Overview of Nippon Steel Business Performance and Future Initiatives

Table of Contents

NIPPON STEEL

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P1. Overview of Nippon Steel Business Performance and Future Initiatives

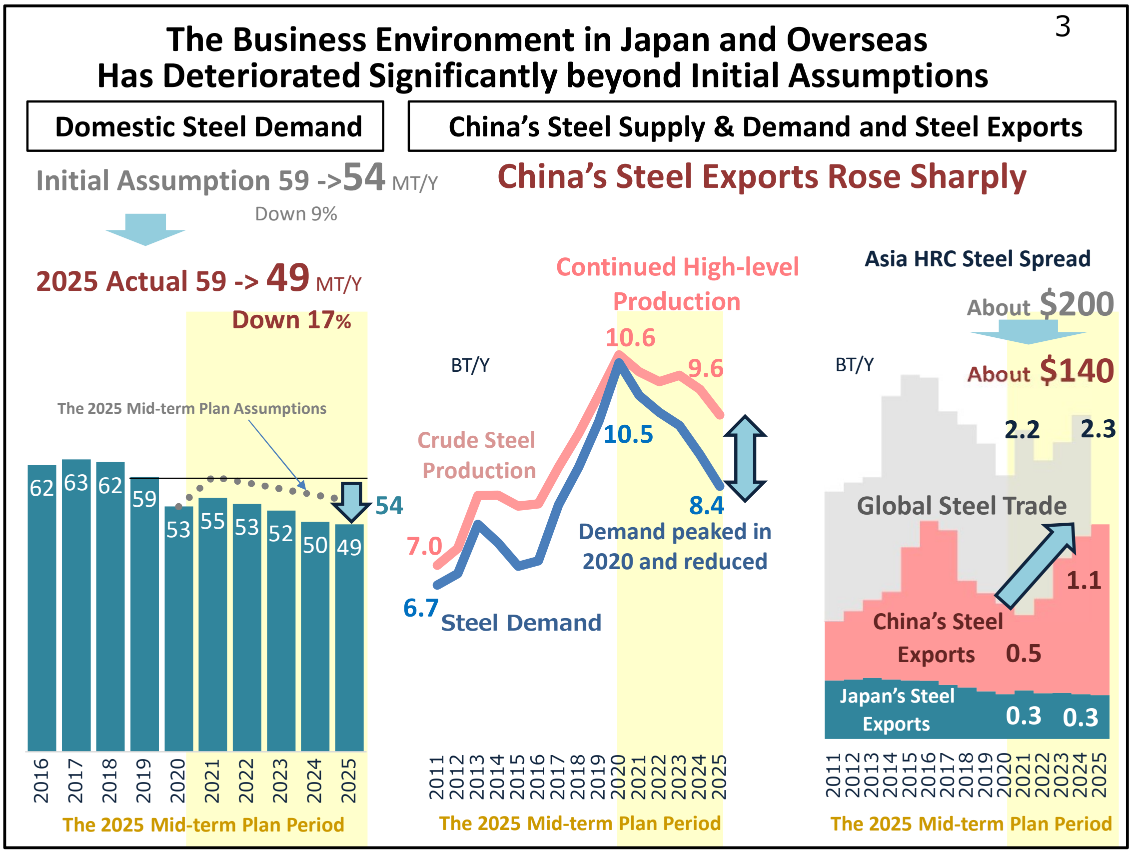
I am Tadashi Imai, President. Here I will give a brief explanation of our business performance and future initiatives.

Review of the 2025 Medium- to Long-Term Management Plan

- **The business environment in Japan and overseas has deteriorated beyond initial assumptions.**
- **By implementing additional measures beyond the initial plan, we exceeded our underlying business profit target.**
- **We promoted overseas investment for future growth.**

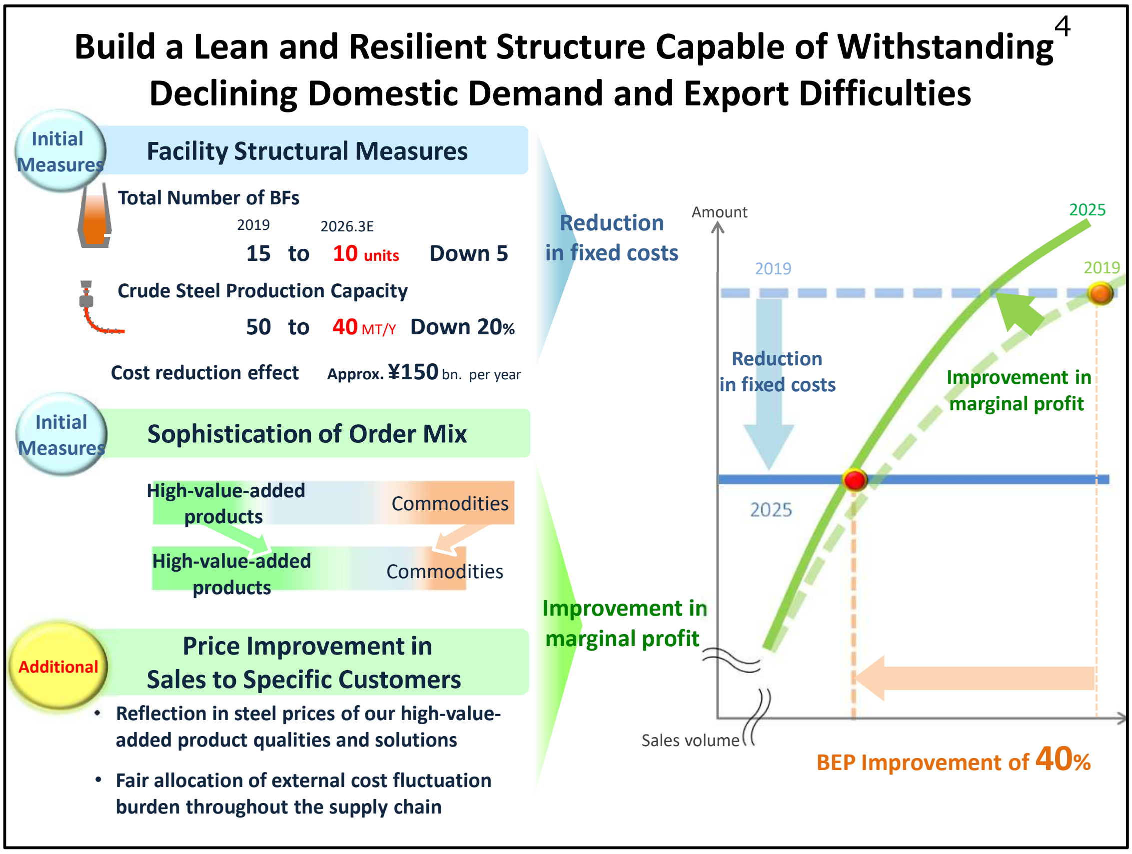
P2. I. Review of 2025 Medium- to Long-Term Management Plan

First, I would like to review the 2025 Medium- to Long-Term Management Plan up to fiscal 2025, ended March 31, 2026.
While the business environment in Japan and overseas deteriorated more than expected, our underlying business profit exceeded the plan due to the implementation of additional measures beyond those in the initial plan.
We have also advanced strategic overseas investments for future growth.



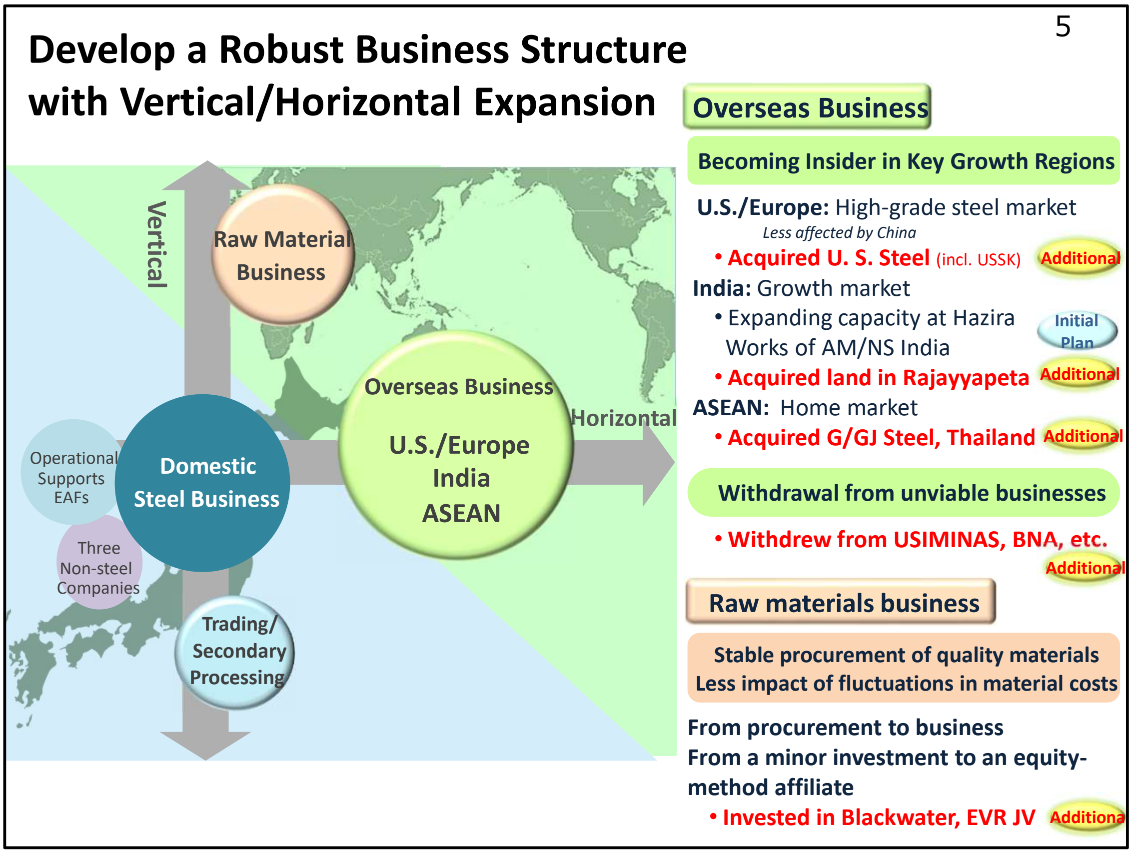
P3. Business Environment

Domestic steel demand in Japan decreased from 59 million tons in 2019 to 49 million tons in 2025, falling below the level anticipated in our plan.
In China, despite a decline in demand after peaking in 2020, production has continued at a high level. As a result, more than 100 million tons of surplus steel were exported, accounting for half of the world's steel trade. Steel market conditions in Asia deteriorated sharply, and the steel spread, which is the difference between primary raw material costs and steel product sales prices, deteriorated to a record low of $140 per ton.



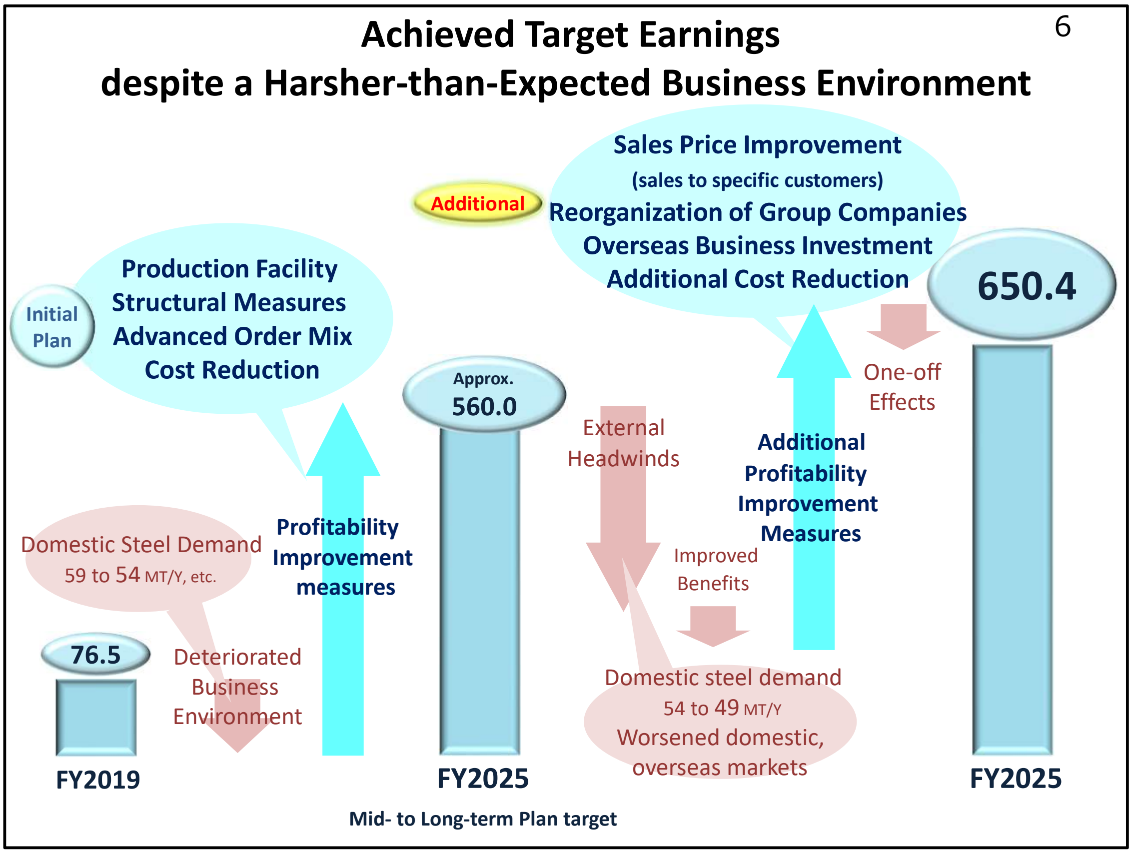
P4. Building Lean and Resilient Structure by Improvement in Break-even Point

In view of domestic demand in Japan, we have reduced our crude steel production capacity by 20% through large-scale production structural measures to reduce fixed costs. In addition, we improved the marginal profit by enhancing the product mix and improving prices for specific customers, lowering the break-even point by 40% and significantly strengthening our profitability.



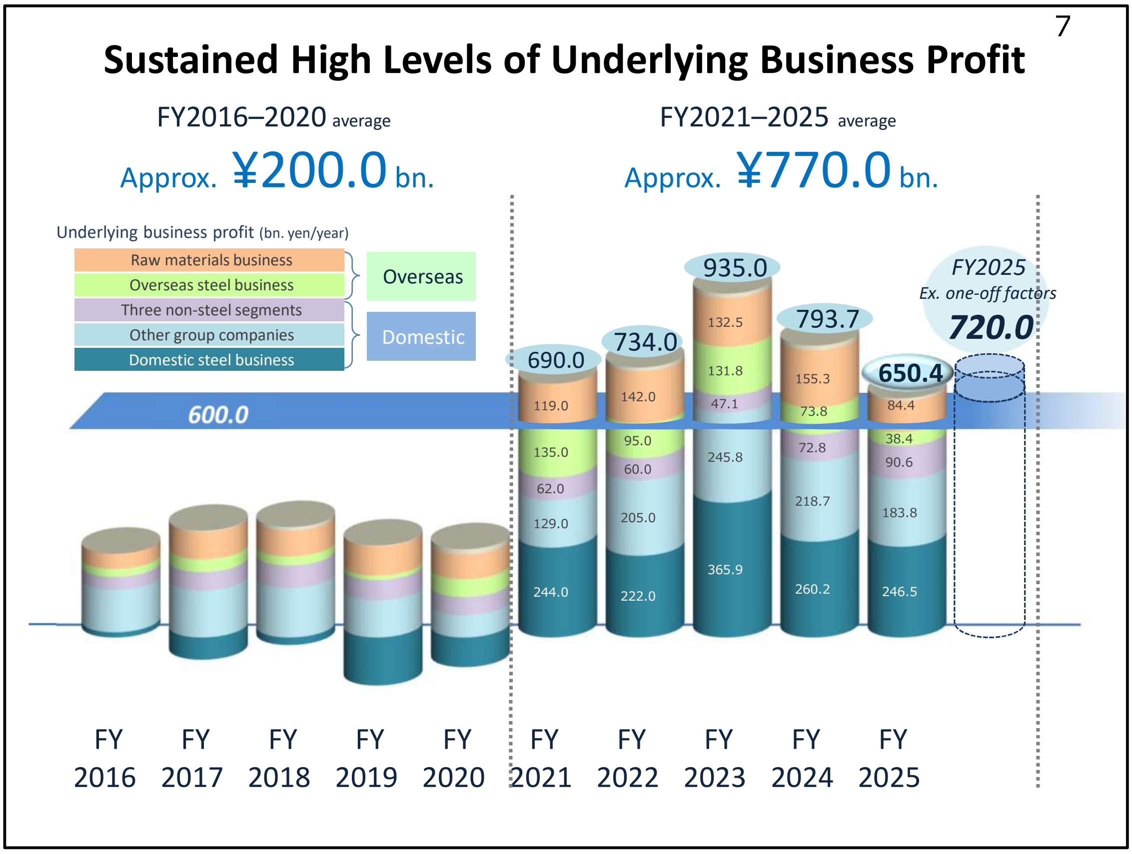
P5. Building Robust Business Structure with Breadth and Depth

In the overseas business, we have identified key regions, acquired U. S. Steel, expanded production in India, and acquired G/GJ Steel in Thailand. At the same time, we have made business withdrawals in Brazil and China.
We have also invested in raw material mines and are expanding our business footprint across the entire supply chain, from raw material procurement through to product distribution.



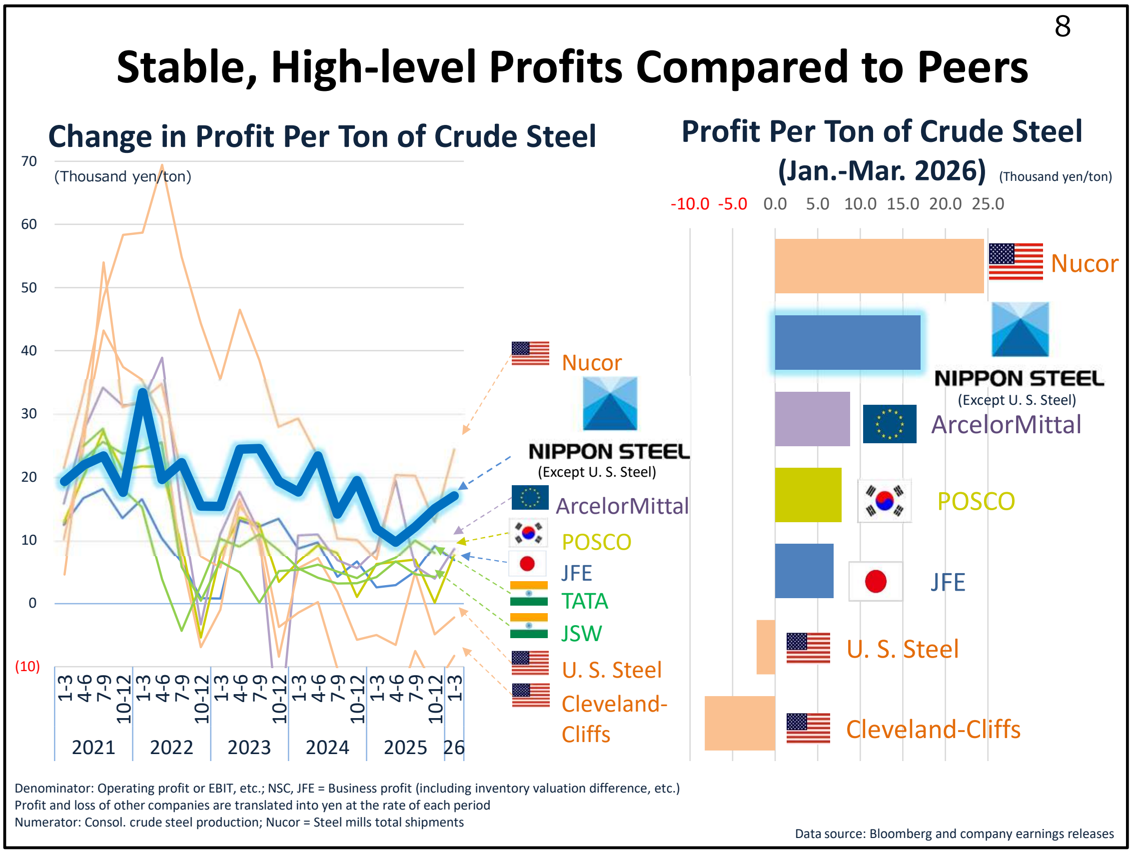
P6. Achieving Planned Profit despite a deteriorating business environment

In addition to the above initiatives, we implemented additional cost reduction measures and achieved underlying business profit of ¥650.4 billion in fiscal 2025, exceeding our medium- to long-term plan target.



P7. Sustained High Levels of Underlying Business Profit

In the five-year period from 2021, underlying business profit has improved significantly and consistently remained above ¥600 billion.



P8. Sustained High-Level Profitability Relative to Global Competitors

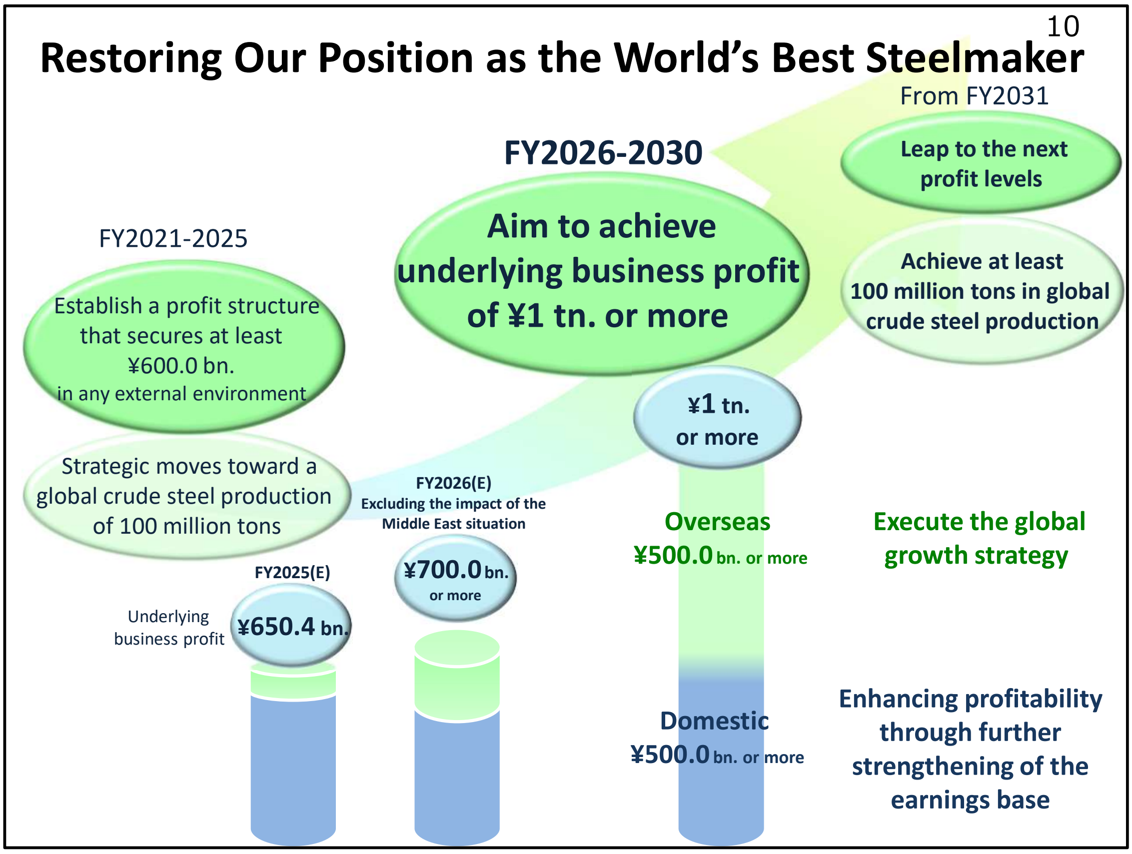
This slide shows the profit per ton of crude steel compared with that of global competitors. You can see that our profitability remains stable at a high level relative to the competitors.
The graph on the right shows the most recent results for the January–March quarter of 2026. Our profitability ranks among the highest in the global steel industry.

2030 Medium- to Long-Term Management Plan

- **Domestic: Fully utilize our production structure, which has regained competitiveness, and expand our solid business foundation.**
- **Overseas: Achieve profit growth centered on the four key regions: the U.S., India, Thailand, and Europe.**
- **Restore our position as the world's best steelmaker even in a harsh business environment.**

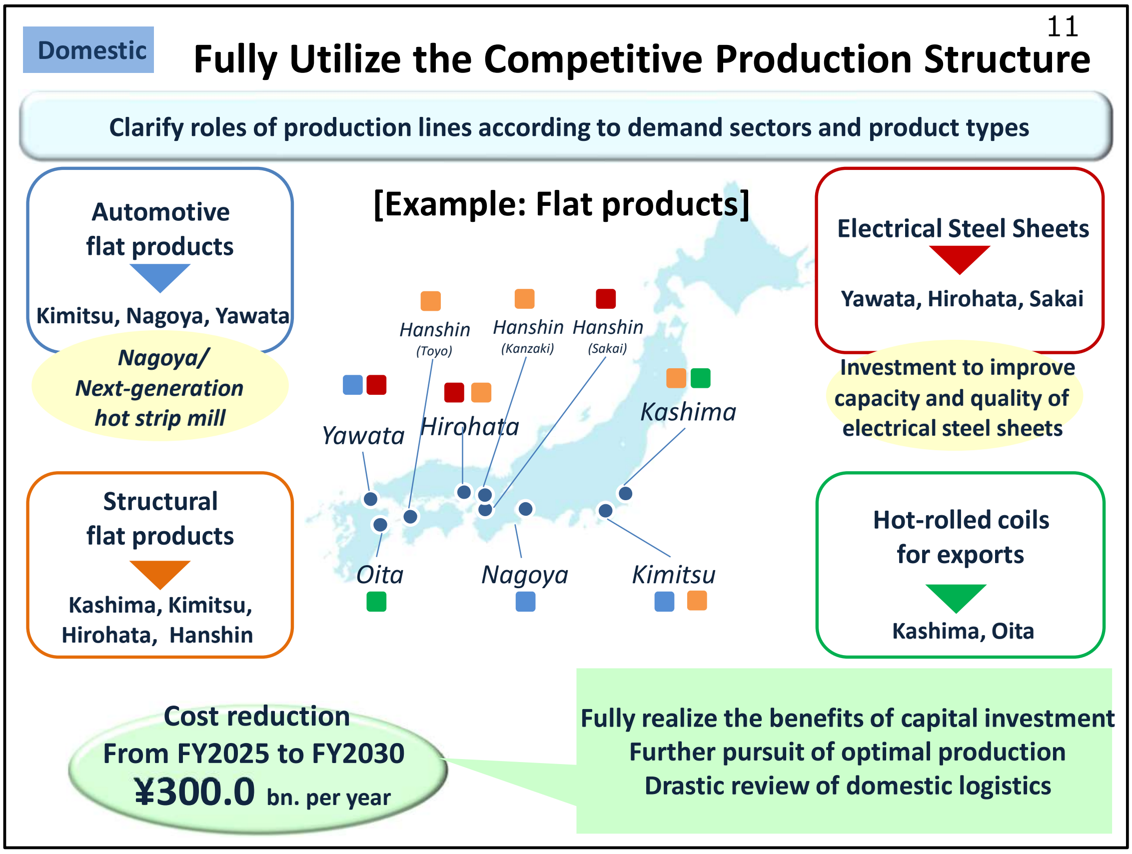
P9. II. 2030 Medium- to Long-Term Management Plan

Next, I would like to explain the 2030 Medium- to Long-Term Management Plan.
In Japan, we will fully leverage our restored competitiveness production structure and further strengthen our solid business foundation.
Overseas, we will achieve profit growth centered on the four key regions- the U.S., India, Thailand, and Europe.
Even in a challenging business environment, we will restore our position as the world's best steelmaker.



P10. Toward Restoring Our Position as the World's Best Steelmaker

We aim to achieve underlying business profit of 1 trillion yen or more. In Japan, we will achieve 500 billion yen or more by further strengthening our business structure. Overseas, we also aim to achieve 500 billion yen or more by implementing our global growth strategy.



P11. Domestic Steel Business; Leveraging Production Structure and Strengthening Competitiveness

I will begin with the production structure of our domestic steel business in Japan. As an example, regarding manufacturing bases for flat products, we will clarify the role of each production line and concentrate production for each product type.
We will fully realize the benefits of capital investment, further pursue the Group's optimal production, and drastically review domestic logistics to improve cost competitiveness by ¥300 billion over a five-year period.

Domestic

Deepen and Advance Solution-based Activities Fully Leveraging Our Comprehensive Capabilities

- Develop new steel products through advanced metallurgy and improve manufacturability
- Provide advanced utilization, processing, analysis, and evaluation technologies
- Establish robust supply chains by utilizing mills near our customers

Examples of initiatives in the automotive field

Participation from the early stages of automobile development

Product planning → Design → Development → Manufacturing Technology → Vehicle Manufacturing → Sales → Services

Traditional scope of collaboration

Optimal body structure was developed in the shortest timeframe
-> Provide concrete value, leveraging our comprehensive strengths

P12. Further Advancement of Comprehensive Solution Proposals

As for solution activities, we will leverage our comprehensive strengths to deepen and advance our activities.
We will develop new steel products using advanced metallurgy, provide advanced processing technology as well as analysis and evaluation technology, and establish a strong supply chain with our customers. For example, for the Automotive sector, we will participate from the initial product planning phase in the new vehicle development process, which will let us develop optimal body structures in the shortest possible period.
We will also leverage our comprehensive strengths to provide customers with tangible value that can only be achieved by us, beyond the performance of steel products alone.

Domestic

Nagoya's Next-generation Hot Strip Mill Starts Operation

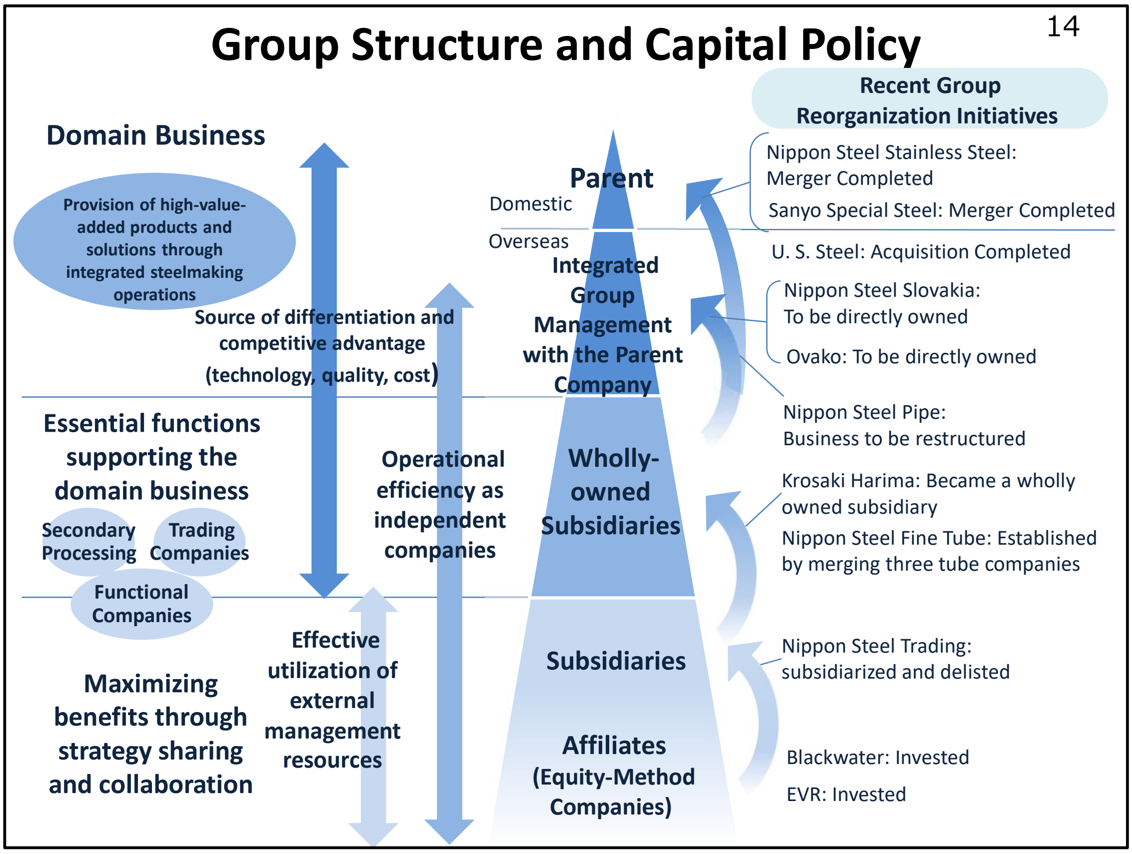
April 1, 2026
Test operation started

August 2026
Start of commercial production

Enable high-quality, stable mass production of high-value-added products, such as ultra-high-tensile steel

P13. Nagoya's Next-Generation Hot Strip Mill; Start of Operation

In manufacturing technology, the Next-generation Hot-Strip Mill at Nagoya Works, which is the production base for automotive steel sheets, has been completed and hot-rolling test operation started in April. In August, we will shift to commercial production and realize a structure for high-quality, stable mass production of high-value-added products, including ultra-high-tensile steel sheets for automobiles.



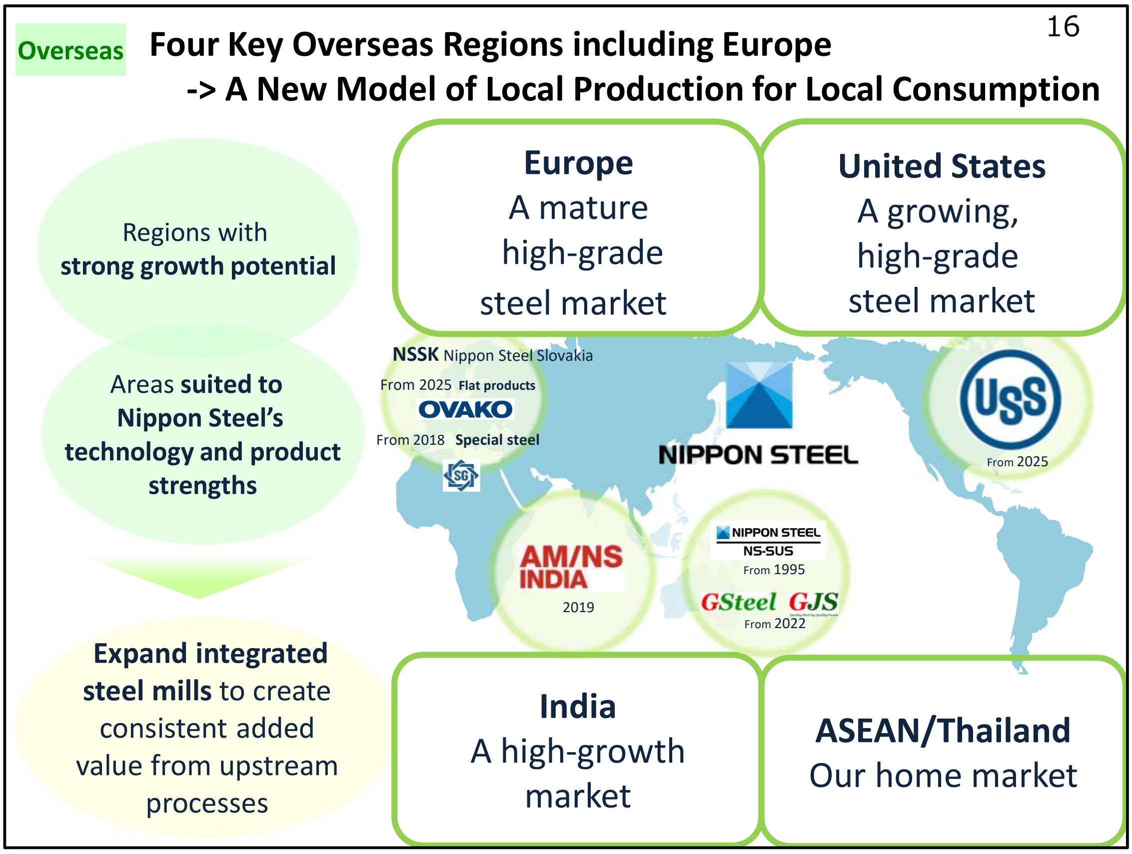
P14. Group Structure and Capital Policy

We are currently restructuring our group companies. This slide shows our Group’s structure and capital policy.
Our domain business-providing high-value-added products and solutions through an integrated steelmaking structure-will, in principle, be operated by the parent company or, in the cases of separate companies overseas, by a wholly owned subsidiary directly owned by the parent company.
With regard to group companies whose functions are essential to our domain business, we ensure their management efficiency as independent entities, at the same time, we will selectively seek full ownership of those companies that serve as a source of differentiation and competitive advantage.
Group companies that can realize benefits through partial strategic alignment and collaboration with other companies, as well as those that can effectively utilize management resources outside the Group, will be positioned as partially-owned subsidiaries or affiliates.
In line with this policy, we will improve management efficiency and accelerate management decisions, and thereafter, we will achieve earnings growth through restructuring synergies.

P15. Integration with Sanyo Special Steel

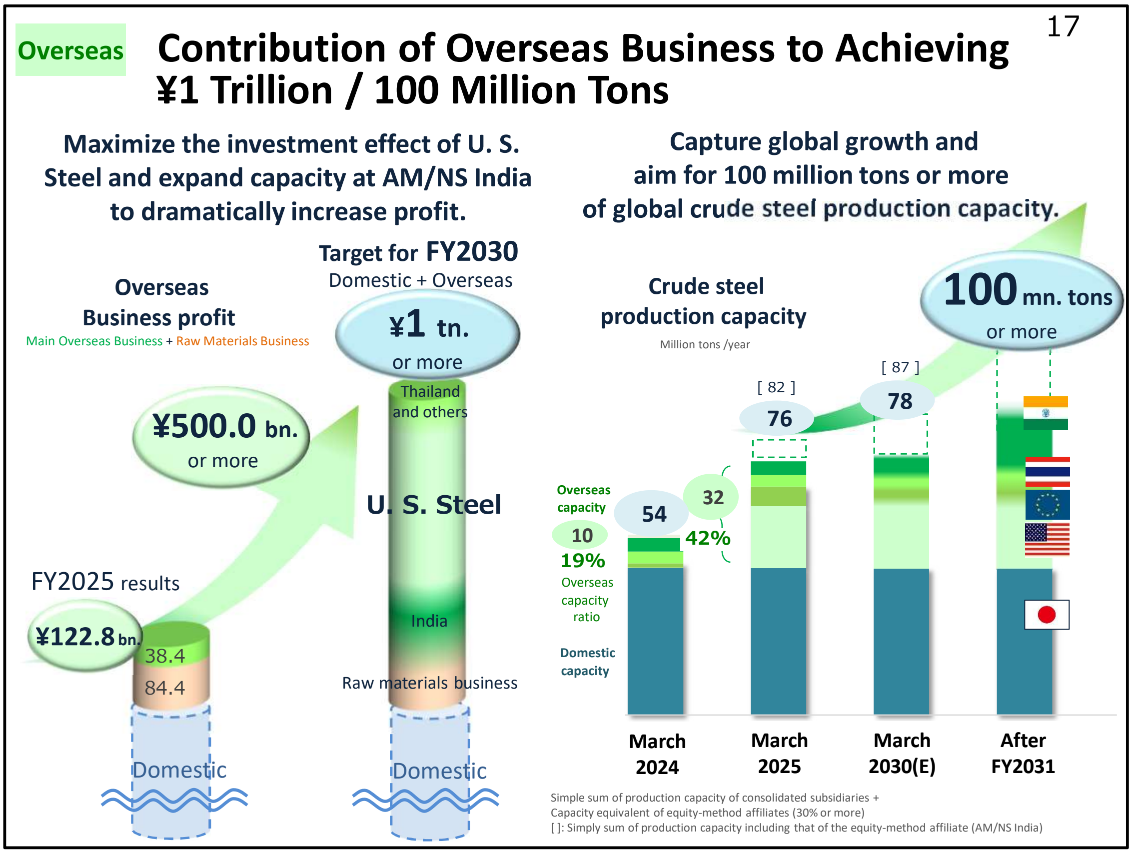
Sanyo Special Steel, which was already a wholly owned subsidiary, will be integrated into the parent company by April next year to form Setouchi Works Sanyo Area.

We will further strengthen our business structure and competitiveness by centralizing the entire bars, wire rods, and specialty steel products business within the parent company.



P16. Four Key Overseas Regions

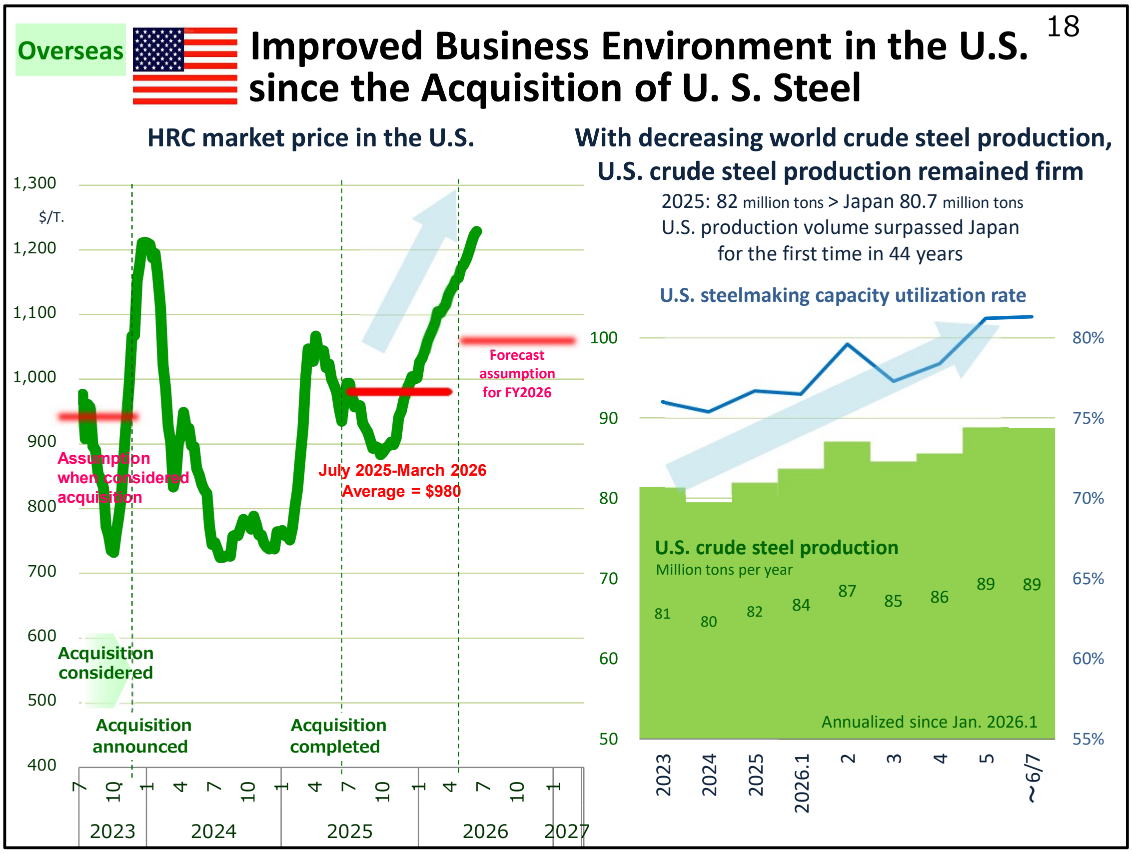
Overseas, the steel sheet manufacturing base in Slovakia, formerly under U. S. Steel, will become Nippon Steel Slovakia, a subsidiary directly owned by Nippon Steel. OVAKO, which manufactures special steel bars in Northern Europe, is also scheduled to become a directly owned subsidiary.
We will establish a local-production-for-local-consumption structure through integrated production in the four key overseas regions, which comprise growing India, Thailand as our home market, the U.S. as the world's largest and continuously growing market for high-grade steel, and Europe as a mature market for high-grade steel. We will concentrate our growth investments and management resources on these four regions to drive future growth.



P17 Toward achieving One Trillion Yen and 100 Million Tons

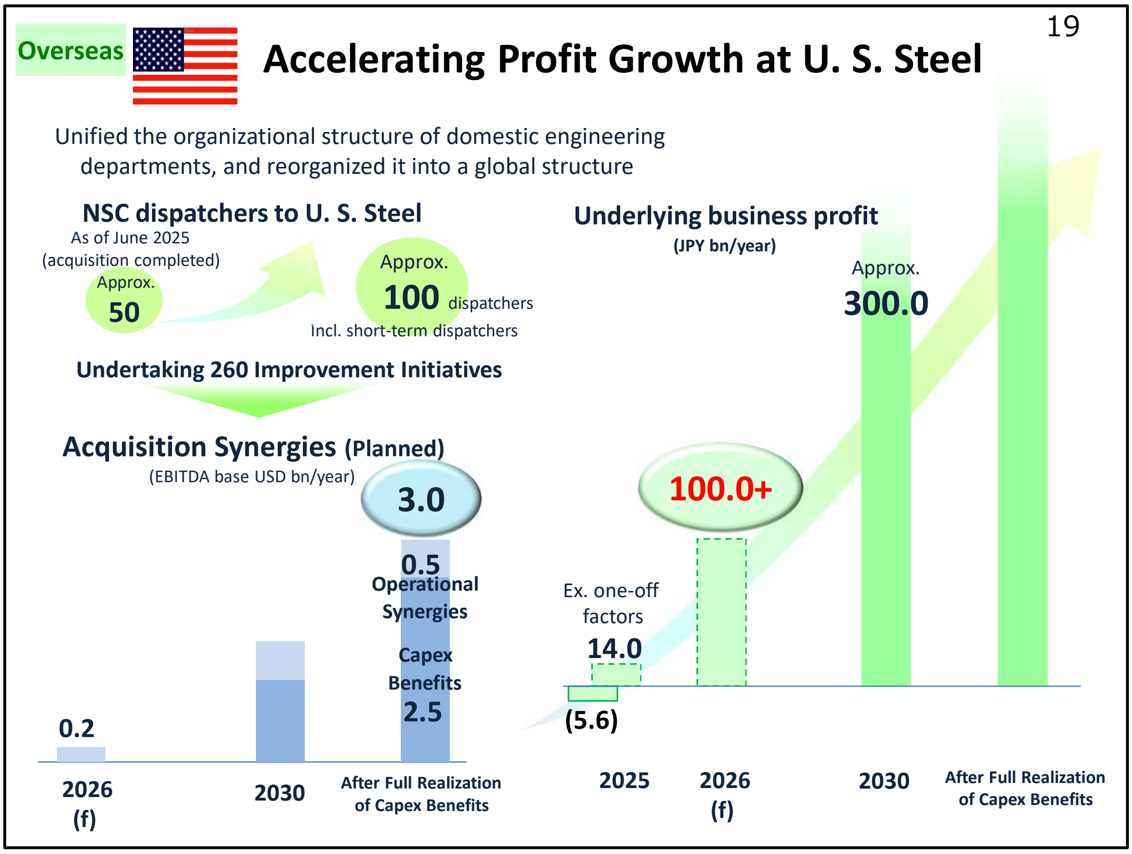
Our overseas business is expected to increase profit to more than ¥500 billion by 2030 through profit growth of U. S. Steel and capacity expansion in India. Combined with profits from our domestic business, we aim to achieve underlying business profit of more than ¥1 trillion.

Our global crude steel production capacity has increased to 76 million tons following the acquisition of U. S. Steel. We aim to exceed 100 million tons from fiscal 2031 onward, mainly due to further capacity expansion in India and other growth initiatives.



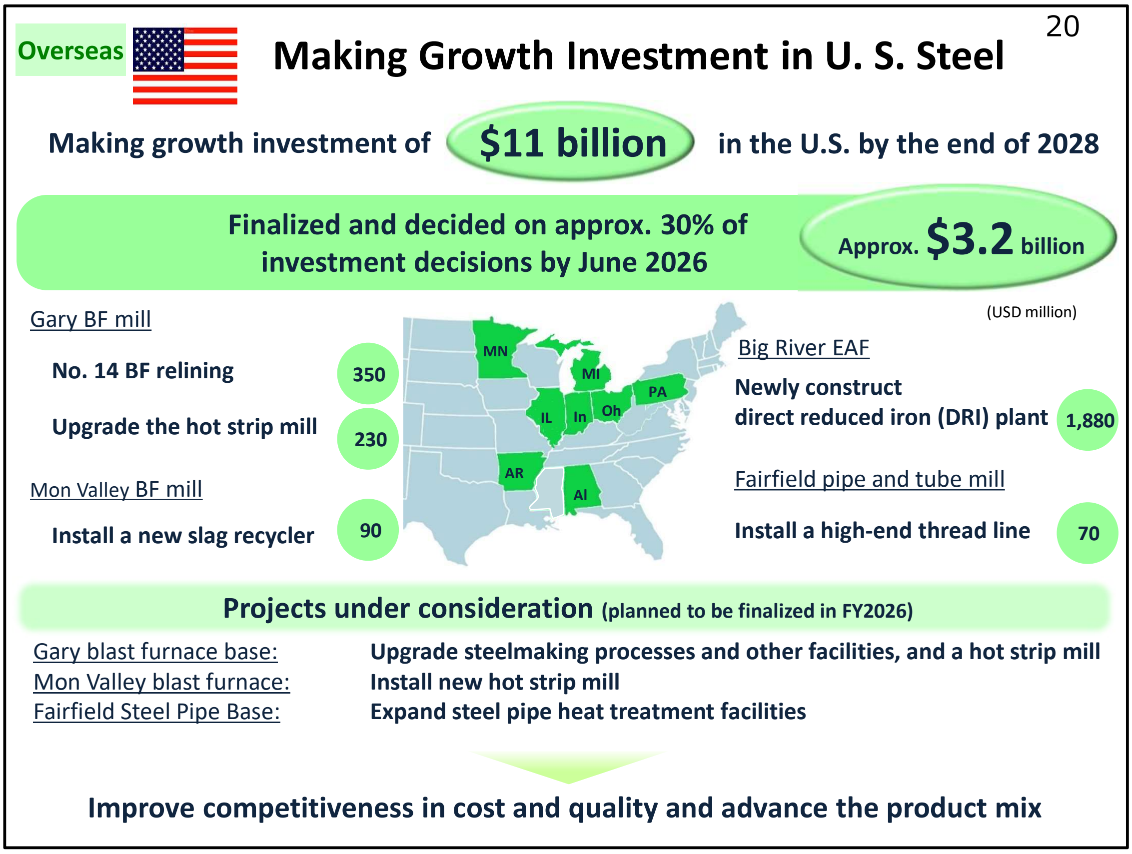
P18. The U.S. Business Environment Improving Since the Acquisition

Since the completion of our acquisition of U. S. Steel a year ago, the business environment in the U.S. has improved beyond our initial expectations.
Hot-rolled coil prices have continued to rise, exceeding US$1,200 per ton.
Crude steel production in the U.S. has been firm and trending upward, despite the stagnation of global steel production.



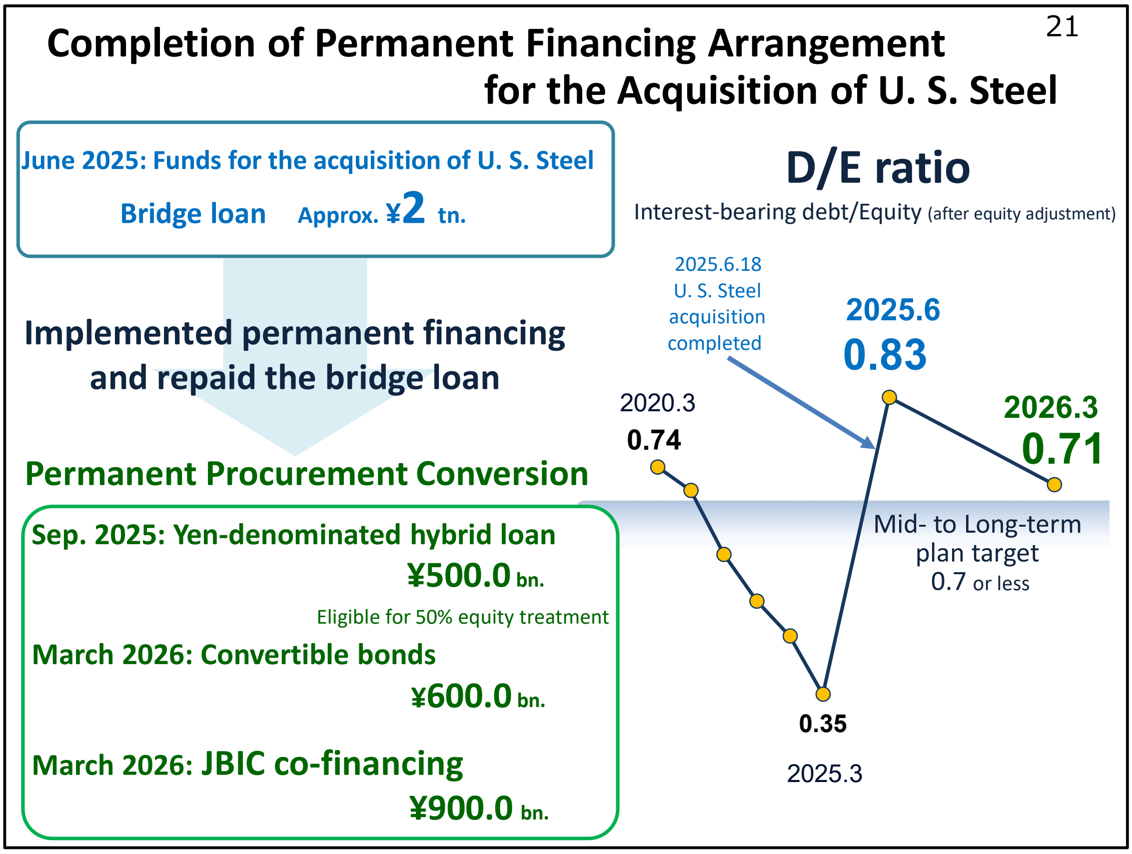
P19. Accelerating Profit Growth at U. S. Steel

To drive profit growth at U. S. Steel, we have increased the number of personnel dispatched from Nippon Steel to approximately 100 and we are actively advancing 260 improvement initiatives.
Operational synergies are expected to reach $200 million in fiscal 2026, and ultimately $500 million. Combined with capital investment benefits, total acquisition synergies will amount to $3 billion.
In terms of underlying business profit, U. S. Steel recorded a slight loss in fiscal 2025 but is expected to achieve ¥100 billion or more in fiscal 2026, and aim to achieve a profit level of approximately ¥300 billion in fiscal 2030.



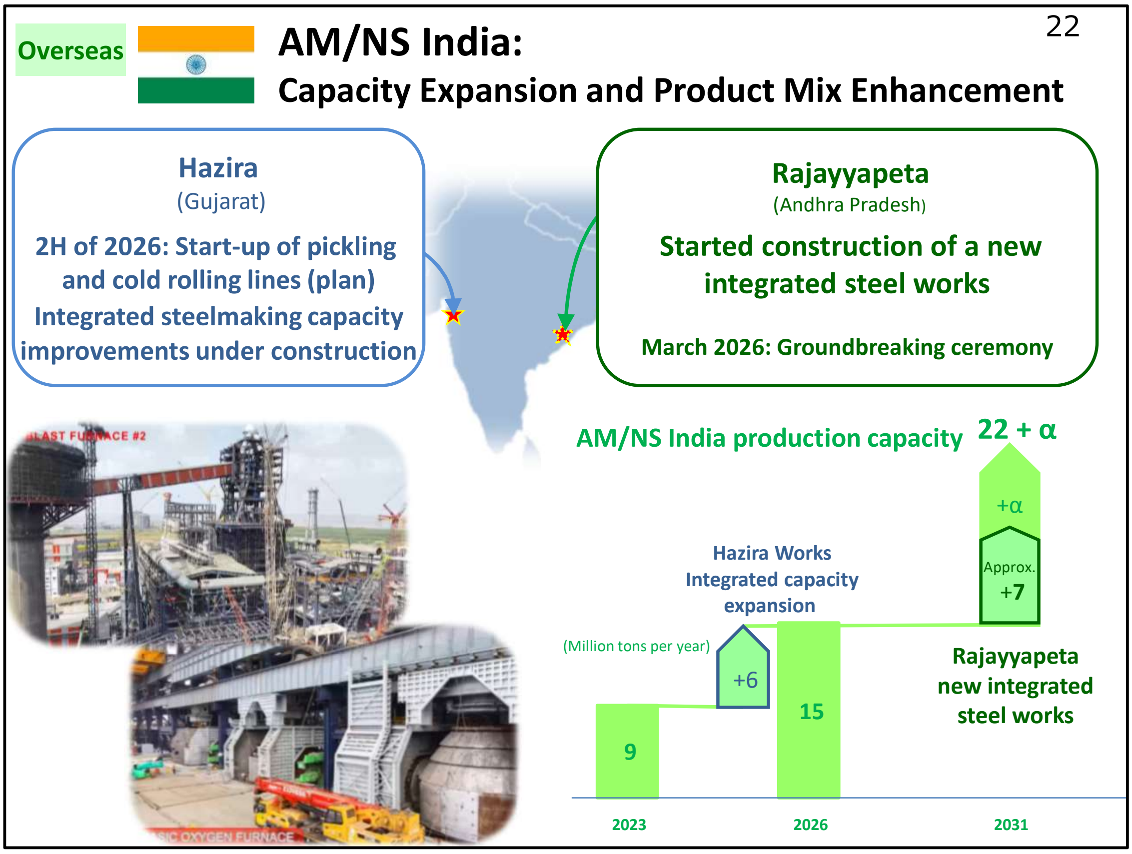
P20. Strategic Capital Investment to U. S. Steel

As for growth investments, we are steadily advancing concrete plans. By June 2026, we have already finalized and approved $3.2 billion of the investment—equivalent to approximately 30% of the total $11 billion investment plan, aimed at enhancing U. S. Steel's cost competitiveness, quality competitiveness, and product mix.
We are also making steady progress in evaluating and developing the remaining investment projects.



P21. Completion of Permanent Financing for the Acquisition

We have completed the refinancing of the approximately ¥2 trillion bridge loan required for the acquisition with permanent financing.
Through a combination of equity-backed hybrid loans and convertible bonds, our debt-to-equity ratio (D/E ratio), a key indicator of financial soundness, has returned to a healthy level of 0.7 at the end of fiscal 2025.



P22. India: Capacity Expansion and Product Mix Enhancement at AM/NS India

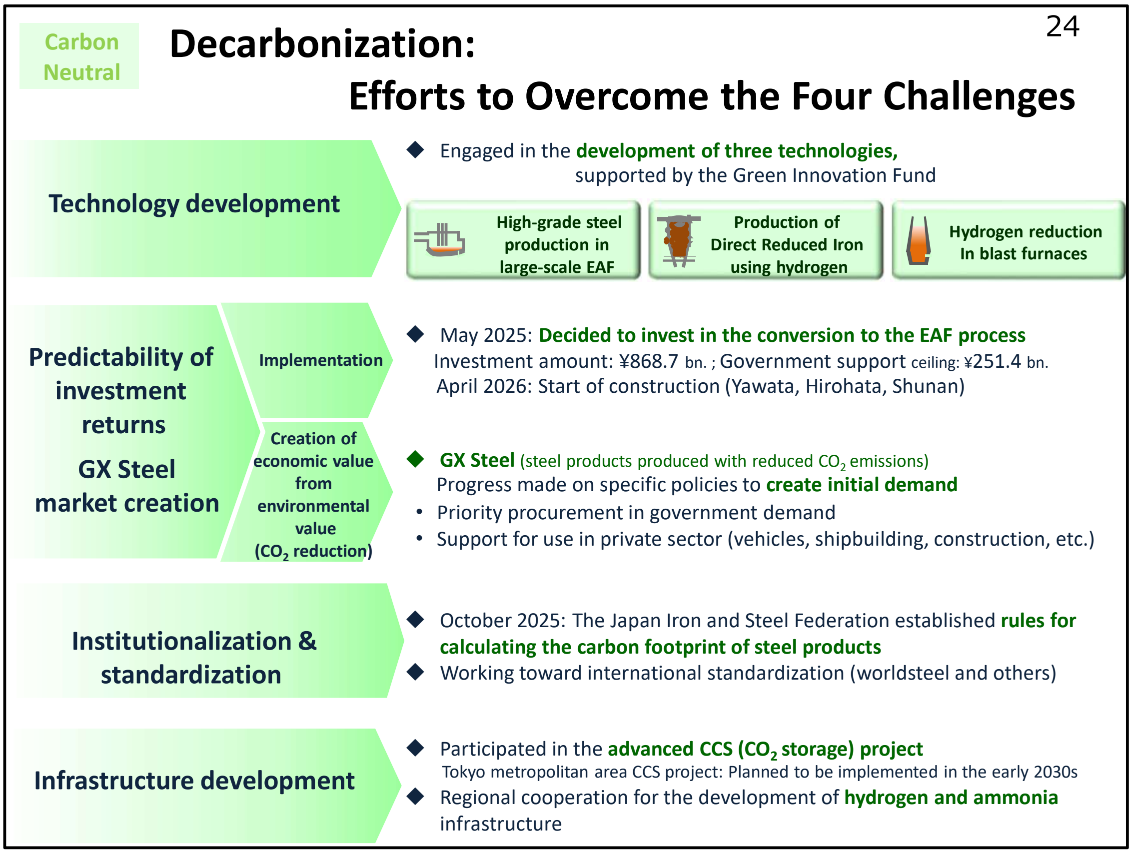
At AM/NS India, our manufacturing base in that country, the project to expand the integrated production capacity at the Hazira Works is now reaching its final stage.
In addition, we have completed the acquisition of land for the construction of a new steel mill in Rajayyapeta in southern India. Following the groundbreaking ceremony held in March, construction work has commenced.

Initiatives to Achieve Carbon Neutrality

- **Steady efforts to resolve issues**
  - Technology development;
  - Predictability of investment returns;
  - Institutionalization and standardization;
  - Infrastructure development
- **Technological development and promotion of actual equipment installation**
  - Actual equipment installation:
    - Large EAF investment decision and execution
  - Hydrogen steelmaking:
    - Promote development using test BFs, etc.

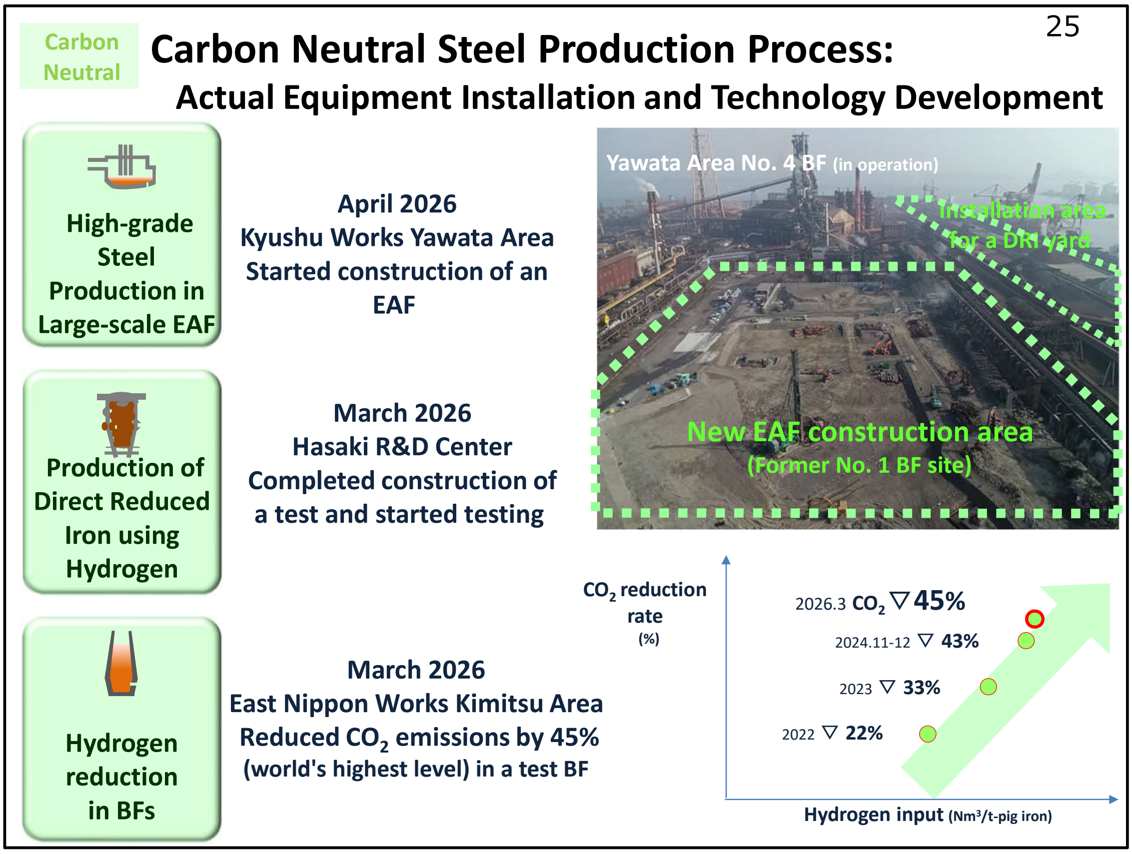
P23. Initiatives Toward Achieving Carbon Neutrality

Next, I would like to explain our initiatives toward achieving carbon neutrality.
We continue to address these important management issues and make steady progress toward its resolution. In particular, we made progress in technological development and the installation of actual equipment, including investment in large-scale electric arc furnaces (EAF) and the development of hydrogen-based steelmaking technology.



P24. Four Challenges in Achieving Carbon Neutrality

Achieving carbon neutrality in the steelmaking process requires addressing four major issues.
The first is technology development. We are advancing the development of innovative technologies, supported by the Green Innovation Fund.
The second is ensuring the predictability of investment returns. We decided to invest in the transition to the electric arc furnace (EAF) process, and the key priority will be to establish a market for GX steel. Specific policies are underway to stimulate initial demand, such as priority procurement of GX steel for automobiles and public works.
The third challenge is institutionalization and standardization. To ensure that the value of CO_2 reductions is properly evaluated on a global basis, we are promoting standardization at the Japan Iron and Steel Federation (JISF), and working toward global standards through the World Steel Association (worldsteel).
The fourth challenge is infrastructure development. We are actively participating in joint initiatives with the government and various related companies and organizations to address this issue.



P25. Progress of Carbon Neutral Technology Development

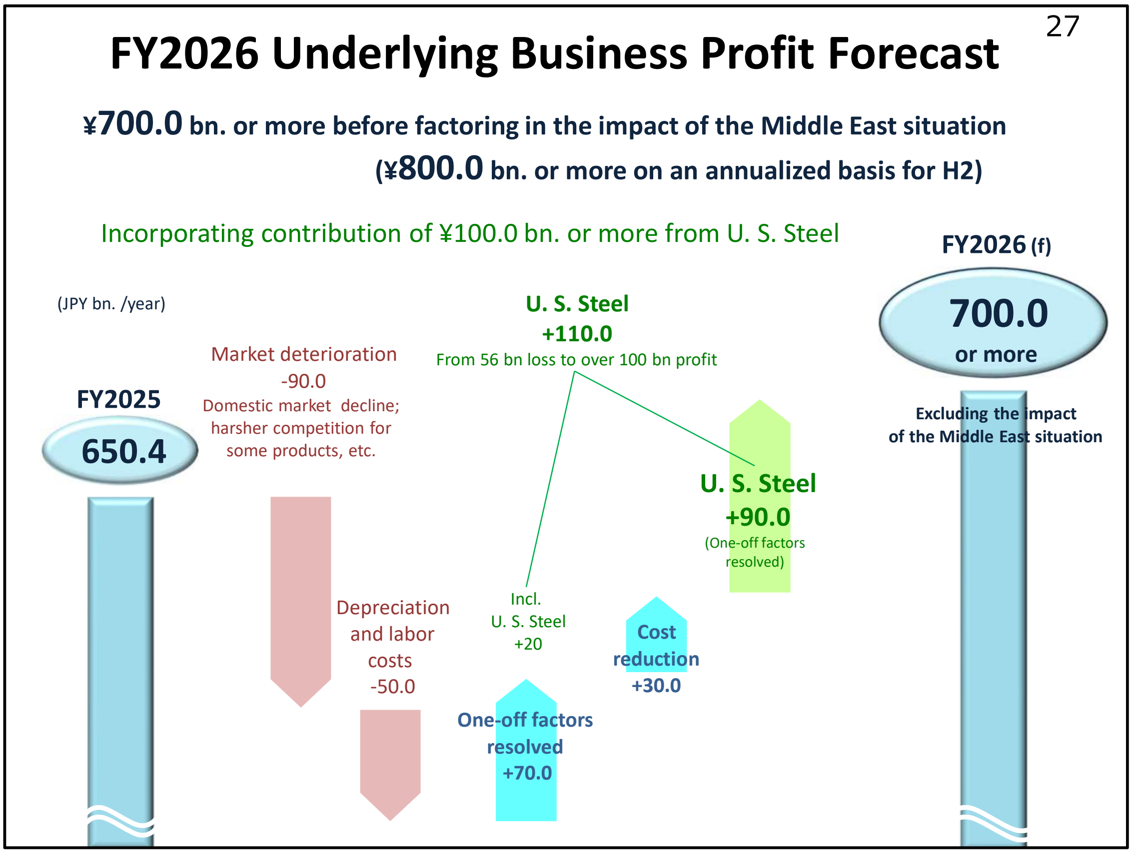
In May 2025, we decided a major investment in the production of high-grade steel using large-scale electric arc furnace (EAF), and in April this year, a groundbreaking ceremony was held at Kyushu Works Yawata Area and construction has commenced.
Research and development of hydrogen-based steelmaking technologies is also progressing steadily. In March this year, we succeeded in reducing CO_2 emissions by 45%, the world's highest level, at a test blast furnace in East Nippon Works Kimitsu Area.

FY2026 Outlook for Maximizing Corporate Value

- **FY2026 Outlook and Dividend Policy**
- **Enhancing the Corporate Value**

P26. Fiscal 2026 Forecast and Efforts to Enhance Corporate Value

Lastly, I would like to explain our earnings forecast for fiscal 2026, our dividend policy, and how we enhance our corporate value.



P27. Fiscal 2026 Underlying Business Profit Forecast

With regard to our earnings forecast for fiscal 2026, underlying business profit is expected to be ¥700 billion or more, based on assumptions excluding the impact of the Middle East situation.
Amid a deterioration in the business environment and an increase in depreciation and labor costs, we anticipate approximately ¥50 billion growth in underlying business profit compared to the previous fiscal year, driven by cost reductions and improved profitability at U. S. Steel.

Impact of the Middle East Situation (including concerns)

Cost and Production

- Higher costs due to higher energy and freight prices
  Thermal coal, heavy fuel oil, LNG, electricity, ferroalloys, materials and equipment, and petroleum products
- Impact of material procurement bottlenecks
  Lubricants, paints, etc.

Demand

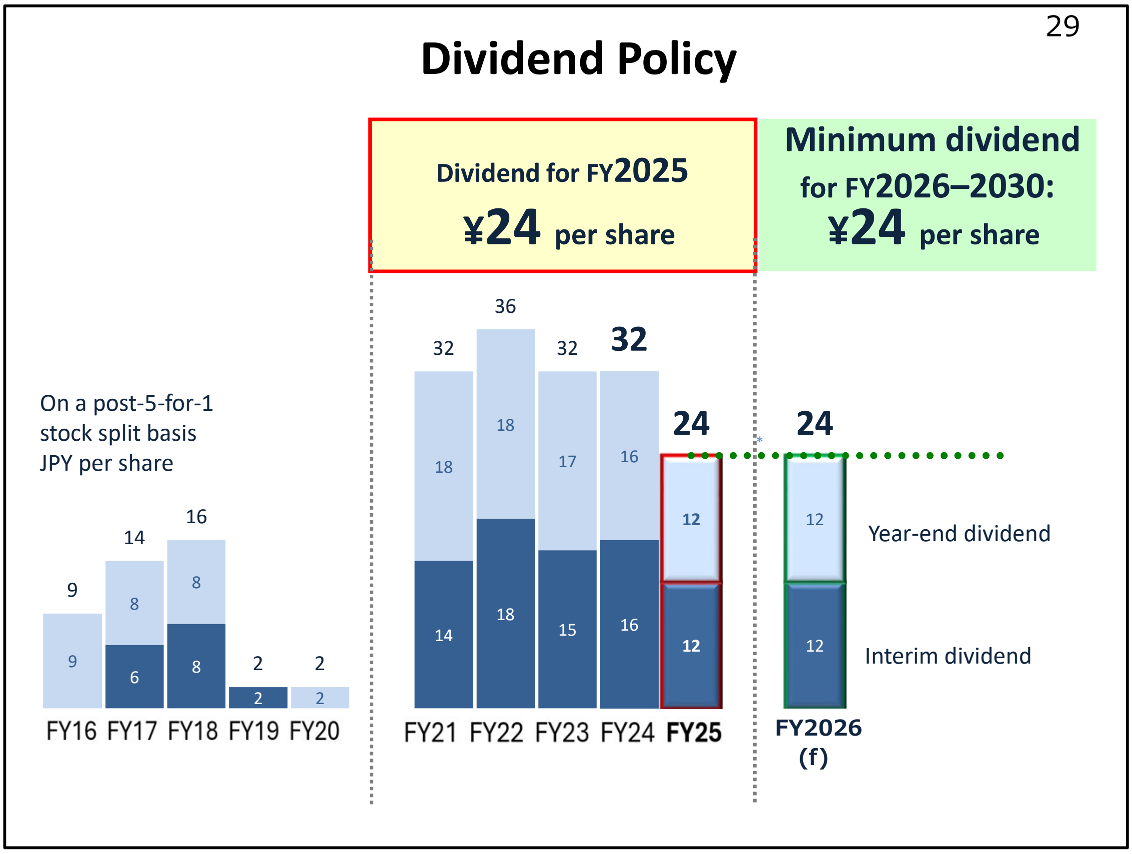
- Impact on NSC's steel exports to the Middle East
- Impact on NSC's steel orders received due to a decrease in production by domestic and overseas customers
  Exports of automobiles and machinery to the Middle East
  Decline in steel demand due to the slowdown in the global economy

Market Conditions

- Deterioration in steel supply and demand due to the inflow of Chinese steel products intended for the Middle East to other regions

P28. Impact of the Middle East Situation

Regarding the impact of the Middle East situation, on the cost and production side, there are concerns about rising energy and materials costs as well as the impact of supply chain constraints on production.
On the demand side, potential impacts include a decline in our steel exports to the Middle East and reduced incoming steel orders due to lower production by domestic and overseas customers.
From a market perspective, there are also concerns about the deterioration in steel supply and demand caused by the inflow of Chinese steel products—originally exported to the Middle East—into other regions.
While we intend to promptly pass on the impact of cost increases to sales prices, it remains difficult at this stage to quantify the overall impact on our business throughout the fiscal year. We will continue to closely monitor the situation and make every effort to minimize any adverse effects.



P29. Dividend Policy

Regarding dividends, we are proposing, as an item on today's agenda, the payment of a year-end dividend of 12 yen per share, resulting in an annual dividend of 24 yen per share, for fiscal 2025.

For fiscal 2026, we currently expect to pay an annual dividend of 24 yen per share in line with our minimum dividend policy.

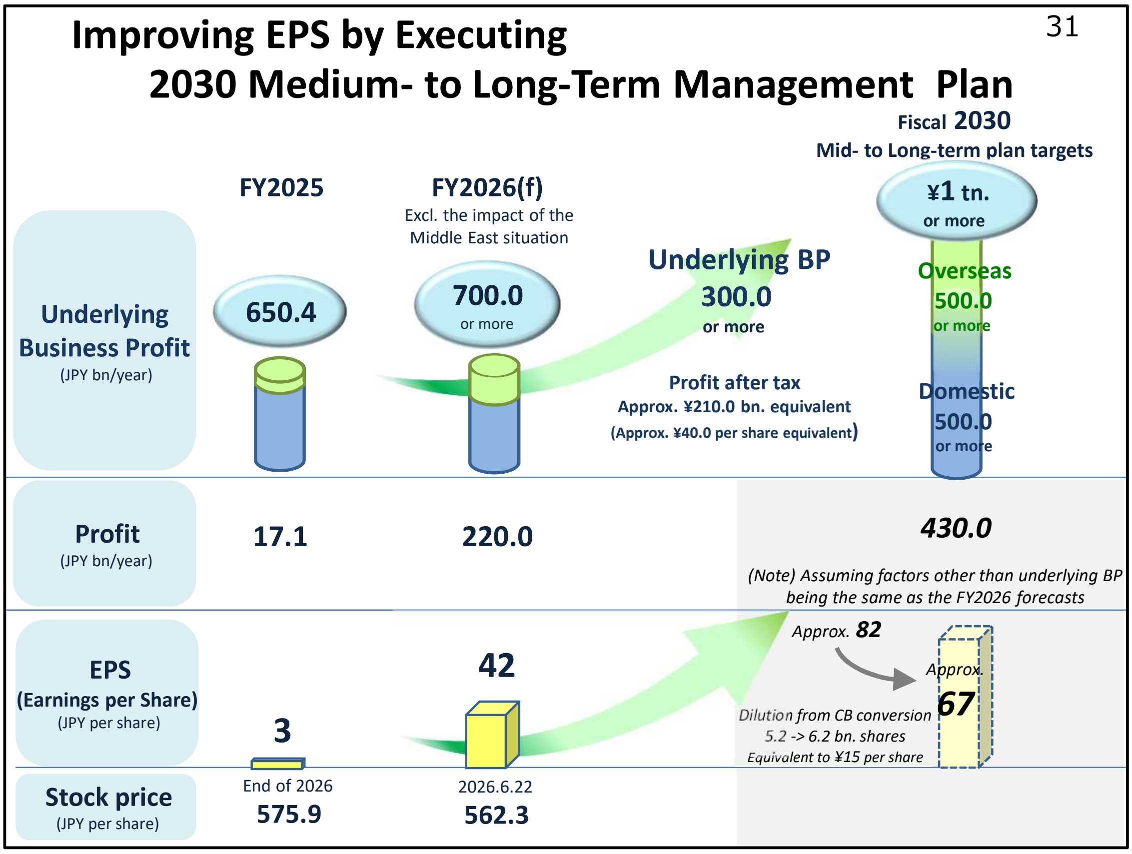
Key Financial Indicators

		2025 Mid- to Long-term Plan Targets	2025 Results	2030 Mid- to Long-term Plan Targets
Financial indicators	Underlying business profit	About ¥560.0 bn.	¥650.4 bn.	¥1 tn. or more per year
	ROE (Return on Equity)	About 10%	0.3% About 6% excl. one-off factors	Approx. 10% 10% or more from 2031
	D/E* (Debt/Equity Ratio)	0.7 or less	0.7 ¥0.9 tn. asset streamlining in 5 years	0.7 Continued efforts of asset streamlining
	Debt/EBITDA*		4x	3.5x or less
Capital & business investment (Approximate figures in JPY tn.)		FY2021–2025 3 /5 years Japan 2.6 Overseas 0.5	FY2021–2025 7.5 /5 years Japan 3.5 Overseas 4.0	FY2026–2030 6 /5 years Selective domestic investment Majority investment overseas

* Adjusted for capitalization, etc.

P30. Key Financial Indicators

As for key financial indicators, our targets in the 2030 Medium- to Long-Term Management Plan are to achieve underlying business profit of ¥1 trillion and ROE of about 10%.
While continuing to carefully select capital spending based on profitability, we are planning to increase investments in overseas growth opportunities and invest a total of about ¥6 trillion over the next five years.



P31. EPS Growth Driven by the 2030 Medium- to Long-Term Management Plan

Let me explain how we plan to improve earnings per share (EPS), one of the key indicators of corporate value enhancement.
For fiscal 2026, excluding the impact of the Middle East situation, we forecast underlying business profit of ¥700 billion, net profit of ¥220 billion, and EPS of 42 yen. Under the 2030 Medium- to Long-Term Management Plan, we are targeting underlying business profit of ¥1 trillion or more. Assuming all other factors remain at the same level as in fiscal 2026, net profit would be ¥430 billion. In that case, EPS would increase to 67 yen even after reflecting dilution from conversion of the convertible bonds issued in fiscal 2025.
We understand shareholders' concern regarding our current stock price level, however, we believe that achieving the improvement in the EPS I have just described should lead to a corresponding rise in our share price. Therefore, we will first focus all our efforts on executing the 2030 Medium- to Long-Term Management Plan, and will strive to ensure that the market appropriately reflects our corporate value.

NIPPON STEEL

Thank you
for your continued support.

P32. Closing

This concludes
my overview of our business performance and future initiatives.
We sincerely appreciate the continued support of our shareholders and respectfully ask for your ongoing support in the years ahead.
Thank you very much for your attention.