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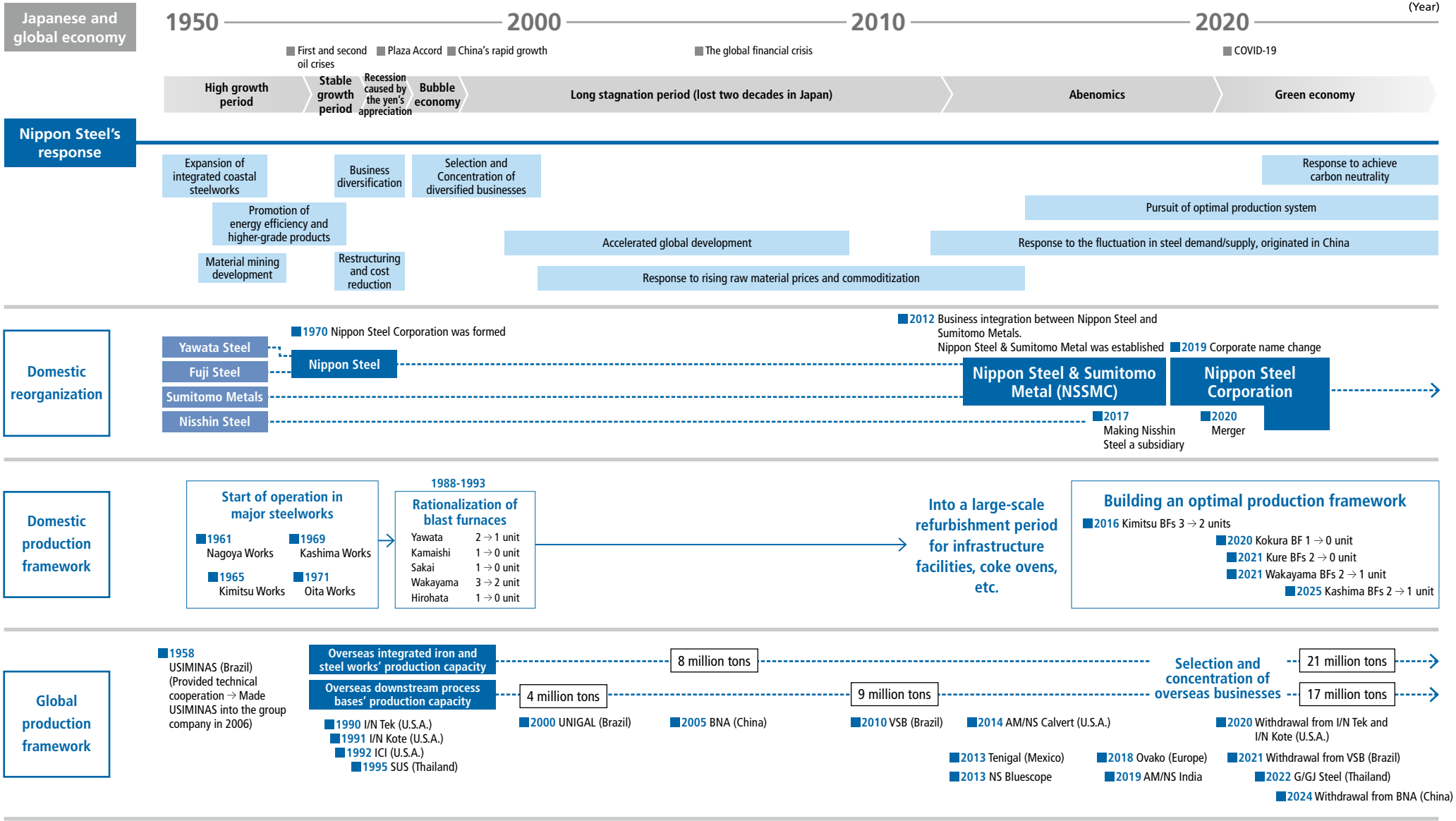
History of Our Development

The Nippon Steel Group has realized its growth by aligning with the expanding applications and demand for steel, a foundational material that is essential to people's lives. Dedicated to overcoming crises caused by recent changes in the external environment, we proactively anticipate changes and initiate self-reform. As the world's leading steelmaker, we are committed to pioneering the future of steel while striving to maximize our corporate value.



Overview of the Group's Business

The Nippon Steel Group's business structure consists of steelmaking, engineering, chemicals and materials, and system solutions.
The steelmaking and steel fabrication business covers the upstream and downstream of the steel industry value chain, as well as domestic and overseas markets. Nippon Steel Corporation, the operating holding company, is engaged in the core domestic steelmaking business, while group companies are engaged in the overseas steelmaking business, raw materials business, and other steel businesses which comprise functional, trading, secondary processing, stainless steel, and electric arc furnace.
The "Three non-steel companies" engaged in the engineering, chemical and materials, and system solutions, perform a supporting function in Nippon Steel's value chain of the steelmaking business and also operate businesses outside the Group by utilizing the technologies, products, and services that have been cultivated in the value chain.
We share important strategies throughout the Group and aim to maximize the value of the Group.

(As of March 31, 2025)

Segment		Business overview	Number of Group companies		Number of employees (consol.)
Steelmaking business	1 Domestic steel business	Steel products of the six mills in Japan are sold for domestic and export markets. This is a core business of the Nippon Steel Group as these mother steelworks efficiently produce high-grade steel for contributing to solving social issues.	1 company (Nippon Steel Corporation)		28,652
	2 Overseas steel business	We have crude steel production capacity of 42 million tons and steel production capacity of 54 million tons at overseas manufacturing bases of approximately 50 consolidated subsidiaries and equity method affiliates in at least 16 countries. We are developing our business per two models: an integrated steelworks and a downstream processing base.	Consolidated subsidiaries (U. S. Steel, G/GJ Steel, NS-SUS, etc.) Equity method affiliates (AM/NS India, etc.)	452 companies	68,061
	3 Raw material business	We have invested in mines that produce iron ore, coking coal, and other raw materials used in the steelmaking business. This business contributes to the stability of the earnings structure by securing stable procurement of high-quality raw materials and mitigating the impact of fluctuations in raw material market prices on consolidated results.	Iron ore: Robe River, etc. Coking coal: EVR JV, Blackwater, etc.		
	4 Steel group companies	Other group companies support the steelmaking and steel fabrication business, from upstream to downstream in a variety of areas in the steel industry's value chain and enhance the value of these businesses. They consist of "functional" (equipment and construction, materials and equipment, subcontractors, slag recycling) companies, trading companies, and secondary processing, and electric arc furnace companies.	(NS TEXENG NS TRADING, NS COATED SHEET, Sanyo Special Steel, etc.)		
5 Three non-steel companies Engineering and construction		We support infrastructure in Japan and overseas in a variety of fields, including the construction of plants related to the environment and energy, skyscrapers, and huge steel structures.	34 companies (Nippon Steel Engineering, etc.)		5,115
Chemicals & materials business		In addition to the coal chemicals business, by recycling by-products generated in the steelmaking business, we will contribute to the realization of a prosperous society and the well-being of the global environment through advanced chemical and material technologies in the chemicals business and the functional materials business.	19 companies (NIPPON STEEL Chemical & Material, etc.)		3,317
System solutions business		With its track record of supporting the huge operation systems of steelworks 24 hours a day, 365 days a year, this business provides optimal and stable systems utilizing cutting-edge IT on behalf of a wide range of customers in the manufacturing industry as well as in finance, distribution, and the public sector.	23 companies (NS Solutions, etc.)		8,700
Total			530 companies (Nippon Steel, 419 consolidated subsidiaries, 110 equity method affiliates)		113,845

1 Domestic steel business

The domestic steel business, which is the core business of our Group, is directly operated by Nippon Steel Corporation, an operating holding company. Through enduring partnerships with our customers, we have developed the world's most advanced product and solution delivery capabilities, cultivated by responding to our customers' demanding requirements. In addition, we have our large-scale blast furnaces, coastal steel mills, and also exceptional facilities and operating technologies, which have established an efficient and reliable production and supply system for high-grade steel. Our objective is to transform into a carbon-neutral steel product manufacturing process by 2050.

Value delivered by steelmaking

Compared to other materials, steel is used in a broader range of applications and significantly larger quantities. From large to small applications, steel is intricately woven into every facet of society, undoubtedly asserting its dominance as the most important material.

Steel products offer a wide variety of properties and unlimited potential. Steel can be tailored to meet specific requirements to achieve a range of properties such as strength, formability, weldability, or corrosion resistance. This can be accomplished by adding small amounts of various alloys such as manganese and vanadium, controlling the crystal structure through heat treatment or zinc and tin plating. Steel products that exhibit these properties are referred to as "high-grade steel."

High-grade steel helps create value for customers in their steel processing operations. Its multiple benefits include weight reduction, omission of work processes, increased material yield, extended product life, and elimination of hazardous substances and maintenance. These outcomes help address societal challenges such as achieving carbon neutrality, reducing environmental impact, ensuring safe and healthy living conditions, and strengthening national resilience.

Nippon Steel is at the forefront of the world's steelmakers, with leading technology in the field of high-grade steel.

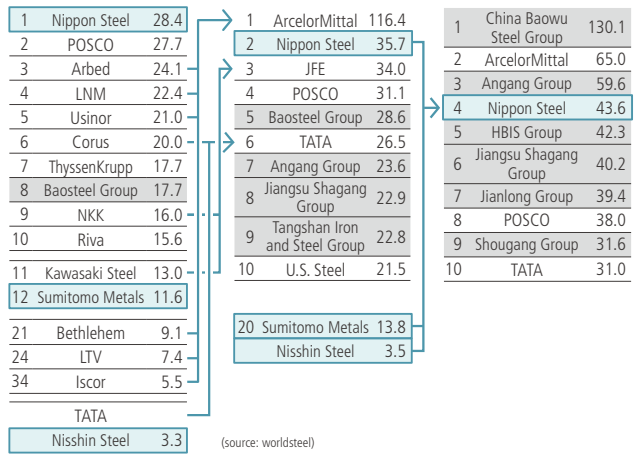
Production share

Nippon Steel is Japan's top steelmaker, dominating roughly half of the market.

In global terms, former Nippon Steel had the No. 1 share of crude steel production from 1970 to 2000 (except 1998 and 1999). Subsequently, there were consolidations and reorganizations of global steelmakers, and the rise, consolidation, and reorganizations of Chinese steelmakers, along with China's rapid growth in steel demand and production volume. In 2024, Nippon Steel became the world's No. 4 in crude steel production.

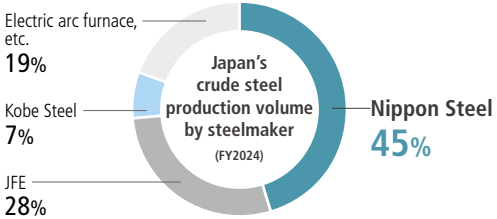
We now aim at "becoming the best steelmaker with world-leading capabilities," not the largest in scale, but by using our three key driving forces, "technology," "cost," and "global player."

[(Reference) World ranking in crude steel production volume]

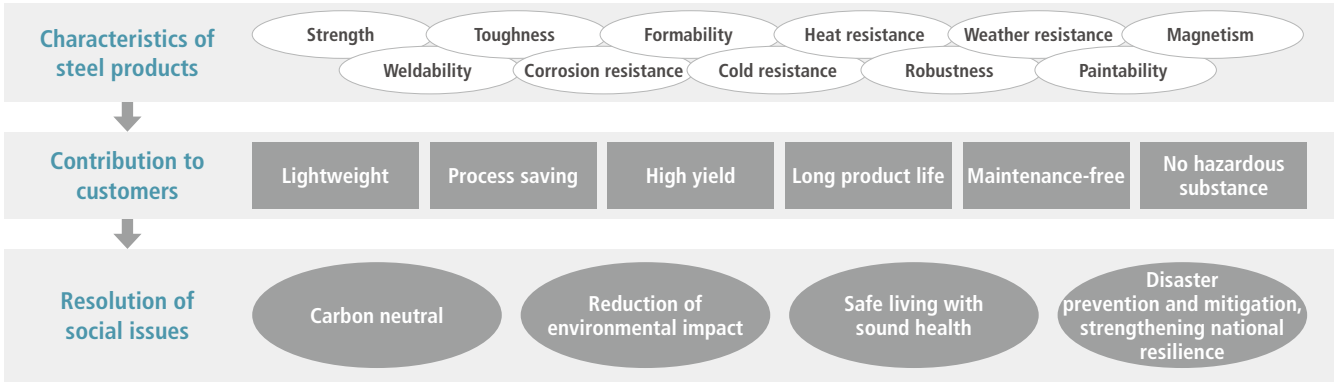


(source: worldsteel)

[Japan's crude steel production volume by steelmaker]



[Ways in which the supply of high-grade steel can contribute to solving social issues]



Sales

Product expertise honed by working with customers in a variety of fields

In terms of Nippon Steel's sales by industry, the manufacturing sector for domestic customers and exporters represents approximately 60%, of which roughly 30% is the automotive sector, and the civil engineering and construction sector occupies the remaining 40%. The sales contracts in the manufacturing sector tend to have a higher portion of direct contract-based sales, based on our long-term business relationships with customers.

We carry out R&D activities jointly with these customers based on the long-term trust relationship, develop and manufacture steel products with high functionality, and make proposals for solutions and improvements, such as relating to component design and manufacturing method, in addition to the supply of materials, responding to their needs. Moreover, we have established an overseas supply network of steel products, to satisfy the needs arising from the customers' global expansion. We have thus strived hard to be a partner contributing to these customers' value creation.

The high-grade steel product technology and solution proposal capacity of Nippon Steel have been developed by responding to the needs of our customers who are internationally competitive manufacturers in Japan. Together with our global production framework, which supports the customers' global development, they have become a part of Nippon Steel's strength.

Strong presence in emerging Asia

Roughly 50 to 60% of the steel products Nippon Steel products in Japan are shipped domestically, with the remaining 40 to 50% exported to other countries. ASEAN countries, South Korea, China, Taiwan, and elsewhere in Asia represent about 60% of the exports. Being closely located to the Asian market with its high growth potential in steel demand is one of the advantages of Nippon Steel.

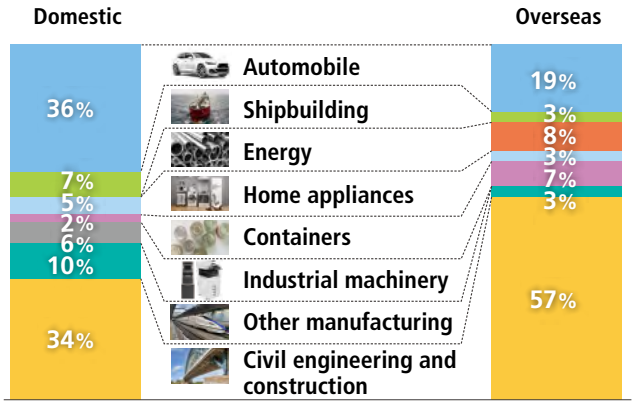
Sales contracts of steel products

Our contracts to sell steel products to customers can be categorized into two types: direct contract-based sales and spot market sales.

In the case of direct contract-based sales, a customer gives a specific order (price, volume, specifications, etc.) to Nippon Steel, then we produce and sell steel products that meet the specifications and needs of the customer, based on the order. A trading company, as an intermediary, is involved in contracts. The sales price of the steel product is determined through direct negotiations with a customer.

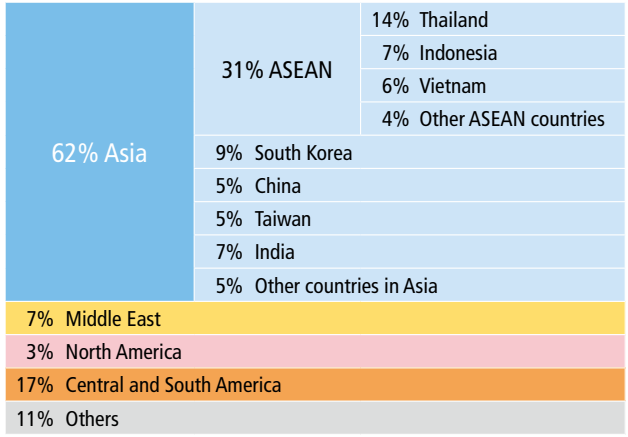
A spot market sales contract is a deal wherein a steelmaker sells steel products to a distributor or a trading firm without end users being specified. The distributors and trading firms stockpile the steel products which are purchased at their own responsibility and risk and sell them through their own sales efforts, considering the market and other conditions.

[Shipment breakdown by demand sector]



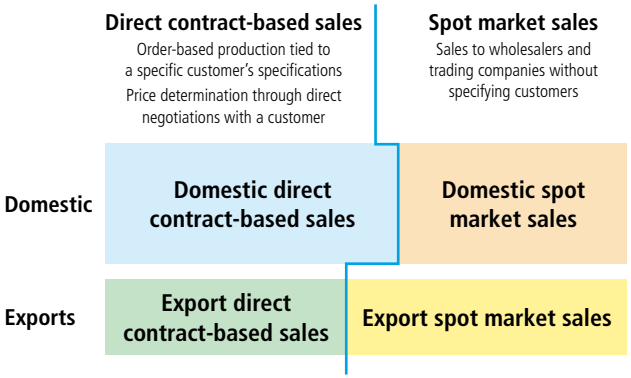
* Based on non-consolidated order intake volume in FY2024 (excluding semi-finished products)

[Composition by export destination]



* Based on non-consolidated order intake volume in FY2024

[Nippon Steel's types of contracts for sales of steel products]



Production

Steel product manufacturing process

The steelmaking process is divided into the upstream process, to melt and reduce iron ore at high temperature, and to solidify the metal, and the downstream process, to make it into products of shapes and properties that meet needs of customers.

Upstream steelmaking process

The upstream process includes the ironmaking process to produce pig iron, which is made mainly in a blast furnace, and the steelmaking process that uses pig iron, scrap, alloys, and other materials to manufacture steel products of diverse features. A large area of level land and a massive amount of initial investment are required for the upstream process, which needs massive upstream facilities for diverse processes, including reception of raw materials, distributing a high level of supply of energy, and treatment of by-products. Moreover, a blast furnace once blown in will be kept operating ceaselessly for 24 hours a day and 365 days a year for around 15 to 20 years, with shutdowns for only a few times of few day intervals a year. This also means a 24-hour-a-day operation of most other steelmaking facilities as well, which is realized by four teams of workers engaged in three shifts.

Downstream

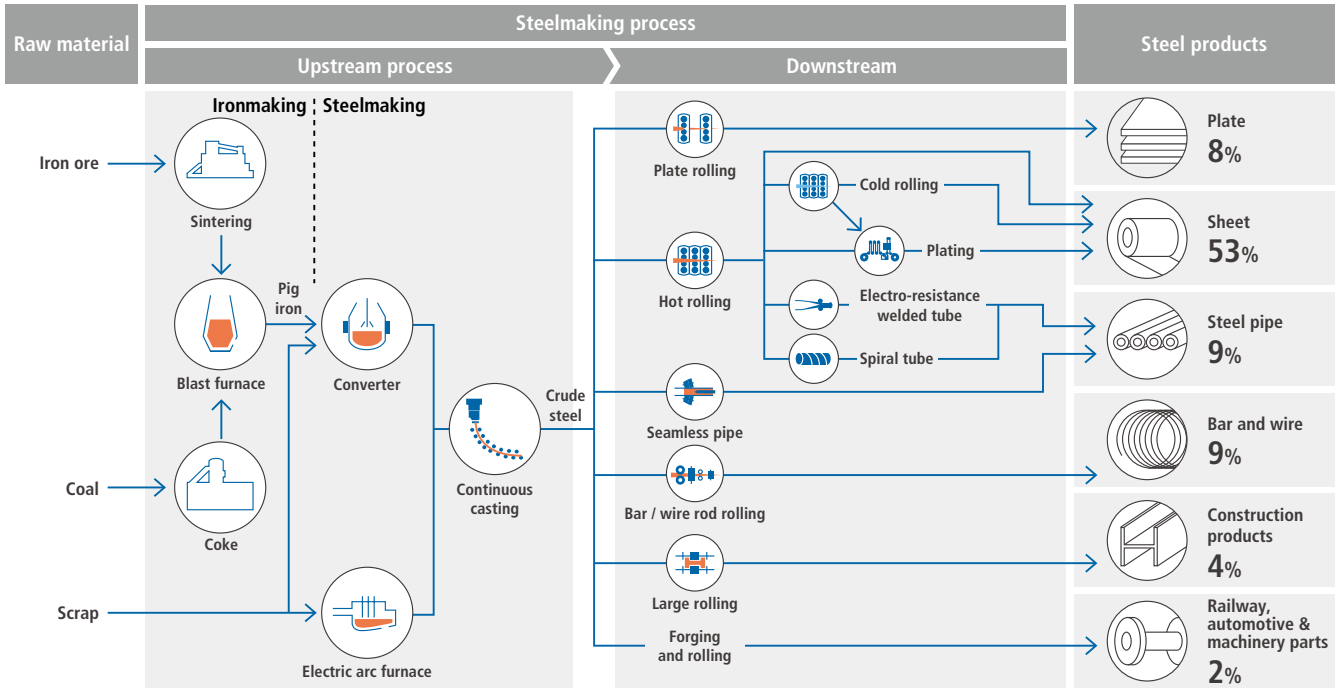
The downstream process is divided into processes for rolling, coating, refining, and inspection, enabling the manufacturing of products with features required by customers.

Domestic manufacturing bases for efficient production of high-quality steel and R&D centers

Under its organizational structure consisting of seven steelworks in Japan, Nippon Steel Corporation has its manufacturing bases in 11 areas. In some of these areas, Group companies operate manufacturing bases engaged in electric arc furnace steelmaking and secondary processing of steel products. The Nippon Steel Group's domestic crude steel production capacity totals about 44 million tons per year.

In addition to three large-scale R&D centers, research laboratories at each steelworks put research outcomes from the R&D centers to practical use in advanced technology, by improving equipment closely with the manufacturing sites and developing products closely with customers. Our manufacturing bases and R&D centers have been working side by side with our customers for many years and will continue doing so in the future. These bases are a source of our continual value creation in developing operational, equipment, product, and decarbonization technologies, which are our strengths. They are our mother mills, based on which Nippon Steel will continue to create value during its global business development.

[Steel product manufacturing process]



Efficient, high-grade steel production in a large blast furnace, coastal integrated steelworks

All of Nippon Steel's large blast furnace integrated steelworks in Japan are located in coastal areas, appropriate locations for import of raw materials and export of product shipments. From raw material landing places to upstream and downstream processing facilities, product warehouses, and shipping quays, all the sites are efficiently laid out to comprise a modern steelwork. A blast furnace is a core facility in the upstream process. Nippon Steel currently operates ten blast furnaces (as of the end of FY2024), most of which are highly productive, super-large blast furnaces. Oita No. 1 and No. 2 blast furnaces are among the world's largest at a capacity of 5,775m^3. The average furnace capacity of these ten is approximately 4,800m^3.

The large blast furnace and coastal integrated steelworks we operate are of a high-efficiency production model, originated in Japan. Our domestic manufacturing bases have established this model, ahead of other countries, and have realized high productivity, cost competitiveness, mass production and stable supply of high-grade steel products, and high quality, using long accumulated operational and equipment technology.

The top-runner approach for continuous improvement in technology level

Our top-runner approach is that all steelworks share their operational and technical KPI data daily and monthly, and groundbreaking advances are transferred to and shared by all manufacturing bases. The PDCA system is in place, enabling the enhancement of technical levels. All the steelworks are also connected via a common facility management system. Sharing enormous amounts of information by utilizing the DX technology, such as on the problem occurrence rate, component product life, and installation or engineering work schedule, they seek to achieve more efficient, optimal maintenance and repair.

2 Overseas steel business

Leveraging the strengths cultivated in "mother steelworks" in Japan, in overseas markets, Nippon Steel is expanding its plants for integrated manufacturing and downstream processes in the centers of demand, and thereby seeks to ensure that local demand is captured in "districts and areas where demand is expected to grow" and in "sectors in which our technologies and products are appreciated." At present, the Nippon Steel Group's total production capacity at its overseas manufacturing bases is approximately 19 million tons/year in crude steel production and approximately 37 million tons/year in steel products production.

Capturing local demand in emerging regions

Global steel demand is expected to continue to grow at a moderate pace. Steel demand is expected to grow steadily in the future, especially in the large and high-growth market of Asia (India, ASEAN, and others), in line with infrastructure development, progressing urbanization, and industrialization driven by the growth of automotive and other industries. Furthermore, demand for high-grade steel that helps address social challenges is expected to continue to rising, especially in developed countries.

To meet this overseas demand, we not only export high-grade steel products from Japan but also respond by establishing overseas production bases in regions where demand is expected to grow steadily and in sectors where our technological and product strengths can be leveraged. These include 1) local production bases for downstream processes such as cold rolling and plating, and 2) integrated production bases covering upstream processes (blast furnace, electric arc furnace) through downstream processes (rolling, etc.).

We are developing our overseas steelmaking business in various locations, with ASEAN countries (our home market), India, where demand is growing, and the United States and Europe, the largest markets for high-grade steel, as priority bases. As an insider in these markets, we will contribute to their economic growth and solve their social issues.

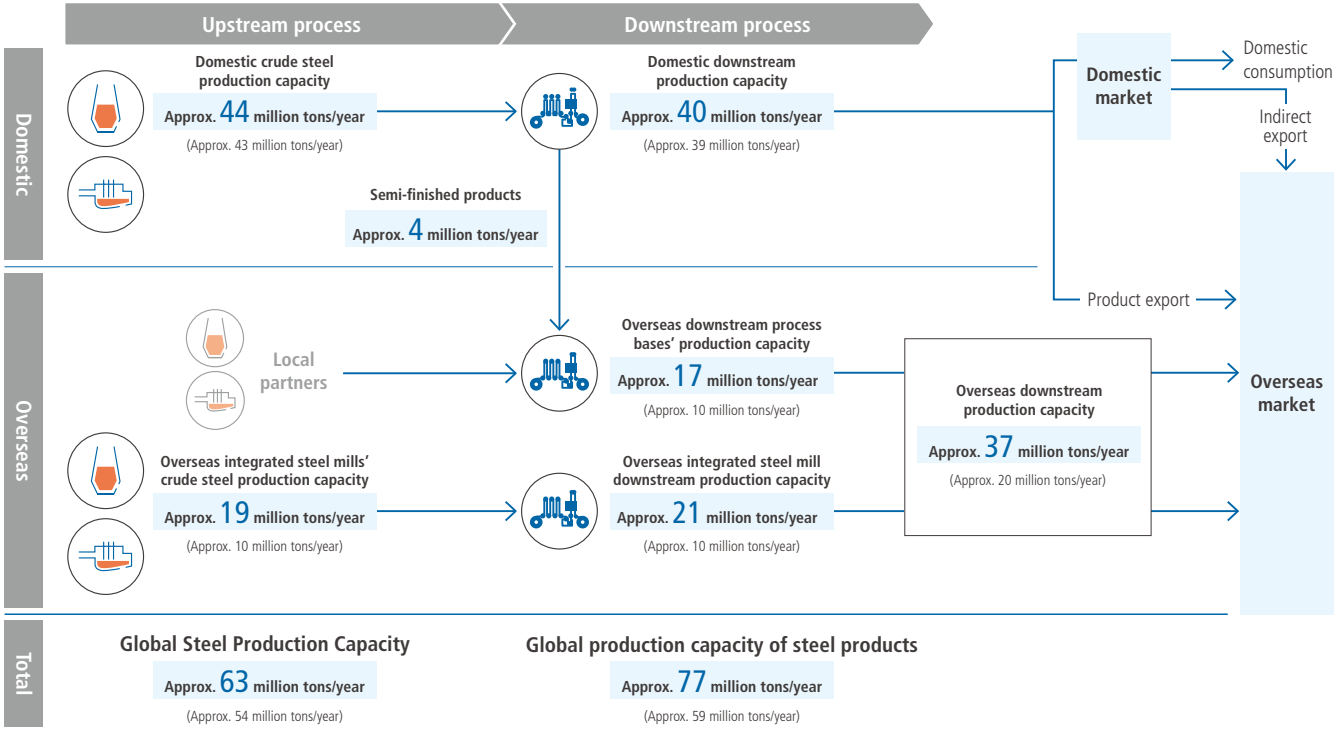
Integrated iron and steel manufacturing bases

We have established an integrated production framework in key overseas markets to capture the growing demand for steel in emerging regions/countries and to add value through integrated production. In expanding our manufacturing capacity, our basic approach is to acquire integrated steelworks through brownfield investments at competitive prices, or to expand capacity at existing facilities. This strategy is based on the following considerations: 1) maintaining the supply/demand balance in a market characterized by persistent overcapacity, 2) mitigating the risks associated with launching new facilities, and 3)considering the difficulty of securing labor at new locations.

Downstream process bases

Regarding the demand for high-grade steel at local manufacturing bases of Japanese customers who manufacture automobiles and home appliances, we first supply semi-finished products from Japan or local joint venture partners to our local processing bases for cold rolling, plating, steel pipes, etc. We then ship finished products to local customers.

[Global Production Framework*] Simple aggregation of the nominal capacity of each company. Figures in parentheses reflect the equity ratio of companies with less than 50% ownership.



* Includes the nominal full capacity of companies with a 30% or more stake (including USIMINAS), subject to the crude steel production standard of the World Steel Association and equity-method affiliates with less than 30% stake to which Nippon Steel plays a significant role in supplying materials.

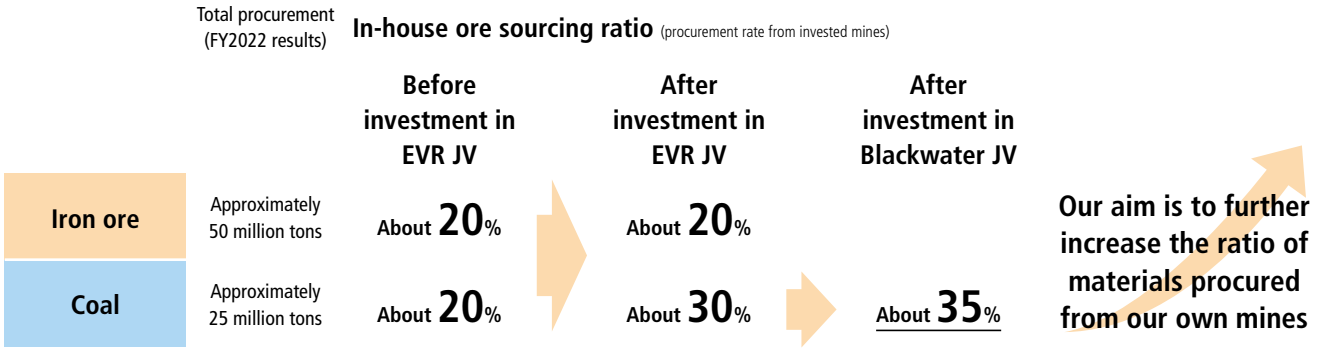
3 Raw material business

Nippon Steel aims to secure essential raw materials for carbon-neutral steel production, such as coking coal and high-grade iron ore, and strengthen its consolidated earnings structure to be more resilient against external factors through investments in raw material interests. As part of these initiatives, we acquired in March 2025 a 20% interest in the Blackwater Coal Mine in Australia. At the same time, we acquired a 30% interest in the Kami Iron Ore Mine Project in Canada. We also reached a master agreement with Champion Iron on the establishment of a joint venture company to develop and operate a new mining area. Moving forward, we will continue to expand our investments not only to secure raw materials but also to actively build an integrated business structure encompassing raw materials, manufacturing, and distribution.

[Mines in which Nippon Steel has invested]

			Year of Nippon Steel participation	Equity ratio of Nippon Steel	Major shareholders	Production capacity (million tons/year)
Iron ore and pellet	Australia	Robe River	1977	14%	Rio Tinto 53%	70
	Brazil	NIBRASCO	1974	33%	VALE 51%	10
	Canada	Kami under feasibility study	2025	30%	Champion Iron 51.0%, Sojitz 19%	9
Coal	Australia	Moranbah North	1997	6%	Anglo American 88%	12
		Warkworth	1990	10%	Yancoal 85%	8
		Bulga	1993	13%	Glencore 88%	7
		Foxleigh	2010	10%	Middlemount South 70%	3
		Boggabri	2015	10%	Idemitsu Kosan 90.0%	7
		Coppabella and Moorvale	1998	2%	Peabody 73%	5
		Equity method consolidation in Q2 FY2025 Blackwater	2025	20%	Whitehaven 70%, JFE10%	10
	Canada	EVR JV	2024	20%	Glencore 77%	27
Alloy (niobium)	Brazil	CBMM	2011	3%	Moreira Salles 70%	0.15

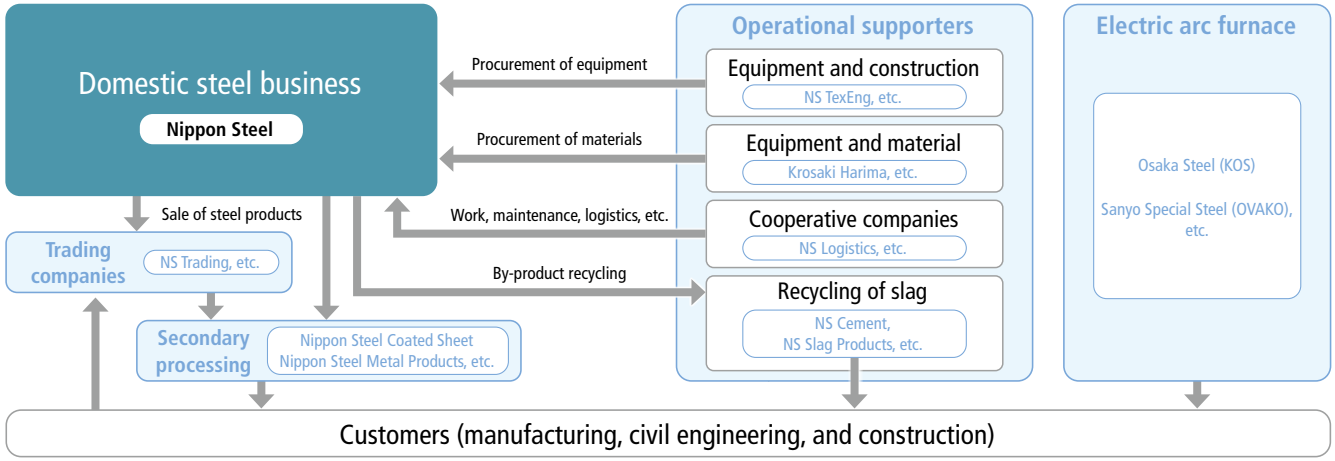
[Changes in raw material self-sufficiency ratios]



4 Steel group companies

Nippon Steel Corporation's other group companies support the domestic steel business in various areas, from upstream to downstream in the steelmaking value chain, and enhance value therein. In the same way as Nippon Steel, these companies have achieved stable earnings by strengthening their structure through restructuring and integration, streamlining facilities, and improving margins. We are implementing necessary measures to enable the Nippon Steel Group to respond strategically and flexibly to rapid changes in the business environment. These measures include restructuring our supply chain, including group companies, with initiatives such as strengthened collaboration with NS Trading, the integration of Nippon Steel Stainless Steel, the reorganization of our domestic electric-welded pipe business, and making Sanyo Special Steel a wholly owned subsidiary.

[Steelmaking value chain and other group companies]



Functional companies

(focusing on materials, equipment and construction, operation, maintenance and logistics, by-product recycling)

Nippon Steel's steel business is supported by a group of companies engaged in the production, logistics and equipment of steelworks.

Major functional subsidiaries	Nippon Steel's ownership	Details of business
NS TexEng	100%	Engineering, maintenance, and operation of machinery, electrical instrumentation, systems, and construction of steel production facilities
Krosaki Harima	42.88%	Manufacture and sale of all refractory materials; and design, installation, building and repair of various kiln furnaces
NS Logistics	100%	Marine transport, factory transport and work subcontracting, port transport, warehousing, truck transportation, and customs services
Nippon Steel Slag Products	100%	Manufacture and sale of steel slag products

* On August 1 of this year, we announced the commencement of a tender offer for the full subsidiarization of this company.

Trading companies

NS Trading serves as the core trading company of the Nippon Steel Group. The company became a subsidiary in April 2023 and a privately held company in June of the same year, further strengthening collaboration with Nippon Steel.

Major trading subsidiary	Nippon Steel's ownership	Details of business
NS Trading	80%	Sales, exports and imports of steel products and other products

Secondary processing

Secondary processing companies of the Nippon Steel Group are engaged in manufacturing and sales of higher-value-added secondary processed products, which respond to end customers' needs, mainly using steel products of Nippon Steel as material and the Group's advanced technologies.

Major secondary processing subsidiaries	Nippon Steel's ownership	Details of business
Nippon Steel Coated Sheet	100%	Galvanized sheets, colored galvanized sheets, coated steel sheets, construction materials
Nippon Steel Metal Products	100%	Construction materials, civil engineering materials, colored galvanized sheets
Nippon Steel Pipe	100%	Carbon steel pipes for machine structure, welded stainless steel pipes, carbon steel pipes for building structure
Nippon Steel Drum	100%	Drums
Nippon Steel SG Wire	100%	Piano wires, coated wires, oil tempered wires
Nippon Steel Welding & Engineering	100%	Welding materials, plasma devices, optical fiber products
Nippon Steel Stainless Steel Pipe	100%	Seamless stainless steel pipes
Nippon Steel Bolten	84.96%	High-tension bolts
Nippon Steel Processing	59.95%	Steel wires for cold heading, hard steel wires, high carbon chrome bearing steel wires
Geoster	40.37%	RC segments, steel segments, and other civil engineering RC products

Electric arc furnace

The electric arc furnace (EAF)-based steelmakers of the Nippon Steel Group manufacture and sell distinctive products and have top-class competitiveness in their respective fields.

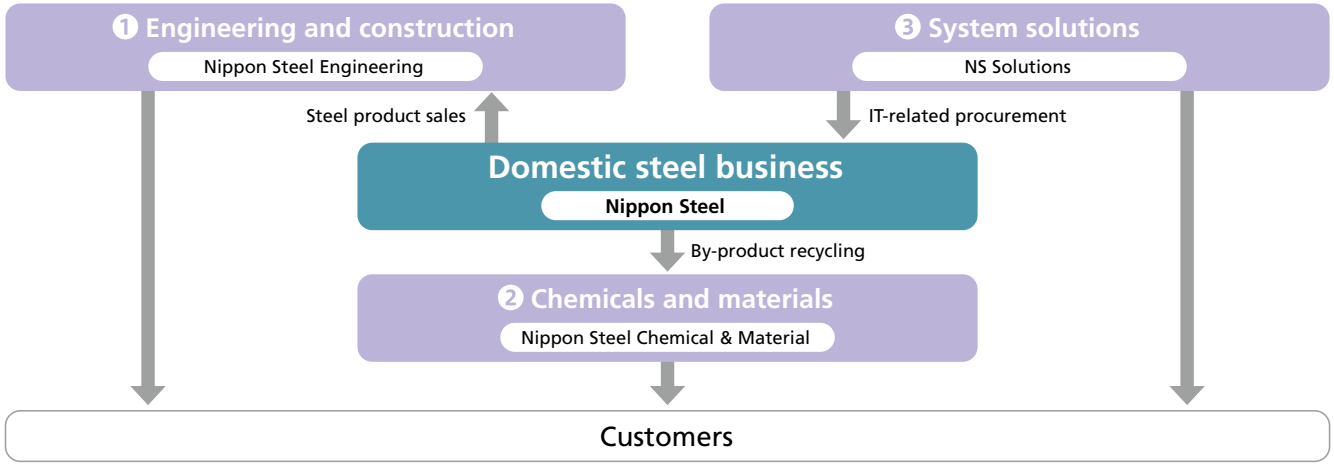
Major EAF steelmaking subsidiaries	Nippon Steel's ownership	Details of business
Nippon Steel Structural Shapes	100%	Manufacture and sale of H-beams
Osaka Steel	60.62%	Manufacture and sale of equal angles, channels, I beam, round bars, deformed bars, joints for reinforcing bars, rails, elevator guide rails, rim bars, colored angles, etc.
Sanyo Special Steel	100%*	Manufacture and sale of special steel materials and pipes
Oji Steel	51.49%	Manufacture and sale of flat bars, square bars, and steel blocks

* This company became a wholly owned subsidiary of Nippon Steel on April 25, 2025

5 Three non-steel companies

Three non-steel segments, which originally were parts of Nippon Steel's steel business, support the steel business and create synergies. The accumulated technology, products, and services that these companies acquired are used as appropriate for the business pursuit of companies outside the Nippon Steel Group. Each business has approximately 300 billion yen of sales scale and aims to realize the top-tier earning capacity in each field.

[Steelmaking value chain and three non-steel segments]



	❶ Engineering and construction	❷ Chemicals and materials	❸ System solutions
Segment company	**Nippon Steel Engineering**	**Nippon Steel Chemical & Material**	**NS Solutions**
Synergies with the steelmaking business	Utilization of steel products in plants and steel structures Social implementation of CCS, hydrogen, and ammonia technologies Utilization of power supply from steelworks	By-product recycling Utilization of development seeds and basic technologies Use of multi-materials	Provision of IT solutions
Revenue (FY2024)	400.4 billion yen	269.1 billion yen	338.3 billion yen
Percent of sales to the steelmaking business	Less than 10%	Less than 10% (Manufacture of coal chemical products from tar, a by-product of steel mills)	About 20%
History and business overview	In 2006, NS Solutions, which had been an engineering division of former Nippon Steel, was split into an independent company. NS Solutions, as a comprehensive engineering company leveraging the technology and expertise cultivated in the steelmaking business, engages in the engineering, procurement, and construction (EPC) of various types of buildings mainly for plants and steel structures, such as renewable energy-related facilities, including offshore wind power generation equipment. In addition, we focus on service provider businesses, including the sale of system building components and seismic isolation components, as well as the operation and maintenance (O&M) of on-site energy supply, various types of power solutions, waste power generation, and power-saving facilities.	In October 2018, the businesses of Nippon Steel & Sumikin Chemical and Nippon Steel & Sumikin Materials were merged to form Nippon Steel Chemical & Material. By combining the material design and manufacturing technologies of Nippon Steel & Sumikin Chemical (aromatic chemical synthesis, refining and compounding) with the material technologies of Nippon Steel & Sumikin Materials (thin foils, fine wires, and fine particles), the company plays a part in strengthening the comprehensive material support capabilities of the Nippon Steel Group.	The Electronics and Information Communication Division and the Information Systems Division of former Nippon Steel were established in 1986 and integrated and merged with Nippon Steel Computer Systems (established in 1980) to form ENICOM (Nippon Steel Information & Communication Systems) in 1988, and then became the current NS Solutions Inc. in 2001. Based on its many years of supporting systems in the steel industry 24 hours a day, 365 days a year, the company provides an optimal and stable system that utilizes cutting-edge IT for a wide range of customers, including financials, retailers, and the public sector beside the steel industry.

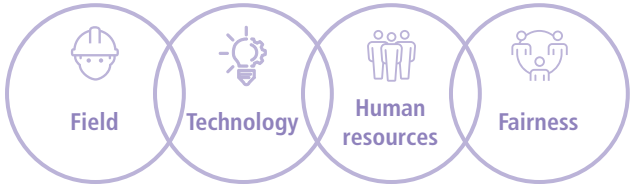
❶ Engineering and construction Nippon Steel Engineering

Our Mission, Our Values and Our Vision

Our Mission

Leveraging technologies and ideas that go one step ahead, we will provide optimal engineering solutions to our clients so that we can contribute to the development of global society and industries.

Our Values



Our Vision

1 Provide optimal solutions to social and customer issues
Create and provide optimal solutions that include not only EPC, but also services and component supply

2 Contribute to decarbonization and national resilience
Social implementation of technologies and services for decarbonization and building resilient and disaster-resistant cities

3 Improve productivity and implement business innovation
Every single employee will refine his or her aspirations and continue to improve productivity and implement business innovation

Our business

We are involved in numerous projects in Japan and overseas, utilizing our comprehensive engineering skills.
Our mission is to actively promote DX and contribute to the realization of a carbon-neutral society and the creation of resilient, disaster-resistant communities through our business activities.

Environment and energy

We are contributing to the creation of a sustainable, circular economy through the construction of environmental and energy-related facilities and plants.

FY2024 consolidated revenue **209.8** billion yen

Japan's first jacket-type foundation (Ishikari Bay offshore wind power plant), supporting an 8MW wind turbine

Coke dry quenching equipment (CDQ) recovers thermal energy from coke and contributes to reducing CO_2 emissions from steelworks

Urban infrastructure

As a steel engineering company with a comprehensive knowledge of material steel, we support the creation of resilient and disaster-resistant cities by making full use of "Steel × Ideas = Power."

FY2024 consolidated revenue **93.6** billion yen

We contributed to the creation of a cutting-edge logistics hub that harmonizes with the community by leveraging our steel construction technology and extensive experience (MFLP/LOGIFRONT Tokyo Itabashi)

Service business

We are working on DX-assisted new value creation and solutions to social issues, including the operation and maintenance (O&M) of on-site energy supply, various types of power solutions, waste power generation, and power-saving facilities.

FY2024 consolidated revenue **99.9** billion yen

We design and construct optimal energy facilities on the premises of customers, providing comprehensive services, including O&M (operation and maintenance)

1: Nippon Steel Corporation took over the steelmaking plant business of Nippon Steel Engineering Co., Ltd. (excluding coke dry quenching equipment business, etc.) on October 1, 2023, through a simple absorption-type split.
2: Since the above consolidated revenues by sector are before adjustment of currency conversion, the combined amount differs ¥2.9 billion in total from the revenue of ¥400.4 billion of Nippon Steel Engineering Co., Ltd.

[Major Group companies of Nippon Steel Engineering Co., Ltd.]

Domestic subsidiaries	Nippon Steel Pipeline & Engineering Co., Ltd., Nippon Steel Environmental & Energy Solutions Corporation
Overseas subsidiaries	Nippon Steel Plant Engineering (Shanghai) Co., Ltd. (China), Beijing JC Energy & Environment Engineering Co., Ltd. (China), THAI NIPPON STEEL ENGINEERING & CONSTRUCTION CORPORATION, LTD. (Thailand), NS-OG ENERGY SOLUTIONS (THAILAND) LTD. (Thailand), NIPPON STEEL ENGINEERING INDIA PRIVATE LIMITED (India), PNS ADVANCED STEEL TECHNOLOGY, INC. (Philippines)

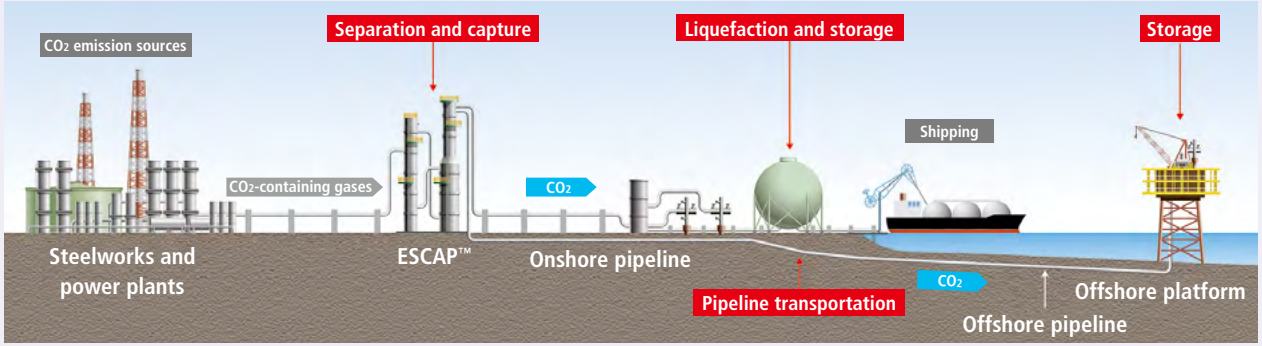
Synergies in the Nippon Steel Group

Aiming for the social implementation of CO_2 capture and storage (CCS) and hydrogen and ammonia utilization technologies, we will attempt to achieve the "Nippon Steel Carbon Neutral Vision 2050," jointly with the Group companies. We will maximize our value creation by leveraging the Nippon Steel Group's high-performance steel products and various types of products and services, and through the combination of the best technologies and techniques at each stage of the design, procurement, and construction. We are also working on power supply optimization to ensure a stable energy supply, utilizing the power infrastructure of our steelworks. Furthermore, when it comes to designing and constructing steelmaking facilities, we are pursuing improved environmental performance based on our long-accumulated knowledge and technology, contributing to building the infrastructure for a carbon-neutral society.

CCS Initiatives

Nippon Steel Engineering possesses comprehensive engineering capabilities applicable to the entire CCS value chain, ranging from CO_2 separation and collection to transportation, liquefaction, and storage. We are promoting technological development and demonstration toward the social implementation of CCS. We are promoting measures to reduce industry-derived CO_2 emissions, including those from steelworks, using our proprietary energy-efficient CO_2 capture technology "ESCAP™." In addition, we also leverage the technology and expertise we have cultivated through our EPC (engineering, procurement, and construction) for various types of energy plants and pipelines. In October 2024, we established the CCS Business Promotion Dept. to consolidate all CCS-related knowledge our internal departments possess, which builds a structure for offering one-stop solutions to our customers. We will leverage these strengths to contribute to the Nippon Steel Group's initiatives to realize a carbon-neutral society.

[Concept of CCS value chain of the Nippon Steel Group]



Future risks and opportunities and our business strategy

Risks

- Long-term contraction of domestic market
- Impact of Japan's declining labor population on supply chains (future concerns about stable procurement items and services, quality, and delivery, etc.)
- Soaring prices of equipment, materials, and fuel

Opportunities

- Globally accelerating carbon neutrality initiatives across all industries
- Increasing needs for resilient, disaster-resistant urban development and the maintenance and renewal of aging social and industrial infrastructures
- Accelerating advancing digital technology and its social implementation

Our business strategy

"With the realization of a carbon-neutral society" and "the contribution to resilient urban development" at the core of its business strategy, Nippon Steel Engineering will expand its service-oriented businesses, including O&M, power solutions, and EPC. We are challenging new value creation in each business area by combining our technology and human resources.

- Efforts in growth areas toward carbon neutrality (CN)
  - Establishment of solid market positions in the following areas: Offshore wind power generation, Waste power generation, Carbon dioxide Capture, Utilization and Storage (CCUS) which involves separating, utilizing, and storing CO_2, Hydrogen and ammonia-related efforts (such as pipelines, receiving, shipping, and storage facilities)
  - Expansion of Net Zero Emission Building (ZEB), the highest rank contributing to CO_2 reduction in large-scale logistics facilities, etc.
  - Provision of various power solutions, including on-site energy supply and local power production and consumption. Furthermore, the effective utilization of renewable energy assisted by energy management systems using storage batteries
  - Realization of the optimal operation of various energy plants through operation and maintenance services, including waste power generation
- Initiatives in resilient and aging infrastructure
  - Expansion of material sales business for seismic isolation devices, system construction, etc.
  - Responding to needs for renewal, maintenance, and repair of aging infrastructure in the fields of bridge products, gas pipes, and water works
- Smarter engineering operations using digital technology to improve productivity


Steel-made seismic isolation devices utilizing the pendulum principle: NS-SSB™


Jacket-type foundation to support offshore wind turbines

❷ Chemicals & materials NIPPON STEEL Chemical & Material

Our Mission

To realize an affluent society and contribute to the global environment through advanced chemical and material technologies
Strive for co-creation and co-prosperity with customers and the growth and happiness of our employees

In October 2018, NIPPON STEEL Chemical & Material was formed through the merger of Nippon Steel & Sumikin Chemical and Nippon Steel & Sumikin Materials. Under our Basic Principles of "Master Materials, Pioneer the Future," we are conducting our business activities with the aims of realizing an affluent society through advanced chemical and material technologies and contributing to the global environment. At the same time, we are striving for co-creation and co-prosperity with customers and the growth and happiness of our employees.

Mission of NIPPON STEEL Chemical & Material Group

■ Basic principles

We will contribute to the global environment by providing products and services that enrich people's lives through our own development and accumulation of advanced chemical and material technologies and through the sophisticated and diverse use of materials.

"Master Materials, Pioneer the Future" – For Your Dream and Happiness –

■ Management principles

We will develop our corporate activities with emphasis on the matters listed below, conduct fair and transparent management, and continue to grow as a company that is trusted by society at large.

- Contribution to the global environment
- Realization of a healthy and humane society
- Co-creation and co-prosperity with customers
- Realization of the growth and happiness of our employees

■ Action guidelines

- Trust: We will comply with laws and social rules, always think about things from the perspective of society and our customers and aim to win the trust from society and our customers.
- Challenge: We hope that both ourselves and the company will grow together, and we will continue striving for our targets, being fully aware of our roles and never forgetting our high aspirations.
- Contribution: We will respect the diversity and individuality of every employee, and by supporting and encouraging each other through friendly rivalry, we will produce the best results as an organization and team and contribute to society.

Our business

In order to contribute to the development of growth fields such as high-speed communications, semiconductors, and automotive devices while steadily responding to the needs of global environmental measures, we will further enhance our long-accumulated comprehensive capabilities.

Coal tar chemicals

Pitch coke, pitch, naphthalene, phthalic anhydride, carbon black, industrial gases

FY2024 consolidated revenue **61** billion yen

Needle coke for electric furnace electrodes

Chemicals

Aromatic chemicals, styrene monomers, divinylbenzene, functional chemicals, and lubricating materials

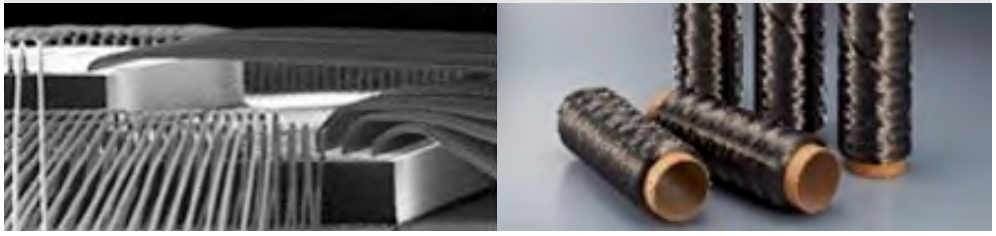
FY2024 consolidated revenue **108** billion yen

Various chemicals

Functional resins/PWB materials

Circuit board materials, epoxy resins, display materials, metal foils, metal carriers for exhaust gas purification, fillers for semiconductor encapsulants, bonding wire for semiconductors, carbon fiber composite materials, pitch-based carbon fibers, porous carbon materials

FY2024 consolidated revenue **100** billion yen



Bonding wire for semiconductors, and pitch-based carbon fiber

Major Group companies of NIPPON STEEL Chemical & Material Co., Ltd.

NS Styrene Monomer

Nippon Micrometal, Nippon Graphite Fiber

Synergies in the Nippon Steel Group

For more than 100 years, we have been working to increase added value through the effective use of steel by-products, and our accumulated technologies for utilizing the various active ingredients contained in coal tar are now also used in the technologies of our functional materials and carbon fiber composite materials businesses, which have grown to become our core businesses.

In addition, based on the inorganic high-performance materials owned by our group, we are developing various application products, and we are also producing remarkable results from research and development collaboration utilizing the advanced technology of Nippon Steel R&D Laboratories (RE). More details are described in a special issue on Chemicals and Materials Business Areas in Nippon Steel Technical Review published in FY2024.

Increase in added value through effective use of steel by-products

Using steel by-products such as coal tar and coke-oven gas as raw materials, we produce needle coke for electric furnace electrodes, carbon black for automobile tires, and various chemicals.

Needle coke, carbon black, etc.

Expansion from Group materials to application products

We supply high-performance metal foil based on unique stainless steel materials supplied by the Nippon Steel Group, as well as applied products such as hard disk drive (HDD) suspension materials and metal carriers for exhaust gas purification.

High-performance metal foil, HDD suspension, metal substrates

New business creation through collaborative R&D

On April 1, 2025, aiming to deepen collaboration between Nippon Steel and its R&D section, we launched the "Cooperative Research Center," as a new organization in the Integrated Research Sector. The Center is located in the Futtsu Area, where Nippon Steel has its R&D Laboratories (RE). At the Center, we are currently working to develop the R&D infrastructure and secure and train human resources in preparation for R&D activities on short-term to medium to long-term challenges across all business areas of our group, as well as new business creation in the future.

Our many years of R&D achievements were featured in a special issue on the Business Segment of Chemicals & Materials in "Nippon Steel Technical Report" of February 2025.

Nippon Steel Technical Report
https://www.nipponsteel.com/tech/report/no424.html

Future risks and opportunities and our business strategy

Risks

- Climate change, such as global warming, and deterioration of the global environment
- Soaring raw material and fuel prices and supply instability
- Intensifying development races and obsolescence of existing products
- Contraction of domestic demand and geopolitical risks

Opportunities

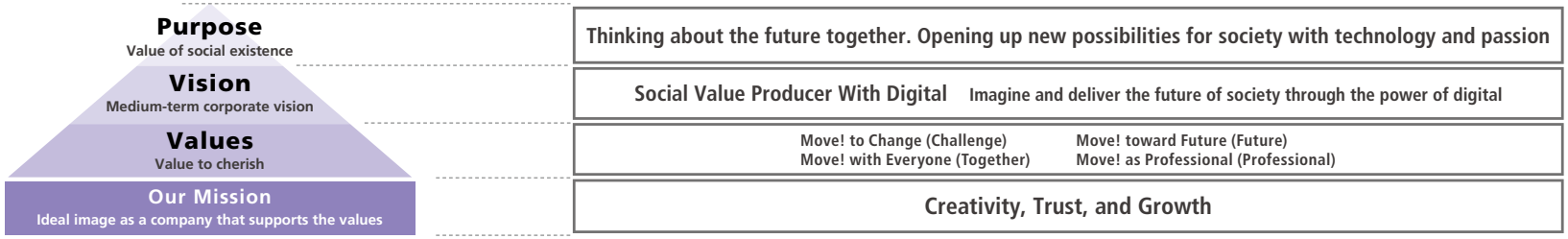
- Realization of carbon neutrality, and development of materials and technologies contributing to global environmental protection
- Development of distinctive and differentiated technologies and products
- Efforts to improve productivity and diversify raw material and fuel sources

Our business strategy

- With safety, the environment, disaster prevention, quality, and compliance given our top priorities, we aim to achieve sustainable profit growth by building a robust earnings structure.
- We aim to become a de facto standard and gain a top share in growth markets by capturing new demand without fail in fields expected to grow and appropriately introducing differentiated and high-value-added products.
- We will continue to develop differentiated products that make full use of our unique advanced chemical and material technologies. We will develop various materials and members and supply them to society, including semiconductor peripheral materials, such as bonding wires, ceramic particulates, circuit boards, functional resins, and high-performance metal foils, which are essential to the sophistication and functionality enhancement of various electronic devices, the advance of CASE, and the spread of 5G/6G communications. To this end, we will pursue technological synergies in the Nippon Steel Group, striving to further enhance our R&D capabilities.
- Through the stable production and quality improvement of "needle coke," which is used in steelmaking electric arc furnaces (EAFs) as a raw material for the graphite electrodes, we will contribute to the realization of carbon neutrality by producing high-grade steel in large EAFs.
- We will strengthen our business structure by planning equipment maintenance, improving production processes, and building optimal business portfolios from a long-term perspective.

❸ System solutions NS Solutions Corporation

Our philosophy structure

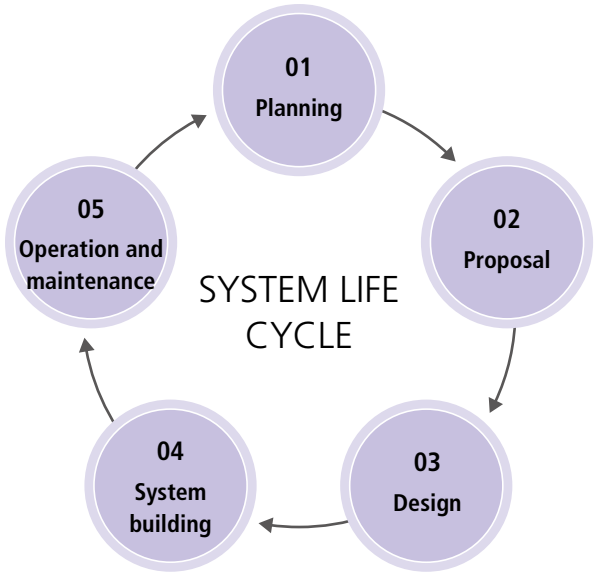


We will create social value by using our "Purpose," which is the reason for NSSOL's existence in society, as our foundation, aiming for our "Vision" as our mid-term company image, and practice the values that we hold dear.

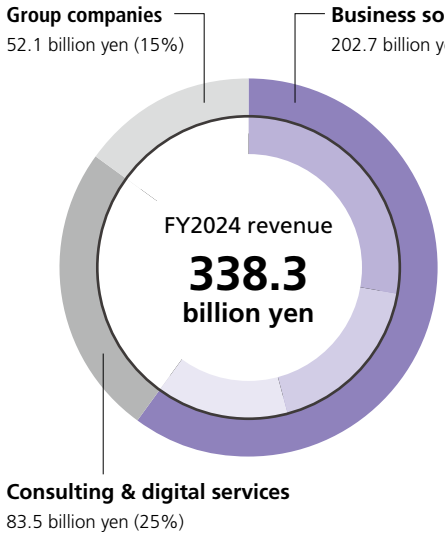
Our business

NS Solutions (NSSOL) is a leading SIer (total information system integrator) in Japan

We offer comprehensive services for the entire system lifecycle, such as planning to proposal, design, system building, operation, and maintenance, to solve our customers' management issues and ultimately, social issues.



FY2024 revenue by service and customer industry (100 million yen)



Industry and steel 95.4 billion yen (28%)	• One-stop DX support and provision of various solutions for global manufacturers • IT support for the entire system lifecycle for Nippon Steel and its group companies
Distribution and platformer 61.5 billion yen (18%)	• Provision of solutions mainly for platformers engaged in online and offline channels in the distribution industry and online businesses
Finance 45.7 billion yen (14%)	• Provision of comprehensive support for the entire system lifecycle, from application development to maintenance, for major financial institutions, including huge banks
Consulting & digital services 83.5 billion yen (25%)	• Provision of cross-industry consulting applications • System building and operation and maintenance for companies and government agencies that support social infrastructure
Group companies 52.1 billion yen (15%)	• Reginal subsidiaries (Hokkaido, Eastern Japan, Central Japan, Kansai, Kyushu) • Overseas subsidiaries (China, Thailand, Singapore, Indonesia, U.S.A., U.K.) • Joint venture companies (NCI, NHS) • Others (Infocom, which will become a subsidiary in July 2025)

Synergies in the Nippon Steel Group

Enhanced synergies with Nippon Steel

NS Solutions enjoys the benefits of enhanced synergies with Nippon Steel in the forms of 1) contribution to sales and profits and 2) contribution to the acquisition of management resources.

[Contribution to sales and profits]

The knowledge and expertise we have cultivated in fields subject to the demanding quality and service standards of Nippon Steel are also applied when expanding into non-steelmaking fields, including high-precision production management solutions that are highly valued by our customers.

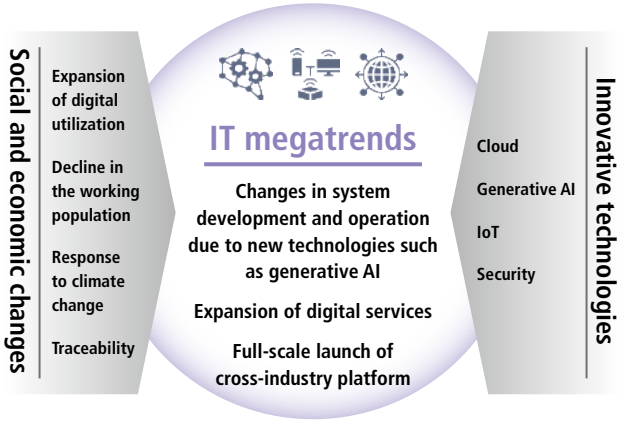
In addition, our stable sales of over ¥60 billion/year which contributed to the Nippon Steel Group, along with the high-level profits thereof, as well as the global growth potential of the Group, which aims for 100 million tons of crude steel production, are contributing to the stable management and growth of NS Solutions.

[Contribution to the acquisition of management resources]

Nippon Steel's global recognition and sense of security contribute to hiring talented human resources, which is the greatest asset for NS Solutions. These advantages also promote partnerships with other companies, M&A, and other initiatives.

NS Solutions has maintained independent management for over 20 years with the help of executive members possessing extensive experience in the IT industry. Listed on the Prime Market of the Tokyo Stock Exchange, the company continuously builds and improves its high level of corporate governance. As a result, we consistently achieve steady business growth and enhance shareholder value.

Future risks and opportunities and our business strategy



In the world of IT business, technological innovation is advancing at an amazing speed, and NS Solutions' business is also facing such waves of change.

To transform these changes into a force for our growth and become a market leader, we considered it necessary to undertake major self-transformation, including the transformation of our business revenue model based on the TAM-type model.

As part of the corporate transformation, we formulated the "NSSOL 2030 Vision" in 2024 and announced the "2025-2027 Mid-Term Business Plan" in 2025 as specific measures to achieve this vision.

What is the TAM-type model?

SI Transformation / Next generation SI model (T type)
This model incorporates innovations such as generative AI into our value proposition process to provide customer-specific system development, operation, and maintenance services with high productivity.

Asset Driven / Asset utilization type (A type)
This model uniquely turns company strengths into assets and offers them to multiple customers as best practices.

Multi Company Platform / PF provision model (M type)
In this model, NSSOL provides platforms for shared use by multiple companies as the business operator.

Initiatives for achieving our Mid-Term Business Plan

1) Transformation of business revenue models
Shift from individual customer-commissioned SI to a high-profit model based on TAM type

2) Transformation of customer approach
Shift from addressing individual customer issues to the perspective of customer management and social issues

3) Transformation of technology acquisition and application processes
Achieving advanced development productivity through collaboration enhancement between R&D and business operations and the promotion of standardization

4) Transformation of business revenue models
Improving internal operational productivity and establishing a data-driven management foundation

Global strategy

External growth strategy

		FY2027 plan	NSSOL 2030 Vision
Business goals	Revenue	450 billion yen	500 billion yen
	Operating Profit (operating profit margin)	60 billion yen (13%)	100 billion yen (20%)
	ROE	Approx. 13%	Approx. 15%
Fund allocation	M&A	150 billion yen/3 years	N/A (investment effect: creation of businesses worth approximately 100 billion yen)
	Shareholder returns	Payout ratio 50%	Payout ratio 50%
Transformation/ growth	TAM-type/revenue ratio	Approx. 75%	—
	Investment for growth/ revenue ratio (excl. M&A)	Approx. 5%	—

Strategic Establishment of Brand Families

Nippon Steel Group's brand mark

As a global steelmaker with origins in Japan, Nippon Steel is incorporating a diversity of DNAs of people and companies, and growing into the future. Keeping that determination in mind, we renamed ourselves "Nippon Steel Corporation" on April 1, 2019. On that occasion, a common brand mark for Nippon Steel and the Nippon Steel Group companies was adopted in order to unify the branding of the entire group.

The brand mark is a combination of the corporate mark and the English logo. The font used in English is a roundish typeface, representing a strong yet flexible image of steel.

Our thoughts incorporated in the corporate logo

Aiming to become the best steelmaker with world-leading capabilities

Aiming at the summit

Representing the unlimited future of steel

The triangle in the logo represents a blast furnace and the people who create steel. It reflects the fact that steel, indispensable for civilization, brightens the world. The center point can be viewed as a peak, which represents the best steelmaker. It can be also viewed as the destination of a road, which represents the unlimited future of steel as a material. The blue color represents leading technology and reliability.

Brand system

We take a strategy to use " NIPPON STEEL " as a master brand to strengthen and disseminate our group identity, and to endorse our domain brand and product brand for the enhancement of the reliability and value of our products. Concerning the Nippon Steel Carbon Neutral Vision 2050 initiatives, we established an activity logo " NIPPON STEEL Green Transformation Initiative " in order to demonstrate our aggressive efforts for the realization of a carbon neutral society.

We are also strategically building domain brands that express the value (products and solutions) presented in our business domains, as well as product lines and brands that express their characteristics and value. The aim is to enable our customers to better identify the technological advances and environmental value of our products and solutions.

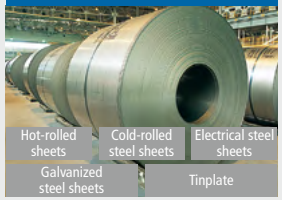
Products and Applications

The Nippon Steel Group covers almost all types of steel products manufactured around the world and has a comprehensive supply system, which includes secondary processed products. These applications also extend to the manufacturing, resources and energy, civil engineering and construction and all other industry sectors. What we offer includes materials that bring out diverse properties and infinite potential of steel, solutions such as for customer-specified component design and production method, and diverse secondary products. Reliably, globally, and over a long time, we have provided products and services that respond to customers' needs, contributing to their value creation and to the sustainable growth of society.

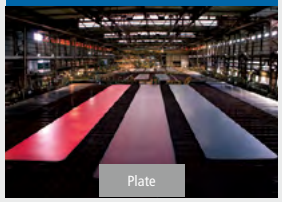
Wealth of product groups (1)

Product types

Steel sheets



Plate



Bar and wire

Construction products

Major applications and product examples

Automotive

High-tensile steel sheets

- High strength
- Workability
- Lightweight

Electrical appliances and office equipment

VIEWKOTE™ (pre-coated steel sheets)

- Corrosion resistance
- Process saving
- Appearance design

Containers

CANSUPER™ (tin-free steel)

- Corrosion resistance
- Printability
- Lacquer adherence

Energy

Grain-oriented electrical steel sheets

- Low iron loss
- Energy saving

Civil engineering and construction

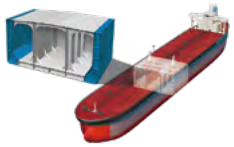
ZEXEED™

- Corrosion resistance
- Process saving

Shipbuilding

NSafe™-Hull (highly ductile thick steel plate)

- Absorbing collision energy
- Preventing oil spills



Industrial machines

ABREX™ (abrasion resistant steel plates)

- Abrasion resistance
- Weldability
- Workability

Energy

7% nickel steel

- Resource saving
- Ultralow-temperature strength and toughness

Civil engineering and construction

CORSPACE™

- Corrosion resistance
- Extended painting cycle

Automotive

Steel cords for tires

- Extra-fine and lightweight
- High strength
- Durability

Steel for high-strength gears

- High strength
- Lightweight
- Durability

Steel for high-strength suspension springs

- High strength
- Lightweight
- Durability

Industrial machines

Steel for high-function bearings

- Corrosion resistance
- Abrasion resistance
- Rolling fatigue strength

Civil engineering and construction

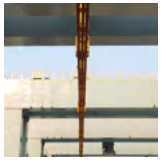
Steel for high-tension bolts

- High strength
- Durability
- Lightweight

Railway

150-meter rails

- No need for welding
- Reduced maintenance
- Enhanced passenger comfort



Civil engineering and construction

NSHYPER BEAM™

- Uniform depth and width within the same size series
- Design simplification
- Enhanced processing

Hat-type sheet piles

- Space saving
- Ease of construction
- Reduced construction time

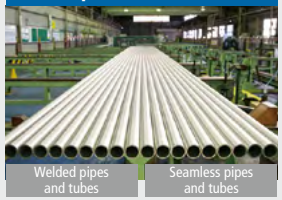
NM-Segment

- Structural reliability
- Reduced construction time
- Reduced waste soil

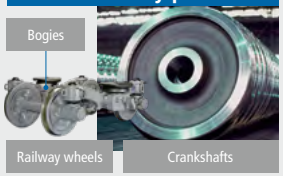
Wealth of product groups (2)

Product types

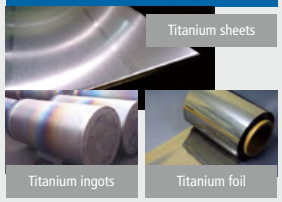
Pipes and tubes



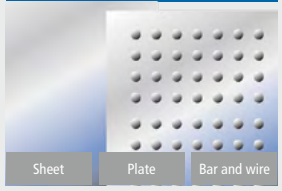
Railway, automotive and machinery parts



Titanium



Stainless steel



Major applications and product examples

Automotive

Hydroformed steel tubes for suspension components

- Closed-section structure
- High strength
- Lightweight

Energy

Pipes and tubes for power generation

- High-temperature strength
- High-temperature corrosion resistance

Pipes and tubes for structures

- High strength
- High toughness
- Corrosion resistance

Civil engineering and construction

Structural steel pipes

- High strength
- Corrosion resistance
- Appearance design

Railway and aircraft

Railway wheels

- High strength
- Sound insulation
- Brake heat resistance

Railway bogies

- Durability
- Enhanced passenger comfort
- Facilitated maintenance

Automotive

Crankshafts

- High strength
- Durability
- Safety

Industrial machines

Permanent magnet retarder

- Energy saving
- Lightweight
- Safety

Automotive

Titanium alloys for mufflers

- Corrosion resistance
- Lightweight
- High strength
- Workability

Aircraft

Titanium alloys for aircraft

- Lightweight
- High-specific strength
- Corrosion resistance

Construction

TranTixxii™

- Appearance design
- Corrosion resistance
- Lightweight
- Workability

Civil engineering

TP method and titanium foil method

- Corrosion resistance
- Ease of construction
- Maintenance free

Automotive

Stainless steel cold-rolled sheets

- Corrosion resistance
- High-temperature resistance
- Lightweight

Electrical appliances and office equipment

Stainless steel cold-rolled sheets

- Corrosion resistance
- Workability
- Appearance design

Energy

Stainless steel plates

- Corrosion resistance
- High strength

Civil engineering and construction

Stainless steel cold-rolled sheets

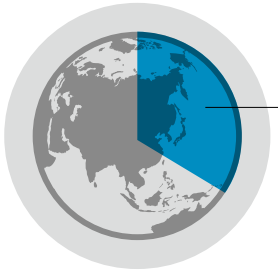
- Corrosion resistance
- Lightweight
- Appearance design

Steel for all of i and the

Attractiveness of steel

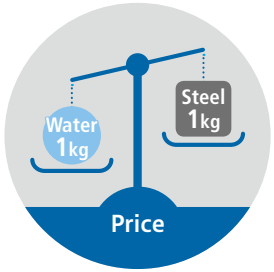
Steel is one of the most familiar materials and is indispensable for our daily lives. Thanks to its diverse properties and infinite potential, steel will continually contribute to a sustainable society.

Steel is an abundant, sustainable material that can be reborn endlessly

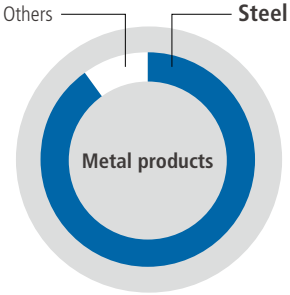


1/3

Iron constitutes
one-third
of the Earth's weight.



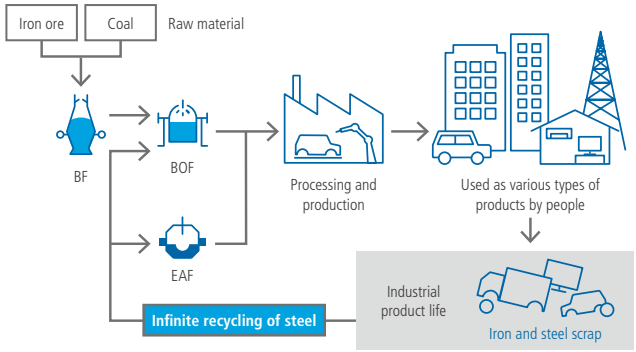
Steel is
a material cheaper
than water in a plastic bottle
(price per unit weight).



Steel represents
90% or more
of metal products,
as steel is abundant, cheap, and has good workability and a wide range of applications.

"Steel" is endlessly reborn in new steel products

Steel has unique characteristics that other materials do not possess, such as its resistance to quality degradation through recycled use, because its relatively simple sorting process can remove most impurities. Steel is the most suitable material for recycling as it can be endlessly recycled into any steel products after its product life.



Diverse properties and a wide range of applications

Steel is used in a vast range of applications due to its diverse and excellent characteristics, such as high strength and ease of use, and because of its low prices as well. Therefore, steel has been one of the most excellent materials of choice for social infrastructures that support people's lives and economic growth.

Steel is close to us, and we cannot live without steel products. Steel is for here, for all of us now, and will be with us in the future.

[Diverse properties that support a wide range of applications]

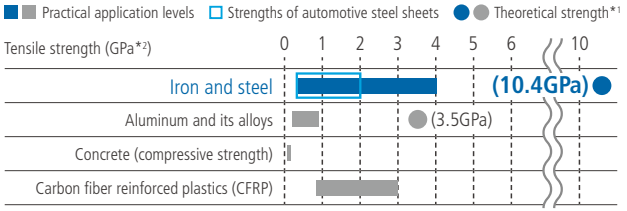
Strength	Weldability	Heat resistance
Toughness	Paintability	Cold resistance
Robustness	Magnetism	
Workability	Corrosion resistance	Weather resistance

Infinite potential

Steel is a material with enormous potential due to its much higher theoretical strength than other materials.

Also, steel is a unique material whose properties can be significantly diversified by adjusting the carbon and other chemical compositions, varying the rolling temperature and rolling process combinations in the manufacturing stage, and adding relatively small amounts of alloys. Mastering the optimal use of steel to the extreme would enable us to pursue its further evolution and new potential.

[Potential capacity and present application level of material strength]



*1: Theoretical strength is said to be 1/5 to 1/7.5 of the modulus of rigidity. The above data is calculated using 1/7.5.
*2: GPa (gigapascal) is a unit to measure tensile strengths. G (giga) denotes ten to the ninth power (10^9).

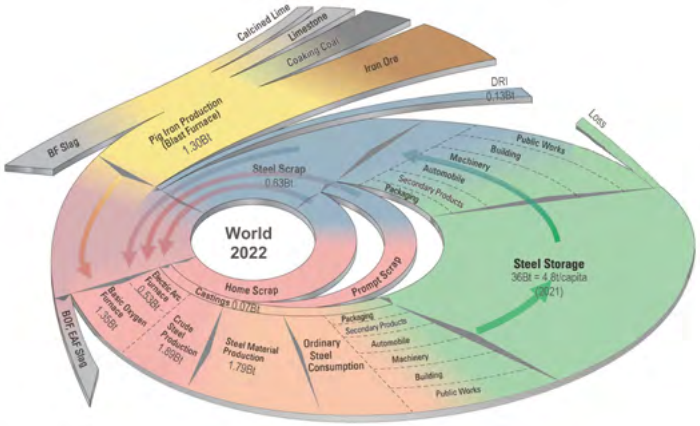
Steel is an excellent material from the perspectives of life cycle assessment (LCA) and resources recycling

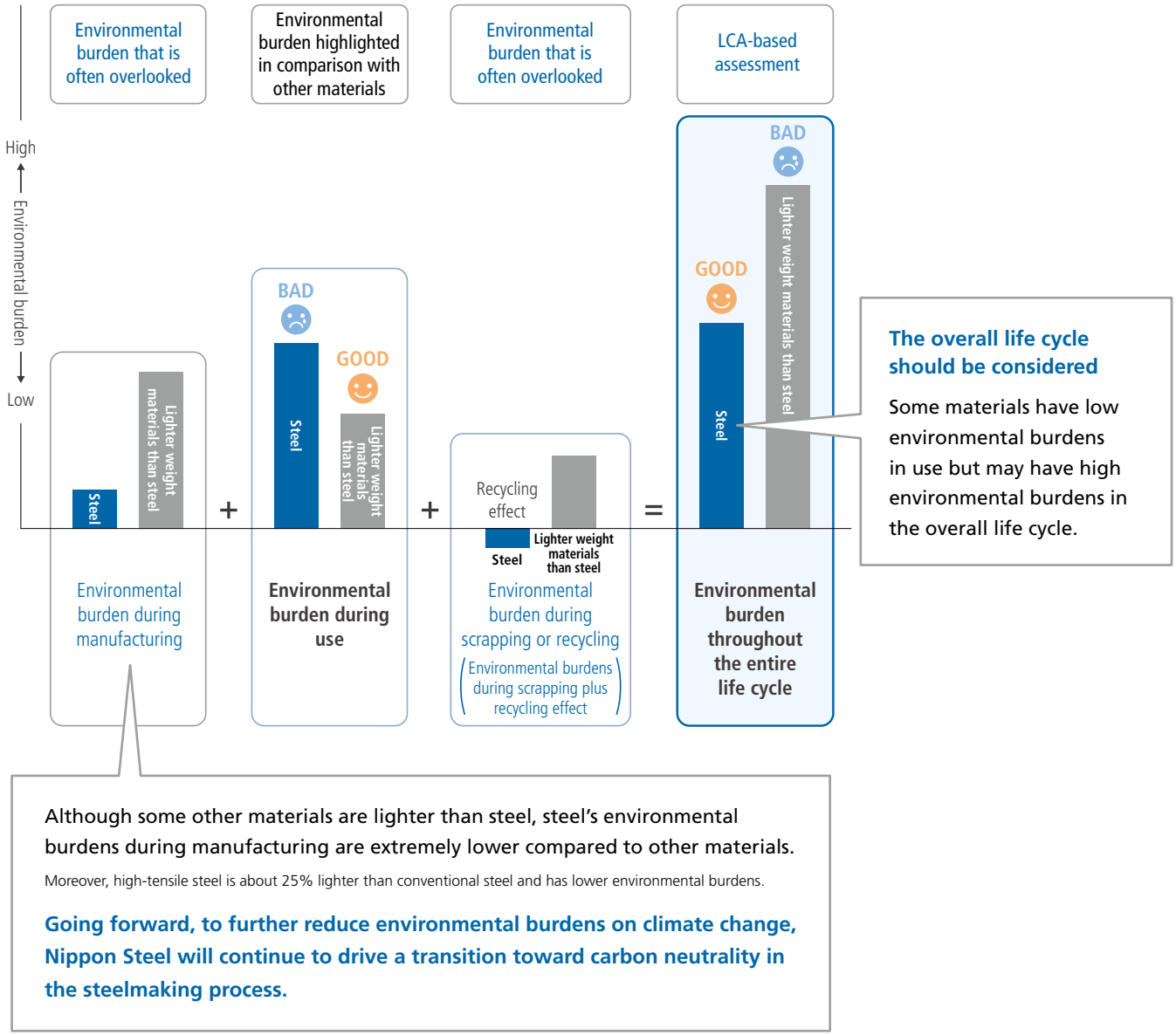
Steel is environmentally friendly from an LCA perspective

The Life Cycle Assessment method (LCA) is a way to evaluate environmental burdens of a product over its entire life cycle. While many aspects of environmental burdens cannot be seen, the LCA is an attempt to visualize the burdens over the life cycle of a product, from production of its raw material to use, disposal and recycling of the end product. From an LCA perspective, steel has incredibly low levels of environmental burden compared to other materials in the manufacturing, use, and recycling stages, as well as throughout the entire life cycle. (See the figure on the right).

Steel is infinitely recycled

Iron ore is reduced to iron, which is used to make many steel products. Those steel products are then repeatedly recycled into other steel products, circulating infinitely. The steel recycling like this is called "closed-loop material recycling," which enables steel recycling in substitution for natural resources without the need for so-called horizontal recycling, which requires collecting only scraps with the same chemical compositions. (See the figure below). This is an excellent material characteristic found only in steel, not in other materials.





The overall life cycle should be considered

Some materials have low environmental burdens in use but may have high environmental burdens in the overall life cycle.

Although some other materials are lighter than steel, steel's environmental burdens during manufacturing are extremely lower compared to other materials.

Moreover, high-tensile steel is about 25% lighter than conventional steel and has lower environmental burdens.

Going forward, to further reduce environmental burdens on climate change, Nippon Steel will continue to drive a transition toward carbon neutrality in the steelmaking process.

Environmental burden of steel made via the BF and EAF routes, using an LCA approach

Because blast furnace (BF) steel emits a large quantity of CO_2 during the reduction of iron ore into iron, its environmental burdens appear higher compared with electric arc furnace (EAF) steel, which is manufactured by melting steel scrap with electricity. However, BF steel is destined to create new steel scrap in the market, providing CO_2 emission reduction effects through the future recycling process. When this environmental value is taken into account, the high environmental burdens during BF steelmaking will be offset. During repeated recycling processes, the high environmental burdens of BF steel will eventually become a value parity with those of EAF steel, regardless of the scrap use rate (recycled content) in the BF steelmaking.

This approach is recognized in the ISO 20915 and the JIS Q 20915 and is becoming a global standard. In the automobile sector, the concept of LCA-based assessment for steel is becoming standardized, considering its future recycling effects.

Efforts to disclose environmental data on our products

SuMPO EPD* (Environment Product Declaration)'s calculation and disclosure

Since 2019, we have been actively disclosing data of our products' LCA-based emissions to the environment through SuMPO EPD (formerly EcoLeaf).

An EPD is an environmental label that is compliant with the international standard ISO 14025. It calculates the environmental burdens (CO_2 emissions, and others) of each product in accordance with the ISO 20915 standard, including raw material extraction and transportation, product manufacturing, and recycling effects. The result is issued for each product after verification and certification by a third party (SuMPO).

EPDs disclose information on the global warming potential (GWP) and other various environmental burden values. When calculating CO_2 emissions upstream of Scope 3 at customers who purchase our products, more realistic primary data, rather than secondary data such as databases, can be used.

With these EPDs publicized, not only can our customers calculate their environmental burdens upstream of Scope 3, but they can also use carbon footprint and other data for the LCA-based assessment of their products.

* SuMPO EPD is managed and operated by the Sustainable Management Promotion Organization (a general incorporated association). The name was changed from "EcoLeaf" to "SuMPO EPD" in April 2024.

URL search for Nippon Steel's EPD certification
https://ecoleaf-label.jp/en/epd/search?keyword=Nippon%20Steel

Status of EPD certifications

We have obtained more than 80 SuMPO EPD certifications covering almost all our products, which overwhelmingly exceeds the number issued by other companies in the same industry.

EPDs are also used as the basic data for emission reductions required by NSCarbolex™ Neutral. Since we have disclosed EPDs for almost all our products, NSCarbolex Neutral is applicable to almost all our products.

[Certified products] (as of July 2025)

- Seamless, high-frequency welded OCTG and line pipes
- H-shapes
- Steel plates for building and structures
- Tinplate, tin-free steel, and laminated steel sheets
- Steel bar and wire products
- Steel sheet products
- Process-omission steel bar and wire products
- Rails
- Electrical steel sheets
- Nickel-plated steel sheets
- Steel sheet piles
- General-purpose steel pipes and tubes (for piping and structural use)
- High-alloy OCTG and line pipes
- Welded steel pipes for mechanical use
- Hot-extruded steel shapes
- Spiral welded steel pipe piles and spiral welded steel pipe sheet piles
- Railway, automotive & machinery parts
- Stainless steel
- Titanium
- Pure nickel sheets

Contribution to SDGs

The Nippon Steel Group is committed to SDGs through continually supplying steel, a basic element supporting society, in various parts of the world by using its world-leading manufacturing capability.

Steel contributes to make our life more convenient and pleasant, by being used everywhere in our life and society, and as an indispensable part of resilient infrastructure against natural disasters caused by earthquakes, abnormal weather driven by climate change, and other factors. Steel is also an indispensable material element for achieving SDGs, as it helps reduce environmental burden due to its weight reduction, extension of its product life, and others on top of being abundantly available and able to be recycled.

As a supplier of steel, we strive to implement our Three Ecos and innovative technologies and to advance the Carbon Neutral Vision as measures against climate change. We also promote sustainable measures so as not to waste resources. These measures include the use of by-product gases generated in steelmaking, the reuse of recycled water, and the recycling of by-products and waste generated in and out of the Company.

[Examples of specific initiatives]

1 NO POVERTY

- Job creation through the establishment of operating companies in emerging countries P.26
- Reduction of vulnerability to disaster based on the use of the Nonframe method (a construction method to stabilize slopes without damaging the natural environment)

2 ZERO HUNGER

- Use of converter slag fertilizer, a by-product of steelmaking, to improve farming productivity and salt damage on farmland P.100
- Provision of titanium and stainless steel, which have excellent seawater corrosion resistance, for seawater desalination plants, securing agriculture water

3 GOOD HEALTH AND WELL-BEING

- Promotion of air, water, and soil risk management and chemical substance management P.84
- Development and provision of steel products that contain no substances of concern, such as lead and hexavalent chromium

4 QUALITY EDUCATION

- Promotion of employee training to raise skills (i.e., OJT, Off-JT, sending trainees to Junior College for Industrial Technology), hosting technology triathlon P.113
- Study sessions for teachers, internship for students P.119

5 GENDER EQUALITY

- Improvement of the working environment for women, support for career development, and work-life balance P.114
- Increase in female employment and the number of female employees in management P.114
- Prevention of harassment P.116

6 CLEAN WATER AND SANITATION

- Recycling and reuse of limited water resources P.96
- Promotion of water quality risk management P.83
- Provision of titanium and stainless steel for seawater desalination plants
- Provision of lining steel pipes for delivery of clean water

7 AFFORDABLE AND CLEAN ENERGY

- Efficient use of energy, such as 100% use of by-product gases P.96
- Provision of materials for fuel cells that produce energy from hydrogen
- Development and provision of steel materials for high-pressure hydrogen to support a hydrogen-oriented society

8 DECENT WORK AND ECONOMIC GROWTH

- Promotion of diversity & inclusion P.114
  (i.e., female empowerment, how to work and how to take time off from work, health promotion, and employment of the elderly and persons with disabilities)
- Promotion of DX for workstyle innovation, productivity improvement, and worker safety management P.55-58

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Pursuit of Eco Processes to help raise resources/energy efficiency and reduce environmental burden P.96
- Introduction of advanced technologies through bilateral cooperation (India, ASEAN, etc.) P.89
- Use of steel slag in roadbed materials and materials for civil engineering P.94

10 REDUCED INEQUALITIES

- Thorough compliance training, such as for the Anti-Monopoly Act
- Initiatives to respect human rights in accordance with the Nippon Steel Group Human Rights Policy P.117
- Expanded hiring of women and non-Japanese P.114

11 SUSTAINABLE CITIES AND COMMUNITIES

- Provision of various indispensable Eco Products™ for daily lives P.152-153
- Provision of earthquake-resistance steel materials
- Development of Nonframe method, which protects houses during disasters while maintaining views of nature

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Promotion of air, water, soil risk management, and chemical substance management P.82-84
- Full recycling of by-products, including slag, dust, and sludge P.94
- Promotion of recycling of waste plastics P.95

13 CLIMATE ACTION

- Promotion of measures against climate change by implementing the Carbon Neutral Vision P.36-49
- Development and provision of NSCarbolex™ Solution products that contribute to reducing CO_2 emissions in society P.46

14 LIFE BELOW WATER

- Regeneration of seaweed beds with the use of steel slag P.90
- Promotion of marine environmental improvement with the use of steel slag P.99
- Voluntary coastal clean-up activities near steelworks P.120
- Collaboration with an NPO, "Mori wa Umi no Koibito" P.119
  (participation in tree-planting)

15 LIFE ON LAND

- Promotion of air, water, and soil risk management and chemical substance management P.84
- "Creation of Hometown Forests" to promote greenery within steelworks P.99-100
- Site cleaning activities around steelworks P.120

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

- Bribery prevention guidelines to be established and made well known P.84
- Elimination of antisocial forces
- Thorough confirmation of non-use of conflict minerals P.109
- Thorough management of security export control

17 PARTNERSHIPS FOR THE GOALS

- Development of Eco solutions to transfer and spread environmental, energy-saving technologies to emerging markets P.89
- Japan-India and Japan-ASEAN regular exchanges among public and private steel-related parties P.89
- Support for human resources development to build an energy management system in emerging countries

Financial Information

Consolidated Statements of Financial Position

[Unit: million yen]	Previous term (FY2023) As of March 31, 2024	Current term (FY2024) As of March 31, 2025
Plan assets		
Current assets		
Cash and cash equivalents	448,892	**672,526**
Trade and other receivables	1,587,979	**1,430,435**
Inventories	2,276,665	**2,199,096**
Other financial assets	33,927	**41,425**
Other current assets	212,919	**205,019**
Total current assets	4,560,384	**4,548,503**
Non-current assets		
Tangible fixed assets	3,380,436	**3,635,585**
Right-of-use assets	100,601	**101,934**
Goodwill	70,207	**71,639**
Intangible assets	177,853	**263,231**
Investments accounted for using the equity method	1,537,936	**1,600,366**
Other financial assets	675,942	**461,378**
Defined benefit assets	127,579	**116,415**
Deferred tax assets	75,893	**135,074**
Other non-current assets	7,791	**8,329**
Total non-current assets	6,154,242	**6,393,955**
Total assets	10,714,627	**10,942,458**

[Unit: million yen]	Previous term (FY2023) As of March 31, 2024	Current term (FY2024) As of March 31, 2025
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	1,890,718	**1,671,352**
Bonds, borrowings, and lease liabilities	541,495	**473,466**
Other financial liabilities	7,036	**823**
Income taxes payable	80,269	**126,428**
Other current liabilities	62,353	**63,421**
Total current liabilities	2,581,874	**2,335,493**
Non-current liabilities		
Bonds, borrowings, and lease liabilities	2,170,148	**2,034,026**
Other financial liabilities	146	**35**
Defined benefit liabilities	116,309	**111,552**
Deferred tax liabilities	140,532	**137,014**
Other non-current liabilities	349,737	**420,955**
Total non-current liabilities	2,776,874	**2,703,584**
Total liabilities	5,358,748	**5,039,077**
Equity		
Capital	419,799	**569,519**
Capital surplus	398,914	**578,457**
Retained earnings	3,525,585	**3,819,934**
Treasury stock	(58,149)	**(58,236)**
Other components of equity	491,576	**473,635**
Total equity attributable to owners of the parent	4,777,727	**5,383,311**
Non-controlling interests	578,150	**520,069**
Total equity	5,355,878	**5,903,380**
Total liabilities and equity	10,714,627	**10,942,458**

Consolidated Statements of Profit or Loss

[Unit: million yen]	Previous term (FY2023) April 1, 2023 to March 31, 2024	Current term (FY2024) April 1, 2024 to March 31, 2025
Sales revenue	8,868,097	**8,695,526**
Cost of sales	(7,481,331)	**(7,323,874)**
Gross profit	1,386,765	**1,371,651**
Selling, general and administrative expenses	(730,388)	**(815,817)**
Share of profit in investments accounted for using the equity method	144,326	**126,900**
Other operating income	178,085	**79,845**
Other operating expenses	(109,131)	**(79,343)**
Business profit (loss)	869,657	**683,237**
Losses on reorganization	(90,995)	**(135,277)**
Operating profit (loss)	778,662	**547,960**
Finance income	21,540	**20,841**
Finance costs	(36,230)	**(44,423)**
Profit (loss) before income taxes	763,972	**524,377**
Income tax expense	(176,074)	**(141,405)**
Profit (loss) for the year	587,898	**382,972**
Profit (loss) for the year attributable to		
Owners of the parent	549,372	**350,227**
Non-controlling interests	38,526	**32,744**
Profit (loss) for the year	587,898	**382,972**
Earnings (loss) per share (yen)		
Earnings (loss) per share (yen)	596.59	**350.92**
Diluted earnings per share (yen)	527.96	**335.15**

Consolidated Statements of Comprehensive Income or Loss

[Unit: million yen]	Previous term (FY2023) April 1, 2023 to March 31, 2024	Current term (FY2024) April 1, 2024 to March 31, 2025
Profit (loss) for the year	587,898	**382,972**
Other comprehensive income		
Items that cannot be reclassified to profit or loss		
Changes in fair value of financial assets measured at fair value through other comprehensive income	125,783	**(22,747)**
Premeasurement of defined benefit plans	17,570	**14,546**
Share of other comprehensive income of investments accounted for using the equity method	9,179	**(4,613)**
Total of items that cannot be reclassified to profit or loss	152,533	**(12,815)**
Items that might be reclassified to profit or loss		
Changes in the fair value of cash flow hedges	1,570	**10,222**
Foreign exchange differences in translation of foreign operations	81,716	**108,222**
Share of other comprehensive income of investments accounted for using the equity method	(12,886)	**3,004**
Total of items that might be reclassified to profit or loss	70,400	**121,449**
Total other comprehensive income, net of tax	222,933	**108,634**
Total comprehensive income for the year	810,831	**491,606**
Comprehensive income for the year attributable to:		
Owners of the parent	748,961	**438,493**
Non-controlling interests	61,870	**53,113**
Total comprehensive income for the year	810,831	**491,606**