

August 25, 2021

For Immediate Release
To whom it may concern

Mitsui & Co., Ltd.

Notice concerning the conclusion of a basic agreement on the merger of Mitsui Bussan I-Fashion Ltd. with the textiles business of Nippon Steel Trading Corporation, an agreement concerning an absorption-type split, and shareholders' agreement

Mitsui & Co., Ltd. ("Mitsui", Head Office: Tokyo, President & CEO: Kenichi Hori) is pleased to announce that Mitsui, Mitsui Bussan I-Fashion Ltd. ("MIF", Head Office: Tokyo), which is Mitsui's core business company in the fashion and textiles business, and Nippon Steel Trading Corporation ("NST", Head Office: Tokyo, President and Representative Director: Yasumitsu Saeki) will conclude a basic merger agreement (the "Merger Agreement") regarding the merger between MIF and NST's textile businesses (the "Merger") and a shareholders' agreement, and that MIF and NST will conclude an absorption-type split agreement (the "Split Agreement") under which MIF will succeed NST's textile business (the "Split").

Details

1. Purpose of the Merger

The pace of change in the domestic and overseas business environment for the textiles business is accelerating. In particular, the Japanese apparel OEM market (OEM: original equipment manufacturers, contract manufacturers of products under other parties' brands) has been shrinking, and combined with the impact of the COVID-19 pandemic, the business environment is expected to become increasingly severe. Under such circumstances, the policies of Mitsui and NST, both of which have been exploring opportunities to strengthen their respective textiles business platforms and pursuing sustainable growth and development, aligned with each other, and on February 3, 2021, the two companies concluded a basic agreement regarding the commencement of discussions on the Merger. After engaging in specific negotiations on and examinations of the Merger, both companies finally agreed to conclude the above agreements regarding the Merger.

We will work to enhance the corporate value of the merged company through the following measures.

(1) Reinforcement of the platform for the core OEM business

MIF and NST aim to improve competitiveness and build a robust business base by maximizing the synergy benefits resulting from the combination and complementation of marketing capabilities, customer networks, and their respective areas of strength in terms of products and services, and by using the increased scale resulting from the Merger to enhance efficiency and strengthen functions, especially in relation to procurement.

(2) Creation of business opportunities in new growth areas

Mitsui and NST will make optimal use of their business resources across their entire supply chains from upstream to downstream areas to expand business in overseas markets with growth potential. They will also work to achieve sustainable growth through the use of digital technology to provide new services, as well as the creation of new business opportunities focusing on sustainability, such as the utilization of recyclable materials, and the establishment of a product recycling system.

(3) Deepening of value provided to customers

Mitsui and NST aim to help customers to achieve innovation (such as cost reduction, business process digitalization, and sustainability response) through new initiatives based on the application of digital technology to functional processes, such as planning, production, and logistics, using textiles business knowledge that they have accumulated over many years, together with their integrated strengths and procurement networks.

2. Outline of the Merger

(1) Schedule for the Merger and the Split

Date of conclusion of agreements	August 25, 2021 (today)
General Meeting of Shareholders (MIF) (Approval for the Split Agreement)	August 25, 2021 (today)
Effective date of the Merger	January 1, 2022 (tentative)

Note: This Merger will be carried out only after obtaining, from relevant authorities, the permits and approvals that are necessary to execute the Merger in accordance with the antitrust laws of Japan and the other countries concerned, and after completing all other necessary procedures. The above-mentioned dates are a planned schedule at present, and in the case where there is a change in this schedule for reasons related to the acquisition of permits and approvals from relevant authorities or other such reasons during the procedures in accordance with the Merger, such a change will be promptly announced.

(2) Method for the Split

The absorption-type split will be implemented with NST as the splitting company and MIF as the succeeding company.

(3) Allocations relating to the Split

MIF will issue and allocate 4,133 new shares of MIF to NST as compensation for the Split. As a result, Mitsui and NST will each hold a 50% stake in the succeeding company as of the effective date of the Split after the completion of the Split. MIF will no longer be Mitsui's consolidated subsidiary but Mitsui's equity method affiliate.

It is to be noted that by the date prior to the effective date of the Split, Mitsui will make an in-kind contribution, including its owned assets related to the textile business, to MIF, and will subscribe for new shares to be issued by MIF, and as a result, the number of common shares of MIF owned

by Mitsui will be 4,133 (the number of common shares of MIF that are owned by Mitsui as of August 25, 2021, is 4,132).

(4) Handling of share options and bonds with share options arising from the Split

There are no applicable items.

(5) Changes in capital due to the Split

At present, the capital of the succeeding company after the Split has not been determined.

(6) Rights and obligations inherited by the succeeding company

The rights and obligations that MIF will inherit from NST are those stipulated in the Split Agreement regarding the rights and obligations NST owns in relation to its textile business.

(7) Expectation of performance of liabilities

There is no expectation of problems concerning the performance of liabilities payable by the succeeding company after the effective date of the Split.

3. Basis for Calculation of Allocations Pertaining to the Split

To ensure the fairness and appropriateness of the allocation of ordinary MIF shares to NST as a result of the Split, Mitsui retained an external financial advisor to carry out the calculation using the comparable company analysis and discounted cash flow methods.

4. Profiles of Parties to the Split

(Unless stated otherwise, as of March 31, 2021)

	Splitting Company		Succeeding Company	
1 Name	Nippon Steel Trading Corporation		Mitsui Bussan I-Fashion Ltd.	
2 Address	5-27, Akasaka 8-chome, Minato-ku, Tokyo		6-12, Kita-Aoyama 3-chome, Minato-ku, Tokyo	
3 Name and title of representative	Yasumitsu Saeki, President and Representative Director		Atsushi Imai, President & CEO	
4 Business activities	Marketing and import/export of steel, industrial supply and infrastructure, textiles, foodstuffs and others		Procurement and sales of functional materials and textiles, industrial materials, apparel, general clothing products, brand marketing, and other business related to textiles and fashion	
5 Capital	¥16,389 million		¥865 million	
6 Established	August 2, 1977		July 3, 1992	
7 Shares issued	32,307,800		4,105	
8 End of fiscal year	March 31		March 31	
9 Employees	Non-Consolidated: 1,840 Consolidated: 9,028		410	
10 Main banks	Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited		Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd.	
11 Main shareholders and percentage of	Nippon Steel Corporation	34.5%	Mitsui & Co., Ltd.	100%

shares held (as of March 31, 2021)	Mitsui & Co., Ltd. (standing proxy: Custody Bank of Japan, Ltd.)	19.9%					
	Custody Bank of Japan, Ltd. (trust accounts)	4.9%					
	The Master Trust Bank of Japan, Ltd. (trust accounts)	4.4%					
	Custody Bank of Japan, Ltd. (Trust Account 9)	1.6%					
12	Relationship between the parties						
	Capital relationship	None					
	Personal relationship	None					
	Business relationship	None					
	Applicability to related parties	None					
13	Financial results and financial position in each of the past three fiscal years (unit: 100 million yen)						
Fiscal year ended	Nippon Steel Trading Corporation (Consolidated)			Mitsui Bussan I-Fashion Ltd.			
	March 2019	March 2020	March 2021	March 2019	March 2020	March 2021	
	Net assets	2,493	2,548	2,782	48	64	90
	Total assets	9,601	8,577	8,834	510	465	399
	Net assets per share (yen)	7,150.13	7,329.73	7,922.37	1,186,248.17	1,575,474.42	2,209,458.81
	Net sales	25,506	24,802	20,732	1,103	1,082	796
	Operating profit	361	320	222	18	21	11
	Ordinary profit	364	332	256	18	22	13
	Net profit for the period	232	207	159	13	15	9
	Net profit for the period per share (yen)	720.68	641.97	493.98	330,322.55	389,628.35	226,498.81
	Dividend per share (yen)	220.00	200.00	160.00	-	-	-

5. Outline of the Business to be Succeeded

(1) Description of the business to be succeeded

The textiles business operated by NST's Textiles Division

(2) Financial performance of the business to be succeeded

(Unit: 100 million yen)

	FYE March 2019	FYE March 2020	FYE March 2021
Consolidated net sales	1,508	1,300	984
Consolidated ordinary profit	44	46	16

(3) Assets, liabilities and book value of the business to be succeeded (FYE March 2021)

(Unit: 100 million yen)

Assets		Liabilities	
Trade receivables	39	Trade payables	106
Inventories	79	Others	41
Others	184		
Total	303	Total	148

Note: The assets and liabilities to be succeeded were calculated using the balance sheet as of March 31, 2021. The actual amounts of assets and liabilities succeeded will be finalized after adjustment for changes in the period to the effective date for the Split.

6. Situation after the Split

There will be no change in the name, location, name and title of the representative, business activities, capital, and fiscal period of NST (the splitting company) through the Split.

The name, location, name and title of the representative, capital, and fiscal period of the succeeding company after the Split have not been determined yet. Through the Split, there will be no change in the business activities of the succeeding company described in the above "4. Profiles of Parties to the Split".

7. Outlook

Mitsui is expected to record a profit in line with the business restructuring along with the Split, and the Forecast for the Year Ending March 31, 2022, announced on August 3, 2021, has not factored in such a profit.

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Notice:

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