



News Release

May 9, 2025

Nippon Steel Corporation

Basic Agreement with Nakayama Steel Works, Ltd. on the Formation of a Joint Venture Company to Hold an Electric Arc Furnace (EAF) and the Business Alliance

We are pleased to announce that Nippon Steel Corporation (represented by Tadashi Imai, Representative Director and President; “Nippon Steel”) and Nakayama Steel Works, Ltd. (represented by Kazuaki Hakomori, Representative Director and President; “Nakayama Steel”) have entered into a basic agreement on the formation of a joint venture company (“JVC”) through joint investment by both companies, as well as on the business alliance under which, *inter alia*, Nakayama Steel manufactures steel products using a new EAF to be built by the JVC and Nippon Steel purchases them (the “Business Alliance”).

Both companies will continue to discuss details of the JVC and the Business Alliance to enter into a joint venture agreement.

1. Purpose of Investing in the JVC and the Business Alliance

To make sure to capture demand amid an increasingly challenging business environment surrounding the steel industry in Japan and abroad, Nippon Steel has recently decided to reach a basic agreement to establish the JVC and enter into the Business Alliance with Nakayama Steel, aiming to further expand our competitive product lineup, while maintaining our ongoing efforts centered on sophistication of products as the base.

2. Overview of the JVC and the Business Alliance

(1) Overview of the JVC (Planned)

- Nature of business: To hold and lease necessary EAF facilities to manufacture slabs
- Equity ratio: Capital: Approximately 50 billion yen
Nakayama Steel 51%, Nippon Steel 49%
*Voting ratio to be discussed between both companies to enter into a joint venture agreement.
- Established: March, 2026 (planned)
- Capital expenditures:
Details Steel production plant including an EAF
Amount of investment: Approximately 95 billion yen

(2) Overview of the Business Alliance (Planned)

- The JVC will build a new EAF within the premises of Nakayama Steel's Funamachi Works and lease it to Nakayama Steel.

- Nakayama Steel will manufacture slabs using that EAF. Nippon Steel will purchase a portion of those slabs, or will commission Nakayama Steel to perform additional processes of rolling and otherwise processing slabs and then purchase the processed hot-rolled coils and other products from Nakayama Steel.

3. Schedule (Tentative)

1. Execution of the basic agreement	May 09, 2025
2. Execution of the joint venture agreement	September 2025 (planned)
3. Formation of the JVC	March 2026 (planned)
4. Start of construction work for the new EAF	August 2026 (planned)
5. The operation date of the new EAF	2030 or later (planned)

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