Annual Securities Report

The 101st Term (from April 1, 2025 to March 31, 2026)

(ABSTRACT TRANSLATION)

NIPPON STEEL CORPORATION

Contents

I. Overview of the Company

1. Key Financial Data

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

Fiscal term		97th term	98th term	99th term	100th term	101st term
Year ended		March 2022	March 2023	March 2024	March 2025	March 2026
Revenue	(Millions of Yen)	6,808,890	7,975,586	8,868,097	8,695,526	10,063,216
Business profit	(Millions of Yen)	938,130	916,456	869,657	683,237	514,128
Profit for the year attributable to owners of the parent	(Millions of Yen)	637,321	694,016	549,372	350,227	17,158
Total comprehensive income for the year	(Millions of Yen)	816,342	926,920	810,831	491,606	358,595
Total equity attributable to owners of the parent	(Millions of Yen)	3,466,799	4,181,155	4,777,727	5,383,311	5,530,448
Total assets	(Millions of Yen)	8,752,346	9,567,099	10,714,627	10,942,458	14,660,583
Total equity attributable to owners of the parent per share	(Yen)	752.93	908.11	1,037.46	1,030.11	1,058.19
Basic earnings per share	(Yen)	138.43	150.73	119.31	70.18	3.28
Diluted earnings per share	(Yen)	131.49	134.37	105.59	67.03	3.28
Ratio of total equity attributable to owners of the parent to total assets	(%)	39.6	43.7	44.6	49.2	37.7
Return on equity	(%)	20.5	18.1	12.3	6.9	0.3
Price-earnings ratio	(Times)	3.1	4.1	6.1	9.1	175.4
Cash flows from operating activities	(Millions of Yen)	615,635	661,274	1,010,159	978,593	716,939
Cash flows from investing activities	(Millions of Yen)	△378,866	△366,580	△710,654	△462,428	△2,837,181
Cash flows from financing activities	(Millions of Yen)	△61,304	△197,655	△543,945	△313,334	1,886,301
Cash and cash equivalents at end of the year	(Millions of Yen)	551,049	670,410	448,892	672,526	461,262
Number of employees	(Person)	106,528	106,068	113,639	113,845	138,453
Figures in brackets represent the average number of temporary workers not included in the above figures	(Person)	[17,278]	[15,922]	[15,194]	[13,787]	[12,925]

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 Company implemented a stock split at a ratio of five (5) shares for every one share with October 1, 2025, as the effective date. Accordingly, total equity attributable to owners of the parent per share, basic earnings per share and diluted earnings per share are calculated as if the stock split had occurred at the beginning of the 97th Term.

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

Fiscal term		97th term	98th term	99th term	100th term	101st term
Year ended		March 2022	March 2023	March 2024	March 2025	March 2026
Net sales	(Millions of Yen)	4,365,970	4,973,537	4,876,550	4,712,292	4,542,013
Ordinary profit	(Millions of Yen)	536,792	527,162	453,113	294,242	177,904
Profit for the year	(Millions of Yen)	393,022	503,643	324,235	205,364	340,997
Common stock	(Millions of Yen)	419,524	419,524	419,799	569,519	569,519
Total number of issued shares	(Thousands of Shares)	950,321	950,321	950,549	1,074,726	5,373,633
Net assets	(Millions of Yen)	1,780,048	2,135,393	2,380,980	2,646,011	2,905,810
Total assets	(Millions of Yen)	5,926,165	6,280,924	6,589,405	6,775,951	9,056,495
Net assets per share	(Yen)	386.14	463.24	516.40	505.78	551.63
Dividends per share (Interim dividends shown in brackets)	(Yen)	160 [70]	180 [90]	160 [75]	160 [80]	— [60]
Earnings per share	(Yen)	85.25	109.25	70.33	41.10	65.18
Diluted earnings per share	(Yen)	80.99	97.41	62.25	39.26	64.48
Capital adequacy ratio	(%)	30.0	34.0	36.1	39.1	31.9
Return on equity	(%)	24.2	25.7	14.4	8.2	12.3
Price-earnings ratio	(Times)	5.1	5.7	10.4	15.5	8.8
Dividend payout ratio	(%)	37.5	32.9	45.5	77.8	36.8
Number of employees Figures in brackets represent the average number of temporary workers not included in the above figures	(Person) (Person)	28,708 [2,648]	28,331 [1,791]	28,543 [1,397]	28,652 [1,296]	32,102 [1,159]
Total shareholder return (Comparative indicator: TOPIX Total Return Index)	(%) (%)	123.6 [102.0]	183.4 [107.9]	220.9 [152.5]	204.3 [150.2]	194.0 [202.2]
Highest share price	(Yen)	2,381.0	3,294.0	3,847.0	3,745.0	699.8 [3,450.0]
Lowest share price	(Yen)	1,690.5	1,838.0	2,705.5	2,802.0	571.5 [2,650.0]

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. 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.

3. 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.

4. 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.

5. The Company implemented a stock split at a ratio of five (5) shares for every one share with October 1, 2025, as the effective date. Accordingly, net assets per share, earnings per share and diluted earnings per share are calculated as if the stock split had occurred at the beginning of the 97th Term. Additionally, total shareholder return is calculated taking into account the effect of the stock split.

6. The Company implemented a stock split at a ratio of five (5) shares for every one share with October 1, 2025, as the effective date. Accordingly, dividends per share for the 101st Term (fiscal year 2025) are not presented as a simple aggregation is not possible. If the proposal for a year-end dividend is approved as originally proposed at the 102nd General Meeting of Shareholders, the year-end dividends per share will be ¥12. Excluding the effect of the stock split, the dividends per share for the 101st fiscal year Term (fiscal year 2025) would be ¥120, while including the effect of the stock split, the dividends per share for the 101st Term (fiscal year 2025) would be ¥24.
7. The Company implemented a stock split at a ratio of five (5) shares for every one share with October 1, 2025, as the effective date. For the 101st fiscal year Term (fiscal year 2025), the highest and lowest share prices after the share split are presented, with those before the share split shown in parentheses

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 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
March 1970	Yawata Iron & Steel Co., Ltd. and Fuji Iron & Steel Co., Ltd. merged and was renamed Nippon Steel Corporation Listed shares on eight stock exchanges nationwide including Tokyo
April 1971	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, 2026, the Group is mainly comprised of the Company and 493 consolidated subsidiaries, as well as 112 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

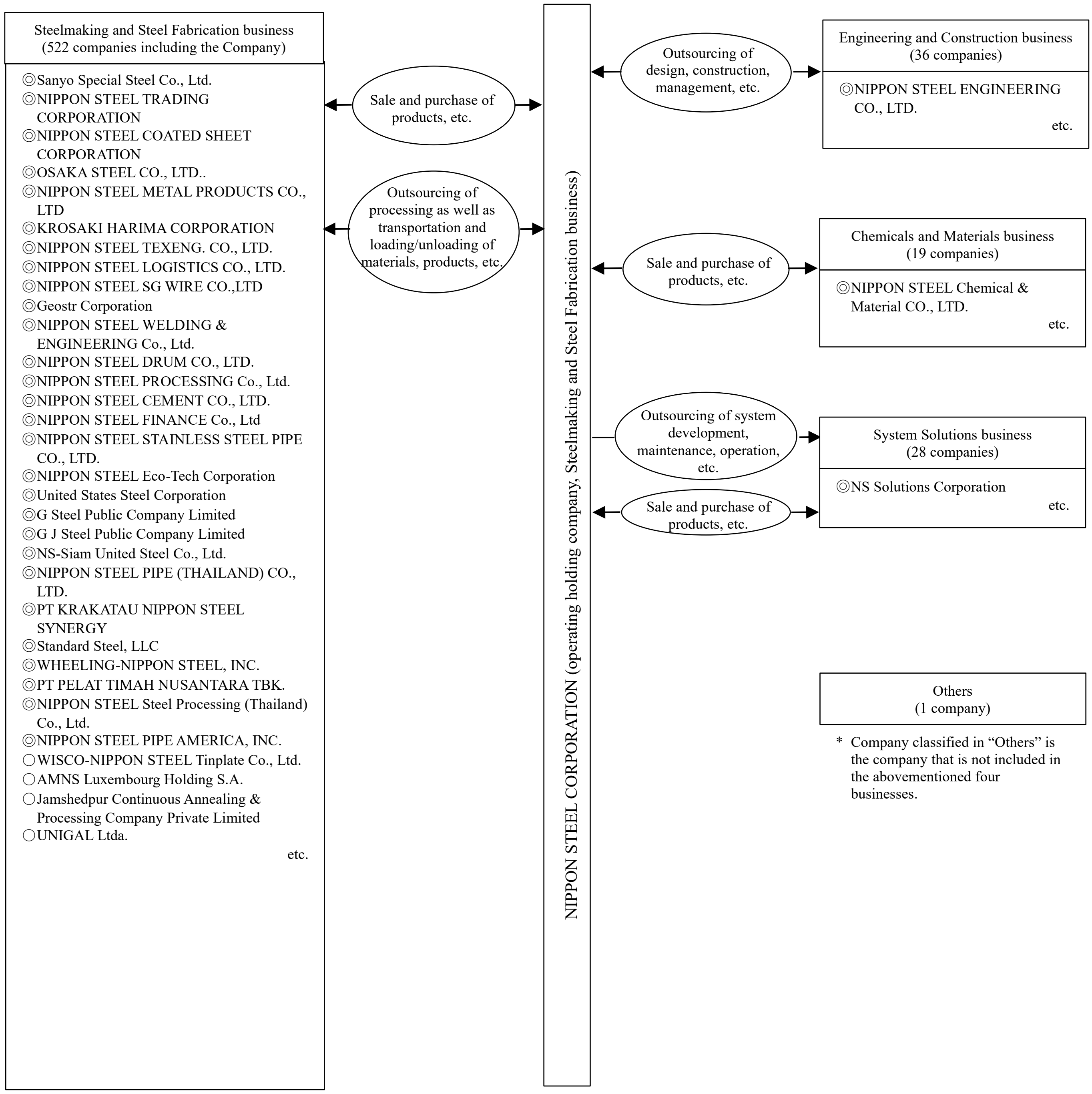
[System Solutions business]

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, 2026)

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



4. Subsidiaries and Other Affiliated Entities

Principal consolidated subsidiaries and equity-method affiliates (as of March 31, 2026)

[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	100.0%	(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. The subsidiary deposits funds to the Company. (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	56.1% (0.5%)	(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	91.0%	(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 There is nothing to report.
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 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	45.0% (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.
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	68.3% (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.

Name	Address	Paid-in capital	Description of principal business	% of voting rights interest	Description of relationships
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.
United States Steel Corporation	Pennsylvania State, United States of America	US$ 5,787 million (Share Capital)	Makes and markets steel products	100.0% (100.0%)	(a) Interlocking officers Two officers and two 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 The Company provides loan guarantees 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 The Company provides loan guarantees to the subsidiary.
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.
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.

Name	Address	Paid-in capital	Description of principal business	% of voting rights interest	Description of relationships
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
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.., GEOSTER Corporation, and NS Solutions Corporation file Annual Securities Reports.
While KROSAKI HARIMA CORPORATION had been a company filing Annual Securities Reports, it has been approved that, as of April 16, 2026, 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. NIPPON STEEL TRADING CORPORATION, United States Steel 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 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 40% 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 TRADING CORPORATION's revenue (excluding inter-company revenue) accounted for more than 10% of the consolidated revenue. NIPPON STEEL TRADING CORPORATION's key financial information (under Japanese GAAP) is as follows.

Key financial information (under Japanese GAAP) (Millions of yen)

(1) Net sales	1,310,043
(2) Ordinary profit	35,516
(3) Profit	26,625
(4) Net assets	278,313
(5) Total assets	844,648

5. United States Steel Corporation's revenue (excluding inter-company revenue) accounted for more than 10% of the consolidated revenue. United States Steel Corporation's key financial information (under U.S. GAAP) is as follows. The figures below represent United States Steel Corporation's consolidated financial results, and the financial information represents the figures from the acquisition date onward.

Key financial information (under U.S. GAAP) (Millions of yen)

(1) Net sales	1,932,558
(2) (Loss) earnings before income taxes	(27,942)
(3) Net (loss) earnings	(7,211)
(4) Net assets	1,865,319
(5) Total assets	3,340,372

6. NIPPON STEEL CEMENT CO., LTD. was dissolved on April 1, 2026, through an absorption-type merger in which NIPPON STEEL BLAST FURNACE SLAG CEMENT CO.,LTD. was the surviving company and NIPPON STEEL CEMENT CO., LTD. as the absorbed company.

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.

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.

The global economy is expected to continue growing, driven by economic growth in emerging countries and increased investment in AI- and energy-related sectors. At the same time, uncertainty is increasing as the interaction between politics and economy—such as the shift toward protectionism and the imposition of mutual tariffs—intensifies. We need to be mindful of the risk of growth stagnation, among others, in such an environment.

Regarding the steel demand outlook, demand is expected to grow, driven by economic growth in India and other emerging countries, and in the United States the shift to domestic manufacturing is expected to boost demand for high-grade steel. In contrast, demand in Japan is likely to remain on a declining trend against the backdrop of a shrinking population, the relocation of manufacturing industries overseas, and other factors. On the supply side, despite the Chinese economy peaking and a weakening in its domestic demand, China's high-level domestic production and aggressive export stance remain unchanged, raising concerns about escalating trade friction. We anticipate that it will take more time for the current global steel oversupply to be resolved, and that the business environment will remain challenging.

For fiscal 2026, in addition to the factors described above, the situation in the Middle East is also expected to affect economic activity. Its impact of the situation in the Middle East on economic activity is no longer limited to energy supply disruptions, such as those observed during past oil shocks. Under the current economic structure, which is built by globally integrated supply chains, the effects are spreading across the entire world. In addition, the Middle East's economy has become an important export market for Asian countries, including Japan, as its economic scale has expanded significantly. Therefore, the Middle East situation has an extremely broad impact on demand across a wide range of industries. In particular, the steel industry is a core industry that underpins many other sectors, and among steelmakers, we offer a particularly broad product lineup and serve an exceptionally wide range of industries. Furthermore, due to the increasing global expansion of our operations, the impact of the Middle East situation on our business performance cannot be comprehensively and reasonably assessed at this time.

(Management strategies and priority business and financial tasks)

The Company has formulated the 2030 Medium- to Long-term Management Plan with the aim of continually growing to become “the best steelmaker with world-leading capabilities” and contributing to the realization of a sustainable and prosperous society through the creation of customer value.

Under the 2030 Medium- to Long-term Management Plan, we are committed to restoring our position as the world's best steelmaker by further strengthening the earnings base of our domestic operations and implementing a global growth strategy in our overseas operations, assuming a more severe business environment.

The Company will carry out various initiatives aimed at achieving consolidated underlying business profit of 1 trillion yen or more and, in the future, global crude steel production capacity of 100 million tons or more. These initiatives include measures to improve profitability by further strengthening the earnings base in Japan and to drive significant profit growth overseas through execution of the global growth strategy.

In order to further strengthen our management foundation that supports these strategies, we will continuously allocate R&D resources to advance development of the world's leading-edge technologies. We will also promote operational reform and streamlining, and strengthen the competitiveness of our human resources.

The outline of the 2030 Medium- to Long-Term Management Plan and its key initiatives is as follows.

<Overview and Key Initiatives of the 2030 Medium- to Long-Term Management Plan (Announced in December 2025) >

The Company has formulated the 2030 Medium- to Long-Term Management Plan and is implementing various initiatives to support continued growth, aiming to become the world's No. 1 steelmaker in overall excellence and to contribute to the realization of a sustainable and prosperous society through the creation of customer value.

I. Overview of the Plan

Nippon Steel will carry out various initiatives based on the following strategies to achieve 1 trillion yen or more in underlying business profit and 100 million tons or more in global crude steel production capacity.

1. Domestic operations: Improve profitability by further strengthening the earnings base

In our domestic operations, in addition to thoroughly pursuing cost competitiveness, we will develop comprehensive solutions and maximize the comprehensive strengths of the Nippon Steel Group. In doing so, we will strengthen the competitiveness tailored to the needs of each demand field and product type and improve profitability. We will seek to create customer value and capture domestic demand in each field, such as the automotive, infrastructure (construction and civil engineering), energy, and shipbuilding fields.

2. Overseas operations: Dramatically increase profit by implementing the global growth strategy

In the overseas operations, in the key areas of the United States and Europe, India, and Thailand, we will make capital investment, transfer our technological expertise and know-how to the maximum extent possible, and strengthen our integrated steel production system in these focus areas.

Through these initiatives, we aim to capture demand for a variety of steel products from high-grade steel to commodity steel to dramatically increase profit.

In order to further strengthen our management foundation that supports these strategies, we will continuously allocate R&D resources to advance development of the world's leading-edge technologies. We will also promote operational reform and streamlining, and strengthen the competitiveness of our human resources.

II. Specific Measures

1. Domestic operations: Improve profitability by further strengthening the earnings base

[Strengthening competitiveness by demand field and by product type]

(1) Thoroughly pursue cost competitiveness

In the steel sheet business—the main business of the steelmaking business, we will promote the launch of new facilities and the realization of the full effect of these investments. We will also clarify the main role of each works and production line, and make centralized production to improve efficiency.

At the same time, we intend to establish an optimal production and logistics system that includes group companies. As part of pursuing an optimal production system, we plan to suspend the operation of a continuous annealing unit at the Kashima Area of the East Nippon Works approximately by the end of fiscal 2027.

We will also make thorough efforts to improve productivity across Nippon Steel and cooperating companies, as well as to promote operational reforms and streamlining in order to secure cost competitiveness to prevail in international competition.

(2) Develop comprehensive solutions

We will create customer value by proposing NSafeTM-AutoConcept in the automotive field and ProStructTM in the construction and civil engineering field as well as highly functional products and solutions for the energy and shipbuilding fields. In addition, by utilizing the next-generation hot strip mill at the Nagoya Works, increasing the capacity of electrical steel sheets at the Yawata Area of the Kyushu Works and the Hirohata Area and Hanshin Area (Sakai) of the Setouchi Works, and conducting the business alliance with Nakayama Steel Works, Ltd., etc., we will seek to strengthen our ability to respond to various customer needs to capture demand in various fields in Japan.

(3) Maximize the Nippon Steel Group's comprehensive strength

In the infrastructure (steel products for construction and civil engineering) field, our sales departments, branch offices, and group companies will work together on a regional basis to further strengthen sales activities. At the same time, the Nippon Steel Group will pursue an integrated production and distribution system to enhance its ability to capture domestic demand. Moreover, we will continue to work on further improving profitability through the reorganization of group companies.

2. Overseas operations: Dramatically increase profit by implementing the global growth strategy

To support aggressive capital investments in the key areas of the United States, Europe, India, and Thailand, we will make maximum use of the facility engineering technologies we have cultivated in Japan to date, along with transferring technological capabilities such as of operations and products together with know-how such as in quality control and process management, thereby pursuing profit expansion in overseas operations.

In addition, to ensure the effectiveness concerning transfer of technology and know-how, we will intensively allocate our human resources and ensure proper execution of our global growth strategy.

(1) United States

Through the acquisition of U. S. Steel, Nippon Steel has obtained an integrated steel production system in the United States, the world's largest market for high-grade steel.

By implementing capital investment of 11 billion U.S. dollars by the end of 2028 and transferring Nippon Steel’s leading-edge operational, equipment, and product technologies, we plan to maximize the capital investment and synergy effect and drastically strengthen the competitiveness of U. S. Steel to meet the growing demand for high-grade steel in the United States.

(2) India

In India, where demand for steel products is expected to increase, driven by economic growth on the back of population growth, AM/NS India will promote measures for high-grade steel production and further expansion of production scale. Specifically, we will steadily expand the capacity of the Hazira Works on India’s west coast, including the state-of-the-art sheet manufacturing facilities, whose construction is already underway. We will also start construction of an integrated steel works in the southern India (Rajayyapeta in the State of Andhra Pradesh) to expand our market share in India.

(3) Thailand

The steel sheet market in Thailand is expected to continue growing steadily for both high-grade steel and commodity steel. Nippon Steel, mainly through G Steel Public Company Limited and G J Steel Public Company Limited (G/GJ Steel) and NS-Siam United Steel Co., Ltd. (NS-SUS), holds an approximately 30% market share in Thailand. We will further expand our position in the steel sheet market in Thailand, a top-priority market in ASEAN, by strengthening the entire operations from the upstream process to the supply chain and making the most of our strengths as a market insider.

3. Promoting GX

Regarding our carbon neutrality initiatives, we will introduce large-scale electric arc furnaces in Japan by 2030, and at the same time promote institutionalization and international standardization for the formation of a GX Steel market.

Our aim is to achieve carbon neutrality by 2050 by accelerating the development of breakthrough technologies through government support and enhanced industry-government-academia collaboration.

4. Strengthening the management base

As a foundation for steadily implementing key measures in Japan and overseas, we will promote development of leading-edge technologies, operational reforms and streamlining, and strengthen human resource competitiveness.

(1) Promote development of leading-edge technologies

We will continuously allocate our research resources in promoting process development that realizes stable production and cost competitiveness, as well as product development that contributes to the sophistication of product types.

In addition, we will continue to develop breakthrough technologies to achieve carbon neutrality. We will also strengthen the global R&D system, such as by collaborating with U. S. Steel, accelerating development of leading-edge technologies.

(2) Promote operational reform and streamlining

Through operational reform and streamlining, including the use of DX, we will focus on work that directly drives business growth and creates added value, and achieve overwhelming competitiveness by improving productivity and strengthening technological and sales capabilities.

We will respond quickly, appropriately and flexibly to issues from the perspective of corporate-wide optimization, including through allocation of human resources to overseas bases, and establish a corporate culture that enables us to achieve sustainable growth.

(3) Strengthen the competitiveness of human resources

In order to advance human resource development and empowerment, we will continue to promote the diversification of human resources and further enhance measures to develop global talent, including the use of overseas assignment. While various systems are already in place to support employees' balancing of work with childcare and other life stage events, we will accelerate efforts to maximize the effectiveness of these systems. In addition, we will implement measures to

improve productivity including operational reform and streamlining, strengthen the capability of each employee, and maximize organizational performance.

III. Financial Targets and Shareholder Return

1. Management resource allocation policy and investment plan

With the aim of achieving sustainable improvement in corporate value, we will strategically allocate management resources while pursuing an appropriate balance among growth investment, shareholder returns, and financial soundness.

In order to improve profitability by further strengthening our earnings base in Japan, and to dramatically increase profit by implementing our global growth strategy overseas, our plan is to make capital and business investments totaling 6 trillion yen *1 over the next five years.

*1 Includes approximately 11 billion U.S. dollar investment in U. S. Steel (up to the end of 2028)

2. Profit and financial target, and shareholder return policy

(1) Profit and financial target

By implementing the various measures set out in the management plan, we will work to improve our medium- to long-term profitability and capital efficiency, and strengthen our financial base. Through these efforts, we aim to achieve the following financial targets, setting fiscal 2030 as a milestone.

Key Financial Indicators (Fiscal 2030 Targets)

Underlying business profit (consolidated)	1 trillion yen or more per year
ROE	Approximately 10% (over 10% from fiscal 2031)
D/E ratio *2	Approximately 0.7
D/EBITDA *2	3.5 or less

*2 Capital adjusted for subordinated debt and similar instruments

(2) Shareholder return policy (Introduction of a minimum dividend)

From the perspective of achieving an appropriate balance among investments for medium- to long-term growth, shareholder returns, and financial soundness, we will maintain our current dividend policy of a consolidated annual payout ratio target of around 30%.

In addition, in light of the fact that we have built a stable earnings base and from the perspective of increasing the predictability of dividends for shareholders and investors and enhancing the attractiveness of Nippon Steel's shares, we will incorporate into our dividend policy a minimum annual dividend of 24 yen per share for the five-year period of the 2030 Medium- to Long-term Management Plan (fiscal 2026 through fiscal 2030).

By achieving the 2030 Medium- to Long-term Management Plan, Nippon Steel will restore its position as the world's best steelmaker, contributing to the resurgence of the Japanese economy.

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

Objective indicators used to assess if business objectives have been achieved 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, 2026.

(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, equity and inclusion (DEI), 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 the majority of the Group's CO_2 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 CO_2 emissions in our supply chain by providing the two values of "provision of high-performance steel products and solutions that contribute to reducing CO_2 emissions in society" and "decarbonization of steelmaking process for providing carbon neutral 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

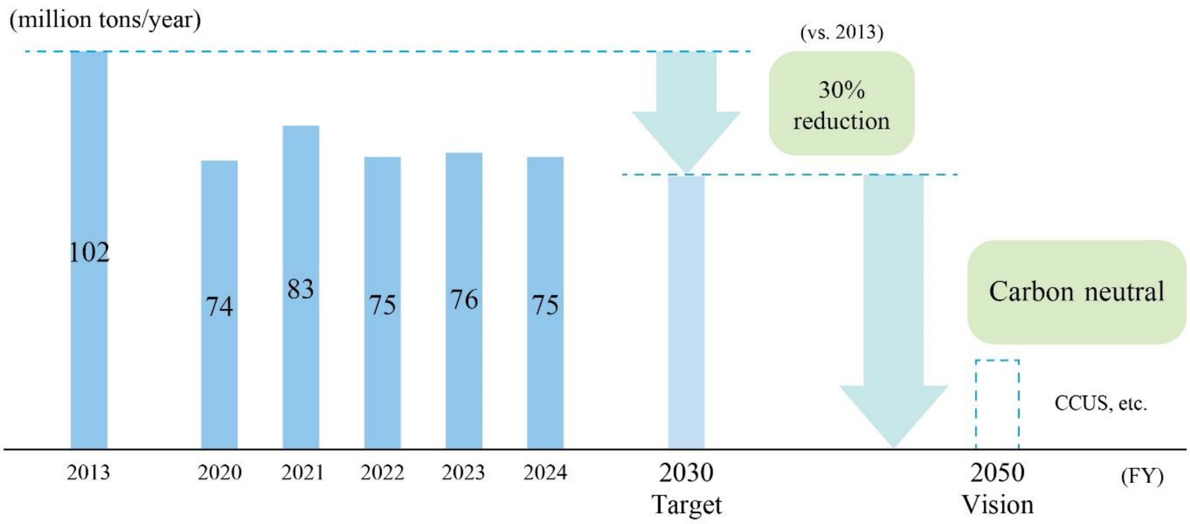
By providing high-performance steel products and solutions,
and by decarbonizing steelmaking Social demands for the carbon neutrality Social demands
for safety process ahead of other countries, we are determined to provide carbon neutral steel
to our customers and support their international competitiveness.

NET ZERO
NIPPON STEEL
Green Transformation
initiative

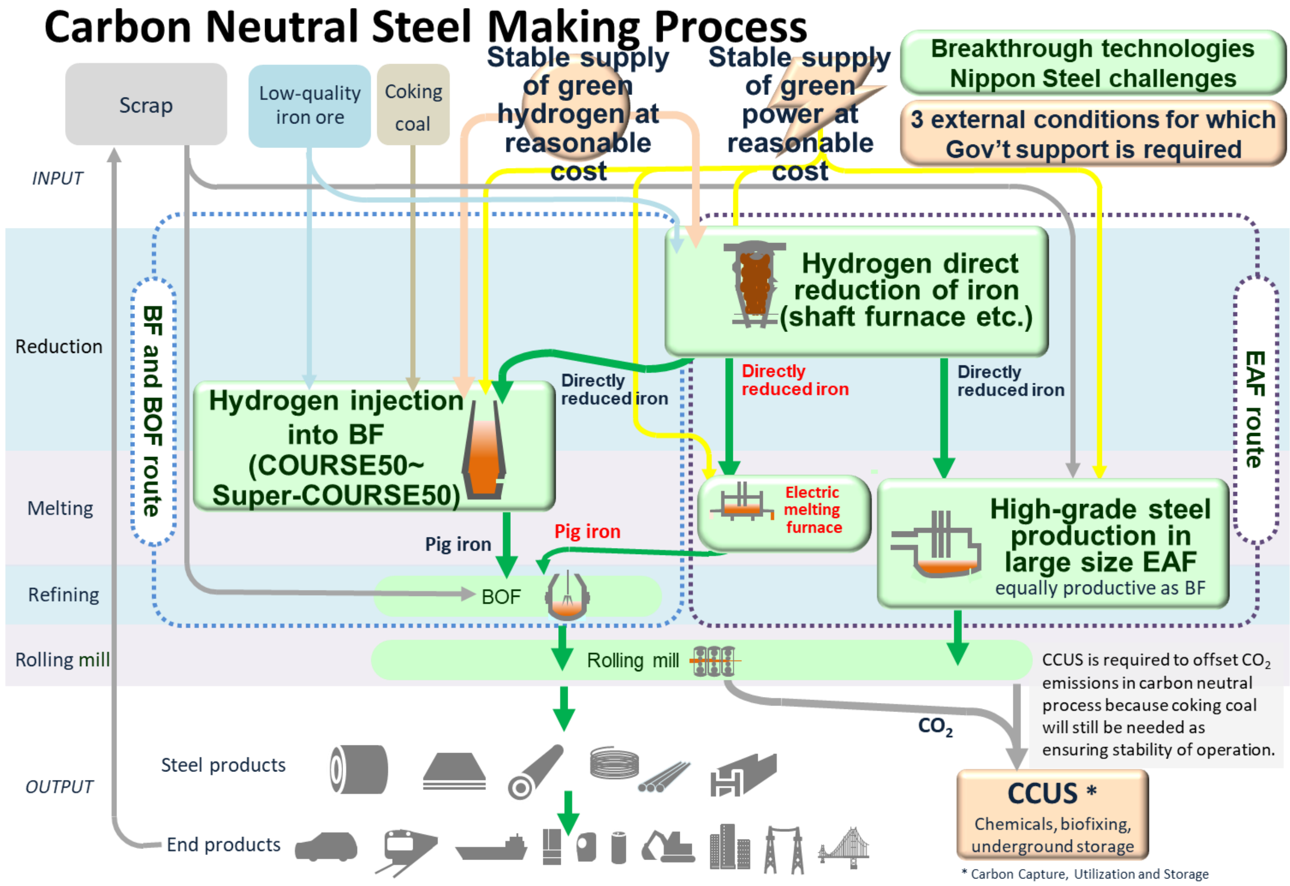
Aimed at achieving carbon neutrality by 2050, we have set a target of reducing CO_2 emissions by 30% by 2030 compared to 2013 levels. We aim to achieve this by high-grade steel production in large-sized electric arc furnaces, blast furnace hydrogen reduction (COURSE50), reducing CO_2 in existing processes, building an efficient production system, and so on.

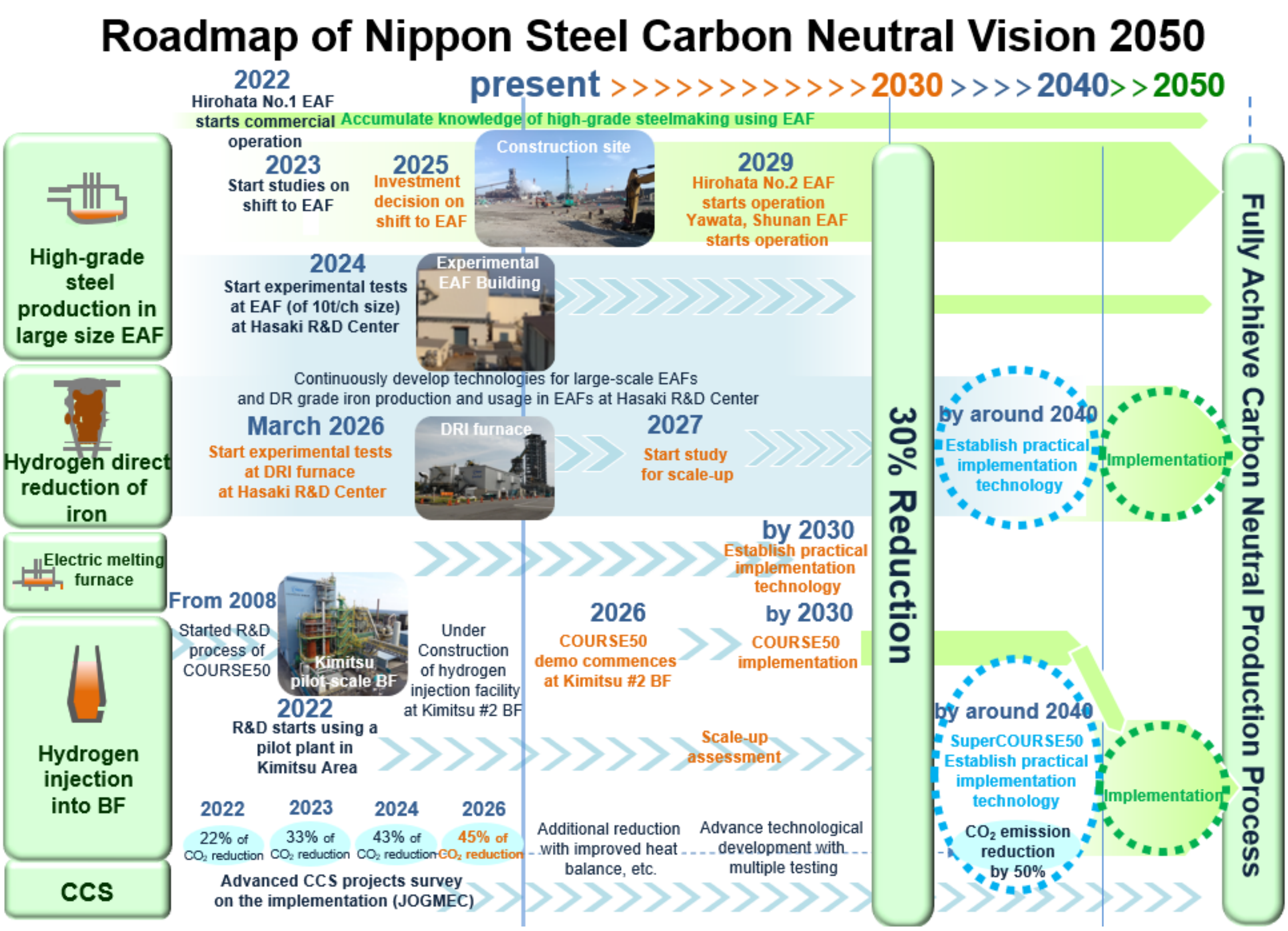
Towards 2050, we will take on the challenges of adopting ultra-innovative technologies such as mass production of high-grade steel in large-sized electric arc furnaces, drastic reduction of CO_2 emissions through developments in blast furnace hydrogen reduction methods such as Super COURSE50, and production of reduction iron using hydrogen. We will aim for carbon neutrality through a multi-track approach that includes carbon offset measures such as CCUS.

Total CO_2 emissions



[Scope of scenario]
Domestic SCOPE 1+2
(direct emissions in our production sites
+ indirect emissions from purchased electricity)
(Including purchased coke and oxygen)


Carbon Neutral Steel Making Process
Scrap
Low-quality iron ore
Coking coal
Stable supply of green hydrogen at reasonable cost
Stable supply of green power at reasonable cost
Breakthrough technologies Nippon Steel challenges
3 external conditions for which Gov't support is required
INPUT
Reduction
Melting
Refining
Rolling mill
OUTPUT
BF and BOF route
EAF route
Hydrogen direct reduction of iron (shaft furnace etc.)
Hydrogen injection into BF (COURSE50~ Super-COURSE50)
Directly reduced iron
Directly reduced iron
Directly reduced iron
Electric melting furnace
High-grade steel production in large size EAF
equally productive as BF
Pig iron
Pig iron
BOF
Rolling mill
CO_2
CCUS is required to offset CO_2 emissions in carbon neutral process because coking coal will still be needed as ensuring stability of operation.
Steel products
End products
CCUS *
Chemicals, biofixing, underground storage
* Carbon Capture, Utilization and Storage


Roadmap of Nippon Steel Carbon Neutral Vision 2050
present >>>>>>>>>>> 2030 >>>> 2040 >> 2050
2022
Hirohata No.1 EAF starts commercial operation
Accumulate knowledge of high-grade steelmaking using EAF
2023
Start studies on shift to EAF
2025
Investment decision on shift to EAF
Construction site
2029
Hirohata No.2 EAF starts operation
Yawata, Shunan EAF starts operation
High-grade steel production in large size EAF
2024
Start experimental tests at EAF (of 10t/ch size) at Hasaki R&D Center
Experimental EAF Building
Continuously develop technologies for large-scale EAFs and DR grade iron production and usage in EAFs at Hasaki R&D Center
Hydrogen direct reduction of iron
March 2026
Start experimental tests at DRI furnace at Hasaki R&D Center
DRI furnace
2027
Start study for scale-up
by around 2040
Establish practical implementation technology
Implementation
Electric melting furnace
by 2030
Establish practical implementation technology
Hydrogen injection into BF
From 2008
Started R&D process of COURSE50
Kimitsu pilot-scale BF
Under Construction of hydrogen injection facility at Kimitsu #2 BF
2022
R&D starts using a pilot plant in Kimitsu Area
2026
COURSE50 demo commences at Kimitsu #2 BF
by 2030
COURSE50 implementation
Scale-up assessment
by around 2040
SuperCOURSE50 Establish practical implementation technology
CO_2 emission reduction by 50%
Implementation
2022
22% of CO_2 reduction
2023
33% of CO_2 reduction
2024
43% of CO_2 reduction
2026
45% of CO_2 reduction
Additional reduction with improved heat balance, etc.
Advance technological development with multiple testing
CCS
Advanced CCS projects survey on the implementation (JOGMEC)
30% Reduction
Fully Achieve Carbon Neutral Production Process

We plan to disclose the final values of CO_2 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 NSCarbolex™ as a brand that collectively refers to "products and solution technologies that contribute to reducing CO_2 emissions in society" provided by the Company. NSCarbolex™ consists of two brands, NSCarbolex™ Neutral and NSCarbolex™ Solution, which represent the two values we offer.

"NSCarbolex™ Neutral" are steel products for which we assessed the CO_2 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 NSCarbolex™ Neutral at an early stage, we will help our customers with decarbonization.

"NSCarbolex™ Solution" is a high-performance product and solution technology that contribute to reducing CO_2 emissions in society. We will contribute to the reduction of CO_2 emissions in various aspects of society through high-performance products and solution technology, including "NSafe™-AutoConcept," which contributes to the reduction of CO_2 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 "ProStruct™," which mainly contributes to productivity improvement at construction sites, and "HRX19™" stainless steel for high-pressure hydrogen which contributes to the realization of a hydrogen society.

Reducing CO_2 emissions in steelmaking process	Reducing CO_2 emissions in society
NSCarbolex™ Neutral	NSCarbolex™ Solution

(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 recognizing it as a key foundation of our management.

Based on this philosophy, we believe that our continued investment in our people will enable each employee to maximize their potential and expertise while fostering self-directed growth and a willingness to embrace new challenges. This, in turn, will enhance productivity and competitiveness across the Group, creating economic and social value and ultimately leading to the sustainable enhancement of corporate value.

To realize the above management philosophy, under the "2030 Medium- to Long-term Management Plan," which begins in fiscal year 2026, we anticipate an even more severe business environment. By further strengthening the earnings base of domestic operations and executing the global growth strategy for overseas operations, we aim to restore our position as the World's Best Steelmaker.

In the context of the ongoing changes in social conditions in Japan, such as a declining workforce and increasing personnel mobility, close coordination between our business strategy and human resources strategy is essential to ensure the successful implementation of the above management plan. As human resources initiatives to ensure the steady implementation of these strategies, we are committed to: 1) "Productivity improvement," achieved by promoting business transformation and efficiency, automation, mechanization, and workforce optimization; and 2) "Human resources development and promotion of the advancement of employees," achieved by cultivating employees capable of playing an active role overseas through initiatives such as actively providing overseas assignments, securing a diverse workforce and promoting its advancement, while establishing an environment where each employee can learn and grow in a self-directed manner through growth support initiatives. Through these initiatives, we aim to enhance individual capabilities and maximize organizational performance, thereby strengthening the competitiveness of human resources to achieve the Group's sustainable growth.

<Human capital management approach (Value creation process)>

b. Policy on human resources development and internal environment development

We recognize significant environmental changes, such as intensifying recruitment competition due to the recent decreasing population, diversifying individual career perspectives, and labor market fluidity, as the key risks related to human capital. We believe that developing human resources and promoting the further advancement of employees are extremely important to realize our management strategies. Accordingly, we are addressing these challenges through various initiatives aimed at securing and developing human resources, promoting the advancement of a diverse workforce, and improving productivity, while striving to ensure our sustained competitiveness.

The Group continues to promote workforce diversity while further enhancing global human resources development initiatives, including overseas assignments to promote the development and advancement of our human resources. At the same time, the Group is also implementing productivity improvement initiatives, including business transformation and efficiency, with the aim of strengthening the capabilities of each employee and maximizing organizational performance.

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

1) Developing human resources

i) Human resources 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.

In addition, 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.

ii) Development of global human resources

Through proactive capital investment in key overseas regions, the Company aims to drive profit growth in its overseas operations by transferring the technologies and know-how cultivated in Japan to its overseas bases. To ensure the steady implementation of this global growth strategy, we will strengthen global human resources development by strategically allocating employees to growth areas, actively deploying and utilizing them in overseas operations, and providing overseas assignments.

To lay the foundation for this strategy, we are strengthening international education programs, including foreign language training, as well as training for employees assigned overseas, while creating growth opportunities for employees by increasing the number of employees assigned to overseas operations. Currently, approximately 400 employees are assigned overseas, and we aim to expand this number further. By actively assigning employees in their twenties to overseas positions, we enable them to gain global experience at an early stage of their careers and develop them into core human resources of the future.

Growth support

- Increasing growth opportunities by increasing the number of employees assigned to overseas
- Strengthening international education programs, including foreign language training, as well as training for employees assigned overseas

Number of overseas assignees: Further expansion from the current level of approximately 400 employees *

* Across 18 countries: 100 in the U.S., 85 in Thailand, 45 in India, etc.; approx. 250 of the 400 are engineers.

Age of overseas assignees: Actively assigning employees in their twenties to overseas positions

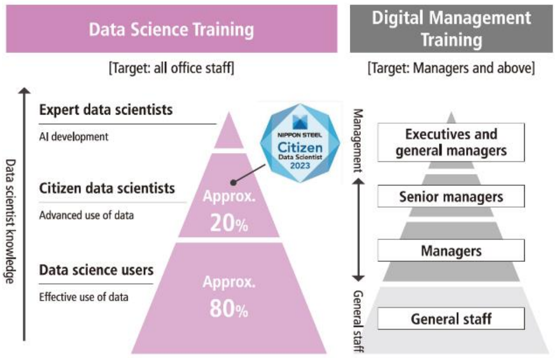
iii) Development of DX human resources

The Company aims to strengthen the capabilities of each employee and maximize organizational performance through productivity improvement initiatives, including business transformation and efficiency. As part of these efforts, we are working to develop DX human resources through both “Data Science Training” and “Digital Management Training.”

Within “Data Science Training,” we have established three categories based on levels of data science knowledge: expert data scientists, citizen data scientists, and data science users.

We are promoting training initiatives with the goal of ensuring that all staff-level employees reach the data science user level or higher, and that at least 20% of the staff in each workplace become citizen data scientists.

We provide ongoing training for data science users, including employees who have newly joined the Company through mergers and other means. Approximately 10% of all staff were certified as citizen data scientists by the end of fiscal year 2025, and we aim to have 20% certified by the end of fiscal year 2030. For the “Digital Management Training,” we conduct training for all managers, with the aim of helping them to acquire the necessary mindset and digital literacy to drive DX initiatives at their respective workplaces. Going forward, we will continue to accelerate the Company’s DX efforts through the development of DX human resources.



iv) Growth support

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 overseas assignments. In addition, we are expanding our range of on-demand learning programs that enable employees to engage in self-directed learning, thereby supporting their individual growth.

With regard to staff reassignment and development measures, in fiscal year 2023, we launched internal recruitments and in-house entrepreneurships. Internal recruitment supports employees’ 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 entrepreneurships are also intended to foster a culture that encourages taking on new challenges beyond existing frameworks.

2) Diversification of human resources

i) Securing human resources

In addition to the stable recruitment of new graduates and the recruitment of postdoctoral researchers to utilize PhD talent with a high degree of expertise, the Company is promoting the diversification of its recruitment by actively recruiting experienced personnel, including NSC's alumni.

To further promote the recruitment of diverse talent, 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.

Diversify recruitment

- **Actively hire from non-new-graduate talent pools, including career hires, alumni, and postdoctoral candidates**
- **Hiring women from each university broadly reflects the proportion of female students**

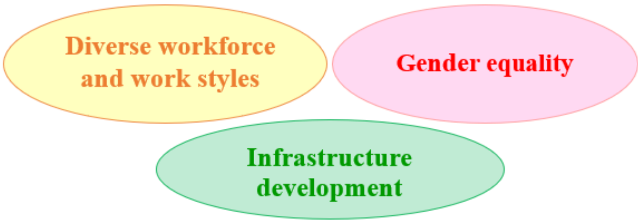
		Fiscal year 2025 results
Staff positions	Administrative positions	44%
	Engineering positions	16%
Manufacturing and maintenance positions		11%

- **Ongoing initiatives to enhance brand awareness**

Beginning in fiscal year 2024, we have increased starting salaries every year, and for the third consecutive year, made 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 further enhance employee retention.

ii) Promotion of DEI

Internally, the Company is promoting DEI initiatives to create an environment in which diverse employees with various circumstances can work productively and with pride until the age of 65. In order to strengthen this initiative, we have established three areas and are promoting various measures.



a) Diverse workforce and work styles

In addition to securing the diverse workforce described in i) above, 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 pursuing the realization of more flexible and diverse working styles. In addition to offering opportunities to work remotely, we are expanding various working options. To date, we have extended the system related to employees posted away from their families and developed systems enabling 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. Going forward, we will accelerate efforts to maximize the effectiveness of our leave systems by increasing the number of days of childcare leave taken by male employees and advancing initiatives to support employees in taking leave and time off, including workplace management initiatives such as multi-skilled employee training and promoting the placement of replacement staff.

Support for balancing work with childcare and other life events

- **Enhance systems related to childbirth, childcare, and family care**

<Male childcare leave utilization rate>

2020	21	22	23	24	25
8 →	25 →	56 →	66 →	77 →	**88%** (*)

(*) Including regular paid leave and other leave taken for childcare purposes, the overall utilization rate has remained at 100% since 2022

- **Accelerate efforts to maximize the effectiveness of leave systems**
  - Male childcare leave: Increase the number of leave days taken
  - Support for taking leave and time off: Workplace management initiatives such as multi-skilled employee training and promoting the placement of replacement staff

b) Gender equality

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 gender equality, 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.

c) Infrastructure development

As part of our infrastructure development efforts, we are implementing various initiatives focused on health promotion, organizational culture and open communication in workplaces, and employee engagement. In response to various challenges as they arise, we continuously conduct employee surveys and other types of research. By identifying challenges and areas for improvement through regular monitoring, we review, incorporate, and enhance our initiatives, thereby contributing to greater openness and communication within the organization.

(b) Indicators and targets

In order to steadily promote the above HR strategies, we set KPIs for gender equality, diverse workforce and work styles, and human resources development, etc., and accelerate our initiatives. We will continue to periodically review key indicators related to human capital and revise them as necessary.

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, 2024	Year ended March 31, 2025	Year ended March 31, 2026	Target
Number of female employees in managerial positions *1	65	70	93 111 as of April 1, 2026	4 to 7 times the number in 2020 (36) by 2030
Percentage of paid leave taken (%)	86.2	80.0	81.5	75 or above
Percentage of childcare leave taken by male employees (%)	66	77	88	— *2
Combined percentage of childcare leave and time-off for the purposes of childcare taken by male employees (%)	100	100	100	100
Education and training time (hours/person/year) [10,000 hours/year, total]	35 [99]	33 [94]	30 [97]	— *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 carries 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 50% of consolidated revenue. Demand in Japan continues to trend downward, due to factors such as a shrinking population and the relocation of manufacturing overseas. If economic conditions worsen further, 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 its overseas business accounts for approximately 50% of consolidated revenue. In the overseas market, the Group's business operations, financial performance, financial conditions and future growth may be negatively affected by changes in the business environment in overseas countries, including lower demand for steel, intensifying price competition, significant changes in the exchange rate, outbreak of natural disasters, spread of infectious diseases, investment restrictions, import/export restrictions, exchange restrictions, nationalization of local industries, and significant changes in the taxation system or tax rates, as well as 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 the current business environment, with base demand in the manufacturing and construction industries remaining sluggish both in Japan and overseas, the widening gap between supply and demand as well as persistent overproduction resulting from the slowdown in the Chinese economy have led to an increase in exports of low-cost steel, which in turn has caused international market conditions to remain sluggish. Consequently, the business environment from the perspective of steel supply and demand remains challenging.

Furthermore, the rise of protectionist trade policies and the imposition of reciprocal tariffs have led to tighter trade measures and changes in the import/export environment, and uncertainty is increasing as the interplay between politics and the economy intensifies.

In addition, geopolitical risks, such as escalating tensions in the Middle East, are not merely impacting the supply of energy, raw materials and fuels but also having a ripple effect on demand across a wide range of industries through global supply chains. As a result, it is currently difficult to comprehensively and reasonably quantify the impact of those risks.

Against this backdrop, given the combined effects of structural changes in steel demand, trends in trade policies, and geopolitical and other factors, the Group's business operations, financial performance, financial conditions, and future growth may differ materially from expectations, depending on future trends in the global economy and other factors.

(2) Changes in demand and supply of steel

Changes in international demand and supply of steel may affect the financial performance and financial conditions 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 deterioration in global steel supply and demand, and a decline in steel prices. In addition, geopolitical risks, including conflicts occurring in various regions, could also lead to a deterioration in global steel supply and demand. As a result, the Group's business operations, financial performance and financial conditions may be negatively affected.

Furthermore, 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 raw 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 cost fluctuate significantly due to international trends of demand and supply. In the event that the Group cannot reflect the market prices 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. In addition, fluctuations in exchange rates may affect the Group's financial performance and financial conditions in connection with the valuation of assets denominated in foreign currencies and the conversion of profits from overseas business into yen.

If the yen appreciates, the Group's steel and other domestic products will lose their 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 for 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 environmentally friendly vehicles. The Group has been responding 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 for 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 2030 Medium- to Long-term Management Plan (hereinafter referred to as the “Medium- to Long-term Management Plan” in this section) in December 2025 and is promoting 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 for cost improvement

The Group is advancing initiatives to strengthen its cost structure through technological development, investing in facilities and technologies that contribute to operational efficiency, optimizing manufacturing throughout the entire production process, transferring our technology and know-how to overseas operations, and improving productivity through business transformation and efficiency improvements, automation, and mechanization. However, if the business environment surrounding the Group deteriorates due to changes in steel supply and demand in Japan and overseas, a worsening of the export environment, or rising costs of various kinds, the Group’s revenue may be affected. In response to these environmental changes, the Group will strive to reduce costs and maintain and improve profitability through the initiatives described above. However, if technological development or capital expenditures do not proceed as planned, if these initiatives fail to produce the anticipated results in response to changes in the external environment, or if necessary investments are not made in a timely and sufficient manner, the Group may not be able to sufficiently strengthen its cost competitiveness, which may negatively affect its financial performance and financial conditions.

(3) 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, maintaining the soundness of facilities, and capturing demand in growth areas in Japan and overseas. 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.

(4) Reorganization and overseas investments

The Group conducts reorganization and investment, including mergers, acquisitions and establishments of joint ventures in Japan and overseas, and may continue to pursue such initiatives in the future. The Group makes investment decisions and implements investment after conducting careful business assessment, contract negotiation, internal deliberation and other processes. However, if expected investment benefits are not realized because of the impact of factors such as demand trends, the competitive environment, exchange rate trends, political and economic conditions, and regulatory and policy trends in the relevant regions, or because the transfer and integration of technological capabilities (including equipment, operational, and product technologies) and know-how (including quality control and process management) do not proceed as planned, or if 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.

(5) 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 has carried 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, but may 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 such further measures and reorganizations or withdrawals, 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, 2026, 271.2 billion yen was recorded as losses on reorganization.

(6) Initiatives toward the realization of carbon neutrality

Under the "Nippon Steel Carbon Neutral Vision 2050," the Group is working to develop and implement three new process technologies: "high-grade steel production in large size electric arc furnaces," "hydrogen direct reduction of iron," and "hydrogen injection into blast furnaces such as Super-COURSE50," and will aim for carbon neutrality by 2050 through a multi-track approach that includes carbon offset measures such as CCUS. Realizing such carbon-neutral steel production processes will require massive investment, and operating costs are expected to be higher than those of conventional processes. To resolve these issues, the Company has been engaging with the government and other related sectors to advocate for policy measures to support research and development of discontinuous innovation, equipment implementation, and increasing operation costs, as well as the formation of a sound GX steel market in which the "CO_2 reduction value" is shared and borne across the entire value chain. However, the expected results may not be achieved due to factors such as insufficient policy measures, external conditions including the stable supply of necessary raw materials (such as high-grade iron ore and scrap), green energy (such as hydrogen and electricity), and societal implementation of CCUS differing from expectations, institutional changes disadvantageous to the steel industry, or the failure to obtain research and development results. Any of these factors may negatively affect the Company's financial performance and financial conditions.

(7) Measures for securing and training human resources, DEI, and business transformation and efficiency

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 promotion for DEI and other initiatives. Furthermore, the Group is working to further enhance its global talent development initiatives, including overseas assignments, while promoting business transformation and efficiency, including DX, to address challenges such as labor shortages resulting from population decline in Japan. The Group is making efforts to secure and train talented personnel, promote DEI, and advance business transformation and efficiency. 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 been promoting measures to strengthen manufacturing capacity in terms of both facilities and human resources. 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 been taking 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 CO_2 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, following the full-scale introduction of the Green Transformation Emissions Trading Scheme (GX-ETS) in the fiscal year ending March 31, 2027, the Group's business activities, mainly the Steelmaking and Steel Fabrication business, may be constrained or the cost of operation may increase due to new regulations on CO_2 emissions and the use of fossil fuels.

(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, intangible assets, and goodwill. 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, intangible assets, and goodwill as of March 31, 2026 were 5,899.5 billion yen, 832.8 billion yen, and 259.7 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, 2026 was 480.6 billion yen.

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

As of March 31, 2026, the Group holds a total of 1,933.6 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 1,442.7 billion yen of plan assets (including retirement benefit trust assets) as of March 31, 2026, 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 markets and funding environment

As of March 31, 2026, the balance of consolidated interest-bearing debt of the Group was 5,174.2 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 target ratios 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 around 0.7 and interest-bearing debt to EBITDA (D/EBITDA ratio after adjusting for equity credit attributes of subordinated loans and subordinated bonds) of 3.5 or less, as set out in the Medium- to Long-term Management Plan. However, in the event that the financial markets become 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. , Southeast Asian countries and others 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 appliable 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 revocation of licenses, 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 business operations, 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, 2026 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, 2026" of this report.

(b) Assets, liabilities and equity as of March 31, 2026 and cash flows for the year ended March 31, 2026

Assets, liabilities and equity as of March 31, 2026 are as follows:

Consolidated total assets as of March 31, 2026 were 14,660.5 billion yen, an increase of 3,718.1 billion yen from March 31, 2025. Consolidated total liabilities as of March 31, 2026 were 8,636.0 billion yen, an increase of 3,596.9 billion yen from March 31, 2025. Consolidated total equity as of March 31, 2026 was 6,024.5 billion yen, an increase of 121.1 billion yen from March 31, 2025. Total equity attributable to owners of the parent amounted to 5,530.4 billion yen, and interest-bearing debt amounted to 5,174.2 billion yen as of March 31, 2026. As a result, the ratio of interest-bearing debt to total equity attributable to owners of the parent (D/E ratio) was 0.94 times (0.71 times after adjusting for equity credit attributes of subordinated loans and subordinated bonds).

Total assets

Cash and cash equivalents as of March 31, 2026 were 461.2 billion yen, a decrease of 211.2 billion yen from 672.5 billion yen as of March 31, 2025. This was primarily due to cash inflows from operating activities resulting from business profit and cash inflows from financing activities, including financing through a committed subordinated term loan facility, convertible bonds with share acquisition rights, and JBIC co-financing for the purpose of providing permanent financing for the acquisition consideration in connection with the merger between the Company's U.S. subsidiary and United States Steel Corporation (the "Merger"), while cash outflows from investing activities were recorded mainly for the acquisition of property, plant and equipment and intangible assets and the acquisition of shares of subsidiaries resulting in changes in the scope of consolidation, primarily associated with the Merger.

Trade and other receivables as of March 31, 2026 were 1,768.2 billion yen, an increase of 337.7 billion yen from 1,430.4 billion yen as of March 31, 2025. This was primarily due to the Merger.

Inventories as of March 31, 2026 were 2,776.0 billion yen, an increase of 576.9 billion yen from 2,199.0 billion yen as of March 31, 2025. This was primarily due to the Merger.

Property, plant, and equipment as of March 31, 2026, were 5,899.5 billion yen, an increase of 2,263.9 billion yen from 3,635.5 billion yen as of March 31, 2025. The main factors were selective investments in facilities having competitive advantages, including investments in measures to improve the capacity and quality of strategic products, such as the next-generation hot strip mill at the Nagoya Works, together with the impact of the Merger.

Goodwill as of March 31, 2026 was 259.7 billion yen, an increase of 188.1 billion yen from 71.6 billion yen as of March 31, 2025. This was primarily due to the Merger.

Intangible assets as of March 31, 2026 were 832.8 billion yen, an increase of 569.5 billion yen from 263.2 billion yen as of March 31, 2025. This was primarily due to the Merger.

Liabilities

Interest-bearing debt as of March 31, 2026 was 5,174.2 billion yen, an increase of 2,666.8 billion yen from 2,507.4 billion yen as of March 31, 2025. This was primarily due to permanent financing for the acquisition consideration in connection with the Merger.

Trade and other payables as of March 31, 2026 were 2,340.1 billion yen, an increase of 668.7 billion yen from 1,671.3 billion yen as of March 31, 2025. This was primarily due to the Merger.

Equity

Retained earnings as of March 31, 2026 were 3,752.1 billion yen, a decrease of 67.7 billion yen from 3,819.9 billion yen as of March 31, 2025. This was mainly due to an increase from profit for the year attributable to owners of the parent of 17.1 billion yen, despite a decrease from dividend payment of 146.4 billion yen.

Other components of equity as of March 31, 2026 were 679.7 billion yen, an increase of 206.1 billion yen from 473.6 billion yen as of March 31, 2025. This was mainly due to an increase of 57.9 billion yen resulting from net changes in the fair value of financial assets measured at fair value through other comprehensive income (FVOCI), an increase of 175.3 billion yen in foreign exchange differences on translation of foreign operations from changes in exchange rates.

Cash flows for the year ended March 31, 2026 are as follows:

Cash flows from operating activities resulted in an inflow of 716.9 billion yen (compared to an inflow of 978.5 billion yen for the year ended March 31, 2025).

Cash flows from investing activities resulted in an outflow of 2,837.1 billion yen (compared to an outflow of 462.4 billion yen for the year ended March 31, 2025).

As a result, free cash flow was an inflow of 2,120.2 billion yen (compared to an inflow of 516.1 billion yen for the year ended March 31, 2025).

Cash flows from financing activities resulted in an outflow of 1,886.3 billion yen (compared to an outflow of 313.3 billion yen for the year ended March 31, 2025).

As a result of the above, cash and cash equivalents as of March 31, 2026 stood at 461.2 billion yen (compared to 672.5 billion yen as of March 31, 2025).

Cash flows from operating activities

The main inflow factors were profit before income taxes of 172.8 billion yen, depreciation and amortization of 573.9 billion yen, and losses on reorganization of 271.2 billion yen, while the main outflow factors included income taxes paid of 223.3 billion yen and adjustments for share of profit of investments accounted for using the equity method of 85.4 billion yen.

Cash flows from investing activities

Despite inflow factors including proceeds from sales of shares of associates of 100.5 billion yen, the main outflow factors were purchases of property, plant and equipment and intangible assets of 863.1 billion yen, and payments for the acquisition of shares of subsidiaries resulting in changes in the scope of consolidation, primarily associated with the Merger, of 2,015.5 billion yen.

Cash flows from financing activities

Inflows factors included 2,005.2 billion yen involving an increase in interest-bearing debt through financing, including permanent financing for the acquisition consideration in connection with the Merger, 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, 2026 of 146.4 billion yen,.

(c) Results of production, orders received and revenue

a. Production

Production volume by segment for the year ended March 31, 2026 is as follows:

Segment name	Amount in the year ended March 31, 2025 (Millions of yen)	Amount in the year ended March 31, 2026 (Millions of yen)
Steelmaking and Steel Fabrication	9,255,660	10,187,229
Engineering and Construction	342,927	324,011
Chemicals and Materials	241,817	221,565
System Solutions	345,156	382,294
Total	10,185,561	11,115,101

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, 2026 are as follows:

Segment name	Orders received in the year ended March 31, 2025 (Millions of yen)	Orders received in the year ended March 31, 2026 (Millions of yen)	Order backlog in the year ended March 31, 2025 (Millions of yen)	Order backlog in the year ended March 31, 2026 (Millions of yen)
Engineering and Construction	364,525	322,047	422,888	387,418
System Solutions	262,387	317,144	122,836	147,345
Total	626,913	639,192	545,725	534,763

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, 2026” of this report.

c. Revenue

Revenue from external customers by segment for the year ended March 31, 2026 are as follows:

Segment name	Amount in the year ended March 31, 2025 (Millions of yen)	Amount in the year ended March 31, 2026 (Millions of yen)
Steelmaking and Steel Fabrication	7,819,748	9,173,227
Engineering and Construction	371,309	357,517
Chemicals and Materials	250,873	239,835
System Solutions	253,594	292,636
Total	8,695,526	10,063,216

Notes: 1. The table below shows export sales and the percentage of exports for the years ended March 31, 2025 and 2026.

Year ended March 31, 2025		Year ended March 31, 2026	
Export sales (Millions of yen)	Percentage of exports (%)	Export sales (Millions of yen)	Percentage of exports (%)
3,585,755	41.2	5,203,069	51.7

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, 2025 (%)	Year ended March 31, 2026 (%)
Asia	57.9	35.5
Middle East	5.4	3.4
Europe	9.6	12.6
North America	13.9	38.5
Central and South America	10.9	8.0
Africa	1.7	1.6
Pacific	0.6	0.4
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%.

4. Revenue increased significantly during the year ended March 31, 2026. This was primarily because United States Steel Corporation became a consolidated subsidiary in the Steelmaking and Steel Fabrication segment.

(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, 2026

(Analysis of operating results)

In fiscal 2025, except for certain sectors such as AI, electric power, and defense, base demand in the manufacturing and construction industries in Japan and overseas is sluggish, and the global steel business environment remains in a critical situation. In China, the widening gap between supply and demand due to the slowdown of the Chinese economy has led to continuous excess production. Accordingly, an increase in exports of low-priced steel products resulted in a downturn in the global market. Under these circumstances, the imposition of trade measures in various countries and regions increases the risk of an inflow of low-priced steel products into Japan. Therefore, the importance of strongly advancing the examination and implementation of trade countermeasures in Japan is increasing.

Having anticipated the unfolding of such a severe business environment, the Nippon Steel Group (“the Group”) formulated the Medium- to Long-term Management Plan (“the previous MLTMP”) in March 2021 with the following four pillars: “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.” At the same time, we have implemented various measures to respond to business environmental deteriorations that exceeded our initial expectations. In Japan, we lowered the break-even point fundamentally through both reducing fixed costs by structural measures for production facilities and raising marginal profit by revising prices in direct contract-based sales to customers, optimizing the burden of fluctuations in external procurement costs, and advancing our product mix, and we have steadily realized the effects of these measures. In addition, we have achieved a resilient business structure with breadth and depth by maximizing synergies through the reorganization of domestic steel group companies, deepening and expanding our overseas business through the acquisition of United States Steel Corporation (“US Steel”) and capacity expansion in India, transforming the raw material “business” from mere procurement, and integrating distribution business into our own business domain. Through these initiatives, while demand declined more than initially expected and we face intensifying competition in the market, by taking preemptive steps to address the deteriorating steel business environment, we have established competitive advantages by which we secured underlying consolidated business profit* of ¥600.0 billion or more. As a result, we believe that we have also maintained a relatively high level of profitability compared to our global competitors. *Business profit excluding inventory valuation impact and other items, and recognized as representing the Group’s actual profitability.

For fiscal year 2025, the Company recorded consolidated revenue of 10,063.2 billion yen (compared to 8,695.5 billion yen in the year ended March 31, 2025), business profit of 514.1 billion yen (compared to 683.2 billion yen in the year ended March 31, 2025), and profit attributable to owners of the parent of 17.1 billion yen (compared to 350.2 billion yen in the year ended March 31, 2025).

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, 2026)

		Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions	Total	Adjustments	Consolidated total
Revenue	Year ended March 31, 2025	92,217	3,944	2,579	3,828	102,570	(1,937)	100,632
(Billions of yen)	Year ended March 31, 2024	78,743	4,004	2,691	3,393	88,833	(1,878)	86,955
Segment profit	Year ended March 31, 2025	4,399	231	219	433	5,283	(142)	5,141
(Billions of yen)	Year ended March 31, 2024	6,210	146	189	388	6,934	(102)	6,832

<Steelmaking and Steel Fabrication>

This segment recorded revenue of 9,221.7 billion yen, up from 7,874.3 billion yen in the year ended March 31, 2025, and segment profit of 439.9 billion yen, up from segment profit of 621.0 billion yen in the year ended March 31, 2025.

The major causes for the year-on-year changes of (181.0) 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)	(115.0)
Cost reduction	130.0
Overseas steel business	(35.0)
Raw material business	(71.0)
Other group companies	(35.0)
Inventory valuation impact etc.	9.0
Others	(26.0)
Total	(181.0)

Although NIPPON STEEL strived to maximize profit by continuing to implement measures such as those to fundamentally improve the profit structure, the business environment remained extremely harsh. Despite the positive impact of 130.0 billion yen from cost reduction, segment profit decreased by 181.0 billion yen compared to the previous fiscal year, largely due to decreases of 20.0 billion yen in manufacturing shipment volume, 115.0 billion yen in spread, 35.0 billion yen in overseas steel business, 71.0 billion yen in raw material business, and 35.0 billion yen in other group companies, among other factors.

<Engineering and Construction>

Nippon Steel Engineering Co., Ltd. carried out the high backlog of orders and exceeded its fiscal 2025 target of 20.0 billion yen in business profit. It also steadily advanced specific initiatives for growth in each business field, including the acquisition and consolidation of an on-site business company in Thailand to further expand its business. Despite fluctuations due to factors such as project scale and construction progress across its businesses, revenue as a whole remained broadly in line with the previous fiscal year. This was underpinned by a solid order backlog steadily accumulated in prior years, steady progress in large-scale projects including waste-to-energy power generation plant business, and an expansion in transaction scale in the Environmental O&M business and the Power business. Business profit increased, supported by steady progress in construction and improvements in profitability in the Power business. The Engineering and Construction segment recorded revenue of 394.4 billion yen (compared to 400.4 billion yen in the year ended March 31, 2025) and segment profit of 23.1 billion yen (compared to 14.6 billion yen in the year ended March 31, 2025).

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

(Revenue by sector for the year ended March 31, 2026)

		EPC	O&M / Service	Component Sales	Steelmaking Plant	Adjustments	Consolidated total
Revenue	Year ended March 31, 2026	255.0	110.3	19.8	13.3	(4.0)	394.4
(Billions of yen)	Year ended March 31, 2025	275.1	99.9	18.7	11.2	(45.0)	400.4

In the EPC field, while multiple large-scale projects in the waste-to-energy plant business progressed steadily, revenue declined to 255.0 billion yen from 275.1 billion yen in the year ended March 31, 2025, reflecting a temporary lull in construction progress on large-scale logistics facility projects in the building construction business. In the O&M and Services field, revenue increased to 110.3 billion yen, up from 99.9 billion yen in the year ended March 31, 2025, driven by higher electricity trading volume and new orders received in the on-site business. The Component Sales field also remained steady, recording revenue of 19.8 billion yen, up from 18.7 billion yen in the year ended March 31, 2025.

<Chemicals and Materials>

Despite a challenging business environment affected by uncertainty in the global economy due to U.S. tariff measures and rising raw material prices, Nippon Steel Chemical & Material Co., Ltd. worked to reduce costs and improve selling prices, and the business as a whole remained broadly steady by capturing AI-related demand. The Chemicals and Materials segment recorded revenue of 257.9 billion yen (compared to 269.1 billion yen in the year ended March 31, 2025), segment profit of 21.9 billion yen (compared to 18.9 billion yen in the year ended March 31, 2025), and underlying segment profit based on actual performance, excluding inventory valuation impact and other items, of 24.2 billion yen (compared to 19.4 billion yen in the year ended March 31, 2025).

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

(Revenue by business for the year ended March 31, 2026)

		Coal Chemical	Chemicals	Functional Materials / Composite Materials	Adjustments	Consolidated total
Revenue	Year ended March 31, 2026	52.0	91.0	115.0	(0.1)	257.9
(Billions of yen)	Year ended March 31, 2025	61.0	108.0	100.0	0.1	260.8

In the Coal Chemicals business, while demand for needle coke used in graphite electrodes, its main product, remained sluggish and inventory adjustments for pitch coke continued, sales volume of carbon black for tires remained at the same level year-on-year with revenue totaling 52.0 billion yen (compared to 61.0 billion yen in the fiscal year ended March 31, 2025). In the Chemicals business, market conditions remained weak due to stagnant demand for benzene and styrene monomer and the ongoing new construction and expansion of production facilities in China, and revenue amounted to 91.0 billion yen (compared to 108.0 billion yen in the fiscal year ended March 31, 2025). In the Functional Materials business, sales of functional resins, board materials, and semiconductor materials performed strongly, driven by expanding demand for AI servers and data centers, and the total revenue of Functional Materials and Composite Materials amounted to 115.0 billion yen (100.0 billion yen in the fiscal year ended March 31, 2025).

<System Solutions>

NS Solutions Corporation worked on the four fundamental transformations outlined in its “2025–2027 Medium-term Management Plan ,” and the first year proceeded largely according to the plan.

Regarding the “Transformation of business revenue models,” we are implementing various measures to expand the TAM-type* model, and the transformation of our business structure is underway. Regarding “Transformation of customer approach,” the company has launched “Corepeak,” an offering brand designed to support corporate digital transformation, and has begun engaging with customers. Regarding “Transformation of technology acquisition and application processes,” the company has adopted the integrated development and operations platform “Nestorium” as the company-wide standard IT service platform, and is working to improve development productivity. Regarding “Transformation of internal operations and management,” the company is undertaking initiatives to integrate administrative departments, overhaul internal systems, improve operational productivity through measures such as promoting the adoption of generative AI, and advance management practices.

NS Solutions Corporation is also actively pursuing external growth and global strategies, including the acquisition of INFOCOM CORPORATION and PT. WCS ABYAKTA NAWASENA in Indonesia as Group companies, as well as the formation of capital and business alliances aimed at strengthening functions, enhancing value propositions, and expanding business domains. The System Solutions segment recorded revenue of 382.8 billion yen (compared to 339.3 billion yen in the year ended March 31, 2025) and segment profit of 43.3 billion yen (compared to 38.8 billion yen in the year ended March 31, 2025).

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

(Revenue by business for the year ended March 31, 2026)

		Business Solutions	Consulting & Digital Service	Adjustments	Consolidated total
Revenue (Billions of yen)	Year ended March 31, 2026	286.5	94.8	1.5	382.8
	Year ended March 31, 2025	243.4	94.8	1.1	339.3

Note: Effective from the year ended March 31, 2026, following an organizational restructuring, certain business areas have been reclassified from Business Solutions to Consulting & Digital Service. The figures for the year ended March 31, 2025 have been restated to reflect this change.

Revenue in the Business Solutions business amounted to 286.5 billion yen, up from 243.4 billion yen in the fiscal year ended March 31, 2025. 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 94.8 billion yen, unchanged from 94.8 billion yen in the fiscal year ended March 31, 2025.

* TAM-type: A new business model consisting of the following three revenue models.
- SI Transformation (“T type” next generation SI model): Delivering high productivity using innovative technologies
- Asset Driven (“A type” asset utilization model): Delivering core strengths as assets
- Multi Company Platform (“M type” PF delivery model): Delivering shared-use platforms

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

The following describes the financial targets and shareholder return as provided in the previous MLTMP, and the progress made toward achieving these targets until the year ended March 31, 2026.

With regard to the consolidated business results for the year ended March 31, 2026, the Company recorded consolidated revenue of 10,063.2 billion yen (4,635.6 billion yen in the first half and 5,427.5 billion yen in the second half), consolidated business profit of 514.1 billion yen (227.5 billion yen in the first half and 286.5 billion yen in the second half), and return on sales (ROS) of 5.1% (4.9% in the first half and 5.3% in the second half).

	Results in the year ended March 31, 2026	Fiscal 2025 plan targets
Return on sales (ROS)	5.1%	Approx. 10%
Return on equity (ROE)	0.3%	Approx. 10%
D/E ratio (*)	0.71 times	0.7 times or less
Consolidated payout ratio	731.0%	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, 2026 and cash flows for the year ended March 31, 2026” 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)

During the NIPPON STEEL Group's Medium- to Long-term Management Plan (fiscal 2021 to fiscal 2025) announced in March 2021 (the "previous MLTMP"), the Company has implemented various measures to respond to changes in the business environment that exceeded initial expectations. In Japan, the Company lowered its break-even point by approximately 40% through both reducing fixed costs by structural measures for production facilities and raising marginal profit by revising selling prices primarily in direct contract-based sales to customers, optimizing the burden of fluctuations in external procurement costs, and advancing its product mix. In addition, the Company has achieved a resilient business structure with breadth and depth by maximizing synergies through the reorganization of domestic steel group companies, deepening and expanding its overseas business through the acquisition of United States Steel Corporation ("U.S. Steel") and capacity expansion at Arcelor Mittal Nippon Steel India Limited ("AM/NS India"), transforming the raw material "business" from mere procurement, and integrating distribution business into its own business domain.

Through these initiatives, while steel demand declined more than initially expected, the Company has established competitive advantages by which it secured underlying consolidated business profit of 600.0 billion yen or more by taking preemptive steps to address the deteriorating steel business environment, regardless of the intensity of market competition. As a result, the Company has also maintained a relatively high level of profitability compared to its global competitors.

In implementing these initiatives, the Company has made capital expenditures in a planned manner based on the fundamental policies of rebuilding strong domestic production framework and strengthening the competitiveness of strategic products. In its domestic steel business, the Company has concentrated production at facilities having competitive advantages through the production facility structural measures while continuing to invest in improving the production capacity and quality of high-value-added products. As a result, capital expenditures during the five-year period from fiscal 2021 to fiscal 2025 totaled approximately 3.5 trillion yen, including investments related to U.S. Steel.

In terms of business investment, we promoted 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. Specifically, to further strengthen the competitiveness of the Company and its Group companies and pursue synergies, the Company made Nippon Steel Trading Corporation a subsidiary in April 2023 and made Sanyo Special Steel Co., Ltd. in April 2025 and Krosaki Harima Corporation in April 2026 wholly owned subsidiaries. In the raw materials business, the Company invested in Elk Valley Mining Limited Partnership, a Canadian coking coal business company, in January 2024 and acquired a 20% interest in the Blackwater coal mine in Australia in March 2025 in order to secure coking coal and other raw materials essential for carbon-neutral steel production processes. In its overseas business, the Company promoted the expansion of its integrated production framework 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 its key regions of the United States and Europe, India, and Thailand, the Company acquired G Steel Public Company Limited and G J Steel Public Company Limited ("G/GJ Steel") in Thailand in February 2022 and completed the merger between its U.S. subsidiary and U.S. Steel in June 2025. In India, the Company is currently working to expand capacity at the Hazira steel mill, an existing base of AM/NS India. As a result, business investment during the five-year period from fiscal 2021 to fiscal 2025 totaled approximately 4.0 trillion yen, including investments related to U.S. Steel.

To achieve carbon neutrality, the Company has set a target of reducing total CO_2 emissions by 30% by 2030 compared with 2013 levels and established a vision of achieving carbon neutrality by 2050. To realize a carbon-neutral society, the Company has been promoting the development and practical implementation of innovative technologies ahead of other countries. In technology development, the Company participates in the "Green Innovation Fund Project/Hydrogen Utilization Project in Iron and Steelmaking Processes" and, while utilizing government support, has been advancing the development of three breakthrough technologies: blast furnace hydrogen reduction, 100% hydrogen use in the direct reduction process, and high-grade steel production in large size electric arc furnaces. As for practical implementation, in May 2025, the Company's investment in the conversion from the blast furnace steelmaking process to the electric arc furnace steelmaking process was selected as a government-supported project under the Green Transformation (GX) Promotion Act. Following this selection, the Company decided on capital investments to newly install, expand, or restart three electric arc furnaces at the Kyushu Works Yawata Area, the Setouchi Works Hirohata Area, and the Yamaguchi Works (Shunan) by fiscal 2029.

While strategically allocating management resources to achieve profit growth, the Company has also positioned asset reduction as one of the highest priorities of its financial strategy and has continuously pursued this initiative to improve capital efficiency while maintaining financial soundness. Even during periods of significant growth investment, including capital expenditures and business investments, the Company has pursued asset reduction to optimize working capital in parallel with these investments, while maintaining appropriate financial discipline, thereby securing the capacity for further investment and strengthening its financial position. Specifically, since fiscal 2012, through the sale of strategic shareholdings, inventory reductions, real estate sales, improvements in funding efficiency, and other measures, the Company has reduced its assets totaling approximately 2.2 trillion yen on a consolidated basis over the 14-year period through fiscal 2025.

2) Financing

To meet the substantial funding requirements associated with strategic investments aimed at achieving profit growth, the Company has taken actions in terms of financing at the most appropriate time, taking into consideration the funding environment, interest rate conditions, and other factors.

In fiscal 2025, the Company completed permanent financing for the bridge loan incurred to fund the acquisition of U.S. Steel for approximately 2 trillion yen (the “Bridge Loan”). This included a committed subordinated term loan (500.0 billion yen in total in September 2025), euro-yen denominated convertible bonds with stock acquisition right (“Zero Coupon Convertible Bonds”) due 2029 and due 2031 (600.0 billion yen in total in March 2026), and a syndicated loan provided by Japan Bank for International Cooperation, MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited (approximately 900.0 billion yen in total in March 2026) (collectively, the “Permanent Financing”). Through this Permanent Financing, the Company secured all funds necessary to repay the entire Bridge Loan.

Although the D/E ratio after adjusting for equity credit attributes of subordinated loans and subordinated bonds temporarily deteriorated to 0.85 times as of June 30, 2025, immediately following the acquisition of U.S. Steel, it improved to 0.71 times as of March 31, 2026 through the Permanent Financing and other measures, substantially achieving the target set forth in the 2025 Medium- to Long-term Management Plan.

3) NIPPON STEEL Group’s Medium- to Long-term Management Plan (“2030 Medium- to Long-term Management Plan” announced in December 2025)

Under the “2030 Medium-to Long-term Management Plan” announced in December 2025, the Company anticipates an even more severe business environment. By further strengthening the earnings base of domestic operations and executing the global growth strategy for overseas operations, the Company aims to restore its position as the World’s Best Steelmaker.

As part of the Plan, the Company intends to strategically allocate management resources while pursuing an appropriate balance among growth investments, shareholder returns, and financial soundness, with the aim of continuously enhancing corporate value. To enhance profitability by further strengthening the earnings base in its domestic business and to drive significant profit growth through the execution of its global growth strategy in its overseas business, the Company plans to make capital and business investments totaling approximately 6 trillion yen over the five-year period from fiscal 2026 to fiscal 2030. In particular, in its overseas business, the Company will focus on the United States, Europe, India, and Thailand as key regions, making large-scale growth investments and concentrating management resources in the four key overseas regions to strengthen integrated steel production systems, with the aim of driving significant profit growth. Specifically, in the United States, U.S. Steel will make capital investments of approximately 11.0 billion U.S. dollars by the end of 2028, while Nippon Steel will transfer its leading-edge operating, equipment, and product technologies in order to maximize the benefits of those investments and the resulting synergies. In India, AM/NS India will promote measures for high-grade steel production and further expansion of production scale by steadily advancing capacity expansion at the Hazira steel mill on India’s west coast, including the state-of-the-art sheet production facilities already under construction, while commencing construction of an integrated steelworks in southern India (Rajayyapeta in the State of Andhra Pradesh), thereby expanding its market share in India. In Thailand, the Company will further strengthen the entire operations from the upstream process to the supply chain, centered on G/GJ Steel and NS-Siam United Steel Co., Ltd., and will make the most of its strengths as a market insider to further expand its position in Thailand’s steel sheet market, a top-priority market in ASEAN. In terms of its carbon neutrality initiatives, the Company plans to introduce large-scale electric arc furnaces in Japan by 2030, while advancing the development of the institutional framework and international standardization necessary for the establishment of the GX steel market. The Company aims to achieve carbon neutrality by 2050 by accelerating the development of breakthrough technologies through government support and industry-government-academia collaboration. As the foundation for steadily implementing its key initiatives in Japan and overseas, the Company will also drive the development of leading-edge technologies, promote business transformation and efficiency initiatives, and strengthen the competitiveness of human resources.

Through the implementation of these initiatives outlined in the management plan, the Company will work to improve the medium- to long-term profitability and capital efficiency, as well as strengthen the financial foundation. At the same time, in order to execute these growth strategies in an agile and sustainable manner, the Group will continue to implement cash management while maintaining appropriate financial discipline.

As a result of these initiatives, and with fiscal 2030 as one milestone, the Company aims to achieve the following financial targets: underlying business profit (consolidated) of 1 trillion yen or more per year; consolidated ROE of approximately 10% (exceeding 10% from fiscal 2031 onward); a D/E ratio of approximately 0.7 times after adjusting for the equity credit attributes of subordinated bonds and similar instruments; and a D/EBITDA ratio of 3.5 times or less on the same adjusted basis. In doing so, the Company aims to balance growth investments with financial soundness.

(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 (10,018.5 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, intangible assets and goodwill as of March 31, 2026 were 5,899.5 billion yen, 832.8 billion yen, and 259.7 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, 2026 stood at 480.6 billion yen.

(Impact of the situation in the Middle East on significant accounting estimates of the Group)

Regarding the impact of the situation in the Middle East on the recoverable amount estimated in the impairment of the Group's non-financial assets and on the recoverability of deferred tax assets, as there is no prospect of an end to the situation, the impact cannot be comprehensively and reasonably estimated at this time. Accordingly, these estimates have been made by reflecting only those impacts that can be reasonably assumed. However, these assumptions involve a high degree of uncertainty, and revisions to such assumptions in future periods may result in significant impacts on the estimated amounts and the Group's financial statements.

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)
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)
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, 2036 (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	U.S. Government	United States	National Security Agreement *1	June 13, 2025	Not stipulated
NIPPON STEEL ENGINEERING CO., LTD.	Kanadevia Corporation	Japan	Basic memorandum of understanding regarding the discussions of the business integration *2	February 5, 2026	Until October 31, 2026, or the date of execution of the definitive agreement, whichever is earlier
The Company	Sanyo Special Steel Co., Ltd.	Japan	Merger Agreement *3	May 13, 2026	Not stipulated

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

*1: 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 has issued 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:

- Investments - 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.

*2:Commencement of discussions toward a business integration between Nippon Steel Engineering Co., Ltd. and Kanadevia Corporation

On February 5, 2026, Nippon Steel Engineering Co., Ltd. ("Nippon Steel Engineering") and Kanadevia Corporation ("Kanadevia," and Nippon Steel Engineering and Kanadevia are collectively referred to as the "Companies" in this Note *2) resolved at their respective Board of Directors meetings to commence discussions toward a business integration between the Companies (the "Business Integration") and entered into a basic memorandum of understanding on the same date.

The outline of the Business Integration is as follows.

1. Purpose of the Business Integration

Nippon Steel Engineering is a comprehensive engineering company that plays a core role in the Nippon Steel Group. Leveraging the process and equipment technologies and steel-structure and materials technologies cultivated through decades of steel-plant construction, it has expanded its operations in Japan and overseas across the environmental and energy sectors, the social infrastructure sector, and other business fields. Under the brand concept, "Taking on the challenge, through the power of technology, to create a world that lives in balance with nature," Kanadevia engages in environmental businesses, machinery & infrastructure businesses, and decarbonization businesses. In particular, in the environmental field, it is recognized as a global leader in waste treatment solutions, with a track record of delivering more than 1,500 waste treatment facilities across 44 countries and regions around the world.

In recent years, the business environment surrounding the Companies has undergone significant change. While the cross-jurisdictional waste treatment and consolidation of environment-related facilities in Japan is expected to become a medium- to long-term trend, substantial renewal demand, primarily to address aging infrastructure, is anticipated. Fully capturing such demand will serve as a critical foundation for sustaining businesses such as operation and maintenance (O&M). In overseas markets, driven by the heightened global focus on the SDGs, demand continues to expand for the construction of new environment-related facilities, including Waste to Energy (WtE) plants, as well as for the introduction of cutting-edge technologies. These developments are expected to offer further growth opportunities in resource-circulation and decarbonization-related businesses.

However, in order to quickly capture these trends and advance business development on a global scale, the Companies must address a number of structural management challenges, including intensifying competition for talent amid a declining labor force and the need to ensure the stability of supply chains. Furthermore, in order to fulfil their responsibility to local communities and broader society by responding to increasingly sophisticated social and customer needs accompanying the transition to a decarbonized society, the Companies face an urgent need to pursue DX initiatives to achieve technological innovation and productivity enhancement, leveraging AI, robotics, and other advanced technologies, while further advancing engineering capabilities and accelerating development processes. In order to respond to these changes and achieve both sustainable growth and contribution to a decarbonized society on a global scale, it is essential to swiftly secure and strengthen management resources, including human resources, technology, finance, and risk management, establish a stable earnings base in Japan through measures such as expanding long-term business operation of environmental facilities and resource circulation businesses centered on the value chains of such facilities, and, on that revenue foundation, deploy resources to the global market to enhance competitiveness, while accelerating initiatives for next-generation technologies in the decarbonization field.

Following the sharing of these perspectives on the challenges and the review of their respective growth potential, the Companies concluded that, given their strong affinity in business domains and strategic direction, the integration of the Companies would enable the creation of a corporate group with an industry-leading management foundation and cutting-edge technological capabilities. With a business portfolio centered on the three core domains of resource circulation, decarbonization, and resilience, the Companies aim to establish themselves as a leading company in the environmental sector. The Companies believe that jointly addressing global common themes, including the promotion of Waste to Energy (WtE) and Waste to X (WtX) initiatives, the transition to clean energy, the acceleration of efforts toward the realization of carbon neutrality, and the development and establishment of interrelated social infrastructure will contribute to the enhancement of corporate value and the interests of stakeholders. Based on this recognition, the Companies have agreed to advance discussions and deliberations toward the Business Integration.

2. Summary of Business Integration in the event the Integration is realized

(1) Schedule

Board of Directors' resolution date (the Companies) / execution date of the basic memorandum of understanding	February 5, 2026
Execution date of the definitive agreement for the Business Integration	September 2026 (planned)
Extraordinary general meetings of shareholders of the Companies (resolution to approve the definitive agreement)	November 2026 (planned)
Effective date	April 2027 (planned)

(2) Method of the Business Integration

On the premise that the Business Integration is approved at the shareholders' meetings of the Companies and that the necessary permits and approvals are obtained from the relevant authorities, the Companies intend to proceed with discussions based on an absorption-type merger under which Kanadevia will be the surviving company and Nippon Steel Engineering will be the disappearing company. The final structure will ultimately be determined in the definitive agreement after further discussions between the Companies, taking into account the results of the due diligence to be conducted.

(3) Basic matters including the trade name, representative, and officer structure of the company after the Business Integration

To be decided following discussions between the Companies

(4) Share exchange ratio for the Business Integration

The share exchange ratio for the Business Integration will be determined in the definitive agreement, following discussions between the Companies and taking into account the results of the due diligence and the valuation analyses by independent third-party calculation agents.

(5) Prospect of maintaining the listing

There is a possibility that, depending on the share allotment ratio to be determined, the integrated company will become either a listed affiliated company or a listed subsidiary of Nippon Steel Corporation. Notwithstanding this, the integrated company is expected to continue to maintain its listing on the Prime Market of the Tokyo Stock Exchange following the effective date of the Business Integration. Taking into account the intent of the Corporate Governance Code, the integrated company will continue to ensure independent decision-making as a listed company and pursue autonomous management.

3. Overview of the Companies

(1) Company name	Kanadevia Corporation	Nippon Steel Engineering Co., Ltd.
(2) Location	1-7-89 Nankokita, Suminoe-ku, Osaka-shi	1-5-1 Osaki, Shinagawa-ku, Tokyo
(3) Title and name of representative	Michi Kuwahara, President & CEO	Yukito Ishiwa, Representative Director and President
(4) Description of business	Design, construction & manufacture of Waste to Energy plants, desalination plants, water and sewage treatment plants, marine engines, process equipment, precision machinery, bridges, hydraulic gates, and equipment for use in disaster prevention/mitigation	Design, manufacture, sales, construction, & supervision of various plants & facilities, energy pipelines, water equipment, industrial machinery & equipment, buildings, building parts & equipment, steel structures, etc., operation & maintenance of plants & facilities, treatment & recycling of waste, etc., and supply of electricity, gas, heat, etc.
(5) Share capital	45.4 billion yen	15.0 billion yen
(6) Date of establishment	May 29, 1934	February 13, 2006
(7) Number of issued shares	170,214,843 shares	300,000 shares
(8) Fiscal year-end	March 31	March 31
(9) Number of employees (As of March 31, 2025)	(Non-consolidated) 3,964 (Consolidated) 12,964	(Non-consolidated) 1,809 (Consolidated) 5,610
(10) Major business partners	Government agencies, local governments, energy-related companies, railway operations, electrical & semiconductor, food, pharmaceutical-related manufacturing, etc.	Government agencies, local governments, energy-related companies, real estate developers, general contractors, etc.
(11) Main banks	MUFG Bank, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited	MUFG Bank, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation
(12) Major shareholders and shareholding ratio	The Master Trust Bank of Japan, Ltd. (Trust Account) 17.7% Custody Bank of Japan, Ltd. (Trust Account) 5.5% STATE STREET BANK AND TRUST COMPANY 505301 3.8% MUFG Bank, Ltd. 3.1% (As of September 30, 2025)	Nippon Steel Corporation 100.0%
(13) Relationship between the parties		
Capital relationship	There is no significant capital relationship.	

	Personnel relationship	There is no significant personnel relationship.
	Business relationship	There is no significant transaction.
	Status as related parties	Not applicable.

(14) Operating results and financial position for the most recent three fiscal years (Millions of yen, unless otherwise stated.)

As of / Fiscal year ended	Kanadevia Corporation (Consolidated)			Nippon Steel Engineering Co., Ltd. (Non-consolidated; figures in parentheses represent consolidated amounts for reference)		
	MAR 31 2023	MAR 31 2024	MAR 31 2025	MAR 31 2023	MAR 31 2024	MAR 31 2025
Net assets	141,311	168,946	197,895	90,735 (151,834)	80,587 (152,068)	82,964 (160,455)
Total assets	479,682	533,593	609,666	215,947 (308,645)	249,968 (351,604)	245,011 (344,077)
Net assets per share (Yen)	828.47	965.21	1,125.91	302,450 (506,115)	268,623 (506,895)	276,547 (534,852)
Net sales	492,692	555,844	610,523	223,983 (352,231)	264,653 (409,233)	269,304 (400,474)
Operating income	20,056	24,323	26,946	△1,121 (11,181)	△11,565 (1,876)	3,971 (15,808)
Ordinary income	17,834	25,646	24,329	2,882 (12,779)	△5,905 (5,361)	8,477 (16,898)
Profit attributable to owners of parent	15,577	18,999	22,103	△3,567 (1,928)	△9,955 (△3,946)	2,921 (7,872)
Earnings per share (Yen)	92.43	112.74	131.33	△11,890 (6,429)	△33,184 (0)	9,737 (26,242)
Dividend per share (Yen)	18	23	25	3,215 (3,215)	0 (0)	13,121 (13,121)

Notes: 1. For Nippon Steel Engineering, the consolidated financial data shown in parentheses represent internal management figures after the elimination of intercompany transactions among Nippon Steel Engineering and its subsidiaries, and are unaudited reference figures.
2. The shareholding ratio is calculated excluding treasury stock.

*3: Merger of NIPPON STEEL and Sanyo Special Steel Co., Ltd.

NIPPON STEEL resolved at a meeting of the Board of Directors held on May 13, 2026, to absorb and merge (the “Merger”) its wholly owned subsidiary, Sanyo Special Steel Co., Ltd. (“Sanyo Special Steel,” and NIPPON STEEL and Sanyo Special Steel are collectively referred to as, the “Companies” in this Note *3), effective April 1, 2027, and entered into a merger agreement with Sanyo Special Steel.

The outline of the Merger is as follows.

1. Purpose of the Merger

Based on its high-cleanliness steel manufacturing technology, Sanyo Special Steel has been supplying products such as bearing steel with the largest market share in Japan, while promoting globalization through integrated manufacturing mainly in Europe and India. In addition, Sanyo Special Steel is developing a resource recycling-oriented business by using iron and steel scrap as its main raw material.

Going forward, domestic demand for the bars, wire rods and specialty steel products will weaken due to declining domestic demand caused by a shrinking population, China’s excessive production and export push, and the trend toward electrification of automobiles over the medium to long term. These factors are expected to intensify competition in Japan. On a global scale, however, population increase and economic growth are expected to expand the market in countries like India, global demand for locally produced materials is likely to increase in North America and Europe against the backdrop of industrial protection in these regions, and the need to comply with environmental regulations is also expected to grow. In addition, the business environment surrounding the bars, wire rods and specialty steel products business is becoming more complex, as market growth is expected in high-value-added fields such as semiconductors, energy, and aerospace.

Based on this understanding of the environment, on April 25, 2025, NIPPON STEEL made Sanyo Special Steel a wholly owned subsidiary of NIPPON STEEL in order to expand profit opportunities and strengthen business strategies through the integration and optimization of the bars, wire rods and specialty steel products business and pursue further optimal production systems for the entire Group. Both Companies have since strived to demonstrate synergy effects.

The Companies have decided to implement the Merger in order to further maximize synergies at an early stage through a more unified organizational and business operation.

2. Terms, etc. of the Merger

(1) Schedule

Date of Board resolution (the Companies):	May 13, 2026
Date of conclusion of merger agreement:	May 13, 2026
Effective date of merger:	April 1, 2027

Since the Merger falls 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 Sanyo Special Steel, neither company will hold a general meeting of shareholders to approve the merger agreement.

(2) Method of the Merger

The Merger will be an absorption-type merger, with NIPPON STEEL as the surviving company and Sanyo Special Steel as the dissolving company, and Sanyo Special Steel will be dissolved upon the Merger.

(3) Details of the allotment with the Merger

The Merger is between NIPPON STEEL and its wholly owned subsidiary, and no shares or other money, etc. will be delivered.

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

The Merger is between NIPPON STEEL and its wholly owned subsidiary, and since no shares or other money, etc. will be delivered, there are 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 Sanyo Special Steel as of March 31, 2026)

Assets	Amount (Millions of yen)	Liabilities	Amount (Millions of yen)
Current assets	130,903	Current liabilities	76,414
Non-current assets	154,082	Non-current liabilities	5,212
Total assets	284,985	Total liabilities	81,626
		Total net assets	203,358

4. Capital and business operations of the company after the Merger (as of March 31, 2026)

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, 2026)
Net assets	6,024,560 million yen (consolidated basis)
Total assets	14,660,583 million yen (consolidated basis)
Business	Steelmaking and steel fabrication, engineering and construction, chemicals and materials, system solutions

The following agreements, etc. disclosed in the 100th Term Annual Securities Report were terminated during the fiscal year ended March 31, 2026.

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 *4

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 *5
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) *5

*4: This agreement was terminated on June 18, 2025, upon execution on that date of the transfer of the equity interest under the "Agreement on transfer of equity interests in AM/NS Calvert LLC through the transfer of shares in NS Kote, Inc."

*5: Following discussions, the Company and ArcelorMittal concluded that it was reasonable to terminate this agreement and agreed that it would be terminated as of March 27, 2026. Accordingly, the agreement was terminated on that date.

*6: This agreement terminated with respect to the Company upon the transfer to Ternium Investments S.à r.l. of all shares held by the Company of Usinas Siderúrgicas de Minas Gerais S.A.-USIMINAS, an equity-method affiliate of the Company, that were subject to this agreement, on February 10, 2026.

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 CO_2 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 technology divisions located in each of steelworks. Through this system, the Company has been promoting integrated research and development spanning basic and generic research, applied development, implementation at steelworks, and commercialization.

The Company's strengths are: (a) comprehensive capabilities and speed of development through the integration of R&D and on-site steelworks technology; (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, 2026 were 82.7 billion yen. The following describes the major research themes, results, and research and development expenses in each segment.

(Steelmaking and Steel Fabrication)

Research and development expenses for this segment were 70.7 billion yen.

With the three R&D centers (located in Futtsu, Amagasaki, and Kamisu) at its core, the Company has been engaged in; (a) research and development of steel materials, products, and applied technologies and solutions at the Steel Research Laboratories, (b) research and development of common infrastructure technologies, research on CO2 separation and collection as well as reuse, and business development support for businesses in segments other than Steelmaking and Steel Fabrication, mainly in new materials businesses, at the Advanced Technology Research Laboratories, (c) research and development of steelmaking processes, including CO2 reduction, in close collaboration with the Plant Engineering and Facility Management Center in charge of facility engineering and facility maintenance technology development at Process Research Laboratory. Through these activities, the Company has been accelerating research and development, such as for reducing upstream costs, drastically improving the productivity of core lines, and reducing CO2 emissions.

<Flat Products>

- In collaboration with Mazda Motor Corporation, the Company developed a vehicle body component and mass-production technology using a high-bending 2.0 GPa class hot stamping steel sheet to achieve both vehicle body weight reduction and improved crash safety performance. This technology has been adopted for the front bumper reinforcement of the new MAZDA CX-5. As increasing material strength generally reduces post-forming bendability and increases the risk of cracking during a collision, the Company developed a steel sheet that provides 2.0 GPa class strength while maintaining post-forming bendability equivalent to that of conventional 1.5 GPa class hot stamping steel sheet. The application of this steel sheet ensures crash performance by absorbing collision energy without fracturing during impact, while also making it possible to eliminate reinforcing components, thereby reducing vehicle body weight and CO_2 emissions. Furthermore, by working together with Mazda Motor Corporation and a component manufacturer to optimize the structural design based on the material characteristics and establish operating conditions for mass production using the hot stamping process, this steel sheet was the first in the world to be adopted for the front bumper reinforcement of the all-new MAZDA CX-5. This technology is one of the component technologies of NSafe™-AutoConcept ECO³ (NSAC ECO³), the Company's next-generation steel automobile solution concept.
- The Company is conducting research and development to advance the practical application of hot stamping technologies aimed at reducing vehicle body weight and improving safety performance. The Company has expanded its lineup of hot stamping steel sheets, including Al-Si-coated steel sheets and galvannealed steel sheets, from the 1.5 GPa class to the 1.8 GPa class and 2.0 GPa class. It has also systematized forming characteristics and developed numerical analysis technology coupling phase transformation, heat transfer and deformation, as well as a direct water-cooling process in which cooling water is sprayed directly from the die. These technologies have improved the mass producibility and productivity of high-strength components and have led to their increasing application in mass-produced vehicles. These achievements were recognized as technologies that contribute to reducing greenhouse gas emissions through vehicle body lightweighting. We received the Grand Prize, the highest award, at the FY2025 (60th) Japan Society for Technology of Plasticity Award and, through joint development with Mazda Motor Corporation, the Minister of Economy, Trade and Industry Award at the 10th Monodzukuri Nippon Grand Award.
- The Company redefined the traditional relationship between finished vehicle manufacturers and materials suppliers by implementing, for the first time, a co-creation approach to R&D in which materials, design, production and procurement were considered in an integrated manner from the early stages of vehicle development. The results of this initiative were applied to the new MAZDA CX-5, which Mazda Motor Corporation unveiled to the world for the first time in July 2025, enabling the development of an optimal body structure within a short period of time. By combining the Company's next-generation steel automobile solution concept, NSafe™-AutoConcept ECO³ (NSAC ECO³), with Mazda's model-based development and the Company's proprietary analysis

technologies and construction methods, the Company reduced steel weight by approximately 10% compared with the previous model while maintaining vehicle body performance, including rigidity and collision safety. Furthermore, by selecting steel sheet materials and optimizing manufacturing locations from the early stages of development, the Company simplified the procurement structure and achieved reductions in transportation costs and CO_2 emissions, improved supply chain stability through inventory reduction.

- The Company applied VIEWKOTE™ Matte prepainted steel sheet to the casing of heat-pump water heaters for Panasonic Holdings Corporation, thereby enhancing product appeal and improving manufacturing process efficiency. Under this initiative, the Company developed within a short period a new dark-colored matte design tailored to consumer needs in the European market and has provided a stable supply in line with the start of mass production at Panasonic's plant in the Czech Republic. The adoption of this steel sheet eliminated the need for a painting process in casing production, resulting in lower costs and reduced CO_2 emissions. In recognition of these achievements, the Company received the Gold Award in the Panasonic Group's ECOVC activities in September 2025.

<Steel Plate>

- Working jointly with Mitsubishi Shipbuilding Co., Ltd., the Company developed a new steel and Post-Weld Heat Treatment (PWHT)-exemption technology for tanks used in low-pressure liquefied CO_2 (LCO_2) carriers, and received the world's first General Design Approval (GDA) from Nippon Kaiji Kyokai (ClassNK) for tanks using this technology. To enable the PWHT-exemption technology for large low-pressure LCO_2 tanks developed by Mitsubishi Shipbuilding, the Company developed a steel that conforms to the NK standard of KF460, while providing high strength, excellent low-temperature toughness and economic viability. The acquisition of this GDA represents an important achievement resulting from the technical cooperation between the two companies. By ensuring the safety of low-pressure LCO_2 tanks while delivering both economic viability and productivity, it will contribute significantly to reducing LCO_2 transportation costs. Building on this joint achievement, the Company and Mitsubishi Shipbuilding will work with companies throughout the LCO_2 tank manufacturing supply chain to promote the commercialization of large low-pressure LCO_2 tanks and the newly developed steel.
- Working jointly with The University of Tokyo and 16 companies from the energy, materials and engineering sectors, the Company established the Social Collaboration Program, "Materials for Future Energy Infrastructure Trust (MEIT)," to conduct research on the material reliability of energy infrastructure supporting a carbon-neutral society. The program conducts research on liquefied storage tanks and transportation systems for hydrogen, ammonia and CO_2, with the aim of establishing material selection criteria, post-weld heat treatment omission standards and fracture prevention criteria. As one of the lead organizations participating in the program, the Company will promote the optimization of infrastructure construction costs and international standardization, contributing to the realization of a sustainable energy society.

<Pipe and Tube>

- Working jointly with Sumitomo Corporation, the Company renewed its long-term agreement with Shell plc for the supply of oil country tubular goods (OCTG). For over five decades, the Company and Sumitomo Corporation have been trusted suppliers of high-quality, high-performance seamless OCTG products for oil and natural gas drilling to Shell's operating companies across more than 20 countries. The renewal reflects the high regard once again shown for the total solution provided by the two companies, combining the Company's consistent delivery of high-quality, high-performance OCTG products with Sumitomo Corporation's supply chain management services, including inventory control, maintenance and just-in-time delivery. Going forward, the Company will continue to expand its product portfolio, optimize the supply chain and leverage digital technologies to enhance traceability, thereby supporting the stable supply of energy and the development of industry while contributing to the realization of a sustainable society.

<Bar and Wire Rod>

- To improve the performance and reduce the size of components for electrified vehicles, the Company developed a technology that enables the downsizing of differential gears used in e-Axles by applying high-strength steel while achieving the required strength and durability. This differential gear is one of the component technologies of the Company's next-generation steel automobile solution concept, NSafe™-AutoConcept ECO^3 (NSAC ECO^3), contributing to lower CO_2 emissions over the vehicle life cycle through weight reduction, as well as cost reduction and optimized production. This technology is also positioned as part of NSCarbolex™ Solution, the Company's brand of advanced products and solution technologies that contribute to reducing CO_2 emissions in society. Through the development of high-strength steel differential gears, the Company will address the growing demand for advanced components accompanying vehicle electrification while contributing to sustainable mobility and the achievement of SDGs.

<Construction Products>

- The Company offers its "ProStruct™," a construction solution brand, providing a "steel materials and solution technology" package for the construction industry that combines high-performance steel materials with advanced design and construction technologies. This package contributes to highly strengthened and optimized structures, shorten construction periods, and reduced cost and CO_2 emissions. The Company developed the "Beam Web Thinning Method" as a new package for the building construction field and obtained a general evaluation from Center for Better Living. The Beam Web Thinning Method enables the use of thinner webs in H-shaped steel beams by advancing the design method for buckling of steel beam webs, thereby reducing steel consumption and construction costs. When used in combination with Hyper Beam™ (external constant H-shaped steel), which features thin-web sections, MEGA NSHYPER BEAM™ (ultra-large sections), and the high-strength NSYP™345B and NSYP™385B grades, the method enables more economical structural designs. The Company will continue to develop and provide advanced steel materials and solution technologies by leveraging its steelmaking and structural engineering expertise to address the diverse challenges facing the construction market.

- The Company markets NSYP™385B, Japan's first high-strength Hyper Beam™ with a strength class of 550 N/mm² for external constant H-shaped steel. In April 2025, it expanded the product range by adding MEGA NSHYPER BEAM™ sizes. This expanded the product series from 19 to 49, providing a full lineup with web heights ranging from 700 to 1,200 mm and flange widths from 300 to 500 mm. Manufactured using the Thermo-Mechanical Control Process (TMCP), the product combines high strength, high toughness and excellent weldability while achieving an F value of 385 N/mm². It has also obtained EcoLeaf Environmental Product Declaration (EPD) certifications and is expected to see wider adoption in large-scale logistics facilities, super high-rise buildings and data centers.
- Steel pipe piles manufactured using the Company's GX steel, NSCarbolex™ Neutral, were adopted for drifting vehicle outflow prevention works as part of the safety improvement project at Hokkaido Electric Power Co., Inc.'s Tomari Power Plant. The steel pipe piles were selected because steel provides excellent toughness and impact resistance while also offering the optimum solution in terms of both cost and construction schedule. This marks the first use of NSCarbolex™ Neutral for steel pipe piles by the Company.

<Stainless Steel>

- At the 10th Monodzukuri Nippon Grand Award, the Company and KITANIHON SHIPBUILDING CO., LTD. jointly received the Minister of Economy, Trade and Industry Award for the "Development and Upscaling of a Next-Generation Stainless Steel Chemical Tanker Using a New Material." The chemical tanker developed by KITANIHON SHIPBUILDING CO., LTD. achieved outstanding energy efficiency and high loading efficiency through its proprietary design. The award also highly recognized the economic and environmental performance of the Company's proprietary duplex stainless steel NSSC™2351, which was adopted by KITANIHON SHIPBUILDING CO., LTD.
- At the 21st JSSA Awards for Excellent Products, organized by the Japan Stainless Steel Association, Tateno Dam, which uses steel plates of the lean duplex stainless steel SUS821L1 (NSSC 2120™, 21Cr-2Ni-3Mn-Cu-N), received the Highest Award. Tateno Dam also received the Silver Prize in the Market Development Award category at the Stainless Steel Industry Award 2025 presented by World Stainless Association. In addition, at the 21st JSSA Awards for Excellent Products, seven projects using the Company's stainless steel received Excellence Awards and one project received a Special Award.
- The Company's SUS304A stainless steel for construction structural applications was used in the restoration of the main hall of Shurijo Castle in Naha City, Okinawa. In the restoration project, SUS304A was used for the primary steel framework that secures and internally supports the intricate shape of the Ryuto Muna-kazari, or dragon-head ornaments installed at the front of the castle's distinctive design Karahafu gabled roof. Since the main hall of Shurijo Castle is located on a hill where it is exposed to Okinawa's salt-laden sea breeze, SUS304A was selected for its stable mechanical properties and superior corrosion resistance, which contribute to improved structural stability and corrosion resistance.
- The Company began sales of steel plates of the nickel corrosion-resistant alloy designed for severe corrosive environments ASTM/ASME UNS N08825 (Alloy825) in January 2026. The material also conforms to the JIS NCF825 standard. Containing high levels of nickel and chromium together with molybdenum and titanium, Alloy825 is a nickel corrosion-resistant alloy that provides excellent corrosion resistance in severe corrosive environments, including resistance to acids such as sulfuric and hydrochloric acids and resistance to stress corrosion cracking (SCC).

<Titanium>

- The Company, Nippon Steel Trading Corporation, and Asahi Kasei Corporation jointly established a recycling scheme to recycle pure titanium scrap generated during the production of chlor-alkali electrolysis cells into pure titanium feedstock. While pure titanium offers excellent workability, its feedstock must meet strict purity requirements, making rigorous quality control essential when using scrap as a raw material. Conventionally, ensuring full traceability of pure titanium scrap has been difficult, and it has therefore been recycled primarily through open-loop recycling for use in steel additives. Under this scheme, Asahi Kasei Corporation sorts and manages the scrap, Nippon Steel Trading Corporation collects and processes it, and the Company remelts it, thereby enabling closed-loop recycling into pure titanium.
- The Company's titanium sheet was adopted by DAIKURE Co., Ltd., Japan's leading grating manufacturer, for a project in Beppu City, where infrastructure is exposed to strongly acidic hot spring environments. In the Beppu hot spring area, steam and gases from acidic hot springs have caused severe corrosion even in highly corrosion-resistant galvanized steel gratings. Titanium's outstanding corrosion resistance has been recognized in these demanding conditions, leading to the replacement of steel gratings with titanium gratings in areas subject to severe corrosion. The resulting improvements in safety and reduced inspection requirements led to its adoption. Against a backdrop of growing demand for long service life and low-maintenance infrastructure, the Company will continue contributing to SDGs by expanding the use of titanium in infrastructure applications.
- The Company's environmentally friendly titanium, TranTixxii™-Eco, was adopted for the exhaust muffler of Suzuki Motor Corporation's motorcycle competing in the Suzuka 8 Hours Endurance Race. Competing in the Experimental Class as Team SUZUKI CN CHALLENGE, Suzuki is pursuing both lower environmental impact and improved performance through the use of 100% sustainable fuel and environmentally conscious components. As part of this initiative, TranTixxii™-Eco was selected for the motorcycle's exhaust muffler. TranTixxii™-Eco is a pure titanium product made from more than 50% titanium scrap that reduces

CO_2 emissions during production by approximately 46% or more. Through rigorous scrap management and the Company's proprietary electron beam furnace remelting technology, it delivers the same high quality as conventional materials. Combining the lightweight, high-strength characteristics of titanium with enhanced environmental value, the material contributes both to vehicle weight reduction and to the realization of a sustainable society.

- The Company's designing titanium, TranTixxii™, was selected for the roof tiles of the main hall at the Zhengjue Temple (True Enlightenment Temple) Xuanzang Culture Religious Park in Taiwan, making the temple the world's largest temple with a titanium roof. The main hall covers approximately 4,800 m^2 and uses approximately 30 tonnes of titanium in about 53,000 roof tiles, exceeding the scale of both Senso-ji Temple and Zojo-ji Temple. The building adopts the traditional architectural style of Tang Dynasty temples and uses precisely formed titanium roof tiles under a design and construction framework led by Taiwanese companies. While maintaining a substantial appearance, TranTixxii™ achieves significant weight reduction compared with copper and ceramic roof tiles, thereby greatly reducing the structural load on the building. Through the supply of this material, the Company contributes to the preservation of cultural heritage and the development of sustainable communities.

<Railway/Automotive/Machinery Parts>

- The Company received the Best Paper Award at IDETC-CIE 2025 (International Design Engineering Technical Conferences and Computers and Information in Engineering Conference) for a railway wheel wear simulation technology developed through joint research with the University of Iowa. Using computer simulation, the technology accurately predicts the continuous changes in the profile of a railway wheel as it wears during operation on rails. The Company evaluated wheel wear characteristics through experimental testing and performed parameter identification for the simulation, while working jointly with the University of Iowa to validate and further improve the accuracy of the simulation. By applying this technology, the Company will contribute to improved railway safety and, through the development of longer-lasting railway wheels, to greater energy efficiency and reduced environmental impact.

<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 CO_2 emissions by using hydrogen instead of coal during iron ore reduction in blast furnaces. Testing conducted from January to December 2024 reduced CO_2 emissions by 43%, which is the first in the world, and achieved the development target ahead of schedule. Subsequent efforts further increased the CO_2 reduction rate to 45% by March 2026. 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 combine all available low-carbon technologies to demonstrate technologies capable of reducing CO_2 emissions from the steelmaking process by more than 50% in the blast furnace route. At the same time, it will advance the development of scale-up technologies and promote efforts toward commercial implementation. 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.

<Slag and Cement>

- The Company is advancing R&D on technology to create sea forests that support diverse ecosystems by utilizing steel slag. This technology uses an iron-based fertilizer that stably supplies iron, which readily oxidizes in seawater, in a form that can be absorbed by seaweed. It has demonstrated results including the restoration of seaweed beds and increases in fishery resources, and is currently being deployed at multiple sites across Japan. The Company has also established a large-scale water tank system and developed a quantitative method for evaluating the effectiveness of seaweed-bed creation. In addition, the CO_2 absorbed by the restored seaweed beds has been recognized as blue carbon, and the project has obtained J-Blue Credits certified by the Japan Blue Economy Association. In recognition of these achievements, the Company received the 2025 Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology (Development Category).
- The Company, in collaboration with Fudo Tetra Corporation, developed GeoChanger™, a ground improvement material specifically designed for the sand compaction pile (SCP) method made from steel slag. Used as a filling material in the sand compaction pile (SCP) method, GeoChanger™ improves the quality of excavated soil, making it suitable for reuse in construction. It offers workability comparable to natural sand while providing effective densification of loose, soft sandy ground and ensuring adequate pile strength. By enabling the effective reuse of low-quality soil, the product achieves both lower construction costs and reduced CO_2 emissions. Through GeoChanger™, the Company aims to contribute to disaster prevention, disaster mitigation, and the realization of a circular economy.
- Esment, micronized blast-furnace slag manufactured by NIPPON STEEL SLAG PRODUCTS CO., LTD. using the Company's blast-furnace slag, has been adopted as a supplementary cementitious material for low-carbon concrete used in the construction of the Shin Maruyama Dam. This is Japan's largest civil engineering project to use low-carbon concrete. By replacing 75% of the cement with Esment, the project reduces CO_2 emissions from cement by approximately 70%, contributing both to the decarbonization of large-scale infrastructure and to the effective utilization of by-products. The Company will continue to promote the wider adoption of low-carbon concrete to help realize a decarbonized society.

(Engineering and Construction)

Research and development expenses for this segment were 3.0 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 5.2 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 3.7 billion yen.

Considering the uncertain situations such as technological advancements, business trends, social environments, and changes in people's values, we have established our vision for realizing the sustainability of society as a whole from a long-term perspective, based on the experience and know-how accumulated over many years in exploring, evaluating, and verifying new technologies, as well as supporting their introduction to client companies, and have engaged in research and development activities on this vision.

- Artificial Intelligence (AI) sector (Vision: Coexistence of humans and intelligent machines (AI and robots))
- Enterprise information systems sector (Vision: Future enterprise information systems)
- Digital twin* sector (Vision: The ultimate digital twin)

*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, 2026	Year-on-year change
Steelmaking and Steel Fabrication	935,057 million yen	64% increase
Engineering and Construction	4,531 million yen	12% increase
Chemicals and Materials	11,102 million yen	7% increase
System Solutions	4,386 million yen	90% increase
Total	955,077 million yen	63% increase
Adjustments	(12,091) million yen	—
Total	942,986 million yen	62% 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, 2026) (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	50,745	7,299	5,063	107,602 (3,727) [5]	121,009	291,721	7,668
North Nippon Works (Muroran City, Hokkaido and Kamaishi City, Iwate)	Same as above	Manufacturing facilities of bars and shapes	31,625	41,555	2,498	8,308 (11,175) [122]	5,621	89,609	1,175
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	141,521	236,956	13,127	157,669 (22,326) [62]	62,781	612,055	6,034
Nagoya Works (Tokai City, Aichi)	Same as above	Manufacturing facilities of flat-rolled products, pipes and tubes	111,141	181,263	6,612	14,873 (6,489) [0]	85,637	399,529	3,144
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	86,351	127,029	7,821	87,641 (7,866) [122]	24,233	333,077	4,759
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	27,388	106,692	7,921	23,454 (9,115) [65]	56,592	222,049	2,307
Yamaguchi Works (Hikari City, Yamaguchi and Shunan City, Yamaguchi)	Same as above	Manufacturing facilities of stainless, titanium and pipes and tubes products	23,014	36,507	1,660	7,088 (3,482) [7]	45,136	113,407	1,691
Kyushu Works (Kitakyushu City, Fukuoka and Oita City, Oita)	Same as above	Manufacturing facilities of bars, shapes, flat-rolled products, pipes and tubes, titanium products	142,070	358,685	16,324	79,938 22,860 25	54,696	651,714	5,324
Total			613,860	1,095,989	61,029	486,576 (87,043) [412]	455,708	2,713,164	32,102

Notes: 1. Figures in brackets in the Land (area: 1,000 m^2) column indicate the area (1,000 m^2) 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, 2026) (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	12,156	39,584	2,142	10,627 (808) [57]	1,382	65,893	1,644
NIPPON STEEL COATED SHEET CORPORATION	Funabashi Works (Funabashi City, Chiba), etc.	Same as above	Sheet surface treatment facilities	11,414	4,247	1,083	19,384 (960) [17]	232	36,363	1,408
OSAKA STEEL CO., LTD..	Osaka Unit (Osaka City and Sakai City, Osaka), etc.	Same as above	Steelmaking and rolling facilities	5,320	19,751	1,619	29,953 (576) [36]	2,898	59,542	600
KROSAKI HARIMA CORPORATION	Head Office and Yahata Works (Kitakyushu City, Fukuoka), etc.	Same as above	Refractory manufacturing facilities	10,134	8,285	1,316	5,474 (1,116) [32]	898	26,108	2,548
NIPPON STEEL TEXENG. CO., LTD.	Kimitsu Office (Kimitsu City, Chiba), etc.	Same as above	Steel product processing facilities	16,923	4,953	1,628	15,975 (1,055) [44]	1,911	41,392	10,280
NIPPON STEEL LOGISTICS CO., LTD.	Head Office (Chuo-ku, Tokyo), etc.	Same as above	Logistics equipments, etc.	17,894	22,186	4,605	14,709 (559) [82]	1,977	61,373	6,221
NIPPON STEEL ENGINEERING CO., LTD.	Kitakyushu Technology Center (Kitakyushu City, Fukuoka), etc.	Engineering and Construction	Facilities for general construction work	3,220	3,065	1,219	918 (495) [5]	416	8,841	1,856
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.	15,572	15,497	1,913	11,484 (473) [－]	3,036	47,504	2,046
NS Solutions Corporation	Head Office (Minato-ku, Tokyo), etc.	System Solutions	Data center facilities, computers and related equipment	6,724	0	4,359	2,398 (10)	343	13,827	4,130

Notes: 1. Figures in brackets in the Land (area: 1,000 m^2) column indicate the area (1,000 m^2) of land leased from parties other than the consolidated companies.
2. The table above includes welfare facilities.

(3) Foreign subsidiaries

(As of March 31, 2026) (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
United States Steel Corporation	Big River Steel Mill (Arkansas State, United States of America), etc.	Steelmaking and Steel Fabrication	Electric arc furnaces, hot-rolling facilities, and other steel production facilities	386,079	1,326,969	68,575	45,621 (541,097) [8,394]	167,196	1,994,442	22,722
G Steel Public Company Limited	(Rayong Province, Thailand)	Same as above	Electric arc furnaces and hot-rolling facilities	2,934	21,129	2,077	2,147 (687)	7,168	35,458	698
G J Steel Public Company Limited	(Chon Buri Province, Thailand)	Same as above	Electric arc furnaces and hot-rolling facilities	5,850	25,502	2,253	4,996 (1,036)	751	39,353	763
NS-Siam United Steel Co., Ltd.	Rayong Works (Rayong Province, Thailand)	Same as above	Manufacturing facilities of cold-rolled sheets, coated sheets and tinplate sheets	2,680	19,451	600	4,184 (502)	10,194	37,110	1,606
PT KRAKATAU NIPPON STEEL SYNERGY	Head Office and Works (Cilegon City, Indonesia)	Same as above	Manufacturing facilities of cold-rolled sheets and galvanized sheets	5,026	15,397	147	4,431 (184)	404	25,407	300
Standard Steel, LLC	Burnham Works (Pennsylvania State, United States of America)	Same as above	Wheels and axles manufacturing facilities	1,997	19,541	114	263 (353)	563	22,479	584

Notes: 1. Figures in brackets in the Land (area: 1,000 m^2) column indicate the area (1,000 m^2) of land leased from parties other than the consolidated companies.
2. Figures for United States Steel Corporation are reported on a consolidated basis.

3. Plans for New Facilities, Retirements and Other Changes

The Company and its consolidated subsidiaries formulate capital investment plans by comprehensively taking into account the optimization of capital expenditures, anticipated future demand, production plans, and other relevant factors. In principle, capital investment plans are prepared by each company.

The amount of investment related to the construction of new facilities, renovations and other projects for the next fiscal year is currently under development.

Major plans for the construction of new facilities, retirements and other changes are as follows.

New Facilities

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		Commence-ment	Completion	
The Company Nagoya Works	Tokai City, Aichi	Steelmaking and Steel Fabrication	Next-generation hot-strip mill	270.0	167.2	Self-financing, borrowing and other means	May 2022	First quarter of fiscal year 2026	6 million tonnes/year
The Company Kyushu Works	Kitakyushu City, Fukuoka	Steelmaking and Steel Fabrication	Electric arc furnace (including fixtures and fittings)	630.2	22.0	Self-financing, borrowing and other means	May 2025	Second half of fiscal year 2029	2 million tonnes/year

Expansions

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		Commence-ment	Completion	
The Company Setouchi Works	Himeji City, Hyogo	Steelmaking and Steel Fabrication	Electric arc furnace (including fixtures and fittings)	140.0	13.1	Self-financing, borrowing and other means	May 2025	Second half of fiscal year 2029	0.5 million tonnes/year

Renovations

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		Commence-ment	Completion	
The Company East Nippon Works	Kimitsu City, Chiba	Steelmaking and Steel Fabrication	No. 3 coke oven (including fixtures and fittings)	39.0	27.6	Self-financing, borrowing and other means	February 2022	First half of fiscal year 2026	0.7 million tonnes/year
The Company Yamaguchi Works	Shunan City, Yamaguchi	Steelmaking and Steel Fabrication	Electric arc furnace (including fixtures and fittings)	98.5	0.4	Self-financing, borrowing and other means	May 2025	Second half of fiscal year 2028	0.4 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	10,000,000,000
Total	10,000,000,000

Note: Effective October 1, 2025, the Company implemented a stock split at a rate of five (5) shares for every one share and increased the total number of shares authorized to be issued from 2.0 billion shares to 10.0 billion shares.

(b) Issued shares

Class	Number of shares issued as of the end of the fiscal year (March 31, 2026)	Number of shares issued as of the filing date (June 23, 2026)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Ordinary shares	5,373,633,760	5,373,633,760	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	5,373,633,760	5,373,633,760	—	—

Note: Effective October 1, 2025, the Company implemented a stock split at a ratio of five (5) shares for every one share. As a result, the total number of issued shares increased by 4,298,907,008 shares to 5,373,633,760 shares.

(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

The bonds with stock acquisition rights issued under the Companies Act are as follows.

a. Zero Coupon Convertible Bonds due 2029

Date of resolution: February 17, 2026 (resolution delegated to the Board of Directors), February 24, 2026 (the decision by the Representative Director and President based on such delegation)

Date of issuance: March 12, 2026

(In “a.” below, the bonds above are referred to as “Bonds with Stock Acquisition Rights” and bonds solely are referred to as “Bonds” and stock acquisition rights solely are referred to as “Stock Acquisition Right(s)”.)

	As of the end of the fiscal year (March 31, 2026)	As of the end of the month immediately prior to the filing date (May 31, 2026)
Number of stock acquisition rights	30,000	Same as left
Number of stock acquisition rights held by the Company included in stock acquisition rights	—	—

Class, contents, and number of shares to be issued upon exercise of stock acquisition rights (Note 1)	Common stock of the Company 410,790,086	Common stock of the Company 418,468,405
Amount to be paid in upon exercise of stock acquisition rights (yen) (Note 2)	730.3	716.9
Period for exercise of stock acquisition rights (Note 3)	From March 26, 2026 to January 31, 2029	Same as left
Issue price and amount to be capitalized when issuing shares upon exercise of stock acquisition rights (yen) (Note 4)	Issue price 730.3 Amount to be capitalized 365.15	Issue price 716.9 Amount to be capitalized 358.45
Conditions for exercise of stock acquisition rights	Each Stock Acquisition Right shall not be exercised in part.	Same as left
Matters concerning transfer of stock acquisition rights	Stock Acquisition Rights are attached to Zero Coupon Convertible Bonds with Stock Acquisition Rights and shall not be transferred separately from Bonds.	Same as left
Matters relating to issuance of stock acquisition rights in connection with reorganization	(Note 5)	Same as left
Contents and amount of assets to be contributed upon exercise of stock acquisition rights	Upon the exercise of each Stock Acquisition Right, Bonds pertaining to Stock Acquisition Rights shall be contributed, and the amount of such Bonds shall be equal to the face value thereof.	Same as left
Balance of bonds with stock acquisition rights (billion yen)	300.0	300.0

Notes: 1. The class and contents of shares to be delivered upon exercise of the Stock Acquisition Rights shall be shares of common stock of the Company (100 shares constituting one unit). The number of shares of common stock of the Company to be delivered by the Company upon exercise of such rights shall be determined by dividing the total face value of Bonds subject to the exercise request by the applicable conversion price as detailed in Note 2 below. Fractions of less than one share shall be discarded and no cash adjustment will be made in respect thereof. If shares not constituting a unit of shares are delivered upon exercise of Stock Acquisition Rights, such non-unit shares shall be delivered to the bondholders with Stock Acquisition Rights in the same manner as the shares constituting a whole unit of shares, and no cash amounts shall be paid by the Company in respect of such non-unit shares.

2. (1) Upon the exercise of each Stock Acquisition Right, Bonds pertaining to such Stock Acquisition Rights shall be contributed, and the value of such Bonds shall be equal to the face value thereof.

(2) The initial conversion price shall be 730.3 yen; provided, however, that the terms and conditions of Bonds contain the provisions that adjustment shall be made if an event stated in (3) below occurs.

In accordance with the approval of the payment of a year-end dividend of 12 yen per share of common stock of the Company at the 102nd General Meeting of Shareholders held on June 23, 2026, the conversion price was adjusted to 716.9 yen on and after April 1, 2026 pursuant to the terms and conditions of Bonds.

(3) If the Company issues new shares of the Company's common stock or disposes of shares of the Company's common stock held by the Company at a price below the fair value of the Company's common stock after the issuance of Bonds with Stock Acquisition Rights, the conversion price shall be adjusted based on the following formula. In the formula below, "number of issued shares" refers to the total number of outstanding shares of the Company's common stock (excluding those held by the Company).

$$\text{Conversion price after adjustment} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued shares} + \dfrac{\text{Number of shares issued or disposed of} \times \text{Amount paid per share}}{\text{Fair value}}}{\text{Number of issued shares} + \text{Number of shares issued or disposed of}}$$

The conversion price shall also be adjusted as appropriate when a certain event occurs, such as the split or consolidation of shares of the Company's common stock, a certain level of dividends payment, issuance of any stock acquisition rights with a right to request for the delivery of shares of the Company's common stock at a price below the fair value of shares of the Company's common stock (including stock acquisition rights attached to bonds with stock acquisition rights).

3. The period shall be from March 26, 2026 to January 31, 2029 (local time at the place where Bonds are deposited for the exercise of Stock Acquisition Rights); provided, however, that (i) in the case of early redemption of Bonds by the Company, the period shall be until the date three business days in Tokyo prior to the redemption date (excluding Stock Acquisition Rights relating to Bonds for which early redemption due to a change in the taxation system had not been adopted), (ii) if retirement by purchase is made for Bonds, the period shall be until the time when Bonds are retired, and (iii) if the repayment of Bonds becomes due immediately, the period shall be until the time when immediate repayment occurs. In any of the cases stated above, the Stock Acquisition Rights shall not be exercised subsequent to January 31, 2029 (local time at the place where Bonds were deposited to exercise Stock Acquisition Rights).

   Notwithstanding the above, if the Company reasonably determines that it is necessary to implement a Reorganization, etc. (as defined below) of the Company, the Stock Acquisition Rights shall not be exercised during the period specified by the Company (which period shall not exceed thirty days), provided that such period shall end within fourteen days from the day following the effective date of the Reorganization, etc. of the Company.

   In addition, Stock Acquisition Rights may not be exercised if the calendar day in Japan on which the exercise of the Stock Acquisition Rights becomes effective (or the following business day in Tokyo if such calendar day is not a business day in Tokyo) falls between a date in Tokyo two business days (or three business days if such date is not a business day in Tokyo) prior to the record date specified by the Company or any other date provided for to determine shareholders in connection with the provisions of Article 151, Paragraph 1 of the Act on Book-Entry Transfer of Corporate Bonds and Shares (together with the record date of the Company, hereinafter collectively referred to as the "Shareholder Determination Date") and such Shareholder Determination Date (or the following business day in Tokyo if such Shareholder Determination Date is not a business day in Tokyo). Provided, however, that if any change is made to Japanese law, regulations or practices regarding the issuance of shares related to the exercise of stock acquisition rights through the transfer system based on the Act on Book-Entry Transfer of Corporate Bonds and Shares, the Company may change the limit on the period during which Stock Acquisition Rights may be exercised pursuant to this paragraph in order to reflect such changes on the conditions of Bonds and Stock Acquisition Rights.

   "Reorganization, etc." means that either of the following events that involves the transfer of the Company's obligations under Bonds and/or Stock Acquisition Rights to another company is approved at a general meeting of shareholders of the Company (or a meeting of the Board of Directors if a resolution of the general meeting of shareholders is not required): (i) a merger of the Company and another company (including consolidation-type merger and absorption-type merger, but excluding a case where the Company is a surviving company; the same shall apply hereinafter), (ii) a transfer of assets (limited to cases where all or substantially all of the Company's assets are sold or transferred to another company, and the Company's obligations under Bonds with Stock Acquisition Rights are transferred to or succeeded to by another company in accordance with the conditions of such sales or transfer), (iii) a company split (including incorporation-type company split and absorption-type company split, but is limited to a case where the Company's obligations under Bonds with Stock Acquisition Rights are transferred to or succeeded to by another party to such split), (iv) a share exchange or a share transfer (limited to cases where the Company becomes a wholly owned subsidiary of another company; the same shall apply hereinafter), or (v) any other corporate reorganization procedure under Japanese law pursuant to which the Company's obligations under the Bonds and/or the Stock Acquisition Rights are transferred to or assumed by another company.

4. The amount of common stock to be increased when shares are issued by exercising Stock Acquisition Rights shall be calculated by multiplying the maximum amount of increase in common stock, etc., calculated in accordance with Article 17 of the Regulations on Corporate Accounting by 0.5. If there is a fraction less than one yen resulting from such calculation, such fraction shall be rounded up. The amount of capital reserve to be increased shall be the amount obtained by deducting the amount of common stock to be increased from the maximum amount of increase in common stock, etc.

5. (1) In the event of Reorganization, etc., the Company shall make best efforts so that Succeeding Company, etc. (as defined below) will succeed to the status of the principal obligor of Bonds with Stock Acquisition Rights in accordance with the terms and conditions for Bonds with Stock Acquisition Rights and deliver new stock acquisition rights that replace Stock Acquisition Rights. Provided, however, that such succession and delivery stated above are on the condition that (i) they can be implemented under then applicable law; (ii) a mechanism to enable such has already been established or can be established; and (iii) the Company or Succeeding Company may implement such succession and delivery without incurring unreasonable (in the Company's opinion) costs (including taxes) from the perspective of the entire Reorganization, etc. In such case, the Company shall also make best efforts to ensure that Succeeding Company, etc. be a company listed on a stock exchange in Japan on the effective date of such Reorganization, etc. The Company's obligation to make efforts as stated in this item (1) shall not apply in the case where the Company issues a certificate that states that the Company does not expect Succeeding Company to be a listed company in Japan, regardless of the reason, on the effective date of such Reorganization, etc. to the trustee company for Bonds with Stock Acquisition Rights.

"Succeeding Company, etc." means a company that is the other party in Reorganization, etc. and assumes the Company's obligations relating to Bonds with Stock Acquisition Rights and/or Stock Acquisition Rights.

(2) The contents of the stock acquisition rights of Succeeding Company, etc. to be delivered pursuant to the provisions of (1) above are as follows:

1) Number of stock acquisition rights

It shall be the same as the number of Stock Acquisition Rights pertaining to Bonds with Stock Acquisition Rights outstanding immediately prior to the effective date of such Reorganization, etc.

2) Class of shares to be issued upon exercise of stock acquisition rights

Shares of common stock of Succeeding Company, etc.

3) Number of shares to be issued upon exercise of stock acquisition rights

The number of shares of common stock of Succeeding Company, etc. to be delivered by exercising the stock acquisition rights of Succeeding Company, etc. shall be determined by Succeeding Company, etc. in reference to the terms and conditions of Bonds with Stock Acquisition Rights while taking into consideration conditions for such Reorganization, etc. It is also subject to the following (i) or (ii). The conversion price is subject to the same adjustment as stated in 2 (3) above.

(i) In the case of certain mergers, share exchanges or share transfers, the conversion price shall be determined so that, if the stock acquisition rights of the Succeeding Company, etc. are exercised immediately after the effective date of the Reorganization, etc., the holder will receive the number of shares of common stock of the Succeeding Company, etc. that a holder of the number of shares of common stock of the Company obtainable by exercising the Stock Acquisition Rights immediately prior to the effective date of the Reorganization, etc. would have received in such Reorganization, etc. If securities or other assets other than the shares of common stock of Succeeding Company, etc. are delivered at the time of such Reorganization, etc., those who receive them shall also receive the shares of common stock of Succeeding Company, etc. in the number obtained by dividing the value of such securities or assets by the fair value of the shares of common stock of Succeeding Company, etc.

(ii) In the case of Reorganization, etc. other than the above, the conversion price shall be determined so that the same economic benefit received by holders of Bonds with Stock Acquisition Rights upon exercise of Stock Acquisition Rights immediately prior to the effective date of such Reorganization, etc. may be received when the stock acquisition rights of Succeeding Company, etc. are exercised immediately subsequent to the effective date of such Reorganization, etc.

4) Content and amount of assets to be contributed upon exercise of stock acquisition rights

Upon the exercise of stock acquisition rights of Succeeding Company, etc., the transferred Bonds shall be contributed, and the amount of such Bonds shall be equal to the face value of the transferred Bonds.

5) Period during which stock acquisition rights may be exercised

From the effective date of such Reorganization, etc. (in some cases, the date within 14 days after the effective date) to the expiration date of the exercise period for Stock Acquisition Rights stated in 3 above.

6) Other conditions for exercising stock acquisition rights

Each stock acquisition right of Succeeding Company, etc. shall not be exercised in part.

7) Common stock and capital reserve to be increased by the issuance of shares upon exercise of stock acquisition rights

The amount of common stock to be increased when shares are issued by exercising stock acquisition rights of Succeeding Company, etc. shall be calculated by multiplying the maximum amount of increase in common stock, etc., calculated in accordance with Article 17 of the Regulations on Corporate Accounting by 0.5. If there is a fraction less than one yen resulting from such calculation, such fraction shall be rounded up. The amount of capital reserve to be increased shall be the amount obtained by deducting the amount of common stock to be increased from the maximum amount of increase in common stock, etc.

8) In the event of Reorganization, etc.

In cases where Reorganization, etc. of Succeeding Company, etc. occurs, it will be treated in the same manner as Bonds with Stock Acquisition Rights.

9) Others

Any fraction less than one share upon exercise of the stock acquisition rights of Succeeding Company, etc. shall be disregarded and no cash adjustment shall be made. The stock acquisition rights of Succeeding Company, etc. shall not be transferred separately from the transferred Bonds.

(3) In cases where the Company makes Succeeding Company, etc. assume or succeed to the Company's obligations based on the trust certificate pertaining to Bonds and Bonds with Stock Acquisition Rights in accordance with the provisions of (1) above, the Company shall be subject to the terms and conditions for Bonds with Stock Acquisition Rights in addition to providing a guarantee in certain cases specified in the terms and conditions for Bonds with Stock Acquisition Rights.

b. Zero Coupon Convertible Bonds due 2031

Date of resolution: February 17, 2026 (resolution delegated to the Board of Directors), February 24, 2026 (the decision by the Representative Director and President based on such delegation)

Date of issuance: March 12, 2026

(In "b." below, the bonds above are referred to as "Bonds with Stock Acquisition Rights" and bonds solely are referred to as "Bonds" and stock acquisition rights solely are referred to as "Stock Acquisition Right(s)".)

	As of the end of the fiscal year (March 31, 2026)	As of the end of the month immediately prior to the filing date (May 31, 2026)
Number of stock acquisition rights	30,000	Same as left
Number of stock acquisition rights held by the Company included in stock acquisition rights	—	—
Class, contents, and number of shares to be issued upon exercise of stock acquisition rights (Note 1)	Common stock of the Company 407,055,630	Common stock of the Company 414,651,002
Amount to be paid in upon exercise of stock acquisition rights (yen) (Note 2)	737.0	723.5
Period for exercise of stock acquisition rights (Note 3)	From March 26, 2026 to January 31, 2031	Same as left
Issue price and amount to be capitalized when issuing shares upon exercise of stock acquisition rights (yen) (Note 4)	Issue price 737.0 Amount to be capitalized 368.5	Issue price 723.5 Amount to be capitalized 361.75
Conditions for exercise of stock acquisition rights	Each Stock Acquisition Right shall not be exercised in part.	Same as left
Matters concerning transfer of stock acquisition rights	Stock Acquisition Rights are attached to Zero Coupon Convertible Bonds with Stock Acquisition Rights and shall not be transferred separately from Bonds.	Same as left
Matters relating to issuance of stock acquisition rights in connection with reorganization	(Note 5)	Same as left
Contents and amount of assets to be contributed upon exercise of stock acquisition rights	Upon the exercise of each Stock Acquisition Right, Bonds pertaining to Stock Acquisition Rights shall be contributed, and the amount of such Bonds shall be equal to the face value thereof.	Same as left
Balance of bonds with stock acquisition rights (billion yen)	300.0	300.0

Notes: 1. The class and contents of shares to be delivered upon exercise of the Stock Acquisition Rights shall be shares of common stock of the Company (100 shares constituting one unit). The number of shares of common stock of the Company to be delivered by the Company upon exercise of such rights shall be determined by dividing the total face value of Bonds subject to the exercise request by the applicable conversion price as detailed in Note 2 below. Fractions of less than one share shall be discarded and no cash adjustment will be made in respect thereof. If shares not constituting a unit of shares are delivered upon exercise of Stock Acquisition Rights, such non-unit shares shall be delivered to the bondholders with Stock Acquisition Rights in the same manner as the shares constituting a whole unit of shares, and no cash amounts shall be paid by the Company in respect of such non-unit shares.

2. (1) Upon the exercise of each Stock Acquisition Right, Bonds pertaining to such Stock Acquisition Rights shall be contributed, and the value of such Bonds shall be equal to the face value thereof.

(2) The initial conversion price shall be 737.0 yen; provided, however, that the terms and conditions of Bonds contain the provisions that adjustment shall be made if an event stated in (3) below occurs.

In accordance with the approval of the payment of a year-end dividend of 12 yen per share of common stock of the Company at the 102nd General Meeting of Shareholders held on June 23, 2026, the conversion price was adjusted to 723.5 yen on and after April 1, 2026 pursuant to the terms and conditions of Bonds.

(3) If the Company issues new shares of the Company's common stock or disposes of shares of the Company's common stock held by the Company at a price below the fair value of the Company's common stock after the issuance of Bonds with Stock Acquisition Rights, the conversion price shall be adjusted based on the following formula. In the formula below, "number of issued shares" refers to the total number of outstanding shares of the Company's common stock (excluding those held by the Company).

$$\text{Conversion price after adjustment} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued shares} + \dfrac{\text{Number of shares issued or disposed of} \times \text{Amount paid per share}}{\text{Fair value}}}{\text{Number of issued shares} + \text{Number of shares issued or disposed of}}$$

The conversion price shall also be adjusted as appropriate when a certain event occurs, such as the split or consolidation of shares of the Company's common stock, a certain level of dividends payment, issuance of any stock acquisition rights with a right to request for the delivery of shares of the Company's common stock at a price below the fair value of shares of the Company's common stock (including stock acquisition rights attached to bonds with stock acquisition rights).

3. The period shall be from March 26, 2026 to January 31, 2031 (local time at the place where Bonds are deposited for the exercise of Stock Acquisition Rights); provided, however, that (i) in the case of early redemption of Bonds by the Company, the period shall be until the date three business days in Tokyo prior to the redemption date (excluding Stock Acquisition Rights relating to Bonds for which early redemption due to a change in the taxation system had not been adopted), (ii) if retirement by purchase is made for Bonds, the period shall be until the time when Bonds are retired, and (iii) if the repayment of Bonds becomes due immediately, the period shall be until the time when immediate repayment occurs. In any of the cases stated above, the Stock Acquisition Rights shall not be exercised subsequent to January 31, 2031 (local time at the place where Bonds were deposited to exercise Stock Acquisition Rights).

Notwithstanding the above, if the Company reasonably determines that it is necessary to implement a Reorganization, etc. (as defined below) of the Company, the Stock Acquisition Rights shall not be exercised during the period specified by the Company (which period shall not exceed thirty days), provided that such period shall end within fourteen days from the day following the effective date of the Reorganization, etc. of the Company.

In addition, Stock Acquisition Rights may not be exercised if the calendar day in Japan on which the exercise of the Stock Acquisition Rights becomes effective (or the following business day in Tokyo if such calendar day is not a business day in Tokyo) falls between a date in Tokyo two business days (or three business days if such date is not a business day in Tokyo) prior to the record date specified by the Company or any other date provided for to determine shareholders in connection with the provisions of Article 151, Paragraph 1 of the Act on Book-Entry Transfer of Corporate Bonds and Shares (together with the record date of the Company, hereinafter collectively referred to as the "Shareholder Determination Date") and such Shareholder Determination Date (or the following business day in Tokyo if such Shareholder Determination Date is not a business day in Tokyo). Provided, however, that if any change is made to Japanese law, regulations or practices regarding the issuance of shares related to the exercise of stock acquisition rights through the transfer system based on the Act on Book-Entry Transfer of Corporate Bonds and Shares, the Company may change the limit on the period during which Stock Acquisition Rights may be exercised pursuant to this paragraph in order to reflect such changes on the conditions of Bonds and Stock Acquisition Rights.

"Reorganization, etc." means that either of the following events that involves the transfer of the Company's obligations under Bonds and/or Stock Acquisition Rights to another company is approved at a general meeting of shareholders of the Company (or a meeting of the Board of Directors if a resolution of the general meeting of shareholders is not required): (i) a merger of the Company and another company (including consolidation-type merger and absorption-type merger, but excluding a case where the Company is a surviving company; the same shall apply hereinafter), (ii) a transfer of assets (limited to cases where all or substantially all of the Company's assets are sold or transferred to another company, and the Company's obligations under Bonds with Stock Acquisition Rights are transferred to or succeeded to by another company in accordance with the conditions of such sales or transfer), (iii) a company split (including incorporation-type company split and absorption-type company split, but is limited to a case where the Company's obligations under Bonds with Stock Acquisition Rights are transferred to or succeeded to by another party to such split), (iv) a share exchange or a share transfer (limited to cases where the Company becomes a wholly owned subsidiary of another company; the same shall apply hereinafter), or (v) any other corporate reorganization procedure under Japanese law pursuant to which the Company's obligations under the Bonds and/or the Stock Acquisition Rights are transferred to or assumed by another company.

4. The amount of common stock to be increased when shares are issued by exercising Stock Acquisition Rights shall be calculated by multiplying the maximum amount of increase in common stock, etc., calculated in accordance with Article 17 of the Regulations on Corporate Accounting by 0.5. If there is a fraction less than one yen resulting from such calculation,

such fraction shall be rounded up. The amount of capital reserve to be increased shall be the amount obtained by deducting the amount of common stock to be increased from the maximum amount of increase in common stock, etc.

5. (1) In the event of Reorganization, etc., the Company shall make best efforts so that Succeeding Company, etc. (as defined below) will succeed to the status of the principal obligor of Bonds with Stock Acquisition Rights in accordance with the terms and conditions for Bonds with Stock Acquisition Rights and deliver new stock acquisition rights that replace Stock Acquisition Rights. Provided, however, that such succession and delivery stated above are on the condition that (i) they can be implemented under then applicable law; (ii) a mechanism to enable such has already been established or can be established; and (iii) the Company or Succeeding Company may implement such succession and delivery without incurring unreasonable (in the Company's opinion) costs (including taxes) from the perspective of the entire Reorganization, etc. In such case, the Company shall also make best efforts to ensure that Succeeding Company, etc. be a company listed on a stock exchange in Japan on the effective date of such Reorganization, etc. The Company's obligation to make efforts as stated in this item (1) shall not apply in the case where the Company issues a certificate that states that the Company does not expect Succeeding Company to be a listed company in Japan, regardless of the reason, on the effective date of such Reorganization, etc. to the trustee company for Bonds with Stock Acquisition Rights.

   "Succeeding Company, etc." means a company that is the other party in Reorganization, etc. and assumes the Company's obligations relating to Bonds with Stock Acquisition Rights and/or Stock Acquisition Rights.

   (2) The contents of the stock acquisition rights of Succeeding Company, etc. to be delivered pursuant to the provisions of (1) above are as follows:

   1) Number of stock acquisition rights

   It shall be the same as the number of Stock Acquisition Rights pertaining to Bonds with Stock Acquisition Rights outstanding immediately prior to the effective date of such Reorganization, etc.

   2) Class of shares to be issued upon exercise of stock acquisition rights

   Shares of common stock of Succeeding Company, etc.

   3) Number of shares to be issued upon exercise of stock acquisition rights

   The number of shares of common stock of Succeeding Company, etc. to be delivered by exercising the stock acquisition rights of Succeeding Company, etc. shall be determined by Succeeding Company, etc. in reference to the terms and conditions of Bonds with Stock Acquisition Rights while taking into consideration conditions for such Reorganization, etc. It is also subject to the following (i) or (ii). The conversion price is subject to the same adjustment as stated in 2 (3) above.

   (i) In the case of certain mergers, share exchanges or share transfers, the conversion price shall be determined so that, if the stock acquisition rights of the Succeeding Company, etc. are exercised immediately after the effective date of the Reorganization, etc., the holder will receive the number of shares of common stock of the Succeeding Company, etc. that a holder of the number of shares of common stock of the Company obtainable by exercising the Stock Acquisition Rights immediately prior to the effective date of the Reorganization, etc. would have received in such Reorganization, etc. If securities or other assets other than the shares of common stock of Succeeding Company, etc. are delivered at the time of such Reorganization, etc., those who receive them shall also receive the shares of common stock of Succeeding Company, etc. in the number obtained by dividing the value of such securities or assets by the fair value of the shares of common stock of Succeeding Company, etc.

   (ii) In the case of Reorganization, etc. other than the above, the conversion price shall be determined so that the same economic benefit received by holders of Bonds with Stock Acquisition Rights upon exercise of Stock Acquisition Rights immediately prior to the effective date of such Reorganization, etc. may be received when the stock acquisition rights of Succeeding Company, etc. are exercised immediately subsequent to the effective date of such Reorganization, etc.

   4) Content and amount of assets to be contributed upon exercise of stock acquisition rights

   Upon the exercise of stock acquisition rights of Succeeding Company, etc., the transferred Bonds shall be contributed, and the amount of such Bonds shall be equal to the face value of the transferred Bonds.

   5) Period during which stock acquisition rights may be exercised

   From the effective date of such Reorganization, etc. (in some cases, the date within 14 days after the effective date) to the expiration date of the exercise period for Stock Acquisition Rights stated in 3 above.

   6) Other conditions for exercising stock acquisition rights

   Each stock acquisition right of Succeeding Company, etc. shall not be exercised in part.

   7) Common stock and capital reserve to be increased by the issuance of shares upon exercise of stock acquisition rights

   The amount of common stock to be increased when shares are issued by exercising stock acquisition rights of Succeeding Company, etc. shall be calculated by multiplying the maximum amount of increase in common stock, etc., calculated in accordance with Article 17 of the Regulations on Corporate Accounting by 0.5. If there is a fraction less than one yen resulting from such calculation, such fraction shall be rounded up. The amount of capital reserve to be increased shall be the amount obtained by deducting the amount of common stock to be increased from the maximum amount of increase in common stock, etc.

8) In the event of Reorganization, etc.

In cases where Reorganization, etc. of Succeeding Company, etc. occurs, it will be treated in the same manner as Bonds with Stock Acquisition Rights.

9) Others

Any fraction less than one share upon exercise of the stock acquisition rights of Succeeding Company, etc. shall be disregarded and no cash adjustment shall be made. The stock acquisition rights of Succeeding Company, etc. shall not be transferred separately from the transferred Bonds.

(3) In cases where the Company makes Succeeding Company, etc. assume or succeed to the Company's obligations based on the trust certificate pertaining to Bonds and Bonds with Stock Acquisition Rights in accordance with the provisions of (1) above, the Company shall be subject to the terms and conditions for Bonds with Stock Acquisition Rights in addition to providing a guarantee in certain cases specified in the terms and conditions for Bonds with Stock Acquisition Rights.

(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 (Note1)	227,903	950,549,305	275	419,799	275	111,807
From April 1, 2024, to March 31, 2025 (Note1)	124,177,447	1,074,726,752	149,720	569,519	149,720	261,527
From April 1, 2025, to March 31, 2026 (Note2)	4,298,907,008	5,373,633,760	-	569,519	-	261,527

Notes: 1. Increase due to the exercise of the stock acquisition rights of the convertible bonds.
2. The increase resulted from a five-for-one stock split effective on October 1, 2025.

(5) Shareholding by shareholder category

As of March 31, 2026

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	6	187	98	6,295	825	3,700	829,156	840,267	—
Number of shares held (Units)	1,654	15,758,405	1,419,520	4,245,283	12,826,373	61,047	19,330,928	53,643,210	9,312,760
Shareholding ratio (%)	0.00	29.38	2.65	7.91	23.91	0.11	36.04	100	—

Notes: 1. Treasury stock is included in “Individuals and others” in the amount of 1,390,734 units, and in “Shares less than one unit” in the amount of 77 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 139,070,152 shares.
2. Shares held under the name of Japan Securities Depository Center are included in “Other corporations” in the amount of 392 units, and in “Shares less than one unit” in the amount of 10 shares.
3. The number of shareholders who only hold shares less than one unit is 139,907 persons.

(6) Major shareholders

As of March 31, 2026

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	7,294,153	13.9
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	2,088,248	4.0
THE CHASE MANHATTAN BANK,N.A. LONDONSECS LENDING OMNIBUS ACCOUNT (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	WOOLGATE HOUSE,COLEMAN STREET LONDON EC2P 2HD, ENGLAND (2-15-1 Konan, Minato-ku, Tokyo)	969,335	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)	958,959	1.8
JP MORGAN CHASE BANK 385642 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY W8-1 HARF1, LONDON, E14 5JP, UNITED KINGDOM (2-15-1 Konan, Minato-ku, Tokyo)	940,091	1.8
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY W8-1 HARF1, LONDON, E14 5JP, UNITED KINGDOM (2-15-1 Konan, Minato-ku, Tokyo)	726,656	1.4
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)	726,419	1.4
Nippon Steel Group Employees Shareholding Association	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	703,017	1.3
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)	685,635	1.3
Mizuho Bank, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	1-5-5 Otemachi, Chiyoda-ku, Tokyo (1-8-12 Harumi, Chuo-ku, Tokyo)	552,333	1.1
Total	—	15,644,851	29.9

Notes: 1. In addition to the above, there are 1,390,701 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 3,356,438 hundred shares held in an investment trust and 75,087 hundred shares held in a pension trust.
3. The above number of shares held by the Custody Bank of Japan, Ltd. (Trust Account) includes 1,283,765 hundred shares held in an investment trust and 141,449 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 April 6, 2026, 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 March 31, 2026. 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, 2016.
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.	138,101	0.26
NOMURA INTERNATIONAL PLC	425,237	0.78
NOMURA SECURITIES INTERNATIONAL, Inc.	0	0.00
Nomura Asset Management Co., Ltd.	2,289,225	4.26
Total	2,852,564	5.23

(7) Voting rights

(a) Issued shares

As of March 31, 2026

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 147,222,300	—	Number of shares that constitute a share unit is 100 shares.
Shares with full voting rights (Other)	Ordinary shares 5,217,098,700	52,170,987	Number of shares that constitute a share unit is 100 shares.
Shares less than one unit	Ordinary shares 9,312,760	—	—
Total number of issued shares	5,373,633,760	—	—
Total voting rights held by all shareholders	—	52,170,987	—

Notes: 1. The figure in “Shares with full voting rights (Treasury stock, etc.)” above includes shares of treasury stock of 139,070,100 shares and cross-held shares of 8,152,200 shares (including the Company’s shares of 1,198,500 shares contributed to the retirement benefit trust).

2. The figure in “Shares with full voting rights (Other)” above includes 3,130,300 shares (31,303 voting rights) held in the trust account for the Board Benefit Trust, 39,200 shares (392 voting rights) held under the name of Japan Securities Depository Center, and 3,300 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 10 shares held under the name of Japan Securities Depository Center. In addition, it also includes 25 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: 52 shares; NS United Kaiun Kaisha, Ltd.: 15 shares; TETSUGEN Corporation: 35 shares; STEEL CENTER CO., LTD.: 5 shares; Kyoei Steel Ltd.: 50 shares; DAIDO LOGISTICS INC.: 90 shares

(b) Treasury stock, etc.

As of March 31, 2026

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	2-6-1 Marunouchi, Chiyoda-ku, Tokyo	139,070,100	—	139,070,100	2.59
(Cross-held shares)					
NS United Kaiun Kaisha, Ltd.	2-3-2 Otemachi, Chiyoda-ku, Tokyo	3,246,600	—	3,246,600	0.06
NICHIA STEEL WORKS, LTD.	19 Nakahama-cho, Amagasaki-shi, Hyogo	2,573,500	—	2,573,500	0.05
Keiyo Tekko Futo Co., Ltd.	5 Takayashinmach, Ichikawa-shi	500,000	—	500,000	0.01
TETSUGEN Corporation	1-4-4 Fujimi, Chiyoda-ku, Tokyo	481,500	—	481,500	0.01
STEEL CENTER CO., LTD.	3-6-2 Uchikanda, Chiyoda-ku, Tokyo	64,700	—	64,700	0.00
Kowa Seiko Co., Ltd.	46-93 Aza-sakinohama, Nakabaru, Tobata-ku, Kitakyushu-shi, Fukuoka	50,000	—	50,000	0.00
Kyoei Steel Ltd.	1-4-16 Dojimahama, Kita-ku, Osaka-shi, Osaka	36,700	—	36,700	0.00
DAIDO LOGISTICS INC.	3-23 Himejima, Nishiyodogawa-ku, Osaka-shi, Osaka	700	—	700	0.00
Total		146,023,800	—	146,023,800	2.72

Notes: 1. In addition to the above, the number of shares with full voting rights (treasury stock, etc.) is 147,222,300 shares, when combined with 1,198,500 shares of the Company contributed to the retirement benefit trust.

2. In addition to the above, there are 3,300 shares recorded on the register of shareholders as being held under the name of the Company, which are not substantially held by the Company.

(8) Share ownership systems for officers and employees

(Performance-linked stock compensation system for the Company's Directors, etc.)

a. Overview of the System

The Company has introduced a performance-linked stock compensation system (the "System") for its Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors; the same applies hereinafter) and Executive Officers (collectively, the "Directors, etc.") to link a portion of their compensation to the Company's stock value, and for the Directors, etc. to share with its shareholders profits and risks arising from stock price fluctuations, thereby further strengthening their focus on contributing to the enhancement of medium- to long-term performance and corporate value.

The System is a performance-linked stock compensation system using a trust established by the Company (the "Trust"). The Company will award points to each Director, etc. according to factors such as their positions and the Company's performance, taking into consideration compensation level commensurate with the skills and responsibilities required, pursuant to the share delivery regulations established by the Board of Directors. The Company will deliver to the Directors, etc., upon their retirement as a general rule, the number of Company shares (acquired by the Trust) equivalent to the number of points so awarded through the Trust.

b. Number of shares held in trust

3,130,300 shares (as of March 31, 2026)

c. Persons eligible for the System

The Company's Directors, etc. who meet the beneficiary's requirements

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, 2026	19,496	29,219,506
Treasury stock acquired during the period from April 1, 2026 to the filing date of this report	3,059	1,771,093

Note: 1. The Company implemented a stock split at a ratio of five (5) shares for every one share effective October 1, 2025. Of the 19,496 shares of "Treasury stock acquired during the year ended March 31, 2026," 7,204 shares were acquired before the stock split, and 12,292 shares were acquired after the stock split.

2. "Treasury stock acquired during the period from April 1, 2026 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, 2026 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, 2026		Period from April 1, 2026 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)	2,442	4,539,922	310	178,943
Other (Disposition of treasury stock under the performance-linked stock compensation system)	3,130,300	2,109,509,170	—	—
Number of shares of treasury stock held	139,070,152	—	139,072,901	—

Note: 1. The Company implemented a stock split at a ratio of five (5) shares for every one share effective October 1, 2025. Of the 2,442 shares of treasury stock disposed of "Based on demand for cash-out of shares less than one unit" during the "Year ended March 31, 2026," 1,282 shares were disposed of before the stock split, and 1,160 shares were disposed of after the stock split.

2. The 3,130,300 shares of the Company held by the trust account related to trust assets under the performance-linked stock compensation system for the Company's Directors, etc. are not included in the "Number of shares of treasury stock held."

3. "Number of shares of treasury stock held" during the "Period from April 1, 2026 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, 2026 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."

For the five-year period covered by the 2030 Medium- to Long-term Management Plan (fiscal years ending March 2027 through March 2031), the Company has established a policy setting the minimum annual dividend per share at 24 yen.

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 60 yen per share (12 yen per share after taking into account the five-for-one stock split with an effective date of October 1, 2025) at the end of the first half. Regarding the year-end dividend, the Company resolved at the 102nd General Meeting of Shareholders held on June 23, 2026 to pay a year-end dividend of 12 yen per share. As a result, the annual dividend for fiscal year 2025—the final year of the prior Medium- to Long-term Management Plan—will be ¥24 per share when converted based on the stock split. The cumulative dividend payout ratio for the five-year period from fiscal 2021 to fiscal 2025, excluding the one-time loss associated with the U.S. Steel transaction, was approximately 30%.

Date of resolution	Total amount of dividends (Millions of Yen)	Dividends per share (Yen)
The Meeting of the Board of Directors held on November 5, 2025	62,777	60
The 102nd General Meeting of Shareholders held on June 23,2026	62,814	12

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 2025 (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	15 out of 15 meetings (100%)	—	2 out of 2 meetings (100%)
Tadashi Imai	Representative Director, President and COO (Chairperson)	15 out of 15 meetings (100%)	—	2 out of 2 meetings (100%)
Takahiro Mori	Representative Director, Vice Chairman and Executive Vice President	15 out of 15 meetings (100%)	—	—
Naoki Sato	Representative Director and Executive Vice President	15 out of 15 meetings (100%)	—	—
Takashi Hirose	Representative Director and Executive Vice President	15 out of 15 meetings (100%)	—	—
Hirofumi Funakoshi	Representative Director and Executive Vice President	15 out of 15 meetings (100%)	—	—
Hiroyuki Minato	Representative Director and Executive Vice President	15 out of 15 meetings (100%)	—	—
Nobuhiro Fujita	Representative Director and Executive Vice President	11 out of 11 meetings (100%)	—	—
Jun Sawada	Director (Outside Director) (Independent Director)	—	—	—
Miharu Koezuka	Director (Outside Director) (Independent Director)	—	—	—
[Directors who are Audit & Supervisory Committee Members]				
Kazumasa Shinkai	Senior Audit & Supervisory Committee Member (full-time)	15 out of 15 meetings (100%)	17 out of 17 meetings (100%)—	—
Takeshi Yamane	Audit & Supervisory Committee Member (full-time)	—	—	—
Kenji Hiramatsu	Audit & Supervisory Committee Member (Outside Director) (Independent Director)	15 out of 15 meetings (100%)	17 out of 17 meetings (100%)	2 out of 2 meetings (100%)
Aiko Sekine	Audit & Supervisory Committee Member (Outside Director) (Independent Director)	15 out of 15 meetings (100%)	17 out of 17 meetings (100%)	—
Sumiko Takeuchi	Audit & Supervisory Committee Member (Outside Director) (Independent Director)	15 out of 15 meetings (100%)	17 out of 17 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. Jun Sawada, Miharu Koezuka and Takeshi Yamane were elected at the 102nd General Meeting of Shareholders held on June 23, 2026.

3. For Nobuhiro Fujita attendance during fiscal 2025 since their election at the 101st General Meeting of Shareholders held on June 24, 2025 is shown.

4. For Directors who retired at the conclusion of the 102nd General Meeting of Shareholders held on June 23, 2026, attendance during fiscal 2025 is as follows.

Name	Position at the time of retirement	Attendance during fiscal 2025 (attendance rate)		
		Board of Directors' meeting	Audit & Supervisory Committee meeting	Nomination and Compensation Advisory Committee meeting
Tetsuro Tomita	Director (Outside Director) (Independent Director)	15 out of 15 meetings (100%)	—	2 out of 2 meetings (100%)
Kuniko Urano	Director (Outside Director) (Independent Director)	15 out of 15 meetings (100%)	—	2 out of 2 meetings (100%)
Eiji Sogo	Senior Audit & Supervisory Committee Member (full-time)	15 out of 15 meetings (100%)	17 out of 17 meetings (100%)	—

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

Name	Position at the time of retirement	Attendance during fiscal 2025 (attendance rate)		
		Board of Directors' meeting	Audit & Supervisory Committee meeting	Nomination and Compensation Advisory Committee meeting
Kazuhisa Fujita	Director	4 out of 4 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, a majority of whose members are Outside Directors 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.

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 Jun Sawada, Miharu Koezuka and Kenji Hiramatsu. The President serves as the Chairman of the Committee. In principle, the meeting is held twice a year (in fiscal 2025, it was held in May and December 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 overed.

(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	April 1979 Joined NSC April 2009 Director (under the Executive Management System), Director, Plate Division and Director, Structurals Division of NSC April 2011 Director (under the Executive Management System) of NSC October 2012 Executive Officer of the Company April 2013 Managing Executive Officer of the Company July 2015 Managing Executive Officer, Vice Head of Global Business Development and Project Leader, Usiminas Project, Global Business Development Sector of the Company April 2016 Executive Vice President and Head of Global Business Development of the Company June 2016 Representative Director, Executive Vice President and Head of Global Business Development of the Company April 2019 Representative Director and President of the Company April 2024 Representative Director, Chareman and CEO of the Company (to present)	(Note 1)	2,946
Representative Director, President and COO	Tadashi Imai	May 22, 1963	April 1988 Joined NSC April 2016 Executive Officer and Head of Works, Nagoya Works of the Company April 2019 Managing Executive Officer of the Company June 2020 Managing Director, Member of the Board of the Company 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 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 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 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 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 April 2024 Representative Director, President and COO of the Company (to present)	(Note 1)	1,362

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, Thai Project, Global Business Development Sector; Project Leader, USS Project	Takahiro Mori	October 3, 1957	April 1983 Joined NSC April 2021 Executive Vice President, Head of Global Business Development, and Project Leader, India Iron and Steel Project, Global Business Development Sector of the Company June 2021 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 April 2023 Representative Director and Executive Vice President, Head of Global Business Development, and Project Leader, India Project, Global Business Development Sector of the Company April 2024 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 April 2026 Representative Director, Vice Chairman and Executive Vice President, Head of Global Business Development; Project Leader, India Project, Global Business Development Sector; Project Leader, Thai Project, Global Business Development Sector; Project Leader, USS Project of the Company (to present)	(Note 1)	1,317
Representative Director and Executive Vice President, Deputy Project Leader, India Project, Global Business Development Sector; Deputy Project Leader, Thai Project, Global Business Development Sector; Deputy Project Leader, USS Project	Naoki Sato	March 23, 1961	April 1983 Joined NSC April 2021 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 June 2021 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 April 2022 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 April 2023 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 April 2024 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 April 2026 Representative Director and Executive Vice President, Deputy Project Leader, India Project, Global Business Development Sector; Deputy Project Leader, Thai Project, Global Business Development Sector; Deputy Project Leader, USS Project of the Company (to present)	(Note 1)	726

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 Joined NSC April 2021 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 April 2022 Executive Vice President, Head of Unit, Flat Products Unit, and Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company June 2022 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 April 2023 Representative Director and Executive Vice President, and Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company January 2024 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 April 2024 Representative Director and Executive Vice President, and Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company June 2025 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)	145
Representative Director and Executive Vice President, and Deputy Project Leader, USS Project	Hirofumi Funakoshi	June 17, 1963	July 1987 Joined NSC April 2019 Executive Officer and Head of Division, Corporate Planning Division of the Company April 2021 Managing Executive Officer of the Company April 2022 Managing Executive Officer and Vice Head of Green Transformation Department of the Company April 2023 Executive Vice President of the Company June 2023 Representative Director and Executive Vice President of the Company June 2025 Representative Director and Executive Vice President, and Deputy Project Leader, USS Project of the Company (to present)	(Note 1)	302
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 Joined NSC April 2021 Managing Executive Officer and Head of Muroran Works of the Company April 2022 Managing Executive Officer of the Company April 2023 Managing Executive Officer and Deputy Project Leader, Thai Steel Project, Global Business Development Sector of the Company April 2024 Executive Vice President, Project Leader, Next-Generation Hot Strip Mill Project, and Project Leader, Electric Furnace Project of the Company June 2024 Representative Director and Executive Vice President, Project Leader, Next-Generation Hot Strip Mill Project, and Project Leader, Electric Furnace Project of the Company June 2025 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 (to present)	(Note 1)	479

Titles	Name	Date of birth	Brief personal history	Term of office	Number of shares held (Hundreds of shares)
Representative Director and Executive Vice President, Head of Research and Development; Deputy Project Leader, USS Project	Nobuhiro Fujita	September 20, 1964	April 1989 Joined NSC April 2021 Managing Executive Officer and Head of Steel Research Laboratories, Research and Development of the Company April 2024 Senior Managing Executive Officer and Head of Steel Research Laboratories, Research and Development of the Company April 2025 Executive Vice President and Head of Research and Development of the Company June 2025 Representative Director and Executive Vice President, Head of Research and Development; Deputy Project Leader, USS Project of the Company (to present)	(Note 1)	134
Director, Member of the Board	Jun Sawada	July 30, 1955	April 1978 Joined Nippon Telegraph and Telephone Public Corporation April 1085 Joined Nippon Telegraph and Telephone Corporation (currently NTT, Inc.) June 2008 Senior Vice President Executive Manager of Corporate Strategy Planning Department Member of the Board of NTT Communications Corporation (currently NTT DOCOMO BUSINESS, Inc.) June 2011 Executive Vice President Executive Manager of Corporate Strategy Planning Department Member of the Board of NTT Communications Corporation June 2012 Senior Executive Vice President Executive Manager of Corporate Strategy Planning Department Representative Member of the Board of NTT Communications Corporation June 2013 Senior Executive Vice President Representative Member of the Board of NTT Communications Corporation June 2014 Senior Executive Vice President Representative Member of the Board of Nippon Telegraph and Telephone Corporation June 2018 President and Chief Executive Officer Representative Member of the Board of Nippon Telegraph and Telephone Corporation June 2020 President and Chief Executive Officer Representative Member of the Board of Nippon Telegraph and Telephone Corporation June 2022 President and Chief Executive Officer Representative Member of the Board of Nippon Telegraph and Telephone Corporation June 2024 Chairman and Member of the Board of Nippon Telegraph and Telephone Corporation June 2026 Director, Member of the board (Outside Director) of the Company (to present)	(Note 1)	0

Titles	Name	Date of birth	Brief personal history	Term of office	Number of shares held (Hundreds of shares)
Director, Member of the Board	Miharu Koezuka	September 2, 1955	April 1979 Joined Takashimaya Company, Limited May 2013 Director of Takashimaya Company, Limited September 2013 Senior Managing Director (Representative Director) General Manager of Planning Headquarters (General Manager of Reform Promotion Headquarters) of Takashimaya Company, Limited March 2014 Senior Managing Director (Representative Director) General Manager of Sales Headquarters of Takashimaya Company, Limited March 2016 Director of Takashimaya Company, Limited May 2016 Consultant of Takashimaya Company, Limited March 2020 Advisor of Takashimaya Company, Limited (Retired in March 2021) June 2026 Director, Member of the board (Outside Director) of the Company (to present)	(Note 1)	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; Senior Audit & Supervisory Committee Member (full-time)	Kazumasa Shinkai	October 4, 1962	April 1987 Joined NSC April 2021 Managing Executive Officer and Head of Division, General Administration Division of the Company April 2023 Managing Executive Officer of the Company April 2024 Executive Officer and Advisor to the President of the Company June 2024 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)	310
Director, Member of the Board who is an Audit & Supervisory Committee Member; Audit & Supervisory Committee Member (full-time)	Takeshi Yamane	June 22, 1970	April 1993 Joined NSC April 2020 General Manager, Head of Division, General Administration Division of the Setouchi Works, the Company April 2022 General Manager, General Administration Division of the Company April 2023 General Manager, Head of Division, General Administration Division of the Company April 2024 Executive Officer and Head of Division, General Administration Division of the Company April 2026 Executive Officer and Advisor to the President of the Company June 2026 Director, Member of the Board who is an Audit & Supervisory Committee Member, Audit & Supervisory Committee Member (full-time) of the Company (to present)	(Note 2)	48
Director, Member of the Board who is an Audit & Supervisory Committee Member; Audit & Supervisory Committee Member	Kenji Hiramatsu	December 22, 1956	April 1979 Joined Ministry of Foreign Affairs of Japan July 2008 Director-General for Latin American and Caribbean Affairs Bureau and Economic Affairs Bureau of Ministry of Foreign Affairs of Japan January 2011 Director-General for Global Issues of Ministry of Foreign Affairs of Japan September 2012 Director-General, Foreign Policy Bureau of Ministry of Foreign Affairs of Japan November 2015 Ambassador of Japan to the Republic of India January 2016 Ambassador of Japan to the Republic of India and Ambassador of Japan to the Kingdom of Bhutan September 2019 Ambassador of Japan to the Kingdom of Spain (Retired from Ministry of Foreign Affairs of Japan in November 2022) December 2022 Chairman of the Institute, Institute for International Strategy, Japan Research Institute 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)	(Note 2)	1

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	April 1981 Joined Citibank, N.A., Tokyo Branch October 1985 Joined Aoyama Audit Corporation March 1989 Certified as Public Accountant, Japan July 2001 Partner of Chuo Aoyama Audit Corporation September 2006 Partner of Arata Audit Corporation (currently PricewaterhouseCoopers Japan LLC) July 2016 Chairman and President of Japanese Institute of Certified Public Accountants July 2019 Advisor of Japanese Institute of Certified Public Accountants December 2020 Professor of Waseda University, Faculty of Commerce 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)	(Note 2)	50
Director, Member of the Board who is an Audit & Supervisory Committee Member; Audit & Supervisory Committee Member	Sumiko Takeuchi	June 21, 1971	April 1994 Joined Tokyo Electric Power Company, Incorporated (Retired in December 2011) January 2012 Director and Senior Fellow of International Environment and Economy Institute April 2016 Visiting Professor of University of Tsukuba (Resigned in March 2018) April 2018 Visiting Professor of Kansai University (Resigned in March 2020) October 2018 Co-representative of U3Innovations LLC April 2020 Specially Appointed Professor of Tohoku University 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)	(Note 2)	0
Total					7,824

Notes: 1. The term of office is from the conclusion of the General Meeting of Shareholders for the fiscal year ended March 31, 2026 up to the conclusion of the General Meeting of Shareholders for the fiscal year ending March 31, 2027.
2. The term of office is from the conclusion of the General Meeting of Shareholders for the fiscal year ended March 31, 2026 up to the conclusion of the General Meeting of Shareholders for the fiscal year ending March 31, 2028.
3. Directors Jun Sawada, Miharu Koezuka, 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 Jun Sawada

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 Miharu Koezuka

She had previously been an executive officer of Takashimaya Company, Limited, from which the Company purchases goods and other items. However she is no longer an executive officer of the company. Since the amount of transactions with the said company accounts for less than 1% of the consolidated selling, general and administrative expenses of the Company, 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

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.

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, 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 17 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 made decisions regarding the following matters: the election of the Chairperson of the Audit & Supervisory Committee or its substitute; the 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; consent to the election of Directors who are Audit & Supervisory Committee Members; determination of opinions regarding the election and remuneration of Directors other than Directors who are Audit & Supervisory Committee Members; determination of the procedures for prior approval of non-assurance services provided to the Company by the audit firm; and partial revisions to the Audit & Supervisory Committee Regulations and the Audit & Supervisory Committee Auditing Standards

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 change 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, reflecting improvements in the next year's audit plan, implementing the plan, and revising it as necessary during the fiscal year.

(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

20 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, etc. 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.

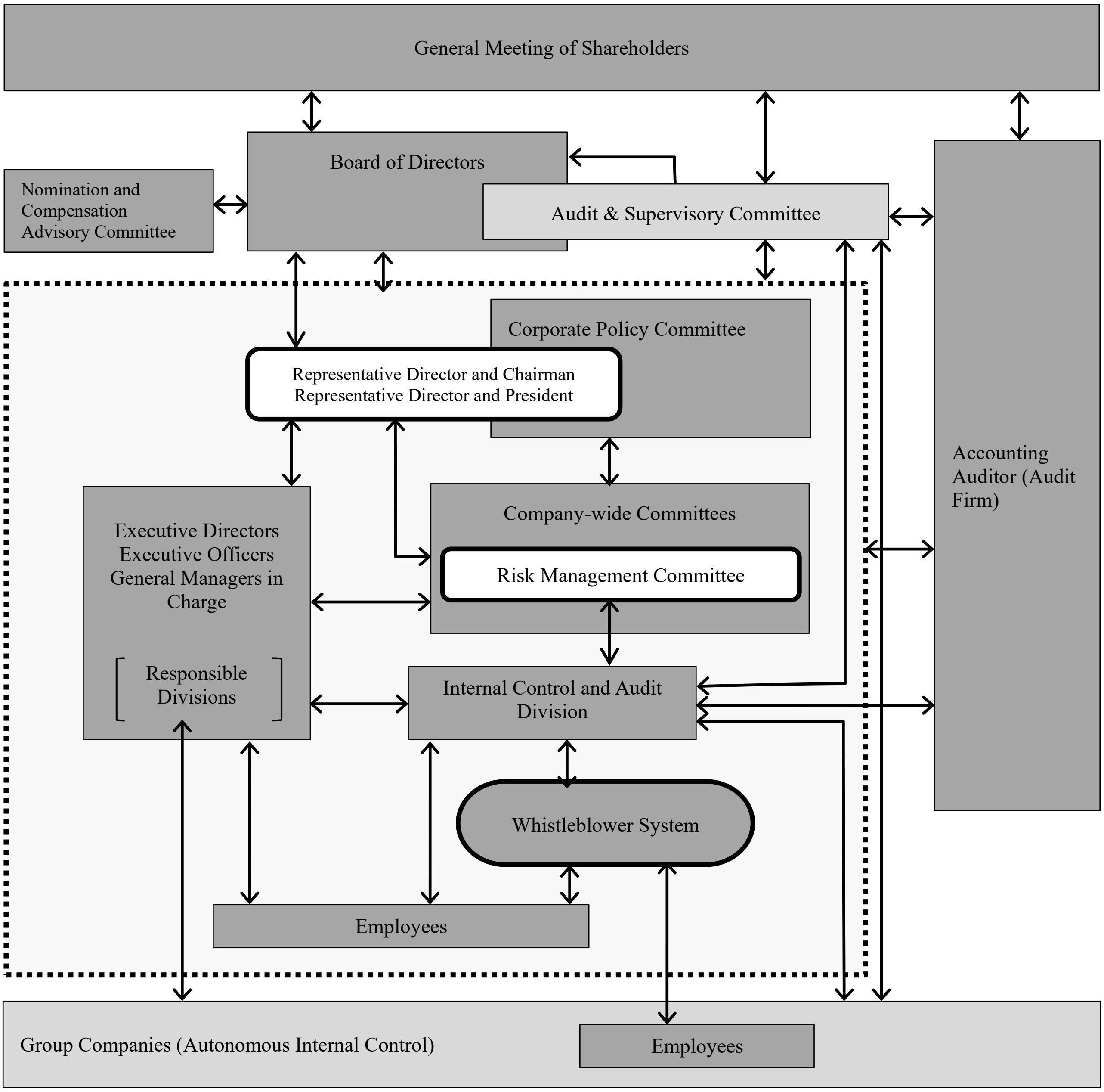
The Internal Control & Audit Division also assesses the effectiveness of its internal control system as of the end of each fiscal year, and compiles a report of its assessment based on the status of internal-control activities, internal audits, etc. This assessment is then reported to the Risk Management 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, 2026, including the Ordinary Budget Committee, the Plant and Equipment Investment Budget Committee, the Investment Review 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 (23 full-time and 26 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, 2025		Year ended March 31, 2026	
	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	175	26	189	5
Consolidated subsidiaries	981	2	993	7
Total	1,156	29	1,182	13

The Company and its consolidated subsidiaries engage certified public accountants, etc. conducting audits to provide non-audit services, such as preparation of a letter to the lead manager for a bond issuance, 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, 2025		Year ended March 31, 2026	
	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	—	33	—	76
Consolidated subsidiaries	547	224	827	787
Total	547	257	827	864

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 2025 to June 2025)

Position		Number of recipients	Total amount (yen)	Total amount by type (yen)		
				Fixed compensation	Performance-linked compensation *	Non-monetary
Directors (excluding Directors who are Audit & Supervisory Committee Members)		10	571,320,000	238,710,000	332,610,000	-
	Outside Directors	2	9,960,000	9,960,000	-	-
Directors who are Audit & Supervisory Committee Members		5	52,410,000	52,410,000	-	-
	Outside Directors	3	14,940,000	14,940,000	-	-
Total		15	623,730,000	291,120,000	332,610,000	-

Notes:

1. The above number of recipients includes one Director (excluding Directors who are Audit & Supervisory Committee Members) who retired at the conclusion of the 101st General Meeting of Shareholders held on June 24, 2025.
2. Matters regarding performance-linked compensation with an asterisk (*) 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 the consolidated underlying annual profit/loss (which is consolidated business profit/loss excluding inventory valuation impact and other items, and recognized as an 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.
   Performance-linked compensation for each Director (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) is determined within the limits approved by the General Meeting of Shareholders by adjusting the base amount of performance-linked compensation (i.e., the amount of compensation when the Company's consolidated performance reaches a certain level) established for each position within a specified range based on the above indicators.
   The consolidated underlying annual profit/loss in fiscal year 2023, used to determine the performance-linked compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) for the period from July April 2025 to June 2025, were 935.0 billion yen.
3. The specific amount of fixed compensation and performance-linked compensation for each Director (excluding Directors who are Audit & Supervisory Committee Members) are, 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 fixed compensation for each Director who is Audit & Supervisory Committee Member is determined by discussions of the Directors who are Audit & Supervisory Committee Members.
4. 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.
5. 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.

(Compensation, etc. from July 2025 to March 2026)

Position		Number of recipients	Total amount (yen)	Total amount by type (yen)		
				Fixed monetary compensation	Performance-linked compensation *1	
					Performance-linked monetary compensation	Performance-linked stock compensation *2
Directors (excluding Directors who are Audit & Supervisory Committee Members)		10	1,803,333,222	738,630,000	826,830,000	237,873,222
	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	1,960,563,222	895,860,000	826,830,000	237,873,222

Notes:

1. Matters regarding performance-linked compensation with an asterisk (*1) are as follows:
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 the consolidated underlying annual profit/loss (which is consolidated business 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.
Performance-linked monetary compensation for each Director (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors), is determined within the limits approved by the General Meeting of Shareholders by adjusting the base amount of performance-linked compensation (i.e., the amount of compensation when the Company's consolidated performance reaches a certain level) established for each position within a certain range based on the above indicators. Regarding performance-linked stock compensation for each Director (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors), the Company will award points to each Director according to their positions and the above indicators, and deliver to the Directors, upon their retirement as a general rule, the number of Company shares (acquired by the trust established through the Company's monetary contributions) equivalent to the number of points so awarded through the trust.
The consolidated underlying annual profit/loss in fiscal year 2024, which were used to determine the performance-linked monetary compensation and performance-linked stock compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) from July 2025 to March 2026, was 793.7 billion yen.
2. The details regarding the performance-linked stock compensation with an asterisk (*2) are as follows:
The performance-linked stock compensation, which is a form of non-monetary compensation, is provided under a trust-based stock compensation system based on the resolution of the 101st General Meeting of Shareholders held on June 24, 2025. Pursuant to the share delivery regulations established by the Board of Directors, the Company will award points to each Director (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) according to their positions and the Company's consolidated performance, and deliver to the Directors, upon their retirement as a general rule, the number of Company shares (acquired by the trust established through the Company's monetary contributions) equivalent to the number of points so awarded through the trust. The total amount of performance-linked stock compensation represents the amount of expenses recorded for the points awarded during the relevant fiscal year.
3. 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, as detailed in (c) a) (ii) i) d. below, determined by the Board of Directors after discussion in the "Nomination and Compensation Advisory Committee," which is composed of a majority of Outside Directors. 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.
4. The limit on the amount of monetary compensation (fixed monetary compensation and performance-linked monetary 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 (of which the amount of compensation for Outside Directors is 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. In addition, with respect to performance-linked stock compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors), it was approved at the 101st General Meeting of Shareholders held on June 24, 2025 that an upper limit of 295,000 points would be granted per fiscal year to such Directors, and that an upper limit on monetary contributions to acquire the Company's shares to be delivered to such Directors would be 1,650 million yen for the initial trust period of three years (when the trust period is extended, an amount obtained by multiplying 550 million yen by the number of years of the extension). The number of

Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) as of the conclusion of the General Meeting of Shareholders was eight.

5. 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 yen million 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 2025 to June 2025		From July 2025 to March 2026			
			Fixed compensation	Performance-linked compensation	Fixed monthly compensation	Performance-linked compensation		
						Performance-linked monthly compensation	Performance-linked stock compensation	
Eiji Hashimoto	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	45,000,000	67,500,000	135,000,000	157,500,000	62,409,879	467,409,879
Takahiro Mori	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	45,000,000	67,500,000	135,000,000	157,500,000	62,409,879	467,409,879
Tadashi Imai	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	33,750,000	50,610,000	101,250,000	118,080,000	35,116,929	338,806,929
Naoki Sato	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	22,500,000	33,750,000	67,500,000	78,750,000	15,587,307	218,087,307
Takashi Hirose	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	22,500,000	33,750,000	67,500,000	78,750,000	15,587,307	218,087,307
Hirofumi Funakoshi	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	22,500,000	33,750,000	67,500,000	78,750,000	15,587,307	218,087,307
Hiroyuki Minato	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	22,500,000	33,750,000	67,500,000	78,750,000	15,587,307	218,087,307
Nobuhiro Fujita	Director (excluding Director who is Audit & Supervisory Committee Member)	The Company	- *	- *	67,500,000	78,750,000	15,587,307	161,837,307

Note: 1. For Mr. Nobuhiro Fujita, 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 101st General Meeting of Shareholders held on June 24, 2025. The asterisk (*) indicates that monthly compensation for service as Executive Vice President from April to June 2025 was 15,990,000 yen and the total annual consolidated compensation including this amount was 195,317,307 yen.

2. The total amount of performance-linked stock compensation represents the amount of expenses recorded for the points awarded during the relevant fiscal year.

Reference: Positions and names of Executive Officers (excluding those concurrently serving as Directors) whose total amount of consolidated compensation is 100 million yen or more.

Position	Name	
Executive Vice President	Yuji Nomiyama	
Senior Managing Executive Officer	Ichiro Sato	Takahiko Iwai
Managing Executive Officers	Takeshi Imai	Kenichi Onoda
	Hidenori Ogawa	Hiroshi Ono

	Masashi Kishimoto	Hiroto Sonoda
	Noriyuki Hiramatsu	Masashi Imoto
	Eiji Orihashi	Ryuichi Nagai
	Satoru Endo	Hiroto Naitoh
	Masahiro Nakata	Shigekazu Iwamoto
	Tsuyoshi Harada	Hideki Ogawa
	Nobuo Okochi	

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

a) Content of policies

(i) From April 1, 2025 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.

(ii) 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, 2025 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.

(ii) 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 24, 2025.

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 9, 2025, the committee conducted discussions and deliberations on a wide range of topics including the Directors’ compensation system incorporating the introduction of performance-linked stock compensation, and the appropriateness of compensation levels by position.

(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, 2026).

b. Number of stocks and carrying amount

	Number of stocks	Carrying amount (Millions of Yen)
Unlisted shares	182	10,980
Shares other than unlisted shares	68	289,464

(Stocks whose number of shares increased during the year ended March 31, 2026)

	Number of stocks	Total acquisition cost of increased shares (Millions of Yen)	Reason for increase in number of shares
Unlisted shares	22	621	·Transfer from a consolidated subsidiary absorbed in a merger ·Reclassification to investment shares held for purposes other than pure investment following the partial sale of shares in a former affiliate, etc.
Shares other than unlisted shares	7	3,629	· Transfer from a consolidated subsidiary absorbed in a merger · Reclassification to investment shares held for purposes other than pure investment following the partial sale of shares in a former affiliate

(Stocks whose number of shares decreased during the year ended March 31, 2026)

	Number of stocks	Total sale amount of decreased shares (Millions of Yen)
Unlisted shares	5	22
Shares other than unlisted shares	11	16,853

(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, 2026	250
Changes in total number of stocks	(230)

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

Specified investment shares

<table>
<tr><td rowspan="3">Stock</td><td>Year ended March 31, 2026</td><td>Year ended March 31, 2025</td><td rowspan="3">Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding, and reason for increase in number of shares</td><td rowspan="3">Whether the Company's shares are held</td></tr>
<tr><td colspan="2">Number of shares</td></tr>
<tr><td colspan="2">Carrying amount (Millions of Yen)</td></tr>
<tr><td rowspan="2">Nittetsu Mining Co., Ltd.</td><td>8,129,600</td><td>1,625,920</td><td rowspan="2">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.</td><td rowspan="2">Yes</td></tr>
<tr><td>20,177</td><td>10,698</td></tr>
<tr><td rowspan="2">Mitsubishi UFJ Financial Group, Inc.</td><td>7,613,990</td><td>7,613,990</td><td rowspan="2">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.</td><td rowspan="2">Yes</td></tr>
<tr><td>19,796</td><td>15,311</td></tr>
<tr><td rowspan="2">Daido Steel Co., Ltd.</td><td>10,862,200</td><td>10,862,200</td><td rowspan="2">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.</td><td rowspan="2">Yes</td></tr>
<tr><td>19,687</td><td>12,926</td></tr>
<tr><td rowspan="2">Sankyu Inc.</td><td>2,061,280</td><td>2,061,280</td><td rowspan="2">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.</td><td rowspan="2">Yes</td></tr>
<tr><td>17,980</td><td>12,639</td></tr>
</table>

Stock	Year ended March 31, 2026	Year ended March 31, 2025	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)			
MITSUI & CO., LTD.	2,898,500	2,898,500	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
	17,272	8,114		
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		
Namura Shipbuilding Co., Ltd.	3,777,656	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
	15,771	11,488		
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
	14,659	13,027		
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
	13,098	10,452		

Stock	Year ended March 31, 2026	Year ended March 31, 2025	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)			
Aichi Steel Corporation	3,977,680	994,420	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
	11,173	6,970		
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
	8,706	7,133		
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		
TOHO TITANIUM CO., LTD.	3,500,000	3,500,000	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. 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
	8,200	3,916		
Sumitomo Mitsui Financial Group, Inc.	1,578,546	1,578,546	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. 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
	7,902	5,990		

Stock	Year ended March 31, 2026	Year ended March 31, 2025	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)			
OKAYA & CO., LTD.	869,000	869,000	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
	7,847	6,065		
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
	7,314	11,769		
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
	6,708	4,435		
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
	5,890	4,988		
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
	4,659	2,934		

Stock	Year ended March 31, 2026	Year ended March 31, 2025	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	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. 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 has therefore been proceeding with the sale of part of the company's shares based on the discussions with the Commission. 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
	4,646	3,951		
Konoike Transport Co., Ltd.	1,591,118	1,591,118	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
	4,606	4,270		
OSAKA Titanium technologies Co., Ltd.	1,807,000	1,807,000	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. 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
	4,490	3,476		

Stock	Year ended March 31, 2026	Year ended March 31, 2025	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
	3,895	3,002		
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
	3,115	2,180		
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
	3,095	1,020		
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
	2,771	1,937		
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
	2,711	1,804		

Stock	Year ended March 31, 2026	Year ended March 31, 2025	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)			
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		
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		
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
	2,179	2,373		
Usinas Siderúrgicas de Minas Gerais S.A.-USIMINAS	9,865,358	*	Pursuant to the shareholders' agreement relating to the company, the Company had collaborated with Ternium Investments S.à r.l. ("Ternium") and other parties. However, upon the transfer to Ternium of all shares of the company subject to the agreement on February 10, 2026, the agreement terminated with respect to the Company, and the company ceased to be an equity-method affiliate of the Company as of the end of the current fiscal year. Although the Company continued to hold shares of the company that were not subject to the agreement after its termination, those shares have been sold as of the filing date of this Annual Securities Report.	
	2,020	*		
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
	1,933	1,130		

Stock	Year ended March 31, 2026	Year ended March 31, 2025	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	280,425	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
	1,281	813		
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
	1,267	1,086		
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
	1,197	903		
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
	1,170	888		
MIYAJI ENGINEERING GROUP, INC.	631,200	631,200	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 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
	1,088	1,126		

Stock	Year ended March 31, 2026	Year ended March 31, 2025	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)			
West Japan Railway Company	270,000	270,000	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
	844	787		
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
	842	462		
Shinhokoku Material Corp.	1,017,800	1,017,800	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
	802	704		
HISAKA WORKS, LTD.	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 titanium 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
	766	*		
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
	649	436		

Stock	Year ended March 31, 2026	Year ended March 31, 2025	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)			
Nippon Yakin Kogyo Co., Ltd.	127,050	127,050	This company outsources manufacturing to the Company'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
	588	528		
Keisei Electric Railway Co., Ltd.	481,500	481,500	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
	565	648		
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
	509	494		
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
	504	392		
UEX, 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 Stainless-steel 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
	504	392		

Stock	Year ended March 31, 2026	Year ended March 31, 2025	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)			
POSCO-Thainox Public Company Limited	202,127,100	*	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
	402	*		
Mitsubishi Steel Mfg. Co., Ltd.	226,000	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
	402	368		
IWABUCHI CORPORATION	32,000	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
	395	201		
TAKADA CORPORATION	*	220,100	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		
The Takigami Steel Construction Co., Ltd.	*	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		

Stock	Year ended March 31, 2026	Year ended March 31, 2025	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)			
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		
SNT CORPORATION	—	2,577,600	The Company does not hold shares in this company as of March 31, 2026.	No
	—	1,036		

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., Sumitomo Mitsui Trust Group, Inc. and MIYAJI ENGINEERING GROUP, INC., subsidiaries of these companies hold shares in the Company.

Deemed holdings of shares

Stock	Year ended March 31, 2026	Year ended March 31, 2025	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
	46,190	35,726		
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
	24,310	16,988		
Sumitomo Mitsui Financial Group, Inc.	3,682,500	3,682,500	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
	18,434	13,975		
East Japan Railway Company	3,193,200	3,193,200	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 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
	11,575	9,426		

Stock	Year ended March 31, 2026	Year ended March 31, 2025	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.	7,876,400	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
	11,192	8,923		
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
	6,325	4,209		
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
	4,285	2,728		
MS&AD Insurance Group Holdings, Inc.	987,723	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
	3,982	3,185		

Stock	Year ended March 31, 2026	Year ended March 31, 2025	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	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
	3,865	2,933		
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
	3,854	3,154		

Notes: 1. In selecting stocks with the largest carrying amounts, specified investment shares and deemed holdings of shares are not combined.
2. 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.
3. Dai-ichi Life Holdings, Inc. changed its trade name to Daiichi Life Group, Inc. on April 1, 2026.

(c) Investment shares held for pure investment

Not applicable.

5. Employees

(1) Basic policy on human resources strategy

(a) Human resources strategy of the consolidated companies

The human resources strategy of the consolidated companies is presented in “II. Business Overview, 2. Concepts and Initiatives Related to Sustainability” of this report.

(b) Policy for determining employee salaries, etc.

The Company aims to become “the best steelmaker with world-leading capabilities,” supporting the competitiveness of Japanese industry for years to come. To achieve this goal, the Company is committed to sustainable growth and productivity improvement, while focusing on maximizing added value. Recognizing that the source of its competitiveness is the power of its employees, the Company strives to create an environment in which its diverse workforce can fully demonstrate their capabilities while maintaining high productivity. To this end, the Company has not only improved wages but also introduced and revised various personnel systems and pursued flexible and diverse work styles.

In determining employee salaries, etc., the Company reviews and determines appropriate compensation levels from the perspective of investment in its people to attract and retain its workforce and promote their advancement. In addition to improving wages, the Company has engaged in a series of sincere discussions between management and labor and implemented comprehensive measures to enhance employee salaries and benefits, including support for balancing work with childcare and family caregiving responsibilities. Guided by the belief that the development of excellent personnel is a prerequisite for our production of excellent products, the Company also actively engages in education and training to develop employees who understand and put into practice its Corporate Philosophy and Employee Action Guidelines.

Going forward, the Company will continue to proactively pursue initiatives centered on investment in its people to enhance employee engagement and further improve productivity, thereby delivering sustainable benefits to its employees.

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

(As of March 31, 2026)

Segment name	Number of employees
Steelmaking and Steel Fabrication	119,447 [11,246]
Engineering and Construction	5,331 [861]
Chemicals and Materials	3,277 [717]
System Solutions	10,398 [101]
Total	138,453 [12,925]

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, 2026) are shown in brackets.

3. The number of employees increased by 24,608 compared with the end of the previous fiscal year. The principal reasons for this increase were the inclusion of United States Steel Corporation as a consolidated subsidiary in the Steelmaking and Steel Fabrication segment and the inclusion of INFOCOM CORPORATION as a consolidated subsidiary in the System Solutions segment.

(2) Status of the reporting company

(As of March 31, 2026)

Number of employees	Average age	Average number of years employed	Average annual salary (Yen)	Change from the previous fiscal year of Average annual salary (%)
32,102 [1,159]	41.3	19.5	9,086,300	+0.4

Segment name	Number of employees
Steelmaking and Steel Fabrication	32,102 [1,159]
Total	32,102 [1,159]

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.

4. The number of employees increased by 3,450 compared with the end of the previous fiscal year. The principal reason for this increase was the absorption-type mergers of NIPPON STEEL PIPE CO., LTD. and NIPPON STEEL Stainless Steel Corporation, both of which had been consolidated subsidiaries.

Reference: Trend in Average Annual Salary for the Most Recent Three Fiscal Years

	Fiscal Year Ended May 31, 2024 (99th Fiscal Year)	Fiscal Year Ended May 31, 2025 (100th Fiscal Year)	Fiscal Year Ended May 31, 2026 (101st Fiscal Year)
Average annual salary (Yen)	8,292,871	9,051,874	9,086,300

(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, 2026 is 90,030 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

<table>
<tr><th colspan="7">Year ended March 31, 2026</th></tr>
<tr><th rowspan="2">Name</th><th rowspan="2">Percentage of managerial positions occupied by female workers (%) (Note 1)</th><th colspan="2">Percentage of male workers who take childcare leave (%)</th><th colspan="3">Wage gap between male and female workers (%) (Note 4)</th></tr>
<tr><th>Percentage who take childcare leave (Note 2)</th><th>Combined percentage who take childcare leave and time-off for the purposes of childcare (Note 3)</th><th>All workers</th><th>Regularly employed workers</th><th>Part time / fixed-term workers</th></tr>
<tr><td>NIPPON STEEL CORPORATION</td><td>1.8</td><td>88</td><td>100</td><td>67.1</td><td>67.1</td><td>83.1</td></tr>
</table>

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: 89%, assistant management group: 97%, global group: 93%, wide expert group: 81%, area group: 86%
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.
   We are working on DEI initiatives 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 gender equality 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, 2026						
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.	6.4	65	-	71.4	70.4	123.0
NIPPON STEEL TRADING CORPORATION	2.7	62	68	60.4	61.7	48.4
NIPPON STEEL COATED SHEET CORPORATION	1.3	42	89	77.6	78.0	55.0
OSAKA STEEL CO., LTD.	2.4	64	85	77.2	82.4	63.6
NIPPON STEEL METAL PRODUCTS CO., LTD.	4.5	93	93	71.6	774.5	52.1
KROSAKI HARIMA CORPORATION	3.4	48	122	78.1	82.7	54.4
NIPPON STEEL TEXENG. CO., LTD.	-	60	117	72.7	74.7	51.5
NIPPON STEEL LOGISTICS CO., LTD.	-	68	94	77.8	60.5	76.2
NIPPON STEEL SG WIRE CO., LTD.	2.3	91	175	75.6	82.3	39.9
GEOSTER Corporation	2.4	100	-	64.8	66.7	39.9
NIPPON STEEL WELDING & ENGINEERING Co., Ltd.	0.9	-	100	79.3	81.5	74.0
NIPPON STEEL DRUM CO., LTD.	2.5	75	100	81.0	80.4	69.6
NIPPON STEEL PROCESSING Co., Ltd.	3.6	43	81	87.8	87.6	82.2
NIPPON STEEL COATED STEEL PIPE Co., Ltd.	3.7	-	-	-	-	-
NIPPON STEEL STAINLESS STEEL PIPE CO., LTD.	1.9	50	-	76.0	79.5	65.2
NIPPON STEEL Eco-Tech Corporation	4.0	72	72	74.9	79.4	67.4
NST COIL CENTER CO., LTD.	4.1	33	-	70.5	73.9	58.3
NIPPON STEEL ANTI-CORROSION CO., LTD.	3.6	100	-	-	-	-
NIPPON STEEL PRECISION MACHINING CO., LTD.	0	0	100	80.8	80.2	- (Note 5)
OJI STEEL Co., Ltd.	-	-	100	72.6	77.3	66.8
NIPPON STEEL INSURANCE SERVICE, INC.	16.0	-	-	-	-	-

Year ended March 31, 2026						
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 Kozai CO., LTD.	0	-	-	-	-	-
NIPPON STEEL KOBELCO METAL PRODUCTS CO., LTD	0	-	-	88.0	88.0	- (Note 5)
TAIYO-SAKAKO CORPORATION	-	0	-	-	-	-
NIPPON STEEL ELECTRICAL STEEL Co., Ltd.	7.1	75	-	76.9	83.4	74.8
Igeta Sunrise Pipe Corporation	1.1	36	36	71.1	71.8	46.8
NIPPON STEEL TRADING SYSTEM BUILDING CORPORATION	2.2	66	-	-	-	-
Tokai Steel Industries Co., Ltd.	0	-	-	-	-	-
NST ARAI Automotive Co., Ltd.	5.0	-	-	-	-	-
NIPPON STEEL FINE TUBE CO., LTD.	2.0	100	100	70.5	70.7	82.0
NIPPON STEEL TECHNOLOGY Co., Ltd.	8.1	82	104	83.3	85.4	36.7
Nikken Steel Co., Ltd.	0	100	100	82.5	79.5	91.2
NIPPON STEEL SLAG PRODUCTS CO., LTD.	1.8	50	94	75.1	75.1	28.4
MMI Co., Ltd.	0	100	100	55.3	63.7	75.0
NIPPON STEEL KANSAI MACHINING CO., LTD.	—	100	100	83.8	84.1	78.4
Santoku Kogyo Co., Ltd.	0	71	71	80.4	78.1	123.3
NIPPON STEEL Stainless-Working Corporation	0	-	-	79.0	79.0	- (Note 5)
NIPPON STEEL FIRST TEC CO., LTD.	2.7	50	100	70.6	75.5	67.0
NS Kenzai Hanbai Co., Ltd.	5.3	-	-	79.3	79.3	- (Note 5)
NS Logi West Japan Co., Ltd.	-	-	-	58.3	62.7	71.0
NS Logi East Japan Co., Ltd.	0	0	100	74.0	71.1	72.0
NIPPON STEEL BUSINESS SERVICE LTD.	0	82	-	84.6	84.2	56.8
NS Heartful Service Kansai Co., Ltd.	30.0	-	-	-	-	-

Year ended March 31, 2026						
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
TEXENG Techno Service Co., Ltd.	18.2	-	-	81.8	58.6	73.8

[Engineering and Construction business]

Year ended March 31, 2026						
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.	1.8	82	103	63.6	65.0	52.2
NIPPON STEEL PIPELINE & ENGINEERING CO., LTD.	2.4	66	88	71.1	72.5	72.3
NIPPON STEEL ENVIRONMENTAL & ENERGY CORPORATION	0	83	95	70.9	75.0	55.1

[Chemicals and Materials business]

Year ended March 31, 2026						
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.	2.0	85	95	64.8	68.3	48.8

[System Solutions business]

Year ended March 31, 2026						
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	8.2	-	110	74.9	74.9	61.9
Network Value Components Ltd.	21.1	-	-	-	-	-
NIPPON STEEL Hitachi Systems Engineering, Inc.	11.8	71	157	77.2	77.9	71.5
INFOCOM CORPORATION	7.6	75	-	76.2	78.2	57.6
NS Solutions East Japan Corporation	3.9	57	73	83.1	82.6	89.5
NS Solutions Kyushu Corporation	9.5	84	92	89.4	89.1	73.6
NS Solutions Service and Technology Corporation	7.7	75	100	67.0	67.1	- (Note 5)
NS Solutions Hokkaido Corporation	4.5	-	100	76.2	77.6	44.7
NS Solutions Kansai Corporation	4.8	83	100	84.4	84.5	81.2
NS Solutions Chubu Corporation	11.2	-	100	76.8	77.8	68.1
J-MAC SYSTEM, INC.	3.0	75	-	-	-	-
Infocom Technologies Corporation	-	66	-	83.6	83.7	78.9

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 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," (Ministry of Labour Ordinance 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).

   The following companies disclose the results for each employment management category.

   Sanyo Special Steel Co., Ltd.: Career track: 75%, non-career track: N/A, technical staff: 58% (all regular employees)
   Krosaki Harima Corporation: Regular employees: 48%, contract / part-time employees: N/A
   Nippon Steel SG Wire Co., Ltd.: Career track (regular employees): 85%, manufacturing track (regular employees): 100%
   NIPPON STEEL PROCESSING Co., Ltd.: Regular employees: 43%, Contract employees: N/A
   Nippon Steel Stainless Steel Pipe Co., Ltd.: Regular employees: 50%, irregular employees: N/ANST Coil Center Co., Ltd.: Career track: 0%, technical track: 40%, non-career track / contract / part-time employees: N/A
   NIPPON STEEL ELECTRICAL STEEL Co., Ltd.: Regular employees: 75%, irregular employees: N/A
   Nippon Steel Trading System Building Corporation: Career track: 50%, non-career track: N/A
   NIPPON STEEL SLAG PRODUCTS CO., LTD.: Regular employees: 50%, irregular employees: N/A
   MMI Co., Ltd.: Regular employees: 100%, irregular employees: N/A
   NIPPON STEEL FIRST TEC CO., LTD.: Managers: 100%, administrative staff: 66%, technical staff: 42%
   NS Logi East Japan Co., Ltd.: Drivers / warehouse workers /administrative staff: 0%
   Nippon Steel Business Service Ltd.: Regular employees 82%, contract / part-time employees: N/A
   NIPPON STEEL ENGINEERING CO., LTD.: Chief or above: 87%, global staff (clerical): 77%, global staff (technical): 66%, expert staff and contract employees: N/A
   NIPPON STEEL PIPELINE & ENGINEERING CO., LTD.: Regular employees: 66%, irregular employees: N/A
   NIPPON STEEL ENVIRONMENTAL & ENERGY CORPORATION: Regular employees: 83%, irregular employees: N/A
   INFOCOM CORPORATION: Regular employees: 71%, irregular employees: 100%

NS Solutions Service and Technology Corporation: Regular employees: 75%, irregular employees: N/A
Infocom Technologies Corporation: Regular employees: 66%, 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 LOGISTICS CO., LTD., Nippon Steel Stainless Steel Pipe Co., Ltd., Oji Steel Co., Ltd., NIPPON STEEL ELECTRICAL STEEL Co., Ltd., Nippon Steel Kansai Machining Co., Ltd., Sanyo Special Steel Co., Ltd., NS Kenzai Hanbai Co., Ltd., INFOCOM CORPORATION,NS Solutions Kyushu Corporation, NS Solutions Hokkaido Corporation
5. There are no female employees.
6. "-" means that the indicator concerned is not disclosed.

V. Financial Information

Consolidated Financial Statements

Consolidated Statements of Financial Position

(Millions of Yen)

ASSETS		As of March 31, 2025	**As of March 31,2026**
Current assets :			
Cash and cash equivalents	(Notes 8 and 34)	672,526	**461,262**
Trade and other receivables	(Notes 9 and 34)	1,430,435	**1,768,226**
Inventories	(Note 10)	2,199,096	**2,776,012**
Other financial assets	(Note 34)	41,425	**54,705**
Other current assets		205,019	**229,363**
Total current assets		4,548,503	**5,289,570**
Non-current assets :			
Property, plant and equipment	(Notes 11, 12 and 23)	3,635,585	**5,899,583**
Right-of-use assets	(Note 14)	101,934	**139,478**
Goodwill	(Notes 7, 13 and 30)	71,639	**259,746**
Intangible assets	(Note 13)	263,231	**832,800**
Investments accounted for using the equity method	(Note 15)	1,600,366	**1,465,536**
Other financial assets	(Note 34)	461,378	**536,875**
Defined benefit assets	(Note 19)	116,415	**162,276**
Deferred tax assets	(Note 16)	135,074	**42,280**
Other non-current assets		8,329	**32,436**
Total non-current assets		6,393,955	**9,371,013**
Total assets		10,942,458	**14,660,583**

The accompanying notes are integral parts of these statements.

(Millions of Yen)

LIABILITIES		As of March 31, 2025	**As of March 31,2026**
Current liabilities :			
Trade and other payables	(Notes 17 and 34)	1,671,352	**2,340,108**
Bonds, borrowings and lease liabilities	(Notes 11, 14, 18 and 34)	473,466	**506,004**
Other financial liabilities	(Note 34)	823	**5,493**
Income taxes payable		126,428	**39,285**
Other current liabilities		63,421	**81,792**
Total current liabilities		2,335,493	**2,972,686**
Non-current liabilities :			
Bonds, borrowings and lease liabilities	(Notes 11, 14, 18 and 34)	2,034,026	**4,668,249**
Other financial liabilities	(Note 34)	35	**884**
Defined benefit liabilities	(Note 19)	111,552	**160,207**
Deferred tax liabilities	(Note 16)	137,014	**335,144**
Other non-current liabilities	(Note 34)	420,955	**498,851**
Total non-current liabilities		2,703,584	**5,663,337**
Total liabilities		5,039,077	**8,636,023**
EQUITY			
Common stock	(Note 20)	569,519	**569,519**
Capital surplus	(Note 20)	578,457	**588,011**
Retained earnings	(Note 20)	3,819,934	**3,752,153**
Treasury stock	(Note 20)	(58,236)	**(59,023)**
Other components of equity		473,635	**679,786**
Total equity attributable to owners of the parent		5,383,311	**5,530,448**
Non-controlling interests		520,069	**494,111**
Total equity		5,903,380	**6,024,560**
Total liabilities and equity		10,942,458	**14,660,583**

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, 2025	**Year ended March 31, 2026**
Revenue	(Note 22)	8,695,526	**10,063,216**
Cost of sales	(Notes 19, 23 and 25)	(7,323,874)	**(8,618,408)**
Gross profit		1,371,651	**1,444,808**
Selling, general and administrative expenses	(Notes 19, 23, 24, 25 and 35)	(815,817)	**(993,968)**
Share of profit in investments accounted for using the equity method	(Note 15)	126,900	**85,412**
Other operating income	(Note 26)	79,845	**108,782**
Other operating expenses	(Note 26)	(79,343)	**(130,906)**
Business profit	(Note 27)	683,237	**514,128**
Losses on reorganization	(Note 28)	(135,277)	**(271,225)**
Operating profit		547,960	**242,903**
Finance income	(Note 29)	20,841	**31,132**
Finance costs	(Note 29)	(44,423)	**(101,222)**
Profit before income taxes		524,377	**172,814**
Income tax expense	(Note 16)	(141,405)	**(128,059)**
Profit for the year		382,972	**44,754**
Profit for the year attributable to :			
Owners of the parent		350,227	**17,158**
Non-controlling interests		32,744	**27,596**
Earnings per share	(Note 32)		
Basic earnings per share (Yen)		70.18	**3.28**
Diluted earnings per share (Yen)		67.03	**3.28**

Consolidated Statements of Comprehensive Income (Millions of Yen)

		Year ended March 31, 2025	**Year ended March 31, 2026**
Profit for the year		382,972	**44,754**
Other comprehensive income	(Note 31)		
Items that cannot be reclassified to profit or loss			
Changes in fair value of financial assets measured at fair value through other comprehensive income		(22,747)	**72,502**
Remeasurements of defined benefit plans		14,546	**45,643**
Share of other comprehensive income of investments accounted for using the equity method	(Note 15)	(4,613)	**6,167**
Subtotal		(12,815)	**124,313**
Items that might be reclassified to profit or loss			
Changes in fair value of financial assets measured at fair value through other comprehensive income		-	**(290)**
Changes in fair value of cash flow hedges		10,222	**23,987**
Foreign exchange differences on translation of foreign operations		108,222	**204,930**
Share of other comprehensive income of investments accounted for using the equity method	(Note 15)	3,004	**(39,099)**
Subtotal		121,449	**189,527**
Total other comprehensive income, net of tax		108,634	**313,841**
Total comprehensive income for the year		491,606	**358,595**
Comprehensive income for the year attributable to:			
Owners of the parent		438,493	**319,952**
Non-controlling interests		53,113	**38,643**

The accompanying notes are integral parts of these statements.

Consolidated Statements of Changes in Equity

Year ended March 31, 2025 (Millions of Yen)

		Equity attributable to owners of the parent					
						Other components of equity	
		Common stock	Capital surplus	Retained earnings	Treasury stock	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 31)					(32,317)	14,840
Total comprehensive income		—	—	350,227	—	(32,317)	14,840
Transactions with owners and others							
Issuance of convertible bonds	(Note 20)						
Conversion of convertible bonds	(Note 20)	149,720	147,627				
Cash dividends	(Note 21)			(162,085)			
Share-based payment transactions	(Note 33)						
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)
Transfer to non-financial assets	(Note 34)						
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					
		Other components of equity					
		Changes in fair value of cash flow hedges	Foreign exchange differences on translation of foreign operations	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
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 31)	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							
Issuance of convertible bonds	(Note 20)			—	—		—
Conversion of convertible bonds	(Note 20)			—	297,347		297,347
Cash dividends	(Note 21)			—	(162,085)	(16,783)	(178,869)
Share-based payment transactions	(Note 33)			—	—		—
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)	—		—
Transfer to non-financial assets	(Note 34)			—	—		—
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.

Year ended March 31, 2026 (Millions of Yen)

		Equity attributable to owners of the parent					
						Other components of equity	
		Common stock	Capital surplus	Retained earnings	Treasury stock	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, 2025		569,519	578,457	3,819,934	(58,236)	164,118	—
Changes of the year							
Comprehensive income							
Profit for the year				17,158			
Other comprehensive income	(Note 31)					74,940	44,580
Total comprehensive income		—	—	17,158	—	74,940	44,580
Transactions with owners and others							
Issuance of convertible bonds	(Note 20)		19,971				
Conversion of convertible bonds	(Note 20)						
Cash dividends	(Note 21)			(146,480)			
Share-based payment transactions	(Note 33)		318				
Purchases of treasury stock	(Note 20)				(39)		
Disposals of treasury stock	(Note 20)		901		4		
Changes in ownership interests in subsidiaries			(11,637)				
Transfer from other components of equity to retained earnings				61,541		(16,961)	(44,580)
Transfer to non-financial assets	(Note 34)						
Changes in scope of consolidation					(750)		
Subtotal		—	9,553	(84,939)	(786)	(16,961)	(44,580)
Balance as of March 31, 2026		**569,519**	**588,011**	**3,752,153**	**(59,023)**	**222,097**	**—**

		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, 2025		51,808	257,708	473,635	5,383,311	520,069	5,903,380
Changes of the year							
Comprehensive income							
Profit for the year				—	17,158	27,596	44,754
Other comprehensive income	(Note 31)	7,925	175,347	302,794	302,794	11,046	313,841
Total comprehensive income		7,925	175,347	302,794	319,952	38,643	358,595
Transactions with owners and others							
Issuance of convertible bonds	(Note 20)			—	19,971		19,971
Conversion of convertible bonds	(Note 20)			—	—		—
Cash dividends	(Note 21)			—	(146,480)	(14,110)	(160,591)
Share-based payment transactions	(Note 33)			—	318		318
Purchases of treasury stock	(Note 20)			—	(39)		(39)
Disposals of treasury stock	(Note 20)			—	905		905
Changes in ownership interests in subsidiaries				—	(11,637)	(65,894)	(77,532)
Transfer from other components of equity to retained earnings				(61,541)	—		—
Transfer to non-financial assets	(Note 34)	(35,102)		(35,102)	(35,102)		(35,102)
Changes in scope of consolidation				—	(750)	15,404	14,653
Subtotal		(35,102)	—	(96,643)	(172,815)	(64,601)	(237,416)
Balance as of March 31, 2026		**24,632**	**433,056**	**679,786**	**5,530,448**	**494,111**	**6,024,560**

The accompanying notes are integral parts of these statements.

Consolidated Statements of Cash-Flows

(Millions of yen)

		Year ended March 31, 2025	**Year ended March 31, 2026**
Cash flows from operating activities :			
Profit before income taxes		524,377	**172,814**
Depreciation and amortization		385,243	**573,916**
Finance income		(20,841)	**(31,132)**
Finance costs		44,423	**101,222**
Share of profit in investments accounted for using the equity method		(126,900)	**(85,412)**
Losses on reorganization		135,277	**271,225**
(Increase) decrease in trade and other receivables		204,644	**9,096**
(Increase) decrease in inventories		95,656	**77,671**
Increase (decrease) in trade and other payables		(104,577)	**(109,301)**
Other, net		(13,806)	**(41,315)**
Subtotal		1,123,496	**938,782**
Interest received		20,834	**20,367**
Dividends received		51,512	**71,067**
Interest paid		(36,354)	**(89,955)**
Income taxes paid		(180,895)	**(223,322)**
Net cash flows provided by operating activities		978,593	**716,939**
Cash flows from investing activities :			
Purchases of property, plant and equipment and intangible assets		(597,938)	**(863,176)**
Proceeds from sales of property, plant and equipment and intangible assets		13,616	**39,131**
Payments for disposal of property, plant and equipment		(20,256)	**(26,479)**
Purchases of investment securities		(6,031)	**(2,492)**
Proceeds from sales of investment securities		231,023	**33,340**
Proceeds from sales of investments in affiliates		39,241	**100,502**
Purchases of shares of subsidiaries resulting in change in scope of consolidation	(Note 7)	(35)	**(2,015,572)**
Proceeds from (payments for) sales of shares of subsidiaries resulting in change in scope of consolidation		—	**(92,521)**
Loans to associates and others		(5,464)	**(1,098)**
Collection of loans from associates and others		2,189	**104**
Other, net		(118,774)	**(8,921)**
Net cash flows used in investing activities		(462,428)	**(2,837,181)**
Cash flows from financing activities :			
Increase (decrease) in short-term borrowings, net	(Note 18)	44,108	**(32,721)**
Proceeds from long-term borrowings	(Note 18)	160,503	**2,052,693**
Repayments of long-term borrowings	(Note 18)	(159,090)	**(544,743)**
Proceeds from issuance of bonds	(Note 18)	166,284	**611,327**
Redemption of bonds	(Note 18)	(140,010)	**(81,327)**
Purchases of treasury stock		(58)	**(29)**
Cash dividends paid	(Note 21)	(162,085)	**(146,480)**
Dividends paid to non-controlling interests		(16,783)	**(14,110)**
Purchases of shares of subsidiaries that do not result in change in scope of consolidation		(64,586)	**(79,300)**
Other, net		(141,615)	**120,993**
Net cash flows provided by (used in) financing activities		(313,334)	**1,886,301**
Effect of exchange rate changes on cash and cash equivalents		20,803	**22,676**
Net increase (decrease) in cash and cash equivalents		223,634	**(211,264)**
Cash and cash equivalents at beginning of the year		448,892	**672,526**
Cash and cash equivalents at end of the year	(Note 8)	672,526	**461,262**

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, 2026 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 interpretation 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)

"Payment for acquisition of businesses" (¥(113,715) million in the year ended March 31, 2025) 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, 2026. The consolidated statements of cash flows for the year ended March 31, 2025 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 23, 2026.

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 is 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 process and other rights.

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: 493 companies
Names of principal subsidiaries are listed in "Principal Subsidiaries and Affiliates"
In fiscal 2025, the scope of consolidation expanded by 109 companies, including 98 newly acquired companies and 10 newly established companies, etc. 35 companies, including 21 merged companies and 8 liquidations, etc., were eliminated from the scope of consolidation in fiscal 2025.
As part of the above, 87 companies were newly included in the scope of consolidation as a result of the merger between our United States subsidiary and United States Steel Corporation on June 18, 2025.

Number of equity-method and proportionate-consolidation affiliates (associates, joint operations and joint ventures): 112 companies
Names of principal equity-method affiliates are listed in "Principal Subsidiaries and Affiliates"
During fiscal 2025, 9 companies were added to the scope of equity-method affiliates including 7 newly acquired companies and 1 newly established company, etc. 7 companies were removed from the scope of equity-method affiliates by sales.
As part of the above, 7 companies were added to the scope of equity- method affiliates as a result of the merger between our United States subsidiary and United States Steel Corporation on June 18, 2025.

(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, at fair value through other comprehensive income or at fair value through profit or loss.

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. Financial assets measured at fair value through profit or loss are initially recognized at their fair value, with transaction costs directly attributable to the acquisition recognized in profit or loss at the date of occurrence. 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 equity instruments are derecognized or significant deterioration of fair value occurs, the cumulative gain or loss recognized in other comprehensive income is reclassified to retained earnings. Dividends from these equity instruments are recognized in profit or loss when the Group's right to receive dividends is established.

Debt instruments are classified as financial assets measured at fair value through other comprehensive income when these assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt instruments are initially measured at their fair value, and subsequent changes in fair value are recognized in other comprehensive income except for impairment gain or loss and foreign exchange gain or loss. When the debt instruments are derecognized, the cumulative gain or loss recognized in other comprehensive income is reclassified from equity to profit or loss.

Financial assets measured at fair value through profit or loss
Financial assets measured at fair value other than those classified or designated as financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially measured at their fair value, and subsequent changes in fair value are recognized in profit or loss.

(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 and interest rate swaps, to hedge foreign currency risk and interest rate risk and others. 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 and hedges of net investments in foreign operations 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 derivatives as hedging instruments 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 derivatives as hedging instruments 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.

(iii) Hedges of net investments in foreign operations
The Group designates foreign exchange forward contracts and foreign currency borrowings as hedging instruments to hedge the risk of change in exchange rate concerning net investments in foreign operations.
The effective portion of changes in fair value of derivative and foreign currency borrowings as a hedging instrument is recognized in other comprehensive income. Any ineffective portion of changes in fair value of derivative and foreign currency borrowings as the hedging instrument is recognized in profit or loss. The amount accumulated in other comprehensive income is reclassified to profit or loss at the time of disposition of a foreign operation.

(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 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 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 - 35 years
- Machinery: Principally 14 - 15 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 18 - 35 years
- Customer-related intangible assets :	Principally 16 - 18 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 applies an exemption of IFRS 16 and elects 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 defined benefit corporate pension plans and lump-sum retirement payment plans, defined contribution plans, and multi-employer 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.

(iii) Multi-employer plans
Certain North American consolidated subsidiaries participate in a multi-employer defined benefit plan. Since the amount of plan assets corresponding to the contribution by the companies cannot be reasonably calculated, the plan is accounted for as a defined contribution plan.

(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) Government grants

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to the grants and that the grants will be received. Grants related to assets are directly deducted from the acquisition cost of the asset. Grants related to income are deducted from the related expenses.

(15) Share-based payment

The Group has implemented performance-linked stock compensation systems utilizing a trust and other methods as a form of equity-settled share-based payment plan.

The consideration for services received is measured at the fair value of the Company’s shares and recognized as an expense over the vesting period, with a corresponding increase in equity.

(16) Income taxes

Income taxes comprise 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.

(17) 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.

Regarding the impact of the Middle East situation on the recoverable amounts used in the impairment of the Group's non-financial assets and on the recoverability of deferred tax assets, as there is no prospect of an end to the situation, the impact cannot be comprehensively and reasonably assessed at this time. Accordingly, these estimates have been made by reflecting only those impacts that can be reasonably assumed. However, these assumptions involve a high degree of uncertainty, and revisions to such assumptions in future periods may result in significant impacts on the estimated amounts and the Group's consolidated financial statements.

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 34 "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 30 "Impairment of Assets"
- Note 3 (11) "Employee benefits" and Note 19 "Employee Benefits"
- Note 3 (13) "Revenue" and Note 22 "Revenue"
- Note 3 (16) "Income taxes" and Note 16 "Income Taxes"
- Note 37 "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 *Presentation of Financial Statements* 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, 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 <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.

(Year ended March 31, 2026)

(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	**9,173,227**	**357,517**	**239,835**	**292,636**	**10,063,216**	**—**	**10,063,216**
Inter-segment revenue or transfers	**48,477**	**36,936**	**18,125**	**90,257**	**193,797**	**(193,797)**	**—**
Total	**9,221,705**	**394,453**	**257,961**	**382,893**	**10,257,014**	**(193,797)**	**10,063,216**
Segment profit <Business profit>	**439,961**	**23,105**	**21,951**	**43,315**	**528,334**	**(14,205)**	**514,128**
Other items							
Depreciation and amortization	**555,583**	**2,922**	**8,654**	**12,006**	**579,166**	**(5,250)**	**573,916**
Share of profit in investments accounted for using the equity method	**76,807**	**89**	**466**	**20**	**77,383**	**8,028**	**85,412**
Segment assets	**13,770,053**	**367,724**	**260,924**	**409,091**	**14,807,794**	**(147,211)**	**14,660,583**
Other items							
Investments accounted for using the equity method	**1,321,942**	**4,405**	**30,063**	**151**	**1,356,563**	**108,972**	**1,465,536**
Capital expenditure	**976,903**	**4,548**	**12,348**	**6,025**	**999,826**	**(12,091)**	**987,734**
Acquisitions through business combinations (property, plant and equipment, goodwill and intangible assets)	**2,280,320**	**509**	**—**	**61,641**	**2,342,471**	**—**	**2,342,471**
Segment liabilities (Interest-bearing debt)	**5,139,779**	**8,058**	**10,919**	**15,508**	**5,174,266**	**(12)**	**5,174,253**

Note:

The adjustments of segment profit of ¥(14,205) 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 ¥6,590 million and elimination of inter-segment revenue or transfers of ¥(20,796) 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, 2025)

(Millions of Yen)

Japan	Overseas Subtotal				Total
		North America	Asia	Other	
5,109,771	3,585,755	498,754	2,076,558	1,010,442	8,695,526

(Year ended March 31, 2026)

(Millions of Yen)

Japan	Overseas Subtotal				Total
		North America	Asia	Other	
4,860,147	**5,203,069**	**2,005,476**	**1,848,773**	**1,348,818**	**10,063,216**

(Changes in presentation methods)

"North America" (¥498,754 million in the year ended March 31, 2025, which had been included in "Other") has become material and therefore is independently presented for the year ended March 31, 2026. Notes for the year ended March 31, 2025 are reclassified to reflect the change in presentation method.

(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, 2025)

(Millions of Yen)

Japan	Overseas			Total
		North America	Other	
3,368,684	712,035	43,782	668,253	4,080,720

(As of March 31, 2026)

(Millions of Yen)

Japan	Overseas			Total
		North America	Other	
3,930,489	**3,233,555**	**2,463,686**	**769,868**	**7,164,044**

(5) 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, 2026
Merger of United States Steel Corporation

(1) Overview

(a) Name of the acquiree and the description of its business
Name of the acquiree: United States Steel Corporation (U. S. Steel)
Description of business: Manufacturing and distribution of steel sheets for automotive, home appliances and building materials etc. and tubular for energy industry

(b) Acquisition date: June 18, 2025

(c) Ratio of acquired voting equity interest
Ratio of voting rights held prior to the acquisition date: 0%
Ratio of voting rights acquired on the acquisition date: 100%
Ratio of voting rights after acquisition: 100%

(d) Primary reason for business combination
As the "Best Steelmaker with World-Leading Capabilities," the merger 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 February 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 investment 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 82 million tonnes per year, making it expand reach further. 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.

(e) Form of control acquisition of the acquirees
By way of a merger between U. S. Steel and a wholly-owned subsidiary established by Nippon Steel for the merger (reverse triangular merger)

(2) Consideration transferred

	(Millions of Yen)
Cash consideration transferred	2,058,018
Other payables	4,494
Total consideration transferred	2,062,513

Note:
The acquisition-related costs associated with the business combination of ¥21,984 million for the fiscal year ended March 31, 2025 and ¥7,814 million for the fiscal year ended March 31, 2026 were recognized as "Selling, general and administrative expenses" in the consolidated statements of profit or loss.
In addition, a closing bonus of ¥14,288 million for U. S. Steel employees was recorded as "Other operating expenses" in the consolidated statements of profit or loss for the fiscal year ended March 31, 2026.

(3) Fair value of the assets acquired and liabilities assumed, non-controlling interests and goodwill

The fair value of the assets acquired and liabilities assumed, non-controlling interests and goodwill has been confirmed at the end of fiscal year ended March 31, 2026.

	(Millions of Yen)
Current assets	1,003,644
Non-current assets	2,400,847
Total assets	3,404,492
Current liabilities	599,873
Non-current liabilities	904,060
Total liabilities	1,503,933
Total identifiable net assets acquired	1,900,558
Non-controlling interests (Note 1)	13,498
Total equity attributable to owners of the parent	1,887,059
Total consideration transferred	2,062,513
Basis adjustments (Note 2)	(35,102)
Goodwill (Note 3)	140,351

Note1:
Non-controlling interests are due to an Option Agreement granted by U. S. Steel to Stelco Inc.

Note2:
The Company entered into foreign exchange forward contracts to hedge the foreign exchange risk associated with the acquisition consideration and applied hedge accounting. The basis adjustment is the fair value of the hedging instruments at the acquisition date and is included in the initially recognized goodwill adjustment.

Note3:
The goodwill is attributable mainly to an excess earning power expected to be achieved from the synergies between the Group and the acquirees. The goodwill is not tax-deductible.

(4) Net cash used in the transaction

	(Millions of Yen)
Cash consideration transferred	2,058,018
Cash and cash equivalents held by the acquirees at the acquisition date	(62,048)
Basis adjustments	(35,102)
Net cash used in the transaction	1,960,868

(5) Revenue and profit or loss of the acquirees after the acquisition date

	(Millions of Yen)
Revenue	1,933,070
Profit or loss	21,249

(6) Revenue and profit or loss of the Group if the business combination had been completed at the beginning of the year

	(Millions of Yen)
Revenue	10,677,338
Profit or loss	19,904

Note:
The note has not been audited.

8. Cash and Cash Equivalents

The components of cash and cash equivalents are as follows:

(Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Cash	671,973	**433,893**
Cash equivalents	553	**27,368**
Total	672,526	**461,262**

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, 2025	As of March 31, 2026
Notes and accounts receivable	1,309,998	**1,595,774**
Other	124,366	**182,359**
Allowance for doubtful receivables	(3,929)	**(9,906)**
Total	1,430,435	**1,768,226**

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, 2025	As of March 31, 2026
Merchandise and finished goods	1,207,139	**1,471,448**
Work in progress	112,832	**113,694**
Raw materials and supplies	879,123	**1,190,868**
Total	2,199,096	**2,776,012**

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, 2025	As of March 31, 2026
Inventories	4,727	**466,475**
Land	5,605	**8,294**
Buildings and structures	1,966	**141,657**
Machinery and vehicles	660	**303,429**
Other	6,523	**207,206**
Total	19,483	**1,127,063**

(Millions of Yen)

Secured debts	As of March 31, 2025	As of March 31, 2026
Short-term borrowings	320	**960**
Bonds	—	**115,000**
Long-term borrowings (including current portion of long-term borrowings repayable within one year)	—	**85,500**
Other	888	**—**
Total	1,208	**201,460**

In addition to the pledged assets listed above, shares of associates are pledged as collateral (¥461 million, and ¥611 million as of March 31, 2025 and 2026, respectively).

(Changes in presentation methods)

"Inventories" (¥4,727 million in the year ended March 31, 2025, which had been included in "Other") has become material and therefore is independently presented for the year ended March 31, 2026. Notes for the year ended March 31, 2025 are reclassified to reflect the change in presentation method.

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, 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**
Acquisitions and reclassified from construction in progress	**2,458**	**166,328**	**562,547**	**63,790**	**106,564**	**901,689**
Acquisitions through business combinations	**41,304**	**322,948**	**1,054,284**	**56,569**	**177,354**	**1,652,461**
Disposals and sales	**(5,197)**	**(5,748)**	**(12,987)**	**(6,292)**	**(570)**	**(30,796)**
Depreciation	—	**(72,687)**	**(346,078)**	**(42,304)**	—	**(461,070)**
Effects of changes in foreign exchange rates	**5,677**	**31,002**	**148,170**	**6,756**	**18,548**	**210,156**
Other	**(566)**	**(409)**	**2,765**	**(5,824)**	**(4,406)**	**(8,441)**
As of March 31, 2026	**716,152**	**1,236,582**	**2,977,170**	**174,858**	**794,819**	**5,899,583**

Note:
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, 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
As of March 31, 2026	**783,955**	**3,695,837**	**13,162,574**	**597,391**	**831,531**	**19,071,291**

(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, 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
As of March 31, 2026	**67,803**	**2,459,255**	**10,185,404**	**422,533**	**36,711**	**13,171,707**

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	Customer-related intangible assets	Other	Total
As of April 1, 2024	70,207	123,781	30,271	18,212	5,588	248,061
Acquisitions	－	54,870	69,968	92	1,318	126,250
Amortization	－	(33,742)	(2,369)	(2,113)	(444)	(38,669)
Effects of changes in foreign exchange rates	1,432	480	522	261	(157)	2,539
Other	－	(982)	－	(2,283)	(44)	(3,310)
As of March 31, 2025	**71,639**	**144,407**	**98,393**	**14,169**	**6,261**	**334,870**
Acquisitions	－	**67,460**	－	**21**	**7**	**67,489**
Acquisitions through business combinations	**168,753**	**16,174**	**281,853**	**210,470**	**12,757**	**690,009**
Amortization	－	**(44,854)**	**(15,381)**	**(12,598)**	**(1,602)**	**(74,436)**
Effects of changes in foreign exchange rates	**19,353**	**2,523**	**33,971**	**18,049**	**2,722**	**76,620**
Other	－	**69**	**(2,890)**	－	**813**	**(2,007)**
As of March 31, 2026	**259,746**	**185,780**	**395,946**	**230,112**	**20,960**	**1,092,546**

Note:

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	Customer-related intangible assets	Other	Total
As of April 1, 2024	89,964	217,886	65,016	26,216	11,934	411,016
As of March 31, 2025	91,396	258,651	136,030	24,464	10,787	521,329
As of March 31, 2026	**260,767**	**473,586**	**451,713**	**252,798**	**32,303**	**1,471,168**

(Millions of Yen)

Accumulated amortization and accumulated impairment losses	Goodwill	Software	Mining rights	Customer-related intangible assets	Other	Total
As of April 1, 2024	19,756	94,104	34,744	8,004	6,345	162,955
As of March 31, 2025	19,756	114,244	37,636	10,295	4,525	186,458
As of March 31, 2026	**1,020**	**287,806**	**55,766**	**22,685**	**11,345**	**378,621**

(Changes in presentation methods)

“Customer-related intangible assets” (included within “Other” in the year ended March 31, 2025) has become material and therefore is independently presented for the year ended March 31, 2026. Notes for the year ended March 31, 2025 are reclassified to reflect the change in presentation method.

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, 2025	Year ended March 31, 2026
Depreciation charge for right-of-use assets		
Buildings and structures	13,585	**16,346**
Machinery and vehicles	7,647	**19,707**
Tools, furniture and fixtures	2,672	**2,356**
Total depreciation	23,906	**38,410**
Interest expense on lease liabilities	636	**2,849**
Total cash outflow for leases	25,083	**42,312**
Additions to right-of-use assets	25,552	**32,529**
The carrying amount of right-of-use assets		
Buildings and structures	56,515	**52,756**
Machinery and vehicles	38,432	**78,921**
Tools, furniture and fixtures	6,986	**7,799**
Total balance of right-of-use assets	101,934	**139,478**

(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, 2025	As of March 31, 2026
Within 1 year	4,080	**4,003**
Over 1 but within 2 years	3,984	**3,696**
Over 2 but within 3 years	3,673	**3,615**
Over 3 but within 4 years	3,592	**3,352**
Over 4 but within 5 years	3,341	**3,184**
Over 5 years	32,131	**29,106**
Total	50,804	**46,959**

15. Interests in Subsidiaries, Associates and Others

(1) Principal subsidiaries

Principal subsidiaries of the Company as of March 31, 2026 are as follows:

Operating segment	Name	Address	% of voting rights interests
Steelmaking and Steel Fabrication	Sanyo Special Steel Co., Ltd.	Himeji City, Hyogo	100.0
	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	56.1
	NIPPON STEEL METAL PRODUCTS CO., LTD.	Chiyoda-ku, Tokyo	100.0
	Krosaki Harima Corporation	Kitakyushu City, Fukuoka	91.0
	NIPPON STEEL TEXENG. CO., LTD.	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	* 45.0
	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	68.3
	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
	United States Steel Corporation	Pennsylvania, U.S.A.	100.0
	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, U.S.A.	100.0
	WHEELING-NIPPON STEEL, INC.	West Virginia, U.S.A.	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, U.S.A.	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 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, 2025	As of March 31, 2026
Carrying amount of investments in associates	1,023,692	**969,430**

Share of net profit or loss and other comprehensive income of associates are as follows:

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Net profit or loss	82,808	**55,728**
Other comprehensive income	(9,895)	**12,605**
Total	72,913	**68,333**

(3) Investments in joint ventures

Carrying amount of investments in joint ventures is as follows:

(Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Carrying amount of investments in joint ventures	576,674	**496,105**

Share of net profit or loss and other comprehensive income of joint ventures are as follows:

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Net profit or loss	44,091	**29,683**
Other comprehensive income	8,286	**(45,537)**
Total	52,378	**(15,854)**

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, 2025 and 2026.

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, 2025	As of March 31, 2026
Deferred tax assets		
Accrued bonus	39,491	**39,859**
Defined benefit liabilities	33,054	**23,296**
Impairment losses on assets	48,660	**40,746**
Unused tax losses	5,201	**85,387**
Elimination of unrealized gains on property, plant and equipment and others	58,131	**59,852**
Losses on inactive facilities	73,066	**59,365**
Other	76,533	**172,127**
Total deferred tax assets	334,140	**480,636**
Deferred tax liabilities		
Equity securities	(66,581)	**(93,798)**
Defined benefit assets	(36,671)	**(51,117)**
Investments in subsidiaries	(14,316)	**(136,374)**
Investments in equity-method affiliates and others	(150,005)	**(144,336)**
Property, plant and equipment and intangible assets	(55,699)	**(241,648)**
Other	(12,807)	**(106,225)**
Total deferred tax liabilities	(336,080)	**(773,499)**
Net deferred tax assets (liabilities)	(1,940)	**(292,863)**

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.

(Changes in presentation methods)

"Investments in subsidiaries" (in the year ended March 31, 2025, ¥14,316 million was included within "Undistributed earnings") and "Property, plant and equipment and intangible assets" (in the year ended March 31, 2025, ¥55,699 million was included within "Special tax purpose reserves and other") have become material and therefore are independently presented for the year ended March 31, 2026. Notes for the year ended March 31, 2025 are reclassified to reflect the change in presentation method. In addition, in connection with the independent presentation, "Undistributed earnings" in the year ended March 31,2025 has been renamed "Investments in equity-method affiliates and others" from the year ended March 31, 2025 and "Special tax purpose reserves and other" in the year ended March 31, 2025 has been renamed "Other" from the year ended March 2026.

(b) The changes in net deferred tax assets and liabilities are as follows:

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Balance at beginning of the year	(64,638)	**(1,940)**
Recognized in profit or loss	84,210	**(40,875)**
Recognized in other comprehensive income	(6,962)	**(50,276)**
Effect of changes in scope of consolidation and other	(14,550)	**(199,772)**
Balance at end of the year	(1,940)	**(292,863)**

(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, 2025	As of March 31, 2026
Carryforward of unused tax losses	29,836	**42,455**
Deductible temporary differences	220,871	**253,156**
Total	250,708	**295,612**

(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, 2025	As of March 31, 2026
Within 1 year	1,932	**1,316**
Over 1 year but within 2 years	877	**299**
Over 2 years but within 3 years	158	**14,746**
Over 3 years but within 4 years	14,278	**10,541**
Over 4 years	12,589	**15,552**
Total	29,836	**42,455**

(2) Income tax expense

(a) Details of income tax expense are as follows:

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Current taxes	225,615	**87,184**
Deferred taxes	(84,210)	**40,875**
Total	141,405	**128,059**

(b) Differences between the statutory income tax rate and the Group's average effective tax rate consist of the following:

	Year ended March 31, 2025	Year ended March 31, 2026
Statutory tax rate	30.6%	**30.6%**
(Adjustments)		
Share of profit in investments accounted for using the equity method	(3.8)	**(10.6)**
Effects of expense not deductible for tax purposes	0.4	**1.3**
Effects of income not taxable for tax purposes	(0.5)	**(1.0)**
Effects of differences in statutory tax rates applied to companies in Japan and foreign companies	(1.6)	**(8.8)**
Effects of changes in unrecognized deferred tax assets	3.8	**12.7**
Effects of the transfer of equity interests in AM/NS Calvert	—	**49.9**
Other	(2.0)	**0.2**
Average effective tax rate	27.0	**74.1**

(3) Revision of deferred tax assets and deferred tax liabilities due to changes in the income tax rate

(Year ended March 31,2025)

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, 2025	As of March 31, 2026
Notes and trade accounts payable	774,020	**1,139,415**
Other payables	637,291	**816,900**
Other	260,041	**383,792**
Total	1,671,352	**2,340,108**

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, 2025	Average interest rate (%)	As of March 31, 2026	Average interest rate (%)	Maturity date
Short-term borrowings	167,530	3.6	**167,112**	**3.0**	—
Current portion of long-term borrowings repayable within one year	173,898	1.6	**226,170**	**1.0**	—
Current portion of bonds repayable within one year	70,000	0.3	**54,205**	**1.3**	—
Current portion of lease liabilities repayable within one year	22,055	1.1	**43,516**	**1.9**	—
Commercial papers	39,982	0.6	**15,000**	**1.1**	—
Long-term borrowings	1,341,503	1.1	**2,895,691**	**1.9**	July 22, 2080
Bonds	610,601	1.2	**1,669,471**	**2.2**	September 12, 2079
Lease liabilities	81,921	1.1	**103,086**	**1.9**	March 31, 2076
Total	2,507,492		**5,174,253**		

Note:
"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, 2025	As of March 31, 2026	Maturity date
Bonds issued by NSC				
The 59th Issue of Unsecured Corporate Bonds	September 2, 2008	10,000	**10,000**	June 20, 2028
The 1st Issue of Unsecured Corporate Bonds	September 26, 2016	10,000	**10,000**	September 18, 2026
The 2nd Issue of Unsecured Corporate Bonds	September 26, 2016	10,000	**10,000**	September 19, 2031
The 4th Issue of Unsecured Corporate Bonds	May 25, 2017	10,000	**10,000**	May 20, 2027
The 6th Issue of Unsecured Corporate Bonds	December 8, 2017	10,000	**10,000**	December 20, 2027
The 8th Issue of Unsecured Corporate Bonds	June 12, 2018	20,000	—	June 20, 2025
The 9th Issue of Unsecured Corporate Bonds	June 12, 2018	20,000	**20,000**	June 20, 2028
The 9th Issue of Unsecured Corporate Bonds (Note 1)	March 5, 2018	15,000	**15,000**	March 3, 2028
The 10th Issue of Unsecured Corporate Bonds (Note 1)	June 14, 2018	20,000	—	June 13, 2025
The 11th Issue of Unsecured Corporate Bonds (Note 1)	June 14, 2018	10,000	**10,000**	June 14, 2038
The 12th Issue of Unsecured Corporate Bonds (Note 1)	April 17, 2019	10,000	**10,000**	April 17, 2029
The 2nd Issue of Unsecured Corporate Bonds	June 14, 2019	30,000	**30,000**	June 19, 2026
The 3rd Issue of Unsecured Corporate Bonds	June 14, 2019	20,000	**20,000**	June 20, 2029
The 2nd Issue of Unsecured Subordinated Corporate Bonds (Note 2)	September 12, 2019	30,000	**30,000**	September 12, 2079
The 3rd Issue of Unsecured Subordinated Corporate Bonds (Note 3)	September 12, 2019	200,000	**200,000**	September 12, 2079
The 5th Issue of Unsecured Corporate Bonds	June 17, 2020	30,000	—	June 20, 2025
The 6th Issue of Unsecured Corporate Bonds	June 17, 2020	10,000	**10,000**	June 20, 2030
The 7th Issue of Unsecured Corporate Bonds (Green Bond)	March 9, 2023	30,000	**30,000**	March 17, 2028
The 8th Issue of Unsecured Corporate Bonds (Green Bond)	March 9, 2023	20,000	**20,000**	March 18, 2033
The 4th Issue of Unsecured Subordinated Corporate Bonds (Note 4)	June 13, 2024	67,500	**67,500**	June 13, 2059
The 5th Issue of Unsecured Subordinated Corporate Bonds (Note 5)	June 13, 2024	20,000	**20,000**	June 13, 2061
The 6th Issue of Unsecured Subordinated Corporate Bonds (Note 6)	June 13, 2024	80,000	**80,000**	June 13, 2064
Euro-yen Denominated Convertible Bonds with Stock Acquisition Rights Due 2029	March 12, 2026	—	**300,000**	February 14, 2029
Euro-yen Denominated Convertible Bonds with Stock Acquisition Rights Due 2031	March 12, 2026	—	**300,000**	February 14, 2031
Bonds issued by United States Steel Corporation				
2037 Senior Notes (Note 7)	May 21, 2007	—	**43,829** **[US$ 274 million]**	June 1, 2037
2029 Senior Notes (Note 7)	February 11, 2021	—	**75,942** **[US$ 475 million]**	March 1, 2029
Environmental Revenue Bonds (Note 7)	August 17, 2012 - March 24, 2026	—	**296,472** **[US$ 1,854 million]**	December 1, 2026 - May 1, 2053
Bonds issued by Big River Steel				
Environmental Revenue Bonds (Note 7)	May 21, 2019	—	**255** **[US$ 2 million]**	September 1, 2049
2029 Senior Notes (Note 7)	September 18, 2020	—	**115,113** **[US$ 720 million]**	January 31, 2029
Total		682,500	**1,744,114**	

Note1:
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.

Note2:
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.

Note3:
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.

Note4:
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.

Note5:
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.

Note6:
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.

Note7:
Amounts in brackets are denominated in U.S. dollars.

(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, 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
Cash flows from financing activities	**(7,739)**	**(24,982)**	**1,547,413**	**530,000**	**(39,463)**	**2,005,228**
Effects of changes in scope of consolidation	**(179)**	**—**	**31,544**	**493,420**	**40,072**	**564,857**
Effects of changes in foreign exchange rates	**7,501**	**—**	**23,255**	**50,591**	**5,247**	**86,595**
Other	**—**	**—**	**4,245**	**(30,936)**	**36,770**	**10,079**
As of March 31, 2026	**167,112**	**15,000**	**3,121,861**	**1,723,676**	**146,603**	**5,174,253**

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. Certain North American consolidated subsidiaries participate in the multi-employer plan. In addition, certain consolidated subsidiaries in North America provide mainly health care and life insurance benefits to retired employees.

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, 2025	Year ended March 31, 2026
Present value of defined benefit obligations	(527,535)	**(1,270,965)**
Fair value of plan assets	593,804	**1,442,718**
Effect of asset celling	(61,405)	**(169,684)**
Net defined benefit assets (liabilities)	4,863	**2,069**
Defined benefit assets	116,415	**162,276**
Defined benefit liabilities	(111,552)	**(160,207)**
Net defined benefit assets (liabilities)	4,863	**2,069**

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, 2025	Year ended March 31, 2026
The effect of the asset ceiling at beginning of year	(39,272)	**(61,405)**
Interest income	(625)	**(3,698)**
Remeasurements Changes in the effect of the asset ceiling	(21,507)	**(50,259)**
Effects of business combinations	―	**(49,188)**
Foreign currency translation adjustments and other items	―	**(5,132)**
The effect of the asset ceiling at end of year	(61,405)	**(169,684)**

(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, 2025	Year ended March 31, 2026
Balance at beginning of the year	554,444	**527,535**
Current service cost	28,273	**28,859**
Interest cost	7,895	**43,160**
Actuarial gains and losses	(43,072)	**(54,092)**
Past service cost	(2,038)	**278**
Benefits paid	(22,968)	**(85,215)**
Effects of business combinations	—	**729,767**
Foreign currency translation adjustments	728	**77,967**
Other	4,272	**2,705**
Balance at end of the year	527,535	**1,270,965**

Note:

The weighted average duration of the defined benefit obligations for the years ended March 31, 2025 and 2026 is 14.0 years and 10.5 years, respectively.

(Changes in presentation methods)

“Foreign currency translation adjustments” (¥728 million in the year ended March 31, 2025, which had been included in “Other”) has become material and therefore is independently presented for the year ended March 31, 2026. Notes for the year ended March 31, 2025 are reclassified to reflect the change in presentation method.

(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, 2025	Year ended March 31, 2026
Balance at beginning of the year	604,986	**593,804**
Interest income	9,481	**45,339**
Return on plan assets, excluding interest income	2,293	**60,504**
Employer contributions	13,836	**14,863**
Benefits paid	(13,248)	**(69,710)**
Effects of business combinations	—	**724,851**
Foreign currency translation adjustments	(32)	**75,556**
Other	(23,511)	**(2,491)**
Balance at end of the year	593,804	**1,442,718**

Note:

The Group expects to contribute ¥14,640 million to the defined benefit plans for the year ending March 31, 2027.

(Changes in presentation methods)

“Foreign currency translation adjustments” (¥(32) million in the year ended March 31, 2025, which had been included in “Other”) has become material and therefore is independently presented for the year ended March 31, 2026. Notes for the year ended March 31, 2025 are reclassified to reflect the change in presentation method.

(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, 2025		As of March 31, 2026	
	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	113,779	—	**456,435**	—
Equity investments	207,209	—	**487,517**	—
Cash and cash equivalents	24,038	—	**58,018**	—
General accounts at life insurance company	—	163,322	—	**168,890**
Other	—	85,455	—	**271,855**
Total	345,027	248,777	**1,001,972**	**440,746**

(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, 2025	As of March 31, 2026
Discount rate	Mainly 2.3%	Mainly **5.0%**

Note:

The discount rate represents the weighted average of the discount rates used in the actuarial calculations for the Company and its major consolidated subsidiaries.

(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, 2025	As of March 31, 2026
Effects of incremental increase in discount rate by 0.5%	¥28,033 million decrease	**¥51,450** million decrease

Note:

The sensitivity analysis assumes that other assumptions remain unchanged.

(8) Defined contribution plans

The amounts recognized as expenses for defined contribution plans (including multi-employer plans which are accounted for as a defined contribution plan) are ¥11,106 million and ¥31,568 million for the years ended March 31, 2025 and 2026, respectively.

(9) Multi-employer plans

(a) Overview

Certain North American consolidated subsidiaries participate in a multi-employer defined benefit plan (Steelworkers Pension Trust, hereinafter referred to as “SPT”). Contributions are based on the contribution rate per hour worked as stipulated in the labor agreement. Since the amount of plan assets corresponding to the contribution by the companies cannot be reasonably calculated, the amount of contribution required is accounted for as a defined contribution plan.

SPT carries the following risks:

(i) Contributions made by North American consolidated subsidiaries to SPT may be used to provide benefits to employees of other participating employers.

(ii) If a participating employer ceases contributions to SPT, the remaining participating employers may assume any unfunded obligations of the plan.

(iii) If North American consolidated subsidiaries choose to withdraw from SPT, the subsidiaries may be required to pay an amount based on the plan’s funding shortfall.

(b) Recent financial position of multi-employer plans
Based on the most recent information available, the overall financial position of the plan is as follows:

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Benefit obligations based on pension finance calculation	—	**1,162,638**
Pension assets	—	**1,147,121**
Net amount	—	**15,516**

(c) Ratio of the Group's contributions to multi-employer plans
Based on the most recent information available, the overall financial position of the plan is as follows:
Year ended March 31, 2026 29.7%

(d) Contributions to multi-employer plans
The Group expects to contribute 12,862 million yen to the plan for the year ending March 31, 2027.

(10) Employee benefits expenses
The Group recognized employee benefits expenses of ¥1,088,137 million for the year ended March 31, 2025 and ¥1,446,400 million for the year ended March 31, 2026, 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:

(Thousands of Shares)

	Number of shares authorized to be issued	Number of shares outstanding
As of April 1, 2024	2,000,000	950,549
Changes	—	124,177
As of March 31, 2025	2,000,000	1,074,726
Changes	8,000,000	4,298,907
As of March 31, 2026	**10,000,000**	**5,373,633**

Note1:
All the shares authorized to be issued and shares outstanding are without par value. All the shares outstanding are fully paid.

Note2:
During the year ended March 31, 2025, the number of shares outstanding increased due to the exercises of the stock acquisition rights of the convertible bonds.

Note3:
The changes in the number of shares authorized to be issued and number of shares outstanding during the year ended March 31, 2026 were attributable to a stock split at a ratio of five (5) shares for every one share effective October 1, 2025.

・Capital surplus
Capital surplus comprises 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.

The amount classified as the equity component of convertible bonds with stock acquisition rights at the time of issuance is recognized in capital surplus as part of a compound financial instrument.

・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:

(Thousands of Shares)

	Number of shares
As of April 1, 2024	29,510
Changes	27
As of March 31, 2025	29,538
Changes	**117,801**
As of March 31, 2026	**147,339**

Note1:

The Company implemented a stock split at a ratio of five (5) shares for every one share effective October 1, 2025.

Note2:

The Company has adopted a performance-linked stock compensation system utilizing a trust. Shares of the Company held by the trust are included in treasury stock as of March 31, 2026. (3,130,300 shares)

21. Dividends

The dividends paid by the Company are as follows:

(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

(Year ended March 31, 2026)

(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 24, 2025	Ordinary shares	**83,703**	**80**	March 31, 2025	June 25, 2025
Board of directors meeting held on November 5, 2025	Ordinary shares	**62,777**	**60**	September 30, 2025	December 4, 2025

Note:

The Company implemented a stock split at a ratio of five (5) shares for every one share effective October 1, 2025. The dividends per share are stated as the amount before the stock split.

(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 23, 2026	Ordinary shares	Retained earnings	**62,814**	**12**	March 31, 2026	June 24, 2026

Note1:

The Company implemented a stock split at a ratio of five (5) shares for every one share effective October 1, 2025. The dividends per share are stated as the amount after the stock split.

Note2:

The total amount of dividends includes dividends of ¥37 million on shares held by a trust in connection with a performance-linked stock compensation system.

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, 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.

(Year ended March 31, 2026)

(Millions of Yen)

	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions	Consolidated
Japan	**4,145,071**	**287,807**	**141,919**	**285,348**	**4,860,147**
Asia	**1,676,989**	**69,707**	**95,108**	**6,968**	**1,848,773**
Middle East	**179,071**	—	**96**	—	**179,168**
Europe	**653,992**	—	**1,826**	**39**	**655,858**
North America	**2,004,496**	**2**	**713**	**265**	**2,005,476**
Central and South America	**414,023**	—	**171**	**14**	**414,209**
Africa	**81,611**	—	—	—	**81,611**
Pacific	**17,971**	—	**0**	—	**17,971**
Total	**9,173,227**	**357,517**	**239,835**	**292,636**	**10,063,216**

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, 2024	As of March 31, 2025	As of March 31, 2026
Receivables	1,361,399	1,250,807	**1,489,556**
Contract assets	111,182	59,190	**106,217**
Contract liabilities	56,634	52,584	**58,550**

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, 2024 and 2025 and recognized as revenue for the years ended March 31, 2025 and 2026 amounted to ¥53,722 million and ¥42,688 million, respectively.
The amount recognized as revenue for the years ended March 31, 2025 and 2026 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, 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

(Millions of Yen)

	As of March 31, 2026	Engineering and Construction	System Solutions
Within 1 year	**299,937**	**189,693**	**110,243**
Over 1 year	**234,826**	**197,725**	**37,101**
Total	**534,763**	**387,418**	**147,345**

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. Government grants

Government grants received by the Group mainly relate to the acquisition of property, plant and equipment. Government grants recognized during the year ended March 31, 2026 amounted to ¥33,122 million. Of this amount, grants related to assets are deducted from the acquisition cost of the assets, while grants related to income are mainly deducted from research and development expenses. In addition, there are no unfulfilled conditions or other contingencies attached to these government grants.

24. Selling, General and Administrative Expenses

The components of selling, general and administrative expenses are as follows:

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Transportation and storage	226,426	**324,157**
Salaries and bonuses	212,078	**255,588**
Retirement benefit expenses	7,700	**10,604**
Research and development expenses	65,156	**71,219**
Depreciation and amortization	36,241	**53,278**
Other	268,214	**279,119**
Total	815,817	**993,968**

(Changes in presentation methods)

"Retirement benefit expenses" (¥7,700 million in the year ended March 31, 2025, which had been included in "Other") has become material and therefore is independently presented for the year ended March 31, 2026. Notes for the year ended March 31, 2025 are reclassified to reflect the change in presentation method.

25. Research and Development Expenses

The total amounts of research and development expenses included in “Cost of sales” and “Selling, general and administrative expenses” are as follows:

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Research and development expenses	80,794	**82,788**

Note:

The above amount is net of government grants of ¥1,601 million recognized during the year ended March 31, 2026.

26. 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, 2025	Year ended March 31, 2026
Dividends received	14,836	**13,141**
Foreign exchanges gains (net)	7,041	**24,514**
Gain on sale of fixed assets	4,777	**27,369**
Other	53,189	**43,757**
Total	79,845	**108,782**

Note:

Dividend income is generated mainly from financial assets measured at fair value through other comprehensive income.

(Changes in presentation methods)

“Gain on sale of fixed assets” (¥4,777 million in the year ended March 31, 2025, which had been included in “Other”) has become material and therefore is independently presented for the year ended March 31, 2026. Notes for the year ended March 31, 2025 are reclassified to reflect the change in presentation method.

(2) Other operating expenses

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Losses on disposal of fixed assets	35,607	**39,647**
Other	43,736	**91,258**
Total	79,343	**130,906**

27. 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.

28. Losses on reorganization

(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.

(Year ended March 31, 2026)
Losses on reorganization were recorded owing to business reorganization and withdrawal, and the details are described below.
Losses on business withdrawal and others ¥271,225 million
In the Steelmaking and Steel Fabrication segment, the Company mainly recorded losses from the transfer of all shares of NS Kote, Inc., which held 50% of interest in AM/NS Calvert LLC, a joint venture engaged in the manufacture and sale of steel sheet products in the United States, as well as losses from the transfer of the interest in Usinas Siderúrgicas de Minas Gerais S.A. (USIMINAS), which is engaged in the manufacture and sale of steel sheet products in Brazil.

29. 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, 2025	Year ended March 31, 2026
Interest income	20,786	**20,212**
Other	54	**10,920**
Total	20,841	**31,132**

Interest income is generated mainly from financial assets measured at amortized cost.

(2) Finance costs

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Interest expense	38,196	**89,603**
Other	6,227	**11,618**
Total	44,423	**101,222**

Interest expense is generated mainly from financial liabilities measured at amortized cost.

30. 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, 2025	As of March 31, 2026
Steelmaking and Steel Fabrication	65,387	**225,091**
Engineering and Construction	1,226	**1,226**
Chemicals and Materials	—	**—**
System Solutions	5,025	**33,427**
Total	71,639	**259,746**

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 mainly 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, 2026 is calculated based on the weighted average cost of capital of each cash-generating unit which is the pre-tax discounted rate of mainly 8.0%-12.0% (6.0% for the year ended March 31, 2025).

31. Other Comprehensive Income

The components of other comprehensive income are as follows:

(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 financial assets measured at fair value through other comprehensive income	―	―	―	―	―
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

Note:

"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, 2026)

(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	**104,851**	－	**104,851**	**(32,348)**	**72,502**
Remeasurements of defined benefit assets	**64,338**	－	**64,338**	**(18,694)**	**45,643**
Share of other comprehensive income of investments accounted for using the equity method	**6,167**	－	**6,167**	－	**6,167**
Subtotal	**175,356**	－	**175,356**	**(51,043)**	**124,313**
Items that might be reclassified to profit or loss					
Changes in fair value of financial assets measured at fair value through other comprehensive income	**201**	**(581)**	**(379)**	**89**	**(290)**
Changes in fair value of cash flow hedges	**29,759**	**(7,097)**	**22,661**	**1,326**	**23,987**
Foreign exchange differences on translation of foreign operations	**238,326**	**(32,748)**	**205,578**	**(648)**	**204,930**
Share of other comprehensive income of investments accounted for using the equity method	**(24,893)**	**(14,206)**	**(39,099)**	－	**(39,099)**
Subtotal	**243,394**	**(54,633)**	**188,760**	**767**	**189,527**
Total	**418,751**	**(54,633)**	**364,117**	**(50,276)**	**313,841**

Note:
"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.

32. 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, 2025	Year ended March 31, 2026
Profit for the year attributable to owners of the parent	350,227	**17,158**
Profit for the year not attributable to ordinary equity holders of the parent	—	—
Profit for the year used to calculate basic earnings per share	350,227	**17,158**

The weighted average number of ordinary shares outstanding is as follows:

(Shares)

	Year ended March 31, 2025	Year ended March 31, 2026
Weighted average number of ordinary shares outstanding	4,990,068,380	**5,226,245,904**

Note1:
The Company implemented a stock split at a ratio of five (5) shares for every one share effective October 1, 2025. Accordingly, the weighted average number of ordinary shares outstanding is calculated as if the stock split had occurred at the beginning of the fiscal year ended March 31, 2025.

Note2:
Upon calculation of basic earnings per share, the Company's ordinary shares held by a trust in connection with a performance-linked stock compensation system are included in the treasury stock which is deducted from the number of shares outstanding when the average number of shares during the period are calculated.

(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, 2025	Year ended March 31, 2026
Profit for the year used to calculate basic earnings per share	350,227	**17,158**
Adjustment to profit	—	**—**
Profit for the year used to calculate diluted earnings per share	350,227	**17,158**

The weighted average number of ordinary shares outstanding is as follows:

(Shares)

	Year ended March 31, 2025	Year ended March 31, 2026
Weighted average number of ordinary shares outstanding	4,990,068,380	**5,226,245,904**
Dilutive effect		
Convertible bonds with stock acquisition rights	234,722,390	—
Performance-linked stock compensation system	—	**182,105**
Weighted average number of ordinary shares used to calculate diluted earnings per share	5,224,790,770	**5,226,428,009**

Note1:

The Company implemented a stock split at a ratio of five (5) shares for every one share effective October 1, 2025. Accordingly, dilutive effects are calculated as if the stock split had occurred at the beginning of the fiscal year ended March 31, 2025.

Note2:

The potential shares (62,911,209 shares) related to convertible bonds with stock acquisition rights outstanding during the fiscal year ended March 31, 2026, have an anti-dilutive effect and are therefore excluded from the calculation of diluted earnings per share.

33. Share-based payment

(1) Overview of share-based payment plans

The Group has adopted a performance-linked stock compensation system utilizing a trust and other methods for the directors of the Company in Japan (excluding directors who are Audit & Supervisory Committee Members and Outside Directors) and executive officers in Japan (collectively, the "Eligible Officers"). These plans are intended to align the interests of the Eligible Officers with those of shareholders by enabling them to share the benefits and risks arising from fluctuations in the Company's share price, thereby further enhancing their motivation to contribute to the improvement of medium- to long-term performance and corporate value.
The Company has established a share delivery trust (the "Trust") with the Eligible Officers as beneficiaries, and grants points (one point representing five shares) to the Eligible Officers in accordance with the share delivery rules.
The Trust acquires the Company's shares using funds contributed by the Company and, in principle, delivers those shares to the Eligible Officers at a prescribed time after their retirement, subject to completion of the prescribed beneficiary determination procedures.

(2) Changes in the number of shares represented by points under the Company's performance-linked stock compensation system and the weighted average fair value of such shares

		Year ended March 31, 2025	Year ended March 31, 2026
Balance at beginning of the year	(Shares)	—	**—**
Grant	(Shares)	—	**472,870**
Delivery	(Shares)	—	**—**
Balance at end of the year	(Shares)	—	**472,870**
Weighted average fair value	(Yen)	—	**673.9**

(3) Share-based payment expenses in the Group

The total share-based payment expenses included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss for the year ended March 31, 2026 amounted to ¥346 million.

34. 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, 2025	As of March 31, 2026
ROE (%)	6.9	**0.3**
D/E Ratio (times)	0.47 *0.35	**0.94** ***0.71**

*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 and debt instruments

The fair values of marketable equity instruments and marketable debt instruments are measured using quoted market prices at the end of the reporting period.

The fair values of non-marketable equity instruments and non-marketable debt instruments are 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, 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
Equity instruments	—	—	—	—
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

Note1:
Derivatives included in FVOCI represent the effective portion of hedging instruments designated as cash flow hedges.
Note2:
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 from Contracts with Customers” 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

Note1:
Derivatives included in FVOCI represent the effective portion of hedging instruments designated as cash flow hedges.
Note2:
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.

(As of March 31, 2026)

Financial assets

(Millions of Yen)

	Carrying amount			
	Amortized cost	Fair value		Total
		FVPL	FVOCI	
Current assets				
Cash and cash equivalents	**461,262**	—	—	**461,262**
Trade and other receivables	**1,662,009**	—	—	**1,662,009**
Other financial assets	**29,856**	**12,533**	**12,315**	**54,705**
Equity instruments	—	***7,335**	—	**7,335**
Derivatives	—	**1,942**	**10,915**	**12,857**
Debt instruments	**29,856**	***3,255**	***1,400**	**34,511**
Non-current assets				
Other financial assets	**45,998**	**51,410**	**439,465**	**536,875**
Equity instruments	—	***35,505**	**425,274**	**460,779**
Derivatives	—	**150**	**7,414**	**7,564**
Debt instruments	**45,998**	***15,755**	***6,776**	**68,530**

Note1:
Derivatives included in FVOCI represent the effective portion of hedging instruments designated as cash flow hedges.

Note2:
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 from Contracts with Customers” which amounts to ¥106,217 million.

* Financial assets marked with an asterisk (*) are financial assets held by United States Steel Corporation (“U. S. Steel”). These financial assets are utilized for employee benefits for active employees and retirees of the United Steelworkers (“USW”) in accordance with agreements between U. S. Steel and USW.

Financial liabilities

(Millions of Yen)

	Carrying amount			
	Amortized cost	Fair value		Total
		FVPL	FVOCI	
Current liabilities				
Trade and other payables	**2,340,108**	—	—	**2,340,108**
Bonds and borrowings	**462,487**	—	—	**462,487**
Other financial liabilities Derivatives	—	**52**	**5,441**	**5,493**
Non-current liabilities				
Bonds and borrowings	**4,565,162**	—	—	**4,565,162**
Other financial liabilities Derivatives	—	**805**	**79**	**884**
Other non-current liabilities	**477,567**	—	—	**477,567**

Note1:
Derivatives included in FVOCI represent the effective portion of hedging instruments designated as cash flow hedges.

Note2:
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 ¥21,284 million.

(e) Financial instruments measured at fair value

(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				
Equity instruments	—	—	—	—
Derivatives	—	1,464	—	1,464
Debt instruments	—	—	—	—
FVOCI				
Other financial assets				
Equity instruments	256,903	—	81,190	338,094
Derivatives	—	23,136	—	23,136
Debt instruments	—	—	—	—

Note:
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

Note:
Derivatives included in FVOCI represent the effective portion of hedging instruments designated as cash flow hedges.

(As of March 31, 2026)
Financial assets measured at fair value

(Millions of Yen)

FVPL	Level 1	Level 2	Level 3	Total
Other financial assets				
Equity instruments	***3,220**	—	***39,620**	**42,841**
Derivatives	—	**2,092**	—	**2,092**
Debt instruments	***17,351**	***1,659**	—	**19,010**
FVOCI				
Other financial assets				
Equity instruments	**337,872**	—	**87,402**	**425,274**
Derivatives	—	**18,330**	—	**18,330**
Debt instruments	***8,176**	—	—	**8,176**

Note:
Derivatives included in FVOCI represent the effective portion of hedging instruments designated as cash flow hedges.

* Financial assets marked with an asterisk (*) are financial assets held by United States Steel Corporation ("U. S. Steel"). These financial assets are utilized for employee benefits for active employees and retirees of the United Steelworkers ("USW") in accordance with agreements between U. S. Steel and USW.

Financial liabilities measured at fair value

(Millions of Yen)

FVPL	Level 1	Level 2	Level 3	Total
Other financial liabilities				
Derivatives	—	**858**	—	**858**
FVOCI				
Other financial liabilities				
Derivatives	—	**5,520**	—	**5,520**

Note:
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, 2025	Year ended March 31, 2026
Balance at beginning of the year	82,926	**81,190**
Net changes in fair value	(1,588)	**6,073**
Acquisitions	1,663	**4,055**
Sale / settlements	(1,866)	**(2,746)**
Effects of changes in scope of consolidation	75	**38,178**
Other	(19)	**270**
Balance at end of the year	81,190	**127,022**

(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, 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

(As of March 31, 2026)

(Millions of Yen)

Nittetsu Mining Co., Ltd.	**20,177**
Mitsubishi UFJ Financial Group, Inc.	**19,827**
Daido Steel Co., Ltd.	**19,822**
Sankyu Inc.	**17,982**
MITSUI & CO., LTD.	**17,272**

(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, 2025	Year ended March 31, 2026
Fair value at the time of derecognition	230,786	**24,973**
Cumulative gains or losses on disposal (net of tax)	113,361	**13,174**

(iii) Dividends recognized for the equity investments measured at FVOCI during the reporting period

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Investment derecognized in the reporting period	4,530	**500**
Investment held at the end of reporting period	10,306	**12,640**
Total	14,836	**13,141**

(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, 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

(As of March 31, 2026)

(Millions of Yen)

	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets (Current) Other financial assets Debt instruments	**29,856**	**29,774**	**—**	**40**
Financial assets (Non-current) Other financial assets Debt instruments	**45,998**	**8,745**	**—**	**37,063**
Financial liabilities (Current) Bonds and borrowings	**462,487**	**54,099**	**—**	**408,282**
Financial liabilities (Non-current) Bonds and borrowings	**4,565,162**	**1,076,887**	**—**	**3,451,825**

Note:

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 the liability component of a convertible bond with stock acquisition rights is measured at the present value of the total amounts of principal and interest 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, 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 foreign exchange forward contracts, currency swaps, and foreign currency borrowings to hedge foreign currency risk arising from sales, capital transactions, investing and financing activities as part of its business activities.

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 as of March 31, 2025 and 2026 are as follows.

(Millions of USD)

	As of March 31, 2025	As of March 31, 2026
Net exposure (liability)	2,014	**1,307**

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, 2025 and 2026 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, 2025	Year ended March 31, 2026
Impacts on profit before income taxes	(3,011)	**(2,089)**

(ii) Interest rate risk

Bonds, borrowings and lease liabilities are floating-rates debts. The interest expenses vary depending on interest rates. The Group enters into interest rate swap contracts in order to mitigate the risk of fluctuations in interest payments on bonds, borrowings and lease liabilities, and to maintain the proportion of assets and liabilities bearing fixed and variable interest rates.

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, 2025	Year ended March 31, 2026
Impacts on profit before income taxes	(2,832)	**(20,012)**

(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 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 on trade receivables, which are significant financial assets for the Group, is calculated by applying the historical credit loss rates for similar assets to the carrying amount. In addition, for financial assets for which credit risk has increased significantly, the allowance is recognized and measured based on the estimated uncollectible amount, which is determined through an individual assessment of the recoverability.

(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, 2025	As of March 31, 2026
Current	1,395,749	**1,743,265**
Within 90 days	30,639	**22,564**
Over 90 days and within 1 year	4,059	**5,969**
Over 1 year	3,916	**6,334**
Total	1,434,364	**1,778,133**

(iii) Changes in allowance for doubtful accounts

The changes in allowance for doubtful accounts are as follows:

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Balance at beginning of the year	12,466	**7,659**
Increase during the year	2,635	**14,508**
Decrease during the year	(7,588)	**(1,352)**
Effects of changes in scope of consolidation	—	**4,185**
Other	145	**438**
Balance at end of the year	7,659	**25,439**

(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 37 "Guarantees".

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

As of March 31, 2026

(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	**2,340,108**	**2,340,108**	**2,340,108**	**—**	**—**
Borrowings	**3,288,973**	**3,294,898**	**393,282**	**822,017**	**2,079,598**
Bonds	**1,723,676**	**1,744,114**	**54,198**	**931,337**	**758,578**
Lease liabilities	**146,603**	**146,603**	**43,516**	**75,941**	**27,144**
Commercial paper	**15,000**	**15,000**	**15,000**	**—**	**—**
Derivatives	**6,378**	**6,378**	**5,493**	**365**	**519**
Total	**7,520,741**	**7,547,103**	**2,851,601**	**1,829,661**	**2,865,841**

(5) Derivatives and hedge accounting
(a) Impacts on the consolidated statement of financial position

(i) Carrying amount (fair value) of designated hedging instruments

As of March 31, 2025

(Millions of Yen)

Types of hedges	Hedging instruments	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
Cash flow hedge total		716,341	166,612	23,136	743
Hedges of net investments in foreign operations	US$ borrowings	—	—	—	—

As of March 31, 2026

(Millions of Yen)

Types of hedges	Hedging instruments	Notional amount		Carrying amount (Fair value) (Note)	
		Total	Settlement in excess of one year	Assets	Liabilities
Cash flow hedge	Foreign exchange forward contract	**468,959**	**7,963**	**5,781**	**677**
	Interest rate swap	**456,972**	**456,972**	**3,940**	**—**
	Currency swap	**49,651**	**33,187**	**5,730**	**—**
	Commodity derivative	**110,997**	**1,406**	**2,877**	**4,842**
Cash flow hedge total		**1,086,580**	**499,528**	**18,330**	**5,520**
Hedges of net investments in foreign operations	US$ borrowings	**594,596**	**594,596**	**—**	**594,596**

Note:
The carrying amounts (fair value) of assets related to hedging instruments are included in "Other financial assets". The carrying amounts (fair value) of liabilities related to hedging instruments are included in "Other financial liabilities" and "Bonds, borrowings and lease 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, 2025		As of March 31, 2026	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange forward contract	183	115	**1,754**	**338**
Interest swap	1,281	—	**337**	**—**
Currency swap	—	—	**—**	**—**
Total	1,464	115	**2,092**	**338**

(b) Impacts on the consolidated statements of profit or loss and comprehensive income

The changes in fair value of hedging instruments designated as cash flow hedges and hedges of net investments in foreign operations of the Group recognized in other comprehensive income in the consolidated statements of comprehensive income are as follows.

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	Transfer to non-financial assets	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)	—	
Foreign currency risk arising from net investments	—	—	—	—

Year ended March 31, 2026

(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	Transfer to non-financial assets	The account in which the reclassification adjustment to profit or loss is recognized
Foreign currency risk	**31,060**	**(5,461)**	**(35,102)**	Other operating income / Other operating expenses
Interest rate risk	**664**	**(781)**	—	Finance income / Finance costs
Other	**(1,965)**	**(854)**	—	—
Total	**29,759**	**(7,097)**	**(35,102)**	
Foreign currency risk arising from net investments	**35,217**	—	—	—

35. Related Parties

(1) Related party transactions

Details of significant transactions with related parties are as follows:

Year ended March 31, 2025

(Millions of Yen)

Category	Name	Description of transaction	Amount of transaction	Account	Outstanding balance
Joint venture	AMNS Luxembourg Holding S.A.	Guarantee *	402,338	—	—

* The Company provided a guarantee for 40% of the funds which AMNS Luxembourg Holding S.A. procured from banks.

Year ended March 31, 2026

(Millions of Yen)

Category	Name	Description of transaction	Amount of transaction	Account	Outstanding balance
Joint venture	AMNS Luxembourg Holding S.A.	Guarantee *	**474,097**	—	—

* The Company provided a guarantee for 40% of the funds 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, 2025	Year ended March 31, 2026
Salary	2,311	**2,346**
Share-based payment	—	**237**
Total	2,311	**2,584**

36. Commitments

Significant commitments related to the acquisition of assets are as follows:

(Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Contractual commitments related to acquisition of property, plant and equipment and intangible assets	789,279	**1,082,231**

37. Guarantees

The Group provides guarantees for the bank loans and other obligations of its joint ventures and associates which would require the Group to repay the loans and other obligations in the event of a default.

(Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Guarantees for the obligations of joint ventures and associates	450,184	**476,236**

The above amounts comprise loan guarantees and also include arrangements that have similar characteristics to guarantees, such as guarantee commitment.

38. Subsequent Events

There are no significant subsequent events.

Total consolidated subsidiaries: 493 companies.