
Annual Securities Report

The 100th Term (from April 1, 2024 to March 31, 2025)

(ABSTRACT TRANSLATION)

NIPPON STEEL CORPORATION

Editor's notes:

1. Please note that the official text of this document has been prepared in Japanese. The information herein stated is provided only for reference purposes. The company is not responsible for the accuracy of the information. To the extent there is any discrepancy between the English translation and original Japanese version, please refer to the Japanese version.
2. On June 24, 2025, the company filed its Annual Securities Report (Yukashoken Houkokusho) with the Director-General of the Kanto Financial Bureau in Japan.

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I. Overview of the Company

1. Key Financial Data

(1) Key financial data for the five most recent fiscal years

Fiscal term		96th term	97th term	98th term	99th term	100th term
Year ended		March 2021	March 2022	March 2023	March 2024	March 2025
Revenue	(Millions of Yen)	4,829,272	6,808,890	7,975,586	8,868,097	8,695,526
Business profit	(Millions of Yen)	110,046	938,130	916,456	869,657	683,237
Profit (loss) for the year attributable to owners of the parent	(Millions of Yen)	(32,432)	637,321	694,016	549,372	350,227
Total comprehensive income for the year	(Millions of Yen)	143,233	816,342	926,920	810,831	491,606
Total equity attributable to owners of the parent	(Millions of Yen)	2,759,996	3,466,799	4,181,155	4,777,727	5,383,311
Total assets	(Millions of Yen)	7,573,946	8,752,346	9,567,099	10,714,627	10,942,458
Total equity attributable to owners of the parent per share	(Yen)	2,997.53	3,764.69	4,540.59	5,187.32	5,150.56
Basic earnings (loss) per share	(Yen)	(35.22)	692.16	753.66	596.59	350.92
Diluted earnings (loss) per share	(Yen)	(35.22)	657.48	671.89	527.96	335.15
Ratio of total equity attributable to owners of the parent to total assets	(%)	36.4	39.6	43.7	44.6	49.2
Return on equity	(%)	(1.2)	20.5	18.1	12.3	6.9
Price-earnings ratio	(Times)	—	3.1	4.1	6.1	9.1
Cash flows from operating activities	(Millions of Yen)	403,185	615,635	661,274	1,010,159	978,593
Cash flows from investing activities	(Millions of Yen)	(389,035)	(378,866)	(366,580)	(710,654)	(462,428)
Cash flows from financing activities	(Millions of Yen)	52,694	(61,304)	(197,655)	(543,945)	(313,334)
Cash and cash equivalents at end of the year	(Millions of Yen)	359,465	551,049	670,410	448,892	672,526
Number of employees		106,226	106,528	106,068	113,639	113,845
Figures in brackets represent the average number of temporary workers not included in the above figures		18,812	17,278	15,922	15,194	13,787

Notes: 1. The Company's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

2. The number of employees for each term is the number of persons in employment as of March 31 (excluding those seconded from consolidated companies to companies other than consolidated companies, and including those seconded from companies other than consolidated companies to consolidated companies), and does not include part-time or temporary workers.

3. Figures in parentheses are negative.

4. Business profit on consolidated statements of profit or loss indicates the results of sustainable business activities, and is an important measure to compare and evaluate the Company's consolidated performance continuously. It is defined as being deducted cost of sales, selling, general and administrative expenses and other operating expenses from revenue, and added share of profit in investments accounted for using the equity method and other operating income. Other operating income and expenses are composed mainly of dividend income, foreign exchange gains or losses, and losses on disposal of fixed assets.

5. The price-earnings ratio for the 96th terms is not presented as the Company recorded a loss for the year.

(2) Key financial data of the reporting company for the five most recent fiscal years

Fiscal term		96th term	97th term	98th term	99th term	100th term
Year ended		March 2021	March 2022	March 2023	March 2024	March 2025
Net sales	(Millions of Yen)	2,820,992	4,365,970	4,973,537	4,876,550	4,712,292
Ordinary profit (loss)	(Millions of Yen)	(25,446)	536,792	527,162	453,113	294,242
Profit (loss) for the year	(Millions of Yen)	(42,098)	393,022	503,643	324,235	205,364
Common stock	(Millions of Yen)	419,524	419,524	419,524	419,799	569,519
Total number of issued shares	(Thousands of Shares)	950,321	950,321	950,321	950,549	1,074,726
Net assets	(Millions of Yen)	1,467,570	1,780,048	2,135,393	2,380,980	2,646,011
Total assets	(Millions of Yen)	5,253,847	5,926,165	6,280,924	6,589,405	6,775,951
Net assets per share	(Yen)	1,591.76	1,930.74	2,316.22	2,582.03	2,528.93
Dividends per share (Interim dividends shown in brackets)	(Yen)	10 [—]	160 [70]	180 [90]	160 [75]	160 [80]
Earnings (loss) per share	(Yen)	(45.66)	426.28	546.28	351.69	205.54
Diluted earnings per share	(Yen)	—	404.95	487.07	311.27	196.32
Capital adequacy ratio	(%)	27.9	30.0	34.0	36.1	39.1
Return on equity	(%)	(2.9)	24.2	25.7	14.4	8.2
Price-earnings ratio	(Times)	—	5.1	5.7	10.4	15.5
Dividend payout ratio	(%)	—	37.5	32.9	45.5	77.8
Number of employees Figures in brackets represent the average number of temporary workers not included in the above figures		29,579 [3,723]	28,708 [2,648]	28,331 [1,791]	28,543 [1,397]	28,652 [1,296]
Total shareholder return (Comparative indicator: TOPIX Total Return Index)	(%) (%)	204.9 [142.1]	253.0 [145.0]	375.0 [153.4]	451.5 [216.8]	417.7 [213.4]
Highest share price	(Yen)	1,954.0	2,381.0	3,294.0	3,847.0	3,745.0
Lowest share price	(Yen)	798.1	1,690.5	1,838.0	2,705.5	2,802.0

Notes: 1. The number of employees for each term is the number of persons in employment as of March 31 (excluding those seconded to other companies, and including those seconded from other companies), and does not include part-time or temporary workers.

2. Figures in parentheses are negative.

3. Diluted earnings per share for the 96th term is not presented as there are no potential dilutive shares.

4. The price-earnings ratio and dividend payout ratio for the 96th term is not presented as the Company recorded a loss for the year.

5. The increase in the common stock and the total number of issued shares for the 99th and 100th term are due to the exercise of the stock acquisition rights of the convertible bonds.

6. Total shareholder return is the ratio of income (dividends and capital gains) gained from investment in shares divided by the investment amount (share price), which is calculated using the following formula.

(Share price at the end of each fiscal year + cumulative amount of dividends per share from four fiscal years before the current fiscal year to the respective fiscal year) / share price at the end of the year, five fiscal years before the end of the current fiscal year.

7. Share prices before April 3 2022, are from the First Section of the Tokyo Stock Exchange, and share prices after April 4, 2022 are from the Prime Market of the Tokyo Stock Exchange.

2. History

The Company was established on April 1, 1950. On March 31, 1970, Yawata Iron & Steel Co., Ltd. and Fuji Iron & Steel Co., Ltd. merged and was renamed Nippon Steel Corporation. On October 1, 2012, Nippon Steel Corporation merged with Sumitomo Metal Industries, Ltd. and was renamed Nippon Steel & Sumitomo Metal Corporation. Furthermore, Nippon Steel & Sumitomo Metal Corporation was renamed NIPPON STEEL CORPORATION on April 1, 2019, which continues to the present.

April 1950	The Company was established. Yawata Iron & Steel Co., Ltd. and Fuji Iron & Steel Co., Ltd. received in-kind contribution of assets, etc. from Japan Iron & Steel Co., Ltd., to which Act on Emergency Measures concerning Companies' Accounting and Enterprise Reorganization Act had been applied
March 1970	Japan Iron & Steel Co., Ltd. was dissolved upon transferring its assets, etc. to Yawata Iron & Steel Co., Ltd., Fuji Iron & Steel Co., Ltd., and other companies, transitioning into a liquidated company Yawata Iron & Steel Co., Ltd. and Fuji Iron & Steel Co., Ltd. merged and was renamed Nippon Steel Corporation
April 1971	Listed shares on eight stock exchanges nationwide including Tokyo Merged with Fuji Sanki Pipe & Tube Co., Ltd.
June 1974	Engineering Division Group was established
April 1984	Nippon Steel Chemical Co., Ltd. and Nittetsu Chemical Industrial Co., Ltd. merged and was renamed Nippon Steel Chemical Co., Ltd.
July 1984	New Materials Projects Bureau was established
July 1986	Electronics Division was established
March 1987	Nippon Steel Chemical Co., Ltd. listed its shares on the Tokyo Stock Exchange
June 1987	New Materials Division, Electronics & Information Systems Division, and Service Business Division were established
April 1988	Nippon Steel Computer Systems Co., Ltd. and the Company's information systems division were integrated and was renamed Nippon Steel Information & Communication Systems Inc.
June 1989	Service Business Division was incorporated into Engineering Division Group
June 1991	R&D Laboratories were established by integrating Central R&D Bureau and Plant Engineering & Technology Bureau
September 1991	R&E Center was established
June 1993	Semiconductor Division was established
April 1997	Silicon Wafer Division was established
April 1998	Urban Development Division was spun off from Engineering Division Group
April 1999	Semiconductor Division was abolished
April 2001	Nittetsu Life Corporation was renamed Nippon Steel City Produce, Inc. Nippon Steel Information & Communication Systems Inc. and the Company's Electronics & Information Systems Division were integrated and was renamed NS Solutions Corporation
April 2002	Nippon Steel City Produce, Inc. and the Company's Urban Development Division were integrated
October 2002	NS Solutions Corporation listed its shares on the Tokyo Stock Exchange
July 2003	Nippon Steel Chemical Co., Ltd. was made a wholly owned subsidiary
April 2004	Silicon Wafer Division was abolished
July 2006	Businesses conducted by Engineering Division Group and New Materials Division were transferred to Nippon Steel Engineering Co., Ltd. and Nippon Steel Materials Co., Ltd. through company split
October 2012	Merged with Sumitomo Metal Industries, Ltd. and was renamed Nippon Steel & Sumitomo Metal Corporation Nippon Steel City Produce, Inc. merged with Kowa Real Estate Co., Ltd. and was renamed Nippon Steel Kowa Real Estate Co., Ltd., becoming an equity-method affiliate from a consolidated subsidiary Nippon Steel Engineering Co., Ltd. was renamed Nippon Steel & Sumikin Engineering Co., Ltd. Nippon Steel Chemical Co., Ltd. was renamed Nippon Steel & Sumikin Chemical Co., Ltd. Nippon Steel Materials Co., Ltd. was renamed Nippon Steel & Sumikin Materials Co., Ltd. Japanese name of NS Solutions Corporation was changed (English name unchanged)
March 2017	Made Nisshin Steel Co., Ltd. a subsidiary
October 2018	Nippon Steel & Sumikin Chemical Co., Ltd. and Nippon Steel & Sumikin Materials Co., Ltd. merged and was renamed NIPPON STEEL Chemical & Material CO., LTD.
January 2019	Made Nisshin Steel Co., Ltd. a wholly-owned subsidiary
March 2019	Made Sanyo Special Steel Co., Ltd. a subsidiary
April 2019	The Company was renamed NIPPON STEEL CORPORATION Nippon Steel & Sumikin Engineering Co., Ltd. was renamed NIPPON STEEL ENGINEERING CO., LTD. Japanese name of NS Solutions Corporation was changed (English name unchanged)
April 2020	Merged with NIPPON STEEL NISSHIN CO., LTD.
April 2023	Made NIPPON STEEL TRADING CORPORATION a subsidiary
April 2025	Made Sanyo Special Steel Co., Ltd. a wholly-owned subsidiary
June 2025	Made United States Steel Corporation a wholly-owned subsidiary

3. Description of Business

The principal businesses of the Group (the Company and its subsidiaries and affiliates) consist of the Steelmaking and Steel Fabrication business, the Engineering and Construction business, the Chemicals and Materials business, and the System Solutions business.

These four businesses are the same as the classification in the segment information presented in “V. Financial Information, - segment information” of this report.

As of March 31, 2025, the Group is mainly comprised of the Company and 419 consolidated subsidiaries, as well as 110 equity-method affiliates.

The descriptions and positioning of the main businesses conducted by the Company and its consolidated subsidiaries comprising each business are as follows. Principal subsidiaries and affiliates are presented in “I. Overview of the Company, 4. Subsidiaries and Other Affiliated Entities” of this report.

[Steelmaking and Steel Fabrication business]

Bars and shapes (billets, rails, sheet piles, H-beams, other shapes bars, bars, bars-in-coils, wire rods, special wire rods), flat-rolled products (heavy plates, medium plates, hot-rolled sheets, cold-rolled sheets, tin plates, tin-free steel, hot-dipped galvanized sheets, other metallic coated sheets, pre-coated sheets, cold-rolled electrical sheets), pipe and tubes (seamless, butt-welded, electric resistance-welded, electric-arc welded, cold-drawn, coated pipes and tubes, coated steel pipes), railway/automotive/machinery parts (parts for railway vehicles, die-forged products, forged aluminum wheels, retarders, ring-rolled products, forged steel products), specialty steel (stainless steel, machine structural carbon steel, structural alloy steel, spring steel, bearing steel, heat-resistant steel, free-cutting steel, piano wire rods, high tensile strength steel), secondary steel products (steel and synthetic segments, NS-BOX, metro deck, PANZERMAST, vibration-damping sheets and plates, structural steel sheet members, columns, welding materials, drums, bolts/nuts/washers, wire products, OCTG accessories, building and civil engineering materials), pig iron, steel ingots and others (steelmaking pig iron, foundry pig iron, steel ingots, iron and steel slag products, cement, foundry coke), businesses incidental to Steelmaking and Steel Fabrication (design/maintenance/installation of machines/electrical equipment/measurement apparatuses, marine transport, port/harbor transport, land transport, loading/unloading, warehousing, packaging, material testing/analysis, measurement of working environments, surveys on technical information, operation and management of facilities, security services, services related to payment of raw materials, iron-and steelmaking plant construction engineering, operating assistance, steelmaking know-how provision, rolls), and others (rolled titanium products, food and textile products, power supply, real estate, services and others)

[Engineering and Construction business]

Design, manufacture, sale, construction and supervision of various plants and facilities, energy pipelines, water facilities, industrial machinery and equipment, buildings, building materials and equipment, steel structures, etc.; operation, management and maintenance of plants and facilities, etc.; Waste treatment and recycling business; and supply business of electricity, gas, heat, etc.

[Chemicals and Materials business]

Pitch coke, pitch, naphthalene, phthalic anhydride, carbon black, styrene monomer, styrene resin, epoxy resin, adhesive-free copper-clad laminated sheet for flexible printed circuit boards, liquid crystal display materials, organic EL materials, UV/thermosetting resins, rolled metallic foils, semiconductor bonding wire and microballs, fillers for semiconductor encapsulation materials, carbon-fiber composite products, metal catalyst carriers for cleaning automotive emissions, porous carbon materials

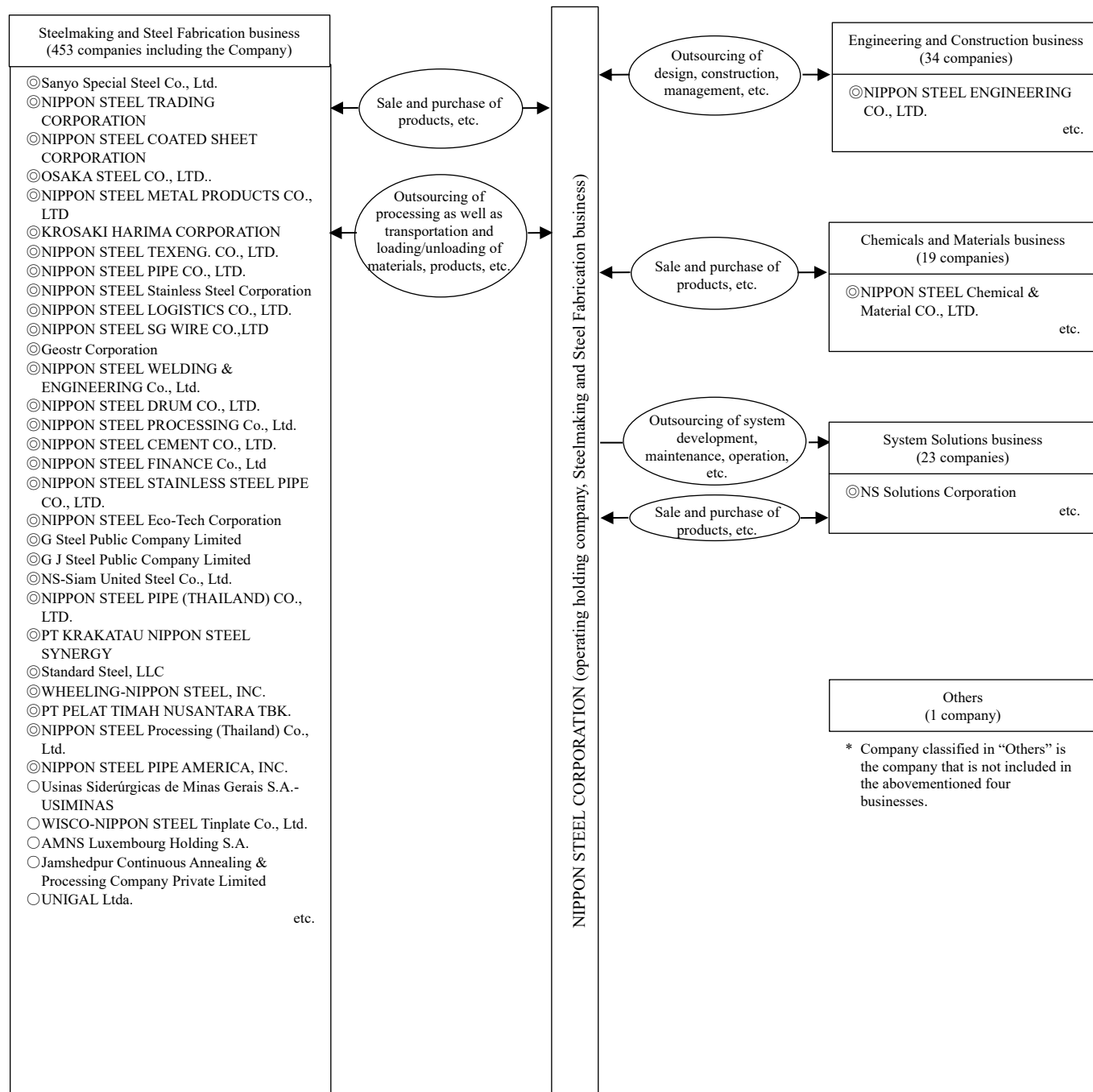
[System Solutions business]

Computer systems engineering and consulting services; IT-enabled outsourcing and other services

[Organization Chart]

The following is an organization chart which explains the matters explained above. (As of March 31, 2025)

◎: principal consolidated subsidiaries, ○: principal equity-method affiliates



4. Subsidiaries and Other Affiliated Entities

Principal consolidated subsidiaries and equity-method affiliates (as of March 31, 2025)

[Steelmaking and Steel Fabrication business / principal consolidated subsidiaries]

Name	Address	Paid-in capital	Description of principal business	% of voting rights interest	Description of relationships
Sanyo Special Steel Co., Ltd.	Himeji City, Hyogo	53,800 million yen	Makes and markets special steel products	92.3%	(a) Interlocking officers One employee of the Company serves concurrently as an officer of the subsidiary. (b) Business transactions The Company and the subsidiary mutually outsource production of steel to each other. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance The Company loans funds to the subsidiary.
NIPPON STEEL TRADING CORPORATION	Chuo -ku, Tokyo	16,389 million yen	Markets, imports and exports steel, industrial machinery and infrastructures, textiles, foods, and other products	80.0%	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company sells steel products and other products to the subsidiary, and purchases machinery products, materials for steel, etc. from the subsidiary. (c) Financial assistance, lease of facilities, business alliance The Company loans funds to the subsidiary.
NIPPON STEEL COATED SHEET CORPORATION	Chuo-ku, Tokyo	12,588 million yen	Makes and markets galvanized sheets, prepainted galvanized sheets, coated sheets, and construction materials	100.0%	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance The Company loans funds to the subsidiary.
OSAKA STEEL CO., LTD..	Osaka City, Osaka	8,769 million yen	Makes and markets shapes, bars, flat steels and billets	66.3% (0.4%)	(a) Interlocking officers One employee of the Company serves concurrently as an officer of the subsidiary. (b) Business transactions The subsidiary deposits funds to the Company and loans funds to the Company. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
NIPPON STEEL METAL PRODUCTS CO., LTD	Chiyoda-ku, Tokyo	5,912 million yen	Makes and markets structural materials for buildings and civil engineering work, prepainted galvanized sheets, steelmaking fluxes, and CC powders	100.0%	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
KROSAKI HARIMA CORPORATION	Kitakyushu City, Fukuoka	5,537 million yen	Makes, markets and constructs refractories	46.6% (0.0%)	(a) Interlocking officers One employee of the Company serves concurrently as an officer of the subsidiary. (b) Business transactions The Company purchases refractories from the subsidiary. (c) Financial assistance, lease of facilities, business alliance The Company loans funds to the subsidiary.
NIPPON STEEL TEXENG. CO., LTD.	Chiyoda-ku, Tokyo	5,468 million yen	Conducts engineering, maintenance, and operations relating to machinery, electrical instrumentation, systems, and construction for steel-production and other facilities	100.0%	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company outsources construction, maintenance, and operations related to manufacturing of steel products to the subsidiary. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance The Company loans funds to the subsidiary.

Name	Address	Paid-in capital	Description of principal business	% of voting rights interest	Description of relationships
NIPPON STEEL PIPE CO., LTD.	Chiyoda-ku, Tokyo	5,000 million yen	Makes, coats and markets steel pipes and tubes	100.0%	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary and outsources processing of steel pipes and tubes. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
NIPPON STEEL Stainless Steel Corporation	Chiyoda-ku, Tokyo	5,000 million yen	Makes and markets stainless steel	100.0%	(a) Interlocking officers One employee of the Company serves concurrently as an officer of the subsidiary. (b) Business transactions The Company sells chrome hot-rolled coil and other products to the subsidiary. In addition, the subsidiary outsources hot-rolling work on nickel stainless steel sheets to the Company. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
NIPPON STEEL LOGISTICS CO., LTD.	Chuo-ku, Tokyo	4,000 million yen	Undertakes ocean and land transportation and warehousing	100.0%	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company outsources transportation and loading/unloading of materials for steel, and steel, etc. to the subsidiary. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance The Company loans funds to the subsidiary.
NIPPON STEEL SG WIRE CO.,LTD	Chiyoda-ku, Tokyo	3,634 million yen	Makes and markets bars and wire rods	100.0%	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance The Company loans funds to the subsidiary.
GEOSTER Corporation	Bunkyo-ku, Tokyo	3,352 million yen	Makes and markets concrete and metal products for civil engineering and building construction work	44.1% (3.4%)	(a) Interlocking officers One employee of the Company serves concurrently as an officer of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary. In addition, the Company outsources manufacturing of civil engineering products to the subsidiary. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
NIPPON STEEL WELDING & ENGINEERING Co., Ltd.	Koto-ku, Tokyo	2,100 million yen	Makes and markets welding materials and apparatuses	100.0%	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance The Company loans funds to the subsidiary.
NIPPON STEEL DRUM CO., LTD.	Koto-ku, Tokyo	1,654 million yen	Makes and markets drums	100.0%	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.

Name	Address	Paid-in capital	Description of principal business	% of voting rights interest	Description of relationships
NIPPON STEEL PROCESSING Co., Ltd.	Sakai City, Osaka	1,530 million yen	Makes, processes, and markets cold-heading wire, cold-finished bars, other secondary products using bars and wire rods, drawn steel pipes, and machinery parts	67.6% (4.5%)	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary. The Company outsources processing of steel to the subsidiary. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance The Company loans funds to the subsidiary.
NIPPON STEEL CEMENT CO., LTD.	Muroran City, Hokkaido	1,500 million yen	Makes and markets cement	85.0%	(a) Interlocking officers Three employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company sells blast-furnace slag, which is a material for cement, to the subsidiary. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance The Company loans funds to the subsidiary.
NIPPON STEEL FINANCE Co., Ltd	Chiyoda-ku, Tokyo	1,000 million yen	Engages in the Group's financing operations	100.0%	(a) Interlocking officers Three employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The subsidiary deposits funds to the Company. The Company outsources administrative work on the Group's financing operations to the subsidiary. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
NIPPON STEEL STAINLESS STEEL PIPE CO., LTD.	Chiyoda-ku, Tokyo	916 million yen	Makes and markets stainless-steel pipes	100.0%	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance The Company loans funds to the subsidiary.
NIPPON STEEL Eco-Tech Corporation	Minato-ku, Tokyo	500 million yen	Designs, builds, operates, maintains, and manages water-treatment and other systems; designs civil-engineering projects; and performs environmental and chemical analysis	85.1% (10.1%)	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company outsources construction, maintenance, and operations related to manufacturing of steel products to the subsidiary. The subsidiary deposits funds to the Company. (c) Financial assistance, lease of facilities, business alliance The Company loans funds to the subsidiary.
G Steel Public Company Limited	Rayong State, Thailand	THB 144,643 million	Makes and markets hot-rolled steel sheets	60.2% (50.0%)	(a) Interlocking officers Four employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions There is nothing to report. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
G J Steel Public Company Limited	Chon Buri State, Thailand	THB 24,467 million	Makes and markets hot-rolled steel sheets	57.6% (49.9%)	(a) Interlocking officers Four employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions There is nothing to report. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.

Name	Address	Paid-in capital	Description of principal business	% of voting rights interest	Description of relationships
NS-Siam United Steel Co., Ltd.	Rayong Province, Thailand	THB 13,007 million	Makes and markets cold-rolled sheets, galvanized sheets and tinplate sheets	95.2% (0.3%)	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
NIPPON STEEL PIPE (THAILAND) CO., LTD.	Chon Buri State, Thailand	THB 8,336 million	Makes and markets steel pipes and tubes	100.0% (100%)	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
PT KRAKATAU NIPPON STEEL SYNERGY	Cilegon City, Indonesia	US\$ 186 million	Makes and markets cold-rolled sheets and galvanized sheets	80.0%	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
Standard Steel, LLC	Pennsylvania State, United States of America	US\$ 77 million	Makes and markets railway wheels and axles	100.0% (100.0%)	(a) Interlocking officers There is nothing to report. (b) Business transactions There is nothing to report. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
WHEELING-NIPPON STEEL, INC.	West Virginia State, United States of America	US\$ 71 million	Makes and markets galvanized sheets	100.0% (100.0%)	(a) Interlocking officers Three employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions There is nothing to report. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
PT PELAT TIMAH NUSANTARA TBK.	Jakarta City, Indonesia	US\$ 26 million	Makes and markets tinplate	40.0% (5.0%)	(a) Interlocking officers One employee of the Company serves concurrently as an officer of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
NIPPON STEEL Steel Processing (Thailand) Co., Ltd.	Rayong Province, Thailand	THB 571 million	Makes and markets cold-heading wire and cold-finished bars	70.1% (11.2%)	(a) Interlocking officers One employee of the Company serves concurrently as an officer of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
NIPPON STEEL PIPE AMERICA, LTD.	Indiana State, United States of America	US\$ 10 million	Makes and markets steel pipes and tubes	80.0% (80.0%)	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.

[Steelmaking and Steel Fabrication business / principal equity-method affiliates]

Name	Address	Paid-in capital	Description of principal business	% of voting rights interest	Description of relationships
Usinas Siderúrgicas de Minas Gerais S.A.-USIMINAS	Estado do Minas Gerais, Brazil	BRL 13,200 million	Makes and markets steel products	22.2%	(a) Interlocking officers There is nothing to report. (b) Business transactions There is nothing to report. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
WISCO-NIPPON STEEL Tinplate Co., Ltd.	Hubei Province, China	RMB 2,310 million	Makes and markets tinplate and tinplate sheets	50.0%	(a) Interlocking officers One officer of the Company and four employees of the Company serve concurrently as officers of the affiliate. (b) Business transactions There is nothing to report. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
AMNS Luxembourg Holding S.A.	Luxembourg City, Luxembourg	US\$ 229 million	A holding company of ArcelorMittal Nippon Steel India Limited	40.0%	(a) Interlocking officers Three employees of the Company serve concurrently as officers of the affiliate. (b) Business transactions There is nothing to report. (c) Financial assistance, lease of facilities, business alliance The Company provides loan guarantees to the affiliate.
Jamshedpur Continuous Annealing & Processing Company Pvt. Ltd.	State of West Bengal, India	INR 14,320 million	Makes and markets automotive cold-rolled steel sheets	49.0%	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the affiliate. (b) Business transactions There is nothing to report. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.
UNIGAL Ltda.	Estado do Minas Gerais, Brazil	BRL 584 million	Makes galvanized sheets	30.0% (0.8%)	(a) Interlocking officers Two employees of the Company serve concurrently as officers of the affiliate. (b) Business transactions There is nothing to report. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.

[Engineering and Construction business / principal consolidated subsidiaries]

Name	Address	Paid-in capital	Description of principal business	% of voting rights interest	Description of relationships
NIPPON STEEL ENGINEERING CO., LTD.	Shinagawa-ku, Tokyo	15,000 million yen	Design, manufacture, sale, construction and supervision of various plants and facilities, energy pipelines, water facilities, industrial machinery and equipment, buildings, building materials and equipment, steel structures, etc.; operation, management and maintenance of plants and facilities, etc.; Waste treatment and recycling business; and supply business of electricity, gas, heat, etc.	100.0%	(a) Interlocking officers One employee of the Company serves concurrently as an officer of the subsidiary. (b) Business transactions The Company sells steel to the subsidiary and purchases iron and steelmaking plants and other products from the subsidiary. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.

[Chemicals and Materials business / principal consolidated subsidiaries]

Name	Address	Paid-in capital	Description of principal business	% of voting rights interest	Description of relationships
NIPPON STEEL Chemical & Material CO., LTD.	Chuo-ku, Tokyo	5,000 million yen	Makes and markets coal-based chemical products, petrochemicals, electronic materials, materials and components for semiconductors and electronic parts, carbon fiber and composite products, and products that utilize technologies for metal processing	100.0%	(a) Interlocking officers One employee of the Company serves concurrently as an officer of the subsidiary. (b) Business transactions The Company sells coal tar, crude light oil, untreated coke oven gas, etc. to the subsidiary and purchases fuel gas and other products from the subsidiary. (c) Financial assistance, lease of facilities, business alliance The Company leases a part of its factory sites to the subsidiary.

[System Solutions business / principal consolidated subsidiaries]

Name	Address	Paid-in capital	Description of principal business	% of voting rights interest	Description of relationships
NS Solutions Corporation	Minato-ku, Tokyo	12,952 million yen	Provides computer systems engineering and consulting services; IT-enabled outsourcing and other services	63.4%	(a) Interlocking officers One employee of the Company serves concurrently as an officer of the subsidiary. (b) Business transactions The Company outsources development, maintenance, operation, etc. of computer systems to the subsidiary. In addition, the Company borrows funds from the subsidiary. (c) Financial assistance, lease of facilities, business alliance There is nothing to report.

- Notes: 1. OSAKA STEEL CO., LTD., KROSAKI HARIMA CORPORATION, GEOSTER Corporation, and NS Solutions Corporation file Annual Securities Reports.
While Sanyo Special Steel Co., Ltd. had been a company filing Annual Securities Reports, it has been approved that, as of May 15, 2025, filing of reports will not be needed in accordance with Article 4, Paragraph 2 of the Order for Enforcement of the Financial Instruments and Exchange Act.
2. Sanyo Special Steel Co., Ltd., NIPPON STEEL TRADING CORPORATION, G Steel Public Company Limited and G J Steel Public Company Limited are specified subsidiaries.
3. The percentage of the Group's ownership of KROSAKI HARIMA CORPORATION, GEOSTER Corporation and PT PELAT TIMAH NUSANTARA TBK. (The Company has entered into a consortium agreement with MITSUI & CO., LTD., Metal One Corporation, and NIPPON STEEL TRADING CORPORATION, which are shareholders of PT PELAT TIMAH NUSANTARA TBK., and the four companies combined hold 55% of the shares of the said company. NIPPON STEEL Group holds 35% of the shares, which is a majority within the consortium.) is 50% or less. However, NIPPON STEEL has determined that it effectively has control over these companies and has included them in the scope of consolidation as subsidiaries.
4. NIPPON STEEL PIPE CO., LTD. was dissolved on April 1, 2025, through an absorption-type merger in which the Company was the surviving company and NIPPON STEEL PIPE CO., LTD. as the absorbed company.
5. NIPPON STEEL Stainless Steel Corporation was dissolved on April 1, 2025, through an absorption-type merger in which the Company was the surviving company and NIPPON STEEL Stainless Steel Corporation as the absorbed company.
6. As of June 18, 2025, United States Steel Corporation became a subsidiary (specified subsidiary).
7. The figures in parentheses in % of voting rights interest show the percentage of indirect voting rights interest.
8. "(b) Business transactions" presented in the Description of relationships above include transactions through trading companies.

5. Employees

(1) Status of the Group (the Company and its consolidated subsidiaries)

(As of March 31, 2025)

Segment name	Number of employees
Steelmaking and Steel Fabrication	96,713 [12,153]
Engineering and Construction	5,115 [970]
Chemicals and Materials	3,317 [576]
System Solutions	8,700 [88]
Total	113,845 [13,787]

Notes: 1. Number of employees is the number of persons in employment (excluding those seconded from consolidated companies to companies other than consolidated companies, and including those seconded from companies other than consolidated companies to consolidated companies), and does not include part-time or temporary workers.

2. Numbers of temporary workers (average number of temporary workers employed during the year ended March 31, 2023) are shown in brackets.

(2) Status of the reporting company

(As of March 31, 2025)

Number of employees	Average age	Average number of years employed	Average annual salary (Yen)
28,652 [1,296]	40.5	18.2	9,051,874

Segment name	Number of employees
Steelmaking and Steel Fabrication	28,652 [1,296]
Total	28,652 [1,296]

Notes: 1. Number of employees is the number of persons in employment (excluding those seconded to other companies, and including those seconded from other companies), and does not include part-time or temporary workers.

2. Number of temporary workers (average number of temporary workers employed during the year ended March 31, 2023) is shown in brackets.

3. Average annual salary includes bonuses and surplus wages.

(3) Status of trade unions

In addition to the Federation of Nippon Steel Workers' Unions, which is a trade union of the reporting company, trade unions have been established at multiple consolidated subsidiaries. The number of union members as of March 31, 2025 is 72,035 persons.

There are no particular items concerning labor-management relations to be reported.

(4) Percentage of managerial positions occupied by female workers, percentage of male workers who take childcare leave, and wage gap between male and female workers

(a) Reporting Company

Year ended March 31, 2025						
Name	Percentage of managerial positions occupied by female workers (%) (Note 1)	Percentage of male workers who take childcare leave (%)		Wage gap between male and female workers (%) (Note 4)		
		Percentage who take childcare leave (Note 2)	Combined percentage who take childcare leave and time-off for the purposes of childcare (Note 3)	All workers	Regularly employed workers	Part time / fixed-term workers
NIPPON STEEL CORPORATION	1.6	77	100	65.5	65.3	78.5

Notes:

1. Calculated based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).
2. Calculated based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

The results for each employment management category are as follows.

Management group: 76%, assistant management group: 80%, global group: 92%, wide expert group: 62%, area group: 74%

3. Calculation of the rate of taking childcare leave, etc. and time-off for the purposes of childcare set forth in Article 71-6, Item 2 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991) based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).
4. Calculated based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

For regularly employed workers, the five categories described in Note 2 are set according to the role of each employee and the way of assignment that accompanies it, and the salary system is based on each category.

The salary system, evaluation, and operation of each category are the same for all employees regardless of gender, but even within the same category, the average years of service for men and women are different, and the composition ratio of each category to the number of employees for each gender is different, resulting in a wage gap.

We are working on initiatives for diversity and inclusion from the perspective of creating a company where diverse employees can be highly productive, maximize their potential, and work with pride and satisfaction. We have set the promotion of participation and career advancement for female employees as a major category of these initiatives, and are implementing various measures toward this. We believe that the wage gap between male and female workers will be eliminated by ongoing efforts to train female candidates for managerial positions and to improve the working environment to further promote the retention of female employees.

(b) Consolidated subsidiary

[Steelmaking and Steel Fabrication business]

Year ended March 31, 2025						
Name	Percentage of managerial positions occupied by female workers (%) (Note 1)	Percentage of male workers who take childcare leave (%)		Wage gap between male and female workers (%) (Note 4)		
		Percentage who take childcare leave (Note 2)	Combined percentage who take childcare leave and time-off for the purposes of childcare (Note 3)	All workers	Regularly employed workers	Part time / fixed-term workers
Sanyo Special Steel Co., Ltd.	6.9	80	105	70.2	68.6	121.5
NIPPON STEEL TRADING CORPORATION	2.9	55	63	57.6	58.2	52.0
NIPPON STEEL COATED SHEET CORPORATION	1.0	62	75	75.5	76.4	48.4
OSAKA STEEL CO., LTD.	1.3	65	94	85.1	83.1	75.3
NIPPON STEEL METAL PRODUCTS CO., LTD.	4.9	54	59	73.6	74.1	78.5
KROSAKI HARIMA CORPORATION	3.3	43	131	75.4	81.1	48.7
NIPPON STEEL TEXENG. CO., LTD.	-	50	-	74.7	76.5	56.7
NIPPON STEEL Stainless Steel Corporation	1.5	67	-	68.1	70.3	66.4
NIPPON STEEL PIPE CO., LTD.	-	-	-	81.8	85.6	49.4
NIPPON STEEL LOGISTICS CO., LTD.	-	51	91	75.4	76.4	66.6
NIPPON STEEL SG WIRE CO., LTD.	0.9	46	133	75.8	80.8	32.8
GEOSTER Corporation	2.6	75	-	-	-	-
NIPPON STEEL WELDING & ENGINEERING Co., Ltd.	0.9	-	71	78.2	80.4	73.6
NIPPON STEEL DRUM CO., LTD.	-	83	100	79.8	79.4	73.2
NIPPON STEEL PROCESSING Co., Ltd.	2.1	53	87	82.1	81.7	87.4
NIPPON STEEL COATED STEEL PIPE Co., Ltd.	3.3	-	-	-	-	-
NIPPON STEEL STAINLESS STEEL PIPE CO., LTD.	-	33	-	76.0	78.7	68.6
WAKO STEEL CO., LTD.	0	0	0	-	-	-
NIPPON STEEL Eco-Tech Corporation	3.4	39	100	74.4	79.0	65.3
NIPPON STEEL PRECISION FORGE, INC.	0	33	-	56.7	71.5	63.2
TSUKIBOSHI SHOJI CO., LTD.	1.7	-	-	-	-	-
NIPPON STEEL ANTI-CORROSION CO., LTD.	1.8	-	-	-	-	-

Year ended March 31, 2025						
Name	Percentage of managerial positions occupied by female workers (%) (Note 1)	Percentage of male workers who take childcare leave (%)		Wage gap between male and female workers (%) (Note 4)		
		Percentage who take childcare leave (Note 2)	Combined percentage who take childcare leave and time-off for the purposes of childcare (Note 3)	All workers	Regularly employed workers	Part time / fixed-term workers
NIPPON STEEL PRECISION MACHINING CO., LTD.	-	0	100	83.1	81.5	- (Note 5)
OJI STEEL Co., Ltd.	-	-	100	71.4	75.7	69.4
NIPPON STEEL INSURANCE SERVICE, INC.	12.0	-	-	-	-	-
Nippon Steel Kozai CO., LTD.	-	50	-	-	-	-
TAIYO-SAKAKO CORPORATION	-	50	50	-	-	-
NIPPON STEEL KOBELCO METAL PRODUCTS CO., LTD	0	25	25	75.1	75.1	- (Note 5)
NIPPON STEEL ELECTRICAL STEEL Co., Ltd	0.4	36	-	85.7	91.7	74.5
Igeta Sunrise Pipe Corporation	1.7	-	-	-	-	-
NIPPON STEEL TRADING SYSTEM BUILDING CORPORATION	2.2	50	50	-	-	-
Tokai Steel Industries Co., Ltd.	0	-	-	-	-	-
Nikken Steel Co., Ltd.	0	-	-	95.3	85.9	96.9
NIPPON STEEL SLAG PRODUCTS CO., LTD.	—	78	85	74.3	75.0	10.3
NIPPON STEEL TECHNOLOGY Co., Ltd.	7.2	74	101	79.5	86.0	36.1
MMI Co., Ltd.	0	100	100	71.8	79.2	67.5
Santoku Kogyo Co., Ltd.	0	28	28	79.9	78.4	111.9
NIPPON STEEL KANSAI MACHINING CO., LTD.	—	70	100	84.5	84.7	80.5
NIPPON STEEL FIRST TEC CO., LTD.	2.6	16	100	67.6	72.4	46.4
TSURUMI STEEL TUBE Co., Ltd.	6.7	-	-	-	-	-
NS Logi East Japan Co., Ltd.	0	0	100	-	-	-
NIPPON STEEL BUSINESS SERVICE KANSAI LTD.	5.7	0	100	94.8	91.8	69.1
NIPPON STEEL BUSINESS SERVICE	0	-	-	-	-	-

Year ended March 31, 2025						
Name	Percentage of managerial positions occupied by female workers (%) (Note 1)	Percentage of male workers who take childcare leave (%)		Wage gap between male and female workers (%) (Note 4)		
		Percentage who take childcare leave (Note 2)	Combined percentage who take childcare leave and time-off for the purposes of childcare (Note 3)	All workers	Regularly employed workers	Part time / fixed-term workers
TOKAI LTD.						
NIPPON STEEL BUSINESS SERVICE KYUSHU LTD.	4.2	-	-	-	-	-
NIPPON STEEL BUSINESS SERVICE EAST NIPPON LTD.	3.0	33	66	95.5	80.5	55.1
NS Heartful Service Kansai Co., Ltd.	25.0	100	100	96.9	103.0	73.2
TEXENG Techno Service Co., Ltd.	14.3	-	-	-	-	-

[Engineering and Construction business]

Year ended March 31, 2025						
Name	Percentage of managerial positions occupied by female workers (%) (Note 1)	Percentage of male workers who take childcare leave (%)		Wage gap between male and female workers (%) (Note 4)		
		Percentage who take childcare leave (Note 2)	Combined percentage who take childcare leave and time-off for the purposes of childcare (Note 3)	All workers	Regularly employed workers	Part time / fixed-term workers
NIPPON STEEL ENGINEERING CO., LTD.	1.6	68	87	65.0	65.4	59.3
NIPPON STEEL PIPELINE & ENGINEERING CO., LTD.	2.3	50	58	70.2	71.2	71.1
NIPPON STEEL ENVIRONMENTAL& ENERGY SOLUTIONS CORPORATION	0	45	97	71.9	77.3	66.6

[Chemicals and Materials business]

Year ended March 31, 2025						
Name	Percentage of managerial positions occupied by female workers (%) (Note 1)	Percentage of male workers who take childcare leave (%)		Wage gap between male and female workers (%) (Note 4)		
		Percentage who take childcare leave (Note 2)	Combined percentage who take childcare leave and time-off for the purposes of childcare (Note 3)	All workers	Regularly employed workers	Part time / fixed-term workers
NIPPON STEEL Chemical & Material CO., LTD.	-	67	93	68.4	70.5	56.8

Year ended March 31, 2025						
Name	Percentage of managerial positions occupied by female workers (%) (Note 1)	Percentage of male workers who take childcare leave (%)		Wage gap between male and female workers (%) (Note 4)		
		Percentage who take childcare leave (Note 2)	Combined percentage who take childcare leave and time-off for the purposes of childcare (Note 3)	All workers	Regularly employed workers	Part time / fixed-term workers
NS Solutions Corporation	11.7	72	90	80.7	80.4	87.9
Network Value Components Ltd.	5.2	63	100	83.7	83.4	65.7
NCI Systems Integration, Inc.	8.0	40	40	67.1	67.3	- (Note 5)
NIPPON STEEL Hitachi Systems Engineering, Inc.	7.6	66	83	88.1	87.1	51.7
NS Solutions East Japan Corporation	-	-	-	71.6	74.8	42.2
NS Solutions Hokkaido Corporation	-	71	100	80.1	80.4	81.1
NS Solutions Kyushu Corporation	8.0	100	100	79.5	79.9	42.3
NS Solutions Kansai Corporation	1.8	83	83	77.5	77.0	86.6
NS Solutions Chubu Corporation	11.7	72	90	80.7	80.4	87.9
NS Solutions BizTech Corporation	5.2	63	100	83.7	83.4	65.7

Notes:

1. Calculated based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).
2. Calculation based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015) or a calculation of the rate of taking childcare leave, etc. set forth in Article 71-6, Item 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members,” based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).
The following companies disclose the results for each employment management category.
Sanyo Special Steel Co., Ltd.: Career track: 92%, non-career track: N/A, technical staff: 73% (all regular employees)
Nippon Steel Stainless Steel Corporation: Managerial positions (S3 and above): 100%, career track group (including S4): 90%, expert group (office staff and engineers): 0%, expert group (operators and maintenance staff): 61%
Krosaki Harima Corporation: Regular employees: 43%, contract / part-time employees: N/A
Nippon Steel SG Wire Co., Ltd.: General career track (regular employees): 60%, Engineering career track (regular employees): 44%, area manufacturing track (regular employees): 0%
NST Coil Center Co., Ltd.: Career track: 0%, technical staff: 33%
Nippon Steel Trading System Building Corporation: Career track: 50%, non-career track: 0%
Nippon Steel Stainless Steel Pipe Co., Ltd.: Regular employees: 50%, irregular employees: 0%
Taiyo-Sakako Corporation: Regular employees: 33%, Interns: 100%
Nippon Steel Kozai Co., Ltd.: Regular employees: 50%, contract / part-time employees: 0%
MMI Co., Ltd.: Regular employees: 100%, contract / part-time employees: N/A
Nippon Steel Business Service East Nippon Ltd.: Regular employees 33%, contract / part-time employees: N/A
Nippon Steel Engineering Co., Ltd.: Chief or above: 46%, global staff (clerical): 100%, global staff (technical): 66%, expert staff and irregular employees: N/A
Nippon Steel Pipeline & Engineering Co., Ltd.: Regular employees: 50%, irregular employees: N/A
Nippon Steel Environmental & Energy Solutions Corporation: Regular employees: 45%, irregular employees: N/A
3. Calculation of the rate of taking childcare leave, etc. time-off for the purposes of childcare set forth in Article 71-6, Item 2 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991) based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).
4. Calculated based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64

of 2015).

In each company, multiple categories are set according to the roles of employees, etc., but the salary system, evaluation, and operation of each category are the same for all employees regardless of gender. The difference in wages between men and women is mainly due to differences in the composition ratio of each category, average length of service, work style (three-shift work, etc.), managerial position ratio, and working hours, etc.

At the following companies, the average annual wages of part-time workers and fixed-term workers are calculated based on the number of employees converted by the prescribed working hours of regularly employed workers.

Nippon Steel Trading Corporation, Nippon Steel Stainless Steel Corporation, Nippon Steel Stainless Steel Pipe Co., Ltd., Nippon Steel Precision Forge, Inc., Oji Steel Co., Ltd., Nippon Steel Kansai Machining Co., Ltd., Nippon Steel Engineering Co., Ltd., NS Solutions Kyushu Corporation, NS Solutions Hokkaido Corporation

5. There are no female employees.

6. “-” means that the indicator concerned is not disclosed.

II. Overview of Business

1. Management Policy, Business Environment, Issues to Be Addressed

(Management policy)

The NIPPON STEEL Group conducts its business based on its corporate philosophy: The Group will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services.

<Corporate Philosophy of the NIPPON STEEL Group>

Our Values

The NIPPON STEEL Group will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services.

Management Principles

1. We continue to emphasize the importance of integrity and reliability in our actions.
2. We provide products and services that benefit society, and grow in partnership with our customers.
3. We pursue world-leading technologies and manufacturing capabilities.
4. We continually anticipate and address future changes, innovative from within, and pursue unending progress.
5. We develop and bring out the best in our people to make our Group rich with energy and enthusiasm.

(Business environment)

We expect the following changes in the environment over the medium to long term.

Global steel demand is expected to continue to grow steadily, particularly in Asia, including India. Demand for high-grade steel is also expected to expand, including for emerging needs associated with the move to achieve carbon neutrality. Meanwhile, steel demand in Japan is expected to continue declining due to its shrinking population, aging society, the expansion of overseas local production by Japanese customers, and other reasons. In addition, the manufacturing industry's trend toward local production and local consumption as well as domestic production is likely to lead to the fragmentation of markets, which had been globally connected. Furthermore, competition in overseas markets is expected to intensify further as demand in China, which accounts for more than 50% of global steel production, has leveled off.

As the awareness of climate change issues grows worldwide, the realization of carbon neutrality will require a concerted effort by the public and private sectors. We believe that the establishment of carbon neutral steel technology ahead of other countries will be the key to determining our future competitiveness, profitability, and brand power in the steel industry.

For the year ending March 31, 2026, global steel demand will continue to face increasing challenges, particularly due to the sluggish Chinese economy. The current external economic environment is extremely harsh, with sharp declines in both product and raw material prices. In addition, given the current unpredictability of the U.S. government's tariff policies, the indirect impact on the Company, whose products and services are provided to a wide range of customers in Japan and overseas, could be significant.

(Management strategies and priority business and financial tasks)

With Steelmaking and Steel Fabrication as its core business, the Group conducts its business in the four operating segments: Steelmaking and Steel Fabrication, Engineering and Construction, Chemicals and Materials and System Solutions, based on the technologies it has developed through steelmaking. The Steelmaking and Steel Fabrication segment accounts for approximately 90% of the Group's consolidated revenue.

The Company strived to establish a profit structure that ensures a high level of business profit regardless of the external environment. The actions taken included significant reduction in the breakeven point which resulted from a drastic cost improvement that was implemented in fiscal 2020, an improvement in direct contract-based prices for customers, effects of selection and concentration of order intake with streamlined integrated production capacity, and improved profitability of the overseas Group companies. For the year ending March 31, 2026, despite the challenging environment, we will continue to pursue profit maximization through profit improvement measures.

The outline of the NIPPON STEEL Group's medium- to long-term management plan announced in March 2021 and its progress are as follows.

<Outline and Progress of the NIPPON STEEL Group's Medium- to Long-term Management Plan (announced on March 5, 2021)>

With the aim of becoming "the best steelmaker with world-leading capabilities," the Company is steadily implementing various measures aimed at achieving the four pillars of its medium- to long-term management plan: "Rebuilding our domestic steel business and strengthening our group's management"; "Promoting a global strategy to deepen and expand the overseas business"; "Taking on the challenge of carbon neutrality" and "Promoting digital transformation strategies."

1. Rebuilding our domestic steel business and strengthening our group's management

The Group's basic policies are "to realize a higher-level order mix through aggressive investment in strategic products," "to renew and improve facilities to ensure technological strength leading to profit generation," and "to make the production framework streamlined and more efficient by selective concentration on certain products and facilities." Based on these overall basic policies, we are promoting the strengthening of its earnings base by rebuilding its cost competitiveness to overwhelm our competitors and securing appropriate margins, in addition to building an optimum production system for the domestic steelmaking business.

While steadily improving baseline operational performance, we are optimizing production capacity and scale of fixed costs by suspending one series of upstream facilities, including the Kashima No. 3 blast furnace, in accordance with the roadmap for production facility structural measures, and the sophistication of order mix. Furthermore, to further strengthen the competitiveness of our domestic steel business, including both the Company and the Group as a whole, we have implemented the reorganization of our ERW steel pipe business in Japan, the absorption-type merger of NIPPON STEEL Stainless Steel Corporation by the Company, and a tender offer to make Sanyo Special Steel Co., Ltd. a wholly owned subsidiary.

In the raw materials business, we are working to strengthen our consolidated earnings structure into one that is more resilient to external conditions in the business environment, such as through securing coking coal essential for carbon-neutral steel production processes and high-quality iron ore suitable for direct reduced iron production by large-sized electric arc furnaces (EAFs), as well as making investments in raw material interests. As part of these efforts, we acquired a 20% interest in the Blackwater coal mine in Australia, and a 30% interest in the Kami Iron Ore Project in Canada, along with entering into an agreement to establish a joint venture for development and operation in new mining areas. In the trading company and distribution sector, we are strengthening collaboration between Nippon Steel Trading Corporation, the Company, and our Group companies to pursue synergies. Specifically, we are advancing initiatives such as carbon-neutral raw material procurement and investment, reinforcement and optimization of an integrated supply chain, and expansion into growth sectors.

2. Promoting the Group's global strategy to deepen and expand its overseas business

Global steel consumption is expected to continue to grow at a moderate pace toward 2025 and further into 2030. We have developed our business mainly in India and Asia whose market size and growth rate are relatively large globally, and we are well positioned to profit from the scale and growth of this market.

In this environment, the NIPPON STEEL Group aims to achieve "100-million-tonnes of global crude steel capacity" by expanding integrated production framework in areas with demand and firmly capturing local demands in districts and areas where demand is promisingly expected to grow, and in sectors in which our technologies and products are appreciated.

In particular, in India, where future market expansion and further development of domestic production are expected, we are currently working to expand capacity at the Hazira steel mill, an existing base of ArcelorMittal Nippon Steel India Limited. Moreover, in the United States, a country that has the highest demand for high-grade steel and where we can fully make use of our technological and product strengths, we have been pursuing a merger (the "Merger") between our United States subsidiary and United States Steel Corporation ("U.S. Steel"). Although the Merger was approved at a special meeting of stockholders by U.S. Steel held in April 2024, and approvals were obtained from regulatory authorities outside the United States, in January 2025, then-President Biden issued a decision to block the Merger. In response, NIPPON STEEL and U.S. Steel filed a lawsuit seeking to vacate the order and prompt another review by the Committee on Foreign Investment in the United States (CFIUS), asserting that the order was made on improper political grounds, and continued to engage in discussions with the U.S. government. Subsequently, on June 13 of the same year, current President Trump issued an executive order approving the Merger, contingent upon the execution of a National Security Agreement (NSA). On the

same day, NIPPON STEEL and U.S. Steel entered into the NSA with the U.S. government. As a result, all regulatory approvals required to consummate the Merger were obtained, and the Merger was completed on June 18, 2025. As a result, we will secure three key areas, adding the United States to India and our home market of ASEAN. The Company's global crude steel production capacity is projected to reach 86.00 million tons. As we aim for the realization of 100 million tons in global crude steel capacity, we will continue to improve profitability through expansion of our integrated production system in major overseas markets.

3. Taking on the challenge toward carbon neutrality

As a part of our widespread efforts toward achieving a decarbonized society, by adopting "Nippon Steel Carbon Neutral Vision 2050" as our initiative, we are considering and implementing various measures as a top priority management issue in order to win development competitions with our competitors in Europe, the United States, China and South Korea and to continue to lead the world's steel industry.

Specifically, in the East Nippon Works Kimitsu Area, development testing at a pilot test furnace for the Super COURSE50 successfully achieved a world-first 43% reduction in CO₂ emissions, surpassing the original development target ahead of schedule. In addition, at the Hasaki Research and Development Center "Hydreans," a small EAF was completed, and trials toward the development of high-grade steel manufacturing technologies using large EAFs launched in December 2024. In this way, steady progress is being made in the development of three breakthrough technologies to achieve carbon neutrality: injection of hydrogen into blast furnaces, 100% hydrogen use in the direct reduction process, and high-grade steel production in large-sized EAFs. In addition, we provide the two products of value to our customers through realizing carbon neutrality: NSCarbolexTM Neutral (a steel product that is certified to reduce CO₂ emissions in the steelmaking process) and NSCarbolexTM Solution (a high-performance product and solution technology that contributes to reducing CO₂ emissions in society). Through providing these values, we meet our customers' decarbonization needs and support their international competitiveness. These efforts have led to a reaffirmation of the importance of the steel industry's role in decarbonization initiatives and the Green Innovation Fund has significantly increased the allocation of its fund to the steel industry. We are therefore working to accelerate and move forward development and practical implementation in these areas. It deserves mention here that the Company's climate change risk information based on its CO₂ emission reduction targets and the framework of the Task Force on Climate-related Financial Disclosures (TCFD) are disclosed in the Integrated Report 2024, per https://www.nipponsteel.com/en/ir/library/annual_report.html. Furthermore, we held a GX (green transformation) briefing session and tour to observe the actual GX research and development facilities, with the aim of providing a better understanding of our carbon neutrality initiatives and the creation of the GX steel market. The events were attended by a wide range of stakeholders, including institutional investors, financial institutions, analysts, environmental organizations, and members of the media.

(https://www.nipponsteel.com/en/ir/library/pdf/20250313_100.pdf).

4. Promoting digital transformation strategies

Over the next five years, we will invest 100 billion yen or more into our digital transformation strategy, and are aiming to become a digitally advanced company in the steel industry.

As an example of specific initiatives in fiscal 2024, we established a system that enables real-time acquisition of operating information for management of vessel allocation when shipping raw materials by sea, allowing for daily monitoring. In addition, we have developed and implemented an algorithm capable of formulating optimal shipping plans from the countless complex routing patterns, significantly improving transportation efficiency. Furthermore, full-scale use of the steel output scheduling system for high-speed production planning in the steelmaking process is now under way at the East Nippon Works Kimitsu Area. We are now in the process of deploying this system across other steelworks, one by one, to promote greater efficiency and sophistication of production plans across the entire company. We have also established a wireless IoT sensor platform (NS-IoT) for steelmaking processes across companies, which enables centralized management of data from on-site wireless IoT sensors. We also continue to work on various DX measures in areas such as remote management, predictive monitoring, and automation of operations and equipment maintenance using IoT and AI, as well as centralization and acceleration of performance management and integrated production planning.

(Objective indicators used to assess if business objectives have been achieved)

Financial targets and other relevant information are presented in "II. Business Overview, 4. Management's Analysis of Financial Position, Operating Results and Cash Flows" of this report.

(Note) The above description in (Business environment) and (Management strategies and priority business and financial tasks) in this document includes predictions and targets based on assumptions, forecasts, and plans for the future as of the filing date of this annual securities report. Since these predictions and targets are based on information, analysis, and certain assumptions that the Company considers appropriate at the time of announcement or publication of the above documents, and thus, such estimates have inherent limitations, actual results may differ materially due to various factors in the future. For such factors, please refer to “3. Business Risks” below.

2. Concepts and Initiatives Related to Sustainability

The Group's approach and initiatives regarding sustainability are as follows. Matters related to the future in this document are based on the judgments made by the Company as of March 31, 2023.

(1) Governance and risk management for overall sustainability

The NIPPON STEEL Group's corporate philosophy states that we will "pursue world-leading technologies and manufacturing capabilities and contribute to society by providing excellent products and services," and we recognize that responding to sustainability issues is the foundation that supports the existence and growth of the Group.

Based on this recognition, the Board of Directors has established materiality of sustainability issues, such as safety and health, environment (including climate change countermeasures), disaster prevention, quality, human resources development, and diversity and inclusion, and each responsible division plays a central role in promoting initiatives. The status of these initiatives, including risks and opportunities, is reported to the Corporate Policy Committee and the Board of Directors after being deliberated by Company-wide Committees chaired by the Executive Vice Presidents and other organizations for each purpose and field. With respect to overall internal control, including matters related to risk management in each field, the status of initiatives is deliberated and confirmed by the quarterly "Risk Management Committee" chaired by the Executive Vice President in charge of internal control, and important matters are reported to the Corporate Policy Committee and the Board of Directors. Through these mechanisms, the Company's Board of Directors supervises risk management which is important to corporate management. The governance structure of the Company is described in "4. Corporate Governance, etc. in IV. Status of the Reporting Company."

(2) Governance, risk management, strategies, indicators, and targets for climate change countermeasures

We have positioned climate change countermeasures as the most important management issue, and have announced the "Nippon Steel Carbon Neutral Vision 2050" as our own initiative, and are taking on the challenge of achieving carbon neutrality by 2050. Since the Company accounts for approximately 90% of the Group's CO₂ emissions and climate change countermeasures differ depending on the business characteristics of each Group company, we will describe our efforts below.

(a) Governance and risk management

The Green Transformation Promotion Committee, a company-wide body co-chaired by the Representative Director responsible for environmental policy issues and Executive Vice Presidents responsible for environmental technology issues, reports and deliberates on matters such as the recognition of climate change-related risks, the progress of various measures toward carbon neutrality, and related policy decisions. Of the content of deliberations of each committee, important matters are reported to the Corporate Policy Committee and the Board of Directors. The Board of Directors supervises risk management that is important to corporate management by receiving regular reports.

(b) Strategies, indicators, and targets

In March 2021, we announced the "Nippon Steel Carbon Neutral Vision 2050" aimed at realization of a carbon neutral society by 2050. We take on the challenge of realizing carbon neutrality by 2050 and aim to reduce CO₂ emissions in our supply chain by providing the two values of "provision of high-performance steel products and solutions that contribute to reducing CO₂ emissions in society" and "decarbonization of steelmaking process for providing carbon neutral steel."



NIPPON STEEL

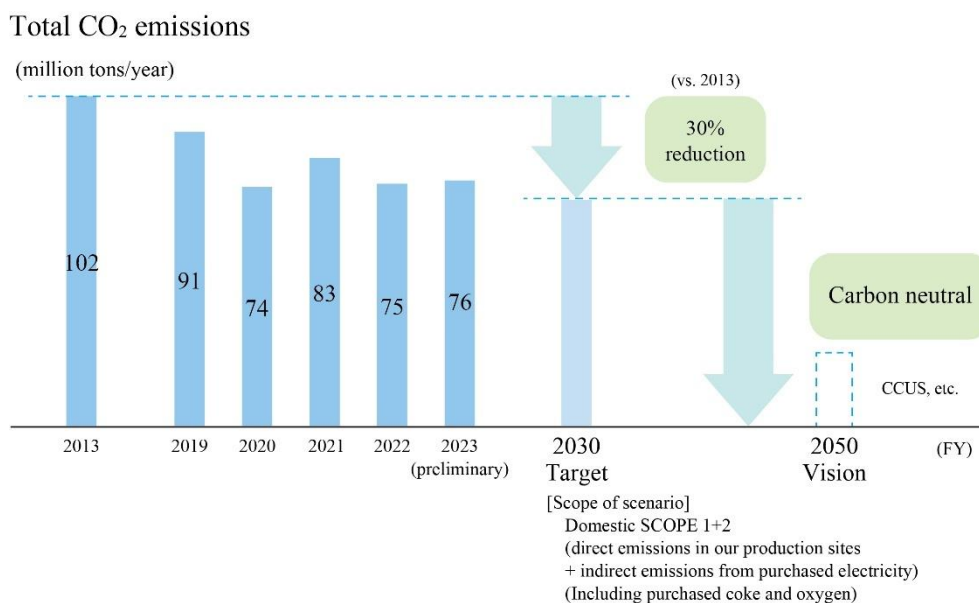
In support of the ambitious government policy to realize a carbon neutral society in 2050,
we announced the Carbon Neutral Vision 2050
as a part of the Medium- to Long-Term Management Plan in March 2021.

Providing two types of values by achieving carbon neutrality

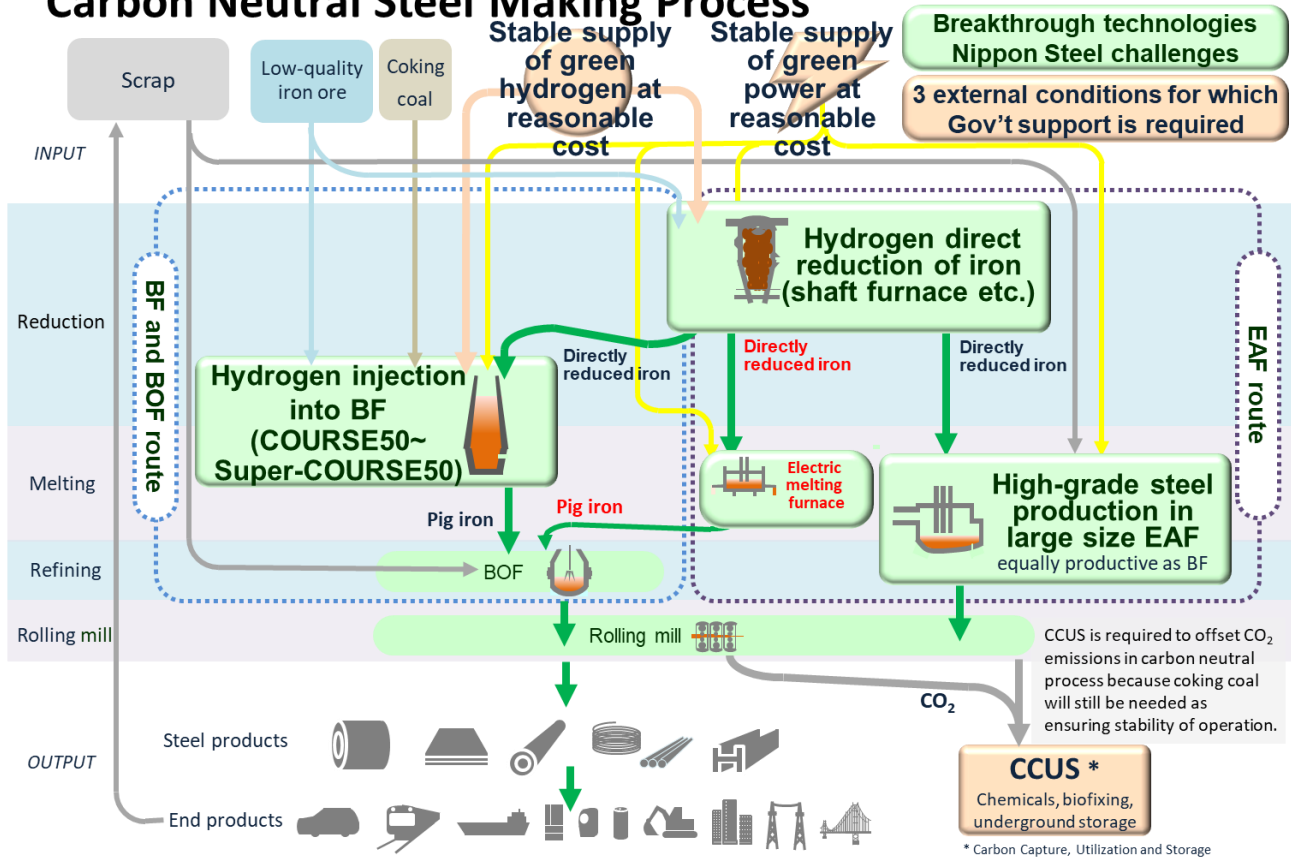


Aimed at achieving carbon neutrality by 2050, we have set a target of reducing CO₂ emissions by 30% by 2030 compared to 2013 levels. We aim to achieve this by high-grade steel production in large-sized electric arc furnaces, blast furnace hydrogen reduction (COURSE50), reducing CO₂ in existing processes, building an efficient production system, and so on.

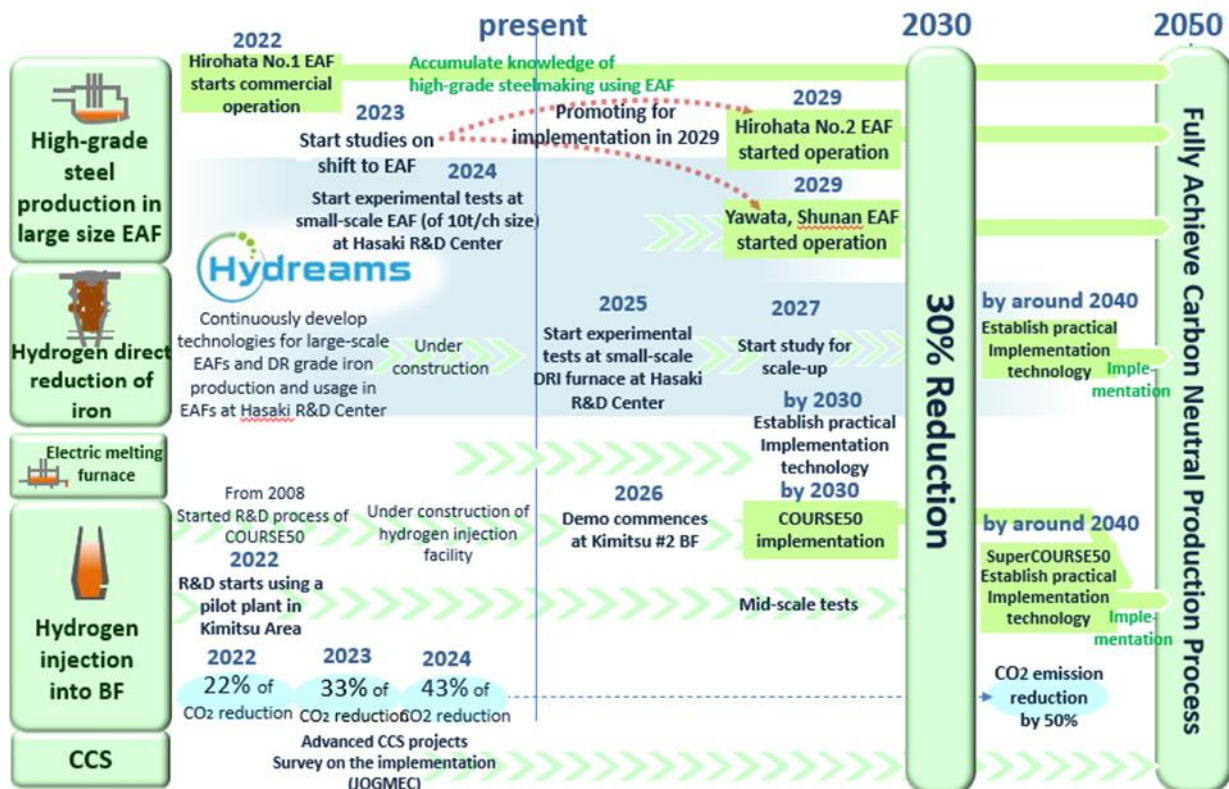
Towards 2050, we will take on the challenges of adopting ultra-innovative technologies such as mass production of high-grade steel in large-sized electric arc furnaces, drastic reduction of CO₂ emissions through developments in blast furnace hydrogen reduction methods such as Super COURSE50, and production of reduction iron using hydrogen. We will aim for carbon neutrality through a multi-track approach that includes carbon offset measures such as CCUS.



Carbon Neutral Steel Making Process



Roadmap of Nippon Steel Carbon Neutral Vision 2050



We plan to disclose the final values of CO₂ emissions for the previous fiscal year and the provisional values for the current fiscal year in the Integrated Report scheduled to be issued around September 2025 (https://www.nipponsteel.com/ir/library/annual_report.html).

Through these initiatives, we have launched NSCarbolexTM as a brand that collectively refers to “products and solution technologies that contribute to reducing CO₂ emissions in society” provided by the Company. NSCarbolexTM consists of two brands, NSCarbolexTM Neutral and NSCarbolexTM Solution, which represent the two values we offer.

“NSCarbolexTM Neutral” are steel products for which we assessed the CO₂ emissions that we actually reduced in each project and allocated it to any product using the mass balance method, and both the emissions reductions and allotment to any product are guaranteed by a third party. As the need for decarbonization in society is rapidly increasing, we believe that quickly working on decarbonization will increase competitiveness for our customers. By establishing a stable supply system for NSCarbolexTM Neutral at an early stage, we will help our customers with decarbonization.

“NSCarbolexTM Solution” is a high-performance product and solution technology that contribute to reducing CO₂ emissions in society. We will contribute to the reduction of CO₂ emissions in various aspects of society through high-performance products and solution technology, including “NSafeTM-AutoConcept,” which contributes to the reduction of CO₂ emissions during automobile manufacturing and operation, “high-efficiency electrical steel sheets,” which contribute to improving the efficiency of motors and reducing energy loss in power transmission and distribution networks, the building material solution brand “ProStructTM,” which mainly contributes to productivity improvement at construction sites, and “HRX19TM” stainless steel for high-pressure hydrogen which contributes to the realization of a hydrogen society.

Reducing CO₂ emissions in steelmaking process



Reducing CO₂ emissions in society



(3) Human capital strategies, indicators and targets

(a) Strategies

a. Human capital management policy

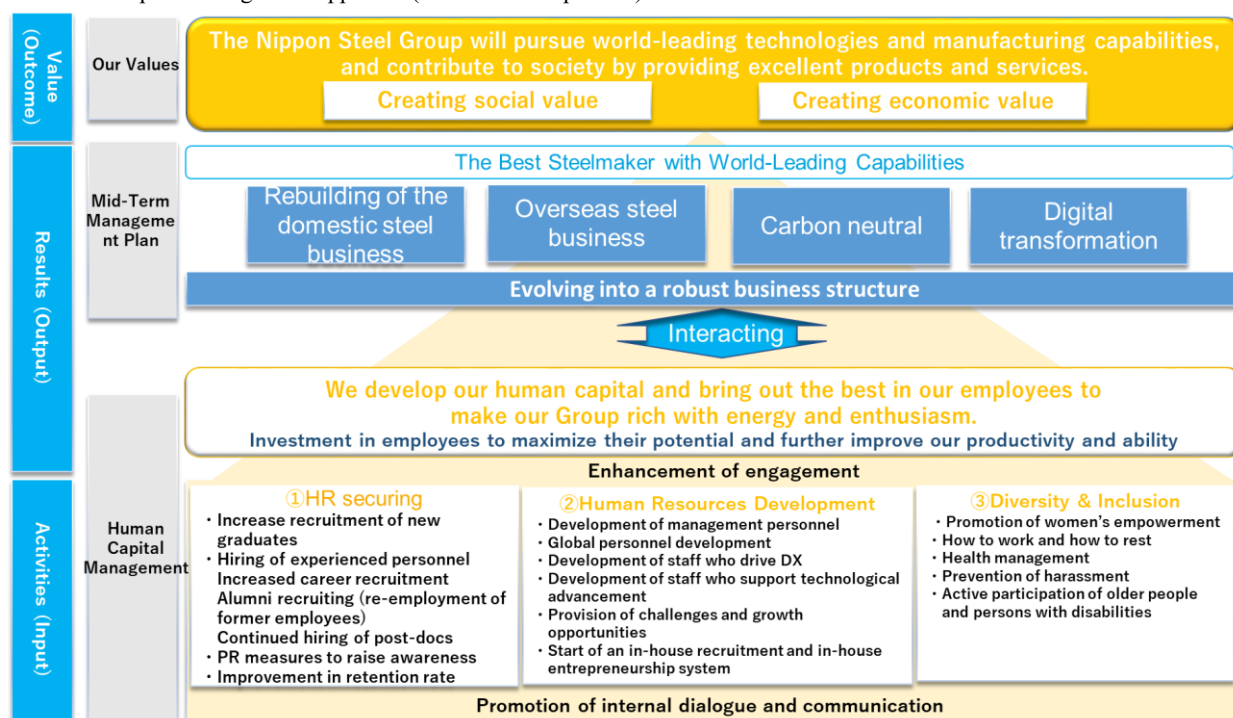
The Group's basic philosophy is to "pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services." We state in our management principles that we will "develop and bring out the best in our people to make our Group rich with energy and enthusiasm," and we have long been working on human resources development as an important theme.

While the Group shares business strategies to manage the Group as a team, each Group company implements initiatives for human resources development and internal environment development based on its own business characteristics. The initiatives described below are those of the Company.

To realize the above management principles, and with the aim of continuing to grow into "the best steelmaker with world-leading capabilities," in addition to implementing the four pillars of the medium- to long-term management plan, we are also working to transform our business structure into one that is vertically-integrated and resilient to the external environment. Close coordination with our human resources strategy is essential to ensure the effective implementation of these business strategies. To steadily implement these efforts, we are promoting three measures: "securing human resources," "human resources development," and "diversity and inclusion."

In addition, we are implementing initiatives to promote in-house dialogue and communication to foster an open workplace culture, which forms the foundation for these measures. We believe that continuous investment in human resources will enable our employees to exert their ability and further enhance their productivity and skills, leading to the creation of economic and social value, and ultimately, to sustainable enhancement of corporate value.

<Human capital management approach (Value creation process)>



b. Policy on human resources development and internal environment development

Amidst significant environmental changes, such as intensifying recruitment competition due to the recent decreasing population, diversifying individual career perspectives, and labor market fluidity, we believe that securing human resources and promoting the further advancement of employees are extremely important to realize our management strategies.

We are promoting three measures, "securing human resources," "human resources development" that promotes the advancement of employees, and "diversity and inclusion" that serves as the foundation, as one of our most important management issues.

1) Securing human resources

In addition to the stable recruitment of new graduates and the recruitment of postdoctoral researchers with a high degree of expertise, the Company is actively recruiting experienced personnel, including NSC's alumni. We are also developing public relations measures to increase the awareness of our company among a wide range of generations, not just students seeking jobs.

In fiscal year 2024, we implemented a substantial increase in starting salaries, and for the second consecutive year, made significant revisions to employee compensation that exceeded the pace of the recent rise in prices. By maintaining a top-tier compensation level among manufacturing companies, we aim to secure human resources and promote employees' advancement, further enhance their retention, which are among our most important management priorities.

2) Human resource development policy

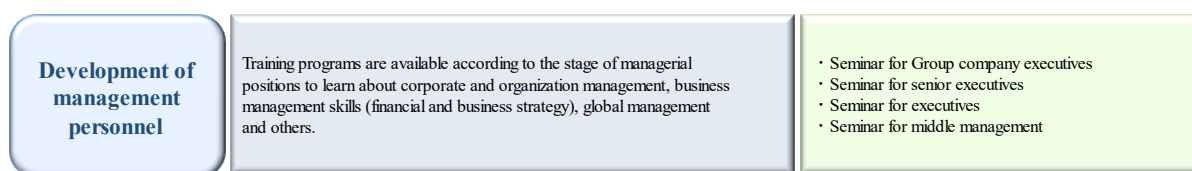
As part of our basic human resources development policy, we clearly state within the company the importance of superiors' role in human resources development and the position of On the Job Training (OJT) as the basis of human resources development, and we conduct human resources development based on dialogue between superiors and subordinates.

Basic Policy for Human Resources Development

- 1 HR development is the job itself, and supervisors play an important role in HR development.
- 2 OJT training is a basis of HR development and is complemented by off-the-job training.
- 3 Supervisors share objectives and outcomes of HR development clearly with their subordinates.
- 4 Each individual strives for continual personal improvement for further growth.

i) Development of management personnel

Regarding the development of management personnel who will lead the Company's future, we share policies and issues through dialogue, etc. with management and offer training programs according to the stage of managerial positions to help candidates for executive management develop a broad, high-level perspective. Specifically, the training programs are designed to help participants learn about "corporate and organizational management," "business management skills (financial and business strategy)," "global management," and others, while also fostering stronger collaboration and knowledge-exchange among participants.



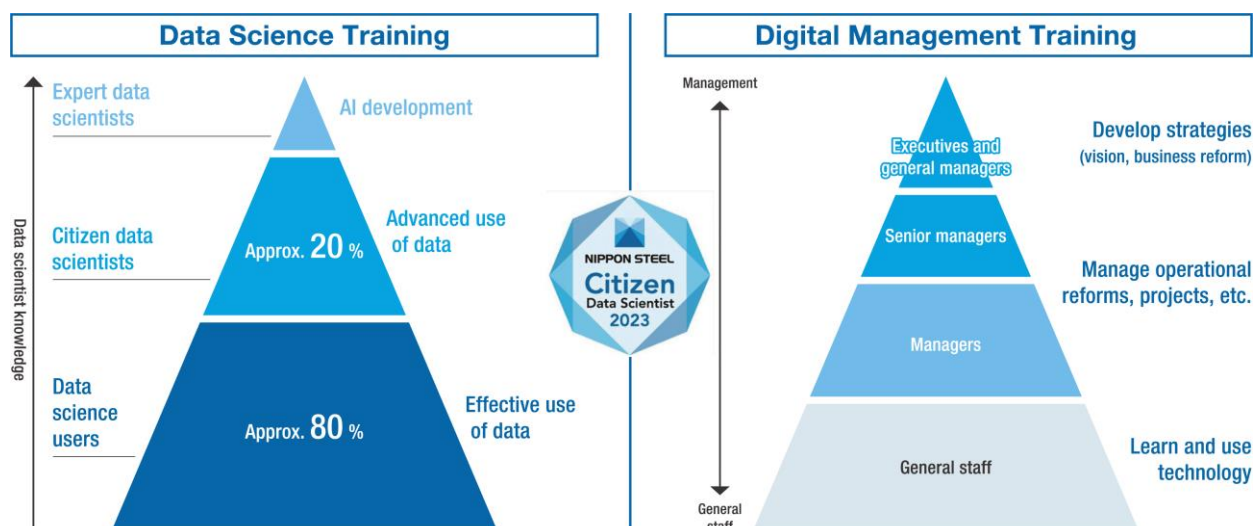
ii) Development measures that support the realization of management strategies

We employ a human resources development PDCA to effectively implement and establish human resources development in alignment with our organizational strategies based on our corporate philosophy and management policy. We formulate individual development plans and conduct OJT centered on dialogue between superiors and subordinates by using assignment commitment sheets. Beginning in fiscal year 2025, we are revising our assignment commitment sheets to further enhance the effectiveness of dialogue, and have also introduced 1-on-1 meetings between supervisors and subordinates. By improving the quality and frequency of dialogue, we aim to foster the growth and full potential of employees' self-directed and autonomous capabilities. Through these mechanisms, we are systematically developing human resources capable of implementing the strategies of each organization.

In addition to implementing rank-based education that allows each employee to acquire the knowledge and skills required of their role and position to improve abilities of all employees, and selective training that meets the development needs of each employee, we are also promoting human resources development by incorporating development measures that support the realization of management strategies.

<Human resources development for staff who support the realization of management strategies>

Development of managers	Conduct various trainings so that managers understand their responsibilities and authority, acquire the ideal management style as supervisors, and obtain knowledge, skills, and mindset that contribute to enhancing group management	<ul style="list-style-type: none"> • Seminar for newly-appointed managers (Head of Dept./Plant/Mill) • Seminar for newly-appointed managers (Head of Section) • Seminar for manager candidates (Head of Plant/Mill Section) • Follow-up seminar for supervisor candidates • Seminar for newly-appointed senior managers • Seminar for newly-appointed managers
Global personnel development	<ul style="list-style-type: none"> • Set standards for English proficiency that employees should reach as a measure to raise the overall level • Prepare a program for employees who have a high need for their work, to raise their English skills to a level where they can work independently overseas • Conduct pre-departure training for dispatched employees who will be responsible for local business • Personnel development for local employees through OJT and OFF-JT programs 	<ul style="list-style-type: none"> • Overseas top training • Training for administration staff • Training for those to relocate overseas and for their family members • Training for English and local languages • English advanced course • Overseas training
Personnel development for DX promotion	<ul style="list-style-type: none"> • Provide data science education to develop citizen data scientists who can “make advanced use of data” • Provide managers with digital management education to promote their mindset transformation to empower them to drive DX 	<ul style="list-style-type: none"> • Various training programs to develop expert data scientists and data science users • Training for citizen data scientists
Personnel development to support technological superiority	<ul style="list-style-type: none"> • Provide courses for steelmaking engineers to systematically acquire necessary knowledge and skills and develop a system to allow them to learn from infrastructure technologies to advanced technologies 	<ul style="list-style-type: none"> • General technical skill training (11 courses) • Technical skill lecture (15 fields/51 courses)



iii) Career development

We are strengthening measures to improve employee engagement through promoting dialogue and communication and providing opportunities for mid-career and young employees to challenge and grow, such as sending them abroad. In fiscal year 2023, we launched internal recruitments and in-house entrepreneurship as part of the staff reassignment and development measures. Internal recruitment supports employee's career development while revitalizing the whole organization by facilitating the transfer of personnel with fresh perspectives and skill sets. In addition to developing human resources through entrepreneurial experience, in-house entrepreneurship are also intended to foster a culture that encourages taking on new challenges beyond existing frameworks.

3) Diversity and inclusion

Internally, the Company is working on an initiative for diversity and inclusion to create an environment in which our employees can be highly productive, maximize their potential, and work with pride and satisfaction.

In order to strengthen this initiative, and to move our company and industry forward, we have established five major promotion categories, and set up a dedicated organization to promote the various measures.

Five major promotion categories for Diversity & Inclusion

- 1 Promote participation and career advancement for female employees
- 2 Realize work life balance so as to enable employees with various backgrounds and circumstances to perform at their best
- 3 Develop health management in order for employees to perform at their best until the retirement age of 65
- 4 Prevent harassment
- 5 Promote empowerment of the elderly and the disabled

i) Promote participation and career advancement for female employees

The Company has been working on creating a working environment that is easy for female employees to work in, by implementing systems that exceed legal standards and opening daycare centers that operate 24 hours a day, among other initiatives. We have also worked to expand recruitment of women.

In order to further promote participation and career advancement of female employees, we have set medium- to long-term targets for the number of female employees in managerial positions, enhanced development measures in anticipation of life events including the new establishment of career training and the implementation of online networking initiatives with senior female employees, and promoted education related to diversity management, unconscious bias, and more, in order to foster a corporate culture.

ii) Realize work life balance in which personnel with diverse circumstances can play an active role

From the viewpoint that all personnel with diverse attributes and circumstances can make the most effective use of their finite time and perform at their best, the Company is expanding its working options, such as offering opportunities to work remotely and to pursue more flexible and diverse working styles. In fiscal year 2024, we have extended the system related to employees posted away from their families and developed systems enabling the flexible and shorter working hours for employees to accommodate childcare or nursing care needs. We aim to improve productivity and realize work-life balance by pursuing working styles that allow employees to be more active and productive, and to make the most of their capabilities.

We are also improving the environment to realize flexible ways of taking leave according to individual circumstances. In addition to encouraging employees to take annual paid leave, from the perspective of encouraging male employees who have children of childcare age to actively participate in childcare, we are promoting initiatives to encourage all male employees whose spouses have given birth to take childcare leave and related leave. Furthermore, we have established systems such as a support system for balancing work and nursing care amid Japan's aging population and a system for accumulating expired annual leave that can be used for various purposes, and we are also working to create a corporate culture that makes it easy for employees to use these systems.

iii) Develop health management in order for employees to perform at their best until the retirement age of 65

The Group's Basic Policy on Safety and Health states that "Ensuring and maintaining the safety and health of employees is the Group's most important, top-priority values and the basis that supports business development." Based on this, we aim to be a company full of vitality where each and every employee can work while demonstrating their maximum performance in good physical and mental health until retirement, which has been raised to the age of 65. To that end, we are working on health promotion measures to ensure prevention, early detection, and early treatment of diseases. Specifically, in order to promote mental and physical health, we are undertaking initiatives such as enhancing the menu of health checkups, promoting the use of health examinations, strengthening follow-up after examinations, and providing health guidance to improve lifestyle habits as countermeasures against brain and heart disease.

In addition, in order to support global business development, we provide necessary advice, etc., and work to enhance measures that allow employees working overseas to work with peace of mind, such as by making regular follow-ups for not only the

employees but also the accompanying family members, having our industrial physicians visit overseas offices, conducting surveys of local medical institutions and living environments, and holding interviews with overseas workers.

(b) Indicators and targets

In order to steadily promote the above HR strategies, we set KPIs for female employee participation and career advancement, work styles and leave styles, and human resources development, etc., and accelerate our initiatives. The Group is implementing various initiatives based on the business characteristics of each Group company, but has not set targets of a consolidated Group, so we will describe the Company's indicators and targets.

Indicator	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025	Target
Number of female employees in managerial positions ^{*1}	55	65	70 91 as of April 1, 2025	2 to 3 times the number in 2020 (36) by 2025
Percentage of paid leave taken (%)	82.9	86.2	80.0	75 or above
Percentage of childcare leave taken by male employees (%)	56	66	77	— ^{*2}
Combined percentage of childcare leave and time-off for the purposes of childcare taken by male employees (%)	100	100	100	
Education and training time (hours/person/year) [10,000 hours/year, total]	28 [80]	35 [99]	33 [94]	— ^{*2}

^{*1} These are the figures as of the promotion date for each fiscal year.

^{*2} No quantitative targets have been set.

3. Business Risks

Among the items related to the Group's overview of business, financial information and other information described in this report, the following are major items that may significantly affect investors' decisions. However, they do not constitute an exhaustive list of all types of risks regarding the Group, and there are also unpredictable risks other than those as described below. In addition, as information that may significantly affect investors' decisions is also described in "II. Business Overview," notes included in "V. Financial Information" and other parts of this report, you are advised to refer to these descriptions as well.

Furthermore, in order to reduce these risks, the Group has established a corporate governance system as described in "IV. Status of the Reporting Company, 4. Corporate Governance, etc." of this report to develop and implement the internal control system. Each company and division identifies and evaluates risks of its own businesses and carry out their duties in accordance with the authority and responsibilities set out in the internal rules for organization and operation.

Forward-looking information contained in the following text is based on the Company's assessment as of the filing date of this annual securities report.

<Risks regarding the business environment (steel market)>

(1) Changes in economic circumstances in Japan and overseas

The Group's core business is Steelmaking and Steel Fabrication, which accounts for approximately 90% of consolidated revenue. As with industries such as automobiles, construction, energy, industrial machinery, to which major consumers of steel belong, the Steelmaking and Steel Fabrication business is significantly affected by the Japanese and global economy as it highly correlates to domestic and overseas macroeconomic trends.

The Company holds many of its assets within Japan, the value of which may significantly fluctuate due to major changes in Japan's political, economic and legal environments. Also, Japan is one of the most important geographical markets for the Group, accounting for approximately 60% of consolidated revenue for the year ended March 31, 2025. If Japan's economy worsens, the Group's business operations, financial performance, financial conditions and future growth may be negatively affected, though it is difficult to foresee the future.

In addition, the Group has positioned the deepening and expansion of its global strategy as one of its business strategies. Revenue of the Group's overseas business accounts for approximately 40% of consolidated revenue. In the overseas market, unpredictable risks may arise from political uncertainty (including a war, civil war, conflict, riot and terrorism), worsening diplomatic relations with Japan, weakening economic conditions, business practices, labor relations and differences of culture. In addition to these risks, in the event that a business environment greatly changes in overseas countries with, for example, lower demand of steel, intensifying price competition, significant changes in the exchange rate, outbreak of natural disasters, spread of infectious diseases, the rise of protectionism, investment restrictions, import/export restrictions, exchange restrictions, nationalization of local industries, and significant changes in the taxation system or tax rates, the Group's business operations, financial performance, financial conditions and future growth may be negatively affected. For the fiscal year ending March 31, 2026, global steel demand will continue to face increasing challenges, particularly due to the sluggish Chinese economy. The current external economic environment is extremely harsh, with sharp declines in both product and raw material prices. On the other hand, while the start-up of capacity expansion planned in India has been delayed until the fiscal year ending March 31, 2027 or later, a certain level of improvement in profit is expected by leveraging the effects of structural measures and capital investment completed by the fiscal year ended March 31, 2025. However, continued caution needs to be exercised with respect to the potential impact of fluctuations in the external economic environment. Given the current unpredictability of the U.S. government's tariff policies, the indirect impact on NIPPON STEEL, whose products and services are provided to a wide range of customers in Japan and overseas, is expected to be significant. At this time, it is difficult to quantify the full impact on the broader supply chain. Therefore, the results may differ significantly depending on a variety of factors in the future.

(2) Changes in demand and supply of steel

Changes in international demand and supply of steel may affect the financial performance, etc. of the Group. Specifically, the expansion of trade measures by various countries and the U.S. government's tariff policies, driven by China's excess steel production and growing exports, could cause downward pressure on global steel demand and supply and price of steel, and thus the Group's business operations, financial performance and financial condition may be negatively affected. Also, since changes in

prices of crude oil, natural gas, etc. lead to changes in demand and supply of steel in the energy field, which is one of our customer segments, these could affect the Group's financial performance, etc.

Many of the customers of the Group's Steelmaking and Steel Fabrication business have purchased a large volume of steel over a long period. Therefore, in the event that a major customer makes significant changes to its business strategy or its purchase policy, or if credit risk of a trading company or a customer which purchases steel or other products from the Group materializes, the Group's financial performance and financial conditions may be affected.

(3) Changes in price of raw materials and fuels

The Group imports most of its main materials necessary for the production of steel, such as iron ore and coal, from Australia, Brazil, Canada, the U.S. and other overseas countries. The Group strives to ensure stable procurement of raw materials and fuels including these main raw materials, alloys, scrap, and natural gas, by diversifying its procurement sources. However, the prices of these materials and fares for marine transportation fluctuate significantly due to international trends of demand and supply. In the event that the Group cannot reflect the market price increase in the sales price of steel, the Group's business operations, financial performance and financial conditions may be negatively affected. Also, if production, shipment and trade volume of raw materials and fuels decrease due to a major natural disaster, occurrence of a strike or trouble, deterioration of political conditions, war or terrorism, or the spread of infectious diseases in a country of production of raw materials or fuels, the Group's business operations, financial performance and financial conditions may be negatively affected.

(4) Changes in exchange rates

The Group conducts foreign currency transactions when exporting products or importing raw materials and fuels, and holds receivables and payables in foreign currencies. Though the Group eliminates most of the impact of fluctuations in exchange rates by using foreign currencies received from exporting products, etc. for the payment of imported raw materials and fuels, etc., and enters into forward exchange contracts based on the real demand principle, fluctuations in exchange rates may affect the financial performance, etc. of the Group. If the yen appreciates, the Group's steel and other domestic products will lose its export competitiveness, while at the same time the automobiles, home appliances, energy, industrial machinery and other industries, which are the main customer segments of Steelmaking and Steel Fabrication business, will also lose their export competitiveness, leading to a decline in the domestic demand of steel. Thus, the Group's financial performance and financial conditions may be negatively affected. In contrast, if the yen depreciates, the Group's domestic products will become relatively price competitive in the export market. However, in a situation where raw materials and fuels prices are rising, the impact of a rapidly depreciating yen on costs may become greater than in the past.

(5) Competition with other materials

Steel products inevitably compete with other materials such as aluminum, carbon fibers, glass, resin and plastic, composite materials, concrete and wood. Recently, needs of automobile materials have become diversified particularly due to the spread of electric vehicles (EVs). The Group has responded to this trend by uniquely conducting research, development and manufacture of lighter steel and highly functional steel. However, in the event that customers decide to use other materials such as aluminum, resin, carbon fiber composite materials, resulting in lower demand of steel, the Group's financial performance and financial conditions may be negatively affected.

<Risks regarding execution of business strategy and plan>

(1) Execution of Medium- to Long-term Management Plan

The Group has developed the NIPPON STEEL Group's Medium-to Long-term Management Plan (hereinafter referred to as the "Medium-to Long-term Management Plan" in this section) in March 2021 and has promoted various specific measures set forth in the plan. Although the plan has been developed based on information and analysis that were deemed appropriate at that time, such information and analysis contain uncertainties. Going forward, the Group may not be able to achieve the expected results, and accordingly, may not be able to achieve the investment plans and financial targets set forth in the "Medium- to Long-term Management Plan" due to the deterioration of the business environment and other factors including all the items listed in this "Business Risks" section.

(2) Initiatives toward the realization of carbon neutrality

By formulating “Nippon Steel Carbon Neutral Vision 2050” in March 2021, toward 2050, the Company will take on the challenge of adopting ultra-innovative technologies such as mass production of high-grade steel in electric furnaces, drastic reduction of CO₂ emissions through Super-COURSE50 and other developments in hydrogen reduction methods, and production of direct reduced iron using hydrogen, and will aim to achieve carbon neutrality by taking a multi-aspect approach, including measures to offset carbon through CCUS and other methods. These extremely high innovation hurdles will require R&D expenses of approximately 500.0 billion yen and 4 to 5 trillion yen or more in investments in facilities for practical implementation and increasing operating costs. Moreover, it is expected that the production cost even in the best case scenario as of 2050, which factors in potential external conditions, will be significantly higher. To resolve these issues, the Company has requested the government and other related sectors to take long-term and continuous policy measures for research and development of discontinuous innovation, equipment implementation, and increasing operation costs and to establish a system that enormous costs will be borne by society as a whole. However, insufficient policy measures may negatively affect the Company’s financial performance and financial conditions. In addition, the expected results may not be achieved due to factors such as institutional changes disadvantageous to the steel industry and the failure to obtain research and development results.

(3) Initiatives for cost improvement

As set forth in the Medium- to Long-term Management Plan, the Group’s basic policies are “to realize a higher-level order mix through aggressive investment in strategic products,” “to renew and improve facilities to ensure technological strength leading to profit generation,” and “to make the production framework streamlined and more efficient by selective concentration on certain products and facilities.” Based on these overall basic policies, the Group intends to build an optimal production framework. With regard to making the production framework streamlined and more efficient, the Group expects to achieve structural improvement effects of 150.0 billion yen per year compared to fiscal 2019, through 2025, combined with the effect of the production facility structural measures that were decided in February 2020. However, in the event that the Group is unable to improve costs as planned due to various external or internal factors, such as delays in the planned streamlining and efficiency improvement in the upstream process and manufacturing process for the domestic steelmaking business, the Group’s financial performance and financial conditions may be negatively affected.

(4) Capital expenditure

The Steelmaking and Steel Fabrication business is capital intensive and continually requires a large amount of capital expenditure as well as facility repair and maintenance expenditure. The Group systematically makes capital expenditure necessary for installing the latest facilities and maintaining the soundness of facilities, including the refurbishment of blast furnaces and coke ovens, and for promoting production measures to capture demand in growth areas, including measures for high-grade non-oriented electrical steel sheet production capacity at Setouchi Works and Kyushu Works and the construction of a next-generation hot strip mill at Nagoya Works. However, in addition to depreciation increases, in the event that the initially expected effects are not sufficiently achieved, etc., the Group’s financial performance and financial conditions may be negatively affected. As set forth in the Medium- to Long-term Management Plan, the Group’s basic policies are “to realize a higher-level order mix through aggressive investment in strategic products,” “to renew and improve facilities to ensure technological strength leading to profit generation,” and “to make the production framework streamlined and more efficient by selective concentration on certain products and facilities.” Based on these overall basic policies, the Group plans to implement capital expenditures of approximately 2,400.0 billion yen over the five years from fiscal 2021 to 2025 while working to maximize the effects of the investment.

(5) Reorganization and overseas investments

The Group has grown through reorganization and investment, including the conversion of Nisshin Steel Co., Ltd. into a subsidiary in March 2017 (absorbed and merged in April 2020), the acquisition of Ovako AB in Sweden in June 2018, the conversion of Sanyo Special Steel Co., Ltd. into a subsidiary in March 2019, the joint acquisition of Essar Steel India Limited together with ArcelorMittal in December 2019, the acquisition of G Steel Public Company Limited and G J Steel Public Company Limited in Thailand in February 2022, the conversion of NIPPON STEEL TRADING CORPORATION into a consolidated

subsidiary in April 2023, the investment in Elk Valley Mining Limited Partnership, a Canadian coking coal business company, in November 2023, the acquisition of a 30% interest in the Kami Iron Ore Project in Canada in December 2024 along with entering into an master agreement with relevant parties to establish a joint venture for development and operation in new mining areas, the acquisition of a 20% interest in the Blackwater coal mine in Australia in March 2025, and the merger of our U.S. subsidiary and United States Steel Corporation in June 2025. The Group may continue to conduct reorganization and investment, including mergers, acquisition and establishment of joint ventures in Japan and overseas. The Group makes investment decisions and implements investment after conducting careful business assessment, contract negotiation, internal deliberation and other processes. However, in the event that synergy effects are not generated as initially planned or an impairment loss is recognized on goodwill recorded on the consolidated statement of financial position, the Group's financial performance and financial conditions may be negatively affected. For overseas investment projects, in particular, the level of uncertainty will be higher due to various factors (including the possibility of not being able to find appropriate investment targets and relationships with partners in joint ventures).

(6) Review of business structure and production system

In response to lower domestic steel demand, intensifying competition in the overseas steel market and deterioration of main production facilities, in the domestic steel business, the Group is carrying out production facility structural measures, which include suspending some domestic facilities and withdrawing from unprofitable product types for the purpose of thoroughly promoting the realization of a profitable structure, notably through concentrated production by selective concentration on certain products and facilities. However, the Group may take additional measures in consideration of changes in the future business environment, revenue trends and other factors. In the overseas market as well, the Group has actively promoted the selection and concentration of existing businesses. The Group may also continue to reorganize or withdraw from unprofitable businesses for which revenue is unlikely to recover in the future and those for which investment purposes have weakened, due to deterioration of the business environment or other reasons. In the case of those further reorganization or withdrawal, the Group's business operations, financial performance and financial conditions may be negatively affected due to production cutbacks, the occurrence of temporary losses, etc. For the year ended March 31, 2025, 135.2 billion yen was recorded as losses on reorganization.

(7) Measures for securing and training human resources, diversity & inclusion, and labor savings

As future growth of the Group largely depends on securing and training talented personnel, the Group is making efforts to secure human resources in a stable manner and strengthen the competitiveness of human resources through establishing a healthy work environment by, for example, offering sufficient work-life balance and making the related systems sufficiently known to employees, as well as developing training systems. In addition, while working to secure and train talented personnel, in order to minimize the labor losses caused by employees' life events and health problems that can arise over the course of their working lives, and realize a work style in which employees from diverse backgrounds facing a variety of personal circumstances can work productively with a sense of pride, we are striving to strengthen specific initiatives to realize a company in which diverse employees can play active roles with pride and fulfillment in their work through proactive initiatives for diversity and inclusion. Furthermore, the Group has made capital expenditure for labor-saving technologies to address the labor shortage resulting from population decline. The Group is making steady efforts to secure and train talented personnel and make capital expenditure for labor-saving technologies. However, in the event that these efforts are not achieved as planned, the Group's business operations, financial performance and financial conditions may be negatively affected.

<Risks regarding business operations>

(1) Facility accidents and industrial accidents

The production process of the Steelmaking and Steel Fabrication business, which is the Group's core business, depends on certain types of important facilities, such as blast furnaces, coke ovens, converters, continuous casters, rolling mills and power generation facilities. To ensure stable production, the Group has promoted measures to strengthen manufacturing capacity in terms of both facilities and human resources, centering on the basic management issue of strengthening and rebuilding steel works, etc. However, in case of occurrence of electrical or mechanical accidents, a fire or explosion, industrial accidents, etc. at these facilities, the operations could be partially suspended, leading to the incurrence of costs or compensation due to a delay in production and

shipment. This may in turn negatively affect the Group's financial performance and financial conditions. The Group has obtained certain insurance policies with respect to these types of accidents.

(2) Quality issues

The Group provides a wide variety of products and services including steel products to customers. Under its basic principle of manufacturing, that is, "quality is prior to production," the Company has implemented various initiatives in line with the "Guidelines for Enhancing Quality Assurance Systems" established by the Japan Iron and Steel Federation. However, in the event that defects are found in a product or service, leading to quality issues, not only the delivery of substitutes or the payment of compensation may be requested by customers, but also it may become necessary to suspend or review manufacturing and quality control operations, or the trust in the Group or the Group's products and services may be lost, resulting in a decrease in revenue. Thus, the Group's financial performance and financial conditions may be negatively affected. The Group has obtained certain insurance policies with respect to these types of accidents.

(3) Infringement of intellectual property rights

The Group secures its competitive advantage in business, with regard to intellectual property formed as a result of technological developments, by acquiring and holding intellectual property rights, such as patents, or by keeping such intellectual property confidential as trade secrets. In the event that the intellectual property is infringed upon or used without permission by any third party, or the validity of the rights is challenged by any third party, the Group will promptly consider and implement legal actions, but necessary legal protection may not be assured and damages incurred may not be fully recovered. In such cases, the Group may lose its competitive advantage, and its financial performance and financial conditions may be negatively affected.

The Group operates its business in compliance with intellectual property laws in each country and region and respects the intellectual property of third parties. However, in the event that a third party files a lawsuit against the Group for infringement of intellectual property and a judgement unfavorable to the Group is rendered, the Group's business operations, financial performance, and financial conditions may be negatively affected.

(4) Information system failure and information leakage

The Group's business operations largely depend on use of information systems, which store trade secrets and personal information of the Company, customers and business partners, in addition to other confidential information. The Company recognizes measures against leakage of confidential information including technological information as a priority management issue and has taken measures including strengthening system security, developing operational rules and training employees. However, in case of occurrence of a cyberattack on the Group's information system, including the spread of viruses by a malicious third party, which may cause system stoppage, external leakage, damage and falsification of confidential information or other incidents, the Group's business operations, financial performance and financial conditions may be negatively affected due to suspension of production and business operations, loss of competitive advantage of intellectual property, litigation, decline in social trust and other factors.

<Other risks>

(1) Natural disasters, wars, terrorism, and infectious diseases

The Group operates its business globally, including manufacture, sale, research and development, and has its bases around the world. At each of its bases including steel works, certain measures have been taken from both tangible perspectives (facility measures) and intangible perspectives (development of business continuity plans) in preparation for typhoons, earthquakes, tsunamis, floods and other natural disasters as well as wars and terrorism. However, in case of occurrence of a major natural disaster, facilities and information systems at these bases may be damaged and operations could be partially suspended, leading to the incurrence of costs or compensation due to a delay in production and shipment, and infrastructure, such as means of transportation of raw materials, products, and fuel, may be suspended. This may in turn negatively affect the Group's financial performance and financial conditions. In addition, regardless of whether the Group has bases in a given geography, in the event of the occurrence of a major natural disaster or an act of war or terrorism, and in the event that an infectious disease such as a new and severe type of influenza spreads worldwide, the Group's business activities may be constrained. Furthermore, associated with

such circumstances, the rapid deterioration of the economy caused by lowered activity levels of consumers, disrupted supply chains, etc. may hinder the Group's production and sales activities.

(2) Environmental regulations regarding business activities

The Company makes efforts to reduce environmental burden across the entire Group by promoting environmental risk management, which involves meticulously coping with environmental risks that vary depending on steel works and conducting environmental protection activities in each region. The Group is subject to a wide range of environment-related regulations regarding contamination of air, water and soil, use of chemical substances and treatment and recycling of wastes in Japan and overseas countries where the Group operates its business. In the future, the introduction, revision, operation, or interpretation of laws and regulations that are unfavorable to the Group may make it difficult for the Group to continue its business activities or increase the cost for legal compliance.

Also, to contribute to the resolution of the climate change issue, which is set as one of the sustainable development goals (SDGs), the Group produces steel with the world's highest level of resource and energy efficiency. In addition, with a view to reducing CO₂ emission volume in the mid to long term, the Group develops innovative technologies and actively transfers and spreads its technologies accumulated over many years to overseas countries. However, in the event that new regulations, etc. are introduced in relation to CO₂ emissions and use of fossil fuel in the future, the Group's business activities, mainly the Steelmaking and Steel Fabrication business, may be constrained or the cost of operation may increase.

(3) Impairment of non-financial assets and recoverability of deferred tax assets

The Group holds a large amount of non-financial assets including property, plant and equipment such as steel works facilities and intangible assets. In the event that profitability of these assets declines and the invested amount is no longer expected to be recovered due to changes in the business environment or other factors, the carrying amount of the non-financial assets will be reduced based on future recoverability and impairment losses will be recorded. This may in turn negatively affect the Group's financial performance and financial conditions. The balances of property, plant and equipment and intangible assets as of March 31, 2025 were 3,635.5 billion yen and 263.2 billion yen, respectively.

In addition, the Group records deferred tax assets based on estimated future taxable profit. In the event that any revision to estimated future taxable profit is required or the taxation system including tax rates are revised due to changes in the business environment or other factors, a reversal of deferred tax assets will be required, and this may negatively affect the Group's financial performance and financial conditions. The balance of deferred tax assets (before offsetting against deferred tax liabilities) as of March 31, 2025 was 334.1 billion yen.

(4) Changes in the value of securities and other assets held (including plan assets)

As of March 31, 2025, the Group holds a total of 1,938.4 billion yen of equity instruments, including shares, and investments in affiliates and joint ventures. Of these assets, the Group confirms the appropriateness of all strategic shareholdings with business partners and alliance partners by specifically examining whether the purpose of each shareholding is appropriate and whether the benefit and risk associated with each shareholding is commensurate with the cost of capital, among other issues. Of these shareholdings, those whose fair value exceeds a certain threshold are examined each year at the Board of Directors meetings. However, valuation losses may occur due to poor performance of the investee companies and deterioration of the securities market. In addition to the above, as the Group holds a total of 593.8 billion yen of plan assets (including retirement benefit trust assets) as of March 31, 2025, changes in the price of domestic or overseas shares and bonds, etc. which comprise these assets, or changes in the interest rate environment may affect the Group's financial conditions, etc.

(5) Changes in the financial market and funding environment

As of March 31, 2025, the balance of consolidated interest-bearing debt of the Group was 2,507.4 billion yen, and changes in the interest rate environment and other financial markets may affect the Group's financial performance, etc. In addition, the Group raises working capital mainly through borrowings from financial institutions and issuance of corporate bonds. The Group works to maintain a sound financial position with a target ratio of interest-bearing debt to total equity attributable to owners of the parent (D/E ratio after adjusting for equity credit attributes of subordinated loans and subordinated bonds) of 0.7 or less, as set out in the

Medium-to Long-term Management Plan. However, in the event that the financial market becomes unstable or deteriorated and financial institutions reduce lending or rating agencies downgrade the credit rating of the Company, the Group may not be able to raise necessary funds under appropriate conditions in a timely manner, resulting in an increase in funding costs. Thus, the Group's business operations, financial performance and financial conditions may be negatively affected. As a result, the Group may not be able to achieve the above targets set forth in the Medium to Long-term Management Plan.

(6) Increases in tariffs and imposition of import regulations in major markets overseas

The U.S. and Southeast Asian countries have imposed anti-dumping duties and other special tariffs on certain types of steel exported from the Group. The Group strives to take appropriate measures by, for example, conducting export transactions after having recognized that it may be subject to import restrictions. However, in the event that import restrictions are imposed in the major markets overseas, such as an increase in tariffs, imposition of special tariffs and quantitative restrictions, export transactions will be restricted, so the Group's financial performance and financial conditions may be affected.

(7) Major changes in accounting systems and taxation systems

In the event that significant changes are made to the accounting systems or taxation systems in countries where the Group operates its business or they are interpreted or applied unfavorably to the Group, the Group's financial performance and financial conditions may be negatively affected. Meanwhile, the Company has voluntarily adopted International Financial Reporting Standards (IFRS) for its consolidated financial statements for the purpose of enhancing its corporate value through further global development and improving international comparability of financial information in the capital market.

(8) Response to international norms regarding human rights

Based on international norms regarding human rights, the Group has established the "Nippon Steel Group Human Rights Policy" to establish its commitment to respecting human rights, human rights due diligence, and remedial actions, etc., and to show its corporate stance on respecting human rights internally and externally. The policy shall be applicable to officers and employees of the Group, and also seeks ways that all stakeholders, including suppliers, to understand and support the policy. The Group is committed to conducting its business operations with high ethical standards while taking utmost care for respecting human rights. However, if any human rights issues arise within the Group or among its stakeholders, the Group's business operations, financial performance, and financial conditions may be negatively affected due to a decline in social credibility, in addition to impacts on procurement, production, and sales.

(9) Various legal regulations and litigation

The Group operates its business globally in compliance with legal regulations in Japan and overseas countries and regions. Laws, regulations and rules include commercial transactions laws, competition laws, labor laws, securities-related laws, intellectual property rights laws, environmental laws, tax laws, import- and export-related laws, personal information protection-related laws, criminal laws as well as various permissions and licenses necessary for conducting business activities and investments, and economic security-related regulations. In the future, the introduction, revision, operation, or interpretation of laws and regulations that are unfavorable to the Group may make it difficult for the Group to continue its business activities or increase the cost for legal compliance.

The Group recognizes that legal compliance is the foundation of its business activities and provides legal and compliance training in various forms to officers and employees in Japan and overseas. However, in the event that the Group is deemed to have violated any laws or regulations, the Group may be subject to administrative sanctions such as a surcharge or criminal sanctions such as a fine, and thus the Group's financial performance and financial conditions may be negatively affected.

In addition, a wide range of the Group's business activities may lead to lawsuits filed by a variety of third parties against the Group. In the event that a judgement unfavorable to the Group is rendered in an important lawsuit, the Group's financial performance and financial conditions may be negatively affected due to suspension or restriction of business activities, payment of compensation, or other reasons.

4. Management's Analysis of Financial Position, Operating Results and Cash Flows

(1) Summary of operating results

(a) Operating results

The summary of operating results of the Group for the year ended March 31, 2025 is presented in “4. Management's Analysis of Financial Position, Operating Results and Cash Flows, (2) Details of analysis and examination of operating results from the management perspective, (a) Details of recognition, analysis and examination of operating results for the year ended March 31, 2024” of this report.

(b) Assets, liabilities and equity as of March 31, 2025 and cash flows for the year ended March 31, 2025

Assets, liabilities and equity as of March 31, 2025 are as follows:

Consolidated total assets as of March 31, 2025 were 10,942.4 billion yen, an increase of 227.8 billion yen from March 31, 2024. Consolidated total liabilities as of March 31, 2025 were 5,039.0 billion yen, an decrease of 319.6 billion yen from March 31, 2024. Consolidated total equity as of March 31, 2025 was 5,903.3 billion yen, an increase of 547.5 billion yen from March 31, 2024. Total equity attributable to owners of the parent amounted to 5,383.3 billion yen, and interest-bearing debt amounted to 2,507.4 billion yen as of March 31, 2025. As a result, the ratio of interest-bearing debt to total equity attributable to owners of the parent (D/E ratio) was 0.47 times (0.35 times after adjusting for equity credit attributes of subordinated loans and subordinated bonds).

Total assets

Cash and cash equivalents as of March 31, 2025 were 672.5 billion yen, an increase of 223.6 billion yen from 448.8 billion yen as of March 31, 2024. This was primarily due to cash inflows from operating activities resulting from a high level of business profit.

Trade and other receivables as of March 31, 2025 were 1,430.4 billion yen, a decrease of 157.5 billion yen from 1,587.9 billion yen as of March 31, 2024. This was primarily due to a decrease in accounts receivable.

Inventories as of March 31, 2025 were 2,199.0 billion yen, a decrease of 77.5 billion yen from 2,276.6 billion yen as of March 31, 2024. This was primarily due to a drop in raw material prices.

Property, plant, and equipment as of March 31, 2025, were 3,635.5 billion yen, an increase of 255.1 billion yen from 3,380.4 billion yen as of March 31, 2024. The main factors were the selective investments in facilities having competitive advantages, including measures to improve the capacity and quality of strategic products, such as the next-generation hot strip mill at the Nagoya Works, and electrical steel sheet facilities at the Setouchi Works Hanshin Area (Sakai) and the Kyushu Works Yawata Area.

Intangible assets as of March 31, 2025 were 263.2 billion yen, an increase of 85.3 billion yen from 177.8 billion yen as of March 31, 2024. This was primarily due to the acquisition of a 20% interest in the Blackwater coal mine in Australia.

Investments accounted for using the equity method as of March 31, 2025 were 1,600.3 billion yen, an increase of 62.4 billion yen from 1,537.9 billion yen as of March 31, 2024. This was mainly due to 126.9 billion yen of share profit in investments accounted for using the equity method.

Other financial assets under non-current assets as of March 31, 2025 were 461.3 billion yen, a decrease of 214.5 billion yen from 675.9 billion yen as of March 31, 2024. This was primarily due to asset reduction made principally through the sale of strategic shareholdings.

Liabilities

Interest-bearing debt as of March 31, 2025 was 2,507.4 billion yen, a decrease of 204.2 billion yen from 2,711.6 billion yen as of March 31, 2024. This was primarily due to a decrease from the exercise of stock acquisition rights of convertible bonds with stock acquisition rights, despite an increase from the issuance of subordinated syndicated loans and public subordinated bonds.

Trade and other payables as of March 31, 2025 were 1,671.3 billion yen, a decrease of 219.3 billion yen from 1,890.7 billion yen as of March 31, 2024. This was primarily due to a decline in trade accounts payable.

Other non-current liabilities as of March 31, 2025 were 420.9 billion yen, an increase of 71.2 billion yen from 349.7 billion yen as of March 31, 2024. The main factors included the recording of demolition losses based on the decision to close the One series of upstream facilities, steel plate mill lines, and large shape mill lines at the East Nippon Works Kashima Area as well as the No. 4 coke oven at the Kansai Works Wakayama Area due to the promotion of the production facility structural measures under the Medium- to Long-term Management Plan announced on March 5, 2021.

Equity

Common stock and capital surplus as of March 31, 2025 were 1,147.9 billion yen, an increase of 329.2 billion yen from 818.7 billion yen as of March 31, 2024. This was mainly due to the exercise of stock acquisition rights of convertible bonds with stock acquisition rights.

Retained earnings as of March 31, 2025 was 3,819.9 billion yen, an increase of 294.3 billion yen from 3,525.5 billion yen as of March 31, 2024. This was mainly due to an increase from profit for the year attributable to owners of the parent of 352.0 billion yen, despite a decrease from dividend payment of 160.2 billion yen.

Other components of equity as of March 31, 2025 were 473.6 billion yen, a decrease of 17.9 billion yen from 491.5 billion yen as of March 31, 2024. This was mainly due to a decrease of 123.6 billion yen from changes in fair value of financial assets measured at fair value through other comprehensive income, despite an increase in foreign exchange differences on translation of foreign operations of 98.1 billion yen from changes in exchange rates.

Cash flows for the year ended March 31, 2025 are as follows:

Cash flows from operating activities resulted in an inflow of 978.5 billion yen (compared to an inflow of 1,010.1 billion yen for the year ended March 31, 2024).

Cash flows from investing activities resulted in an outflow of 462.4 billion yen (compared to an outflow of 710.6 billion yen for the year ended March 31, 2024).

As a result, free cash flow was an inflow of 516.1 billion yen (compared to an inflow of 299.5 billion yen for the year ended March 31, 2024).

Cash flows from financing activities resulted in an outflow of 313.3 billion yen (compared to an outflow of 543.9 billion yen for the year ended March 31, 2024).

As a result of the above, cash and cash equivalents as of March 31, 2025 stood at 672.5 billion yen (compared to 448.8 billion yen as of March 31, 2024).

Cash flows from operating activities

The main inflow factors were profit before income taxes of 524.3 billion yen, depreciation and amortization of 385.2 billion yen, losses on reorganization of 135.2 billion yen, and a decrease in trade and other receivables of 204.6 billion yen, while the outflow factors included a decrease in trade and other payables of 104.5 billion yen and income taxes paid of 180.8 billion yen, in addition to deduction adjustment for share of profit in investments accounted for using the equity method of 126.9 billion yen.

Cash flows from investing activities

Despite inflow factors including proceeds from sales of investment securities of 231.0 billion yen, the main factors were an outflow of 597.9 billion yen from purchases of property, plant and equipment and intangible assets due to the selective investments in facilities having competitive advantages, including measures to improve the capacity and quality of strategic products, such as the next-generation hot strip mill at the Nagoya Works, and electrical steel sheet facilities at the Setouchi Works Hanshin Area (Sakai) and the

Kyushu Works Yawata Area.

Cash flows from financing activities

Inflows factors included 71.7 billion yen involving a substantial increase in interest-bearing debt through financing principally due to the issuance of subordinated syndicated loans and public subordinated bonds, while there was an outflow mainly due to payments of dividends at the end of the previous fiscal year and the end of the second quarter of the fiscal year ended March 31, 2025 of 162.0 billion yen, and purchases of shares of subsidiaries that do not result in change in scope of consolidation of 64.5 billion yen.

(c) Results of production, orders received and revenue

a. Production

Production volume by segment for the year ended March 31, 2025 is as follows:

Segment name	Amount in the year ended March 31, 2024 (Millions of yen)	Amount in the year ended March 31, 2025 (Millions of yen)
Steelmaking and Steel Fabrication	9,325,892	9,255,660
Engineering and Construction	370,240	342,927
Chemicals and Materials	234,107	241,817
System Solutions	314,353	345,156
Total	10,244,593	10,185,561

Notes: 1. The above amounts are based on manufacturing costs.

2. The above amounts include production volume for the Group.

b. Orders received

Orders received by segment for the year ended March 31, 2025 are as follows:

Segment name	Orders received in the year ended March 31, 2024 (Millions of yen)	Orders received in the year ended March 31, 2025 (Millions of yen)	Order backlog in the year ended March 31, 2024 (Millions of yen)	Order backlog in the year ended March 31, 2025 (Millions of yen)
Engineering and Construction	285,417	364,525	429,672	422,888
System Solutions	241,176	262,387	114,043	122,836
Total	526,594	626,913	543,715	545,725

Notes: 1. The above amounts do not include orders received within the Group.

2. In the Steelmaking and Steel Fabrication segment and the Chemicals and Materials segment, as a general rule, we constantly and repeatedly receive orders for a wide variety of products, and produce and ship them. Trends in orders received in these segments tend to largely link to production volume and sales amounts. Information on the amounts and quantities of orders received is omitted because demand trends and other relevant information are presented in “4. Management’s Analysis of Financial Position, Operating Results and Cash Flows, (2) Details of analysis and examination of operating results from the management perspective, (a) Details of recognition, analysis and examination of operating results for the year ended March 31, 2025” of this report.

c. Revenue

Revenue from external customers by segment for the year ended March 31, 2025 are as follows:

Segment name	Amount in the year ended March 31, 2024 (Millions of yen)	Amount in the year ended March 31, 2025 (Millions of yen)
Steelmaking and Steel Fabrication	8,010,655	7,819,748
Engineering and Construction	381,600	371,309
Chemicals and Materials	243,327	250,873
System Solutions	232,513	253,594
Total	8,868,097	8,695,526

Notes: 1. The table below shows export sales and the percentage of exports for the years ended March 31, 2024 and 2025.

Year ended March 31, 2024		Year ended March 31, 2025	
Export sales (Millions of yen)	Percentage of exports (%)	Export sales (Millions of yen)	Percentage of exports (%)
3,581,251	40.4	3,580,122	41.2

Note: Export sales include local sales of foreign subsidiaries.

2. The table below shows primary export destinations and their percentage to export sales.

Export destination	Year ended March 31, 2024 (%)	Year ended March 31, 2025 (%)
Asia	55.6	57.9
Middle East	5.5	5.4
Europe	11.7	9.6
North America	13.5	13.9
Central and South America	11.5	10.9
Africa	1.7	1.7
Pacific	0.5	0.6
Total	100.0	100.0

Note: Export sales include local sales of foreign subsidiaries.

3. Revenue from major customers and their percentage to total revenue are omitted because such percentage of each customer is less than 10%.

(2) Details of analysis and examination of operating results from the management perspective

(a) Details of recognition, analysis and examination of operating results for the year ended March 31, 2025

(Analysis of operating results)

In fiscal 2024, the global economy downward pressure continued due to prolonged effects of inflation and monetary tightening. Although recovery was anticipated in the Japanese economy, domestic demand continued to lack strength.

Under these economic conditions, the global supply and demand for steel remained in a critical state, with an unprecedentedly severe business environment that continues to deteriorate. In addition to sluggish demand, structural issues such as overproduction and an increase in exports, driven by a widening gap between supply and demand due to the slowdown of the Chinese economy, show no signs of improvement, further heightening uncertainty.

Having anticipated such a challenging business environment from an early stage, the Nippon Steel Group (“the Group”) aimed at achieving the four pillars of its medium- to long-term management plan (formulated in March 2021): “Rebuilding the domestic steel business and strengthening the Group’s management,” “Promoting a global strategy to deepen and expand the overseas business,” “Taking on the challenge of carbon neutrality,” and “Promoting digital transformation strategies.” The Group also implemented various measures by taking the lead in profit restructuring measures ahead of other companies to build a profit structure capable of securing underlying* consolidated business profit of ¥600.0 billion or more, regardless of the business environment. Although the business environment has worsened since fiscal 2024 at a scale and speed exceeding the assumptions at the time of formulating our medium- to long-term management plan, the structural measures and profit improvement initiatives we have implemented ahead of other companies have proven effective, enabling us to maintain a relatively high level of profitability compared to global competitors.

*Business profit excluding inventory valuation impact and other items, and recognized as representing the Group’s actual profitability.

For fiscal year 2024, although the business environment remained extremely harsh, the Company strived to maximize profit by continuing to implement measures such as to fundamentally improve profit structure. As a result, the Company recorded consolidated revenue of 8,695.5 billion yen (compared to 8,868.0 billion yen in the year ended March 31, 2024), business profit of 683.2 billion yen (compared to 869.6 billion yen in the year ended March 31, 2024), and profit attributable to owners of the parent of 350.2 billion yen (compared to 549.3 billion yen in the year ended March 31, 2024).

Operating results by segment are as follows. With Steelmaking and Steel Fabrication as its core business, the Group conducts its business in the four operating segments: Steelmaking and Steel Fabrication, Engineering and Construction, Chemicals and Materials and System Solution. The Steelmaking and Steel Fabrication segment accounts for approximately 90% of the Group's consolidated revenue.

(Operating results by segment for the year ended March 31, 2025)

		Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions	Total	Adjustments	Consolidated total
Revenue	Year ended March 31, 2025	78,743	4,004	2,691	3,393	88,833	(1,878)	86,955
(Billions of yen)	Year ended March 31, 2024	80,763	4,092	2,608	3,115	90,579	(1,898)	88,680
Segment profit	Year ended March 31, 2025	6,210	146	189	388	6,934	(102)	6,832
(Billions of yen)	Year ended March 31, 2024	8,210	(13)	153	355	8,707	(10)	8,696

<Steelmaking and Steel Fabrication>

This segment recorded revenue of 7,874.3 billion yen, up from 8,076.3 billion yen in the year ended March 31, 2024, and segment profit of 621.0 billion yen, up from segment profit of 821.0 billion yen in the year ended March 31, 2024.

The major causes for the year-on-year changes of (200.0) billion yen in the Steelmaking and Steel Fabrication segment's profit are as follows:

	(Billions of yen)
Manufacturing shipment volume	(20.0)
Spread (incl. impact from FX rate fluctuation)	(30.0)
Cost reduction	40.0
Overseas steel business	(58.0)
Raw material business	23.0
Other group companies	(27.0)
Inventory valuation impact etc. (incl. Group companies)	23.0
Others	(151.0)
Total	(200.0)

Although NIPPON STEEL strived to maximize profit by continuing to implement measures such as to fundamentally improve the profit structure, the business environment remained extremely harsh. Largely affected by decreases of 20.0 billion yen in manufacturing shipment volume, 30.0 billion yen in margins, and 58.0 billion yen in overseas steel business, etc., segment profit decreased by 200.0 billion yen compared to the previous fiscal year.

<Engineering and Construction>

Nippon Steel Engineering Co., Ltd. carried out the high backlog of orders while steadily advancing specific initiatives for growth in each business. In terms of organizational and operational aspects, it implemented organizational reforms centering on the abolition of the sector-based system. Regarding business execution, it made advances in its initiatives to strengthen profitability, continuing on from the previous fiscal year, and strengthened its quality assurance system in accordance with ISO 9001. In the year ended March 31, 2025, large-scale projects such as waste-to-energy plant construction and building construction progressed smoothly and were completed as planned, and strong performance was also seen in the Environmental O&M business and the Power business, allowing overall revenue to remain at approximately the same level year-on-year. As for business profit, with revenue remaining at a high level and no loss events such as malfunctions on an owned marine work in the previous year, businesses progressed steadily, resulting in increased profits. The Engineering and Construction segment recorded revenue of 400.4 billion yen (compared to 409.2 billion yen in the year ended March 31, 2024) and segment profit of 14.6 billion yen (compared to (1.3) billion yen in the year ended March 31, 2024).

Revenue by sector (before consolidated adjustments) is as follows:

(Revenue by sector for the year ended March 31, 2025)

		EPC	O&M / Service	Component Sales	Steelmaking Plant	Adjustments	Consolidated total
Revenue	Year ended March 31, 2025	275.1	99.9	18.7	11.2	(45.0)	400.4
(Billions of yen)	Year ended March 31, 2024	282.4	87.4	20.3	21.7	(2.6)	409.2

In the EPC field, NIPPON STEEL executed large-scale projects such as domestic construction of waste-to-energy plants and gas field development-related facilities in Thailand, and completed large-scale construction work and steel structure construction projects. As a result, revenue totaled 275.1 billion yen, remaining nearly on par with the previous fiscal year (282.4 billion yen). In the O&M and Services field, revenue increased to 99.9 billion yen, up from 87.4 billion yen in the previous fiscal year, driven by growth in waste processing O&M services, on-site operations, and electricity trading volume. The Component Sales field also remained steady, recording revenue of 18.7 billion yen, nearly unchanged from 20.3 billion yen in the previous year.

<Chemicals and Materials>

Nippon Steel Chemical & Material Co., Ltd. posted a year-on-year increase in business profit despite a severe business environment in which demand continued to be sluggish due to soaring raw material and fuel prices worldwide, owing to maximum efforts to fundamentally strengthen the profit structure, including the suspension of operations at Kashima Works of the Coal Tar Chemicals Division. The Chemicals and Materials segment recorded revenue of 269.1 billion yen (compared to 260.8 billion yen in the year ended March 31, 2024) and segment profit of 18.9 billion yen (compared to 15.3 billion yen in the year ended March 31, 2024).

Revenue by business (before consolidated adjustments) is as follows:

(Revenue by business for the year ended March 31, 2025)

		Coal Chemical	Chemicals	Functional Materials / Composite Materials	Adjustments	Consolidated total
Revenue	Year ended March 31, 2025	61.0	108.0	100.0	0.1	260.8
(Billions of yen)	Year ended March 31, 2024	58.0	110.0	93.0	(0.2)	260.8

In the Coal Chemicals business, demand for needle coke used in graphite electrodes, which is the main product, remained sluggish. Sales volume of carbon black for tires remained flat year-on-year, with segment revenue totaling 61.0 billion yen (compared to 58.0 billion yen in the fiscal year ended March 31, 2024) despite demand, which had declined due to vehicle inspection misconduct, recovering in the second half of the fiscal year. Revenue in the Chemicals business amounted to 108.0 billion yen (compared to 110.0 billion yen in the fiscal year ended March 31, 2024) due to lower sales in styrene monomer from the delay in the recovery of demand for derivatives in Japan and the stagnation of the market led by the continued expansion of new facilities in China, although the benzene market remained generally stable. In the Functional Materials business, sales remained strong, driven by growth in the semiconductor market owing to growth in the high-end segment such as investments in data centers and demand related to AI, as well as the recovery in demand for end products such as smartphones, TVs, and motorcycles. In particular, sales of functional resins were robust, supported by increasing demand for AI servers and data centers. Although the business was affected by rising raw material costs, continued yen depreciation also contributed to solid sales performance. For the sales of carbon fiber composite materials, carbon fiber composite materials for civil engineering and construction reinforcement declined, while they increased for industrial applications. As for carbon fibers, high-end products for the sports field performed steadily and the total revenue of Functional Materials and Composite Materials amounted to 100.0 billion yen (93.0 billion yen in the fiscal year ended March 31, 2024).

<System Solutions>

NS Solutions Corporation is actively working to expand the business by maximizing robust DX needs. It has offered various solutions by leveraging years of operational knowledge and knowhow gained at actual production sites, including the launch of the new production management package “PPMP,” which was developed as an asset based on the production management system implemented within the Company. Additionally, it has launched “CloudHarbor,” which provides comprehensive support for cloud-native transformation, thereby strongly facilitating customers’ DX initiatives. To strengthen and expand its business base, NS Solutions has actively pursued capital and business alliances by making OSP Solutions Inc., which has strengths in operation and maintenance services, a wholly owned subsidiary. It is also working to strengthen its capabilities responding to the AI field through investments in and business alliances with companies that have AI technologies. The System Solutions segment recorded revenue of 339.3 billion yen (compared to 311.5 billion yen in the year ended March 31, 2024) and segment profit of 38.8 billion yen (compared to 35.5 billion yen in the year ended March 31, 2024).

Revenue by business (before consolidated adjustments) is as follows:

(Revenue by business for the year ended March 31, 2025)

		Business Solutions	Consulting & Digital Service	Adjustments	Consolidated total
Revenue	Year ended March 31, 2025	250.6	87.6	1.1	339.3
(Billions of yen)	Year ended March 31, 2024	231.5	79.1	0.9	311.5

Revenue in the Business Solutions business amounted to 250.6 billion yen, up from 228.1 billion yen in the fiscal year ended March 31, 2024. This was due to strong sales to the Company and the manufacturing field, as well as increased product sales to the financial field. Revenue in the Consulting & Digital Service business amounted to 87.6 billion yen, up from 82.5 billion yen in the fiscal year ended March 31, 2024. This was due to strong performance in the cloud solution field and oracle business.

(Objective indicators used to assess if business objectives have been achieved)

The following describes the financial targets and shareholder return as provided in the NIPPON STEEL Group’s Medium- to Long-term Management Plan formulated in March 2021, and the progress made toward achieving these targets until the year ended March 31, 2025.

With regard to the consolidated business results for the year ended March 31, 2025, the Company worked to maximize revenue mainly by the ongoing drastic measures to enhance its profit structure. As a result, the Company recorded consolidated revenue of 8,695.5 billion yen (4,379.7 billion yen in the first half and 4,315.7 billion yen in the second half), consolidated business profit of 683.2 billion yen (375.7 billion yen in the first half and 307.4 billion yen in the second half), and return on sales (ROS) of 7.9% (8.6% in the first half and 7.1% in the second half).

	Results in the year ended March 31, 2025	Fiscal 2025 plan targets
Return on sales (ROS)	7.9%	Approx. 10%
Return on equity (ROE)	6.9%	Approx. 10%
D/E ratio (*)	0.35 times	0.7 times or less
Consolidated payout ratio	45.6%	Around 30%

* D/E ratio after adjusting for equity credit attributes of subordinated loans and subordinated bonds

(b) Analysis and consideration of cash flows, and information on capital resources and liquidity of funds

The analysis of cash flows is presented in “4. Management’s Analysis of Financial Position, Operating Results and Cash Flows, (1) Summary of operating results, (b) Assets, liabilities and equity as of March 31, 2024 and cash flows for the year ended March 31, 2024” of this report.

Forward-looking statements contained in this section are based on the Group’s judgments as of the filing date of this annual securities report.

(Capital policy)

Under the presumption that a certain level of financial soundness is maintained, the Group’s capital policy is to emphasize operational efficiency of invested capital and maximize corporate value by investing capital in investees (including capital expenditures, R&D and M&A). Such investments are expected to generate revenue exceeding the cost of capital to enable sustainable growth and, at the same time, meet the demands of shareholders by providing returns to them.

The necessary funds to achieve the capital policy above are primarily provided through cash flows from operating activities which are generated from maintaining and enhancing the Group’s earnings power. The Group also raises funds from external sources, such as through borrowings from banks and issuance of corporate bonds.

The Group identifies ROS, ROE and the D/E ratio as key management indicators to achieve medium- and long-term revenue growth and financial stability.

The payment of dividends is described in “IV. Status of the Reporting Company, 3. Dividend Policy” of this report.

The acquisition of treasury stock shall be made pursuant to the resolution of the meeting of the Board of Directors based on Article 33 of the Articles of Incorporation in order to secure flexibility in financial operations. The Board of Directors comprehensively decides on the acquisition of treasury stock after taking into account such factors as the necessity of implementing a flexible capital policy and other measures and the effects on the financial structure of the Company.

(Management's recognition of changes in fund demand and financing methods)

1) Implementation status of the Medium- to Long-term Management Plan

The NIPPON STEEL Group's Medium- to Long-Term Management Plan announced in March 2021 calls for the execution of R&D and capital expenditures to achieve carbon neutral production, as well as investment of funds for the digital transformation strategy. Under the plan, the Company also plans to implement capital expenditures of 2,400.0 billion yen and business investments of 600.0 billion yen over five years, as an investment of management resources to realize growth. On the assumption that we execute the investments outlined in the management plans, we aim to achieve a D/E ratio (after adjusting for equity credit attributes of subordinated loans and subordinated bonds) of 0.7 or less in the year ending March 31, 2026.

Based on the above policy, regarding capital expenditures, the Company has aggressively promoted investments to rebuild a strong domestic production framework and investments that contribute to measures for strategic products. Specifically, to respond to the need for lighter and stronger car bodies that is expected to grow in the automotive industry, in May 2022, we decided to invest approximately 270.0 billion yen in the construction of a next-generation hot strip mill at the Nagoya Works, which is our center for the manufacture of automobile steel sheets. This is a strategic investment aimed at dramatically strengthening our production capability of high-grade steel sheets including ultra-high-tensile steel sheets. Furthermore, for electrical steel sheets, in addition to investments that have been already decided in light of social needs toward carbon neutrality, in May 2023, we decided to make a new investment of approximately 90.0 billion yen and implement measures for high-grade non-oriented electrical steel sheet production capacity at the Setouchi Works Hanshin Area (Sakai) and the Kyushu Works Yawata Area.

In terms of business investment, we are promoting measures to achieve a 100-million-tonnes of global crude steel capacity in the future and evolve into a vertically-integrated business structure that is resilient to the external environment. In August 2024, we decided to acquire a 20% interest in the Blackwater coal mine in Queensland, Australia, owned by Whitehaven Coal Limited, a supplier of high-quality steelmaking coal, for approximately 108.0 billion yen. The purpose of the acquisition was to secure the interests for steelmaking coal that are essential to our management strategy, and to stabilize consolidated revenue through the acquisition of high-quality steelmaking coal. The acquisition was completed in March 2025. In January 2025, we decided to make the Group's consolidated subsidiary, Sanyo Special Steel Co., Ltd., a wholly owned subsidiary for 70.5 billion yen, with the transaction completed in April 2025. The move aims to expand revenue opportunities, strengthen business strategies, and further pursue an optimal production system through the integration and optimization of the specialty steel bar and wire rod business. Moreover, we decided to pursue a merger (the "Merger") between our United States subsidiary and United States Steel Corporation ("U.S. Steel"). The largest market for high-grade steel will allow us to leverage our technological strength and marketability. We also decided to enter into a merger agreement related to the Merger with U.S. Steel. The Merger was completed in June 2025 for a total of approximately US\$ 14.2 billion.

On the environmental front, as part of its initiatives to realize carbon neutrality, the Company established a dedicated project in April 2021 and has been making efforts to promote the development and practical implementation of three breakthrough technologies (blast furnace hydrogen reduction, 100% hydrogen use in the direct reduction process, and high-grade steel production in large-sized electric arc furnaces) ahead of other countries. The Company and three other companies jointly proposed the "Green Innovation Fund Project/Hydrogen Utilization Project in Iron and Steelmaking Processes," for which the New Energy and Industrial Technology Development Organization (NEDO) publicly solicited proposals, and it was adopted in December 2021. By March 2024, upon recognizing the critical role of the steel industry in decarbonization, the allocation of the fund to the steel industry was significantly increased, with the total support amounting to 449.9 billion yen. In May 2025, our investment in the conversion from the blast furnace steelmaking process to the electric arc furnace steelmaking process was selected for the "2025–2029 Energy and Manufacturing Process Transformation Support Business (Business I (Steel))" based on the Green Transformation (GX) Promotion Act. Following this selection, we decided to proceed with the investment, which totals 868.7 billion yen, with a maximum government support amount of 251.4 billion yen.

2) Financing

In October 2021, we issued 300.0 billion yen in convertible bonds with stock acquisition rights with an aim of securing funds for growth investments and strengthening our financial base while controlling financing costs, as we expect to require a large amount of

capital for the management plan. In March 2023, we issued green bonds (unsecured straight bonds) of 50.0 billion yen as a means of procuring the necessary funds to promote efforts toward a decarbonized society. In May 2024, as a means of procuring funds that will contribute to balance growth investments and financial soundness based on the medium- to long-term management plan, including the funding for the merger between our United States subsidiary and United States Steel Corporation, we raised funds for a total of 250.0 billion yen through subordinated syndicated loans and public subordinated bonds.

In addition, depending on the status of free cash flow, we will take actions in terms of financing at the most appropriate time, taking into consideration the funding environment, interest rate conditions, and other factors.

The D/E ratio after adjusting for equity credit attributes of subordinated loans and subordinated bonds as of March 31, 2025 was 0.35 times, maintaining the target of 0.7 times or less under the management plan. Although the D/E ratio will temporarily deteriorate to around 0.8 times immediately following the merger between our United States subsidiary and United States Steel Corporation, we aim to reduce it to 0.7 times or less at an early stage through optimal permanent financing following the merger. We will continue to implement cash management that emphasizes financial discipline in order to continue implementing an agile and robust growth strategy over the medium to long term.

(Liquidity management and financing policy)

To secure working capital required to smoothly carry out its business activities, the Group effectively uses cash on hand and borrowings from external sources. The Group has the minimum amounts of cash and deposits required for immediate needs, and intends to secure the appropriate amounts of cash and deposits, given the past and future cash flows. The Group has decided on a basic financing framework for borrowing money from external sources from the perspective of ensuring solvency, stability and flexibility. Specifically, the Company has a line of credit (599.7 billion yen on a consolidated basis) to enhance its solvency while maintaining an appropriate ratio of fixed assets to long-term liabilities in order to ensure the solvency margin in unforeseen circumstances.

The Company also ensures flexibility by having the right amount of interest-bearing debt based on the balance between short-term and long-term funds, and intends to realize optimal financing within the scope of the framework.

(c) Accounting estimates and assumptions used to make such estimates

The consolidated financial statements of the Company are prepared in accordance with IFRS. Significant accounting policies are described “Part I. Company Information, V. Financial Information” of this report. In preparing the consolidated financial statements, the Company is required to make accounting estimates, and uses actual results in prior periods and other rational methods to make such estimates for recognizing provisions and assessing the impairment of non-financial assets and the recoverability of deferred tax assets. As estimates are inherently subject to uncertainties, actual results may differ from such estimates.

The accounting estimates and assumptions used to make such estimates that the Company considers particularly significant are as follows:

a. Impairment of non-financial assets

If any indication of impairment of assets exists, the Group estimates the recoverable amount of an asset or a cash-generating unit at the higher of its fair value less costs of disposal or its value in use. If the recoverable amount of the asset or the cash-generating unit is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized. The value in use is calculated by discounting the estimated future cash flows to the present value. The cash flows are based on the medium- to long-term management plan and the latest business plan, which incorporate the steel demand and supply forecast and manufacturing cost improvements as key assumptions. Projections of steel demand and supply and manufacturing cost improvements are subject to a high degree of uncertainty, and management’s judgements regarding these factors are expected to have a significant impact on future cash flows. The balances of property, plant and equipment and intangible assets as of March 31, 2025 were 3,435.5 billion yen and 263.2 billion yen, respectively.

b. Recoverability of deferred tax assets

The Group assesses the recoverability of deferred tax assets using all the future information available at date, including projections of future taxable profit made based on assumptions such as steel demand and supply forecast and manufacturing cost reductions. The

Group recognizes deferred tax assets only to the extent that it deems probable that the tax benefits can be realized. However, the recoverable amount may vary depending on factors such as changes in the projections of future taxable profit in cases where the targets in the medium- to long-term management plan and business plan are not met due to unfavorable business environment, or tax reforms including changes in the statutory tax rate. Deferred tax assets (before being offset by deferred tax liabilities) as of March 31, 2025 stood at 334.1 billion yen.

5. Material Agreements, etc.

Contracting party	Counterparty	Country	Details	Effective date	Expiry date
The Company	POSCO Holdings Inc.	South Korea	Strategic alliance agreement for basic technology development, joint venture in third countries, and establishment of cooperative relationships in IT and other fields	August 2, 2000 (revised on July 31, 2015)	August 1, 2027 (with a provision of automatic renewal for every three years) *1
The Company	ArcelorMittal	Luxembourg	Global strategic alliance agreement in the fields of automotive steel products, etc.	January 22, 2001 (revised on June 14, 2021)	June 14, 2031
The Company	Kobe Steel, Ltd.	Japan	Agreement on joint use of iron and steelmaking facilities	June 17, 2005	May 14, 2033
The Company	POSCO Holdings Inc.	South Korea	Agreement on enhanced alliance	October 20, 2006 (revised on July 31, 2015)	August 1, 2027 (with a provision of automatic renewal for every three years) *1
The Company	Ternium Investments S.à r.l., and others	Luxembourg, and others	Shareholders' agreement on Usinas Siderúrgicas de Minas Gerais S.A. (USIMINAS)	November 27, 2011 (revised on July 3, 2023)	November 6, 2031 (with a provision of automatic renewal for every five years)
The Company	BlueScope Steel Limited	Australia	Joint venture for steel business in the building and construction field in Southeast Asia and the United States (NS BlueScope Coated Products)	March 28, 2013	Not stipulated
The Company	Kobe Steel, Ltd.	Japan	Memorandum of understanding on continued consideration of alliance measures and measures in response to takeover proposals	March 29, 2013 (revised on November 14, 2022)	November 14, 2027 (with a provision of automatic renewal for every five years)
The Company	VALLOUREC Oil & Gas France	France	Agreement on enhanced business collaboration about VAM™	February 1, 2016	March 31, 2035 (with a provision of automatic renewal for every year)
The Company	ArcelorMittal, S.A.	Luxembourg	Joint venture for operation of the integrated steelworks in India (Business entity: ArcelorMittal Nippon Steel India Limited)	December 11, 2019	Not stipulated

The Company	Japan Bank for International Cooperation, MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank Europe N.V., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited.	Japan Netherlands	Loan guarantee for AMNS Luxembourg Holding S.A.'s financing for investment to expand the integrated upstream facilities of ArcelorMittal Nippon Steel India Limited	March 30, 2023	The date on which the principal obligation is fulfilled
The Company, NIPPON STEEL NORTH AMERICA, INC.	United States Steel Corporation	United States	Merger Agreement *2	December 18, 2023	Not stipulated
The Company	NIPPON STEEL Stainless Steel Corporation	Japan	Merger Agreement *3	October 11, 2024	Not stipulated
The Company, NIPPON STEEL NORTH AMERICA, INC.	ArcelorMittal, S.A.	Luxembourg	Agreement on transfer of equity interests in AM/NS Calvert LLC through the transfer of shares in NS Kote, Inc. *4	October 11, 2024	Not stipulated
The Company	NIPPON STEEL METAL PRODUCTS CO., LTD., NIPPON STEEL PIPE CO., LTD., NIPPON STEEL COATED STEEL PIPE Co., Ltd.	Japan	Agreement on reorganization of electric resistance-welded steel pipe business in Japan *5	February 14, 2025	Not stipulated
The Company	NIPPON STEEL PIPE CO., LTD.	Japan	Merger Agreement *5	February 14, 2025	Not stipulated
The Company, NIPPON STEEL NORTH AMERICA, INC.	U.S. Government United States Steel Corporation	United States	National Security Agreement *6	June 13, 2025	Not stipulated

(Notes) Information in the “Contracting party” and “Counterparty” columns above does not include parties that are not material for disclosure purposes.

*1: NIPPON STEEL has extended the expiry date for each agreement.

*2: For more details, please refer to “V. Financial Information, 1. Notes to the consolidated financial statements, 36. Subsequent Events.”

*3: Merger of NIPPON STEEL and NIPPON STEEL Stainless Steel Corporation

NIPPON STEEL resolved at a meeting of the Board of Directors held on October 11, 2024, to absorb and merge (the “Merger”) its wholly owned subsidiary, NIPPON STEEL Stainless Steel Corporation (“NSSC”), effective April 1, 2025, and entered into a merger agreement with NSSC.

The outline of the Merger is as follows.

1. Purpose of the Merger

NSSC manufactured and sold stainless steel as a wholly owned subsidiary of NIPPON STEEL. NSSC leveraged its business scale specialized in the stainless steel sheet business and strengthened its sales, quality, cost, commodity development, etc. under a fast and efficient organizational and operational structure. It also established a stable earnings base by addressing issues rooted in the business environment specific to stainless steel sheets, including building a streamlined and robust production facility system.

On the other hand, the environment surrounding the stainless steel sheet business is changing, due to factors such as a decline in domestic demand caused by population decline and automobile electrification going forward, and the prolonged issue of overcapacity in the Asian market. To appropriately address the management issues that are becoming increasingly sophisticated and diverse, NIPPON STEEL decided to absorb and merge NSSC. Through the Merger, NIPPON STEEL will work for maximum use of resources of both companies to strengthen its stainless steel sheet business and maximize synergy effects to achieve further growth in profits.

2. Terms, etc. of the Merger

(1) Schedule

Date of Board resolution (both companies): October 11, 2024

Date of conclusion of merger agreement: October 11, 2024

Effective date of merger: April 1, 2025

Since the Merger fell under the category of a simplified merger as stipulated in Article 796, Paragraph 2 of the Companies Act for NIPPON STEEL and a short-form merger as stipulated in Article 784, Paragraph 1 of the Companies Act for NSSC, neither company held a general meeting of shareholders to approve the merger agreement.

(2) Method of the Merger

The Merger was an absorption-type merger, with NIPPON STEEL as the surviving company and NSSC as the dissolving company, and NSSC was dissolved upon the Merger.

(3) Details of the allotment with the Merger

The Merger was between NIPPON STEEL and its wholly owned subsidiary, and no shares or other money, etc. were delivered.

(4) Basis for calculating the details of the allotment with the Merger

The Merger was between NIPPON STEEL and its wholly owned subsidiary, and since no shares or other money, etc. were delivered, there were no applicable items.

(5) Treatment of stock acquisition rights and bonds with stock acquisition rights upon the Merger

Not applicable.

3. Assets and liabilities assumed in the Merger (assets and liabilities of NSSC as of March 31, 2025)

Assets	Amount (Millions of yen)	Liabilities	Amount (Millions of yen)
Current assets	211,805	Current liabilities	68,160
Non-current assets	131,561	Non-current liabilities	36,218
Total assets	343,366	Total liabilities	104,378
		Total net assets	238,988

4. Capital and business operations of the company after the Merger (as of March 31, 2025)

Trade name	NIPPON STEEL CORPORATION
Head office	2-6-1 Marunouchi, Chiyoda-ku, Tokyo
Leadership	Tadashi Imai, Representative Director, President and COO
Capital	569,519 million yen (as of March 31, 2025)
Net assets	5,903,380 million yen (consolidated basis)
Total assets	10,942,458 million yen (consolidated basis)
Business	Steelmaking and steel fabrication, engineering and construction, chemicals and materials, system solutions

*4: Transfer of equity interests in AM/NS Calvert LLC through the transfer of shares in NS Kote at the closing of U.S. Steel acquisition

NIPPON STEEL, at the Board of Directors meeting held on October 11, 2024, entered into a definitive Equity Purchase Agreement with ArcelorMittal, S.A. (“ArcelorMittal”) pursuant to which NIPPON STEEL has agreed to transfer all shares of its wholly owned subsidiary, NS Kote, Inc. (“NS Kote”), to ArcelorMittal (the “Share Transfer”) substantially concurrently with the consummation of NIPPON STEEL’s pending acquisition of United States Steel Corporation (“U.S. Steel”) (the “Merger”). NS Kote holds NIPPON STEEL’s entire equity interest in AM/NS Calvert LLC (“Calvert”).

The Share Transfer aims to proactively address any antitrust concerns that may arise from NIPPON STEEL’s ongoing ownership in Calvert following the Merger. NIPPON STEEL has determined that the Share Transfer is the most assured path to receiving timely regulatory approval for the Merger. Since the Merger was completed on June 18, 2025, the Share Transfer was also executed on the same date.

1. Overview of the companies to be transferred

Company name	NS Kote, Inc.	AM/NS Calvert LLC
Date of establishment	August 1989	February 2014
Location	Houston, Texas, U.S.A.	Calvert, Alabama, U.S.A.
Shareholders	NIPPON STEEL NORTH AMERICA, INC.: 100%	NS Kote, Inc.: 50%, AM Calvert LLC:50%
Number of employees	2 (Only concurrent persons of NIPPON STEEL NORTH AMERICA, INC.)	1,750
Facilities	—	Hot strip mill, Pickling, Cold rolling mill, Continuous annealing line, Hot-dip galvanized line
Production volume	—	4.5 million tons / year (2024 calendar year)

2. Details of the Share Transfer

Company to be transferred	NS Kote, Inc. (NIPPON STEEL’s wholly owned subsidiary which holds entire equity interests in Calvert owned by NIPPON STEEL)
Equity interests	Entire equity interests owned by NIPPON STEEL
Purchaser	ArcelorMittal or its affiliate(s)
Consideration for the Share Transfer	US\$ 1 (memorandum price)

(Reference) Overview of ArcelorMittal

Company name	ArcelorMittal, S.A.
Date of establishment	June 2006
Location	Luxembourg City, Luxembourg
Sales revenue	US\$ 62,441 million (2024 calendar year)
Total asset	US\$ 89,385 million (as of the end of December 2024)

3. Schedule for the Share Transfer

Date of NIPPON STEEL’s Board approval	October 11, 2024
Contract signing date	October 11, 2024
Date of the Share Transfer	June 18, 2025

*5 Reorganization of ERW steel pipe business in Japan

NIPPON STEEL plans to transform the Group's ERW steel pipe business in Japan into a more efficient business structure and further strengthen its competitiveness. Effective April 1, 2025, the business centered on the commercial rights for construction steel pipes held by NIPPON STEEL PIPE CO., LTD. ("NIPPON STEEL PIPE"), a wholly owned subsidiary of NIPPON STEEL, was succeeded through a company split by NIPPON STEEL METAL PRODUCTS CO., LTD. ("NIPPON STEEL METAL PRODUCTS"), also a wholly owned subsidiary of NIPPON STEEL. The remaining mechanical steel pipe business was succeeded by NIPPON STEEL through an absorption-type merger with NIPPON STEEL PIPE (the "Merger"). In addition, the commercial rights for mechanical steel pipes of NIPPON STEEL COATED STEEL PIPE Co., Ltd. ("NIPPON STEEL COATED STEEL PIPE"), a wholly owned subsidiary of NIPPON STEEL METAL PRODUCTS, were transferred to NIPPON STEEL. A basic agreement concerning this business reorganization, (the "Business Reorganization") including the above measures, had previously been concluded among the four companies. Subsequently, on February 14, 2025, upon decision by a Director, pursuant to authority delegated by the Board of Directors, NIPPON STEEL entered into the merger agreement with NIPPON STEEL PIPE.

The outline of the Merger is as follows.

1. Purpose of the Business Reorganization, including the Merger

NIPPON STEEL, NIPPON STEEL METAL PRODUCTS, NIPPON STEEL PIPE, and NIPPON STEEL COATED STEEL PIPE contributed to meeting the various needs of their customers, mainly in the fields of construction steel pipe and mechanical steel pipe, by leveraging the strengths of each company. On the other hand, the business environment surrounding the Group is expected to become even more challenging in the future due to accelerating structural changes such as prolonged slump in domestic steel demand, domestic manpower shortages, the electrification of automobiles, and the globalization of customers and competition. Accordingly, the Group will implement the Business Reorganization to transform its business structure into a more efficient one and further enhance its competitiveness, at the same time, to optimize the production structures of each company.

2. Terms, etc. of the Merger

(1) Schedule

Date of decision to conclude merger agreement (NIPPON STEEL):	February 14, 2025
Date of conclusion of merger agreement:	February 14, 2025
Effective date of merger:	April 1, 2025

Since the Merger fell under the category of a simplified merger as stipulated in Article 796, Paragraph 2 of the Companies Act for NIPPON STEEL and a short-form merger as stipulated in Article 784, Paragraph 1 of the Companies Act for NIPPON STEEL PIPE, neither company held a general meeting of shareholders to approve the merger agreement.

(2) Method of the Merger

The Merger was an absorption-type merger, with NIPPON STEEL as the surviving company and NIPPON STEEL PIPE as the dissolving company, and NIPPON STEEL PIPE was dissolved upon the Merger.

(3) Details of the Allotment with the Merger

The Merger was between NIPPON STEEL and its wholly owned subsidiary, and no shares or other money, etc. were delivered.

(4) Basis for calculating the details of the allotment with the Merger

The Merger was between NIPPON STEEL and its wholly owned subsidiary, and since no shares or other money, etc. were delivered, there were no applicable items.

(5) Treatment of stock acquisition rights and bonds with stock acquisition rights upon the Merger

Not applicable.

3. Assets and liabilities assumed in the Merger (assets and liabilities of NIPPON STEEL PIPE as of March 31, 2025)

Assets	Amount (Millions of yen)	Liabilities	Amount (Millions of yen)
Current assets	68,829	Current liabilities	24,939
Non-current assets	12,971	Non-current liabilities	1,463
Total assets	81,801	Total liabilities	26,402
		Total net assets	55,399

4. Capital and business operations of the company after the Merger (as of March 31, 2025)

Trade name	NIPPON STEEL CORPORATION
Head office	2-6-1 Marunouchi, Chiyoda-ku, Tokyo
Leadership	Tadashi Imai, Representative Director, President and COO
Capital	569,519 million yen (as of March 31, 2025)
Net assets	5,903,380 million yen (consolidated basis)
Total assets	10,942,458 million yen (consolidated basis)
Business	Steelmaking and steel fabrication, engineering and construction, chemicals and materials, system solutions

*6 For more details, please refer to “V. Financial Information, 1. Notes to the consolidated financial statements, 36. Subsequent Events.”

The following agreement disclosed in the 99th Term Annual Securities Report was terminated during the fiscal year ended March 31, 2025.

Contracting party	Counterparty	Country	Details	Effective date	Expiry date
The Company	Baoshan Iron & Steel Co., Ltd.	China	Joint venture for manufacture and sale of cold-rolled and galvanized steel sheets in China (Business entity: Baosteel-Nippon Steel Automotive Steel Sheets Co., Ltd.)	December 23, 2003 (revised on August 30, 2024)	Termination of operating period (December 31, 2024) *7

*7 It was agreed between Baoshan Iron & Steel Co., Ltd. (“Baoshan Steel”) and NIPPON STEEL that this agreement would be terminated as of August 29, 2024 by transfer of all of NIPPON STEEL’s equity interest in Baosteel-Nippon Steel Automotive Steel Sheets Co., Ltd. (“BNA”) to Baoshan Steel on the condition that certain prerequisites (the “Prerequisites”), including approval by the relevant authorities, would be fulfilled. However, since the Prerequisites had not been satisfied by that date, the parties extended the operating period of BNA to December 31, 2024, with certain amendments of the terms of the agreement, in order to continue BNA’s operation until the Prerequisites were fulfilled. Subsequently, upon fulfillment of the Prerequisites, the transfer of the equity interest was completed on October 29, 2024, and the agreement was terminated on the same date.

In addition, the following agreement disclosed in the 100th Term Semi-Annual Report was terminated during the fiscal year ended March 31, 2025.

Contracting party	Counterparty	Country	Details	Effective date	Expiry date
The Company	NIPPON STEEL METAL PRODUCTS CO., LTD. NIPPON STEEL PIPE CO., LTD. NIPPON STEEL COATED STEEL PIPE Co., Ltd.	Japan	Basic agreement on reorganization of ERW steel pipe business in Japan	August 1, 2024	Not stipulated *8

*8 This agreement was terminated on February 14, 2025, when NIPPON STEEL, NIPPON STEEL METAL PRODUCTS CO., LTD., NIPPON STEEL PIPE CO., LTD., and NIPPON STEEL COATED STEEL PIPE Co., Ltd. signed an agreement to reorganize their ERW steel pipe business in Japan.

The following agreement disclosed in the 100th Term Semi-Annual Report was terminated on June 18, 2025, upon the execution of the transfer of equity interests under the “Agreement on transfer of equity interests in AM/NS Calvert LLC through the transfer of shares in NS Kote, Inc.”

Contracting party	Counterparty	Country	Details	Effective date	Expiry date
The Company	ArcelorMittal North America Holdings LLC	United States	Joint venture for manufacture of steel slabs by an electric arc furnace and manufacture and sale of hot-rolled, cold-rolled, and galvanized steel sheets in United States	November 29, 2013 (revised on December 22, 2020)	Not stipulated

6. Research and Development Activities

Amid the diversifying consumer needs and social needs for the environment and energy, the Company is focusing its management resources on research and development areas that contribute to profit growth and the realization of carbon neutrality through the enhancement of technological superiority and the development of environment-friendly steel manufacturing technologies, including CO₂ reduction. The Company has established a strong cooperative system between the three central research organizations, namely, the Steel Research Laboratories, the Advanced Technology Research Laboratories, and the Process Research Laboratories, as well as the R&D laboratories located in each of steelworks. Based on the philosophy of “Research and Engineering,” the Company has been promoting integrated research and development from basic and generic research to applied development and engineering.

The Company’s strengths are: (a) comprehensive capabilities and speed of development through the integration of R&D and engineering; (b) R&D systems located in customer locations and the ability to propose precise solutions to customer needs; (c) the ability to develop new technologies based on advanced generic technologies; (d) the ability to address environmental and energy issues based on steelmaking process technologies; and (e) industry-academia collaboration, overseas alliances, and joint research with customers. Taking advantage of these strengths, the Company will develop products with new functions centered on steel and will also create and rapidly commercialize innovative, environmentally friendly production processes, thereby contributing to the development of society in line with the Sustainable Development Goals (SDGs).

Research and development expenses for the Company and its consolidated subsidiaries as a whole for the fiscal year ended March 31, 2025 were 80.7 billion yen. The following describes the major research themes, results, and research and development expenses in each segment.

<Flat Products>

- To reduce CO₂ emissions during the construction of new production facilities or the updating of existing facilities, the Company added “SuperDyma™ GB,” colored, highly corrosion-resistant coated steel that eliminates painting processes from the specification standards for control panel enclosures. SuperDyma GB is a type of steel sheet colored by adding pigment during the post-treatment of SuperDyma, a highly corrosion-resistant coated steel. The resulting color closely resembles Munsell “5Y 7/,” which is commonly used for electrical equipment. Traditionally, corrosion resistance for electrical facility components such as control panels was achieved through painting. However, by applying our highly corrosion-resistant coated steel sheets (SuperDyma, ZAM™), it is possible to reduce CO₂ emissions during the manufacturing process. Working together with TMEIC Corporation and TSE Corporation, the Company has solved the problems related to non-welding joining methods. As a result, it decided to apply the solution to 91 control panels at the Nagoya Works (approx. 45 tons of steel material) and four panels at the East Nippon Works Kimitsu Area (approx. two tons of steel material). Manufacturing and installation have already begun. SuperDyma GB is one of the component products in the Company’s NSCarbolex™ Solution, high-performance product and solution technology, and it contributes to reducing CO₂ emissions in society. Through the provision of high-performance products and solution technologies, the Company will continue to contribute to achieving carbon neutrality across the entire supply chain.
- The Company’s green steel product, “NSCarbolex™ Neutral” has already been adopted by various companies and projects. It has been adopted for use in Nissan Motor Co., Ltd.’s mass-produced vehicles, and is contributing to reducing Scope 3 CO₂ emissions in upstream processes. In addition, it has been adopted in steel shed products by Takubo Industrial Co., Ltd., electric motors by Hitachi, Ltd., and cable run support products by MINAMI ELECTRIC CO., LTD., contributing to each company’s efforts to achieve their carbon neutrality targets. Furthermore, it has also been adopted in the Colombia Pavilion at Expo 2025 Osaka, Kansai, contributing to achieving the Sustainable Development Goals (SDGs). The Company is working to reduce CO₂ emissions across society and to achieve a carbon neutral society through NSCarbolex Neutral.

<Steel Plate>

- Working with the National Institute of Maritime, Port and Aviation Technology and Imabari Shipbuilding Co., Ltd., the Company has developed “highly-ductile hull steel plate that ensures excellent crashworthiness.” It received the 2024 Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology (Development Category) for this product. This technology was developed to prevent large-scale oil spills from ships and preserve the marine environment. Using state-of-the-art numerical simulations and large-scale structural experiments, the Company technically demonstrated a ductility target that is at least 1.5 times the conventional regulation value, and established the metallurgical principles necessary to improve ductility. As a result of these efforts, the Company succeeded in advancing steel plate manufacturing conditions and enabling mass production. Adopting the highly-ductile plate on the side hull enables vessels like ultra large crude oil tankers to reduce the risk of oil spill in case of collision. In addition, since the highly-ductile steel plate has the equivalent properties and workability as that of conventional plates including strength, toughness and weldability, the workload of shipyards does not change. The ships that have adopted this technology receive preferential tax treatment, as they are classified as “advanced ships” as stipulated in the Announcement 356 of the Ordinances of the Ministry of Land, Infrastructure, Transport and Tourism. The adoption of the technology has also been added as an evaluation term for benefits such as the reduction or exemption scheme of international harbor charges. These highly-ductile plates have already been adopted in 63 vessels (including the ones currently under planning) including eight ultra large crude oil tankers, contributing to the enhancement of competitiveness of the Japanese maritime industry.

<Pipe and Tube>

- The Company has newly obtained five “SuMPO EPD” certifications based on the SuMPO Environmental Labeling Program by the

Sustainable Management Promotion Organization, a General Incorporated Association (“SuMPO”), for its steel pipes and tubes used in the chemical industry and for boilers. This enables the quantitative disclosure of environmental information covering the entire lifecycle of a product, from resource extraction to manufacturing, distribution, use, disposal, and recycling, and also makes it easier to respond to CO₂ emission indication requirements for publicly procured goods. Our steel pipes and tubes used in the chemical industry and for boilers have been widely used in the energy sector, including petroleum refining, petrochemicals, and electric power and gas supply thanks to their excellent corrosion resistance, heat resistance, and low-temperature characteristics. The Company also provides “NSCarbolex™ Solution,” our high performance products and solution technology for the decarbonization and new energy sectors such as nuclear power generation and high-pressure hydrogen applications.

- The Company has newly obtained three “SuMPO EPD” certifications based on the SuMPO Environmental Labeling Program by the Sustainable Management Promotion Organization, a General Incorporated Association (“SuMPO”), for its hot extruded steel shape products. The Company’s hot extruded steel shapes leverage the mill properties of “free design” and “small-lot manufacturing,” and are employed in a wide range of sectors, such as logistics equipment, architecture, civil engineering, special vehicles, machine tools, food/medical equipment, and semiconductor manufacturing devices. Hot extruded steel shapes also contribute to CO₂ emissions reductions as a component product of NSCarbolex™ Solution by eliminating the need for welding and cutting work during steel processing. The Company will proactively disclose the environmental performance of its steel products, which are highly recyclable and environmentally friendly, and will contribute to achieving a carbon-neutral society.

<Bar and Wire Rod>

- Under the official development assistance project funded by the Japanese government for the Republic of Vanuatu, “Project for the Disaster Restoration of Teouma Bridge,” the Company, NIPPON STEEL WELDING & ENGINEERING Co., Ltd., and NIPPON STEEL BOLTEN CORPORATION delivered coating cycle extension steel “CORSPACE™”-based steel plates (SM490YB-CORSPACE, etc.), welding materials (SF-1, PX, etc.), and high-strength TC bolts (S10TCR) to Dai Nippon Construction Co., Ltd./Yokogawa Bridge Corp. This is the first time CORSPACE has been adopted for overseas bridge construction. CORSPACE is made by adding tin (Sn) to steel, and the amount of steel corrosion and the area of paint stripping in the coating film defect part are significantly reduced compared to conventional steel. In addition, CORSPACE can extend the coating repainting cycle and thereby achieving the reduction of life cycle cost. The Group will continue to actively deploy CORSPACE to ODA road (bridge) development projects to contribute to the export of “high quality infrastructure.”

<Construction Products>

- The Company has launched an overseas version of its “ProStruct™,” a construction solution brand, and has been operating this brand since October 2024. ProStruct offers a “steel materials and solution technology” package that combines high-performance products of steel material with advanced technologies of steel structure. This package contributes to highly strengthened, functional and optimized structures, shorten construction periods, and reduced cost and CO₂ emissions. As the first overseas package series of ProStruct, we have developed a total of three packages: “NSHYPER BEAM™ x Semi-rigid Composite Joint” for structural engineering field, “Widest Hot Rolled Sheet Pile x Reusability” and “Hat-type Sheet Pile x Close-proximity Installation” for civil engineering field. The Company will continue to contribute to the strengthening and development of social and industrial infrastructure through ProStruct.
- The “TN-X method” provided by the Company and TENOX CORPORATION has been adopted consecutively for the NRT Data Center Campus of MC Digital Reality, Inc. It was first adopted for NRT10 (in September 2021) and then for NRT12 (in March 2024), and it will next be adopted for NRT4, which is planned to go into operation in February 2025. The TN-X method achieves high bearing capacity by using a hydraulic expansion/contraction drilling head to form expanded foot protections of up to 2,400 millimeters at the tips of steel pipe piles. This method is used for large distribution warehouses, government buildings, hospitals, airport facilities, and other important building structures, and it has been recognized for its high seismic performance and low soil removal requirements. The Company will continue to contribute to the strengthening and development of Japan’s social and industrial infrastructure through the TN-X method.
- In April 2024, the Company launched sales of “NSYP™385B,” the first and highest-intensity hyper beam in Japan. This product is manufactured using the Thermo-Mechanical Control Process (TMCP), giving it a strength class of 550N/mm². NSYP385B offers both high strength and toughness with weldability improved. A variety of sizes is provided with a design standard strength (F value) of 385 N/mm², with web heights of 700 to 1000 mm and flange widths of 300 to 400 mm. The launch of NSYP385B will enable the Company to more fully meet the need for higher-strength materials resulting from increasing size of buildings, the need for further shorten construction periods amid worsening labor shortages, and the need to reduce CO₂ emissions. Broader adoption is also expected in ultra-high-rise structures, for which demand is rising.
- The Company has newly obtained three EcoLeaf Declaration certifications for its steel pipe pile and steel sheet pile products from the Sustainable Management Promotion Organization (SuMPO). Particularly, we are the first company to obtain certification for spiral steel pipe products. The EcoLeaf Declaration is an EPD certification system that discloses quantitative environmental information covering a product’s entire lifecycle. This makes it possible to objectively assess the environmental impact of steel pipe products.

<Titanium>

- The Company has obtained “SuMPO EPD” certification based on the SuMPO Environmental Labeling Program by the Sustainable

Management Promotion Organization, a General Incorporated Association (“SuMPO”), for its titanium plate, titanium wire rod, and pure nickel sheet products. For titanium plates, two types were certified: standard titanium plates and TranTixxii™-Eco. For titanium wire rods, two types were certified: general wire rods and TranTixxii-Eco. TranTixxii-Eco is an environmentally friendly material that is made using 50% or more scrap titanium and significantly reduces CO₂ emissions during the smelting process. Pure nickel sheets have excellence in corrosion resistance, high temperature strength, and are used in applications such as caustic soda plants and lithium-ion secondary batteries. This enables an objective assessment of the environmental impact over the entire product life cycle, and makes it easier to respond to CO₂ emission indication requirements for publicly procured goods. The Company will strengthen its initiatives aimed at achieving a carbon-neutral society.

- From January 2025, the Company will start offering 30-year service life warranty program for the titanium with aesthetic appearance “TranTixxii™” and “TranTixxii™-ECO” in relation to perforation caused by corrosion in certain materials. Furthermore, if certain conditions are met, the period of warranty against perforation can be extended up to four times additionally, namely up to 150 years maximum in total. TranTixxii is a cutting-edge material that has an ultra-long life, light weight, high strength, and excellent environmental performance. Made with our proprietary technology, it brings out its color aesthetics and color tone aesthetics. The launch of this service life warranty will allow customers to recognize the specific superiority of TranTixxii in terms of economic efficiency and reduced environmental impact in long-term use of buildings created by architects and designers.

<Railway/Automotive/Machinery Parts>

- The Company has newly obtained nine “SuMPO EPD” certifications based on the SuMPO Environmental Labeling Program by the Sustainable Management Promotion Organization, a General Incorporated Association (“SuMPO”), for its railway/automotive/machinery parts. The products that received certification were forged steel products, wheels and axles, circular forgings, die-forged products (non-heat-treated steel, heat-treated steel), railway wheels, gears, axles, and bogie frames. This enables an objective assessment of the environmental impact of railway/automotive/machinery parts in their lifecycles and makes it easier to respond to CO₂ emission indication requirements for publicly procured goods. The Company is reinforcing its initiatives for achieving carbon neutrality throughout the entire supply chain by leveraging NSCarbolex Solutions.

<Steelmaking Process, etc.>

- The Company is developing “hydrogen injection into blast furnaces” technology with government support, led by “Nippon Steel Carbon Neutral Vision 2050.” This technology will dramatically reduce CO₂ emissions by using hydrogen instead of coal during iron ore reduction in blast furnaces. Testing conducted from January to December 2024 reduced CO₂ emissions by 43%, which is the first in the world, and achieved the development target ahead of schedule. This result far surpassed previously disclosed results figures, both in Japan and overseas, demonstrating that the Company is taking the lead in decarbonization technology development. The Company will continue to develop scale-up technologies and accelerate efforts to realize technologies that reduce CO₂ emissions by 50% or more from the steelmaking process. This development project is being run with the support of the Green Innovation Fund of NEDO by a consortium comprising the Company, JFE Steel Corporation, Kobe Steel, Ltd., and the Japan Research and Development Center for Metals.
- In the 2024 Japan Institute of Invention and Innovation Awards, the Company received an “Invention Award” for the “invention of chromium resource recycling and environmentally harmonized steelmaking process of stainless steel.” This invention is a technology that enhances the chromium resource recycling yield in stainless steelmaking processes, enabling more effective utilization of chromium resources and reducing the environmental impact of slag, a byproduct of the stainless steelmaking process. Chromium resources are disproportionately found in a small number of countries. The Japanese government considers Chromium as an important mineral resource and maintains it for a national stockpile. In conventional steelmaking, after oxidizing refining, reduction refining was performed in the same furnace, but the reduction and recovery capabilities when using this approach was insufficient. With this invention, the Company developed technologies for completely separating oxidizing refining and reduction refining processes, and for controlling molten iron and slag components in the electric arc furnace where reduction refining is performed. The carbon concentration in molten iron during reduction has been increased, significantly enhancing the reducing power and thereby reducing chromium oxidation losses. Furthermore, the slag composition is optimally controlled using alumina and lime, which have no environmental impact, to achieve a balance between solubility and reactivity without using fluorite. Through these techniques, the Company has established a high-speed, highly efficient process for chromium reduction and recovery.

<Slag and Cement>

- In the slag concrete work of the above-ground structure for the “tentatively named BIZCORE Iidabashi Plan” ordered by Nippon Steel Kowa Real Estate Co., Ltd., KONOIKE CONSTRUCTION CO., LTD. used “CELBIC,” environmentally friendly BF concrete, achieving a reduction of approximately 28% in CO₂ emissions from concrete materials. CELBIC is a Class A type of concrete in which 30% of the ordinary Portland cement is replaced with micronized blast-furnace slag. The slag uses Esment™ from NIPPON STEEL SLAG PRODUCTS CO., LTD. Furthermore, Class B blast-furnace cement was used for the piles, in which 40 to 45% of ordinary Portland cement was replaced with micronized blast-furnace slag, resulting in an approximately 43% reduction in CO₂ emissions. By using micronized blast-furnace slag, a byproduct generated in steel plants, CELBIC contributes to reducing the use of natural resources. The Company will continue to promote the use of environmentally friendly concrete to achieve a decarbonized society.
- “KATAMA™ SP,” a steel slag product developed by the Company and distributed by NIPPON STEEL SLAG PRODUCTS CO.,

LTD., has been widely adopted since its launch in 2009 as a simple and cost-effective pavement material. As of December 2024, the cumulative shipments of KATAMA™ SP reached 10 million tons. Made from steel slag, this product has the property of solidifying when water is applied and then compacted with heavy machinery. Because of this property, it is used for simple paving work and weed control on forest roads, farm roads, solar power plant sites, unused land, road dividers, and other locations. This contributes to reducing maintenance and weeding costs. KATAMA™ SP also contributes to the preservation of natural stone resources and the reduction of environmental impact as an environmentally friendly material that effectively utilizes steelmaking byproducts. The Group will continue to contribute to the development of society through activities aligned with the Sustainable Development Goals (SDGs).

(Engineering and Construction)

Research and development expenses for this segment were 2.4 billion yen.

Nippon Steel Engineering Co., Ltd. has worked on the following R&D initiatives:

- Environmental and energy sector: Strengthening the competitiveness of waste to energy plants and biomass power plants, improving efficiency of cogeneration, research and development for carbon recycling
- Marine sector: Developing offshore wind power facilities and developing submarine pipeline installation
- Urban infrastructure sector: Developing seismic control/isolation device products, searching for next-generation products and developing soil purification technology
- On-land pipeline sector: Developing on-land pipeline welding technology

(Chemicals and Materials)

Research and development expenses for this segment were 4.0 billion yen.

In this segment, Nippon Steel Chemical & Materials Co., Ltd. has worked on the following R&D initiatives:

- Research and development of coal chemical products, chemicals, functional materials, composite materials, etc.

(System Solutions)

Research and development expenses for this segment were 2.8 billion yen.

In this segment, NS Solutions Corporation has worked on the following R&D initiatives:

Considering the uncertain situations such as technological advancements, business trends, social environments, and changes in people's values, we have set three 'future goals' for realizing the sustainability of society as a whole, based on the experience and know-how accumulated over many years in exploring, evaluating, and verifying new technologies, as well as supporting the introduction of new technologies to client companies, and have engaged in research and development.

- Future Goal 1: "The ultimate digital twin"* - Copying everything to the digital world to recreate it
- Future Goal 2: "Artificial intelligence that can understand and perform tasks" - Bringing the intellectual capacity of machines closer to that of humans
- Future Goal 3: "Sustainable corporate information system" - Making systems adaptable to change and long-lasting

*Digital twin: Copying and reproducing real-world objects such as plant equipment and products as data in a digital space to enable remote monitoring and control, reproduction of past conditions, and predictive simulations.

III. Information about Facilities

1. Overview of Capital Expenditures

The Company and its consolidated subsidiaries make capital expenditures independently as required. A breakdown of capital expenditures for the year ended March 31, 2025 (based on accepted property, plant and equipment and intangible assets (process computer systems, etc.)) is as follows.

	Year ended March 31, 2025	Year-on-year change
Steelmaking and Steel Fabrication	570,354 million yen	28 % increase
Engineering and Construction	4,042 million yen	29 % decrease
Chemicals and Materials	10,394 million yen	8 % increase
System Solutions	2,314 million yen	3 % decrease
Total	587,106 million yen	27 % increase
Adjustments	(3,635) million yen	—
Total	583,470 million yen	28 % increase

For the Steelmaking and Steel Fabrication business, the Group is committed to steadfastly and systematically pushing forward with measures to strengthen its foundation and competitiveness in an efficient way based on the long-term renewal plan, while adhering to the following basic policies: “to realize a higher-level order mix through aggressive investment in strategic products,” “to renew and improve facilities to ensure technological strength leading to profit generation,” and “to make the production framework streamlined and more efficient by selective concentration on certain products and facilities.”

2. Major Facilities

(1) Reporting company

(As of March 31, 2025) (Millions of Yen)

Business site (Location)	Segment name	Description of facilities	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land (area: 1,000 m ²)	Construction in progress	Total	Number of employees
Head Office, etc. (Chiyoda-ku, Tokyo and other locations)	Steelmaking and Steel Fabrication	Research and development facilities, other facilities	53,637	2,736	4,996	98,780 (3,034) [5]	112,524	272,676	4,619
North Nippon Works (Muroran City, Hokkaido and Kamaishi City, Iwate)	Same as above	Manufacturing facilities of bars and shapes	32,802	42,275	2,454	8,308 (11,175) [122]	3,009	88,849	1,245
East Nippon Works (Kashima City, Ibaraki, Kimitsu City, Chiba, and Joetsu City, Niigata)	Same as above	Manufacturing facilities of bars, shapes, flat-rolled products, pipes and tubes, stainless and titanium products	134,807	216,721	12,769	151,740 (21,962) [62]	38,050	554,089	6,355
Nagoya Works (Tokai City, Aichi)	Same as above	Manufacturing facilities of flat- rolled products, pipes and tubes	44,161	170,183	6,412	14,873 (6,489) [0]	80,526	316,157	3,168
Kansai Works (Wakayama City and Kainan City, Wakayama, Sakai City and Osaka City, Osaka, and Amagasaki City, Hyogo)	Same as above	Manufacturing facilities of billets, bars, shapes, flat- rolled products, pipes and tubes, railway/automotive /machinery parts	84,880	121,846	7,670	87,801 (7,715) [122]	15,556	317,755	5,051
Setouchi Works (Himeji City, Hyogo, Kure City, Hiroshima, Sakai City, Osaka, Saijo City, Ehime, Osaka City, Osaka and Amagasaki City, Hyogo)	Same as above	Manufacturing facilities of flat- rolled products	22,672	103,549	8,255	23,542 (9,136) [65]	22,352	180,371	2,506
Kyushu Works (Kitakyushu City, Fukuoka, Oita City, Oita and Hikari City, Yamaguchi)	Same as above	Manufacturing facilities of bars, shapes, flat-rolled products, pipes and tubes, titanium products	138,835	300,899	15,011	81,359 (23,488) [25]	41,881	577,986	5,708
Total			511,796	958,211	57,570	466,404 (83,001) [404]	313,902	2,307,886	28,652

Notes: 1. Figures in brackets in the Land (area: 1,000 m²) column indicate the area (1,000 m²) of land leased from parties other than the consolidated companies.

2. Head Office, etc. includes R&D Laboratories, offices, marketing branches and overseas offices.

3. The table above includes welfare facilities.

(2) Domestic subsidiaries

(As of March 31, 2024) (Millions of Yen)

Company name	Business site (Location)	Segment name	Description of facilities	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land (area: 1,000 m ²)	Construction in progress	Total	Number of employees
Sanyo Special Steel Co., Ltd.	Head Office/Works (Himeji City, Hyogo)	Steelmaking and Steel Fabrication	Manufacturing facilities of steel products, powders and formed and fabricated materials	12,583	40,778	2,104	10,614 (807) [5]	974	67,055	1,625
NIPPON STEEL COATED SHEET CORPORATION	Funabashi Works (Funabashi City, Chiba), etc.	Same as above	Sheet surface treatment facilities	10,598	4,444	888	19,249 (757) [52]	657	35,839	1,363
OSAKA STEEL CO., LTD.	Osaka Unit (Osaka City and Sakai City, Osaka), etc.	Same as above	Steelmaking and rolling facilities	5,208	13,249	1,843	29,953 (576) [44]	5,181	55,435	585
KROSAKI HARIMA CORPORATION	Head Office and Yahata Works (Kitakyushu City, Fukuoka), etc.	Same as above	Refractory manufacturing facilities	10,348	8,337	1,281	5,987 (1,119) [167]	408	26,363	2,514
NIPPON STEEL TEXENG CO., LTD.	Kimitsu Office (Kimitsu City, Chiba), etc.	Same as above	Steel product processing facilities	14,561	5,860	1,555	16,164 (1,055) [5]	942	39,084	10,089
NIPPON STEEL Stainless Steel Corporation	Yamaguchi Works (Hikari City and Shunan City, Yamaguchi), etc.	Same as above	Stainless steel manufacturing facilities	27,686	42,391	2,639	19,902 (3,594) [24]	10,890	103,509	2,535
NIPPON STEEL LOGISTICS CO., LTD.	Head Office (Chuo-ku, Tokyo), etc.	Same as above	Logistics equipments, etc.	17,882	19,319	3,738	14,709 (566) [8]	3,326	58,975	6,152
NIPPON STEEL ENGINEERING CO., LTD.	Kitakyushu Technology Center (Kitakyushu City, Fukuoka), etc.	Engineering and Construction	Facilities for general construction work	3,247	3,250	1,053	918 (495) [245]	242	8,712	1,691
NIPPON STEEL Chemical & Material CO., LTD.	Kyushu Works (Kitakyushu City, Fukuoka), etc.	Chemicals and Materials	Manufacturing facilities of chemicals, coal chemical products, functional materials, etc.	14,494	15,107	1,809	11,484 (473) [217]	1,459	44,356	1,913
NS Solutions Corporation	Head Office (Minato-ku, Tokyo), etc.	System Solutions	Data center facilities, computers and related equipment	6,830	0	5,111	2,398 (10)	110	14,451	3,952

Notes: 1. Figures in brackets in the Land (area: 1,000 m²) column indicate the area (1,000 m²) of land leased from parties other than the consolidated companies.

2. The table above includes welfare facilities.

(3) Foreign subsidiaries

(As of March 31, 2025) (Millions of Yen)

Company name	Business site (Location)	Segment name	Description of facilities	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land (area: 1,000 m ²)	Construction in progress	Total	Number of employees
PT KRAKATAU NIPPON STEEL SYNERGY	Head Office and Works (Cilegon City, Indonesia)	Steelmaking and Steel Fabrication	Manufacturing facilities of cold-rolled sheets and galvanized sheets	5,517	17,364	85	4,477 (184)	694	28,139	298
NS-Siam United Steel Co., Ltd.	Rayong Works (Rayong Province, Thailand)	Same as above	Manufacturing facilities of cold-rolled sheets and coated sheets	2,687	19,307	350	3,788 (502)	5,010	31,144	1,542
Standard Steel, LLC	Burnham Works (Pennsylvania State, United States of America)	Same as above	Wheels and axles manufacturing facilities	2,035	19,546	134	246 (353)	581	22,544	603
G Steel Public Company Limited	(Rayong Province, Thailand)	Same as above	Electric arc furnaces and hot-rolling facilities	2,853	20,111	1,571	1,994 (687)	2,812	29,343	669
G J Steel Public Company Limited	(Chon Buri Province, Thailand)	Same as above	Electric arc furnaces and hot-rolling facilities	5,693	24,866	1,524	4,658 (1,043)	1,155	37,898	709

3. Planned Addition, Retirement, and Other Changes of Facilities

The Company and its consolidated subsidiaries formulate capital expenditure plans by comprehensively taking into account the optimization of capital spending, future demand estimates, production plans and other factors under a severe revenue environment. In principle, facility plans are developed by the respective companies.

The amount of investment in additions and refurbishment of facilities for the year ending March 31, 2025 is being formulated.

The planned addition and retirement of important facilities are as follows.

Addition

Company name Business site	Location	Segment name	Description of facilities	Planned investment amount (Billions of Yen)		Financing method	Scheduled commencement and completion dates		Capacity, etc.
				Total	Amount already paid		Commencement	Completion	
The Company Nagoya Works	Tokai City, Aichi	Steelmaking and Steel Fabrication	Next-generation hot-strip mill	270.0	107.2	Self-financing, borrowing and other means	May 2022	First quarter of fiscal year 2026	6 million tonnes/year

Refurbishment

Company name Business site	Location	Segment name	Description of facilities	Planned investment amount (Billions of Yen)		Financing method	Scheduled commencement and completion dates		Capacity, etc.
				Total	Amount already paid		Commencement	Completion	
The Company East Nippon Works	Kimitsu City, Chiba	Steelmaking and Steel Fabrication	No. 3 coke oven (including fixtures and fittings)	39.0	13.2	Self-financing, borrowing and other means	February 2022	First half of fiscal year 2026	0.7 million tonnes/year
The Company Kyushu Works	Oita City, Oita	Steelmaking and Steel Fabrication	No. 2 coke oven (including fixtures and fittings)	50.0	7.7	Self-financing, borrowing and other means	June 2022	Second half of fiscal year 2025	0.8 million tonnes/year

IV. Status of the Reporting Company

1. Company's Shares, etc.

(1) Total number of shares, etc.

(a) Total number of shares

Class	Total number of shares authorized to be issued
Ordinary shares	2,000,000,000
Total	2,000,000,000

(b) Issued shares

Class	Number of shares issued as of the end of the fiscal year (March 31, 2025)	Number of shares issued as of the filing date (June 24, 2025)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Ordinary shares	1,074,726,752	1,074,726,752	Tokyo Stock Exchange on its Prime Market Nagoya Stock Exchange on its Premier Market Fukuoka Stock Exchange and Sapporo Securities Exchange	Shares with full voting rights Number of shares that constitute a share unit is 100 shares.
Total	1,074,726,752	1,074,726,752	—	—

(2) Subscription right for new shares

(a) Stock option plans

Not applicable

(b) Rights plans

Not applicable

(c) Subscription right for new shares for other uses

Not applicable

(3) Exercise status of corporate bond certificates, etc. corporate bond certificates, etc. with subscription right for new shares with an exercise price adjustment clause

Not applicable

(4) Changes in number of issued shares, common stock and capital reserve

Date	Changes in total number of issued shares	Balance of total number of issued shares	Changes in common stock (Millions of Yen)	Balance of common stock (Millions of Yen)	Changes in capital reserve (Millions of Yen)	Balance of capital reserve (Millions of Yen)
From April 1, 2023, to March 31, 2024 (Note)	227,903	950,549,305	275	419,799	275	111,807
From April 1, 2024, to March 31, 2025 (Note)	124,177,447	1,074,726,752	149,720	569,519	149,720	261,527

Notes: Increase due to the exercise of the stock acquisition rights of the convertible bonds.

(5) Shareholding by shareholder category

As of March 31, 2025

As of March 31, 2023

Category	Status of shares (1 unit = 100 shares)								Number of shares less than one unit
	National and local governments	Financial institutions	Japanese financial instruments business operators	Other corporations	Foreign shareholders		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders	5	194	73	5,562	761	1,594	533,789	541,978	—
Number of shares held (Units)	316	3,415,675	384,972	923,752	2,519,999	8,463	3,422,046	10,675,223	7,204,452
Shareholding ratio (%)	0.00	32.00	3.61	8.65	23.61	0.08	32.06	100	—

Notes: 1. Treasury stock is included in “Individuals and others” in the amount of 284,325 units, and in “Shares less than one unit” in the amount of 107 shares.

This number of shares of treasury stock is the number listed on the register of shareholders. The number of shares substantially held by the Company is 28,431,942 shares.

2. Shares held under the name of Japan Securities Depository Center are included in “Other corporations” in the amount of 78 units, and in “Shares less than one unit” in the amount of 42 shares.

3. The number of shareholders who only hold shares less than one unit is 147,688 persons.

(6) Major shareholders

As of March 31, 2025

Name	Address	Number of shares held (Hundreds of shares)	Number of shares held as a percentage of total shares issued (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	1,545,044	14.8
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	554,139	5.3
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	196,593	1.9
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1-6-6 Marunouchi, Chiyoda-ku, Tokyo (1-8-1 Akasaka, Minato-ku, Tokyo)	191,791	1.8
KOREA SECURITIES DEPOSITORY-SAMSUNG (Standing proxy: Citibank, N.A., Tokyo Branch)	34-6, YEOUIDO-DONG, YEONGDEUNGPO-GU, SEOUL, KOREA (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	157,045	1.5
Meiji Yasuda Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	2-1-1 Marunouchi, Chiyoda-ku, Tokyo (1-8-12 Harumi, Chuo-ku, Tokyo)	137,127	1.3
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1 Konan, Minato-ku, Tokyo)	136,840	1.3
Nippon Steel Group Employees Shareholding Association	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	130,382	1.3
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (2-15-1 Konan, Minato-ku, Tokyo)	122,520	1.2
Mizuho Bank, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	1-5-5 Otemachi, Chiyoda-ku, Tokyo (1-8-12 Harumi, Chuo-ku, Tokyo)	110,466	1.1
Total	—	3,281,950	31.4

Notes: 1. In addition to the above, there are 284,319 hundred shares of treasury stock held by the Company (shareholding ratio: 2.7%).

2. The above number of shares held by The Master Trust Bank of Japan, Ltd. (Trust Account) includes 684,281 hundred shares held in an investment trust and 24,292 hundred shares held in a pension trust.

3. The above number of shares held by the Custody Bank of Japan, Ltd. (Trust Account) includes 313,628 hundred shares held in an investment trust and 38,766 hundred shares held in a pension trust.

4. In a Statement of Changes to a Statement of Large Volume Holding made available for public inspection as of October 21, 2024, it is stated that Nomura Securities Co., Ltd. and its joint holders, NOMURA INTERNATIONAL PLC, NOMURA SECURITIES INTERNATIONAL, Inc. and Nomura Asset Management Co., Ltd., held the following shares of NIPPON STEEL as of October 15, 2024. However, they are not included in the above major shareholders because NIPPON STEEL is unable to confirm the actual number of shares held by the said companies as of March 31, 2025.

The details in the Statement of Changes are as follows:

Name / Company name	Number of share certificates, etc. held (Hundreds of shares)	Ownership ratio (%)
Nomura Securities Co., Ltd.	42,176	0.42
NOMURA INTERNATIONAL PLC	58,194	0.58
NOMURA SECURITIES INTERNATIONAL, Inc.	3,200	0.03
Nomura Asset Management Co., Ltd.	394,959	3.92
Total	498,530	4.95

(7) Voting rights

(a) Issued shares

As of March 31, 2025

Classification	Number of shares	Number of voting rights (Units)	Description
Non-voting shares	—	—	—
Shares with restricted voting rights (Treasury stock, etc.)	—	—	—
Shares with restricted voting rights (Other)	—	—	—
Shares with full voting rights (Treasury stock, etc.)	Ordinary shares 29,547,500	—	Number of shares that constitute a share unit is 100 shares.
Shares with full voting rights (Other)	Ordinary shares 1,037,974,800	10,379,748	Number of shares that constitute a share unit is 100 shares.
Shares less than one unit	Ordinary shares 7,204,452	—	—
Total number of issued shares	1,074,726,752	—	—
Total voting rights held by all shareholders	—	10,379,748	—

Notes: 1. The figure in “Shares with full voting rights (Treasury stock, etc.)” above includes shares of treasury stock of 28,431,900 shares and cross-held shares of 1,115,600 shares (including the Company’s shares of 239,700 shares contributed to the retirement benefit trust).

2. The figure in “Shares with full voting rights (Other)” above includes 7,800 shares (78 voting rights) held under the name of Japan Securities Depository Center, and 600 shares recorded on the register of shareholders as being held under the name of the Company, which are not substantially held by the Company.

3. The figure in “Number of shares” for “Shares less than one unit” includes the following treasury stock, shares held by subsidiaries and cross-held shares, as well as 42 shares held under the name of Japan Securities Depository Center. In addition, it also includes 65 shares recorded on the register of shareholders as being held under the name of the Company, which are not substantially held by the Company.

The Company: 42 shares; NS United Kaiun Kaisha, Ltd.: 23 shares; TETSUGEN Corporation: 7 shares; STEEL CENTER CO., LTD.: 41 shares; Kyoei Steel Ltd.: 50 shares; DAIDO LOGISTICS INC.: 58 shares

(b) Treasury stock, etc.

As of March 31, 2025

Shareholders	Addresses of shareholders	Number of shares held under the name of the Company	Number of shares held under the name of others	Total number of shares held	Number of shares held as a percentage of total shares issued (%)
(Treasury stock) The Company (Cross-held shares)	2-6-1 Marunouchi, Chiyoda-ku, Tokyo	28,431,900	—	28,431,900	2.65
NS United Kaiun Kaisha, Ltd.	1-5-1 Otemachi, Chiyoda-ku, Tokyo	649,300	—	649,300	0.06
Keiyo Tekko Futo Co., Ltd.	5 Takayashinmach, Ichikawa-shi	100,000	—	100,000	0.01
TETSUGEN Corporation	1-4-4 Fujimi, Chiyoda-ku, Tokyo	96,300	—	96,300	0.01
STEEL CENTER CO., LTD.	3-6-2 Uchikanda, Chiyoda-ku, Tokyo	12,900	—	12,900	0.00
Kowa Seiko Co., Ltd.	46-93 Aza-sakinohama, Nakabaru, Tobata-ku, Kitakyushu-shi	10,000	—	10,000	0.00
Kyoei Steel Ltd.	1-4-16 Dojimahama, Kita-ku, Osaka-shi	7,300	—	7,300	0.00
DAIDO LOGISTICS INC.	3-2-1 Kuiseminamishinmachi, Amagasaki-shi	100	—	100	0.00
Total		29,307,800	—	29,307,800	2.73

Notes: 1. In addition to the above, the number of shares with full voting rights (treasury stock, etc.) is 29,547,500 shares, when combined with 239,700 shares of the Company contributed to the retirement benefit trust.

2. In addition to the above, there are 600 shares recorded on the register of shareholders as being held under the name of the Company, which are not substantially held by the Company.

2. Acquisition and Disposal of Treasury Stock

Class of shares: Acquisition of ordinary shares under Article 155, Item 7 of the Companies Act

(1) Acquisition by resolution of the general meeting of shareholders

Not applicable

(2) Acquisition by resolution of the board of directors

Not applicable

(3) Acquisition not based on resolution of the general meeting of shareholders or the board of directors

Acquisition of ordinary shares under Article 155, Item 7 of the Companies Act

Classification	Number of shares	Total amount (Yen)
Treasury stock acquired during the year ended March 31, 2025	17,802	58,347,809
Treasury stock acquired during the period from April 1, 2025 to the filing date of this report	1,663	4,928,154

Note: “Treasury stock acquired during the period from April 1, 2025 to the filing date of this report” does not include the number of shares less than one unit purchased during the period from June 1, 2025 to the filing date of this report.

(4) Disposal of treasury stock acquired and number of share of treasury stock held

Classification	Year ended March 31, 2025		Period from April 1, 2025 to the filing date of this report	
	Number of shares	Total disposal amount (Yen)	Number of shares	Total disposal amount (Yen)
Treasury stock acquired for which subscribers were solicited	—	—	—	—
Treasury stock acquired that were cancelled	—	—	—	—
Treasury stock acquired for which share transfer was conducted in association with merger/share exchange/issue of share/company split	—	—	—	—
Other (Based on demand for cash-out of shares less than one unit)	1,193	2,303,794	340	656,725
Number of shares of treasury stock held	28,431,942	—	28,433,265	—

Note: “Number of shares of treasury stock held” during the “Period from April 1, 2025 to the filing date of this report” does not include the number of shares acquired or disposed of based on the exercise of appraisal rights or demand for cash-out of shares less than one unit during the period from June 1, 2025 to the filing date of this report.

3. Dividend Policy

The Company's basic profit distribution policy is to pay dividends from distributable funds at the end of the first half (interim) and second half (year-end) of the fiscal year, in consideration of the consolidated operating results and such factors as capital requirements for investment and other activities aimed at raising corporate value and performance prospects while also considering the financial structure of the Company on both consolidated and non-consolidated basis.

The Company has adopted a consolidated annual payout ratio target of around 30% as the benchmark for the "payment of dividends from distributable funds in consideration of the consolidated operating results."

The level of the first-half dividend is determined based on consideration of interim performance figures and forecasts for the full fiscal year performance.

As in the past, the year-end dividend payment will be made according to the resolution of the General Meeting of Shareholders, and any other form of distribution and appropriation of surplus (including the interim dividend) will be made according to the resolution of the Meeting of the Board of Directors as provided in Article 33 of the Articles of Incorporation and with the aim of securing flexibility in financial operations.

, The Company paid a dividend of 80 yen per share at the end of the first half. Regarding the year-end dividend, the Company resolved at the 101st General Meeting of Shareholders held on June 24, 2025 to pay a year-end dividend of 80 yen per share (the annual dividend is 160 yen per share).

Date of resolution	Total amount of dividends (Millions of Yen)	Dividends per share (Yen)
The Meeting of the Board of Directors held on November 7, 2024	83,704	80
The 101st General Meeting of Shareholders held on June 24, 2025	83,703	80

4. Corporate Governance, etc.

(1) Overview of corporate governance

(a) Basic Views on Corporate Governance

Under the corporate philosophy as described below, the Company has established a corporate governance system suited to the businesses of the NIPPON STEEL Group in order to achieve the sound and sustainable growth of the NIPPON STEEL Group and increase its corporate value over the medium- to long-term, in response to the mandate delegation of responsibilities by and trust of from all stakeholders, including its shareholders and business partners.

NIPPON STEEL GROUP Corporate Philosophy

Our Values

Nippon Steel Corporation Group will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services.

Management Principles

1. We continue to emphasize the importance of integrity and reliability in our actions.
2. We provide products and services that benefit society, and grow in partnership with our customers.
3. We pursue world-leading technologies and manufacturing capabilities.
4. We continually anticipate and address future changes, innovative from within, and pursue unending progress.
5. We develop and bring out the best in our people to make our Group rich with energy and enthusiasm.

(b) Overview of corporate governance system and reasons for adopting the system

a. Reasons for Adopting a Company with an Audit & Supervisory Committee

The Company has adopted a company structure with an Audit & Supervisory Committee for the purpose of, among others, expediting management decision-making, enhancing discussions relating to items such as the formulation of policies and strategies by limiting the number of items for deliberation by the Board of Directors, and strengthening the supervisory function of the Board of Directors over management.

b. Corporate Governance System

Currently, the Board of Directors is comprised of 14 members, of whom 9 are Directors (excluding Directors who are Audit & Supervisory Committee Members) and 5 are Directors who are Audit & Supervisory Committee Members. By all Directors appropriately fulfilling their respective roles and responsibilities, prompt decision-makings are achieved corresponding to changes in the management environment, and multifaceted deliberations and objective and transparent decision-makings by the Board of Directors are secured. In addition, Directors who are Audit & Supervisory Committee Members have voting rights on the Board of Directors regarding decisions on proposals for the election and dismissal of Directors as well as on election and dismissal of Representative Directors, and other decisions in general regarding business execution (excluding decisions that have been delegated to Directors). The Audit & Supervisory Committee has the authority to give its opinions at the General Meeting of Shareholders regarding the election, compensation, etc. of Directors, excluding Directors who are Audit & Supervisory Committee Members. This structure strengthens the supervisory function of the Board of Directors over management.

Also, in accordance with a provision in the Articles of Incorporation, the Board of Directors of the Company delegates part of the decisions regarding execution of important operations (excluding matters listed in each item of Article 399-13, Paragraph 5 of the Companies Act) to the Representative Director and Chairman and Representative Director and President, thereby expediting management decision-making. During the current fiscal year, the Board of Directors deliberated on the formulation of management policies and strategies, important business strategy matters, the status of Group companies (management soundness assessment, etc.), the status of initiatives for safety, the environment, disaster prevention, quality, carbon neutrality and diversity and inclusion and measures to secure human resources and promote the advancement of employees. The Board of Directors also deliberated on the selection of Representative Directors, the nomination of candidates for the Board of Directors, the selection of senior management, the amount of compensation for the Directors (excluding Directors who are Audit & Supervisory Committee Members), the verification of strategic shareholdings, the analysis and evaluation of the effectiveness of

the Board of Directors as a whole, the status of development and operation of internal control systems, feedback from shareholders and investors, and other matters. In order for all Outside Directors to obtain necessary information and sufficiently fulfill their roles, the Chairman, the President and other senior management regularly hold meetings with all Outside Directors to share management challenges, and exchange opinions.

Outside Directors account for one-third (5 out of 15) of all members of the Company's Board of Directors.

Composition of the Board of Directors

Name	Position	Attendance during fiscal 2024 (attendance rate)		
	Board of Directors' meeting	Audit & Supervisory Committee meeting	Nomination and Compensation Advisory Committee meeting	
[Directors (excluding Directors who are Audit & Supervisory Committee Members)]				
Eiji Hashimoto	Representative Director, Chairman and CEO	18 out of 18 meetings (100%)	—	3 out of 3 meetings (100%)
Tadashi Imai	Representative Director, President and COO (Chairperson)	18 out of 18 meetings (100%)	—	3 out of 3 meetings (100%)
Takahiro Mori	Representative Director, Vice Chairman and Executive Vice President	14 out of 14 meetings (100%)	—	—
Naoki Sato	Representative Director and Executive Vice President	18 out of 18 meetings (100%)	—	—
Takashi Hirose	Representative Director and Executive Vice President	18 out of 18 meetings (100%)	—	—
Kazuhisa Fukuda	Representative Director and Executive Vice President	11 out of 11 meetings (100%)	—	—
Hirofumi Funakoshi	Representative Director and Executive Vice President	18 out of 18 meetings (100%)	—	—
Hiroyuki Minato	Representative Director and Executive Vice President	14 out of 14 meetings (100%)	—	—
Nobuhiro Fujita	Representative Director and Executive Vice President	—	—	—
Tetsuro Tomita	Director (Outside Director) (Independent Director)	16 out of 18 meetings (89%)	—	3 out of 3 meetings (100%)
Kuniko Urano	Director (Outside Director) (Independent Director)	18 out of 18 meetings (100%)	—	3 out of 3 meeting (100%)
[Directors who are Audit & Supervisory Committee Members]				
Kazumasa Shinkai	Senior Audit & Supervisory Committee Member (full-time)	—	—	—
Eiji Sogo	Senior Audit & Supervisory Committee Member (full-time)	—	—	—
Kenji Hiramatsu	Audit & Supervisory Committee Member (Outside Director) (Independent Director)	—	—	—
Aiko Sekine	Audit & Supervisory Committee Member (Outside Director) (Independent Director)	—	—	—
Sumiko Takeuchi	Audit & Supervisory Committee Member (Outside Director) (Independent Director)	—	—	2 out of 2 meetings (100%)

Notes: 1. The details of each member, including titles and brief personal histories, are described in “4. Corporate Governance, etc., (2) Status of Officers, (a) List of Officers” of this report.

2. Nobuhiro Fujita was elected at the 101st General Meeting of Shareholders held on June 24, 2025.

3. For Hiroyuki Minato, Kazumasa Shinkai, Eiji Sogo, Kenji Hiramatsu, Aiko Sekine and Sumiko Takeuchi, attendance during fiscal 2024 since their election at the 100th General Meeting of Shareholders held on June 21, 2024 is shown.

4. For Director who retired at the conclusion of the 101st General Meeting of Shareholders held on June 24, 2025, attendance during fiscal 2024 is as follows.

Name	Position at the time of retirement	Attendance during fiscal 2024 (attendance rate)		
		Board of Directors' meeting	Audit & Supervisory Committee meeting	Nomination and Compensation Advisory Committee meeting
Kazuhisa Fukuda	Director	18 out of 18 meetings (100%)	—	—

5. For Directors who retired at the conclusion of the 100th General Meeting of Shareholders held on June 21, 2024, attendance during fiscal 2024 is as follows.

Name	Position at the time of retirement	Attendance during fiscal 2024 (attendance rate)		
		Board of Directors' meeting	Audit & Supervisory Committee meeting	Nomination and Compensation Advisory Committee meeting
Kose Shindo	Director and Senior Advisor	4 out of 4 meetings (100%)	—	—
Shozo Furumoto	Senior Audit & Supervisory Committee Member (full-time)	4 out of 4 meetings (100%)	5 out of 5 meetings (100%)	—
Masayoshi Murase	Audit & Supervisory Committee Member (full-time)	4 out of 4 meetings (100%)	5 out of 5 meetings (100%)	—
Seiichiro Azuma	Audit & Supervisory Committee Member (Outside Director) (Independent Director)	4 out of 4 meetings (100%)	5 out of 5 meetings (100%)	—
Hiroshi Yoshikawa	Audit & Supervisory Committee Member (Outside Director) (Independent Director)	4 out of 4 meetings (100%)	5 out of 5 meetings (100%)	—
Masato Kitera	Audit & Supervisory Committee Member (Outside Director) (Independent Director)	3 out of 4 meetings (75%)	5 out of 5 meetings (100%)	1 out of 1 meetings (100%)

c. Establishment and Operation of the Internal Control System

To comply with applicable laws and regulations, and ensure the integrity of financial reports and the effectiveness and efficiency of business and affairs, the Company establishes and appropriately operates an internal control system, and strives to continually improve it. To create a sound and open organization, the Company establishes the internal control environment by emphasizing dialogue in and outside the workplace, regularly conducting attitude surveys with all employees, and establishing a whistleblower system to receive consultation and reports not only from officers and employees of the Company and the Group companies, but also from their families.

d. Appropriate Information Disclosure

To enhance management transparency and advance a correct understanding by stakeholders on the management situation of the Group, the Company not only seeks to disclose information in accordance with applicable laws and regulations and the rules of financial instruments exchanges, but also seeks to disclose financial and non-financial information at an appropriate timing, in an easily understandable manner, and accurately.

e. Regular Examination and Review of Corporate Governance

The Company regularly examines and reviews, at the Board of Directors, the corporate governance structure, its operating situation, and other relevant facts and circumstances, including the analysis and evaluation of the effectiveness of the Board of Directors as a whole so that the Company will be able to make improvements autonomously, considering the opinions of Outside Directors.

(c) Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee is positioned as a forum for broad discussion and consideration of all matters related to the Company's executive personnel and compensation, including the composition of the entire Board of Directors and Audit & Supervisory Committee, and the compensation system and compensation levels of Directors. It is comprised of the Chairman, the President, and three or more members designated by the President who is the Chairperson, from among the Outside Directors.

The Nomination and Compensation Advisory Committee comprises five members, the Representative Director and Chairman, Eiji Hashimoto, the Representative Director and President, Tadashi Imai, and Outside Directors Tetsuro Tomita, Kuniko Urano and Kenji Kitera. The President serves as the Chairman of the Committee. In principle, the meeting is held twice a year (in fiscal 2024, it was held in May and December 2024, and February 2025).

(d) Status of development and operation of the internal control system

The Company has established its basic policy on internal control system at the Board of Directors meeting as follows, and operates the system in accordance with such policy.

Basic Policy on Internal Control System (System for Ensuring Appropriateness of its Business)

The Company is aiming at continuous improvement of its corporate value and winning the trust of society under the “NIPPON STEEL GROUP Corporate Philosophy”. In addition, the Company will establish and appropriately manage an internal control system (a system for ensuring appropriateness of business, etc.) as follows to comply with applicable laws and regulations, and ensure integrity of financial reporting, and effectiveness and efficiency of business, and will continue to improve such system in view of further enhancement of corporate governance.

I. Matters Necessary for the Execution of Duties of the Audit & Supervisory Committee

(a) Matters related to Directors and Employees to Assist the Audit & Supervisory Committee of the Company in its Duties

The Company will establish the Audit & Supervisory Committee Members' Office and assign full-time employees (the “dedicated staff members”), in order to assist the Audit & Supervisory Committee in the smooth execution of its duties. No Directors will be assigned to assist the Audit & Supervisory Committee in its duties.

(b) Matters related to the Independence of the Dedicated Staff Members from Other Directors (Excluding Directors Who are Audit & Supervisory Committee Members) and Matters related to Ensuring the Effectiveness of Instructions of the Audit & Supervisory Committee to the Dedicated Staff Members

The dedicated staff members are full-time employees and perform their duties under the direction of the Audit & Supervisory Committee. In addition, the Head of the Human Resources Division discusses with the Audit & Supervisory Committee in advance the transfer and evaluation, etc. of the dedicated staff members to ensure their independence from the executive divisions and the effectiveness of the Audit & Supervisory Committee's instructions to the dedicated staff members.

(c) System for Directors, Employees, Etc. of the Company and its Subsidiaries to Report to the Audit & Supervisory Committee

The Directors (excluding Directors who are Audit & Supervisory Committee Members), Executive Officers, General Managers, and other employees of the Company will report to the Audit & Supervisory Committee in a timely and appropriate manner in accordance with laws and regulations or the Company's rules, either directly or through the related divisions such as the Internal Control & Audit Division, on the status of the execution of duties, the maintenance and operation of the internal control system (hereinafter including the status of whistleblower systems.), major accidents and incidents, and other matters related to risk management. They will also report important management matters to the Board of Directors, the Corporate Policy Committees and the Risk Management Committees, and other corporate committees, and thereby share such information with the Audit & Supervisory Committee.

In addition, the directors, audit & supervisory board members, employees, etc. of each Group company of the Company will report to the Audit & Supervisory Committee in a timely and appropriate manner in accordance with laws and regulations or the Company's rules and other regulations, either directly or through the related divisions such as the Internal Control & Audit Division, on the status of the execution of duties, the maintenance and operation of internal control systems, major accidents and incidents, and other matters related to risk management at each Group company.

(d) System to Ensure that the Person Who Made the Report Referred to in the Preceding Paragraph will not be Treated Unfavorably for the Reason of Making Such Report

The Company will stipulate Rules for the Whistleblower System, which state that the Company shall not unfavorably treat a person who has reported as stated in the preceding paragraph, for reasons of such report, make such rules known, and implement them appropriately.

(e) Matters related to the Policy for the Handling of Expenses Incurred in the Performance of Duties by Audit & Supervisory Committee Members

The Company will record in its budget such expenses as it deems necessary for the execution of duties of Audit & Supervisory Committee Members. If an Audit & Supervisory Committee Member requests reimbursements of such expenses, the Company will handle them appropriately in accordance with the provisions of the Companies Act.

(f) Other Systems to Ensure that Audits by the Audit & Supervisory Committee are Conducted Effectively

The General Manager of the Internal Control & Audit Division and the heads of each functional division of the Company cooperate closely with the Audit & Supervisory Committee through means such as exchanging opinions on the operation of the internal control system and other matters on a regular basis or whenever necessary. In addition, the Company will strive to create an environment that enables the Audit & Supervisory Committee to conduct audits in an organized and efficient manner.

II. System to Ensure that Execution of Duties by the Directors of the Company Complies with Applicable Laws and Regulations and the Articles of Incorporation and Other Systems to Ensure Appropriateness of Operation in the Corporate Group Consisting of the Company and its Subsidiaries

(a) System to Ensure that Performance of Responsibilities by the Directors of the Company Complies with Applicable Laws and Regulations and the Articles of Incorporation

The Board of Directors will make decisions or receive reports on important matters of management in accordance with the Rules of the Board of Directors and other relevant internal rules.

In accordance with the resolution at the Board of Directors, each of the Executive Directors will, in his/her assigned area, perform his/her responsibilities and supervise the performance of responsibilities of employees, and report such supervisory status to the Board of Directors.

(b) System for the Preservation and Management of Information in relation to the Performance of Responsibilities by the Directors of the Company

The Company will appropriately preserve various information in relation to the performance of responsibilities, including minutes of Meetings of the Board of Directors, by, among others, specifying managers in charge of information preservation and management, and classifying each information by security level, in accordance with the internal rules for information management.

The Company will seek to make timely and accurate disclosure of important corporate information, such as its management plan and financial information, in addition to such disclosure as required by applicable laws and regulations.

(c) Rules and Other Systems with respect to Loss-related Risk Management of the Company

The General Manager of each division will identify and evaluate risks associated with business in his/her division, and carry out his/her duties in accordance with the authority and responsibilities set out in internal rules for organization and operation.

With respect to risks related to areas such as safety and health, environment and disaster prevention, information management, intellectual properties, quality control, and integrity of financial reporting, the division in charge of each specific area (each functional division) will establish rules and other systems from a company-wide perspective, inform other divisions of such rules and systems, identify and evaluate the status of risk management at other divisions through monitoring and other methods, and provide guidance and advice to such divisions.

Upon the occurrence of an accident, disaster, compliance issue, or other event which causes a material effect on the management, the Executive Directors will immediately convene "Emergency Control Headquarters" and other meetings, and take necessary actions in order to minimize the damage, impact, and other effects.

(d) System to Ensure Efficiency in the Performance of Responsibilities by Directors of the Company

The Board of Directors will make decisions on the execution of management plans and business strategies, as well as important business executions such as capital expenditure, and investments and provision of loans, after such matters are deliberated by companywide Committees for relevant areas such as ordinary budget, plant and equipment investment budget, investment and financing, and technology development, and the Corporate Policy Committee.

The business execution under the resolution at the Board of Directors and other corporate organizations is performed promptly by the Executive Directors, Executive Officers, and General Managers.

(e) System to Ensure that Performance of Responsibilities by Employees of the Company Complies with Applicable Laws and Regulations and the Articles of Incorporation

The Company will build and maintain an internal control system based on autonomous internal controls.

Each General Manager will develop an autonomous internal control system in his/her Division, and strive to ensure thorough compliance with applicable laws and regulations and internal rules, and prevent any violation of applicable laws and regulations in business and affairs. The Company will also develop and enhance an employee-education system that includes regular seminars, and the creation and distribution of manuals for the purpose of ensuring compliance with applicable laws and regulations and internal rules. When each General Manager becomes aware of any potentially illegal acts or facts, he or she will immediately report such matters to the General Manager for the Internal Control & the Audit Division.

The General Manager of the Internal Control & Audit Division will confirm the status of developing and operating company-wide internal control systems, and identify and evaluate each Division's situation of compliance with applicable laws and regulations and internal rules, and take necessary measures such as preventing violations of applicable laws and regulations and internal rules. Moreover, the General Manager will report on such matters to the Risk Management Committee, and further report on important items among such matters to the Corporate Policy Committee and the Board of Directors. The General Manager will also establish and operate a whistleblower system that provides consultations and takes reports regarding risks in the operation of business.

Employees are obligated to comply with applicable laws and regulations and internal rules and to appropriately perform their responsibilities. Employees who violate applicable laws and regulations and internal rules will be subject to disciplinary action under the Rules of Employment.

(f) System to Ensure Appropriateness of Operation in the Corporate Group Consisting of the Company and its Subsidiaries

Under the "Corporate Philosophy of the NIPPON STEEL Group," the Company and each Group company will share business strategy and conduct their business in a unified manner, taking into account each company's business characteristics, and will familiarize their respective employees with their respective business operation policies and other related matters. With respect to control of the Group companies, the Company will set forth basic rules in the Rules for Control of group companies, and ensure their appropriate application.

Each Group company will build and maintain its internal control system based on autonomous internal controls, and seek to improve measures relating to internal control through, among other measures, information sharing with the Company. Each responsible division of the Company will confirm the status of internal controls at each Group company, and provide assistance in its improvements, where necessary.

The General Manager of the Internal Control & Audit Division will coordinate with each functional division, and identify and evaluate the situation of internal control of the Group companies as a whole, and provide guidance and advice to each responsible division and each Group company.

The specific systems under the views above are as follows.

(i) System for Reporting to the Company in relation to the Performance of Responsibilities by the Group Companies' Directors

The responsible divisions of the Company will request that each Group company report on important management matters in relation to the Company's consolidated management or each Group company's management, including business plans, significant business policies, and financial results, and give advice and other guidance.

(ii) Rules and Other Systems with respect to Group Companies' Loss-related Risk Management

The responsible divisions of the Company will request that each Group company report on the situation of risk management in each Group company, and give advice and other guidance.

(iii) System to Ensure Efficiency in the Performance of Responsibilities by the Group Companies' Directors

The responsible divisions of the Company will evaluate the business performance of each Group company, and give support for the management.

(iv) System to Ensure that the Performance of Responsibilities by Group Companies' Directors and Employees Complies with Applicable Laws and Regulations and the Articles of Incorporation

The responsible divisions of the Company will request that Group companies report on their respective situation on compliance with applicable laws and regulations, and the development and operation of internal control systems, and give necessary support, advice, and other guidance. Additionally, such divisions will request that each Group company report on any actions and facts in such Group company that may violate applicable laws and regulations, and promptly report to the General Manager of the Internal Control & Audit Division.

(e) Basic Policy regarding the Control of the Company

The Company established as follows the Basic Policy on the Composition of Persons to Control the Decision-Making over the Financial and Business Policies of the Company.

Basic Policy on the Composition of Persons to Control the Decision-Making over the Financial and Business Policies of the Company

Under the corporate philosophy that the NIPPON STEEL Group will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services, the NIPPON STEEL Group aims to improve its corporate value, and further the common interests of its shareholders, by enhancing its competitiveness and profitability through the planning and execution of management strategies.

The Company believes that in the event a third party proposes the acquisition of substantial shareholdings in the Company (a “Takeover Proposal”), the ultimate decision as to whether or not to accept the Takeover Proposal should be made by the then shareholders of the Company. On the other hand, the Company believes that such Takeover Proposals could include those with the potential to cause clear damage to the corporate value of the Company or the common interests of the shareholders of the Company or those with the potential to practically coerce shareholders into selling their shares of the Company.

Consequently, the Company will pay close attention to the status of trading of shares of the Company and changes of its shareholders in order to prepare for such disadvantages to the shareholders of the Company in the event a Takeover Proposal is made by a third party, and, for the occasions where a Takeover Proposal is actually made, will make efforts to enable its shareholders to make an appropriate informed judgment based on sufficient information and with a reasonable time period to consider such proposal. If a Takeover Proposal is reasonably judged to damage the corporate value of the Company, which could result in harm to the common interests of shareholders of the Company, the Company will aim to protect its corporate value and the common interests of its shareholders by taking prompt and appropriate measures to the extent permitted under the then applicable laws and regulations.

(f) Liability Limitation Agreements with Non-executive Directors

The Company has concluded an agreement with each of the Non-executive Directors that limits his liability under Article 423, Paragraph 1 of the Companies Act to the greater of 20 million yen or the Minimum Liability Amount, as defined in Article 425, Paragraph 1 of the Companies Act, so long as he acts in good faith and without gross negligence in performing his responsibilities.

(g) Indemnity agreement with Directors

The Company has entered into an agreement with each of the Directors to indemnify each of them for the costs stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses stipulated in Item 2 of the same Paragraph to the extent stipulated by laws and regulations. The agreement stipulates, among others, that the Company shall not be obligated to compensate each of them for the costs incurred by a Director in the event that the Company makes a claim seeking liability against that Director (excluding cases of shareholder derivative suits), or the costs in the event that a Director has acted in bad faith or gross negligence in performing their duties.

(h) Directors and officers liability insurance contract

The Company has concluded a directors and officers liability insurance contract with the insurance company with persons including directors, audit & supervisory board members, executive officers, and important employees, of the Company, its subsidiaries, and other related entities as the insured. Under the contract, the insurance company will cover, among others, legal compensation for damages and litigation costs to be incurred by the insured as a result of claims for damages arising from acts (including inactions) of the insured pursuant to their positions. All insurance premiums are paid by the Company and its subsidiaries. The contract stipulates a deductible amount and also stipulates that damages caused by criminal acts of the insured or damages caused by acts committed by the insured that the insured knew were in violation of laws and regulations are not covered.

(i) Maximum number of Directors

The Articles of Incorporation of the Company stipulate that the maximum number of Directors shall be twenty (20) (the maximum number of Directors who are Audit & Supervisory Committee Members shall be seven (7)).

(j) Requirements for Resolution of Appointment and Dismissal of Directors

The Company stipulates in its Articles Incorporation that a resolution of a general meeting of shareholders electing Directors shall require the presence of the shareholders holding in the aggregate one third or more of the votes of the shareholders who are entitled to exercise their voting rights and the affirmative vote of a majority of the votes of the shareholders present; the election of Directors shall be implemented by distinguishing between Directors who are Audit & Supervisory Committee Members and other Directors; and cumulative voting shall not be adopted for the election of Directors.

(k) Provisions in the Articles of Incorporation to Enable Surplus Distribution by Resolution of the Board of Directors

With the aim of securing flexibility in financial operations, the Company stipulates in its Articles Incorporation that matters related to distribution of surplus, acquisition of treasury stock and other matters set forth in each item of Article 459, Paragraph 1 of the Companies Act may be determined by resolution of the Board of Directors.

(l) Provisions in the Articles of Incorporation to Limit the Liability of Directors by Resolution of the Board of Directors

To allow Directors to adequately carry out their expected roles in the performance of their duties, the Company stipulates in its Articles Incorporation that it may, by resolution of the Board of Directors, limit the liability of Directors to the extent as provided in laws and regulations.

(m) Provisions in the Articles of Incorporation to Change the Requirements for Special Resolution at Shareholders Meeting

To ensure that the quorum for a special resolution is more reliably achieved, the Company stipulates in its Articles Incorporation that resolutions set forth in Article 309, Paragraph 2 of the Companies Act shall require the presence of the shareholders holding in the aggregate one third or more of the votes of the shareholders who are entitled to exercise their voting rights and the affirmative vote of two thirds or more of the votes of the shareholders present.

(2) Status of Officers

(a) List of Officers

12 males, 3 female (female ratio of 20.0%)

Titles	Name	Date of birth	Brief personal history	Term of office	Number of shares held (Hundreds of shares)
Representative Director, Chareman and CEO	Eiji Hashimoto	December 7, 1955	<p>April 1979 Joined NSC</p> <p>April 2009 Director (under the Executive Management System), Director, Plate Division and Director, Structural Division of NSC</p> <p>April 2011 Director (under the Executive Management System) of NSC</p> <p>October 2012 Executive Officer of the Company</p> <p>April 2013 Managing Executive Officer of the Company</p> <p>July 2015 Managing Executive Officer, Vice Head of Global Business Development and Project Leader, Usiminas Project, Global Business Development Sector of the Company</p> <p>April 2016 Executive Vice President and Head of Global Business Development of the Company</p> <p>June 2016 Representative Director, Executive Vice President and Head of Global Business Development of the Company</p> <p>April 2019 Representative Director and President of the Company</p> <p>April 2024 Representative Director, Chareman and CEO of the Company</p> <p>(to present)</p>	(Note 1)	531
Representative Director, President and COO	Tadashi Imai	May 22, 1963	<p>April 1988 Joined NSC</p> <p>April 2016 Executive Officer and Head of Works, Nagoya Works of the Company</p> <p>April 2019 Managing Executive Officer of the Company</p> <p>June 2020 Managing Director, Member of the Board of the Company</p> <p>April 2021 Managing Director, Member of the Board, and Deputy Project Leader, Zero-Carbon Steel Project; Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company</p> <p>February 2022 Managing Director, Member of the Board, Project Leader, Thailand Iron and Steel Project, Global Business Development Sector; Deputy Project Leader, Zero-Carbon Steel Project; and Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company</p> <p>April 2022 Managing Director, Member of the Board, Project Leader, Thailand Iron and Steel Project, Global Business Development Sector; Vice Head of Green Transformation Development; and Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company</p> <p>April 2023 Representative Director and Executive Vice President, Head of Green Transformation Development; and Deputy Project Leader, Next Generation Hot Strip Mill Project of the Company</p> <p>June 2023 Representative Director and Executive Vice President, Head of Green Transformation Development; Project Leader, Electric Furnace Project; and Deputy Project Leader, Next Generation Hot Strip Mill Project of the Company</p> <p>April 2024 Representative Director, President and COO of the Company</p> <p>(to present)</p>	(Note 1)	225

Titles	Name	Date of birth	Brief personal history		Term of office	Number of shares held (Hundreds of shares)
Representative Director, Vice Chairman and Executive Vice President, Head of Global Business Development; Project Leader, India Project, Global Business Development Sector; Project Leader, USS Project	Takahiro Mori	October 3, 1957	April 1983 April 2020 April 2021 June 2021 April 2023 April 2024	Joined NSC Managing Executive Officer, Head of Unit, Plate Unit, Head of Unit, Pipe & Tube Unit, and Project Leader, VSB Project, Global Business Development Sector of the Company Executive Vice President, Head of Global Business Development, and Project Leader, India Iron and Steel Project, Global Business Development Sector of the Company Representative Director and Executive Vice President, Head of Global Business Development, and Project Leader, India Iron and Steel Project, Global Business Development Sector of the Company Representative Director and Executive Vice President, Head of Global Business Development, and Project Leader, India Project, Global Business Development Sector of the Company Representative Director, Vice Chairman and Executive Vice President, Head of Global Business Development; Project Leader, India Project, Global Business Development Sector; Project Leader, USS Project of the Company (to present)	(Note 1)	212
Representative Director and Executive Vice President, Deputy Project Leader, India Project, Global Business Development Sector; Deputy Project Leader, Thai Steel Project, Global Business Development Sector; Deputy Project Leader, USS Project	Naoki Sato	March 23, 1961	April 1983 April 2020 April 2021 June 2021 April 2022 April 2023 April 2024	Joined NSC Executive Vice President and Head of Works, East Nippon Works of the Company Executive Vice President, Project Leader, Next-Generation Hot Strip Mill Project, and Deputy Project Leader, India Iron and Steel Project, Global Business Development Sector of the Company Representative Director and Executive Vice President, Project Leader, Next-Generation Hot Strip Mill Project, and Deputy Project Leader, India Iron and Steel Project, Global Business Development Sector of the Company Representative Director and Executive Vice President, Project Leader, Next-Generation Hot Strip Mill Project, Project Leader, Ironmaking Operations Project, and Deputy Project Leader, India Iron and Steel Project, Global Business Development Sector of the Company Representative Director and Executive Vice President, Project Leader, Next-Generation Hot Strip Mill Project, Project Leader, Ironmaking Operations Project, and Deputy Project Leader, India Project, Global Business Development Sector of the Company Representative Director and Executive Vice President, Deputy Project Leader, India Project, Global Business Development Sector; Deputy Project Leader, Thai Steel Project, Global Business Development Sector; Deputy Project Leader, USS Project of the Company (to present)	(Note 1)	133

Titles	Name	Date of birth	Brief personal history		Term of office	Number of shares held (Hundreds of shares)
Representative Director and Executive Vice President, Deputy Project Leader, USS Project; Deputy Project Leader, Next-Generation Hot Strip Mill Project	Takashi Hirose	April 19, 1962	April 1986 April 2020 April 2021 April 2022 June 2022 April 2023 January 2024 April 2024 June 2025 <i>Representatives of other major companies</i> Chairman, Baosteel-Nippon Steel Automotive Steel Sheets Co., Ltd.	Joined NSC Managing Executive Officer, Head of Unit, Flat Products Unit, and Project Leader, Shanghai-Baoshan Coldrolled & Coated Sheet Products Project, Global Business Development Sector of the Company Managing Executive Officer, Head of Unit, Flat Products Unit, Project Leader, Shanghai-Baoshan Coldrolled & Coated Sheet Products Project, Global Business Development Sector, and Deputy Project Leader, Next-Generation Hot Strip Mill Project Executive Vice President, Head of Unit, Flat Products Unit, and Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company Representative Director and Executive Vice President, Head of Unit, Flat Products Unit, and Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company Representative Director and Executive Vice President, and Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company Representative Director and Executive Vice President, Head of Unit, Pipe & Tube Unit, and Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company Representative Director and Executive Vice President, and Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company Representative Director and Executive Vice President, Deputy Project Leader, USS Project; Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company (to present)	(Note 1)	1
Representative Director and Executive Vice President, and Deputy Project Leader, USS Project	Hirofumi Funakoshi	June 17, 1963	July 1987 April 2019 April 2021 April 2022 April 2023 June 2023 June 2025 (to present)	Joined NSC Executive Officer and Head of Division, Corporate Planning Division of the Company Managing Executive Officer of the Company Managing Executive Officer and Vice Head of Green Transformation Department of the Company Executive Vice President of the Company Representative Director and Executive Vice President of the Company Representative Director and Executive Vice President, and Deputy Project Leader, USS Project of the Company (to present)	(Note 1)	40

Titles	Name	Date of birth	Brief personal history		Term of office	Number of shares held (Hundreds of shares)
Representative Director and Executive Vice President, Deputy Project Leader, USS Project; Project Leader, Next-Generation Hot Strip Mill Project; Project Leader, Electric Furnace Project	Hiroyuki Minato	February 23, 1965	April 1989 April 2018 April 2020 April 2021 April 2022 April 2023 April 2024 June 2024 June 2025 (to present)	Joined NSC Executive Officer and Head of Division, Technical Administration & Planning Division of the Company Executive Officer and Head of Muroran Works of the Company Managing Executive Officer and Head of Muroran Works of the Company Managing Executive Officer of the Company Managing Executive Officer and Deputy Project Leader, Thai Steel Project, Global Business Development Sector of the Company Executive Vice President, Project Leader, Next-Generation Hot Strip Mill Project, and Project Leader, Electric Furnace Project of the Company Representative Director and Executive Vice President, Project Leader, Next-Generation Hot Strip Mill Project, and Project Leader, Electric Furnace Project of the Company Representative Director and Executive Vice President, Deputy Project Leader, USS Project; Project Leader, Next-Generation Hot Strip Mill Project; Project Leader, Electric Furnace Project of the Company	(Note 1)	70
Representative Director and Executive Vice President, Head of Research and Development; Deputy Project Leader, USS Project	Nobuhiro Fujita	September 20, 1964	April 1989 April 2018 April 2021 April 2024 April 2025 June 2025 (to present)	Joined NSC Executive Officer and Head of Steel Research Laboratories, Research and Development of the Company Managing Executive Officer and Head of Steel Research Laboratories, Research and Development of the Company Senior Managing Executive Officer and Head of Steel Research Laboratories, Research and Development of the Company Executive Vice President and Head of Research and Development of the Company Representative Director and Executive Vice President, Head of Research and Development; Deputy Project Leader, USS Project of the Company	(Note 1)	22

Titles	Name	Date of birth	Brief personal history		Term of office	Number of shares held (Hundreds of shares)
Director, Member of the Board	Tetsuro Tomita	October 10, 1951	April 1974 April 1987 June 2000 June 2003 July 2004 June 2005 June 2008 June 2009 April 2012 June 2012 April 2018 June 2020 April 2024	Joined Japanese National Railways Joined East Japan Railway Company Director and General Manager of Management Administration Department, Corporate Planning Headquarters of East Japan Railway Company Executive Director and Deputy Director General of Corporate Planning Headquarters of East Japan Railway Company Executive Director and Deputy Director General of Corporate Planning Headquarters, General Manager of IT Business Department, Corporate Planning Headquarters of East Japan Railway Company Executive Director and Deputy Director General of Corporate Planning Headquarters of East Japan Railway Company Executive Vice President and Representative Director, and Director General of Life-Style Business Development Headquarters of East Japan Railway Company Executive Vice President and Representative Director, and Director General of Corporate Planning Headquarters of East Japan Railway Company President and Representative Director, and Director General of Corporate Planning Headquarters of East Japan Railway Company President and Representative Director of East Japan Railway Company Chairman and Director of East Japan Railway Company Director, Member of the board (Outside Director) of the Company (to present) Advisor of East Japan Railway Company (to present)	(Note 1)	48
Director, Member of the Board	Kuniko Urano	October 19, 1956	April 1979 April 2011 April 2014 April 2016 June 2018 April 2021 June 2021 June 2022	Joined Komatsu Ltd. Executive Officer, General Manager of Corporate Communications Department of Komatsu Ltd. Executive Officer, General Manager of Human Resources Department of Komatsu Ltd. Senior Executive Officer, General Manager of Human Resources Department of Komatsu Ltd. Director and Senior Executive Officer of Komatsu Ltd. Director of Komatsu Ltd. Advisor of Komatsu Ltd. (Retired in June 2024) Director, Member of the board (Outside Director) of the Company (to present)	(Note 1)	10

Titles	Name	Date of birth	Brief personal history		Term of office	Number of shares held (Hundreds of shares)
Director, Member of the Board who is an Audit & Supervisory Committee Member; Senior Audit & Supervisory Committee Member (full-time)	Kazumasa Shinkai	October 4, 1962	April 1987 April 2018 April 2021 April 2023 April 2024 June 2024	Joined NSC Executive Officer and Head of Division, General Administration Division of the Company Managing Executive Officer and Head of Division, General Administration Division of the Company Managing Executive Officer of the Company Executive Officer and Advisor to the President of the Company Director, Member of the Board who is an Audit & Supervisory Committee Member, Senior Audit & Supervisory Committee Member (full-time) of the Company (to present)	(Note 2)	57
Director, Member of the Board who is an Audit & Supervisory Committee Member; Senior Audit & Supervisory Committee Member (full-time)	Eiji Sogo	June 16, 1966	April 1989 April 2019 April 2022 April 2023 April 2024 June 2024	Joined NSC Executive Officer and Head of Division, Human Resources Division of the Company Managing Executive Officer and Head of Division, Human Resources Division of the Company Managing Executive Officer of the Company Executive Officer and Advisor to the President of the Company Director, Member of the Board who is an Audit & Supervisory Committee Member, Senior Audit & Supervisory Committee Member (full-time) of the Company (to present)	(Note 2)	46
Director, Member of the Board who is an Audit & Supervisory Committee Member; Audit & Supervisory Committee Member	Kenji Hiramatsu	December 22, 1956	April 1979 July 2008 January 2011 September 2012 November 2015 January 2016 September 2019 November 2022 December 2022 June 2024	Joined Ministry of Foreign Affairs of Japan Director-General for Latin American and Caribbean Affairs Bureau and Economic Affairs Bureau of Ministry of Foreign Affairs of Japan Director-General for Global Issues of Ministry of Foreign Affairs of Japan Director-General, Foreign Policy Bureau of Ministry of Foreign Affairs of Japan Ambassador of Japan to the Republic of India Ambassador of Japan to the Republic of India and Ambassador of Japan to the Kingdom of Bhutan Ambassador of Japan to the Kingdom of Spain Retired from Ministry of Foreign Affairs of Japan Chairman of the Institute, Institute for International Strategy, Japan Research Institute (to present) Director, Member of the Board who is an Audit & Supervisory Committee Member, Audit & Supervisory Committee Member (Outside Director) of the Company (to present)	(Note 2)	0

Titles	Name	Date of birth	Brief personal history	Term of office	Number of shares held (Hundreds of shares)
Director, Member of the Board who is an Audit & Supervisory Committee Member; Audit & Supervisory Committee Member	Aiko Sekine	May 13, 1958	<p>April 1981 Joined Citibank, N.A., Tokyo Branch</p> <p>October 1985 Joined Aoyama Audit Corporation</p> <p>March 1989 Certified as Public Accountant, Japan</p> <p>July 2001 Partner of Chuo Aoyama Audit Corporation</p> <p>September 2006 Partner of Aarata Audit Corporation (currently PricewaterhouseCoopers Japan LLC)</p> <p>July 2016 Chairman and President of Japanese Institute of Certified Public Accountants</p> <p>July 2019 Advisor of Japanese Institute of Certified Public Accountants (to present)</p> <p>December 2020 Professor of Waseda University, Faculty of Commerce (to present)</p> <p>June 2024 Director, Member of the Board who is an Audit & Supervisory Committee Member, Audit & Supervisory Committee Member (Outside Director) of the Company (to present)</p>	(Note 2)	10
Director, Member of the Board who is an Audit & Supervisory Committee Member; Audit & Supervisory Committee Member	Sumiko Takeuchi	June 21, 1971	<p>April 1994 Joined Tokyo Electric Power Company, Incorporated</p> <p>April 2016 Visiting Professor of University of Tsukuba</p> <p>April 2018 Visiting Professor of Kansai University</p> <p>January 2012 Director and Senior Fellow of International Environment and Economy Institute (to present)</p> <p>October 2018 Co-representative of U3Innovations LLC (to present)</p> <p>April 2020 Specially Appointed Professor of Tohoku University (to present)</p> <p>June 2024 Director, Member of the Board who is an Audit & Supervisory Committee Member, Audit & Supervisory Committee Member (Outside Director) of the Company (to present)</p>	(Note 2)	0
Total					1,422

- Notes: 1. The term of office is from the conclusion of the General Meeting of Shareholders for the fiscal year ended March 31, 2025 up to the conclusion of the General Meeting of Shareholders for the fiscal year ending March 31, 2026.
2. The term of office is from the conclusion of the General Meeting of Shareholders for the fiscal year ended March 31, 2024 up to the conclusion of the General Meeting of Shareholders for the fiscal year ending March 31, 2026.
3. Directors Tetsuro Tomita, Kuniko Urano, Kenji Hiramatsu, Aiko Sekine, and Sumiko Takeuchi are Outside Directors.
4. Ms. Aiko Sekine's name in the family register is Aiko Sano, and Sumiko Takeuchi's name in the family register is Sumiko Kobayashi.

(b) The functions and roles of Outside Directors

The Outside Directors of the Company contribute to making decisions from various perspectives at the Board of Directors meetings, enhancing the audit and supervisory functions over management, and ensuring management transparency, by expressing their respective opinions independently at the Board of Directors meetings and other opportunities, exercising their voting rights, and making appropriate remarks and actions as Audit & Supervisory Committee Members, based on their vast experience in, and deep insights into, such areas as corporate management, international affairs, economies and cultures, corporate accounting, and environment and energy.

(c) The interests of Outside Directors

The Company decides the independence of Outside Directors in accordance with the independence standards set by financial instruments exchanges in Japan (e.g. Tokyo Stock Exchange), considering each individual's personal relationship, capital relationship, transaction relationship, and other interests with the Company.

The interests between the Outside Directors, on the one hand, and the Company, on the other hand, on which the Company bases its decisions are stated below. Because each Outside Director is not in a position that may involve conflicts of interest with general shareholders, the Company has reported all of them as Independent Directors to each financial instruments exchange in Japan (e.g. Tokyo Stock Exchange) on which the Company is listed.

Outside Director Tetsuro Tomita

Mr. Tomita had previously been an executive officer of East Japan Railway Company, which has a business relationship with the Company for transactions of steel and other products/services, however he is no longer an executive officer of the company. The amount of transactions with the said company accounts for less than 1% of the consolidated revenue of the Company, so that the said company is not a specified associated service provider of the Company.

He does not conflict with the independence standards as set by each financial instruments exchange on which the Company is listed (e.g. Tokyo Stock Exchange), and does not have any special interests with the Company.

Outside Director Kuniko Urano

Ms. Urano had previously been an executive officer of Komatsu Ltd., which has a business relationship with the Company for transactions of steel and other products/services, however she is no longer an executive officer of the company. The amount of transactions with the said company account for less than 1% of the consolidated revenue of the Company, so that the said company is not a specified associated service provider of the Company.

She does not conflict with the independence standards as set by each financial instruments exchange on which the Company is listed (e.g. Tokyo Stock Exchange), and does not have any special interests with the Company.

Outside Director Keiji Hiramatsu

He does not conflict with either the independence standards or attribute information as set by each financial instruments exchange on which the Company is listed (e.g. the Tokyo Stock Exchange), and does not have any special interests in the Company.

Outside Director Aiko Sekine

Ms. Sekine is a professor at Waseda University, Faculty of Commerce, and is engaged in the execution of business of the university. The Company conducts joint research with Waseda University, Faculty of Science and Engineering, and pays it, among others, contract research expenses, which account for less than 1% of the consolidated selling, general and administrative expenses of the Company. Therefore, the university is not a specified associated service provider of the Company.

She does not conflict with the independence standards as set by each financial instruments exchange on which the Company is listed (e.g. Tokyo Stock Exchange), and does not have any special interests with the Company.

Outside Director Sumiko Takeuchi

She does not conflict with either the independence standards or attribute information as set by each financial instruments exchange on which the Company is listed (e.g. the Tokyo Stock Exchange), and does not have any special interests in the Company.

(3) Audits

(a) Audits by the Audit & Supervisory Committee

(i) Organization, members and procedures for audits by the Audit & Supervisory Committee

The Company's Audit & Supervisory Committee is comprised of two (2) full-time Directors who are Audit & Supervisory Committee Members who were employees of the Company, with intimate knowledge of the Company's businesses, and three (3) Outside Directors who are Audit & Supervisory Committee Members who have vast experience in, and deep insights into, each of such areas as international affairs, economies and cultures, corporate accounting, and environment and energy. The Audit & Supervisory Committee acts with the obligation of contributing to the establishment of a high quality corporate governance system that enables sound and sustainable growth of the Company and its Group companies, by supervising the performance of responsibilities by Directors and acting as part of the Company's oversight function, as an independent organ fulfilling its roles and responsibilities that are recently expected, in response to the delegation of responsibilities by the shareholders, and social trust.

Specifically, in compliance with the standards for the Audit & Supervisory Committee's audits, which were established by the Audit & Supervisory Committee, and in accordance with the policies and plans of audits, and the assignment of duties, etc., the Audit & Supervisory Committee Members cooperate closely with the departments in charge of internal audit and proceed with daily supervisory activities in a planned way, with a main focus on the development and operation of the internal control system, the development of business infrastructure, and the progress of various measures for management plans, as priority audit items. In addition, the Audit & Supervisory Committee Members attends important meetings, such as meetings of the Board of Directors, and conducts onsite audits of steelworks and other facilities. Further, the Audit & Supervisory Committee Members ask Executive Directors and employees, among others, to explain the performance of their responsibilities, and other related matters, and actively express their opinions.

For the Group companies, the Audit & Supervisory Committee Members of the Company exchanges opinions and information with the Directors of such Group companies and the Directors, etc. of the responsible divisions of the Company, and as necessary, receives business reports from them and asks them for explanations. Further, the Audit & Supervisory Committee Members of the Company seeks to improve the quality of the supervisory activities as the whole Group, by establishing close cooperation with the Group companies' audit & supervisory board members, through liaison conferences and other opportunities.

Ms. Aiko Sekine is a certified public accountant with substantial knowledge of finance and accounting.

The Company has established the Audit & Supervisory Committee Members' Office and has assigned six (6) full-time dedicated staff members, in order to assist the Audit & Supervisory Committee in the smooth execution of its duties.

(ii) Activities of the Audit & Supervisory Committee

During the current fiscal year, the Company held 18 meetings of the Audit & Supervisory Committee. The status of attendance of each Audit & Supervisory Committee Member at these meetings is as described in "4. Corporate Governance, etc., (1) Overview of corporate governance, (b) Overview of corporate governance system and reasons for adopting the system" of this report.

The Audit & Supervisory Committee deliberated on the election of the Chairperson of the Audit & Supervisory Committee or its substitute, election of full-time Audit & Supervisory Committee Members and Senior Audit & Supervisory Committee Members, election of appointed or specified Audit & Supervisory Committee Members; decisions on items related to the policies, plans, and methods of audit, the assignment of audit duties, and the budgeting of audit expenses, etc.; finalization of audit reports by the Audit & Supervisory Committee, decisions as to whether or not the Accounting Auditor should be reelected, consent on the amount of compensation, etc. for the Accounting Auditor, and determination of opinions regarding the election and remuneration of Directors other than Directors who are Audit & Supervisory Committee Members.

In accordance with, among others, the policies and plans of audit and the assignment of duties, etc. as set forth by the Audit & Supervisory Committee, full-time Audit & Supervisory Committee Members, as Audit & Supervisory Committee Members selected by the Audit & Supervisory Committee, have attended meetings of the Board of Directors and Corporate Policy Committee, etc., have heard in advance about the matters to be submitted for deliberation or reported, have heard other important matters, and have heard reports from the Accounting Auditor through close communication with the departments in charge of

internal audit.

Outside Directors who are Audit & Supervisory Committee Members, as Audit & Supervisory Committee Members selected by the Audit & Supervisory Committee, contribute to the Company's sound and fair management, by, among other tasks, expressing their respective opinions independently at the Board of Directors' meetings, the Audit & Supervisory Committee meetings, and other opportunities, and performing audit activities, including examination of the operations and financial position at major steelworks, and hearing reports from the Accounting Auditor, based on their vast experience in, and deep insights into, each of such areas as international affairs, economies, cultures, corporate accounting, environment and energy. In addition, Outside Directors who are Audit & Supervisory Committee Members strive to share information and understand about the Company's management issues through liaison meetings, etc. with the Chairman, President and Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), as well as through opportunities for exchanging opinions.

With regard to the audit activities of the Audit & Supervisory Committee, the Audit & Supervisory Committee strives to improve effectiveness by reviewing the previous year's audit activities and reflecting improvements in the next year's audit plan.

(b) Accounting Auditor

The Company has appointed KPMG AZSA LLC as its Accounting Auditor. The names of the certified public accountants who executed the accounting audit activities at the Company under the Companies Act and the Financial Instruments and Exchange Act, and the composition of the assistants for such audit activities, are as follows.

KPMG AZSA LLC

- Continuous Audit Period

19 years

- Names of the Certified Public Accountants Who Executed the Activities (Designated Limited Liability Partner)

Mr. Yutaka Terasawa, certified public accountant; Mr. Makoto Yamada, certified public accountant; and Mr. Takahiro Toyama, certified public accountant.

The number of years that Mr. Yutaka Terasawa, Mr. Makoto Yamada, and Mr. Takahiro Toyama have continuously conducted the Company's audits is seven or less.

- Composition of the Assistants Involved in Accounting Audit Activities

The composition of the assistants involved in accounting audit activities is decided under KPMG AZSA's appointment standards. Specifically, certified public accountants are the principal members, and assistants, such as system specialists, are also included.

In addition, KPMG AZSA and its executive partners in charge of the Company's audits have no special interests with the Company.

(Policies and Reasons for Selection of the Accounting Auditor)

The Company selects the Accounting Auditor considered well-qualified based on the policy on selecting the Accounting Auditor, which is formulated by the Audit & Supervisory Committee. Specifically, such policy requires selection of an Accounting Auditor from among multiple candidates based on the scale and the global nature of our business, while taking into consideration the Accounting Auditor's independence, specialty, audit quality, track record, audit plan, audit structure, and level of audit fees.

On the basis of above policy, the Company has judged that KPMG AZSA LLC is well-qualified for its Accounting Auditor.

As for the policy regarding decision on dismissal or non-reelection of the Accounting Auditor, the Company shall dismiss the Accounting Auditor by unanimous consents of the Audit & Supervisory Committee Members upon occurrence of events justifying such dismissal, pursuant to laws and regulations. In addition, the Audit & Supervisory Committee shall resolve and submit proposal to dismiss or not to reelect the Accounting Auditor to the General Meeting of Shareholders if any event materially interferes with continuation of the audit services occurs.

On the basis of above policy, the Audit & Supervisory Committee of the Company carried out an evaluation of KPMG AZSA LLC, to conclude that a proposal for dismissal or non-reelection of the Accounting Auditor need not be submitted to the General Meeting of Shareholders.

(Evaluation of the Accounting Auditor by the Audit & Supervisory Committee)

The Audit & Supervisory Committee of the Company has evaluated the Accounting Auditor in consideration of the factors including its independence, specialty, audit quality, audit activities, level of audit fees, and adequacy of audit report. The Audit & Supervisory Committee of the Company has judged that KPMG AZSA LLC is suitable and adequate as the Accounting Auditor.

(c) Cooperation among the Internal Audit Departments, Audit & Supervisory Committee and Accounting Auditor

- Cooperation between the Internal Audit Departments and Audit & Supervisory Committee

The Audit & Supervisory Committee Members appointed by the Audit & Supervisory Committee attend quarterly meetings of the Risk Management Committee, and the Audit & Supervisory Committee receives regular reports from the Internal Control & Audit Division, and both parties exchange opinions to ensure close collaboration. In addition, the Audit & Supervisory Committee regularly interviews functional divisions managing important risks, such as safety, environment, disaster prevention, quality assurance and other matters, on the status of their respective activities, to enhance the effectiveness of audit activities. In addition, the Audit & Supervisory Committee shares information on litigation with the Legal Division. Moreover, the Internal Control & Audit Division and functional divisions formulate an annual plan based on the opinions of the Audit & Supervisory Committee.

- Cooperation between the Internal Audit Departments and Accounting Auditor

The Internal Control & Audit Division reports quarterly to the Accounting Auditor with respect to the contents and related matters of the discussions at the Risk Management Committee, and discusses appropriately with the Accounting Auditor the development and operation of the internal control system relating to financial reports, to pursue its continuous improvement.

- Cooperation between the Audit & Supervisory Committee and Accounting Auditor

At the beginning of a fiscal year, the Audit & Supervisory Committee and the Accounting Auditor exchange opinions on matters of concern from the previous fiscal year, items of focus in the audit and other matters, based on the audit plan drafted by the Accounting Auditor, which outlines scope of the audit, the audit structure, and priority audit items for the period, among others, so that an effective accounting audit will be executed.

Moreover, at each quarter, the Audit & Supervisory Committee Members appointed by the Audit & Supervisory Committee receive a report on the progress and the results of the review from the Accounting Auditor and exchange opinions regarding matters including non-financial information.

Furthermore, at the end of a fiscal year, the Audit & Supervisory Committee receive the Auditor's Report and a report on the audit results including the priority audit items for the period from the Accounting Auditor, and use such reports for the basis of the Audit Report, which is subsequently prepared by the Audit & Supervisory Committee.

In addition, the Audit & Supervisory Committee Members appointed by the Audit & Supervisory Committee and the Accounting Auditor cooperate and mutually contribute to forming their respective audit opinions by exchanging opinions on audit activities at regular liaison conferences.

(d) Efforts to ensure the effectiveness of internal audits

The Internal Control & Audit Division conducts internal audits on the status of the development and operation of the internal control systems from a perspective of maintaining and enhancing the level of internal control systems of each division of the Company and Group companies.

Internal audits confirm the status of internal controls via internal-control checklists and other documents. Additionally, the Internal Control & Audit Division and each functional division monitor each division and group company.

To ensure the effectiveness of internal audits, the Internal Control & Audit Division and each functional division report the operation of the internal control system to the Risk Management Committee, which meets quarterly, and also to the Corporate Policy Committee and the Board of Directors on important matters. At the same time, the status of the operation of the internal control system is shared with each division and group company at the meetings of the persons in charge of risk management and the meeting of the persons responsive for risk management, which meet quarterly.

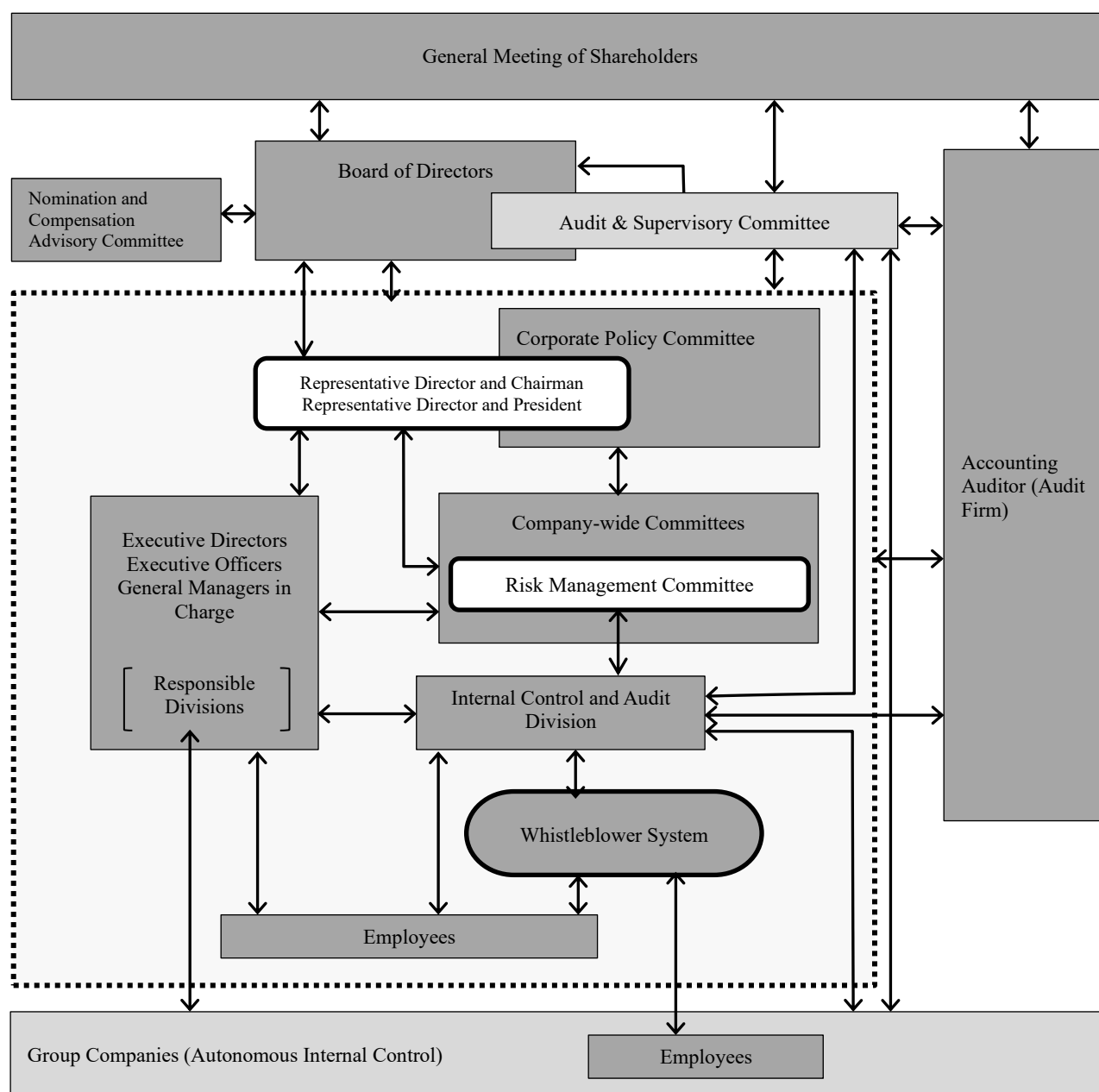
The Internal Control & Audit Division also assesses the effectiveness of its internal control system as of the end of each fiscal year, and compiles a report of its assessment based on the status of internal-control activities, internal audits, etc. This assessment is then reported to the Risk Management Committee, Corporate Policy Committee, and Board of Directors.

Based on the results of these assessments, the Company establishes measures to improve the effectiveness of its internal control system, and incorporates them into the next fiscal year's internal control plan.

In addition, the Internal Control & Audit Division reports to the Audit & Supervisory Committee as described in (c) above, and the two parties work closely together.

<Reference: Relationship Diagram>

The following is a diagram illustrating the relationship regarding the Company's organizations and internal control, etc.



Notes:

1. In accordance with a provision in the Articles of Incorporation, the Board of Directors of the Company delegates part of the decisions regarding execution of important operations (excluding matters listed in each item of Article 399-13, Paragraph (5) of the Companies Act) to the Representative Director and Chairman and Representative Director and President, thereby expediting management decision-making, enhancing discussions by the Board of Directors relating to matters such as the formulation of management policies and strategies, and strengthening the supervisory function of the Board of Directors over management. The execution of important matters concerning the management of the Company and the NIPPON STEEL Group is determined at the meetings of Board of Directors (held about once per month) after deliberations in the Corporate Policy Committee (held once a week, in principle) comprised of the Chairman, President, Executive Vice Presidents, and other members, pursuant to the Company's rules.
2. As corporate organizations engaging in deliberations before the Corporate Policy Committee and the Board of Directors, there are 18 company-wide committees in total as of April 1, 2025, including the Ordinary Budget Committee, the Plant and Equipment Investment Budget Committee, the Investment and Financing Committee, the Fund Management Committee, the Technology Development Committee, the Risk Management Committee, and the Green Transformation Promotion Committee depending on each purpose.
3. The Company has established an operational organization for its internal control systems. This organization consists of the Internal Control & Audit Division (24 full-time and 28 concurrently with their other posts), which is responsible for the internal

control plan and internal audits, and functional divisions responsible for managing risk in each field (about 800 staff members). The Company has also designated persons in charge of risk management (about 130 for the Company) and persons responsible for risk management (about 500 in group companies) who are engaged in planning and promoting autonomous internal-control activities in each division and Group company.

4. As far as the Group companies are concerned, each company establishes and develops an internal control system based on its autonomous internal control, and the responsible divisions of the Company provide assistance in their improvement, where necessary. Furthermore, the General Manager for the Internal Control & Audit Division of the Company identifies and evaluates the situation of internal control of the NIPPON STEEL Group as a whole, and gives guidance and advice to each responsible division and each Group company.

(e) Audit fees

(Compensation for certified public accountants, etc. conducting audits)

Category	Year ended March 31, 2024		Year ended March 31, 2025	
	Compensation for audit and attestation service (Millions of Yen)	Compensation for non-audit services (Millions of Yen)	Compensation for audit and attestation service (Millions of Yen)	Compensation for non-audit services (Millions of Yen)
Reporting company	171	—	175	26
Consolidated subsidiaries	1,000	2	981	2
Total	1,171	2	1,156	29

The Company and its consolidated subsidiaries engage certified public accountants, etc. conducting audits to provide non-audit services, such as advisory services related to sustainability disclosures, and pay compensation for these services.

(Compensation to member firms of KPMG belonging to the same network as the certified public accountants, etc. conducting audits (excluding compensation to the certified public accountants, etc. conducting audits))

Category	Year ended March 31, 2024		Year ended March 31, 2025	
	Compensation for audit and attestation service (Millions of Yen)	Compensation for non-audit services (Millions of Yen)	Compensation for audit and attestation service (Millions of Yen)	Compensation for non-audit services (Millions of Yen)
Reporting company	—	52	—	33
Consolidated subsidiaries	490	195	547	224
Total	490	248	547	257

The Company and its consolidated subsidiaries engage KPMG member firms belonging to the same network as the certified public accountants, etc. conducting audits to provide non-audit services, such as the preparation of tax returns and tax consulting, and pay compensation for these services.

(Policy on determining audit fees)

The Company determined the amount of compensation upon mutual consultation with KPMG AZSA LLC, which is the Accounting Auditor of the Company, based on the audit plan prepared by KPMG AZSA LLC.

(Grounds for consent to compensation, etc. of Accounting Auditor by the Audit & Supervisory Committee)

The Audit & Supervisory Committee, having confirmed the audit plan of the Accounting Auditor, the status of execution of their duties, the data used to calculate the estimated compensation, and other related matters, have determined that the compensation of the Accounting Auditor is reasonable, and have given their consent in accordance with Article 399, Paragraph 1 of the Companies Act.

(4) Compensation for directors and other officers

(a) Total amount of compensation by position, total amount of compensation by type and number of recipients

(Compensation, etc. from April 2024 to June 2024)

Position	Number of recipients	Total amount (yen)	Total amount by type (yen)		
			Monthly compensation*	Non-monetary compensation	Other compensation
Directors (excluding Directors who are Audit & Supervisory Committee Members)	10	309,710,000	309,710,000	-	-
Outside Directors	2	8,640,000	8,640,000	-	-
Directors who are Audit & Supervisory Committee Members	5	43,280,000	43,280,000	-	-
Outside Directors	3	12,960,000	12,960,000	-	-
Total	15	352,990,000	352,990,000	-	-

Notes:

- The above number of recipients includes one (1) Director (excluding Directors who are Audit & Supervisory Committee Members) and five (5) Directors who are Audit & Supervisory Committee Members, including three (3) Outside Directors, who retired at the conclusion of the 100th General Meeting of Shareholders held on June 21, 2024.
- Of monthly compensation with an asterisk (*), matters regarding performance-linked compensation are as follows.
 - Monthly compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) is wholly based upon the performance of NIPPON STEEL. As indicators for performance-linked compensation, NIPPON STEEL uses consolidated annual profit/loss (however, corrections were made for the sake of fair remuneration commensurate with earnings for the term by excluding the portion of gains/losses from reorganization for production facility structural measures; hereinafter the same in (ii) and (iii) below), which clearly indicates its business performance and earnings power, and consolidated EBITDA, while taking into account other factors including the revenue targets in the Medium- to Long-term Management Plan.
 - Monthly compensation for Directors who are Audit & Supervisory Committee Members (excluding Outside Directors) is fixed compensation in principle, but the amount of compensation will be increased or decreased only in the event of significant changes in the consolidated annual profit/loss and consolidated EBITDA of NIPPON STEEL.
 - Monthly compensation for Outside Directors is fixed compensation in principle, but the amount of compensation may be increased or decreased only in the event of significant changes in the consolidated annual profit/loss of NIPPON STEEL.

As for monthly compensation for Directors, the base amount of compensation for each position, etc. fluctuates within a certain range based on each of the above indicators, and the amount of each Director's monthly compensation is determined within the limit approved by the General Meeting of Shareholders.

The consolidated profit for the year attributable to owners of the parent and consolidated EBITDA in fiscal year 2022, which were used to determine the monthly compensation for Directors from April 2024 to June 2024, were 694.0 billion yen and 1,256.6 billion yen.
- The specific amount of monthly compensation for each Director (excluding Directors who are Audit & Supervisory Committee Members) is, as detailed in (c) a) (i) i) c. below, determined by the Board of Directors after discussion in the "Nomination and Compensation Advisory Committee." The specific amount of monthly compensation for each Director who is Audit & Supervisory Committee Member is determined by discussions of the Directors who are Audit & Supervisory Committee Members.
- The limit on the amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) was approved at the 96th General Meeting of Shareholders held on June 24, 2020 to be within 140 million yen per month (including compensation for Outside Directors of within 12 million yen per month). The number of Directors (excluding Directors who are Audit & Supervisory Committee Members) was 11 (including 3 Outside Directors) at the conclusion of the 96th General Meeting of Shareholders.
- The limit on the amount of compensation for Directors who are Audit & Supervisory Committee Members was approved at the 96th General Meeting of Shareholders held on June 24, 2020 to be within 22 million yen per month. The number of Directors who are Audit & Supervisory Committee Members was 7 (including 4 Outside Directors) at the conclusion of the 96th General Meeting of Shareholders.

(Compensation, etc. from July 2024 to March 2025)

Position	Number of recipients	Total amount (yen)	Total amount by type (yen)		
			Fixed compensation	Performance-linked compensation*	Non-monetary compensation
Directors (excluding Directors who are Audit & Supervisory Committee Members)	10	1,801,710,000	738,630,000	1,063,080,000	-
Outside Directors	2	29,880,000	29,880,000	-	-
Directors who are Audit & Supervisory Committee Members	5	157,230,000	157,230,000	-	-
Outside Directors	3	44,820,000	44,820,000	-	-
Total	15	1,958,940,000	895,860,000	1,063,080,000	-

Notes:

- Of compensation with an asterisk (*), matters regarding performance-linked compensation are as follows.
As indicators for performance-linked compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors), the Company uses consolidated underlying profit/loss based on actual performance (which is consolidated profit/loss excluding inventory valuation impact and other items, and recognized as representing the Group's actual profitability) in order to set an appropriate compensation commensurate with performance for the corresponding term, while taking into account other factors including the revenue targets in the medium- to long-term management plan.
As for performance-linked compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors), the base amount of performance-linked compensation for each position (i.e., the amount of compensation when the Company's consolidated performance reaches a certain level) fluctuates within a certain range based on the above indicators, and the amount of each Director's monthly compensation is determined within the limit approved by the General Meeting of Shareholders.
The consolidated underlying annual profit/loss in fiscal year 2023, which were used to determine the performance-linked compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) from July 2024 to March 2025, were 935.0 billion yen.
- The specific amount of fixed compensation and performance-linked compensation for each Director (excluding Directors who are Audit & Supervisory Committee Members) is, as detailed in (c) a) (ii) i) c. below, determined by the Board of Directors after discussion in the "Nomination and Compensation Advisory Committee." The specific amount of fixed compensation for each Director who is Audit & Supervisory Committee Member is determined by discussions of the Directors who are Audit & Supervisory Committee Members.
- The limit on the amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) was approved at the 100th General Meeting of Shareholders held on June 21, 2024 to be within 290 million yen per month (including compensation for Outside Directors of within 14 million yen per month). The number of Directors (excluding Directors who are Audit & Supervisory Committee Members) was 10 (including 2 Outside Directors) at the conclusion of the 100th General Meeting of Shareholders.
- The limit on the amount of compensation for Directors who are Audit & Supervisory Committee Members was approved at the 100th General Meeting of Shareholders held on June 21, 2024 to be within 25 million yen per month. The number of Directors who are Audit & Supervisory Committee Members was 5 (including 3 Outside Directors) at the conclusion of the 100th General Meeting of Shareholders.

(b) Total amount of consolidated compensation by officer of the reporting company

The names, positions, classification and total amount of consolidated compensation for Directors whose total amount of consolidated compensation is 100 million yen or more are as follows.

(Yen)

Name	Position	Company	Classification			Total amount of consolidated compensation
			From April 2024 to June 2024	From July 2024 to March 2025		
			Monthly compensation	Fixed compensation	Performance-linked compensation	
Eiji Hashimoto	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	60,210,000	135,000,000	202,500,000	397,710,000
Takahiro Mori	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	60,187,500	135,000,000	202,500,000	397,687,500
Tadashi Imai	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	44,777,500	101,250,000	151,830,000	297,857,500
Naoki Sato	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	29,370,000	67,500,000	101,250,000	198,120,000
Takashi Hirose	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	29,370,000	67,500,000	101,250,000	198,120,000
Kazuhisa Fukuda	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	29,370,000	67,500,000	101,250,000	198,120,000
Hirofumi Funakoshi	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	29,370,000	67,500,000	101,250,000	198,120,000
Hiroyuki Minato	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	- *	67,500,000	101,250,000	168,750,000

Note: For Mr. Hiroyuki Minato, the stated total amount of consolidated compensation covers the period following his election as Director (excluding Director who is Audit & Supervisory Committee Member) at the 100th General Meeting of Shareholders held on June 21, 2024. The asterisk (*) indicates that monthly compensation for service as Executive Vice President from April to June 2024 was 15,162,500 yen and the total annual consolidated compensation including this amount was 183,912,500 yen.

Reference: Names, positions, classification and total amount of consolidated compensation for Executive Officers (excluding those concurrently serving as Directors) whose total amount of consolidated compensation is 100 million yen or more.

(Yen)

Name	Position	Company	Classification			Total amount of consolidated compensation
			From April 2024 to June 2024	From July 2024 to March 2025		
			Monthly compensation	Fixed compensation	Performance-linked compensation	
Yuji Nomiyama	Executive Vice President	The Company	15,162,500	52,470,000	47,970,000	115,602,500
Ichiro Sato	Senior Managing Executive Officer	The Company	14,032,500	48,690,000	42,030,000	104,752,500
Nobuhiro Fujita	Senior Managing Executive Officer	The Company	14,032,500	48,690,000	42,030,000	104,752,500

(c) Policies regarding Decision on the Amount of Compensation for Directors

a) Content of policies

(i) From April 1, 2024 to June 21, 2024

The “Policies regarding Decisions on the Amount of Compensation, etc. for Directors” of NIPPON STEEL are as detailed in items i) and ii), below.

NIPPON STEEL abolished its retirement benefits for Directors in 2006. Furthermore, the policies relating to their bonuses were removed from the “Policies regarding Decisions on the Amount of Compensation” for Directors, etc., in 2013.

i) Directors (excluding Directors who are Audit & Supervisory Committee Members)

a. Basic policy

NIPPON STEEL set the base amount of compensation for each position as it deems appropriate in consideration of the skills and responsibilities it requires of each Director. This base amount varied within a certain range based on NIPPON STEEL’s consolidated performance. The Company then determines the amount of monthly compensation for each Director within the limit approved by the General Meeting of Shareholders.

b. Policy on performance-linked compensation

In accordance with “a. Basic Policy” above, compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) consisted solely of monthly compensation, and the amount of compensation is wholly based upon the performance of NIPPON STEEL, in order to give incentives for the sustainable growth of NIPPON STEEL’s group and improvement of its corporate value.

Compensation for Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) consists solely of monthly compensation, and fixed compensation in principle, but the amount of compensation may be increased or decreased only in the event of significant changes in the consolidated performance of NIPPON STEEL.

As indicators for performance-linked compensation, NIPPON STEEL used consolidated annual profit/loss, which clearly indicated its business performance, and business profit/loss in its Steel Fabrication segment, which accounted for about 90% of its consolidated revenue, while taking into account other factors including the revenue targets in the Mid-Term Management Plan.

c. Method of determining compensation for each individual

The specific amount of monthly compensation for each Director (excluding Directors who are Audit & Supervisory Committee Members) was determined by the Board of Directors after the deliberation of the “Nomination and Compensation Advisory Committee.”

ii) Directors who are Audit & Supervisory Committee Members

NIPPON STEEL determined the monthly compensation for each Director who is an Audit & Supervisory Committee Member, within the limit approved by the General Meeting of Shareholders, by considering the duties of the Director’s position and whether the Director is full-time or part-time.

(ii) From June 21, 2024 to June 24, 2025

The “Policies regarding Decisions on the Amount of Compensation, etc. for Directors” of NIPPON STEEL are as detailed in items i) and ii), below.

NIPPON STEEL abolished its retirement benefits for Directors in 2006. Furthermore, the policies relating to their bonuses were removed from the “Policies regarding Decisions on the Amount of Compensation” for Directors, etc., in 2013.

i) Directors (excluding Directors who are Audit & Supervisory Committee Members)

a. Basic policy

The amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) consists solely of monthly compensation, set based on an appropriate composition of fixed compensation and performance-linked compensation. NIPPON STEEL set the base amount of fixed and performance-linked compensation (i.e., the amount of compensation when the Company’s consolidated performance reaches a certain level) for each position in consideration of compensation level commensurate with the skills and responsibilities required. The amount of performance-linked

compensation varies within a certain range based on the Company's consolidated performance. The Company then determines the amount of monthly compensation for each Director within the limited amount approved by the General Meeting of Shareholders.

b. Structure of compensation and policy on performance-linked compensation

In accordance with "a. Basic policy" above, as indicators for performance-linked compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors), the Company uses consolidated underlying annual profit/loss (which is consolidated profit/loss excluding inventory valuation impact and other items, and recognized as representing the Group's actual profitability) in order to set an appropriate compensation commensurate with performance for the corresponding term, while taking into account other factors including the revenue targets in the medium- to long-term management plan. The ratio of fixed compensation to performance-linked compensation at the base amount (when consolidated underlying annual profit/loss reaches 600.0 billion yen) is set at 50% to 50% for Representative Directors, and approximately 70% to 30% for Directors in other positions (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors), to provide appropriate incentives according to their position and performance.

Compensation for Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) consists solely of fixed compensation.

c. Method of determining compensation for each individual

The specific amount of monthly compensation for each Director (excluding Directors who are Audit & Supervisory Committee Members) is determined by the Board of Directors after deliberation by the "Nomination and Compensation Advisory Committee" consisting of the Chairman, the President, and three (3) or more Outside Directors appointed by the President who serves as the chairman of the committee.

ii) Directors who are Audit & Supervisory Committee Members

Compensation for Directors who are Audit & Supervisory Committee Members consists solely of fixed monthly compensation. The Company determines the amount of monthly compensation for each Director within the limited amount approved by the General Meeting of Shareholders by considering the duties of the Director's position and whether the Director is full-time or part-time.

(iii) After June 24, 2025

The "Policies regarding Decisions on the Amount of Compensation, etc. for Directors" of NIPPON STEEL are as detailed in items i) and ii), below.

NIPPON STEEL abolished its retirement benefits for Directors in 2006. Furthermore, the policies relating to their bonuses were removed from the "Policies regarding Decisions on the Amount of Compensation" for Directors, etc., in 2013.

i) Directors (excluding Directors who are Audit & Supervisory Committee Members)

a. Basic policy, and composition of compensation

Compensation for the Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) consists of (i) fixed monetary compensation, (ii) performance-linked monetary compensation, and (iii) performance-linked stock compensation.

The fixed monetary compensation and the performance-linked monetary compensation are paid monthly. The base amounts of fixed monetary compensation and performance-linked monetary compensation (i.e., the amount of compensation when the Company's consolidated performance reaches a certain level) are determined for each Director's position in consideration of compensation level commensurate with the skills and responsibilities required. The amount of performance-linked monetary compensation varies within a certain range based on the Company's consolidated performance. The amounts of the fixed monetary compensation and the performance-linked monetary compensation for each Director are determined within the limit approved by the General Meeting of Shareholders.

The performance-linked stock compensation is based on a trust-type stock compensation system. Pursuant to the share delivery regulations established by the Board of Directors, each Director (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) is awarded points according to their position and the Company's consolidated

performance, taking into consideration compensation level commensurate with the skills and responsibilities required. The Director receives the delivery of the number of Company shares (those acquired by the trust established through the Company's monetary contributions) equivalent to the number of points so awarded through the trust upon his or her retirement, as a general rule.

Compensation for Outside Directors (excluding Outside Directors who are Audit & Supervisory Committee Members) consists solely of fixed monetary compensation, which is paid monthly.

The amount of fixed monetary compensation for each Outside Director is determined within the limit approved by the General Meeting of Shareholders taking into consideration compensation level commensurate with the skills and responsibilities required.

b. Policy on performance-linked compensation

As indicators for performance-linked monetary compensation and performance-linked stock compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors), the Company uses consolidated underlying annual profit/loss (which is consolidated business profit/loss excluding inventory valuation impact and other items, and recognized as representing the Company group's actual profitability) in order to set an appropriate compensation commensurate with performance for the corresponding term, while taking into account other factors including the revenue targets in the medium- to long-term management plan.

c. Policy on the ratio of compensation by type

With regard to the ratio of fixed monetary compensation, performance-linked monetary compensation and performance-linked stock compensation, the ratio of performance-linked compensation (i.e., performance-linked monetary compensation and performance-linked stock compensation) is set higher for higher level positions in order to provide appropriate incentives according to the position and performance.

For the Representative Director, Chairman, and the Representative Director, President, the ratio of "fixed compensation (i.e., fixed monetary compensation) to performance-linked compensation (i.e., performance-linked monetary compensation and performance-linked stock compensation)" is set at approximately 5:7 at the base amount (when the Company achieves 600 billion yen in consolidated underlying annual profit/loss). This ratio varies within the range of 3:7 to 10:0 depending on the Company's performance. In addition, for the Representative Director, Chairman, and the Representative Director, President, the performance-linked stock compensation accounts for approximately 40% of their performance-linked monetary compensation.

d. Method of determining compensation for each individual

The specific amount and details of fixed monetary compensation, performance-linked monetary compensation, and performance-linked stock compensation for each Director (excluding Directors who are Audit & Supervisory Committee Members) are determined by a resolution of the Board of Directors after deliberation by the Nomination and Compensation Advisory Committee, a majority of whose members are Outside Directors.

ii) Directors who are Audit & Supervisory Committee Members

Compensation for Directors who are Audit & Supervisory Committee Members consists solely of fixed monthly compensation. The Company determines the amount of monthly compensation for each Director within the limited amount approved by the General Meeting of Shareholders by considering the duties of the Director's position and whether the Director is full-time or part-time.

b) Methods of determining the policies

(i) From April 1, 2024 to June 21, 2024

The policies described in a) (i) above for Directors (excluding Directors who are Audit & Supervisory Committee Members) were determined by resolution at the Board of Directors, after the deliberation of the "Nomination and Compensation Advisory Committee," while for Directors who are Audit & Supervisory Committee Members, the policies described in a) (i) above were determined through discussion by Directors who are Audit & Supervisory Committee Members.

The Nomination and Compensation Advisory Committee conducted discussions on a wide range of topics including the system of Directors' compensation and the appropriateness of the compensation levels for each position, taking into account the survey results regarding directors' compensation levels of other companies obtained from the third-party research organizations.

(ii) From June 21, 2024 to June 24, 2025

The policies described in a) (ii) above for Directors (excluding Directors who are Audit & Supervisory Committee Members) were determined by resolution at the Board of Directors, after the deliberation of the "Nomination and Compensation Advisory Committee," while for Directors who are Audit & Supervisory Committee Members, the policies described in a) (ii) above were determined through discussion by Directors who are Audit & Supervisory Committee Members.

The Nomination and Compensation Advisory Committee conducted discussions on a wide range of topics including the system of Directors' compensation and the appropriateness of the compensation levels for each position, taking into account the survey results regarding directors' compensation levels of other companies obtained from the third-party research organizations.

(iii) After June 24, 2025

The policies described in a) (iii) above for Directors (excluding Directors who are Audit & Supervisory Committee Members) were determined by resolution at the Board of Directors, after the deliberation of the "Nomination and Compensation Advisory Committee," while for Directors who are Audit & Supervisory Committee Members, the policies described in a) (iii) above were determined through discussion by Directors who are Audit & Supervisory Committee Members.

The Nomination and Compensation Advisory Committee conducted discussions on a wide range of topics including the system of Directors' compensation and the appropriateness of the compensation levels for each position, taking into account the survey results regarding directors' compensation levels of other companies obtained from the third-party research organizations.

c) Reason the Board of Directors judged that the content of compensation, etc., for individual Directors (excluding Directors who are Audit & Supervisory Committee Members) for the current fiscal year is in line with the policy stated in a) (i) and (ii) above

Compensation, etc., for individual Directors (excluding Directors who are Audit & Supervisory Committee Members) for the current fiscal year were determined by the Board of Directors following confirmation that those amounts are in line with the policy stated in a) (i) and (ii) above, after the deliberation of the "Nomination and Compensation Advisory Committee." Therefore, the Board of Directors judged that the content of the compensation, etc., for each individual is in line with the policy stated in a) (i) and (ii) above.

(d) Activities of the Board of Directors and the Nomination and Compensation Advisory Committee in the process of deciding the amount of compensation for Directors

a) Activities of the Board of Directors

The specific amount of monthly compensation of each Director was determined based on the "Policies regarding the Decision on the Amount of Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members)" resolved at the Board of Directors' meeting held on June 21, 2024.

b) Activities of the Nomination and Compensation Advisory Committee

Prior to determination of the specific amount of monthly compensation of each Director (excluding Director who is Audit & Supervisory Committee Member) by resolution at the Board of Directors' meeting mentioned in a) above, at the Nomination and Compensation Advisory Committee meeting held on May 10, 2024, the committee conducted discussions and deliberations on a wide-range of topics including the system of Directors' compensation and the appropriateness of the compensation levels by position, taking into account the survey results of directors' compensation of other companies obtained from third-party research organizations.

(5) Shareholdings

(a) Standards and basic views on classification of investment shares

The Company classifies shares held solely for the purpose of gaining profit from fluctuations in values of shares or dividends on shares as investment shares held for pure investment purposes. The Company does not hold investment shares held for pure investment purposes.

(b) Investment shares held for purposes other than pure investment

a. Shareholding policy and method of examining the reasonableness of shareholding, as well as description of examination on the appropriateness of shareholding of individual stocks at the Board of Directors meetings, etc.

The Company, from the standpoint of sustainable growth and improvement of its corporate value over the mid- to long-term, believes that it is extremely important to maintain and develop the relationships of trust and alliance with its extensive range of business partners and alliance partners both in Japan and overseas, which have been cultivated through its business activities over the years. Accordingly, the Company shall continue to hold strategic shareholdings which are judged to contribute to maintaining and strengthening its business foundation such as the business relationships and alliance relationships between the Company and the investees, enhancing the profitability of both parties, and thereby improving the corporate value of the Company and the Group. Following sufficient discussions with the above companies, for those companies for which we believe are capable of achieving the objectives described above without holding their shares, we will proceed with the sale of shares we hold in such companies.

The Company confirms the appropriateness of its strategic shareholdings by specifically examining whether the purpose of each shareholding is appropriate and whether the benefit and risk associated with each shareholding is commensurate with the cost of capital, among other issues. Of these shareholdings, those shareholdings for which the fair value exceeds a certain threshold are examined each year at the Board of Directors meetings. The fair value of the shareholdings examined at the Board of Directors meetings accounts for approximately 80% of the total fair value of the strategic shareholdings held by the Company on a consolidated basis (as of March 31, 2025).

b. Number of stocks and carrying amount

	Number of stocks	Carrying amount (Millions of Yen)
Unlisted shares	169	10,437
Shares other than unlisted shares	67	212,844

(Stocks whose number of shares increased during the year ended March 31, 2025)

	Number of stocks	Total acquisition cost of increased shares (Millions of Yen)	Reason for increase in number of shares
Unlisted shares	1	14	Acquisition of shares for the purpose of maintaining and strengthening business relationships
Shares other than unlisted shares	-	-	-

(Stocks whose number of shares decreased during the year ended March 31, 2025)

	Number of stocks	Total sale amount of decreased shares (Millions of Yen)
Unlisted shares	13	1,091
Shares other than unlisted shares	11	37,318

(Change in the number of stocks from the end of the fiscal year ended March 31, 2013 (immediately after the management integration in 2012) to the end of the current fiscal year)

	Number of stocks
As of March 31, 2013	480
As of March 31, 2025	236
Changes in total number of stocks	(244)

c. Information on number of shares, carrying amount, etc. of specified investment shares and deemed holdings of shares by stock

Specified investment shares

Stock	Year ended March 31, 2025	Year ended March 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares	Whether the Company's shares are held
	Number of shares			
	Carrying amount (Millions of Yen)			
Mitsubishi UFJ Financial Group, Inc.	7,613,990	7,613,990	This company is a source of funds procurement, stably and flexibly providing funds to the Company in accordance with its business strategies. The Company holds shares in this company for the purpose of maintaining and strengthening financial transactions. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	15,311	11,854		
AIR WATER INC.	6,900,000	6,900,000	This company and the Company jointly operate on-site plants that supply oxygen, nitrogen, etc. within the premises of the Company's steel works. The Company holds shares in this company for the purpose of maintaining and strengthening business relationships. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	13,027	16,525		
Daido Steel Co., Ltd.	10,862,200	15,504,800	This company and the Company operate joint ventures, etc. The Company holds shares in this company for the purpose of smoothly advancing business activities. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	12,926	28,164		
Sankyu Inc.	2,061,280	2,061,280	This company is a contractor of logistics and other work within the premises of the Company's steel works. The Company holds shares in this company for the purpose of maintaining and strengthening business relationships. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	12,639	10,764		

Stock	Year ended March 31, 2025	Year ended March 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares	Whether the Company's shares are held
	Number of shares			
	Carrying amount (Millions of Yen)			
Sanwa Holdings Corporation	2,468,000	2,968,000	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the flat products business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	11,769	7,957		
Namura Shipbuilding Co., Ltd.	5,027,656	5,027,656	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the steel plates business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	11,488	10,015		
Sumitomo Corporation	3,373,005	3,373,005	This company is a major partner of the Company in activities such as sales transactions of steel and operation of joint ventures. The Company holds shares in this company for the purpose of smoothly advancing business activities. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	11,373	12,318		
Nittetsu Mining Co., Ltd.	1,625,920	2,475,920	This company is a stable supplier of limestone, which is essential for the Company's production of steel. The Company holds shares in this company for the purpose of maintaining and strengthening business relationships. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	10,698	12,243		
OKAMURA CORPORATION	5,313,988	5,313,988	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the flat products business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	10,452	12,062		

Stock	Year ended March 31, 2025	Year ended March 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares	Whether the Company's shares are held
	Number of shares			
	Carrying amount (Millions of Yen)			
DAIWA HOUSE INDUSTRY CO., LTD.	1,846,200	1,846,200	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the flat products business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	9,116	8,359		
MITSUI & CO., LTD.	2,898,500	1,449,250	This company is a major partner of the Company in activities such as sales transactions of steel and operation of joint ventures. The Company holds shares in this company for the purpose of smoothly advancing business activities. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	8,114	10,298		
Unipres Corporation	6,692,000	6,692,000	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the automotive steel sheets business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	7,133	7,843		
Aichi Steel Corporation	994,420	1,531,420	This company and the Company operate joint ventures, etc. The Company holds shares in this company for the purpose of smoothly advancing business activities. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	No
	6,970	6,102		
OKAYA & CO., LTD.	869,000	434,500	This company is a major partner of Company in activities such as sales transactions of steel and operation of joint ventures. The Company holds shares in this company for the purpose of smoothly advancing business activities. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	6,065	7,347		

Stock	Year ended March 31, 2025	Year ended March 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares	Whether the Company's shares are held
	Number of shares			
	Carrying amount (Millions of Yen)			
Sumitomo Mitsui Financial Group, Inc.	1,578,546	526,182	This company is a source of funds procurement, stably and flexibly providing funds to the Company in accordance with its business strategies. The Company holds shares in this company for the purpose of maintaining and strengthening financial transactions. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	5,990	4,687		
Yokogawa Bridge Holdings Corp.	1,987,303	1,987,303	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the steel plates business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	4,988	5,860		
MAX Co., Ltd.	1,044,950	1,044,950	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the bars and wire rods business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	4,435	3,401		
Konoike Transport Co., Ltd.	1,591,118	2,451,418	This company is a contractor of logistics and other work within the premises of the Company's steel works. The Company holds shares in this company for the purpose of maintaining and strengthening business relationships. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	4,270	5,368		

Stock	Year ended March 31, 2025	Year ended March 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares	Whether the Company's shares are held
	Number of shares			
	Carrying amount (Millions of Yen)			
TOKYO ROPE MFG. CO., LTD.	3,236,535	3,236,535	<p>This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the bars and wire rods business.</p> <p>In fiscal 2020, the Company conducted an additional acquisition of the company's shares through a tender offer in order to contribute to recovering and improving the company's corporate value by enhancing commitment to increasing the company's corporate value. However, subsequent to the conclusion of the tender offer, the Japan Fair Trade Commission pointed out that a unified relationship would be formed between the Company and the company. The Company therefore decided to sell part of the company's shares based on the discussions with the Commission. The Company will sell the company's shares as early as possible in such timing and quantity that the shareholders, business partners, employees and other stakeholders of the company and the security markets deem that the ultimate objective of the tender offer, which is to recover and improve the company's corporate value is achieved.</p> <p>Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.</p>	Yes
	3,951	4,683		
TOHO TITANIUM CO., LTD.	3,500,000	3,500,000	<p>This company is a stable supplier of titanium materials for the Company. The Company holds shares in this company for the purpose of maintaining and strengthening business relationships.</p> <p>Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.</p>	No
	3,916	5,467		
OSAKA Titanium technologies Co., Ltd.	1,807,000	1,807,000	<p>This company is a stable supplier of titanium materials for the Company. The Company holds shares in this company for the purpose of maintaining and strengthening business relationships.</p> <p>Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.</p>	No
	3,476	4,752		

Stock	Year ended March 31, 2025	Year ended March 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares	Whether the Company’s shares are held
	Number of shares			
	Carrying amount (Millions of Yen)			
Neturen Co., Ltd.	3,101,800	3,101,800	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the bars and wire rods business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	3,002	3,474		
HANWA Co., Ltd.	600,000	600,000	This company is a major partner of the Company in activities such as sales transactions of steel and operation of joint ventures. The Company holds shares in this company for the purpose of smoothly advancing business activities. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	2,934	3,558		
Steel Strips Wheels Limited	8,500,000	8,500,000	This company is a stable supplier of parts for wheels of the Group. The Company holds shares in this company for the purpose of maintaining and strengthening business relationships. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	No
	2,669	3,436		
NIPPON CONCRETE INDUSTRIES CO., LTD.	6,940,000	6,940,000	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the bars and wire rods business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	2,373	2,810		
Toyo Seikan Group Holdings, Ltd.	892,000	892,000	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the tin plates business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	2,180	2,175		

Stock	Year ended March 31, 2025	Year ended March 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares	Whether the Company’s shares are held
	Number of shares			
	Carrying amount (Millions of Yen)			
ITOCHU Corporation	280,700	280,700	This company is a major partner of the Company in activities such as sales transactions of steel and operation of joint ventures. The Company holds shares in this company for the purpose of smoothly advancing business activities. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	No
	1,937	1,815		
Topre Corporation	994,000	994,000	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the automotive steel sheets business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	1,869	2,596		
Mizuho Financial Group, Inc.	445,424	445,424	This company is a source of funds procurement, stably and flexibly providing funds to the Company in accordance with its business strategies. The Company holds shares in this company for the purpose of maintaining and strengthening financial transactions. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	1,804	1,356		
Electric Power Development Co., Ltd.	446,500	446,500	This company is an alliance partner of the Company in the Company’s power supply business, and the Company holds shares in this company for the purpose of maintaining and strengthening business relationships. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	1,130	1,114		
MIYAJI ENGINEERING GROUP, INC.	631,200	315,600	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the building and civil engineering materials business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	1,126	1,383		

Stock	Year ended March 31, 2025	Year ended March 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares	Whether the Company's shares are held
	Number of shares			
	Carrying amount (Millions of Yen)			
MinebeaMitsumi Inc.	500,000	500,000	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the bars and wire rods business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	1,086	1,475		
SNT CORPORATION	2,577,600	2,577,600	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the bars and wire rods business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	1,036	744		
PT CITRA TUBINDO Tbk	55,816,880	55,816,880	This company is a major partner of the Company in activities such as sales of OCTG in the Indonesian market. The Company holds shares in this company for the purpose of maintaining and strengthening business relationships. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	No
	1,020	718		
Fudo Tetra Corporation	406,252	406,252	This company is a customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening business relationships. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	903	836		
Sumitomo Mitsui Trust Group, Inc.	238,716	238,716	This company is a source of funds procurement, stably and flexibly providing funds to the Company in accordance with its business strategies. The Company holds shares in this company for the purpose of maintaining and strengthening financial transactions. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	888	789		

Stock	Year ended March 31, 2025	Year ended March 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares	Whether the Company's shares are held
	Number of shares			
	Carrying amount (Millions of Yen)			
KAWADA technologies, inc.	280,425	93,475	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the building and civil engineering materials business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	No
	813	961		
West Japan Railway Company	270,000	135,000	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the rails and parts for railway vehicles business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	No
	787	846		
Shinhokoku Material Corp.	1,017,800	508,900	This company is a stable supplier of parts for steelmaking facilities in the Company's pipe & tube business. The Company holds shares in this company for the purpose of maintaining and strengthening business relationships. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	704	685		
Keisei Electric Railway Co., Ltd.	481,500	160,500	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the rails and parts for railway vehicles business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	No
	648	988		
Nippon Yakin Kogyo Co., Ltd.	127,050	127,050	This company outsources manufacturing to the Group's stainless steel business. The Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	No
	528	609		

Stock	Year ended March 31, 2025	Year ended March 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares	Whether the Company's shares are held
	Number of shares			
	Carrying amount (Millions of Yen)			
Kyushu Railway Company	135,400	135,400	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the rails and parts for railway vehicles business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	No
	494	479		
MARUFUJI SHEET PILING CO.,LTD.	165,770	165,770	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the building and civil engineering materials business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	462	495		
OKUMURA CORPORATION.	102,751	102,751	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the building and civil engineering materials business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	436	523		
MOLITEC STEEL CO.,LTD.	2,244,166	2,244,166	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the automotive steel sheets business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	392	574		
Mitsubishi Steel Mfg. Co., Ltd.	226,000	*	This company and the Company jointly operate supply pig Iron, etc. within the premises of the Company's steel works. The Company holds shares in this company for the purpose of maintaining and strengthening business relationships. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	368	*		

Stock	Year ended March 31, 2025	Year ended March 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares	Whether the Company's shares are held
	Number of shares			
	Carrying amount (Millions of Yen)			
TAKADA CORPORATION	220,100	404,928	This company is a contractor for maintenance work within the premises of the Company's steel works. The Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	326	786		
The Takigami Steel Construction Co., Ltd.	42,900	42,900	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the building and civil engineering materials business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	313	350		
OKABE CO., LTD.	364,000	*	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the bars and wire rods business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	310	*		
IWABUCHI CORPORATION	32,000	*	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the flat products business. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	201	*		
Kobe Steel, Ltd.	—	10,734,500	The Company does not hold shares in this company as of March 31, 2025.	Yes
	—	22,070		
TSUKISHIMA HOLDINGS CO., LTD.	—	704,000	The Company does not hold shares in this company as of March 31, 2025.	Yes
	—	1,010		
Yodogawa Steel Works, Ltd.	—	122,703	The Company does not hold shares in this company as of March 31, 2025.	No
	—	560		

Notes: 1. “—” indicates that the Company does not hold the relevant stock. “*” indicates that information has been omitted because the carrying amount of the relevant stock is 1% or less of the Company's common stock and the stock is not one of the 60 stocks with the largest carrying amounts.
2. In selecting stocks with the largest carrying amounts, specified investment shares and deemed holdings of shares are not combined.
3. With regard to Mitsubishi UFJ Financial Group, Inc., Sumitomo Mitsui Financial Group, Inc., Mizuho Financial Group, Inc., MIYAJI ENGINEERING GROUP, INC. and Sumitomo Mitsui Trust Group, Inc., subsidiaries of these companies hold shares in the Company.

Deemed holdings of shares

Stock	Year ended March 31, 2025	Year ended March 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares	Whether the Company's shares are held
	Number of shares			
	Carrying amount (Millions of Yen)			
Mitsubishi UFJ Financial Group, Inc.	17,765,700	17,765,700	This company is a source of funds procurement, stably and flexibly providing funds to the Company in accordance with its business strategies. The Company holds shares in this company for the purpose of maintaining and strengthening financial transactions. In addition, this company's shares are included in the Company's retirement benefit trust, and the Company holds the rights to direct the exercise of voting rights. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	35,726	27,661		
Central Japan Railway Company	5,952,500	5,952,500	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the rails and parts for railway vehicles business. In addition, this company's shares are included in the Company's retirement benefit trust, and the Company holds the rights to direct the exercise of voting rights. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	16,988	22,179		
Sumitomo Mitsui Financial Group, Inc.	3,682,500	1,227,500	This company is a source of funds procurement, stably and flexibly providing funds to the Company in accordance with its business strategies. The Company holds shares in this company for the purpose of maintaining and strengthening financial transactions. In addition, this company's shares are included in the Company's retirement benefit trust, and the Company holds the rights to direct the exercise of voting rights. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	13,975	10,935		
East Japan Railway Company	3,193,200	1,064,400	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the rails and parts for railway vehicles business. In addition, this company's shares are included in the Company's retirement benefit trust, and the Company holds the rights to direct the exercise of voting rights. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	9,426	9,320		

Stock	Year ended March 31, 2025	Year ended March 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares	Whether the Company's shares are held
	Number of shares			
	Carrying amount (Millions of Yen)			
Dai-ichi Life Holdings, Inc.	1,969,100	1,969,100	This company is a major source of long-term funds procurement for the Group, and is also the principal company entrusted with the management of pension assets. The Company holds shares in this company for the purpose of maintaining and strengthening financial transactions. In addition, this company's shares are included in the Company's retirement benefit trust, and the Company holds the rights to direct the exercise of voting rights. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	8,923	7,586		
Mizuho Financial Group, Inc.	1,039,200	1,039,200	This company is a source of funds procurement, stably and flexibly providing funds to the Company in accordance with its business strategies. The Company holds shares in this company for the purpose of maintaining and strengthening financial transactions. In addition, this company's shares are included in the Company's retirement benefit trust, and the Company holds the rights to direct the exercise of voting rights. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	4,209	3,165		
MS&AD Insurance Group Holdings, Inc.	987,723	*	This company is a major provider of non-life insurance to the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening financial transactions. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	3,185	*		
Nihon Parkerizing Co., Ltd.	2,664,000	2,664,000	This company is a stable supplier of chemicals, rust preventive oils, etc., and the Company holds shares in this company for the purpose of maintaining and strengthening business relationships. In addition, this company's shares are included in the Company's retirement benefit trust, and the Company holds the rights to direct the exercise of voting rights. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	3,154	3,282		

Stock	Year ended March 31, 2025	Year ended March 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares	Whether the Company's shares are held
	Number of shares			
	Carrying amount (Millions of Yen)			
Sumitomo Mitsui Trust Group, Inc.	788,546	*	This company is a source of funds procurement, stably and flexibly providing funds to the Company in accordance with its business strategies. The Company holds shares in this company for the purpose of maintaining and strengthening financial transactions. In addition, this company's shares are included in the Company's retirement benefit trust, and the Company holds the rights to direct the exercise of voting rights. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	2,933	*		
Sumitomo Realty & Development Co., Ltd.	487,868	487,868	This company is a major customer of the Company, and the Company holds shares in this company for the purpose of maintaining and strengthening commercial business relationships mainly in the structural business. In addition, this company's shares are included in the Company's retirement benefit trust, and the Company holds the rights to direct the exercise of voting rights. Although it is difficult to state the quantitative effects of shareholding concerning individual transactions with the said party, the Company has confirmed the reasonableness of shareholding by specifically examining whether the purpose of the shareholding is appropriate and whether the benefit and risk associated with the shareholding is commensurate with the cost of capital, among other issues.	Yes
	2,728	2,828		
Honda Motor Co., Ltd.	—	8,865,000	The Company does not hold shares in this company as of March 31, 2025.	No
	—	16,763		
DAIKIN INDUSTRIES, LTD.	—	324,000	The Company does not hold shares in this company as of March 31, 2025.	No
	—	6,674		

Notes: 1. "—" indicates that the Company does not hold the relevant stock. "*" indicates that information has been omitted because the carrying amount of the relevant stock is 1% or less of the Company's common stock and the stock is not one of the 60 stocks with the largest carrying amounts.

2. In selecting stocks with the largest carrying amounts, specified investment shares and deemed holdings of shares are not combined.

3. With regard to Mitsubishi UFJ Financial Group, Inc., Sumitomo Mitsui Financial Group, Inc., Dai-ichi Life Holdings, Inc., Mizuho Financial Group, Inc., MS&AD Insurance Group Holdings, Inc. and Sumitomo Mitsui Trust Group, Inc., subsidiaries of these companies hold shares in the Company.

(c) Investment shares held for pure investment

Not applicable.

V. Financial Information

Consolidated Financial Statements

Consolidated Statements of Financial Position

		(Millions of Yen)	
ASSETS		As of March 31, 2024	As of March 31, 2025
Current assets :			
Cash and cash equivalents	(Notes 8 and 32)	448,892	672,526
Trade and other receivables	(Notes 9 and 32)	1,587,979	1,430,435
Inventories	(Note 10)	2,276,665	2,199,096
Other financial assets	(Note 32)	33,927	41,425
Other current assets		212,919	205,019
Total current assets		4,560,384	4,548,503
Non-current assets :			
Property, plant and equipment	(Notes 11 and 12)	3,380,436	3,635,585
Right-of-use assets	(Note 14)	100,601	101,934
Goodwill	(Notes 7, 13 and 29)	70,207	71,639
Intangible assets	(Note 13)	177,853	263,231
Investments accounted for using the equity method	(Note 15)	1,537,936	1,600,366
Other financial assets	(Note 32)	675,942	461,378
Defined benefit assets	(Note 19)	127,579	116,415
Deferred tax assets	(Note 16)	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

The accompanying notes are integral parts of these statements.

(Millions of Yen)

LIABILITIES		As of March 31, 2024	As of March 31, 2025
Current liabilities :			
Trade and other payables	(Notes 17 and 32)	1,890,718	1,671,352
Bonds, borrowings and lease liabilities	(Notes 11, 14, 18 and 32)	541,495	473,466
Other financial liabilities	(Note 32)	7,036	823
Income taxes payable		80,269	126,428
Other current liabilities		62,353	63,421
Total current liabilities		<u>2,581,874</u>	<u>2,335,493</u>
Non-current liabilities :			
Bonds, borrowings and lease liabilities	(Notes 11, 14, 18 and 32)	2,170,148	2,034,026
Other financial liabilities	(Note 32)	146	35
Defined benefit liabilities	(Note 19)	116,309	111,552
Deferred tax liabilities	(Note 16)	140,532	137,014
Other non-current liabilities	(Note 32)	349,737	420,955
Total non-current liabilities		<u>2,776,874</u>	<u>2,703,584</u>
Total liabilities		<u>5,358,748</u>	<u>5,039,077</u>
EQUITY			
Common stock	(Note 20)	419,799	569,519
Capital surplus	(Note 20)	398,914	578,457
Retained earnings	(Note 20)	3,525,585	3,819,934
Treasury stock	(Note 20)	(58,149)	(58,236)
Other components of equity		491,576	473,635
Total equity attributable to owners of the parent		<u>4,777,727</u>	<u>5,383,311</u>
Non-controlling interests		578,150	520,069
Total equity		<u>5,355,878</u>	<u>5,903,380</u>
Total liabilities and equity		<u>10,714,627</u>	<u>10,942,458</u>

The accompanying notes are integral parts of these statements.

**Consolidated Statements of Profit or Loss and
Consolidated Statements of Comprehensive Income**

Consolidated Statements of Profit or Loss		(Millions of Yen)	
		Year ended March 31, 2024	Year ended March 31, 2025
Revenue	(Note 22)	8,868,097	8,695,526
Cost of sales	(Notes 19 and 24)	(7,481,331)	(7,323,874)
Gross profit		1,386,765	1,371,651
Selling, general and administrative expenses	(Notes 19, 23, 24 and 33)	(730,388)	(815,817)
Share of profit in investments accounted for using the equity method	(Note 15)	144,326	126,900
Other operating income	(Note 25)	178,085	79,845
Other operating expenses	(Note 25)	(109,131)	(79,343)
Business profit	(Note 26)	869,657	683,237
Losses on reorganization	(Note 27)	(90,995)	(135,277)
Operating profit		778,662	547,960
Finance income	(Note 28)	21,540	20,841
Finance costs	(Note 28)	(36,230)	(44,423)
Profit before income taxes		763,972	524,377
Income tax expense	(Note 16)	(176,074)	(141,405)
Profit for the year		587,898	382,972
Profit for the year attributable to :			
Owners of the parent		549,372	350,227
Non-controlling interests		38,526	32,744
Earnings per share	(Note 31)		
Basic earnings per share (Yen)		596.59	350.92
Diluted earnings per share (Yen)		527.96	335.15

Consolidated Statements of Comprehensive Income		(Millions of Yen)	
		Year ended March 31, 2024	Year ended March 31, 2025
Profit for the year		587,898	382,972
Other comprehensive income	(Note 30)		
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)
Remeasurements of defined benefit plans		17,570	14,546
Share of other comprehensive income of investments accounted for using the equity method	(Note 15)	9,179	(4,613)
Subtotal		152,533	(12,815)
Items that might be reclassified to profit or loss			
Changes in fair value of cash flow hedges		1,570	10,222
Foreign exchange differences on translation of foreign operations		81,716	108,222
Share of other comprehensive income of investments accounted for using the equity method	(Note 15)	(12,886)	3,004
Subtotal		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

The accompanying notes are integral parts of these statements.

Consolidated Statements of Changes in Equity

Year ended March 31, 2024

(Millions of Yen)

	Equity attributable to owners of the parent					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Changes in fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance as of March 31, 2023	419,524	399,366	3,079,144	(58,054)	194,905	—
Changes of the year						
Comprehensive income						
Profit for the year			549,372			
Other comprehensive income (Note 30)					126,397	15,685
Total comprehensive income	—	—	549,372	—	126,397	15,685
Transactions with owners and others						
Conversion of convertible bonds (Note 20)	275	275				
Cash dividends (Note 21)			(152,117)			
Purchases of treasury stock (Note 20)				(84)		
Disposals of treasury stock (Note 20)		1		49		
Changes in ownership interests in subsidiaries		(729)				
Transfer from other components of equity to retained earnings			49,186		(33,500)	(15,685)
Changes in scope of consolidation				(59)		
Subtotal	275	(452)	(102,930)	(94)	(33,500)	(15,685)
Balance as of March 31, 2024	419,799	398,914	3,525,585	(58,149)	287,802	—

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of the parent		
	Changes in fair value of cash flow hedges	Foreign exchange differences on translation of foreign operations	Total			
Balance as of March 31, 2023	92,699	53,568	341,173	4,181,155	465,261	4,646,417
Changes of the year						
Comprehensive income						
Profit for the year			—	549,372	38,526	587,898
Other comprehensive income (Note 30)	(48,486)	105,993	199,589	199,589	23,344	222,933
Total comprehensive income	(48,486)	105,993	199,589	748,961	61,870	810,831
Transactions with owners and others						
Conversion of convertible bonds (Note 20)			—	550		550
Cash dividends (Note 21)			—	(152,117)	(11,959)	(164,076)
Purchases of treasury stock (Note 20)			—	(84)		(84)
Disposals of treasury stock (Note 20)			—	51		51
Changes in ownership interests in subsidiaries			—	(729)	50	(679)
Transfer from other components of equity to retained earnings			(49,186)	—		—
Changes in scope of consolidation			—	(59)	62,928	62,868
Subtotal	—	—	(49,186)	(152,389)	51,018	(101,370)
Balance as of March 31, 2024	44,212	159,561	491,576	4,777,727	578,150	5,355,878

The accompanying notes are integral parts of these statements.

Year ended March 31, 2025

(Millions of Yen)

	Equity attributable to owners of the parent					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Changes in fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance as of March 31, 2024	419,799	398,914	3,525,585	(58,149)	287,802	—
Changes of the year						
Comprehensive income						
Profit for the year			350,227			
Other comprehensive income (Note 30)					(32,317)	14,840
Total comprehensive income	—	—	350,227	—	(32,317)	14,840
Transactions with owners and others						
Conversion of convertible bonds (Note 20)	149,720	147,627				
Cash dividends (Note 21)			(162,085)			
Purchases of treasury stock (Note 20)				(69)		
Disposals of treasury stock (Note 20)		1		2		
Changes in ownership interests in subsidiaries		31,914				
Transfer from other components of equity to retained earnings			106,207		(91,366)	(14,840)
Changes in scope of consolidation				(20)		
Subtotal	149,720	179,543	(55,878)	(87)	(91,366)	(14,840)
Balance as of March 31, 2025	569,519	578,457	3,819,934	(58,236)	164,118	—

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of the parent		
	Changes in fair value of cash flow hedges	Foreign exchange differences on translation of foreign operations	Total			
Balance as of March 31, 2024	44,212	159,561	491,576	4,777,727	578,150	5,355,878
Changes of the year						
Comprehensive income						
Profit for the year			—	350,227	32,744	382,972
Other comprehensive income (Note 30)	7,595	98,147	88,266	88,266	20,368	108,634
Total comprehensive income	7,595	98,147	88,266	438,493	53,113	491,606
Transactions with owners and others						
Conversion of convertible bonds (Note 20)			—	297,347		297,347
Cash dividends (Note 21)			—	(162,085)	(16,783)	(178,869)
Purchases of treasury stock (Note 20)			—	(69)		(69)
Disposals of treasury stock (Note 20)			—	3		3
Changes in ownership interests in subsidiaries			—	31,914	(94,466)	(62,551)
Transfer from other components of equity to retained earnings			(106,207)	—		—
Changes in scope of consolidation			—	(20)	55	35
Subtotal	—	—	(106,207)	167,090	(111,194)	55,895
Balance as of March 31, 2025	51,808	257,708	473,635	5,383,311	520,069	5,903,380

The accompanying notes are integral parts of these statements.

Consolidated Statements of Cash-Flows

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities :		
Profit before income taxes	763,972	524,377
Depreciation and amortization	363,002	385,243
Finance income	(21,540)	(20,841)
Finance costs	36,230	44,423
Share of profit in investments accounted for using the equity method	(144,326)	(126,900)
Losses on reorganization	90,995	135,277
(Increase) decrease in trade and other receivables	50,126	204,644
(Increase) decrease in inventories	68,618	95,656
Increase (decrease) in trade and other payables	(53,628)	(104,577)
Other, net	(73,798)	(13,806)
Subtotal	1,079,651	1,123,496
Interest received	21,140	20,834
Dividends received	66,459	51,512
Interest paid	(30,565)	(36,354)
Income taxes paid	(126,526)	(180,895)
Net cash flows provided by operating activities	1,010,159	978,593
Cash flows from investing activities :		
Purchases of property, plant and equipment and intangible assets	(466,345)	(597,938)
Proceeds from sales of property, plant and equipment and intangible assets	12,384	13,616
Payments for disposal of property, plant and equipment	—	(20,256)
Purchases of investment securities	(7,474)	(6,031)
Proceeds from sales of investment securities	20,982	231,023
Proceeds from sales of investments in affiliates	19,670	39,241
Purchases of shares of subsidiaries resulting in change in scope of consolidation (Note 7)	(108,168)	(35)
Payments for acquisition of businesses	—	(113,715)
Loans to associates and others	(4,262)	(5,464)
Collection of loans from associates and others	1,696	2,189
Other, net	(179,137)	(5,058)
Net cash flows used in investing activities	(710,654)	(462,428)
Cash flows from financing activities :		
Increase (decrease) in short-term borrowings, net (Note 18)	(325,935)	44,108
Proceeds from long-term borrowings (Note 18)	85,218	160,503
Repayments of long-term borrowings (Note 18)	(211,736)	(159,090)
Proceeds from issuance of bonds (Note 18)	—	166,284
Redemption of bonds (Note 18)	(60,000)	(140,010)
Purchases of treasury stock	(73)	(58)
Cash dividends paid (Note 21)	(152,117)	(162,085)
Dividends paid to non-controlling interests	(11,959)	(16,783)
Purchases of shares of subsidiaries that do not result in change in scope of consolidation	(2,960)	(64,586)
Other, net	135,618	(141,615)
Net cash flows used in financing activities	(543,945)	(313,334)
Effect of exchange rate changes on cash and cash equivalents	22,922	20,803
Net increase (decrease) in cash and cash equivalents	(221,518)	223,634
Cash and cash equivalents at beginning of the year	670,410	448,892
Cash and cash equivalents at end of the year (Note 8)	448,892	672,526

The accompanying notes are integral parts of these statements.

Notes to the consolidated financial statements

1. Reporting Entity

NIPPON STEEL CORPORATION (hereinafter referred to as the “Company” or “NSC”) is a corporation domiciled in Japan. The consolidated financial statements for the year ended March 31, 2025 are composed of the Company and its consolidated subsidiaries and equity-method affiliates (collectively hereinafter referred to as the “Group”). The principal businesses of the Group consist of Steelmaking and Steel Fabrication business, Engineering and Construction business, Chemicals & Materials business, and System Solutions business. Further details are described in Note “6. Segment Information”.

2. Basis of Preparation

(1) Compliance with International Financial Reporting Standards

The Company’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The term IFRS also includes International Accounting Standards (“IAS”) and the related interpretations of the interpretations committees (“SIC” and “IFRIC”).

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities as separately stated in Note “3. Material Accounting Policies”.

(3) Functional currency and presentation currency

The consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company. All amounts have been truncated to the nearest millions of Japanese yen, unless otherwise indicated.

(4) Changes in presentation methods

(Related to consolidated statements of cash-flows)

“Purchases of investments in affiliates” (¥184,232 million in the year ended March 31, 2024), and “Proceeds from sale of businesses” (¥1,300 million in the year ended March 31, 2024) in “Cash flows from investing activities” have become immaterial and therefore are included in and presented as “Other, net” in “Cash flows from investing activities” for the year ended March 31, 2025. The consolidated statements of cash flows for the year ended March 31, 2024 are reclassified to reflect the change in presentation methods.

(5) Authorization of the consolidated financial statements

The consolidated financial statements were authorized for issuance by Tadashi Imai, Representative Director, President and COO of the Company on June 24, 2025.

3. Material Accounting Policies

(1) Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained until the date when control is lost. If the Group loses control of a subsidiary, any gain or loss resulting from the loss of control is recognized in profit or loss. Changes in the Group’s interest in a subsidiary not resulting in a loss of control are accounted for as equity transactions, and the difference between the adjustment to the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the accounting policies of the subsidiaries are different from those of the Group, the financial statements of subsidiaries are adjusted to ensure that the accounting policies are consistent with those of the Group. All intragroup balances, transaction amounts and unrealized gains and losses arising from intragroup transactions are eliminated in full in preparing the consolidated financial statements. Intragroup losses are eliminated in full except to the extent that the underlying asset is impaired.

(b) Investments in associates

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but there are no control. In principle, it is presumed that the Group has significant influence over an investee when the Group holds 20% or more but no more than 50% of the voting rights of the investee. An investee is determined as an associate when the Group has significant influence over it in one or more ways, not only the ratio of the voting rights, but also through participation in the policy-making progress and other right.

An investment in an associate is accounted for under the equity method from the date when the Group has significant influence over it until the date when the significant influence is lost. Under the equity method, the investment is initially recognized at cost, and any excess of the Group's share of the acquisition-date fair value of the investee's identifiable net assets over the cost of the investment is recognized as goodwill that is included in the carrying amount of the investment. Thereafter, the investment is adjusted for the change in the Group's share of the investee's profit or loss and other comprehensive income. When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to zero and recognition of further losses over the carrying amount of the investment is discontinued except to the extent that the Group assumes obligations or makes payments on behalf of the investee.

When the Group ceases to have significant influence over an associate and discontinues the use of the equity method, gain or loss arising from discontinuance of the use of the equity method is recognized in profit or loss.

Goodwill arising from the acquisition of an associate forms a part of the carrying amount of investments in the associate and is not separately recognized. Therefore, the goodwill of investment in an associate is not subject to impairment test separately. However, whenever there is any possibility that an investment in an associate may be impaired, the entire carrying amount of the investment is tested for impairment as a single asset. Regarding impairment of goodwill, refer to (10) "Impairment of non-financial assets".

(c) Joint arrangements

The Group determines the type of a joint arrangement in which it is involved by considering its rights and obligations arising from the arrangement. When the parties that have joint control of an arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement, the arrangement is classified as a joint operation. When the parties that collectively control the arrangement have rights to the net assets of the arrangement and decisions about the relevant activities require the unanimous consent of those parties, that arrangement is classified as a joint venture. The Group recognizes assets, liabilities, income and expenses generated from operating activities of joint operations only in a ratio equivalent to its shares. As for joint ventures, the Group uses the equity method.

(d) Scope of consolidation and application of equity method and proportionate consolidation

Number of consolidated subsidiaries: 419 companies

Names of principal subsidiaries are listed in "Principal Subsidiaries and Affiliates"

In the year ended March 31, 2025, the scope of consolidation expanded by 7 companies, including 3 newly established companies and 2 newly acquired companies, etc. 22 companies—13 merged companies and 6 liquidations, etc.—were eliminated from the scope of consolidation in the year ended March 31, 2025.

Number of equity-method and proportionate-consolidation affiliates (associates, joint operations and joint ventures): 110 companies

Names of principal equity-method affiliates are listed in "Principal Subsidiaries and Affiliates"

During the year ended March 31, 2025, 4 companies were added to the scope of equity-method and proportionate-consolidation affiliates and 7 companies were removed from the scope of equity-method affiliates.

(2) Business combinations

Business combinations are accounted for using the acquisition method when control is obtained. The identifiable assets acquired and the liabilities assumed of the acquiree are recognized at fair value as of the acquisition date.

When the total of consideration transferred in business combinations and amount of non-controlling interests in the acquiree exceeds the net of identifiable assets acquired and liabilities assumed on the acquisition date, the excess amount is recognized as goodwill. Conversely, when the total of consideration transferred and amount of non-controlling interests is lower than the net of identifiable assets acquired and liabilities assumed, the difference is recognized as profit.

The consideration transferred for the acquisition is measured as the total of fair value of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued by the acquirer. In addition, the fair value of equity interest in the acquiree that the Group held before the date of obtaining control is included in the consideration transferred for a business combination achieved in stages. Acquisition costs attributable to a business combination are recognized as expenses as incurred.

Non-controlling interests are initially measured at fair value or at non-controlling interests' proportionate share of the acquiree's identifiable net assets on an acquisition-by-acquisition basis.

The components of profit or loss and other comprehensive income are attributed to owners of the parent and non-controlling interests based on the proportionate shares held.

(3) Foreign currency translation

(a) Functional currency and presentation currency

The financial statements of each Group entity are presented in its functional currency that is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company.

(b) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the transaction date or using the foreign exchange rate that approximates such rate. Foreign currency monetary items at the end of each reporting period are translated into the functional currency using the exchange rate at the end of each reporting period. Non-monetary items measured at historical cost in foreign currencies are translated into the functional currency using the exchange rates at the transaction date. Non-monetary items measured at fair value that are denominated in foreign currencies are translated into the functional currency using the exchange rates at the date when the fair value is measured. Exchange differences arising from the translation or settlement are recognized in profit or loss, except for those recognized in other comprehensive income.

(c) Foreign operations

The financial performance and financial position of all of foreign operations which use a functional currency other than the presentation currency are translated into the presentation currency of the Company using the following exchange rates:

- (i) Assets and liabilities are translated using the exchange rates at the reporting date
- (ii) Income and expenses are translated at average exchange rates
- (iii) All resulting exchange differences arising from translation of foreign operations are recognized in other comprehensive income

When a foreign operation is disposed of, the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(4) Financial instruments

(a) Non-derivative financial assets

(i) Recognition and measurement

The Group recognizes financial assets when it becomes a party to the contractual provisions of the assets. Financial assets purchased or sold in a regular way are recognized on the trade date. Financial assets other than derivative financial instruments are classified at initial recognition as those measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at amortized cost and fair value through other comprehensive income are initially recognized at their fair value plus transaction costs that are directly attributable to the acquisition of the assets. However, the trade receivables that do not contain a significant financing component are recognized initially at their transaction price.

Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost only if the assets are held within the Group's business model with an objective of collecting contractual cash flows, and if the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through other comprehensive income

For certain equity instruments held primarily for the purpose of maintaining or strengthening business relationship with investees, the Group designates these instruments as financial assets measured at fair value through other comprehensive income at initial recognition.

Subsequent changes in fair value are recognized in other comprehensive income. When these financial assets are derecognized or significant deterioration of fair value occurs, a gain or loss accumulated in other comprehensive income is reclassified to retained earnings. Dividends from the financial assets measured at fair value through other comprehensive income are recognized in profit or loss when the Group's right to receive dividends is established.

(ii) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the Group transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another party.

(iii) Impairment of financial assets measured at amortized cost

The Group assesses expected credit loss at the end of each reporting period for the impairment of financial assets measured at amortized cost.

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and financial assets with a significant increase in credit risk since initial recognition.

The Group determines whether credit risk has significantly increased based on changes in the risk of a default occurring on the financial assets. When determining whether there are changes in the risk of a default occurring on the financial assets, the Group considers the following;

- Significant deterioration in the financial conditions of an issuer or a borrower;
- A breach of contract, such as default or past-due payment of interest or principal; or
- It has become probable that a borrower will enter into bankruptcy or other financial reorganization

(b) Non-derivative financial liabilities

(i) Recognition and measurement

Financial liabilities other than derivatives are classified as financial liabilities measured at amortized cost.

(ii) Derecognition

The Group derecognizes financial liabilities when the obligation specified in the contract is discharged, cancelled or expires.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Group currently has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(d) Derivatives and hedge accounting

The Group utilizes derivatives, including foreign exchange forward contracts, interest rate swaps and currency swaps, to hedge foreign currency risk and interest rate risk. These derivatives are initially recognized at fair value when the contract is entered into, and are subsequently measured at fair value.

Changes in fair value of derivatives are recognized in profit or loss. However, the effective portion of cash flow hedges is recognized in other comprehensive income.

The Group formally documents relationships between hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions in an internal rule titled “Administrative Provisions on Transactions of Derivative Instruments”. The rule stipulates that derivative transactions are conducted only for the purpose of mitigating risks arising from the Group’s principal business activities (including forecast transactions) and the trading of derivatives for speculative purposes is prohibited.

The Group evaluates whether the derivatives designated as a hedging instrument offsets changes in fair value or the cash flows of the hedged items to a great extent when designating a hedging relationship and on an ongoing basis. A hedging relationship that qualifies for hedge accounting is classified and accounted for as follows:

(i) Fair value hedges

Changes in fair value of derivative as a hedging instrument are recognized in profit or loss. Changes in fair value of a hedged item adjust the carrying amount of the hedged item and are recognized in profit or loss.

(ii) Cash flow hedges

The effective portion of changes in fair value of derivative as a hedging instrument is recognized in other comprehensive income. Any ineffective portion of changes in fair value of derivative as the hedging instrument is recognized in profit or loss.

The amount accumulated in other comprehensive income is reclassified to profit or loss when the hedged transactions affect profit or loss. When a hedged item results in the recognition of a non-financial asset or a non-financial liability, the amount recognized as other components of equity is reclassified as an adjustment of initial carrying amount of the non-financial asset or non-financial liability.

(e) Compound financial instruments

The Compound financial instruments the Group issued are convertible bonds with stock acquisition rights convertible into stockholders' equity at the option of the holders. The liability component of a compound financial instrument is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component of a compound financial instrument is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. The directly attributable transaction costs are allocated to each component in proportion to the initial carrying amounts.

After initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured after initial recognition.

(5) Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand, bank deposits available for withdrawal on demand, and short-term investments with the maturity of three months or less from the acquisition date, that are readily convertible to cash and subject to an insignificant risk of changes in value.

(6) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is measured mainly based on the weighted average method, and comprises of all costs of purchasing and processing as well as other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(7) Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment is initially measured at cost and presented at cost less accumulated depreciation and impairment losses. Acquisition cost includes costs directly attributable to the acquisition of the asset and costs of dismantling, removing and restoration of the asset.

(b) Depreciation

Depreciation of property, plant and equipment is mainly computed by the straight-line method over the estimated useful lives of each component based on the depreciable amount, except for land and other non-depreciable assets. The depreciable amount is the cost of the asset less the respective estimated residual values.

The estimated useful lives of major property, plant and equipment are as follows:

- Buildings: Principally 31 years
- Machinery: Principally 14 years

The depreciation methods, estimated useful lives and residual values are reviewed at the end of each reporting period, and modified as necessary.

(8) Goodwill and intangible assets

Intangible assets are measured at cost. Intangible assets with finite useful lives are presented at cost less accumulated amortization and impairment losses. Goodwill and intangible assets with indefinite useful lives are presented at cost less accumulated impairment losses.

(a) Goodwill

When the total of consideration transferred in business combinations and amount of non-controlling interests in the acquiree exceeds the net of identifiable assets acquired and liabilities assumed on the acquisition date, the excess amount is recognized as goodwill. Goodwill is not amortized and is allocated to cash-generating units or groups of cash-generating units.

Regarding accounting policy for impairment of goodwill, refer to (10) "Impairment of non-financial assets".

(b) Intangible assets

Intangible assets acquired separately are measured at cost at the date of initial recognition. The costs of intangible assets acquired in business combinations are measured at fair value at the acquisition date. Intangible assets with finite useful lives are presented at cost less accumulated amortization and impairment losses. Expenditures related to internally generated intangible assets are recognized as expenses when incurred, unless development expenses meet the criteria for capitalization.

(c) Amortization

Amortization of intangible assets with finite useful lives is recognized as an expense by the straight-line method over their estimated useful lives from the date when the assets are available for their intended use. The amortization methods and useful lives are reviewed at the end of each reporting period, and modified as necessary.

The estimated useful lives of major intangible assets with finite useful lives are as follows:

- Software: Principally 5 years
- Mining rights: Principally 35 years

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortized.

(9) Leases

The Group determines whether a contract is, or contains, a lease based on the substance of the contract rather than its legal form at the commencement date of the lease.

The Group recognizes right-of-use assets and lease liabilities at the commencement date of a lease contract or a contract which is determined to contain a lease. Lease liabilities are measured at the discounted present value of the total lease payments that are not paid at the lease commencement date.

Right-of-use assets are initially measured at the amount of initial measurement of the corresponding lease liability, adjusted mainly by any initial direct costs, and any prepaid lease payments, plus costs including restoration obligations under the lease agreement. Right-of-use assets are depreciated mainly on a straight-line basis over the lease term. Finance costs are presented separately from depreciation costs on right-of-use assets on the consolidated statements of profit or loss.

For leases with an initial term of 12 months or less and leases for which the underlying asset is of low value, the Group applied an exemption of IFRS 16 and elected not to recognize the lease payments associated with those leases as right-of-use assets or lease liabilities. The Group recognizes such lease payments as expenses mainly on a straight-line basis over the lease term.

(10) Impairment of non-financial assets

For the non-financial assets other than inventories and deferred tax assets, the Group assesses whether there is any indication of impairment on each asset or the cash-generating unit to which the asset belongs at the end of each reporting period. If any indication of impairment exists, the recoverable amount of the asset or the cash-generating unit to which the asset belongs is estimated and impairment tests are performed. Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever an indication of impairment exists.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. When the recoverable amount of the individual asset cannot be estimated, the Group estimates the recoverable amount of the cash-generating unit or the group of cash-generating units to which the asset belongs. The value in use is calculated by discounting the estimated future cash flows to the present value, and a pre-tax discount rate that reflects the time value of money and the risks specific to the asset is used as a discount rate.

The cash flows are based on the medium- to long-term management plan and the latest business plan, which incorporate the steel supply and demand forecast and manufacturing cost improvement as key assumptions. Projections of steel supply and demand and manufacturing cost improvements are subject to a high degree of uncertainty, and management's judgements regarding these factors are expected to have significant impacts on the future cash flows.

The cash-generating unit or the group of cash-generating units to which goodwill is allocated is the lowest level monitored for internal management purposes, and is not larger than an operating segment.

As corporate assets do not independently generate cash inflows, when there is an indication that a corporate asset may be impaired, an impairment test is performed based on the recoverable amount of the cash-generating unit or the group of cash-generating units to which such corporate asset belongs.

If the recoverable amount of the asset or the cash-generating unit is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized. The impairment loss recognized with respect to the cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit.

An impairment loss is reversed if there are indications that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased and the recoverable amount of the asset is greater than its carrying amount. The amount to be reversed would not exceed its carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. An impairment loss recognized in goodwill is not reversed.

(11) Employee benefits

Employee benefits include short-term employee benefits, retirement benefits, and other long-term employee benefits.

(a) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as expenses when the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash incentive plans if the Group has a present legal or constructive obligation to pay in exchange for services provided by the employees in the prior period, and such obligation can be reliably estimated.

(b) Retirement benefits

Retirement benefit plans comprise of defined benefit corporate pension plans, defined contribution plans, and lump-sum retirement payment plans. These retirement benefit plans are accounted for as follows:

(i) Defined benefit corporate pension plans and lump-sum retirement payment plans

The net defined benefit liabilities or assets of defined benefit plans are recognized as the present value of defined benefit obligations less the fair value of any plan assets. If the defined benefit plan has been overfunded, the defined benefit asset is limited to the asset ceiling that is the present value of any future economic benefits available in the form of reductions in the future contributions to the plan or cash refunds.

The present value of defined benefit obligations is calculated annually by qualified actuaries using the projected unit credit method. The discount rates are based on the market yields of high quality corporate bonds at the end of each reporting period that have terms consistent with the discount period, which is established as the estimated term of the retirement benefit obligations through to the estimated dates for payments of future benefits.

Remeasurements of defined benefit plans are immediately recognized in other comprehensive income when incurred and then directly transferred to retained earnings, while past service costs are recognized in profit or loss.

(ii) Defined contribution plans

Contributions to defined contribution retirement plans are recognized as expenses in the period when the employees render the related services.

(12) Equity

(a) Ordinary shares

Ordinary shares are classified as equity. Costs directly attributable to the issuance of ordinary shares (net of tax effects) are recognized as a deduction from equity.

(b) Treasury stock

When the Company acquires treasury stocks, the consideration paid, including any directly attributable costs (net of tax effects), is deducted from equity. In case of disposal of treasury stocks, the difference between the consideration received and the carrying amount of treasury stocks is recognized in equity.

(13) Revenue

Revenue is recognized based on the following five-steps.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when or as the Group satisfies a performance obligation

Revenue generated from Steelmaking and Steel Fabrication segment and Chemicals and Materials segment primarily consists of revenue generated from sale of goods while revenue generated from Engineering and Construction segment primarily consists of construction contracts and revenue generated from System Solutions segment mainly consists of services rendered and construction contracts (built-to-order software).

(a) Performance obligations satisfied at a point in time

The Group recognizes revenue from sale of goods at the point of shipment when the customer obtains control of the goods and therefore a performance obligation is satisfied at a point in time where the Group no longer retains physical possession of the goods upon shipment, the Group has the right to be paid from the customer and their legal title is transferred to the customer.

With respect to revenue from rendering of service whose performance obligation is satisfied at a point in time, the Group recognizes revenue when the rendering of service is completed. Revenue is measured at the amount of consideration received or receivable less discounts and rebates. The consideration of the transaction is primarily collected within one year after the satisfaction of the performance obligation and it does not contain a significant financing component.

(b) Performance obligations satisfied over time

The Group recognizes revenue from construction contracts and built-to-order software on the basis of progress towards satisfaction of performance obligation as the Group transfers control over time. The progress is measured on the basis of percentage of actual costs incurred to date to estimated total costs as it is considered that costs incurred properly reflect the progress of the services (Input methods).

With respect to revenue from rendering of services whose performance obligation is satisfied over time, the Group recognizes revenue evenly throughout the duration of the service.

(14) Income taxes

Income taxes comprise of current taxes and deferred taxes, and are recognized in profit or loss, except for the items which are recognized directly in equity or other comprehensive income.

Current taxes are measured at the amounts expected to be paid or recovered from the taxation authorities using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are recognized based on future tax consequences attributable to temporary differences between the carrying amounts of assets or liabilities for accounting purposes and the tax bases of the assets or liabilities, carryforward of unused tax losses and tax credits. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized. Deferred tax assets are reviewed at the end of each reporting period and recognized only to the extent that it is probable that the tax benefits can be realized. However, deferred tax assets are not recognized if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither accounting profit nor taxable profit, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction.

Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements are recognized only to the extent of the following circumstances:

- The temporary difference will reverse in the foreseeable future; and
- Taxable profit will be available against which the temporary difference can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, except for the following circumstances:

- On the initial recognition of goodwill;
- On the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither accounting profit nor taxable profit, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction;
- Taxable temporary differences associated with investments in subsidiaries to the extent that the parent company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group assesses the recoverability of deferred tax assets using all the future information available such as projections of the future taxable profit based on the medium- to long-term management plan and the latest business plan which incorporate the steel supply and demand forecast and manufacturing cost improvement as key assumptions. Although the Group recognizes its deferred tax assets to the extent that it is probable that the related tax benefits will be realized, the recoverable amount may vary depending on the factors such as the changes in the projections of the future taxable profit in case of not achieving the goal of the medium- to long-term management plan and business plan due to unfavorable business environment or tax reforms including the changes in the statutory tax rate.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and in either of the following circumstances:

- Income taxes are levied by the same taxation authority on the same taxable entity; or
- Different taxable entities intend either to settle current tax assets and current tax liabilities on a net basis, or to realize the current tax assets and settle the current tax liabilities simultaneously.

The Group has applied International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12 Income Taxes) (announced in May 2023). With regard to the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two income taxes, the exceptions set forth in these amendments are applied.

(15) Earnings per share

Basic earnings per share is calculated by dividing the profit for the reporting period attributable to owners of the Company by the weighted average number of common stock outstanding during the period in which the number of treasury stock is excluded.

Diluted earnings per share is calculated by adjusting the effects of all dilutive potential ordinary shares.

4. Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. However, actual results could differ from these estimates.

The estimates and their underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are recognized prospectively in the period in which the estimates are revised.

Information about judgments that have been made in the process of applying the Group's accounting policies and that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 3 (1) "Basis of consolidation" and Note 15 "Interests in Subsidiaries, Associates and Others"
- Note 3 (4) "Financial instruments" and Note 32 "Financial Instruments"

Information about uncertainty of key estimates and assumptions that may have significant risks of causing material adjustments to the carrying amounts of assets and liabilities in the subsequent reporting year is included in the following notes:

- Note 3 (10) "Impairment of non-financial assets" and Note 29 "Impairment of Assets"
- Note 3 (11) "Employee benefits" and Note 19 "Employee Benefits"
- Note 3 (13) "Revenue" and Note 22 "Revenue"
- Note 3 (14) "Income taxes" and Note 16 "Income Taxes"
- Note 35 "Loan Guarantees"

5. New Accounting Standards and Interpretations Not Yet Applied

New standards, interpretations, and amendments to standards and interpretations that were issued as of the date of approval of the consolidated financial statements but have not yet been adopted in the preparation of the consolidated financial statements are as follows. The effect of applying new standards to the Group is now under consideration and cannot be estimated at this time.

Standards	Name of Standards	Effective date (The fiscal year beginning on or after)	Adoption date of the Group	Content
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	IFRS 18 replaces IAS 1 <i>Presentation of Financial Statements</i> and introduces new requirements primarily regarding the presentation and disclosure of financial performance in the Statements of Profit or Loss.

6. Segment Information

(1) Description of reportable segments

The Company engages in the Steelmaking and Steel Fabrication business and acts as the holding company of the Group. The Group has four operating segments determined mainly based on products and services, which are Steelmaking and Steel Fabrication, Engineering and Construction, Chemicals and Materials, and System Solutions. Each operating segment shares the management strategy of the Group, while conducting its business activities independently from and in parallel with other segments of the Group. The following summary describes the operations of each reportable segment:

Reportable segments	Principal businesses
Steelmaking and Steel Fabrication	Manufacturing and sale of steel products
Engineering and Construction	Design, manufacture, sale, construction and supervision of various plants and facilities, energy pipelines, water facilities, industrial machinery and equipment, buildings, building materials and equipment, steel structures, etc.; operation, management and maintenance of plants and facilities, etc.; Waste treatment and recycling business; and supply business of electricity, gas, heat, etc.
Chemicals and Materials	Manufacturing and sale of coal-based chemical products, petrochemicals, electronic materials, materials and components for semiconductors and electronic parts, carbon fiber and composite products, and products that utilize technologies for metal processing
System Solutions	Computer systems engineering and consulting services; IT-enabled outsourcing and other services

(2) Basis of measurement of segment revenue, profit or loss, assets, liabilities, and other items

Inter-segment revenue is based on transaction prices between third parties. Segment profit is measured using business profit.

(3) Information about segment revenue, profit or loss, assets and liabilities and other items

(Year ended March 31, 2024)

(Millions of Yen)

	Reportable segment				Subtotal	Adjustments (Note)	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue							
Revenue from external customers	8,010,655	381,600	243,327	232,513	8,868,097	—	8,868,097
Inter-segment revenue or transfers	65,689	27,632	17,506	79,058	189,887	(189,887)	—
Total	8,076,345	409,233	260,834	311,572	9,057,985	(189,887)	8,868,097
Segment profit (loss) <Business profit>	821,065	(1,340)	15,390	35,588	870,704	(1,046)	869,657
Other items							
Depreciation and amortization	346,758	3,379	8,566	8,727	367,431	(4,428)	363,002
Share of profit in investments accounted for using the equity method	130,081	130	1,340	20	131,572	12,754	144,326
Segment assets	9,824,730	360,665	237,606	363,379	10,786,381	(71,754)	10,714,627
Other items							
Investments accounted for using the equity method	1,357,813	4,324	30,459	142	1,392,740	145,195	1,537,936
Capital expenditure	473,901	5,663	9,636	3,390	492,592	(4,876)	487,716
Segment liabilities (Interest-bearing debt)	2,674,600	17,201	9,787	21,555	2,723,144	(11,500)	2,711,644

Note:

The adjustments of segment profit of ¥(1,046) million include the Company's share of profit in investments of Nippon Steel Kowa Real Estate Co., Ltd., accounted for using the equity method of ¥11,967 million and elimination of inter-segment revenue or transfers of ¥(13,013) million.

(Year ended March 31, 2025)

(Millions of Yen)

	Reportable segment				Subtotal	Adjustments (Note)	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue							
Revenue from external customers	7,819,748	371,309	250,873	253,594	8,695,526	—	8,695,526
Inter-segment revenue or transfers	54,629	29,165	18,255	85,781	187,830	(187,830)	—
Total	7,874,377	400,474	269,128	339,376	8,883,356	(187,830)	8,695,526
Segment profit (loss) <Business profit>	621,005	14,628	18,938	38,888	693,461	(10,223)	683,237
Other items							
Depreciation and amortization	368,483	4,377	8,317	8,802	389,980	(4,737)	385,243
Share of profit in investments accounted for using the equity method	115,563	102	349	(13)	116,002	10,897	126,900
Segment assets	10,115,166	349,700	254,630	412,336	11,131,834	(189,375)	10,942,458
Other items							
Investments accounted for using the equity method	1,414,126	4,259	29,584	129	1,448,100	152,265	1,600,366
Capital expenditure	604,853	4,076	10,397	3,468	622,796	(3,635)	619,160
Segment liabilities (Interest-bearing debt)	2,473,628	8,525	7,086	18,251	2,507,492	—	2,507,492

Note:

The adjustments of segment profit of ¥(10,223) million include the Company's share of profit in investments of Nippon Steel Kowa Real Estate Co., Ltd., accounted for using the equity method of ¥12,808 million and elimination of inter-segment revenue or transfers of ¥(23,032) million.

(4) Information about geographical areas**(a) Revenue**

Revenue information is based on the geographical location of customers and classified by region.

(Year ended March 31, 2024)

(Millions of Yen)

Japan	Overseas Subtotal			Total
		Asia	Other	
5,286,846	3,581,251	1,992,906	1,588,344	8,868,097

(Year ended March 31, 2025)

(Millions of Yen)

Japan	Overseas Subtotal			Total
		Asia	Other	
5,109,771	3,585,755	2,076,558	1,509,197	8,695,526

(b) Non-current assets

Non-current assets are based on the location of the asset and do not include financial assets, deferred tax assets and assets for retirement benefits.

(As of March 31, 2024)

(Millions of Yen)

Japan	Overseas	Total
3,152,514	584,376	3,736,890

(As of March 31, 2025)

(Millions of Yen)

Japan	Overseas	Total
3,368,684	712,035	4,080,720

(6) Revenue from major customers

There has been no single external customer revenue which represented 10% or more to the Group's revenue.

7. Business combinations

Business combinations consummated during the year ended March 31, 2024

Acquisition of NIPPON STEEL TRADING CORPORATION

(1) Overview

- (a) Name of the acquiree and the description of its business
 Name of the acquiree: NIPPON STEEL TRADING CORPORATION (Nippon Steel Trading Corporation)
 Description of business: Marketing and import/export of steel, industrial supply and infrastructure, foodstuffs, textiles and others
- (b) Acquisition date: April 14, 2023
- (c) Ratio of acquired voting equity interest
 Ratio of voting rights held prior to the acquisition date: 34.54%
 Ratio of voting rights after additional acquisition on the acquisition date: 70.21%
 Ratio of voting rights after the company's stock consolidation and the handling of fractions of less than one share: 80.00%
- (d) Primary reason for business combination
 The Group believes that to enhance its ability to promptly and appropriately respond to structural changes in the global steel market, it must increase direct contact with domestic and overseas customers and enhance its ability to conduct integrated operations regarding steel transactions, and further strengthen its competitiveness throughout the supply chain in order to ensure integrated profitability of the Group by optimizing and streamlining from steel manufacturing to distribution and processing thereof, and creating new added value. Under such understanding, the Company determined that it is desirable to make Nippon Steel Trading Corporation a consolidated subsidiary of the Company and delist Nippon Steel Trading Corporation in order to make the relationship between the Company and Nippon Steel Trading Corporation stronger and implement measures with a medium- to long-term perspective.
- (e) Form of control acquisition of the acquirees
 Acquisition of shares for cash

(2) Consideration transferred

	(Millions of Yen)
Cash	136,543
Fair value of equity interests held before the acquisition date, etc. (Note 1)	103,616
Total consideration transferred (Note 2)	240,159

Notes:

- The Company recorded a profit of ¥36,430 million as other operating income in the consolidated statements of profit or loss as a result from fair value measurement conducted at the acquisition date of the equity Interests of Nippon Steel Trading Corporation held prior to the acquisition date.
- The Group recorded acquisition-related costs of ¥1,081 million as selling, general and administrative expenses in the consolidated statements of profit and loss.

(3) Fair value of the assets acquired and liabilities assumed, non-controlling interests and bargain purchase gain

	(Millions of Yen)
Current assets	991,604
Non-current assets	183,003
Total assets	1,174,608
Current liabilities	690,620
Non-current liabilities	147,867
Total liabilities	838,488
Total identifiable net assets acquired	336,120
Non-controlling interests (Note 1)	89,987
Total equity attributable to owners of the parent	246,132
Total consideration transferred	240,159
Bargain purchase gain (Note 2)	5,972

Notes:

- Non-controlling interests are measured at the proportionate share of the fair value of the acquirees' identifiable total equity.
- The total equity attributable to owners of the parent of ¥246,132 million, which is determined by subtracting the non-controlling interests from the fair value of assets acquired and liabilities assumed based on reasonable information (such as financial and assets conditions based on due diligence performed by a third-party and valuation of shares performed by a financial advisor), exceeds the consideration transferred for the acquisition of Nippon Steel Trading Corporation of ¥240,159 million. The Group recorded a bargain purchase gain of ¥5,972 million arising from the difference between those two as "Other operating income" in the consolidated statements of profit or loss for the year ended March 31, 2024.

(4) Net cash used in the transaction

	(Millions of Yen)
Cash consideration transferred	136,543
Cash and cash equivalents held by the acquirees at the acquisition date	(28,899)
Net cash used in the transaction	107,643

(5) Revenue and profit or loss of the acquirees after the acquisition date

	(Millions of Yen)
Revenue	2,098,224
Profit or loss	32,040

(6) Revenue and profit or loss of the Group if the business combination had been completed at the beginning of the year

Information about revenue and profit or loss of the Groups if business combination had been completed at the beginning of the year is not disclosed as it is immaterial to the consolidated financial statements.

8. Cash and Cash Equivalents

The components of cash and cash equivalents are as follows:

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Cash	448,892	671,973
Cash equivalents	—	553
Total	448,892	672,526

The balance of cash and cash equivalents in the consolidated statements of financial position agrees with the balance of cash and cash equivalents in the consolidated statements of cash flows.

9. Trade and Other Receivables

The components of trade and other receivables are as follows:

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Notes and accounts receivable	1,472,582	1,309,998
Other	117,723	124,366
Allowance for doubtful receivables	(2,325)	(3,929)
Total	1,587,979	1,430,435

Contract assets are included in “Notes and accounts receivables”.

10. Inventories

The components of inventories are as follows:

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Merchandise and finished goods	1,244,000	1,207,139
Work in progress	98,217	112,832
Raw materials and supplies	934,446	879,123
Total	2,276,665	2,199,096

11. Assets Pledged as Collateral

As per general contractual provisions for long-term and short-term borrowings, banks may require collateral and guarantees for present and future obligations, and retain the rights to offset the liabilities with bank deposits when repayment is overdue or when default occurs.

Assets pledged as collateral and secured debts are as follows:

(Millions of Yen)

Assets pledged as collateral	As of March 31, 2024	As of March 31, 2025
Land	5,740	5,605
Buildings and structures	2,038	1,966
Machinery and vehicles	612	660
Other	10,029	11,251
Total	18,420	19,483

(Millions of Yen)

Secured debts	As of March 31, 2024	As of March 31, 2025
Short-term borrowings	630	320
Other	1,028	888
Total	1,658	1,208

In addition to the pledged assets listed above, shares of associates are pledged as collateral (¥461 million, and ¥461 million as of March 31, 2024 and 2025, respectively).

12. Property, Plant and Equipment

Details of changes in the carrying amounts and acquisition costs, accumulated depreciation and accumulated impairment losses of property, plant and equipment are as follows:

(Millions of Yen)

Carrying amount	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
As of April 1, 2023	643,097	766,930	1,440,856	86,994	245,759	3,183,638
Acquisitions and reclassified from construction in progress	4,224	59,127	271,246	40,273	53,814	428,686
Acquisitions through business combinations	25,519	21,740	13,330	1,512	1,163	63,265
Disposals and sales	(2,261)	(4,359)	(8,607)	(4,410)	(1,170)	(20,810)
Depreciation	—	(58,801)	(217,997)	(29,564)	—	(306,364)
Effects of changes in foreign exchange rates	2,476	6,119	30,726	432	2,725	42,479
Other	(1,588)	(1,281)	(3,993)	129	(3,724)	(10,458)
As of March 31, 2024	671,466	789,475	1,525,560	95,367	298,566	3,380,436
Acquisitions and reclassified from construction in progress	1,260	66,547	274,267	43,372	202,086	587,533
Disposals and sales	(3,263)	(4,734)	(13,902)	(7,493)	(2,057)	(31,451)
Depreciation	—	(60,640)	(229,865)	(32,161)	—	(322,667)
Effects of changes in foreign exchange rates	2,919	4,792	15,979	639	1,584	25,915
Other	92	(291)	(3,570)	2,438	(2,850)	(4,180)
As of March 31, 2025	672,475	795,148	1,568,469	102,162	497,329	3,635,585

Depreciation of property, plant and equipment is mainly included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statements of profit or loss.

(Millions of Yen)

Acquisition costs	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
As of April 1, 2023	710,081	2,899,785	9,123,745	444,383	272,309	13,450,305
As of March 31, 2024	737,412	2,993,003	9,297,664	466,325	329,097	13,823,502
As of March 31, 2025	738,187	3,037,201	9,331,319	475,226	530,881	14,112,817

(Millions of Yen)

Accumulated depreciation and accumulated impairment losses	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
As of April 1, 2023	66,984	2,132,854	7,682,889	357,388	26,550	10,266,667
As of March 31, 2024	65,945	2,203,527	7,772,103	370,957	30,530	10,443,066
As of March 31, 2025	65,711	2,242,053	7,762,850	373,063	33,552	10,477,231

13. Goodwill and Intangible Assets

Details of changes in the carrying amounts and acquisition costs, accumulated amortization and accumulated impairment losses of goodwill and intangible assets are as follows:

(Millions of Yen)

Carrying amount	Goodwill	Software	Mining rights	Other	Total
As of April 1, 2023	65,062	104,536	30,067	22,839	222,506
Acquisitions	—	47,312	—	1,585	48,897
Acquisitions through business combinations	—	254	—	504	758
Amortization	—	(27,984)	(2,178)	(2,908)	(33,071)
Effects of changes in foreign exchange rates	5,144	659	2,382	2,596	10,782
Other	—	(996)	—	(817)	(1,813)
As of March 31, 2024	70,207	123,781	30,271	23,800	248,061
Acquisitions	—	54,870	69,968	1,411	126,250
Amortization	—	(33,742)	(2,369)	(2,557)	(38,669)
Effects of changes in foreign exchange rates	1,432	480	522	103	2,539
Other	—	(982)	—	(2,327)	(3,310)
As of March 31, 2025	71,639	144,407	98,393	20,430	334,870

Amortization of intangible assets is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statements of profit or loss.

(Millions of Yen)

Acquisition costs	Goodwill	Software	Mining rights	Other	Total
As of April 1, 2023	84,819	182,861	60,073	34,720	362,474
As of March 31, 2024	89,964	217,886	65,016	38,150	411,016
As of March 31, 2025	91,396	258,651	136,030	35,251	521,329

(Millions of Yen)

Accumulated amortization and accumulated impairment losses	Goodwill	Software	Mining rights	Other	Total
As of April 1, 2023	19,756	78,324	30,005	11,880	139,967
As of March 31, 2024	19,756	94,104	34,744	14,349	162,955
As of March 31, 2025	19,756	114,244	37,636	14,820	186,458

14. Leases

The Group leases assets such as buildings and machinery as a lessee and land and buildings as a lessor.

(1) Right-of-use assets

As a lessee

Expenses, cash flows, the increase and the carrying amount related to leases as a lessee are as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Depreciation of right-of-use assets		
Buildings and structures	13,635	13,585
Machinery and vehicles	7,314	7,647
Tools, furniture and fixtures	2,617	2,672
Total depreciation	23,567	23,906
Total amount of cash outflows incurred from leases	24,951	25,083
Increase in right-of-use assets	34,240	25,552
Details of right-of-use assets		
Buildings and structures	54,185	56,515
Machinery and vehicles	38,672	38,432
Tools, furniture and fixtures	7,743	6,986
Total balance of right-of-use assets	100,601	101,934

(2) Operating leases

As a lessor

The future lease payments before discounts expected to be received under non-cancellable operating lease contracts are as follows:

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Within 1 year	3,846	4,080
Over 1 but less than 2 years	3,783	3,984
Over 2 but less than 3 years	3,686	3,673
Over 3 but less than 4 years	3,376	3,592
Over 4 but less than 5 years	3,277	3,341
Over 5 years	31,266	32,131
Total	49,236	50,804

15. Interests in Subsidiaries, Associates and Others

(1) Principal subsidiaries

Principal subsidiaries of the Company as of March 31, 2025 are as follows:

Operating segment	Name	Address	% of voting rights interests
Steelmaking and Steel Fabrication	Sanyo Special Steel Co., Ltd.	Himeji City, Hyogo	92.3
	NIPPON STEEL TRADING CORPORATION	Chuo-ku, Tokyo	80.0
	NIPPON STEEL COATED SHEET CORPORATION	Chuo-ku, Tokyo	100.0
	Osaka Steel Co., Ltd.	Osaka City, Osaka	66.3
	NIPPON STEEL METAL PRODUCTS CO., LTD.	Chiyoda-ku, Tokyo	100.0
	Krosaki Harima Corporation	Kitakyushu City, Fukuoka	* 46.6
	NIPPON STEEL TEXENG. CO., LTD.	Chiyoda-ku, Tokyo	100.0
	NIPPON STEEL PIPE CO., LTD.	Chiyoda-ku, Tokyo	100.0
	NIPPON STEEL Stainless Steel Corporation	Chiyoda-ku, Tokyo	100.0
	NIPPON STEEL LOGISTICS CO., LTD.	Chuo-ku, Tokyo	100.0
	NIPPON STEEL SG WIRE CO., LTD.	Chiyoda-ku, Tokyo	100.0
	Geostr Corporation	Bunkyo-ku, Tokyo	* 44.1
	NIPPON STEEL WELDING & ENGINEERING Co., Ltd.	Koto-ku, Tokyo	100.0
	NIPPON STEEL DRUM CO., LTD.	Koto-ku, Tokyo	100.0
	NIPPON STEEL PROCESSING Co., LTD.	Sakai City, Osaka	67.6
	NIPPON STEEL CEMENT CO., LTD.	Muroran City, Hokkaido	85.0
	NIPPON STEEL FINANCE Co., Ltd.	Chiyoda-ku, Tokyo	100.0
	NIPPON STEEL STAINLESS STEEL PIPE CO., LTD.	Chiyoda-ku, Tokyo	100.0
	NIPPON STEEL Eco-Tech Corporation	Minato-ku, Tokyo	85.1
	G Steel Public Company Limited	Rayong Province, Thailand	60.2
	G J Steel Public Company Limited	Chonburi Province, Thailand	57.6
	NS-Siam United Steel Co., Ltd.	Rayong Province, Thailand	95.2
	NIPPON STEEL PIPE (THAILAND) CO., LTD.	Chonburi Province, Thailand	100.0
	PT KRAKATAU NIPPON STEEL SYNERGY	Cilegon City, Indonesia	80.0
	Standard Steel, LLC	Pennsylvania State, United States of America	100.0
	WHEELING-NIPPON STEEL, INC.	State of West Virginia, United States of America	100.0
	PT PELAT TIMAH NUSANTARA TBK.	Jakarta City, Indonesia	* 40.0
	NIPPON STEEL Steel Processing (Thailand) Co., Ltd.	Rayong Province, Thailand	70.1
	NIPPON STEEL PIPE AMERICA, INC.	Indiana State, United States of America	80.0
Engineering and Construction	NIPPON STEEL ENGINEERING CO., LTD.	Shinagawa-ku, Tokyo	100.0
Chemicals & Materials	NIPPON STEEL Chemical & Material CO., LTD.	Chuo-ku, Tokyo	100.0
System Solutions	NS Solutions Corporation	Minato-ku, Tokyo	63.4

* Although the Group holds less than 50% of the voting rights of Krosaki Harima Corporation, Geostr Corporation, and PT PELAT TIMAH NUSANTARA TBK., it includes the entities in consolidated subsidiaries because it substantially controls the entities.

(2) Investments in associates

Carrying amount of investments in associates is as follows:

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Carrying amount of investments in associates	986,447	1,023,692

Share of net profit or loss and other comprehensive income of associates are as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Net profit or loss	66,755	82,808
Other comprehensive income	30,251	(9,895)
Total	97,007	72,913

(3) Investments in joint ventures

Carrying amount of investments in joint ventures is as follows:

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Carrying amount of investments in joint ventures	551,488	576,674

Share of net profit or loss and other comprehensive income of joint ventures are as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Net profit or loss	77,570	44,091
Other comprehensive income	(33,958)	8,286
Total	43,612	52,378

There are no investments in associates or joint ventures accounted for under the equity method that are individually significant to the Group for the years ended March 31, 2024 and 2025.

16. Income Taxes

(1) Deferred tax assets and deferred tax liabilities

(a) The components of deferred tax assets and deferred tax liabilities are as follows:

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Accrued bonus	36,625	39,491
Defined benefit liabilities	33,834	33,054
Impairment losses on assets	55,401	48,660
Unused tax losses	5,727	5,201
Elimination of unrealized gains on property, plant and equipment and others	53,898	58,131
Losses on inactive facilities	55,551	73,066
Other	75,886	76,533
Total deferred tax assets	316,924	334,140
Deferred tax liabilities		
Equity securities	(123,312)	(66,581)
Defined benefit assets	(39,039)	(36,671)
Undistributed earnings	(152,815)	(164,321)
Special tax purpose reserves and other	(66,395)	(68,506)
Total deferred tax liabilities	(381,563)	(336,080)
Net deferred tax assets (liabilities)	(64,638)	(1,940)

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized. Deferred tax assets are reviewed at the end of each reporting period and recognized only to the extent that it is probable that the tax benefits can be realized. The recoverability of deferred tax assets is evaluated based on planned reversal of deferred tax liabilities, estimated future taxable profit and tax planning.

(b) The changes in net deferred tax assets and liabilities are as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Balance at beginning of the year	98,663	(64,638)
Recognized in profit or loss	(5,707)	84,210
Recognized in other comprehensive income	(68,013)	(6,962)
Effect of changes in scope of consolidation and other	(89,580)	(14,550)
Balance at end of the year	(64,638)	(1,940)

(c) Deductible temporary differences and unused tax losses (multiplied by applicable tax rates) for which no deferred tax assets are recognized are as follows:

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Carryforward of unused tax losses	34,413	29,836
Deductible temporary differences	194,866	220,871
Total	229,280	250,708

- (d) The components by expiry date of unused tax losses (multiplied by applicable tax rates) for which no deferred tax assets are recognized are as follows:

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Within 1 year	844	1,932
Over 1 year but less than 2 years	2,139	877
Over 2 years but less than 3 years	1,205	158
Over 3 years but less than 4 years	703	14,278
Over 4 years	29,520	12,589
Total	34,413	29,836

(2) Income tax expense

- (a) Details of income tax expense are as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Current taxes	170,366	225,615
Deferred taxes	5,707	(84,210)
Total	176,074	141,405

- (b) Differences between the statutory income tax rate and the Group's average effective tax rate consist of the following:

	Year ended March 31, 2024	Year ended March 31, 2025
Statutory tax rate	30.6%	30.6%
(Adjustments)		
Share of profit in investments accounted for using the equity method	(4.9)	(3.8)
Effects of expense not deductible for tax purposes	0.3	0.4
Effects of income not taxable for tax purposes	(0.3)	(0.5)
Effects of differences in statutory tax rates applied to companies in Japan and foreign companies	(1.9)	(1.6)
Effects of changes in unrecognized deferred tax assets	3.6	3.8
Other	(4.3)	(2.0)
Average effective tax rate	23.0	27.0

(3) Revision of deferred tax assets and deferred tax liabilities due to changes in the income tax rate

The "Act for Partial Revision of the Income Tax Act etc." was enacted by the Diet on March 31, 2025. As a result, the statutory effective tax rate used in calculating deferred tax assets and deferred tax liabilities for the year ended March 31, 2025, which are expected to be recovered or disbursed on or after April 1, 2026, has been changed from 30.6% to 31.5%. As a result of this change, the amount of deferred tax expense decreased by ¥4,061 million for the year ended March 31, 2025.

17. Trade and Other Payables

The components of trade and other payables are as follows:

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Notes and trade accounts payable	869,757	774,020
Other payables	635,890	637,291
Other	385,070	260,041
Total	1,890,718	1,671,352

18. Bonds, Borrowings and Lease Liabilities

(1) Bonds, borrowings and lease liabilities

Details of bonds, borrowings and lease liabilities are as follows:

(Millions of Yen)

	As of March 31, 2024	Average interest rate (%)	As of March 31, 2025	Average interest rate (%)	Maturity date
Short-term borrowings	152,891	3.2	167,530	3.6	—
Current portion of long-term borrowings repayable within one year	143,562	0.9	173,898	1.6	—
Current portion of bonds repayable within one year	219,450	0.1	70,000	0.3	—
Current portion of lease liabilities repayable within one year	22,592	0.9	22,055	1.1	—
Commercial papers	3,000	0.1	39,982	0.6	—
Long-term borrowings	1,355,304	0.9	1,341,503	1.1	July 22, 2080
Bonds	733,932	0.6	610,601	1.2	September 12, 2079
Lease liabilities	80,912	0.9	81,921	1.1	March 31, 2076
Total	2,711,644		2,507,492		

“Average interest rate” represents the weighted average interest rate to the aggregate balance at the end of the reporting period.

(2) Details of bonds

(Millions of Yen)

Type	Issue date	As of March 31, 2024	As of March 31, 2025	Maturity date
Bonds issued by NSC				
The 59 th Issue of Unsecured Corporate Bonds	September 2, 2008	10,000	10,000	June 20, 2028
The 1 st Issue of Unsecured Corporate Bonds	September 26, 2016	10,000	10,000	September 18, 2026
The 2 nd Issue of Unsecured Corporate Bonds	September 26, 2016	10,000	10,000	September 19, 2031
The 3 rd Issue of Unsecured Corporate Bonds	May 25, 2017	10,000	—	May 20, 2024
The 4 th Issue of Unsecured Corporate Bonds	May 25, 2017	10,000	10,000	May 20, 2027
The 5 th Issue of Unsecured Corporate Bonds	December 8, 2017	10,000	—	December 20, 2024
The 6 th Issue of Unsecured Corporate Bonds	December 8, 2017	10,000	10,000	December 20, 2027
The 8 th Issue of Unsecured Corporate Bonds	June 12, 2018	20,000	20,000	June 20, 2025
The 9 th Issue of Unsecured Corporate Bonds	June 12, 2018	20,000	20,000	June 20, 2028
The 9 th Issue of Unsecured Corporate Bonds (Note 1)	March 5, 2018	15,000	15,000	March 3, 2028
The 10 th Issue of Unsecured Corporate Bonds (Note 1)	June 14, 2018	20,000	20,000	June 13, 2025
The 11 th Issue of Unsecured Corporate Bonds (Note 1)	June 14, 2018	10,000	10,000	June 14, 2038
The 12 th Issue of Unsecured Corporate Bonds (Note 1)	April 17, 2019	10,000	10,000	April 17, 2029
The 1 st Issue of Unsecured Corporate Bonds	June 14, 2019	30,000	—	June 20, 2024
The 2 nd Issue of Unsecured Corporate Bonds	June 14, 2019	30,000	30,000	June 19, 2026
The 3 rd Issue of Unsecured Corporate Bonds	June 14, 2019	20,000	20,000	June 20, 2029
The 1 st Issue of Unsecured Subordinated Corporate Bonds (Note 2)	September 12, 2019	70,000	—	September 12, 2079
The 2 nd Issue of Unsecured Subordinated Corporate Bonds (Note 3)	September 12, 2019	30,000	30,000	September 12, 2079
The 3 rd Issue of Unsecured Subordinated Corporate Bonds (Note 4)	September 12, 2019	200,000	200,000	September 12, 2079
The 5 th Issue of Unsecured Corporate Bonds	June 17, 2020	30,000	30,000	June 20, 2025
The 6 th Issue of Unsecured Corporate Bonds	June 17, 2020	10,000	10,000	June 20, 2030
Zero Coupon Convertible Bonds Due 2024	October 4, 2021	149,450	—	October 4, 2024
Zero Coupon Convertible Bonds Due 2026	October 4, 2021	150,000	—	October 5, 2026
The 7 th Issue of Unsecured Corporate Bonds (Green Bond)	March 9, 2023	30,000	30,000	March 17, 2028
The 8 th Issue of Unsecured Corporate Bonds (Green Bond)	March 9, 2023	20,000	20,000	March 18, 2033
The 4 th Issue of Unsecured Subordinated Corporate Bonds (Note 5)	June 13, 2024	—	67,500	June 13, 2059
The 5 th Issue of Unsecured Subordinated Corporate Bonds (Note 6)	June 13, 2024	—	20,000	June 13, 2061
The 6 th Issue of Unsecured Subordinated Corporate Bonds (Note 7)	June 13, 2024	—	80,000	June 13, 2064
Bonds issued by Sanyo Special Steel Co., Ltd.				
The 2 nd Issue of Unsecured Corporate Bonds	December 7, 2017	10,000	—	December 6, 2024
Bonds issued by Nippon Steel Trading Corporation				
The 5 th Issue of Unsecured Corporate Bonds	April 17, 2019	10,000	—	April 17, 2024
Total		954,450	682,500	

Notes:

- The bonds were issued by Nippon Steel Trading Corporation, a domestic consolidated subsidiary. As of May 8, 2024, the Company has taken over the management of these bonds through an absorption-type company split, and the Company is now

responsible for them.

2. Early redemption may be made at the Company's discretion on each interest payment date from September 12, 2024 or upon the occurrence and continuation of a tax event or an equity credit change event on or after the issue date.
3. Early redemption may be made at the Company's discretion on each interest payment date from September 12, 2026 or upon the occurrence and continuation of a tax event or an equity credit change event on or after the issue date.
4. Early redemption may be made at the Company's discretion on each interest payment date from September 12, 2029 or upon the occurrence and continuation of a tax event or an equity credit change event on or after the issue date.
5. Early redemption may be made at the Company's discretion on each interest payment date from June 13, 2029 or upon the occurrence and continuation of a tax event or an equity credit change event on or after the issue date.
6. Early redemption may be made at the Company's discretion on each interest payment date from June 13, 2031 or upon the occurrence and continuation of a tax event or an equity credit change event on or after the issue date.
7. Early redemption may be made at the Company's discretion on each interest payment date from June 13, 2034 or upon the occurrence and continuation of a tax event or an equity credit change event on or after the issue date.

(3) Reconciliation of changes in liabilities in cash flows from financing activities

The table below presents a reconciliation of main changes in liabilities arising from financing activities.

(Millions of Yen)

	Short-term borrowings	Commercial papers	Long-term borrowings	Bonds	Lease liabilities	Total
As of April 1, 2023	116,355	41,999	1,505,896	948,625	86,475	2,699,351
Cash flows from financing activities	(194,936)	(130,999)	(101,566)	(60,000)	(24,951)	(512,453)
Effects of changes in scope of consolidation	218,253	92,000	91,820	65,000	6,298	473,371
Effects of changes in foreign exchange rates	13,218	—	2,265	—	1,714	17,197
Other	—	—	450	(242)	33,969	34,176
As of March 31, 2024	152,891	3,000	1,498,866	953,382	103,505	2,711,644
Cash flows from financing activities	7,125	36,982	26,495	26,274	(25,083)	71,795
Effects of changes in scope of consolidation	(136)	—	59	—	1	(75)
Effects of changes in foreign exchange rates	7,650	—	(10,148)	—	442	(2,055)
Conversion of convertible bonds	—	—	—	(299,440)	—	(299,440)
Other	—	—	127	384	25,110	25,622
As of March 31, 2025	167,530	39,982	1,515,401	680,601	103,977	2,507,492

19. Employee Benefits

(1) Overview of retirement benefit plans

The retirement benefit plans that the Group offers to its employees include lump-sum retirement payment plans, defined benefit plans, and defined contribution plans.

Under the lump-sum retirement payment plans, the Group makes lump-sum payments to eligible employees upon their retirement. The amount of benefits under these plans is determined mainly based on the employee's base salary and years of service at retirement.

The Group also has defined benefit plans that are corporate pension plans in compliance with the Defined-Benefit Corporate Pension Act of Japan and provides benefit payments to eligible employees over a certain period of time after retirement. The amount of benefits under these plans is determined mainly based on the employee's base salary and years of service at retirement.

The management of plan assets for defined benefit plans aims to maximize the value of the plan assets within an acceptable level of risk in order to ensure stable future pension benefit payments to the plan participants and qualified beneficiaries. Specifically, the plan establishes a medium- and long-term investment portfolio taking into consideration of the characteristics of the plan assets and pension obligations. This investment portfolio is reviewed periodically and adjusted for changes in the market environment and funding position since initial assumptions has been set out.

Under the defined contribution plans, the responsibility of the Company and its subsidiaries is limited to contributions based on the amount determined in the retirement benefits policies of each participating company.

(2) Reconciliation statement of defined benefit obligations and plan assets

Reconciliation statement of defined benefit obligations and plan assets is as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Present value of defined benefit obligations	(554,444)	(527,535)
Fair value of plan assets	604,986	593,804
Effect of asset ceiling	(39,272)	(61,405)
Net defined benefit assets (liabilities)	11,269	4,863
Defined benefit assets	127,579	116,415
Defined benefit liabilities	(116,309)	(111,552)
Net defined benefit assets (liabilities)	11,269	4,863

Note: If the defined benefit plan has been overfunded, the defined benefit asset is limited to the asset ceiling that is the present value of any future economic benefits available in the form of reductions in the future contributions to the plan or cash refunds.

Changes in the effect of the asset ceiling are as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
The effect of the asset ceiling at beginning of year	—	(39,272)
Interest income	—	(625)
Remeasurements		
Changes in the effect of the asset ceiling	(39,272)	(21,507)
The effect of the asset ceiling at end of year	(39,272)	(61,405)

(3) Reconciliation of the present value of the defined benefit obligations

The changes in the present value of the defined benefit obligations for the Group are as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Balance at beginning of the year	538,174	554,444
Current service cost	30,204	28,273
Interest cost	5,975	7,895
Actuarial gains and losses	(23,142)	(43,072)
Past service cost	246	(2,038)
Benefits paid	(23,129)	(22,968)
Other	26,115	5,000
Balance at end of the year	554,444	527,535

Note: The weighted average duration of the defined benefit obligations for the years ended March 31, 2024 and 2025 is 14.5 years and 14.0 years, respectively.

(4) Reconciliation of the fair value of the plan assets

The changes in the fair value of the plan assets for the Group are as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Balance at beginning of the year	477,361	604,986
Interest income	6,138	9,481
Return on plan assets, excluding interest income	41,874	2,293
Employer contributions	13,804	13,836
Benefits paid	(13,487)	(13,248)
Other	79,293	(23,544)
Balance at end of the year	604,986	593,804

(Changes in presentation methods)

“Contribution of securities to retirement benefit trust” (¥60,766 million in the year ended March 31, 2024) has become immaterial and therefore is included in and presented as “Other” for the year ended March 31, 2025. The table of “The changes in the fair value of the plan assets for the Group” is reclassified to reflect the change in presentation method.

Note: The Group expects to contribute ¥13,901 million to the defined benefit plans for the year ending March 31, 2026.

(5) The components of the fair value of plan assets by asset category

The components of the fair value of plan assets by asset category are as follows:

(Millions of Yen)

	As of March 31, 2024		As of March 31, 2025	
	With quoted market price in an active market	With no quoted market price in an active market	With quoted market price in an active market	With no quoted market price in an active market
Bonds	104,110	—	113,779	—
Equity investments	226,158	—	207,209	—
Cash and cash equivalents	34,430	—	24,038	—
General accounts at life insurance company	—	161,967	—	163,322
Other	—	78,319	—	85,455
Total	364,699	240,286	345,027	248,777

(6) Significant actuarial assumptions

The significant actuarial assumptions used to determine the present value of defined benefit obligations for the Company are as follows:

	As of March 31, 2024	As of March 31, 2025
Discount rate	Mainly 1.6%	Mainly 2.3%

(7) Sensitivity analysis

The effects on defined benefit obligations of increase in the discount rates are as follows:

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Effects of incremental increase in discount rate by 0.5%	¥32,008 million decrease	¥28,033 million decrease

The sensitivity analysis assumes that other assumptions remain unchanged.

(8) Defined contribution plans

The amounts recognized as expenses for defined contribution plans are ¥10,858 million and ¥11,106 million for the years ended March 31, 2024 and 2025, respectively.

(9) Employee benefits expenses

The Group incurred employee benefits expenses of ¥1,002,603 million and ¥1,088,137 million for the years ended March 31, 2024 and 2025, respectively. These expenses are included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statements of profit or loss. Salary, bonus, statutory health and welfare benefits and retirement benefits expenses are included in employee benefits expenses.

20. Equity and Other Equity Items

(1) Common stock and reserves

The total number of shares authorized to be issued and shares outstanding are as follows:

	Number of shares authorized to be issued (Thousands)	Number of shares outstanding (Thousands)
As of April 1, 2023	2,000,000	950,321
Changes	—	227
As of March 31, 2024	2,000,000	950,549
Changes	—	124,177
As of March 31, 2025	2,000,000	1,074,726

All the shares authorized to be issued and shares outstanding are without par value. All the shares outstanding are fully paid. During the year ended March 31, 2024 and 2025, the number of shares outstanding increased due to the exercises of the stock acquisition rights of the convertible bonds.

•Capital surplus

Capital surplus comprises of amounts generated through capital transactions that are not recorded in common stock, and its primary component is capital reserves.

The Companies Act of Japan stipulates that one-half or more of the proceeds from issuance of shares should be incorporated in common stock, and that the remainder shall be incorporated in capital reserve included in capital surplus. The act stipulates that the capital reserve may be incorporated in common stock upon resolution at the general meeting of shareholders.

•Retained earnings

Retained earnings consist of legal reserves and accumulated earnings. The Companies Act of Japan provides that one-tenth of cash dividends be appropriated as capital reserve or legal reserve at the date of distribution until the total amount of these reserves equals one-fourth of common stock. Legal reserve may be utilized to cover capital losses upon resolution at the general meeting of shareholders.

(2) Treasury stock

The total number of treasury stock held by the Group is as follows:

	Number of shares (Thousands)
As of April 1, 2023	29,481
Changes	28
As of March 31, 2024	29,510
Changes	27
As of March 31, 2025	29,538

21. Dividends

The dividends paid by the Company are as follows:

(Year ended March 31, 2024)

(1) Dividends paid

Date of resolution	Class of share	Total amount of dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
Shareholders' meeting held on June 23, 2023	Ordinary shares	82,973	90	March 31, 2023	June 26, 2023
Board of directors meeting held on November 1, 2023	Ordinary shares	69,143	75	September 30, 2023	November 30, 2023

(2) Dividends that belong to the current consolidated reporting year but become effective in the subsequent consolidated reporting year

Date of resolution	Class of share	Source of dividends	Total amount of dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
Shareholders' meeting held on June 21, 2024	Ordinary shares	Retained earnings	78,381	85	March 31, 2024	June 24, 2024

(Year ended March 31, 2025)

(1) Dividends paid

Date of resolution	Class of share	Total amount of dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
Shareholders' meeting held on June 21, 2024	Ordinary shares	78,381	85	March 31, 2024	June 24, 2024
Board of directors meeting held on November 7, 2024	Ordinary shares	83,704	80	September 30, 2024	December 6, 2024

(2) Dividends that belong to the current consolidated reporting year but become effective in the subsequent consolidated reporting year

Date of resolution	Class of share	Source of dividends	Total amount of dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
Shareholders' meeting held on June 24, 2025	Ordinary shares	Retained earnings	83,703	80	March 31, 2025	June 25, 2025

22. Revenue

(1) Disaggregation of revenue

Disaggregation of revenue from contracts with customers and its relationship with segment revenue are as follows.

(Year ended March 31, 2024)

(Millions of Yen)

	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions	Consolidated
Japan	4,593,321	314,077	153,085	226,361	5,286,846
Asia	1,832,601	67,441	86,913	5,949	1,992,906
Middle East	195,354	—	399	—	195,754
Europe	417,500	14	1,701	62	419,278
North America	483,348	21	1,002	129	484,502
Central and South America	410,693	44	159	10	410,908
Africa	60,130	—	61	—	60,192
Pacific	17,705	—	2	—	17,707
Total	8,010,655	381,600	243,327	232,513	8,868,097

Revenue is classified based on the geographic location of customers and presented at the amount less adjustment of inter-segment transactions.

(Year ended March 31, 2025)

(Millions of Yen)

	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions	Consolidated
Japan	4,410,777	291,864	160,393	246,734	5,109,771
Asia	1,903,068	79,380	87,489	6,619	2,076,558
Middle East	191,736	9	489	—	192,236
Europe	343,514	—	1,507	54	345,076
North America	497,712	36	828	177	498,754
Central and South America	389,652	17	125	9	389,805
Africa	61,793	—	29	—	61,822
Pacific	21,493	—	9	0	21,503
Total	7,819,748	371,309	250,873	253,594	8,695,526

Revenue is classified based on the geographic location of customers and presented at the amount less adjustment of inter-segment transactions.

(2) Contract balances

(Millions of Yen)

	As of April 1, 2023	As of March 31, 2024	As of March 31, 2025
Receivables	829,098	1,361,399	1,250,807
Contract assets	76,515	111,182	59,190
Contract liabilities	36,345	56,634	52,584

Receivables and contract assets are included in “Trade and Other Receivables” in the consolidated statement of financial position. Contract liabilities are included in “Other current liabilities” in the consolidated statement of financial position. The amount included in the contract liabilities as of April 1, 2023 and 2024 and recognized as revenue for the years ended March 31, 2024 and 2025 amounted to ¥28,641 million and ¥53,722 million, respectively. The amount recognized as revenue for the years ended March 31, 2024 and 2025 from performance obligations satisfied in previous periods is immaterial.

(3) Transaction price allocated to the remaining performance obligation

(Millions of Yen)

	As of March 31, 2024	Engineering and Construction	System Solutions
Within 1 year	330,709	253,359	77,350
Over 1 year	213,006	176,312	36,693
Total	543,715	429,672	114,043

(Millions of Yen)

	As of March 31, 2025	Engineering and Construction	System Solutions
Within 1 year	335,665	247,200	88,465
Over 1 year	210,059	175,687	34,371
Total	545,725	422,888	122,836

The amount above includes transaction price allocated to the remaining performance obligation which is a part of contracts with original expected duration of one year or less and is presented at the amount after adjustments of inter-segment transactions.

The Group applied the practical expedient and does not disclose the information with respect to Steelmaking and Steel Fabrication segment and Chemicals and Materials segment as original expected duration of performance obligation is mostly one year or less.

(4) Assets recognized from the costs to obtain or fulfill a contract with a customer

The Group's incremental costs of obtaining a contract and costs to fulfill a contract with customer required to be recognized as assets are immaterial.

23. Selling, General and Administrative Expenses

The components of selling, general and administrative expenses are as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Transportation and storage	210,926	226,426
Salaries and bonuses	195,785	212,078
Research and development costs	60,672	65,156
Depreciation and amortization	30,861	36,241
Other	232,141	275,914
Total	730,388	815,817

(Changes in presentation methods)

“Retirement benefit costs” (¥8,763 million in the year ended March 31, 2024) has become immaterial and therefore is included in and presented as “Other” for the year ended March 31, 2025. The table of “The components of selling, general and administrative expenses” is reclassified to reflect the change in presentation method.

24. Research and Development Costs

The total amounts of research and development costs included in “Cost of sales” and “Selling, general and administrative expenses” are as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Research and development costs	72,743	80,794

25. Other Operating Income and Other Operating Expenses

The components of “Other operating income” and “Other operating expenses” are as follows:

(1) Other operating income

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Dividends received	15,298	14,836
Foreign exchanges gains (net)	50,835	7,041
Gain on step acquisitions	36,518	—
Other	75,433	57,967
Total	178,085	79,845

Dividend income is generated mainly from financial assets measured at fair value through other comprehensive income.

(2) Other operating expenses

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Losses on disposal of fixed assets	38,496	35,607
Other	70,634	43,736
Total	109,131	79,343

26. Business profit

Business profit on consolidated statements of profit or loss indicates the results of sustainable business activities, and is an important measure to compare and evaluate the Company’s consolidated performance continuously. It is defined as being deducted cost of sales, selling general and administrative expenses and other operating expenses from revenue, and added share of profit in investments accounted for using the equity method and other operating income. Other operating income and expenses are composed mainly of dividend income, foreign exchange gains or losses, and losses on disposal of fixed assets.

27. Losses on reorganization

(Year ended March 31, 2024)

Losses on reorganization were recorded owing to business reorganization and withdrawal, and the details are described below.

Losses on inactive facilities and others ¥90,995 million

Losses on inactive facilities and others were mainly incurred due to termination and demolition losses based on the decision to close the hot strip mill, pickling line, etc. of Setouchi Works Kure Area.

(Year ended March 31, 2025)

Losses on reorganization were recorded owing to business reorganization and withdrawal, and the details are described below.

Losses on inactive facilities and others ¥135,277 million

Losses on inactive facilities and others were mainly incurred due to termination and demolition losses based on the decision to close one series of upstream facilities, the steel plate mill and the large shape mill of East Nippon Works Kashima Area and No. 4 coke oven of Kansai Works Wakayama Area.

28. Finance Income and Finance Costs

The components of “Finance income” and “Finance costs” are as follows:

(1) Finance income

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Interest income	21,437	20,786
Other	102	54
Total	21,540	20,841

Interest income is generated mainly from financial assets measured at amortized cost.

(2) Finance costs

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Interest expense	30,501	38,196
Other	5,729	6,227
Total	36,230	44,423

Interest expense is generated mainly from financial liabilities measured at amortized cost.

29. Impairment of Assets

Impairment test of goodwill

The breakdown of the carrying amount of goodwill by segment is as follows:

(Millions of Yen)

Operating segment	As of March 31, 2024	As of March 31, 2025
Steelmaking and Steel Fabrication	63,955	65,387
Engineering and Construction	1,226	1,226
Chemicals and Materials	—	—
System Solutions	5,025	5,025
Total	70,207	71,639

The recoverable amount of the cash-generating units to which the goodwill is allocated is calculated based on the value in use or the fair value less costs of disposal. In measuring the value in use, past experience and external evidence are reflected and the estimated future cash flows are discounted to the present value. The future cash flows are estimated based on the business plan approved by management, which covers a maximum period of five years, and a growth rate for subsequent years.

The discount rate for the year ended March 31, 2025 is calculated based on the weighted average cost of capital of each cash-generating unit which is the pre-tax discounted rate of mainly 6.0% (6.0% for the year ended March 31, 2024).

30. Other Comprehensive Income

The components of other comprehensive income are as follows:

(Year ended March 31, 2024)

(Millions of Yen)

	Incurred during the year	Reclassification	Before tax effect	Tax effect	After tax effect
Items that cannot be reclassified to profit or loss					
Changes in fair value of financial assets measured at fair value through other comprehensive income	182,100	—	182,100	(56,317)	125,783
Remeasurements of defined benefit assets	25,744	—	25,744	(8,173)	17,570
Share of other comprehensive income of investments accounted for using the equity method	9,179	—	9,179	—	9,179
Subtotal	217,024	—	217,024	(64,491)	152,533
Items that might be reclassified to profit or loss					
Changes in fair value of cash flow hedges	5,733	(2,938)	2,795	(1,225)	1,570
Foreign exchange differences on translation of foreign operations	84,219	(206)	84,013	(2,297)	81,716
Share of other comprehensive income of investments accounted for using the equity method	32,055	(44,941)	(12,886)	—	(12,886)
Subtotal	122,008	(48,086)	73,922	(3,522)	70,400
Total	339,033	(48,086)	290,947	(68,013)	222,933

“Incurred during the year” and “Reclassification” in “Shares of other comprehensive income of investments accounted for using the equity method” are stated with the amount after tax effect.

(Year ended March 31, 2025)

(Millions of Yen)

	Incurred during the year	Reclassification	Before tax effect	Tax effect	After tax effect
Items that cannot be reclassified to profit or loss					
Changes in fair value of financial assets measured at fair value through other comprehensive income	(28,818)	—	(28,818)	6,070	(22,747)
Remeasurements of defined benefit assets	23,232	—	23,232	(8,686)	14,546
Share of other comprehensive income of investments accounted for using the equity method	(4,613)	—	(4,613)	—	(4,613)
Subtotal	(10,199)	—	(10,199)	(2,615)	(12,815)
Items that might be reclassified to profit or loss					
Changes in fair value of cash flow hedges	16,345	(2,129)	14,215	(3,993)	10,222
Foreign exchange differences on translation of foreign operations	109,036	(460)	108,575	(352)	108,222
Share of other comprehensive income of investments accounted for using the equity method	13,999	(10,994)	3,004	—	3,004
Subtotal	139,381	(13,584)	125,796	(4,346)	121,449
Total	129,181	(13,584)	115,596	(6,962)	108,634

“Incurred during the year” and “Reclassification” in “Shares of other comprehensive income of investments accounted for using the equity method” are stated with the amount after tax effect.

31. Earnings per Share

(1) Basic earnings per share

Profit for the year attributable to common shares of the parent is as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Profit for the year attributable to owners of the parent	549,372	350,227
Profit for the year not attributable to ordinary equity holders of the parent	—	—
Profit for the year used to calculate basic earnings per share	549,372	350,227

The weighted average number of ordinary shares outstanding is as follows:

(Shares)

	Year ended March 31, 2024	Year ended March 31, 2025
Weighted average number of ordinary shares outstanding	920,840,121	998,013,676

(2) Diluted earnings per share

Profit for the year attributable to common shares of the parent after adjustment for the effects of dilutive potential shares is as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Profit for the year used to calculate basic earnings per share	549,372	350,227
Adjustment to profit	—	—
Profit for the year used to calculate diluted earnings per share	549,372	350,227

The weighted average number of ordinary shares outstanding is as follows:

(Shares)

	Year ended March 31, 2024	Year ended March 31, 2025
Weighted average number of ordinary shares outstanding	920,840,121	998,013,676
Dilutive effect	119,715,279	46,944,478
Weighted average number of ordinary shares used to calculate diluted earnings per share	1,040,555,400	1,044,958,154

32. Financial Instruments

(1) Capital management

Under the presumption that a certain level of financial stability is maintained, the Group has capital management policies which emphasize operational efficiency of invested capital, maximize corporate value by utilizing funds in investments (including investments in capital expenditure, research and development and M&A) which are expected to generate revenue which exceeds the cost of capital to enable sustainable growth and, at the same time, meet the demands of shareholders by providing returns to shareholders based on profits. The necessary funds to achieve this are primarily provided through cash flows from operating activities which are generated from maintaining and enhancing the Group's earnings power, and the Group raises funds through borrowings from banks and the issuance of corporate bonds, as necessary.

The Group identifies Return on Equity ("ROE") and Debt Equity Ratio ("D/E ratio") as key management indicators to achieve medium- and long-term profit growth and stability of the financial base. ROE is calculated by dividing profit for the year attributable to owners of the parent by the equity attributable to owners of the parent. D/E ratio is calculated by dividing interest-bearing debts by the equity attributable to owners of the parent.

	As of March 31, 2024	As of March 31, 2025
ROE (%)	12.3	6.9
D/E Ratio (times)	0.57 *0.45	0.47 *0.35

*After adjusting for equity credit attributes of subordinated loans and subordinated bonds.

There are no significant capital regulations which are applied to the Company.

(2) Classification of financial instruments

(a) Valuation techniques used to measure the fair value for the financial instruments with a carrying amount measured at fair value

(i) Equity instruments

The fair value of marketable equity instruments is measured using quoted market prices at the end of the reporting period.

The fair value of non-marketable equity instruments is estimated using appropriate valuation techniques, such as the market approach.

(ii) Derivatives

The fair value of derivatives is measured with reference to prices provided by the counterparty and forward exchange rates.

(b) Classification by levels in the fair value hierarchy

The fair value hierarchy of financial instruments is classified from Level 1 to Level 3 as follows:

Level 1: Fair value measured with quoted prices in active markets for identical assets or liabilities

Level 2: Fair value measured using inputs that are directly or indirectly observable for assets or liabilities other than those in Level 1

Level 3: Fair value measured using inputs that are not based on observable market data for assets or liabilities

(c) Method to measure the changes in fair value

FVPL: Method of measuring changes in fair value through profit or loss

FVOCI: Method of measuring changes in fair value through other comprehensive income

(d) Carrying amounts of financial instruments by classification

(As of March 31, 2024)

Financial assets

(Millions of Yen)

	Carrying amount			
	Amortized cost	Fair value		Total
		FVPL	FVOCI	
Current assets				
Cash and cash equivalents	448,892	—	—	448,892
Trade and other receivables	1,476,797	—	—	1,476,797
Other financial assets	16,022	650	17,254	33,927
Derivatives	—	650	17,254	17,905
Debt instruments	16,022	—	—	16,022
Non-current assets				
Other financial assets	74,301	1,552	600,088	675,942
Equity instruments	—	—	593,894	593,894
Derivatives	—	1,552	6,194	7,746
Debt instruments	74,301	—	—	74,301

Derivatives included in FVOCI represent the effective portion of hedging instruments designated as cash flow hedges.

The carrying amount of “Trade and other receivables” in the table above does not include the contract assets recognized in accordance with IFRS 15 “Revenue” which amounts to ¥111,182 million.

Financial liabilities

(Millions of Yen)

	Carrying amount			
	Amortized cost	Fair value		Total
		FVPL	FVOCI	
Current liabilities				
Trade and other payables	1,890,718	—	—	1,890,718
Bonds and borrowings	518,903	—	—	518,903
Other financial liabilities				
Derivatives	—	252	6,783	7,036
Non-current liabilities				
Bonds and borrowings	2,089,236	—	—	2,089,236
Other financial liabilities				
Derivatives	—	—	146	146
Other non-current liabilities	326,224	—	—	326,224

Derivatives included in FVOCI represent the effective portion of hedging instruments designated as cash flow hedges.

The carrying amount of “Other non-current liabilities” in the table above does not include the liabilities recognized in accordance with IAS 19 “Employee Benefits” which amounts to ¥23,512 million.

(As of March 31, 2025)

Financial assets

(Millions of Yen)

	Carrying amount			
	Amortized cost	Fair value		Total
		FVPL	FVOCI	
Current assets				
Cash and cash equivalents	672,526	—	—	672,526
Trade and other receivables	1,371,244	—	—	1,371,244
Other financial assets	23,785	495	17,144	41,425
Derivatives	—	495	17,144	17,639
Debt instruments	23,785	—	—	23,785
Non-current assets				
Other financial assets	116,322	969	344,086	461,378
Equity instruments	—	—	338,094	338,094
Derivatives	—	969	5,992	6,961
Debt instruments	116,322	—	—	116,322

Derivatives included in FVOCI represent the effective portion of hedging instruments designated as cash flow hedges.

The carrying amount of “Trade and other receivables” in the table above does not include the contract assets recognized in accordance with IFRS 15 “Revenue” which amounts to ¥59,190 million.

Financial liabilities

(Millions of Yen)

	Carrying amount			
	Amortized cost	Fair value		Total
		FVPL	FVOCI	
Current liabilities				
Trade and other payables	1,671,352	—	—	1,671,352
Bonds and borrowings	451,410	—	—	451,410
Other financial liabilities				
Derivatives	—	115	708	823
Non-current liabilities				
Bonds and borrowings	1,952,104	—	—	1,952,104
Other financial liabilities				
Derivatives	—	—	35	35
Other non-current liabilities	398,235	—	—	398,235

Derivatives included in FVOCI represent the effective portion of hedging instruments designated as cash flow hedges.

The carrying amount of “Other non-current liabilities” in the table above does not include the liabilities recognized in accordance with IAS 19 “Employee Benefits” which amounts to ¥22,720 million.

(e) Financial instruments measured at fair value

(As of March 31, 2024)

Financial assets measured at fair value

(Millions of Yen)

FVPL	Level 1	Level 2	Level 3	Total
Other financial assets				
Derivatives	—	2,202	—	2,202

FVOCI

Other financial assets				
Equity instruments	510,968	—	82,926	593,894
Derivatives	—	23,449	—	23,449

Derivatives included in FVOCI represent the effective portion of hedging instruments designated as cash flow hedges.

Financial liabilities measured at fair value

(Millions of Yen)

FVPL	Level 1	Level 2	Level 3	Total
Other financial liabilities				
Derivatives	—	252	—	252

FVOCI

Other financial liabilities				
Derivatives	—	6,929	—	6,929

Derivatives included in FVOCI represent the effective portion of hedging instruments designated as cash flow hedges.

(As of March 31, 2025)

Financial assets measured at fair value

(Millions of Yen)

FVPL	Level 1	Level 2	Level 3	Total
Other financial assets				
Derivatives	—	1,464	—	1,464

FVOCI

Other financial assets				
Equity instruments	256,903	—	81,190	338,094
Derivatives	—	23,136	—	23,136

Derivatives included in FVOCI represent the effective portion of hedging instruments designated as cash flow hedges.

Financial liabilities measured at fair value

(Millions of Yen)

FVPL	Level 1	Level 2	Level 3	Total
Other financial liabilities				
Derivatives	—	115	—	115

FVOCI

Other financial liabilities				
Derivatives	—	743	—	743

Derivatives included in FVOCI represent the effective portion of hedging instruments designated as cash flow hedges.

The changes of equity instruments measured at Level 3 are as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Balance at beginning of the year	71,003	82,926
Net changes in fair value	(723)	(1,588)
Acquisitions	683	1,663
Sale / settlements	(805)	(1,866)
Effects of changes in scope of consolidation	12,767	75
Other	—	(19)
Balance at end of the year	82,926	81,190

(f) Equity instruments measured at fair value through other comprehensive income (“FVOCI”)

(i) Fair value of significant equity instruments measured at FVOCI by name

(As of March 31, 2024)

(Millions of Yen)

POSCO Holdings Inc.	137,482
Recruit Holdings Co., Ltd.	56,741
Daido Steel Co., Ltd.	28,287
Kobe Steel, Ltd.	22,070
AIR WATER INC.	16,547

(As of March 31, 2025)

(Millions of Yen)

Mitsubishi UFJ Financial Group, Inc.	16,203
AIR WATER INC.	13,045
Daido Steel Co., Ltd.	13,010
Sankyu Inc.	12,640
Sanwa Holdings Corporation	11,785

(ii) Fair value at the time of derecognition for assets that were derecognized and cumulative gains or losses on disposal

The Group derecognizes certain financial assets that are measured at fair value through other comprehensive income as a result of disposals such as sale occurring as a result of review of business relationships.

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Fair value at the time of derecognition	74,861	230,786
Cumulative gains or losses on disposal (net of tax)	33,258	113,361

(iii) Dividends recognized for the equity investments measured at FVOCI during the reporting period

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Investment derecognized in the reporting period	1,943	4,530
Investment held at the end of reporting period	13,355	10,306
Total	15,298	14,836

(3) Fair value of financial instruments

Financial instruments measured at amortized cost

The fair value of financial assets and financial liabilities measured at amortized cost is as follows:

(As of March 31, 2024)

(Millions of Yen)

	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets (Current)				
Other financial assets				
Debt instruments	16,022	12,736	1,000	2,284
Financial assets (Non-current)				
Other financial assets				
Debt instruments	74,301	15,975	—	58,220
Financial liabilities (Current)				
Bonds and borrowings	518,903	69,967	—	448,798
Financial liabilities (Non-current)				
Bonds and borrowings	2,089,236	577,504	—	1,499,776

(As of March 31, 2025)

(Millions of Yen)

	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets (Current)				
Other financial assets				
Debt instruments	23,785	21,058	—	2,713
Financial assets (Non-current)				
Other financial assets				
Debt instruments	116,322	17,690	—	98,358
Financial liabilities (Current)				
Bonds and borrowings	451,410	69,923	—	381,410
Financial liabilities (Non-current)				
Bonds and borrowings	1,952,104	593,896	—	1,324,680

The tables do not include financial assets and liabilities measured at amortized cost whose fair values approximate their carrying amounts.

Valuation techniques used to measure the fair value of financial instruments measured at amortized cost

- The fair value of a marketable financial asset is measured based on its market price.
- The fair value of a non-marketable financial asset is measured with reference to the price quoted by financial institutions.
- The fair value of a bond is measured based on its market price.
- The fair value of convertible bonds with stock acquisition rights is measured at the present value discounted by the yield of similar bonds that do not have an equity conversion option.
- The fair value of a borrowing is measured at the present value of the total amounts of principal and interest discounted by the Group's incremental borrowing rate for a similar term.

(4) Risk management

The Group is exposed to various financial risks (market risk, credit risk and liquidity risk) arising from its business activities and implements risk management processes to minimize these financial risks.

(a) Market risk management

(i) Foreign currency risk

Trade receivables denominated in foreign currencies arising from exports of products are exposed to foreign currency risk.

Trade payables, notes payable and other payables are, in principle, come due within one year. Certain trade payables are denominated in foreign currencies arising from imports of raw materials and exposed to foreign currency risk.

The Group enters into forward exchange contracts and currency swaps to hedge foreign exchange risk arising from sales and capital transactions including investing and financing activities of the Group.

Derivative transactions are executed in accordance with the internal derivative transaction policy. According to the internal derivative transaction policy, the policy for entering into a derivative transaction of financial instruments is discussed and approved by the Financial Management Committee and reported as necessary at the Board of Directors' meeting. Subsequently the Financial Controller approves the implementation of derivatives within the approved authority limits and reports that transaction amounts as well as gains or losses arising from derivative transactions to the Financial Management Committee on a regular basis.

The Group's principal foreign currency risk exposures for the years ended March 31, 2024 and 2025 are as follows.

(Millions of USD)

	As of March 31, 2024	As of March 31, 2025
Net exposure (liability)	1,350	2,014

Impacts on profit before income taxes in the consolidated statements of profit or loss if Japanese yen were to appreciate by 1% against the U.S. Dollar at the end of the reporting period are as follows. In this analysis, the impacts on the assets and liabilities denominated in foreign currencies as of March 31, 2024 and 2025 are estimated by assuming that variables, such as outstanding balances and interest rates, are constant (negative figures indicate negative impacts on profit).

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Impacts on profit before income taxes	(2,045)	(3,011)

(ii) Interest rate risk

Certain bonds and long-term borrowings are floating-rates debts. The interest expenses vary depending on interest rates. The Group enters into interest rate swap contracts to mitigate the risk of interest rate fluctuations.

Impacts on profit before income taxes in the consolidated statements of profit or loss if interest rates were to increase by 1% at the end of the reporting period are as follows. In this analysis, all other variables are assumed to be constant (negative figures indicate negative impacts on profit).

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Impacts on profit before income taxes	(1,617)	(2,832)

(iii) Market price fluctuation risk

Marketable equity instruments mainly represent the shares of trade counterparties for which are purchased to strengthen business alliances and are exposed to market price fluctuation risk. The Group monitors the market price on a regular basis and regularly evaluates the necessity to retain the respective investments.

(b) Credit risk management

In accordance with the internal credit management policy, the Group shares customer credit records with related departments, and provides for credit protection measures as necessary. Trade receivables, including notes and accounts receivable, are exposed to the credit risk of customers. The Group limits transactions to customers who are also the principal suppliers of the Group such that the trade receivables due from the customers may be offset with the trade payables and borrowings, or to customers with high credit ratings where and the Group concludes that there are limited credit risks.

(i) Credit risk exposure

The total amount of the contractual amounts of financial guarantees and loan commitments and the carrying amount of financial assets (net of impairment) represents its maximum exposure to credit risk without taking into account of any collateral held.

For the credit risk exposure, the Group recognizes the allowance for doubtful accounts by measuring the lifetime expected credit losses.

Allowance for doubtful accounts with respect to trade receivables is assessed by multiplying the carrying amount of trade receivables by the rate of historical credit losses on an individual basis.

(ii) Financial assets subject to allowance for doubtful accounts

The aging of trade and other receivables is as follows:

(Millions of Yen)

Days past due	As of March 31, 2024	As of March 31, 2025
Current	1,558,783	1,395,749
Within 90 days	24,319	30,639
Over 90 days and within 1 year	3,013	4,059
Over 1 year	4,188	3,916
Total	1,590,305	1,434,364

(iii) Changes in allowance for doubtful accounts

The changes in allowance for doubtful accounts are as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Balance at beginning of the year	11,187	12,466
Increase during the year	791	2,635
Decrease during the year	(1,908)	(7,588)
Other	2,396	145
Balance at end of the year	12,466	7,659

(c) Liquidity risk management

The Group manages its liquidity risk on financing activities (the risk that debts cannot be paid by the due dates) by preparing and regularly updating a cash flow forecast based on the reports obtained from respective departments. Furthermore, the Group has a line of credit to cover for unforeseen circumstances.

The figures below show the remaining amount of the Group's financial liabilities by contractual maturity at the end of the reporting period, but do not contain financial guarantees where the Group is obligated to make payments on the obligations arising from financial guarantee contracts. The maximum amounts of guarantees that are extended by the Group are described in Note 35 "Loan Guarantees".

As of March 31, 2024

(Millions of Yen)

	Carrying amount	Total contractual cash flow	Within 1 year	Over 1 year but within 5 years	Over 5 years
Trade and other payables	1,890,718	1,890,718	1,890,718	—	—
Borrowings	1,651,757	1,652,620	296,453	699,738	656,428
Bonds	953,382	954,450	219,450	355,000	380,000
Lease liabilities	103,505	103,505	22,592	51,551	29,361
Commercial paper	3,000	3,000	3,000	—	—
Derivatives	7,182	7,182	7,036	146	—
Total	4,609,546	4,611,476	2,439,250	1,106,436	1,065,789

As of March 31, 2025

(Millions of Yen)

	Carrying amount	Total contractual cash flow	Within 1 year	Over 1 year but within 5 years	Over 5 years
Trade and other payables	1,671,352	1,671,352	1,671,352	—	—
Borrowings	1,682,931	1,684,135	341,428	631,189	711,518
Bonds	680,601	682,500	70,000	165,000	447,500
Lease liabilities	103,977	103,977	22,055	52,582	29,339
Commercial paper	39,982	39,982	39,982	—	—
Derivatives	859	859	823	35	—
Total	4,179,704	4,182,807	2,145,642	848,807	1,188,357

(5) Derivatives

(a) Impacts on the consolidated statement of financial position

(i) Derivative assets and liabilities designated as hedging instruments

As of March 31, 2024

(Millions of Yen)

Types of hedges	Derivative assets and liabilities	Notional amount		Carrying amount (Fair value) (Note)	
		Total	Settlement in excess of one year	Assets	Liabilities
Cash flow hedge	Foreign exchange forward contract	361,697	14,629	8,690	6,680
	Interest rate swap	450,000	450,000	2,793	0
	Currency swap	19,876	3,217	11,964	—
	Commodity derivative	2,957	619	—	248
Total		834,532	468,466	23,449	6,929

As of March 31, 2025

(Millions of Yen)

Types of hedges	Derivative assets and liabilities	Notional amount		Carrying amount (Fair value) (Note)	
		Total	Settlement in excess of one year	Assets	Liabilities
Cash flow hedge	Foreign exchange forward contract	260,398	13,981	14,999	508
	Interest rate swap	450,000	150,000	4,058	—
	Currency swap	3,217	2,145	2,988	—
	Commodity derivative	2,725	485	1,090	235
Total		716,341	166,612	23,136	743

Note:

The carrying amounts (fair value) of derivative assets are included in "Other financial assets". The carrying amounts (fair value) of derivative liabilities are included in "Other financial liabilities". The changes in the fair value of the hedged item that are used as the basis for recognition of the ineffective portion are not disclosed as the amount is immaterial.

(ii) Derivative assets and liabilities not designated as hedges

(Millions of Yen)

	As of March 31, 2024		As of March 31, 2025	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange forward contract	3	252	183	115
Interest swap	2,199	—	1,281	—
Currency swap	—	—	—	—
Total	2,202	252	1,464	115

(b) Changes in fair value of cash flow hedges

The changes in fair value of hedging instruments designated as cash flow hedges of the Group recognized in other comprehensive income in the consolidated statements of comprehensive income or loss are as follows.

Year ended March 31, 2024

(Millions of Yen)

Risk classification	Changes in fair value of cash flow hedge recognized in the other comprehensive income	Amount transferred to profit or loss from other components of equity as a reclassification adjustment	The account in which the reclassification adjustment to profit or loss is recognized
Foreign currency risk	6,335	(402)	Other operating income / Other operating expenses
Interest rate risk	(353)	289	Finance income / Finance costs
Other	(248)	(2,824)	—
Total	5,733	(2,938)	

Year ended March 31, 2025

(Millions of Yen)

Risk classification	Changes in fair value of cash flow hedge recognized in the other comprehensive income	Amount transferred to profit or loss from other components of equity as a reclassification adjustment	The account in which the reclassification adjustment to profit or loss is recognized
Foreign currency risk	14,225	(2,378)	Other operating income / Other operating expenses
Interest rate risk	1,265	0	Finance income/Finance costs
Other	854	248	—
Total	16,345	(2,129)	

33. Related Parties

(1) Related party transactions

Details of significant transactions with related parties are as follows:

Year ended March 31, 2024

(Millions of Yen)

Category	Name	Description of transaction	Amount	Account	Outstanding balance
Joint venture	AMNS Luxembourg Holding S.A.	Loan guarantee (Note)	367,986	—	—

Note:

The Company provided a guarantee for 40% of the loan which AMNS Luxembourg Holding S.A. procured from banks.

Year ended March 31, 2025

(Millions of Yen)

Category	Name	Description of transaction	Amount	Account	Outstanding balance
Joint venture	AMNS Luxembourg Holding S.A.	Loan guarantee (Note)	402,338	—	—

Note:

The Company provided a guarantee for 40% of the loan which AMNS Luxembourg Holding S.A. procured from banks.

(2) Key management personnel compensation

Compensation paid to the directors of the Group is as follows:

(Millions of Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Salary	1,348	2,311

34. Commitments

Significant commitments related to the acquisition of assets are as follows:

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Contractual commitments related to acquisition of property, plant and equipment and intangible assets	797,794	789,279

35. Loan Guarantees

The Group provides guarantees for the bank loans of its joint ventures and associates which would require the Group to repay the loan in the event of a default.

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Guarantees for the bank loans of joint ventures and associates	429,418	450,184

The above amounts comprise loan guarantees and also include arrangements that have similar characteristics to guarantees, such as guarantee commitment.

36. Subsequent Events

(a) Significant capital investment

With regard to its investment in "the conversion from the blast furnace steelmaking process to the electric arc furnace steelmaking process" ("the Investment"), on May 30, 2025, the Company was selected for the "2025-2029 Energy and Manufacturing Process Transformation Support Business (Business I (Steel))" based on the Green Transformation (GX) Promotion Act, and as such has made the decision to carry out the Investment.

(i) Purpose of capital investment

As announced in the "Nippon Steel Carbon Neutral Vision 2050" published in March 2021, the company aims to achieve carbon neutrality with the use of the three breakthrough technologies: "high-grade steel production in large-sized electric arc furnaces," "production of direct reduced iron using hydrogen," and "hydrogen injection into blast furnaces."

While ensuring the predictability of the GX investment recovery, the Company will push forward with the development and implementation of three breakthrough technologies and, in doing so, the Company aims to achieve carbon neutrality by the year 2050.

(ii) Outline of capital investment

11) Outline of capital investment

Places of Construction	Kyushu Works Yawata Area	Setouchi Works Hirohata Area	Yamaguchi Works (Shunan)	Total
Description of Investment	Construction of 1 new electric arc furnace	Expansion of 1 electric arc furnace	Modification and restart of 1 electric arc furnace	
	Ancillary/related equipment including that for high-grade steel manufacturing measures, logistics measures, power supply measures and downstream process energy measures			
Production Capacity	Approx. 2.0 million tons / year	Approx. 0.5 million tons/year	Approx. 0.4 million tons/year	Approx. 2.9 million tons/year
Amount of Investment	¥630.2 billion	¥140.0 billion	¥98.5 billion	¥868.7 billion
Government Support Amount (Maximum)	¥179.9 billion	¥42.8 billion	¥28.7 billion	¥251.4 billion
Commencement of Production	Fiscal 2029 2H	Fiscal 2029 2H	Fiscal 2028 2H	—

(b) Business combination through acquisition/ Merger between U.S. Subsidiary and U. S. Steel and Change in Specified Subsidiary

On December 18, 2023, Nippon Steel Corporation ("Nippon Steel" or the "Company") decided that a subsidiary of Nippon Steel North America, Inc. ("NSNA"), a wholly-owned subsidiary of the Company, will merge with United States Steel Corporation ("U. S. Steel"), an integrated blast furnace and electric arc furnace steel manufacturer in the United States (the "Merger"). The Company entered into a merger agreement with U. S. Steel in connection with the Merger, and entered into such merger agreement on the same day.

Subsequently on June 13, 2025, President Trump issued an Executive Order approving the Merger, subject to the execution of a National Security Agreement (the "NSA"). On the same day, Nippon Steel, NSNA, and U. S. Steel entered into the NSA with the U.S. Government. As a result, all necessary regulatory approvals required for the Merger have been obtained, and on June 18, 2025, the Merger was completed, with U. S. Steel becoming a consolidated subsidiary (specified subsidiary) of Nippon Steel.

The NSA provides that approximately US\$11 billion in new investments will be made by 2028, which includes the initial investment in a greenfield project that would be completed after 2028. The NSA also includes commitments related to governance (including a Golden Share to be issued to the U.S. Government), domestic production, and trade matters.

(i) Purpose of Share Acquisition, etc.

As the “Best Steelmaker with World-Leading Capabilities,” the Transaction will enable Nippon Steel to move toward 100 million tonnes of global crude steel capacity through expanding its integrated production framework and create value starting from iron/steel-making process in “districts and areas where demand is promisingly expected to grow” and in “sectors in which Nippon Steel’s technologies and products are appreciated.” In doing so, Nippon Steel’s basic strategy is to acquire integrated steel mills through acquisitions and capital participation (brownfield investment) and to expand the capacity of existing bases. Nippon Steel acquired Essar Steel (now AM/NS India) in India in December 2019 and G Steel and GJ Steel in Thailand in March 2022.

The U.S. steel industry is largely driven by domestic demand and U.S. steelmakers are not highly dependent on exports of products. In addition, it has been remarkable that there is a trend to bring operations back to the home U.S. market in downstream sectors such as energy and manufacturing, due to relatively low energy prices in the United States and structural changes in the world economy. Nippon Steel is confident that it can utilize its seasoned technologies and product lineup in the United States, since it expects high level of demand for high-grade steel in this largest market amongst developed countries as well as sustainable growth in domestic steel demand.

Nippon Steel believes that the Merger is a worthwhile investing since the Merger is not only consistent with Nippon Steel’s overseas business strategy but also would enable Nippon Steel to diversify its global footprint by securing integrated steel manufacturing capabilities in the United States, a developed country, adding to existing operational bases in ASEAN and India, where market volume and growth potential are significant. Nippon Steel intends to further enhance its enterprise value by developing and expanding in these three globally important operational bases.

Upon completion of the Merger, Nippon Steel group’s global crude steel production capacity will increase to approximately 86 million tonnes per year, making it further expanding its reach. Nippon Steel and U. S. Steel will move forward together as the “Best Steelmaker with World -Leading Capabilities,” providing across the globe products and services made by the technologies across both companies in high-grade steel including electrical steel and automotive steel to broadly contribute to customers and society.

Furthermore, Nippon Steel and U. S. Steel share a common goal of achieving carbon neutrality by 2050, and each company has made an effort in this field and developed technological edges. Nippon Steel aims to attain carbon neutrality through the development of great innovative technologies: “hydrogen injection into blast furnaces,” “high-grade steel production in large size electric arc furnaces” and “hydrogen direct reduction of iron.”

By combining the advanced technologies of both companies, Nippon Steel and U. S. Steel will together take steps towards achieving carbon neutrality by 2050 and contribute to building a sustainable society.

(ii) Name, Business Content, and Scale of the Acquired Company

- 1) Name: United States Steel Corporation
- 2) Location: 600 Grant Street, Pittsburgh, PA 15219-2800, U.S.A.
- 3) Name and Title of Representative: David B. Burritt, President and Chief Executive Officer
- 4) Common Stockholders Equity: US\$ 288 million (*)
- 5) Net assets: US\$ 11,440 million (*)
- 6) Total assets: US\$ 20,235 million (*)
- 7) Description of Business: Manufacturing and distribution of steel sheets for automotive, home appliances and building materials etc. and tubular for energy industry

(*) Information from U. S. Steel’s Annual Report on Form 10-K filed by U. S. Steel with the SEC on January 31, 2025.

(iii) Date of Stock Acquisition

June 18, 2025

(iv) Number of Shares Acquired, Acquisition Price, and Status of Shareholding owned before and after the Acquisition

1) Number of Shares Held before the Change	0 (Number of voting shares: 0) (Percentage of voting rights held: 0.0%)
2) Number of Shares Acquired	226,576,075 shares (Number of voting shares: 226,576,075 units) (Voting Rights Ownership Ratio: 100%)
3) Acquisition Value (*1)	Common shares of U. S. Steel: Approximately US\$ 142 million
4) Number of Shares Held after the Change (*2)	1 share (Number of voting share: 1 unit) (Voting Rights Ownership Ratio: 100%)

(*1) Acquisition value includes the full amount required to purchase all outstanding options, restricted stock units and other securities including convertible notes etc.

(*2) The Merger was implemented by way of a “reverse triangular merger,” in which a subsidiary of NSNA merged with U. S. Steel. More specifically, upon the Merger, the outstanding shares of U. S. Steel were converted into the right to receive the merger consideration (US\$55.00 per share) and were canceled. In addition, all shares of the subsidiary owned by NSNA were converted into common stock of U. S. Steel. As a result of the Merger, U. S. Steel became a wholly-owned subsidiary of Nippon Steel.

(v) Others

As of the date of this report, the accounting treatment for the business combination has not been completed. Accordingly, detailed information regarding the accounting treatment is not disclosed herein.

(c) Entering into a National Security Agreement with the U.S. Government

Nippon Steel Corporation (“Nippon Steel”), together with its wholly owned subsidiary Nippon Steel North America, Inc. and United States Steel Corporation (“U. S. Steel”) (collectively, the “Companies”) have entered into a National Security Agreement (“NSA”) with the U.S. Government on June 13, 2025, and U. S. Steel will issue a Golden Share to the U.S. Government.

Under the NSA, the U.S. Government and the Companies have agreed to measures to protect U.S. national security, including, among others, the following commitments by the Companies:

- Investment - Nippon Steel will make approximately US\$11 billion in new investments in U. S. Steel by 2028, which includes an initial investment in a greenfield project that will be completed after 2028;
- U.S. Headquarters - U. S. Steel will remain a U.S.-incorporated entity and will maintain its headquarters in Pittsburgh, Pennsylvania;
- U.S. Board - A majority of the members of U. S. Steel’s board of directors will be U.S. citizens;
- U.S. Management - U. S. Steel’s key management personnel, including its CEO, will be U.S. citizens;
- U.S. Production - U. S. Steel will maintain capacity to produce and supply steel from its U.S. production locations to meet market demand in the U.S.; and
- U. S. Steel Autonomous Trade - Nippon Steel will not prevent, prohibit, or otherwise interfere with U. S. Steel’s ability to pursue trade action under U.S. law

Pursuant to the NSA and through the ownership of the Golden Share, the U.S. Government will have certain rights, including, among others:

- The right to appoint one independent director; and
- Consent rights of the President of the United States, or his designee, on specific matters, including:
 - Reductions in the committed capital investments under the NSA;

- Changing U. S. Steel's name and headquarters;
- Redomiciling U. S. Steel outside of the United States;
- Transfer of production or jobs outside of the United States;
- Material acquisitions of competing businesses in the United States; and
- Certain decisions on closure or idling of U. S. Steel's existing U.S. manufacturing facilities, trade, labor, and sourcing outside of the United States.

This framework will enable Nippon Steel to secure management flexibility and profitability at U. S. Steel while protecting U.S. national security.

(d) Short-Term Borrowing Related to the Merger Between Our U.S. Subsidiary and United States Steel Corporation

On June 18, 2025, Nippon Steel Corporation entered into the following short-term borrowing to fund the payment of the merger consideration associated with the merger between its U.S. subsidiary and United States Steel Corporation:

- Borrowing Amount: Approximately JPY 2 trillion
- Interest Rate: Base rate plus spread
- Borrowing Period: Within one year

(e) The Transfer of Equity Interests in AM/NS Calvert LLC through the Transfer of Share in NS Kote, Inc.

As the merger between our U.S. subsidiary and United States Steel Corporation has been completed, Nippon Steel Corporation ("Nippon Steel") transferred all shares of its wholly-owned subsidiary, NS Kote, Inc. (a holding company that owns all of our equity of AM/NS Calvert LLC, an equity method investee of Nippon Steel) to ArcelorMittal, S.A. (the "Share Transfer") on June 18, 2025, pursuant to the share transfer agreement entered into on October 11, 2024.

As a result of the Share Transfer, Nippon Steel expects to record approximately JPY 230 billion as a loss on reorganization in its consolidated financial statements in the first quarter of fiscal 2025.