	569,519 million yen (as of September 30, 2024)	
(6)	Date of establishment	April 1, 1950	
(7)	Major shareholders and ownership ratios (As of September 30, 2024) (Note 1)	The Master Trust Bank of Japan, Ltd. (Trust Account)	13.6%
		Custody Bank of Japan, Ltd. (Trust Account)	4.8%
		Nippon Life Insurance Company (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	1.8%
		STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.7%
		Nomura Securities Co., Ltd.	1.4%
		Meiji Yasuda Life Insurance Company (Standing Proxy: Custody Bank of Japan, Ltd.)	1.3%
		JPMorgan Securities Japan Co., Ltd.	1.2%
		Nippon Steel Group Employees Shareholding Association	1.2%
		JP MORGAN CHASE BANK 385781 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.1%
		Mizuho Bank, Ltd. (Standing Proxy: Custody Bank of Japan, Ltd.)	1.1%
(8)	Relationship with the Company	Capital relationship	As of September 30, 2024, NIPPON STEEL subsidiary NIPPON STEEL TRADING CORPORATION owns 1.5% of the Company's shares, making it the Company's tenth major shareholder.

	Personnel relationship	Not applicable.	
	Business relationship	There are business relationships mainly with respect to the Company's purchase of steel slabs from the said company.	
	Related party relationship	Not an affiliated party.	
(9) Consolidated operating results and consolidated financial positions of said company for the last three years (Note 2)			
Fiscal year ended	March 31, 2022	March 31, 2023	March 31, 2024
Consolidated net assets	3,466,799 million yen	4,181,155 million yen	4,777,727 million yen
Consolidated total assets	8,752,346 million yen	9,567,099 million yen	10,714,627 million yen
Consolidated net assets per share	3,764.69 yen	4,540.59 yen	5,187.32 yen
Consolidated net sales	6,808,890 million yen	7,975,586 million yen	8,868,097 million yen
Consolidated operating profit	840,901 million yen	883,646 million yen	778,662 million yen
Consolidated ordinary profit	938,130 million yen	916,456 million yen	869,657 million yen
Profit attributable to owners of parent	637,321 million yen	694,016 million yen	549,372 million yen
Consolidated earnings per share	692.16 yen	753.66 yen	596.59 yen
Dividend per share	160 yen	180 yen	160 yen

(Note 1) "Major shareholders and ownership ratios (as of September 30, 2024)" is taken from "Major shareholders" in the annual securities report for the 100th term submitted by Nippon Steel to the Director-General of the Kanto Local Finance Bureau on November 12, 2024.

(Note 2) The figures are taken from Nippon Steel's financial results reports.

4. Timetable

(1) Conclusion of memorandum of understanding	May 9, 2025
(2) Conclusion of joint venture agreement	September 2025 (scheduled)
(3) Establishment of joint venture	March 2026 (scheduled)
(4) Start of construction on new electric furnace	August 2026 (scheduled)
(5) Start of operations for new electric furnace	2030 onward (scheduled)

5. Outlook for the Future

The Company is currently in negotiations with Nippon Steel as we work toward concluding a joint venture agreement, and the impact on performance for the current fiscal year is difficult to calculate at this point. We will promptly disclose information once we are able to calculate appropriate and reasonable figures.

(Reference) Consolidated financial results forecasts for the current fiscal year and actual consolidated results for the previous fiscal year

	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Profit attributable to owners of parent
Consolidated financial results forecasts for the current fiscal year (Fiscal year ending March 31, 2026)	157,500 million yen	7,300 million yen	7,000 million yen	4,200 million yen

Actual consolidated results for the previous fiscal year (Fiscal year ended March 31, 2025)	169,329 million yen	8,436 million yen	8,119 million yen	5,695 million yen
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