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Representative Director and President
Stock listing: First Section of Tokyo Stock Exchange, and Nagoya,
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To whom it may concern:

Notice Concerning Acquisition of Shares of G Steel Public Company Limited and G J Steel Public Company Limited in Thailand (to Make Them Subsidiaries)

NIPPON STEEL CORPORATION (“NSC” or the “Company”) hereby announces that, today, it has decided to enter into a share purchase agreement (“SPA”) to acquire 49.99% shares in G Steel Public Company Limited (“G Steel”) and 49.90% shares in G J Steel Public Company Limited (“G J Steel”), which are integrated steel production mills that produce hot-rolled steel sheets from electric arc furnaces in Thailand, from Kendrick Global Limited (“Kendrick”), an entity owned by funds managed by Ares SSG, an alternative asset manager in Asia-Pacific.

1. Overview and Means of Acquisition

Based on the SPA, the Company will acquire 100% shares in Asia Credit Opportunities I (Mauritius) Limited (“ACO I”), a special purpose company which holds 49.99% shares of G Steel and 40.45% shares of G J Steel, from Kendrick (the “Transaction”). In addition to the 40.45% shares in G J Steel held by ACO I, G Steel, together with its subsidiaries, holds 9.45% of G J Steel shares, and NSC acquires 49.90% of G J Steel shares in total as a result of the Transaction. After the Transaction is completed, NSC will have an effective control over G Steel and G J Steel and consolidate G Steel and G J Steel as subsidiaries of NSC.

The Transaction is expected to be completed as soon as the preconditions for the Transaction are satisfied (February 2022 expected). Furthermore, given that G Steel and G J Steel are listed on the Stock Exchange of Thailand, in accordance with the regulations of The Securities and Exchange Commission of Thailand, NSC will launch a mandatory tender offer (MTO) for the remaining shares of both G Steel and G J Steel in a timely manner.

2. Rationale for the Transaction

Global steel consumption is expected to continue to grow steadily to 2025 and further to 2030. NSC has developed its business mainly in Asia especially China, the ASEAN countries and India, where the market size and growth rate are large in global terms and NSC is in an advantageous position to be able to lead the market size and growth to NSC’s earnings growth. In line with the “Medium- to Long-term Management Plan” released last year, NSC sets its vision to achieve “100 million tons of global crude steel capacity per annum” through expanding local integrated steel production in growing overseas market, and has been considering acquisition of, and equity participation (brownfield investment) in integrated steel mills in the ASEAN countries and others.

Amongst the ASEAN countries, Thailand has been an essential market for NSC, where NSC has established downstream mills product processing bases since 1960's, to meet demand of high-quality steel from local automotive and home appliance manufacturers, NSC has been supplying semi-finished products from Japan, which are then further processed locally at NSC's cold-rolling, coating and other processing facilities at its subsidiaries and supplied as final products to local manufacturing companies.

On the other hand, the demand for general-purpose flat steels, market size of which is large as well as high quality steel, is also expected to grow steadily in Thailand. As the trend of "favoring domestic production" accelerates all over the world, it is important to become an insider in order to capture the demand of general-purpose products in Thailand, and this is the reason that NSC has been considering securing local integrated steel production through M&A and other means.

Both G Steel and G J Steel are the only steel companies which have integrated steel production facilities from electric arc furnaces to hot-rolling processes in Thailand, and they manufacture and sell general grade hot-rolled steel products which constitute the largest market segment. Together, the two companies have a hot-rolled production capability of approximately 3 million tons and have sold hot-rolled steel products for general-purpose, such as for domestic construction industries in Thailand. NSC has decided that this opportunity is worthwhile to invest since the electric arc furnaces are suitable for the demand of hot-rolled steel in Thailand, and from the perspective that it will be a future potential development base for promoting "High-grade steel production in electric arc furnaces" which is one of our three initiatives of Carbon Neutral Vision 2050.

NSC will capture hot-rolled steel demands in Thailand, which is expected to grow steadily, by utilizing the management base of G Steel and G J Steel for manufacturing and sales as well as improving their productivity and quality.

3. Overview of the Target Companies

3-1. G Steel Public Company Limited

(1) Name	G Steel Public Company Limited		
(2) Location	88 PASO Tower, 18th Floor, Silom Road, Suriyawong, Bangrak, Bangkok, Thailand 10500		
(3) Name and Title of Representative	Christopher Michael Nacson, Chairman of Board of Directors		
(4) Description of Business	Manufacturing and Sales of Hot Rolled Steel Sheets		
(5) Capital	144,644 million Baht		
(6) Date of Establishment	October 31, 1995		
(7) Major Shareholders and Ownership Percentage	Asia Credit Opportunities I (Mauritius) Limited: 49.99%		
(8) Relationship Between the Company and Said Company	Capital Relationship	Not applicable	
	Personnel Relationship	Not applicable	
	Business Relationship	Not applicable	
(9) Consolidated operating results and consolidated financial positions of said company for the last three years			
As of / The year ended	December 31, 2018	December 31, 2019	December 31, 2020
Net assets	10,101	17,182	15,934
Total assets	30,632	26,400	25,460
Net assets per share (Baht)	1.47	1.98	0.55
Net sales	29,966	17,416	20,693
Profit (Loss) before taxation	(2,358)	1,457	(1,203)

Profit (Loss) for the year	(2,358)	1,457	(1,203)
Profit (Loss) attributable to owners of the parents	(1,662)	2,646	(655)
Earnings (Loss) per share (Baht)	(0.24)	0.31	(0.02)
Dividend per share	n/a	n/a	n/a

(Million Baht, unless otherwise noted)

3-2. G J Steel Public Company Limited

(1) Name	G J Steel Public Company Limited		
(2) Location	88 PASO Tower, 24th Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500		
(3) Name and Title of Representative	Stephen Karl Stewart, Chairman of the Board of Directors		
(4) Description of Business	Manufacturing and Sales of Hot Rolled Steel Sheets		
(5) Capital	24,468 million Baht		
(6) Date of Establishment	January 5, 1994		
(7) Major Shareholders and Ownership Percentage	Asia Credit Opportunities I (Mauritius) Limited : 40.45% G Steel Public Company Limited : 8.24% GS Securities Holdings Co., Ltd : 1.21%		
(8) Relationship between the Company and Said Company	Capital Relationship	Not applicable	
	Personnel Relationship	Not applicable	
	Business Relationship	Not applicable	
(9) Operating results and financial positions of said company for the last three years			
As of / The year ended	December 31, 2018	December 31, 2019	December 31, 2020
Net assets	13,218	13,294	12,661
Total assets	18,824	15,488	14,857
Net assets per share (Baht)	0.95	0.61	0.50
Net sales	29,910	12,923	11,379
Loss before taxation	(836)	(1,353)	(605)
Loss for the year	(836)	(1,353)	(605)
Loss per share (Baht)	(0.060)	(0.063)	(0.024)
Dividend per share (Baht)	n/a	n/a	n/a

(Million Baht, unless otherwise noted)

4. Overview of the Counterparty to the Acquisition of Shares

(1) Name	Kendrick Global Limited
(2) Location	Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola VG1110, British Virgin Islands
(3) Basis of Establishment, etc.	A Limited company under British Virgin Island Business Companies Act
(4) Purpose of Formation	Investment holding entity with primary purpose for its investments in Asia Credit Opportunities I (Mauritius) Limited, shareholder of G Steel and G J Steel, and Link Capital I (Mauritius) Limited, creditor of G Steel and G J Steel
(5) Date of Formation	June 28, 2016

(6)	Total Investment Amount	USD 100 share capital	
(7)	Owners, Ownership Percentages and Overview of the Owners	Investment funds managed by Ares SSG	
(8)	Overview of Operating Partners	Name	Kendrick Global Limited
		Location	Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola VG1110, British Virgin Islands
		Name and Title of Representative	Embree Capital Limited, Director Monique Adams, Director James Raymond Wearmouth, Director
		Description of Business	Investment holding entity with primary purpose for its investments in Asia Credit Opportunities I (Mauritius) Limited, shareholder of G Steel and G J Steel, and Link Capital I (Mauritius) Limited, creditor of G Steel and G J Steel
		Capital	100 USD
(9)	Overview of Japanese Agent	Not applicable	
(10)	Relationship between the Company and Said Fund	Relationship between the Company and Said Fund	Not applicable
		Relationship between the Company and Operating Partners	Not applicable
		Relationship between the Company and Japanese Agent	Not applicable

5. Number of Shares to be Acquired, Acquisition Costs and Shareholding before and after Acquisition

(1)	Number of Shares Held before the Change	0 shares (Number of voting rights: 0 units) (Ratio of voting rights held: 0.0%)
(2)	Number of Shares to be Acquired	G Steel: 14,461,489,473 shares (Number of voting rights: 14,461,489,473 units) G J Steel: 10,310,359,336 shares and NVDR* ¹ of 204,485 units (Number of voting rights: 10,310,359,336 units)
(3)	Acquisition Value	Common shares of G Steel: 117 million USD Common shares and NVDR of G J Steel: 183 million USD
(4)	Number of Shares Held after the Change	G Steel: 14,461,489,473 shares (Number of voting rights: 14,461,489,473 units) (Ratio of voting rights held: 49.99%) G J Steel: 10,310,359,336 shares and NVDR* ¹ of 204,485 units (Number of voting rights: 10,310,359,336 units) (Ratio of voting rights directly held: 40.45%, total of directly and indirectly held: 49.90%* ²)

*1: Non-voting depository receipt, is a trading instrument issued by Thai NVDR.

*2: the number including the total shares of G J Steel held directly and indirectly by G Steel

6. Timetable

(1) Definitive Agreement	January 21, 2022
(2) Closing	February, 2022 (Expected*3)

*3: The Transaction is expected to be completed as soon as the preconditions for the transfer are satisfied.

We expect to launch tender offer for shares of G Steel and G J Steel at Stock Exchange of Thailand, under the obligation of security law in Thailand.

(1) Expected Offer price	G Steel shares:0.0081 USD per common share (0.27 Baht per common share*4) G J Steel shares:0.0178 USD per common share (0.59 Baht per common share*4)
(2) Number of target securities	All securities of G Steel and G J Steel (no maximum or minimum limit)

*4: Reference value based on the Weighted-average Interbank Exchange Rate as of January 18, 2022, announced by Central Bank of Thailand.

7. Future Outlook

The change of subsidiaries will have no impact to the earnings results for this fiscal year.

(Reference) Consolidated Earnings for this Fiscal Year (released on November 2, 2021) and Actual Consolidated Earnings Results for First 6 Months of this Fiscal second quarter

	Consolidated revenue	Consolidated business profit	Consolidated operation profit	Profit (loss) attributable to owners of parents
Consolidated Earnings Forecasts for this Fiscal year (Fiscal Year Ending March 31, 2022)	6,700	800	-	520
Actual Consolidated Earnings Results for the last Fiscal Year (Fiscal Year Ending March 31, 2021)	4,829	110	11	(32)

(Billion yen)

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.