

March 30, 2023

Kobe Steel, Ltd.

Announcement on absorption-type merger of wholly owned subsidiary (simplified merger and short-form merger)

Kobe Steel, Ltd. announces that at its Board of Directors meeting held on March 30, 2023, the Board adopted a resolution for Kobe Steel to conduct an absorption-type merger of its wholly owned subsidiary Kobelco Slag Products, Ltd., with October 1, 2023 as the effective date.

As this merger concerns a wholly owned subsidiary of Kobe Steel, some of the disclosure items and description are omitted.

1. Purpose of the merger

Established in March 1998, Kobelco Slag Products, a wholly owned subsidiary of Kobe Steel, undertook the sale, technology development, and technical service of Kobe Steel's steel slag products in the form of a separate company, acting as sales agent for steel slag products, distributor of steel by-products, administrative agent for industrial waste disposal, and freight forwarder. With the aim of expanding the use of steel slag products that contribute to carbon neutrality and biodiversity, Kobe Steel has reached the conclusion that the optimal way is to integrate the business operations through consolidating Kobelco Slag Products into the Company and eliminating the current dual structure of manufacturing and sales being carried out separately.

2. Summary of the merger

(1) Schedule for the merger

Resolution at Board of Directors' meeting:	March 30, 2023
Date of signing of agreement:	March 30, 2023
Effective date of merger:	October 1, 2023

(2) Method of the organizational restructuring concerned

An absorption-type merger will be undertaken with Kobe Steel as the continuing company and Kobelco Slag Products as the dissolving company.

This merger falls under the scope of a simplified merger as prescribed in Paragraph 2, Article 796 of the Companies Act. As such, the merger agreement can proceed without approval at the general shareholders' meeting.

(3) Details of allocation related to the merger

As this merger concerns a wholly owned subsidiary of Kobe Steel, there will be no issuance of new shares or allocation of money, etc.

(4) Stock acquisition rights and bonds with stock acquisition rights

Not applicable

3. Outline of the organizational restructuring of the company concerned

	Continuing company in absorption-type merger	Dissolving company in absorption type merger										
(1) Company name	Kobe Steel, Ltd.	Kobelco Slag Products, Ltd.										
(2) Location	2-4, Wakinohama-Kaigandori 2-chome, Chuo-ku, Kobe, Hyogo	5-1, Wakinohama-Kaigandori 1-chome, Chuo-ku, Kobe, Hyogo										
(3) Name & position of representative	Mitsugu Yamaguchi, President, CEO and Representative Director	Katsuhiko Sakamoto President, CEO and Representative Director										
(4) Description of business	Manufacture and sale of iron, steel and nonferrous metal products; manufacture and sale of cast iron products, steel castings and forgings, and nonferrous alloy castings and forgings; electricity supply business, etc.	Sales agent for steel slag products, distribution of steel by-products, administrative agent for industrial waste disposal, and freight forwarding, etc.										
(5) Capital	250.9 billion yen	90 million yen										
(6) Date of establishment	June 28, 1911	March 10, 1998										
(7) No. of issued shares	396,345,963	1,800										
(8) Accounting period	March 31	March 31										
(9) Principal shareholders & their shareholding ratios (as of September 30, 2022)	<table border="0"> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>14.59%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Account)</td> <td>4.84%</td> </tr> <tr> <td>Nippon Steel Corporation</td> <td>2.71%</td> </tr> <tr> <td>DFA INTL SMALL CAP VLAUE PORTFOLIO</td> <td>1.38%</td> </tr> <tr> <td>Nippon Life Insurance Company</td> <td>1.38%</td> </tr> </table>	The Master Trust Bank of Japan, Ltd. (Trust Account)	14.59%	Custody Bank of Japan, Ltd. (Trust Account)	4.84%	Nippon Steel Corporation	2.71%	DFA INTL SMALL CAP VLAUE PORTFOLIO	1.38%	Nippon Life Insurance Company	1.38%	Kobe Steel, Ltd. 100%
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DFA INTL SMALL CAP VLAUE PORTFOLIO	1.38%											
Nippon Life Insurance Company	1.38%											
(10) Consolidated operating results and financial condition for the past 3 years												
Fiscal period	Kobe Steel, Ltd. (Consolidated)			Kobelco Slag Products, Ltd. (Parent only)								
	Year ended Mar. 2020	Year ended Mar. 2021	Year ended Mar. 2022	Year ended Mar. 2020	Year ended Mar. 2021	Year ended Mar. 2022						
Net assets	716,369	769,375	872,346	401	369	368						
Total assets	2,411,191	2,582,873	2,728,745	1,893	1,725	2,110						
Net assets per share (yen)	1,811.10	1,958.57	2,066.48	223,102	205,197	204,677						
Net sales	1,869,835	1,705,566	2,082,582	4,588	4,133	4,610						
Ordinary income (loss)	(8,079)	16,188	93,233	113	73	66						
Net income (loss) attributable to owners of the parent	(68,008)	23,234	60,083	76	44	43						
Net income (loss) per share (yen)	(187.55)	64.05	160.23	42,507	24,601	24,081						
Dividend per share (yen)	-	10	40	42,506	24,601	18,061						

(Figures are in millions of yen, except where noted.)

4. Situation after the merger

After the merger, there will be no changes in Kobe Steel's name, location, name and position of representative, description of business, capital and accounting period.

5. Future outlook

The merger will have no effect on Kobe Steel's consolidated operating results.