TYO : 5401
OTC : NPSCY(ADR)

NIPPON STEEL

Q3 FY2025 Financial Results

Feb. 5, 2026

NIPPON STEEL CORPORATION

Notes on this presentation material
Unless otherwise noted, all volume figures are presented in metric tons.
Unless otherwise noted, all financial figures are on consolidated basis.
Unless otherwise noted, net profit represents net profit attributable to owners of the parent.

Overview

- In fiscal 2025, except for certain sectors such as AI, electric power, and defense, **demand in the manufacturing and construction industries in Japan and overseas is sluggish**. The widening supply/demand gap caused by the slowdown of the Chinese economy and the excess production increases low-priced exports from China. It results in downturn in the global market and extremely severe market conditions, particularly in the ASEAN region at present.
- However, because of **the further decline in Chinese demand**, and **the spread of trade measures in various countries**, **no further expansion in exports from China is expected**. It is assumed that **keeping the present level of crude steel production in China is becoming difficult**, as evidenced by widening year-on-year decline in crude steel production. While signs of market recovery are seen in Europe and the U.S. due to tariffs and trade measures, the imposition of trade measures in various countries increase the risk of an inflow of low-priced steel products into Japan. Therefore, the examination and implementation of trade countermeasures in Japan need to be advanced strongly. ⇒P9
- Underlying BP is expected to be ¥620.0 billion (down ¥60.0 billion from the previous announcement) due to **one-off impacts including about ¥40.0 billion damage-related costs caused by the trouble in blast furnace ancillary equipment at North Nippon Works Muroran Area**, in addition to deterioration of the business environment, such as sluggish demand in manufacturing and construction industries, the effect of low-priced exports from China, surging raw material prices. ⇒P4~5
- Concerning **U. S. Steel** (earnings being incorporated since July 2025), **its contribution to Nippon Steel's underlying BP is not factored in for fiscal 2025** because, although market conditions in the U.S. have been improving, near-term uncertainties remain, partly due to the recent severe winter storm. ⇒P4
- For fiscal 2025, the final year of the medium- to long-term management plan, **we plan to distribute a full-year dividend of ¥24 per share including a year-end dividend of ¥12 per share** (a full-year dividend of ¥120 per share before consideration of the stock split)**, the same as previously announced**.
  (A cumulative payout ratio of approximately 30% over the five-year period from fiscal 2021 to fiscal 2025 excluding the impact of the one-off loss associated with the U. S. Steel transaction.) ⇒P8

NIPPON STEEL

Agenda

1. Q3 FY2025 Earnings Summary and FY2025 Earnings Forecast

- Business Result / Net Profit / Dividend / Business Environment etc.

2. Status of Each Business Execution Toward Developing a Robust Business Structure with Vertical and Horizontal Expansion

- Domestic Steel Business / Overseas Steel Business / Raw Material Business / Other Group Companies / Three Non-Steel Segments

3. Carbon Neutral Vision 2050

FY2025(f) Underlying BP

The FY2025 forecast for underlying business profit is ¥620.0 bn., representing a downward revision of -¥60.0 bn. from the previous forecast (Nov. 5), reflecting -¥20.0 bn. from a deteriorating business environment and -¥40.0 bn. from troubles and one-off effects ((30.0) bn. ¥ -> (70.0) bn. ¥).

	FY2024	H1	Q3	Q4(f)	H2(f)	FY 2025(f)	*Change from prev. forecast as of Nov. 5th*	*Change from FY2024*
Revenue (¥bn.)	8,695.5	4,635.6	2,620.6	2,743.8	5,364.4	10,000.0	-	*+1,304.5*
Excl. U. S. Steel	793.7	323.5	**170.8**	**125.7**	**296.5**	***620.0***	*-60.0*	*-173.7*
U. S. Steel	—	22.2	**(18.8)**	**(3.4)**	**(22.2)**	***0***	*±0*	*±0*
Underlying BP **Excl. Inventory val. etc.**	793.7	345.7	**152.0**	**122.3**	**274.3**	***620.0***	*-60.0*	*-173.7*
Inventory valuation etc.	(110.5)	(118.2)	(23.4)	(58.4)	*(81.8)*	*(200.0)*	*+30.0*	*-89.5*
Consol. BP (¥bn.)	683.2	227.5	**128.6**	**63.9**	***192.5***	***420.0***	*-30.0*	*-263.2*
ROS	7.9%	4.9%	4.9%	2.3%	3.6%	4.2%	*-0.3%*	*-3.7%*
Non-consol. crude steel production (MT)	34.25	16.77	8.60	8.60	17.20	34.00	*-0.50*	*-0.25*
Non-consol. steel shipment (MT)	31.62	15.47	7.84	7.66	15.50	31.00	*-0.50*	*-0.62*
FX (USD/JPY)	153	146	153	155	154	150	*2yen dep*	*3yen app*

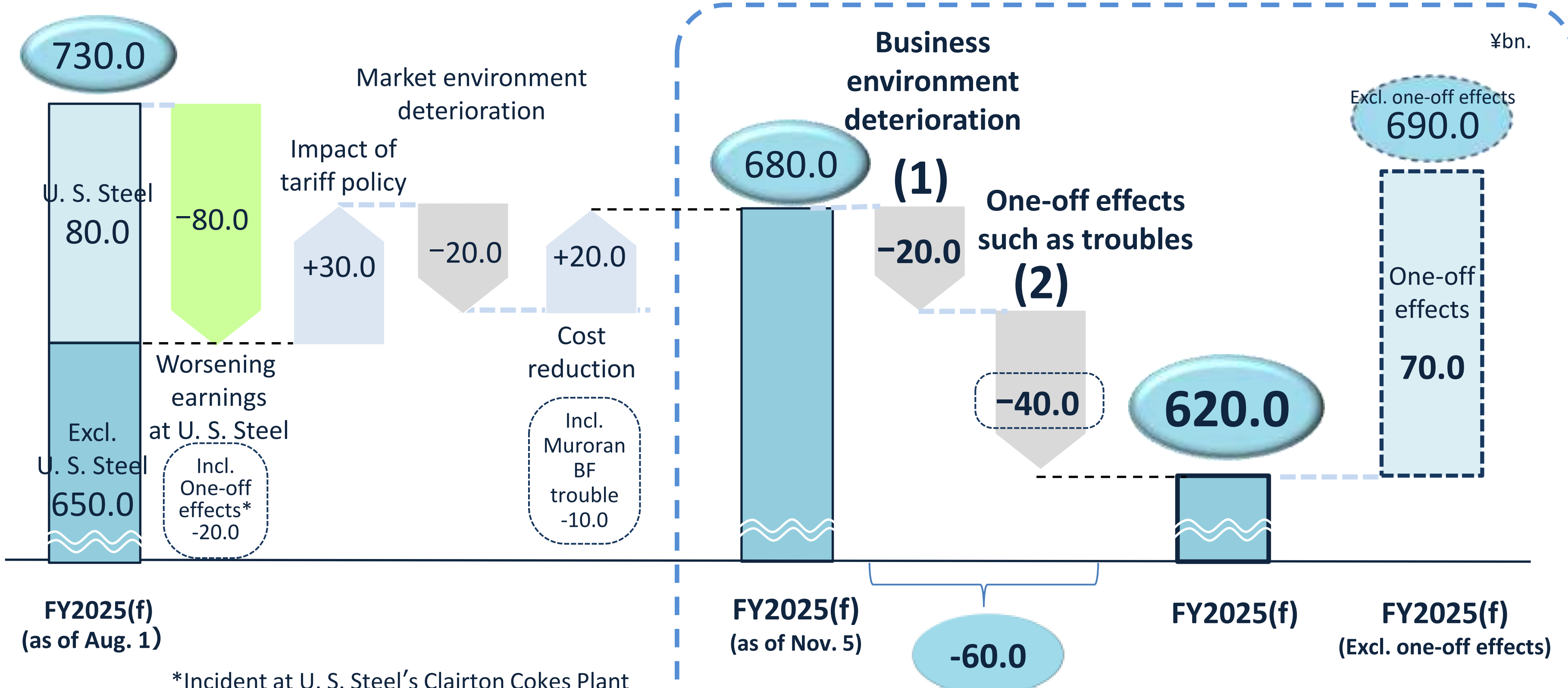
NIPPON STEEL

FY2025(f) Underlying BP : Change from Previous Forecast

(1) Business environment deterioration(- ¥20.0 bn.):
Global steel demand slowdown (excl. certain sectors such as AI, electric power, and defense), continued low-priced exports from China, shrinking spreads due to rising raw material prices, etc.

(2) One-off effects such as troubles(- ¥40.0bn.):
The trouble in blast furnace ancillary equipment at Muroran Area(*), etc.

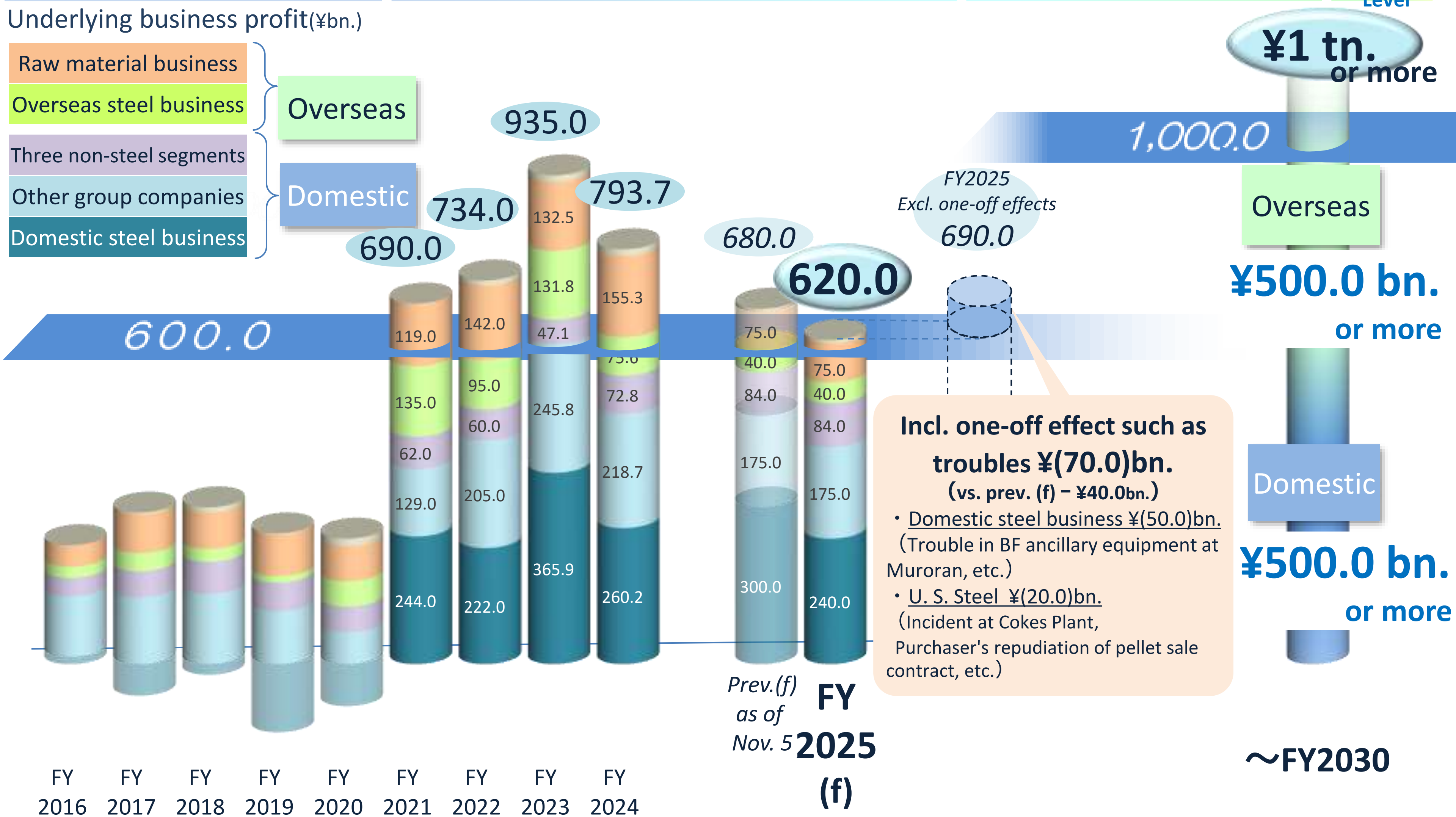
(*) Occurred on Dec. 1. Currently, the blast furnace is shut down. Efforts are ongoing to restart operations by the end of March.



*Incident at U. S. Steel's Clairton Cokes Plant
Purchaser's repudiation of pellet sale contract

Business Results Underlying BP

FY2016～2020 average	FY2021～2025 average	～FY2030	FY2031～
Approx.¥200.0bn.	Approx.¥750.0bn.	Achieve ¥1 tn. or more	Leap to the Next Profit Level

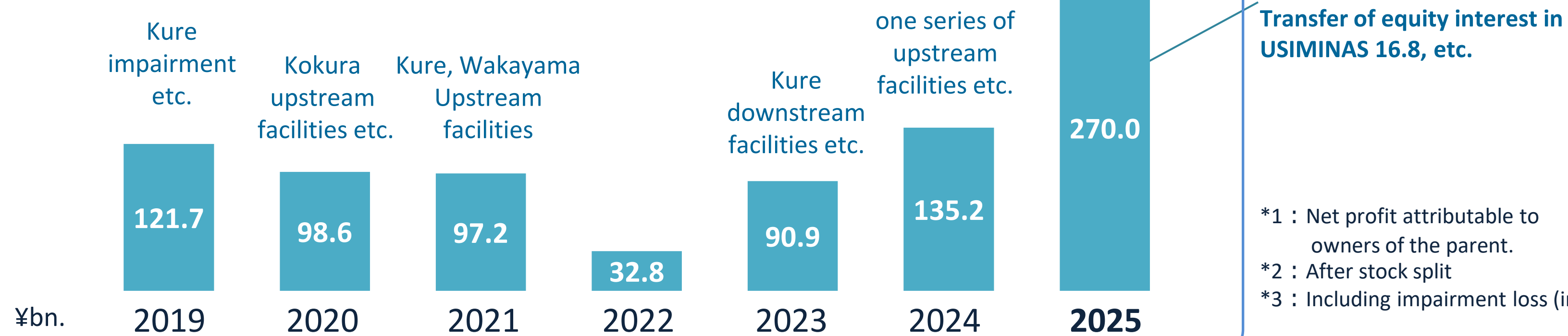


FY2025(f) Net Profit

- Additional line items centered on the loss on transfer of equity interest in AM/NS Calvert are - ¥270.0 bn.
- Temporary losses related to equipment shutdowns for structural measures have been largely accounted for

¥bn.	FY 2024	H1	Q3	H2(f)	FY 2025 (f)	*Change from prev. forecast as of Nov 5th*	Excl. One-off effects associated with U. S. Steel transaction FY 2025(f)
Consol. BP	683.2	227.5	128.6	192.5	420.0	*-30.0*	445.0
Additional Line Items	**(135.2)**	**(230.3)**	**(18.7)**	**(39.7)**	**(270.0)**	*-10.0*	**(30.0)**
Net Profit*1	**350.2**	**(113.3)**	**68.3**	**43.3**	**(70.0)**	*-10.0*	**190.0**
EPS (¥/share) *2	**70**	**-21**	**13**	**8**	***-13***	*-2*	**36**

Additional Line Items*3



*1：Net profit attributable to owners of the parent.
*2：After stock split
*3：Including impairment loss (in 2019)

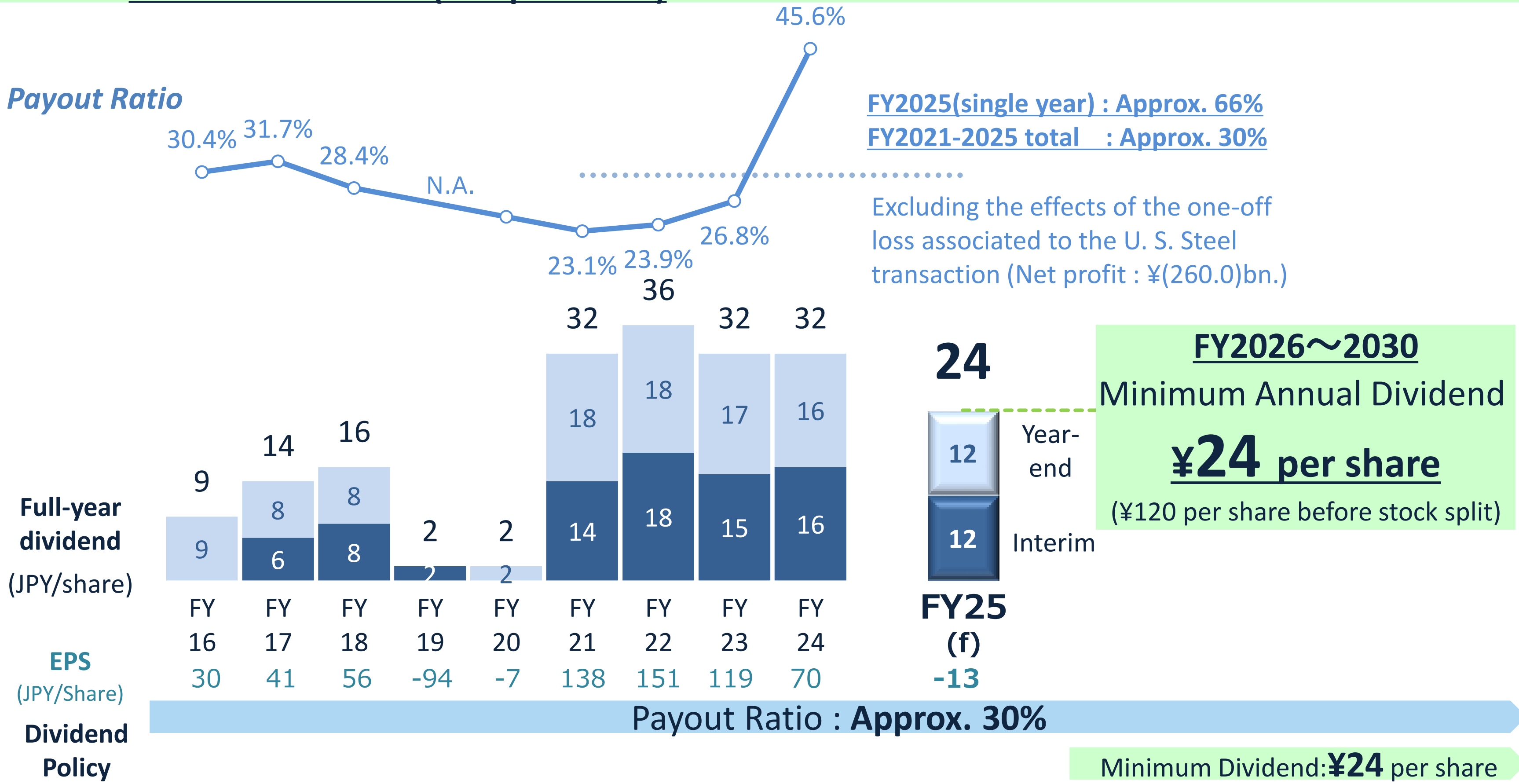
Business Results FY2025(f) Dividend

- **For FY2025, the final year of the medium- to long-term management plan, we plan to pay a dividend of 24 yen per share (120 yen per share before stock split), as previously announced.***

  *Result in a payout ratio of approx. 30% for the five-year period from FY2021 to FY2025, excluding one-off expenses and losses associated with the U.S. Steel transaction

- **2030 Medium- to Long-Term Management Plan (FY2026–FY2030)**

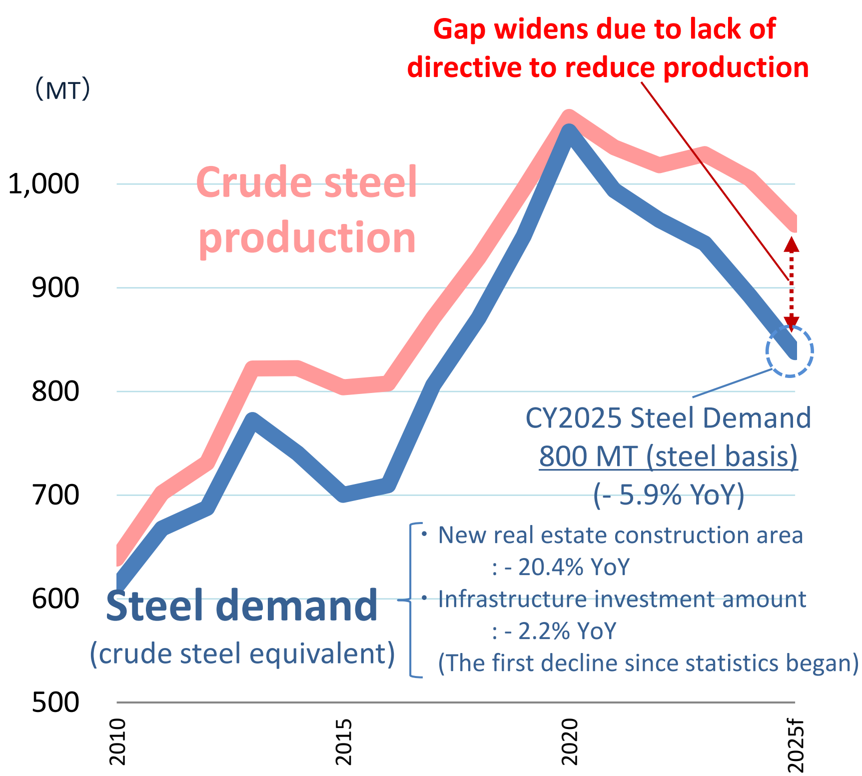
  : Maintain the current dividend policy (target payout ratio of approx. 30%) while introducing a **minimum dividend (¥24 per share)**



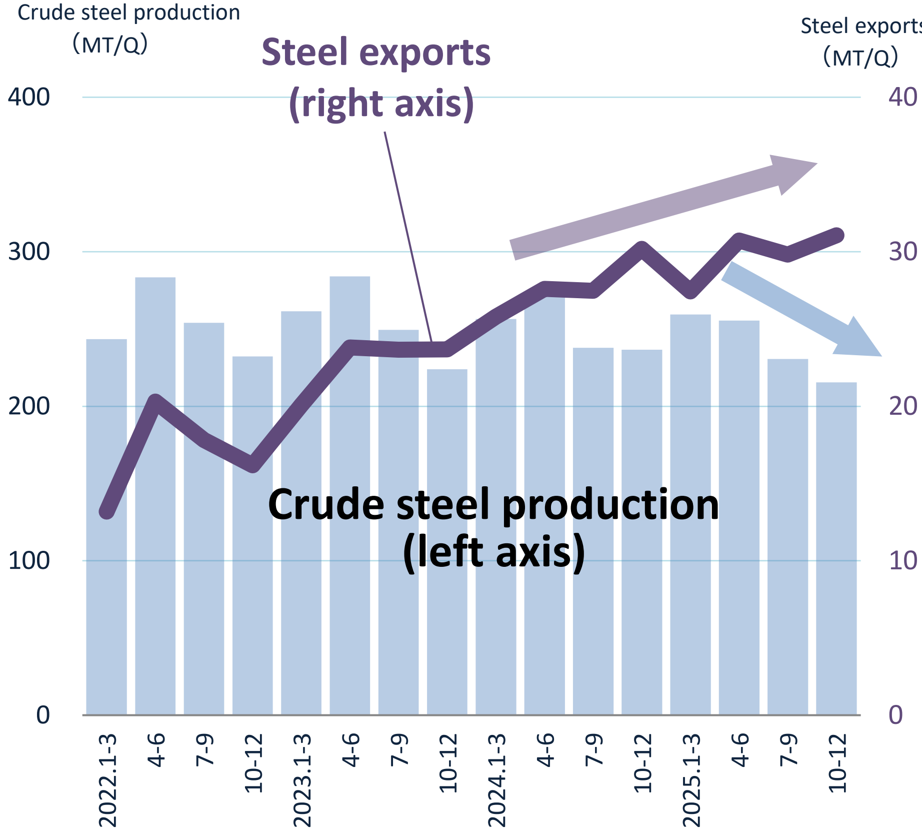
Situation of China's Steel Supply-Demand Gap

It is assumed that, amid a **further decline in China's domestic demand** and the **spread of trade measures in various countries pushing the expansion of steel exports from China toward its limits, maintaining the current level of crude steel production in China is becoming increasingly difficult**, as evidenced by the widening decline in crude steel production.
(CY2025 crude steel production: 960 MT (−50 MT YoY))

China's Domestic Steel Demand



Recent trends in steel exports and crude steel production

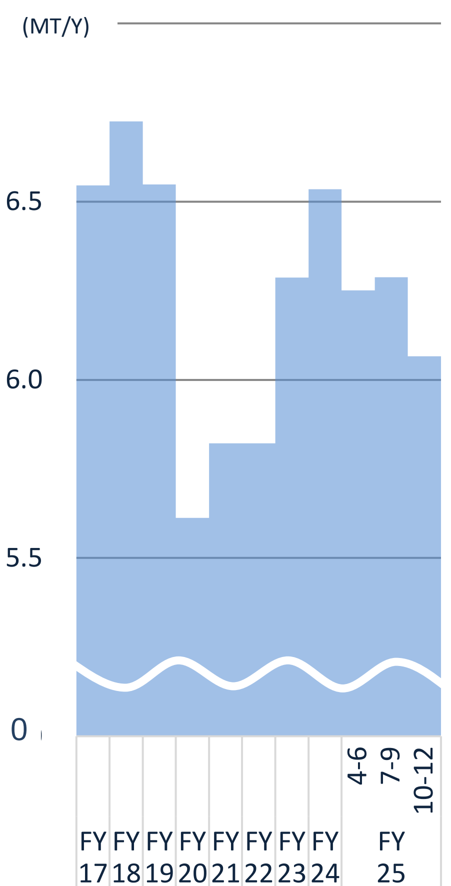


Business Environment

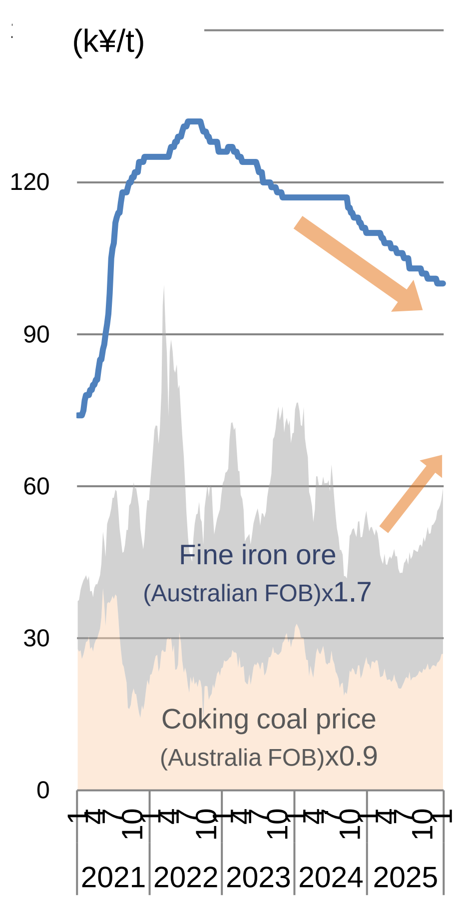
Domestic Steel Demand

- Among declining domestic demand, high level of steel imports continued
- As a result, domestic market spreads narrowed amid rising raw material price
- Finished auto exports remained generally flat. Continued close monitoring of trends in U.S. auto exports is required

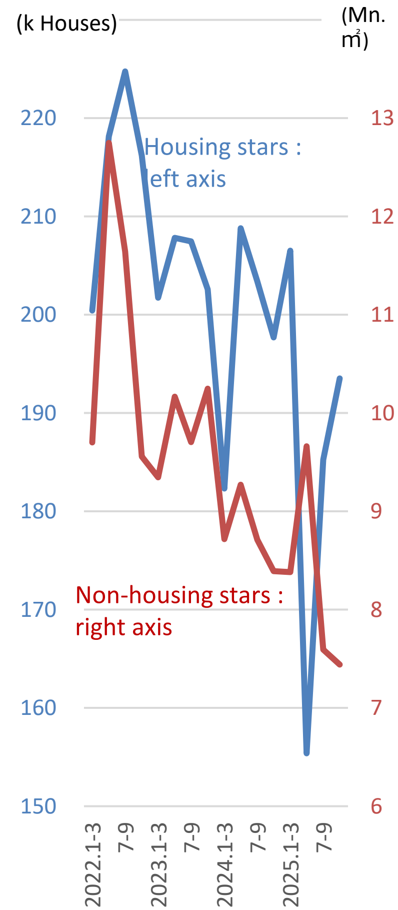
Steel import



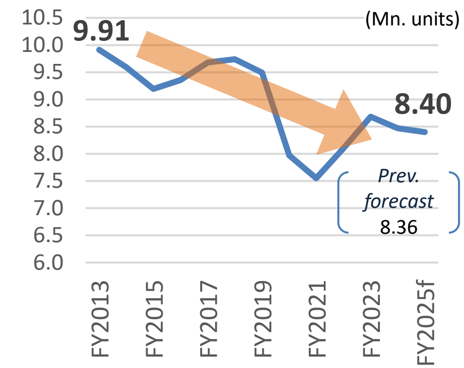
Domestic HRC Prices



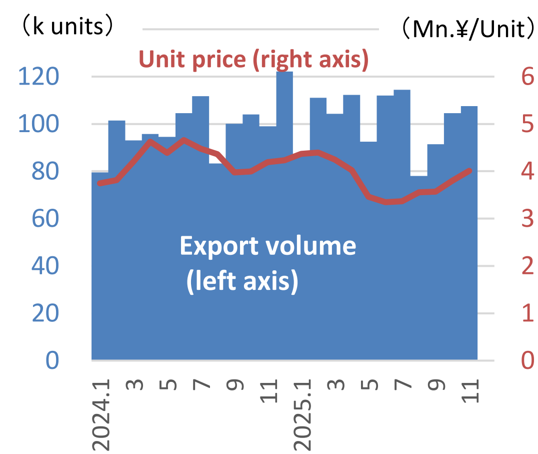
Housing, non-housing starts



Finished auto production



Export of finished autos to the U.S.



Asset Streamlining

➢ **Approx.¥100.0 bn. in asset streamlining in FY2025(f)**
(Change from prev. forecast : + ¥30.0 bn.)

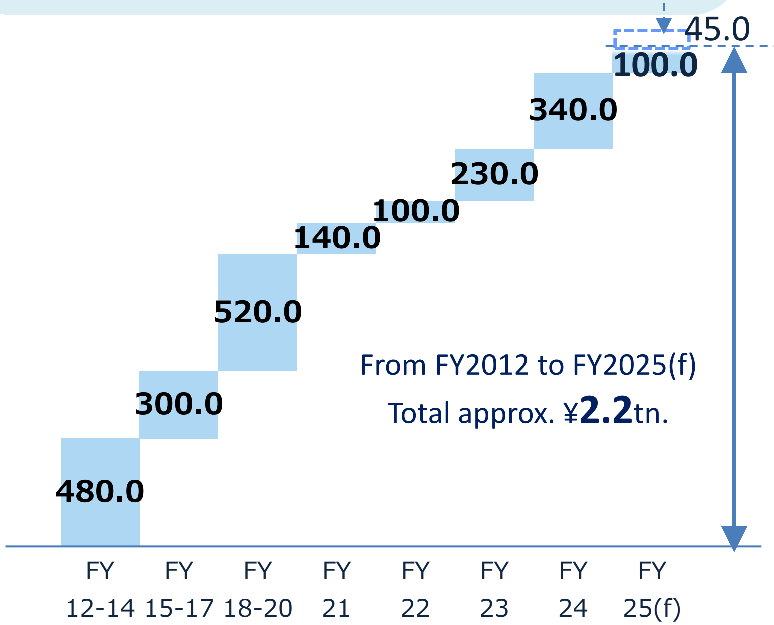
Asset Streamlining

FY2025(f) : Approx. ¥100.0 bn.

(Change from prev. forecast : + ¥30.0 bn.)

- Sales of equity-method affiliate shares (Part of Nippon Steel Kowa Real Estate) : ¥50.0 bn.
- Sales of strategic shareholdings etc. : ¥50.0 bn.

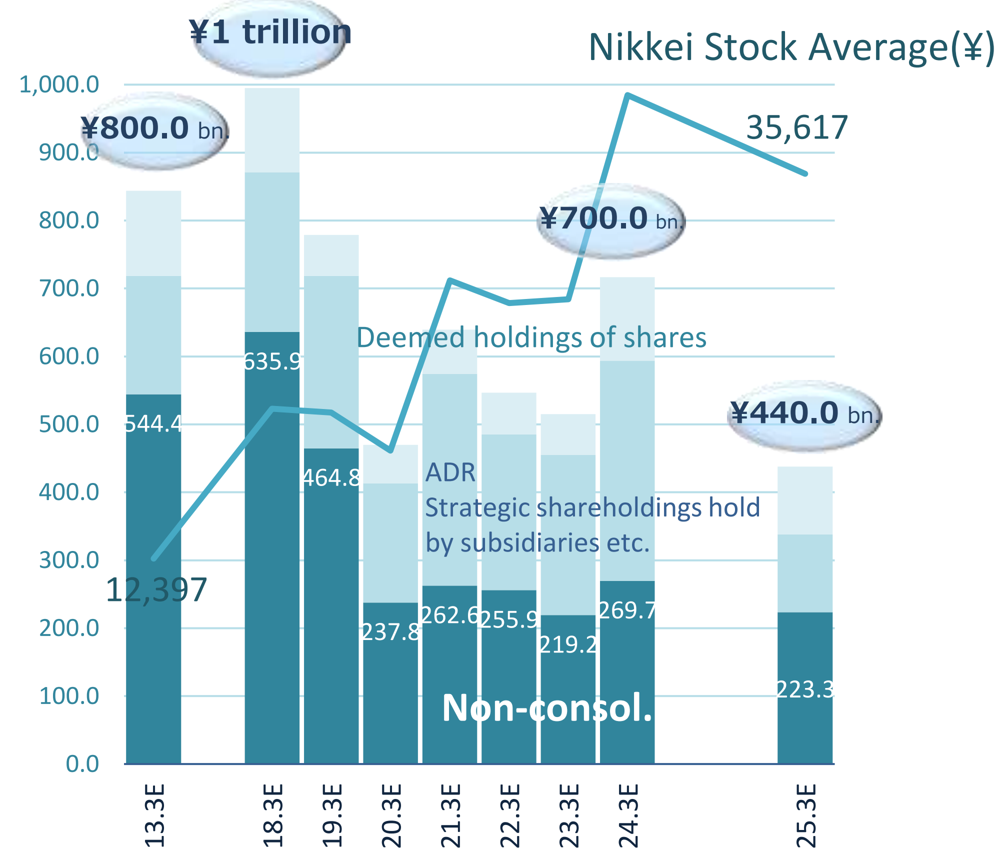
[not included] transfer of stake in USIMINAS : ¥45.0 bn.



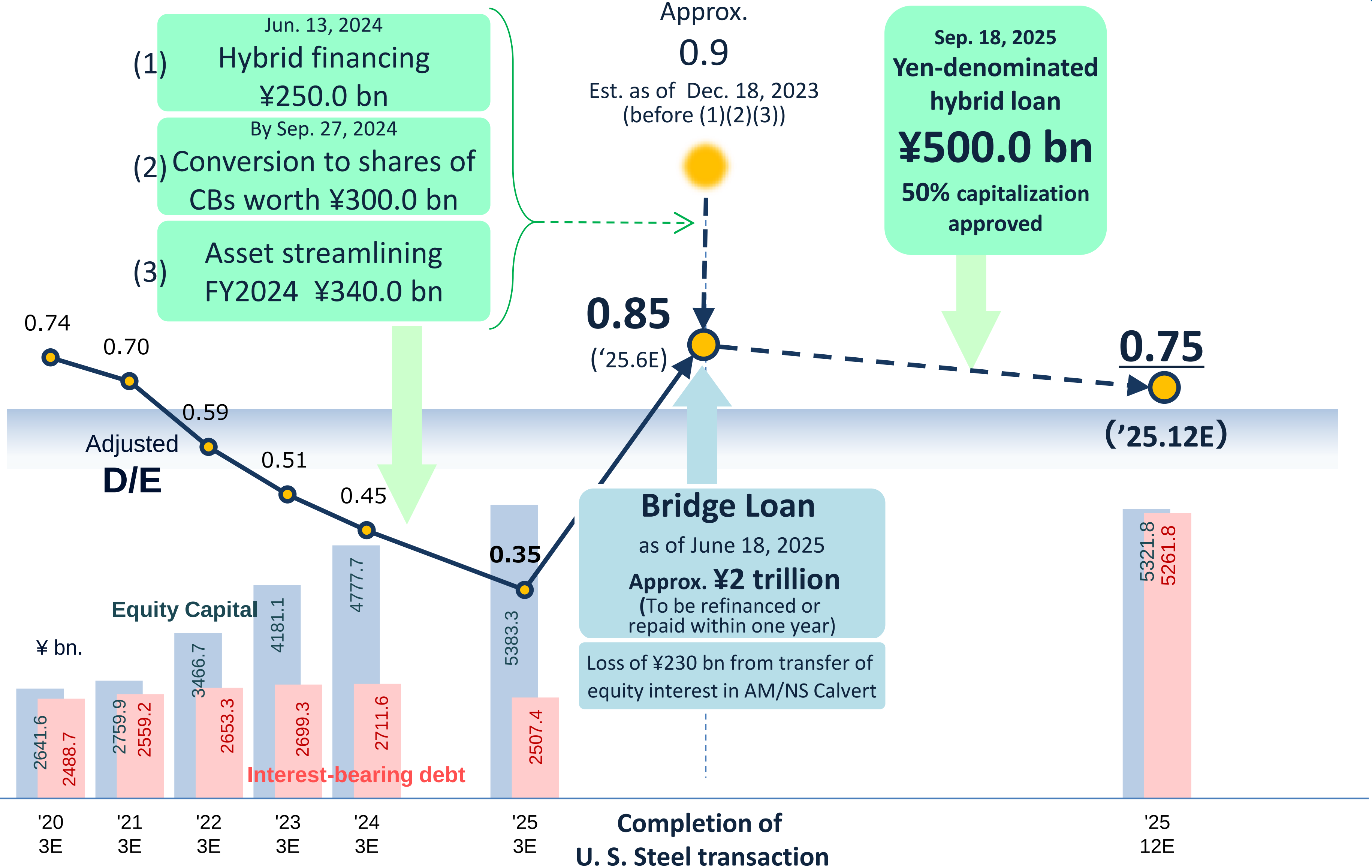
Consolidated Strategic Shareholdings

Reduced strategic shareholdings by approx. 80% in real terms since FY2013*

*Simple correction for the impact of stock price fluctuations by the Nikkei Stock Average fluctuation



Optimal Financing to Simultaneously Achieve Sound Financials and Improved Shareholder Value



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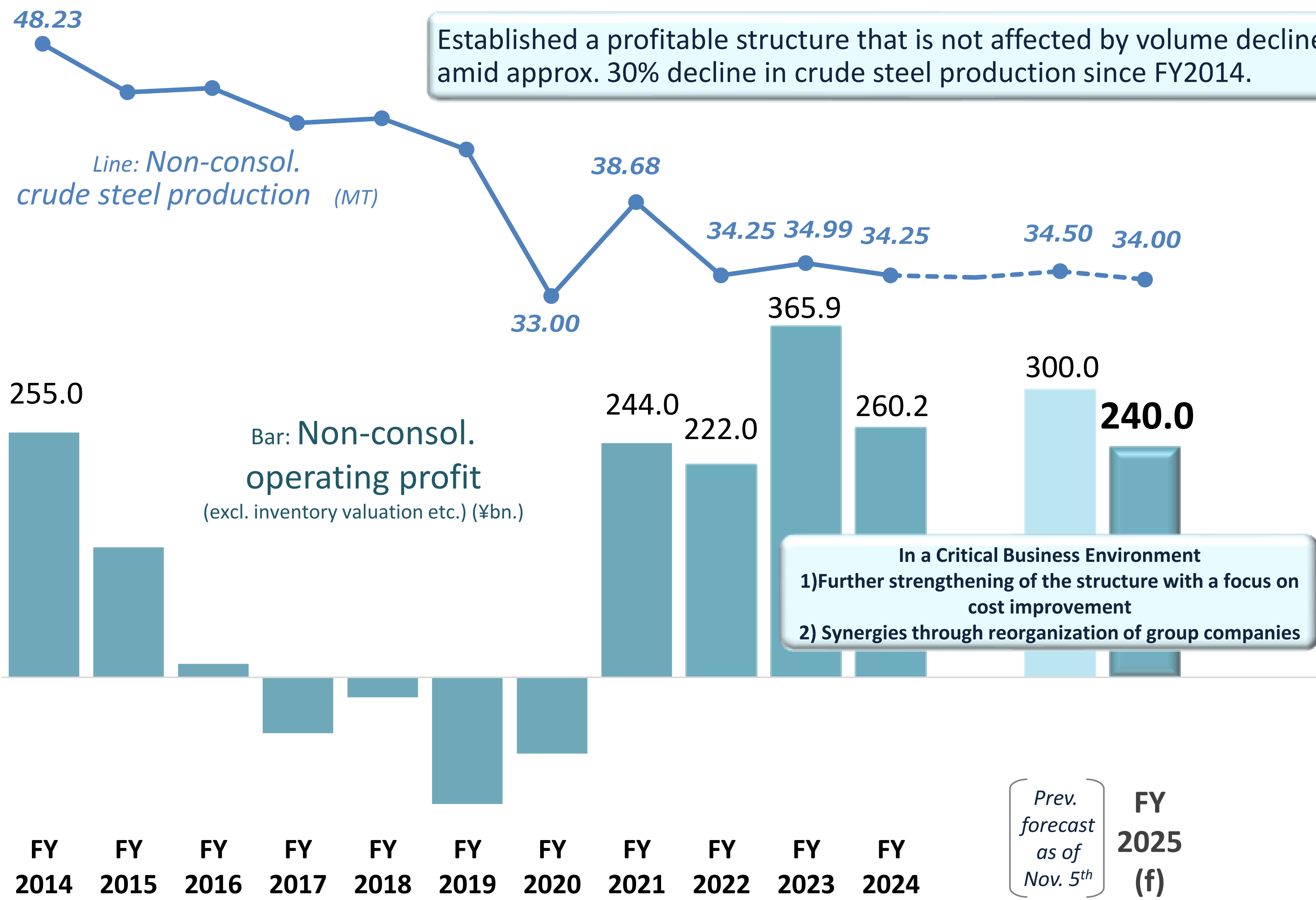
3. Carbon Neutral Vision 2050

Underlying Business Profit (half-yearly)

(¥bn.)	H1	H2	FY2024	H1	H2 (f)	FY2025 (f)	*Change from FY2024*	*Change from prev. forecast as of Nov. 5*
Consol. BP	375.7	307.4	683.2	227.5	192.5	**420.0**	*-263.2*	*-30.0*
ROS	8.6%	7.1%	7.9%	4.9%	3.6%	4.2%	*-3.7%*	*-0.3%*
Underlying BP	371.9	421.8	793.7	345.7	274.3	**620.0**	*-173.7*	*-60.0*
ROS	8.5%	9.8%	9.1%	7.5%	5.1%	**6.2%**	*-2.9%*	*-0.6%*
1) Domestic steel business	107.9	152.1	260.2	136.6	103.4	**240.0**	*-20.0*	*-60.0*
2) Overseas steel business	40.1	33.7	73.8	47.3	(7.3)	**40.0**	*-34.0*	-
3) Raw material business	92.0	63.3	155.3	40.5	34.5	**75.0**	*-80.0*	-
4) Other group companies	96.9	121.9	218.7	80.3	94.7	**175.0**	*-44.0*	-
5) 3 Non-steel segments	27.2	45.6	72.8	36.0	48.0	**84.0**	*+11.0*	-
Inventory valuation, etc.	3.8	(114.4)	(110.5)	(118.2)	(81.8)	(200.0)	*-89.5*	*+30.0*

Domestic Steel Business P/L Trend (Underlying Business Profit)

Established a profitable structure that is not affected by volume decline, amid approx. 30% decline in crude steel production since FY2014.



Before and in FY2019: ex-Nisshin Steel Kure Area and Hanshin Area included After FY2025 : ex-NS Stainless Steel and ex-NS Pipe included

Domestic Steel Business

Build a Lean and Resilient Structure Capable of Withstanding Declining Domestic Demand and Export Difficulties

Further increase marginal profit by sophistication of order mix in the future

Facility structural measures

Before the measures -> The end of FY2024

Total number of BFs
15 -> 10 units -5units

Crude steel production capacity
(Non consol. + Nippon Steel Stainless Steel)
50 -> 40 Mt/Y -20%

Cost reduction : Approx. ¥150.0 bn./Y

Spread improvement in direct contract sales

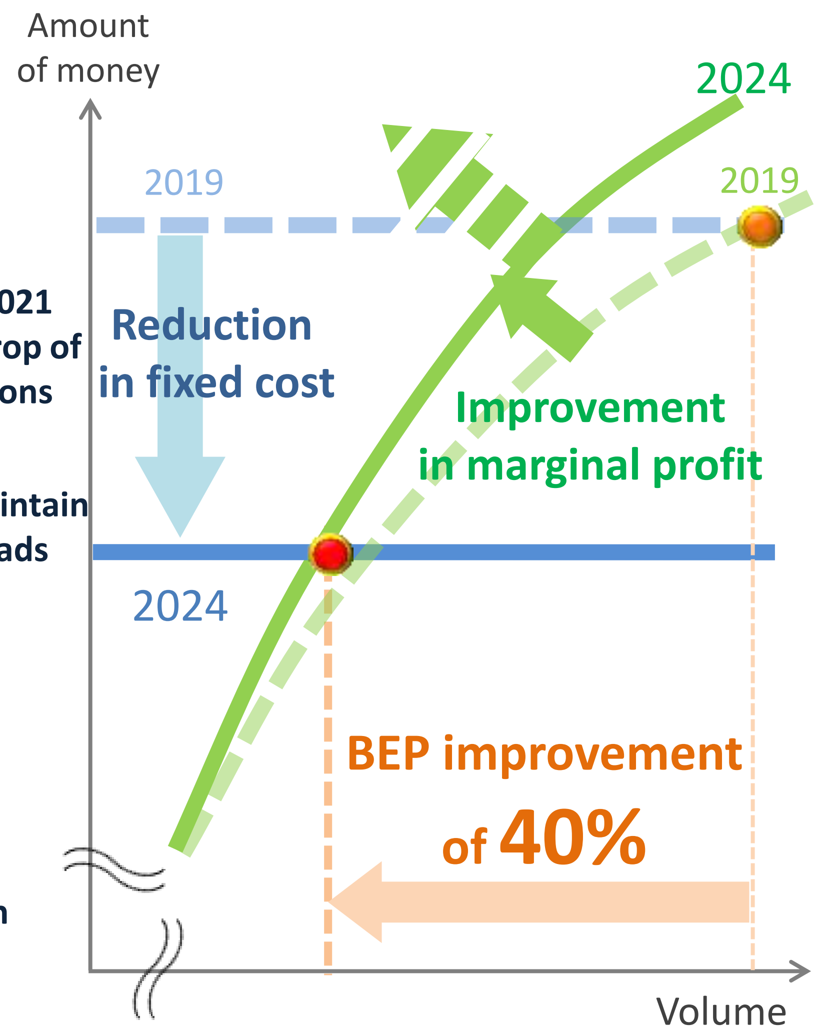
- ✓ **Reflection in steel prices of our high value-added product qualities and solutions** — **Significant price increase in H2 2021 against a backdrop of capacity reductions**
- ✓ **A fair allocation of cost burden for raw materials and commodities** — **Price negotiation schemes that maintain appropriate spreads**

Sophistication of order mix

High-value added products	Commodities

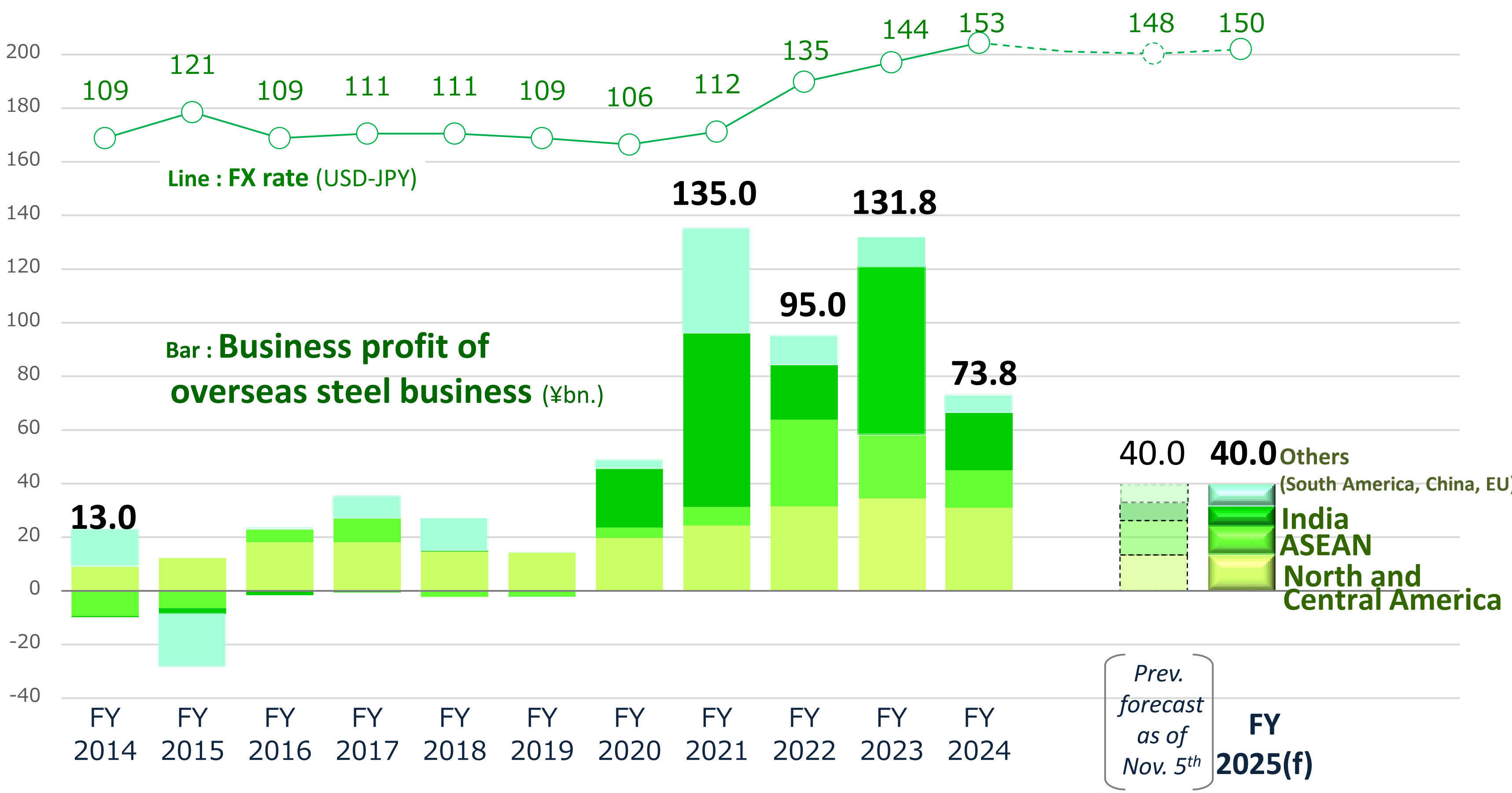
High-value added products	Commodities

Investing in capacity and quality improvement of high value-added products such as ultra-high-tensile steel sheets for automobiles and electric steel sheets



Overseas Steel Business

P/L Trend (Underlying Business Profit)



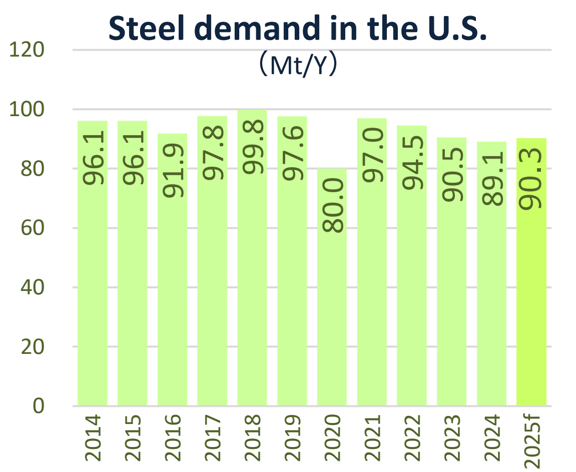
- Equity method consolidation of AM/NS Calvert, Q1 2014
- Equity method consolidation of AM/NS India, Q1 2020
- Consolidation of G/GJ Steel as a subsidiary, Q1 2022
- BNA deconsolidation, Q4 FY2024
- AM/NS Calvert deconsolidation, Q1 FY2025
- Consolidation of U. S. Steel as a subsidiary, Q2 2025
- USIMINAS deconsolidation, Q4 FY2025

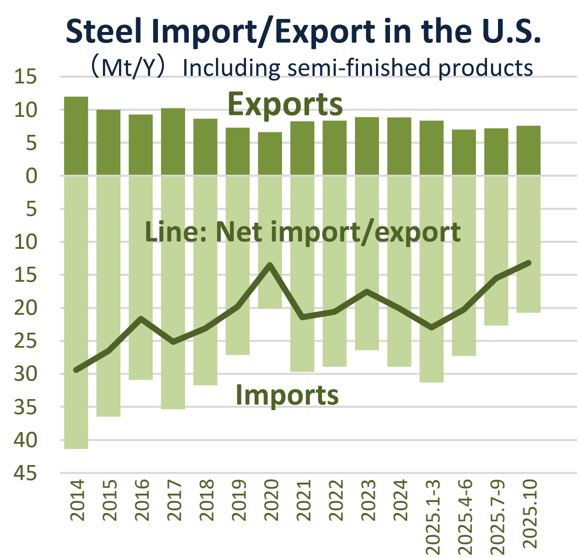
Ordinary profit (subsidiaries) + share of profit in investments accounted for using equity method (equity method affiliates), both underlying profit excl. inventory valuation
Overseas companies other than USS and NS SUS are consolidated Jan. - Dec. results to Nippon Steel's Apr. - Mar.
NS BlueScope US operations are included in "ASEAN"

Overseas Steel Business

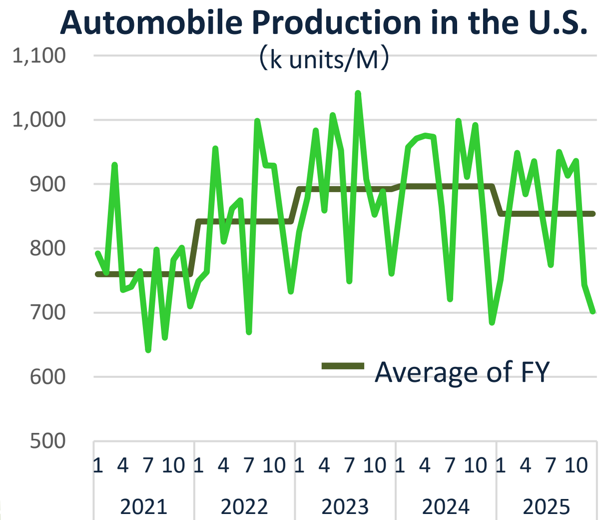
Steel Business Environment in the U.S.

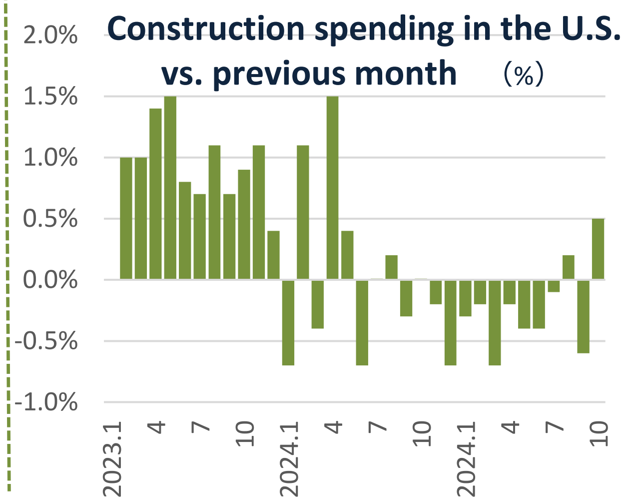
U.S. demand: Demand is stable
U.S. steel exports and imports: Both steel exports and imports declined



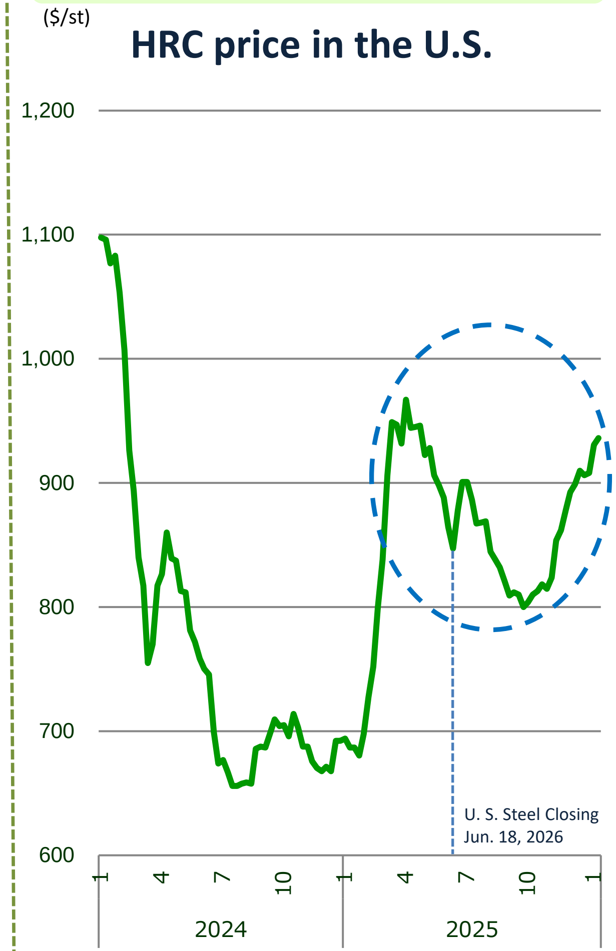


Trends in demand sectors: The automotive sector remains robust. The construction sector, having recovered from a temporary slump, saw growth in October that exceeded market forecasts.





U.S. Market Trends: Market conditions reversed and rose due to reduced imports of steel materials following tariff hikes and increased stockpiling by some distributor



U. S. ：Progress of U. S. Steel Strategic Capital Investment Plan

Accelerating efforts to finalize plans and start construction on strategic capital investments across multiple U. S. locations that will contribute to U. S. Steel's profit growth

2025 Plan
$1.1 bn.
/ $11.0 bn. <U.S.>
(~2028E)

Major finalized projects (already announced)

BF mill＜Gary＞

● Upgrade existing hot strip mill

Enabling production of heavy gauge line pipe steel sheets and automotive high-strength steel sheets
(announced on Sep. 25, 2025)
Investment: $0.2 bn.
Completion of work:
Scheduled for 3Q 2026 (Jul. - Sep.)

● Relining No.14 BF

(announced on Dec. 23, 2025)
Secure Production capacity
Long-term Cost efficiencies
Investment: $0.35 bn.
Construction period: 2026.May-Aug. (100 days)

BF mill＜Mon Valley＞

● Install New Slag Recycler

Revenue expansion through slag sales
(announced on Sep. 25, 2025)
Investment: $0.1 bn.
Construction period: 2026 - early 2028

Pipe and Tube mill＜Fairfield＞

● Install New Premium Thread Line

Cost reduction through in-house thread cutting
(announced on Nov. 4, 2025)
Investment: $0.075 bn.

Major projects under consideration

BF mill＜Gary＞:Update of steelmaking process and other equipment ->Productivity improvement, Enhance Product flexibility, Quality and Cost improvement

BF mill＜Mon Valley＞:Upgrade of hot strip mill ->Productivity, Quality and Cost improvement, Expansion of high-grade steel manufacturing capabilities

EAF mill＜Big River＞:New DRI plant construction ->Enhance raw material flexibility, Cost reduction

EAF mill＜Big River＞:New Grain-Oriented(GO) Electrical Steel facilities
->Expansion of supplied product menu by NSC tech introduction, Product differentiation by advancing capabilities in high-performance electrical steel

Pipe and Tube mill＜Fairfield＞:Expansion of steel pipe heat treatment facilities
-> Expansion of integrated capacity by eliminating bottleneck processes, Expansion of high-value tubular capabilities

NIPPON STEEL

U. S. : U. S. Steel's Current Initiatives

Toward Strengthening Manufacturing Capabilities and Maximizing Synergy

- **Increase the number of staff dispatched from NSC (operational technology, production planning, etc.)**

  Initial number of dispatched engineers and other staff: approx. 50 → Current: approx. 100 (incl. short-term dispatchees)

- **Accelerating the introduction of advanced technologies and know-how alongside operational improvements**

  Dispatched staff collaborate with on-site teams to identify challenges at each facility and process,with 260 specific improvement measures currently being implemented sequentially

Big River 2 <Examples of operational synergy realization>

- Through the integrated efforts of staff dispatched from NSC and on-site personnel, production has significantly stabilized.
- Achieved New Production Record in December with ESP(Endless Strip Production)
- Enables energy savings and high-efficiency production, contributing to operational and cost improvements
- Promoting standardization to ensure the retention of technology and know-how

- **Strongly advancing mid- to long-term plans from the ground up to maximize synergies and accelerate the formulation and execution of strategic capital investments.**

Topics

Granite City

Restart of B BF
(announced on Dec. 4, 2025)

Based on these factors,
-Robust demand expected in 2026
-Gary Steel Works No. 14 BF Relining (May-Aug. 2026)

Resuming operations at Granite City's B BF which has been idle since Sep. 2023
(Expected restart in Q2 2026 (Apr.-Jun.))

Historic Winter Storm in North America
(Late Jan. 2026)

- Historically severe winter storm hits North America (spanning the Midwest to the South to the Northeast)
- Significant impact of snow and ice in Pennsylvania, Indiana, Arkansas, and other states with U. S. Steel facilities
- Concerns include transportation disruptions, operational delays, and surging electricity and natural gas prices

Overseas Steel Business India： AM/NS India

Business environment and Performance

India Indicators	2024	2025f
GDP growth rate	+6.5%	+7.3%
Steel demand	0.15 bn. t	0.16 bn. t

[Medium-to Long-term Environment]

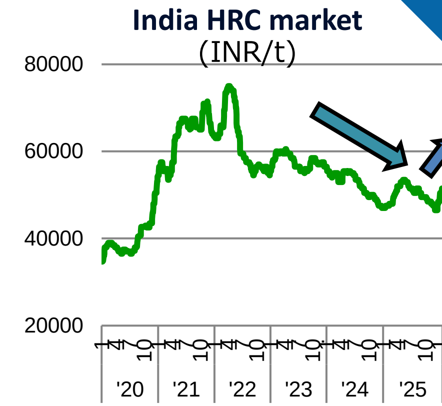
- **Steel demand increase** by population growth and industrialization
- No rapid capacity expansion is expected due to difficulty in acquiring land, and **the supply-demand situation will remain tight**
- **High percentage of homegrown products** based on "Make in India" policy

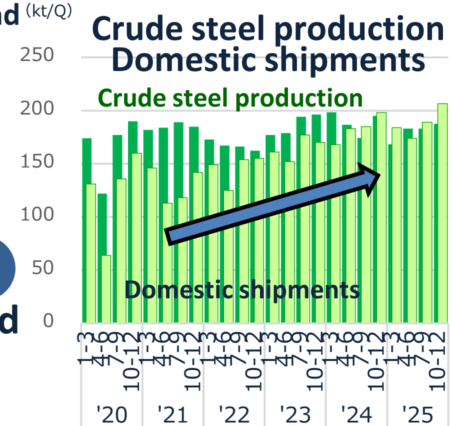
[Current Environment]

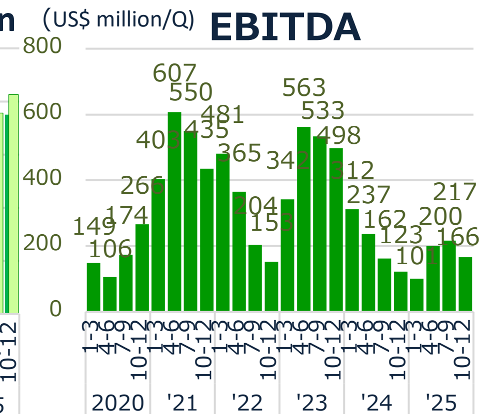
- **Continued high level of economic growth and steel demand exceeding the previous year's level**
- Domestic market conditions, which had softened due to increased supply following capacity expansions at major mills, **bottomed out and reversed course in early Dec. 2025** as distribution inventories began declining, driven by factors such as increased infrastructure demand.

[Performance]

- Oct. –Dec. domestic shipments up 9% QoQ
- EBITDA down 24% QoQ (due to softened market price)







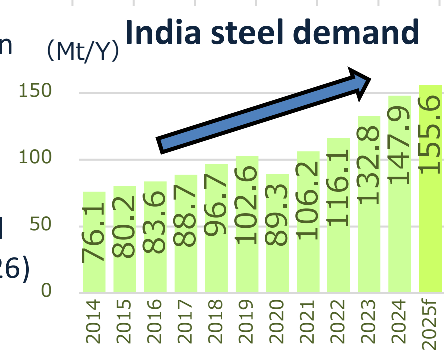
Initiatives for Capacity Expansion and Product Sophistication

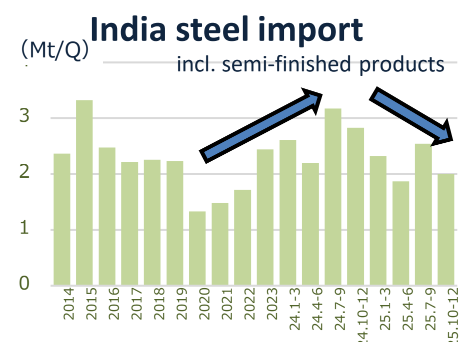
- **Capacity expansion to capture growing steel demand and enhance high-value-added product mix**

Existing plant expansion (Hazira Works)

- Full-scale entry into the automotive market through expansion of steel sheets facility (decided in April 2022), with coating line operation started in July 2025 and cold rolling and others scheduled for second half of FY2025
  Start of supply of corrosion resistant coated steel for construction materials (operation started January 2024)
- Under construction for expansion of upstream facilities, hot-strip mill (decided in Sep. 2022) (Scheduled to start operation in 2nd half of FY2026)
  Crude steel capacity approx. +6Mt/Y(approx. 9 -> 15Mt/Y)

Consideration of investment plan for new integrated steel works in the state of Andhra Pradesh in southern India



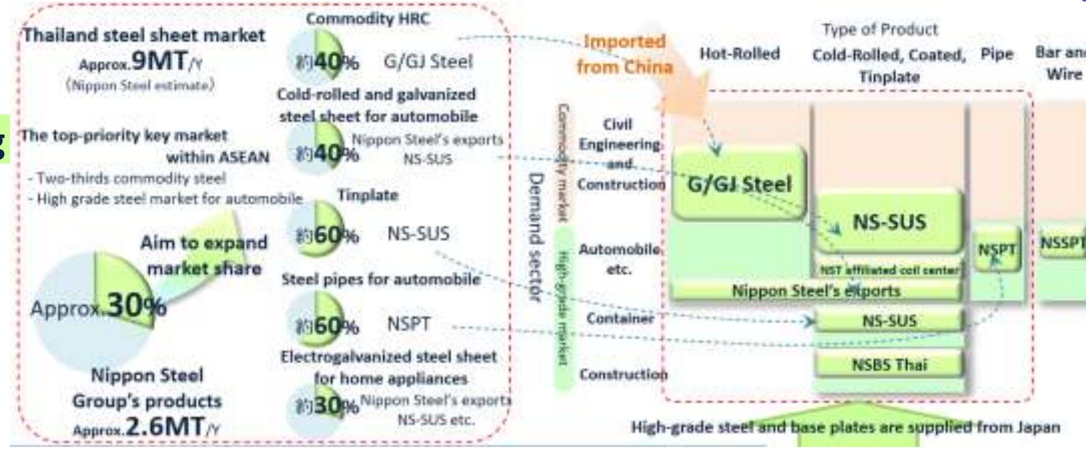


Overseas Steel Business Thailand: NS-SUS,G/GJ Steel

Strategic positioning of the Thai market within our global operations

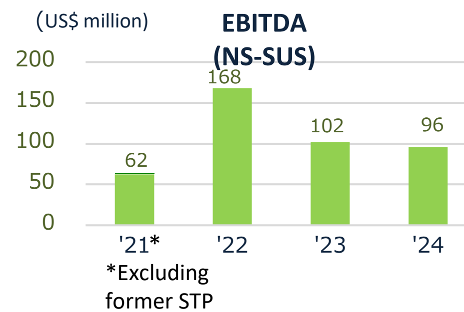
The top-priority key market within ASEAN aiming to expand market share by strengthening the entire supply chain, from iron source

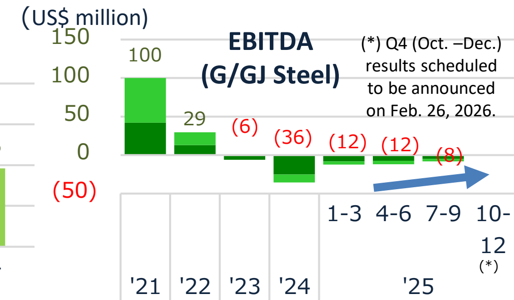
- Established presence since 1963 with 30 companies and approximately 8,000 employees
- High grade steel market for automotive and a 9-million-ton flat steel market dominated by two-thirds commodity steel
- Current Group share of approx. 30%



Performance and Initiatives of NS-SUS

- Steady performance supported by high grade steel demand for automotive, home appliances, and can manufacturing
- Expansion of tinplate production capacity for can manufacturing from 280,000 to 350,000 tons/year to meet future demand growth
  Investment of approx. 2 billion baht (approx. ¥8.9 bn.), scheduled completion March 2027

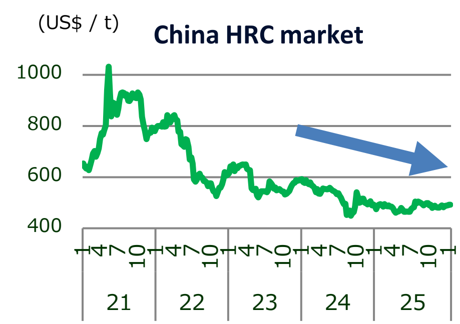


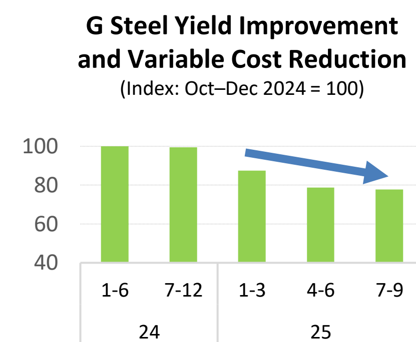


Performance and Initiatives of G/GJ* Steel

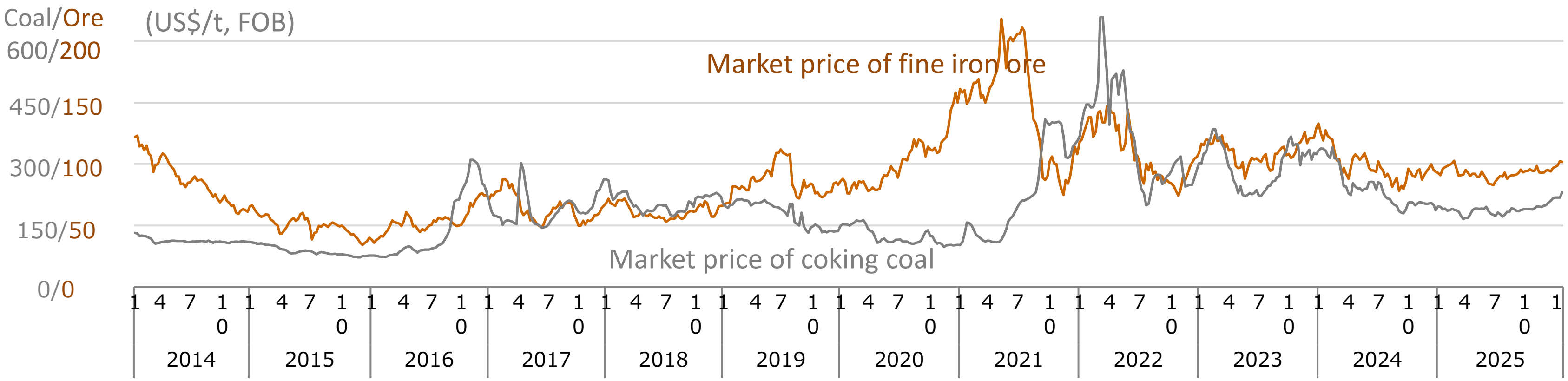
*The only integrated EAF hot-rolled mill in Thailand, acquired by Nippon Steel in 2022

- **Facing a challenging business environment** amid continued significant compression of metal spreads due to market declines
- **Profitability showing signs of improvement** through enhanced intra-group collaboration within the Nippon Steel Group in sales and procurement of steel scrap and other cold metal sources, and ongoing initiatives to reduce variable costs.

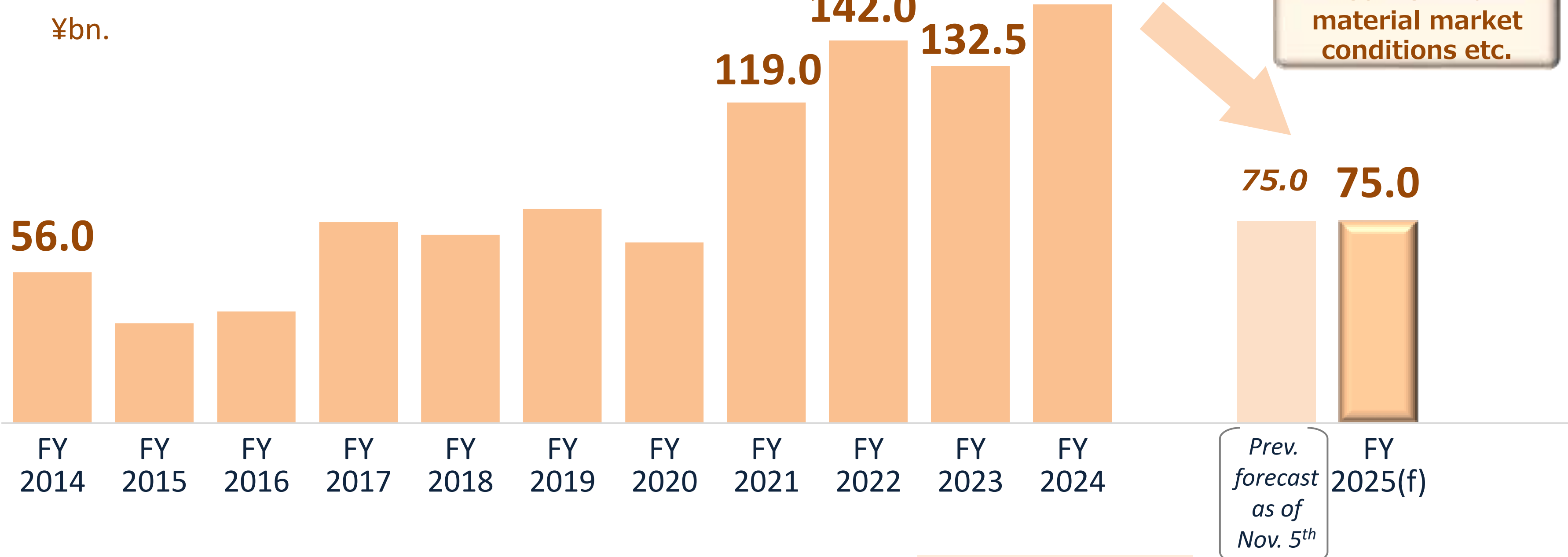




Raw Material Business P/L Trend (Underlying Business profit)



Business profit of raw material business



Equity method consolidation of Boggabri in 2015

Equity method consolidation of EVR in Q1 FY2024

Equity method consolidation of Blackwater in Q2 FY2025

Cf. All of raw material businesses are operated in Jan.-Dec. term and consolidated to Nippon Steel's Apr.-Mar.

Vertical Expansion of the Core Businesses

Establish stable procurement structure to mitigate operating profit volatility in the domestic steel business caused by raw material cost fluctuation
Aim to further raise the self-sufficiency in the ratio of major raw materials

NIPPON STEEL

			Equity Ratio	Capacity (MT/Y)
Iron Ore Pellet	Australia	Robe River	14%	70
	Brazil	NIBRASCO	33%	10
	Canada	Kami Sep. 2025 JV Established(FS in process)	30%	[9]
Coal	Australia	Moranbah North	6%	12
		Warkworth	10%	8
		Bulga	13%	7
		Foxleigh	10%	3
		Boggabri	10%	7
		Coppabella and Moorvale	2%	5
		Blackwater	20%	10
	Canada	Elk Valley Resources	20%	27
Alloy(Niobium)	Brazil	CBMM	3%	0.15

Aim to raise self-sufficiency ratio of raw materials

Iron Ore for BFs-use

Total procurement (FY2024)
Approx. 50MT

Approx. **20%**

Coal

Total procurement (FY2024)
Approx. 26MT

2023: Approx. 20%
Jan. 2024 After invested in EVR JV: Approx. 30%
Mar. 2025 After invested in Blackwater JV: Approx. **35%**

Ratio of coal procured from mines in which Nippon Steel is an investor will increase in the long term (shift to carbon neutral process /decrease total amount of coal in use).

Profit/loss is included in "Overseas Steel Business"

USS

Iron Ore Pellet	U. S.	Minntac	Wholly-Owned	16
		Keetac		6

Ore grade suitable for high grade (DR grade) pellet production

Iron Ore **100%**

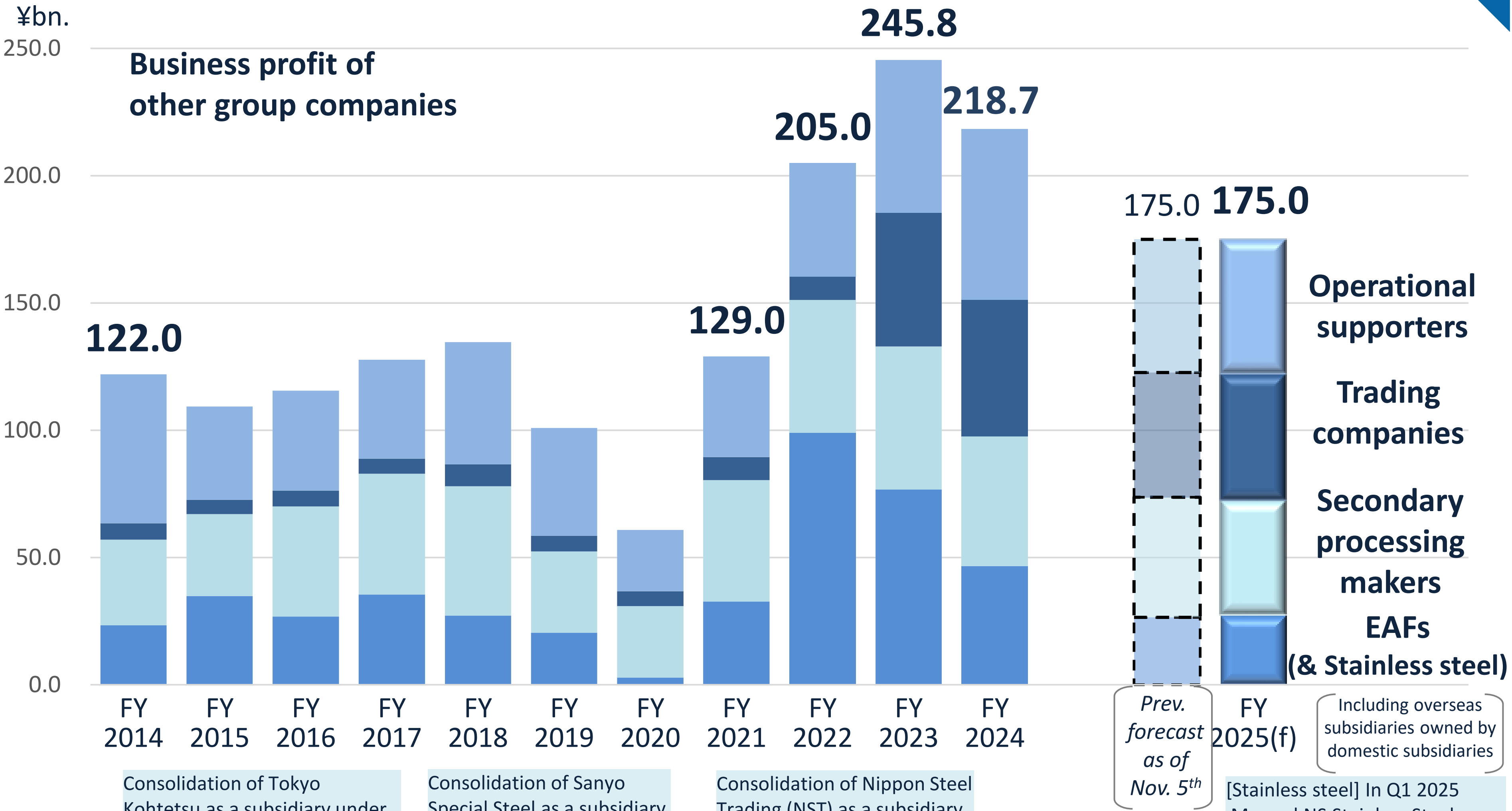
AM/NS INDIA

Iron Ore Pellet	India	Sagasahi	Wholly-Owned	5
		Thakurani	Mining rights	2

Iron Ore Approx. **40%**

As of 2025

Other Group Companies P/L Trend (Underlying Business Profit)



Consolidation of Tokyo Kohtetsu as a subsidiary under Osaka Steel in Q1 FY2016

Consolidation of Sanyo Special Steel as a subsidiary in Q1 FY2019

Consolidation of Nippon Steel Trading (NST) as a subsidiary in Q1 FY2023

[Stainless steel] In Q1 2025 Merged NS Stainless Steel (-> To Domestic steel business)

[Secondary processing] In Q1 2025 Dissolution of NS Pipe (-> Mechatubes go to Domestic steel business)

Excludes inventory valuation and includes group companies of former Nisshin Steel and the stainless steel business of former Nisshin Steel

Before and in FY2024: ex-NS Stainless Steel and ex-NS Pipe included

Commencement of Tender Offer for Shares of Krosaki Harima Corporation

(Announced on Jan. 30, 2026)

Full acquisition of a group subsidiary, Krosaki Harima Corporation, through a two-tier tender offer (TOB and squeeze-out)

Current → Two-tier tender offer → **After Transaction**

Current

NIPPON STEEL — Consolidated Subsidiary (46.6%) → KROSAKI

Other Shareholders — 53.4% → KROSAKI

※The ratio above is based on the number of shares excluding treasury share held by Krosaki Harima.

(1) TOB

Commencement Period:
Feb. 2, 2026 to Mar. 3, 2026 (20 business days)
(Extendable upon request by the Target Company
: Maximum until Mar. 17 (30 business days))

Purchase Price: ¥4,200 per share

Settlement Start: Mar. 10, 2026 (Mar. 25 if extended)

Minimum Number of Shares to be Purchased:
6,818,596 shares (20.25% ownership stake)

(2) Squeeze-Out

If unable to acquire all the shares through the TOB, Nippon Steel plans to delist and make Krosaki Harima a wholly owned subsidiary through a special controlling shareholder's request for a sale of shares or a reverse share split.

After Transaction

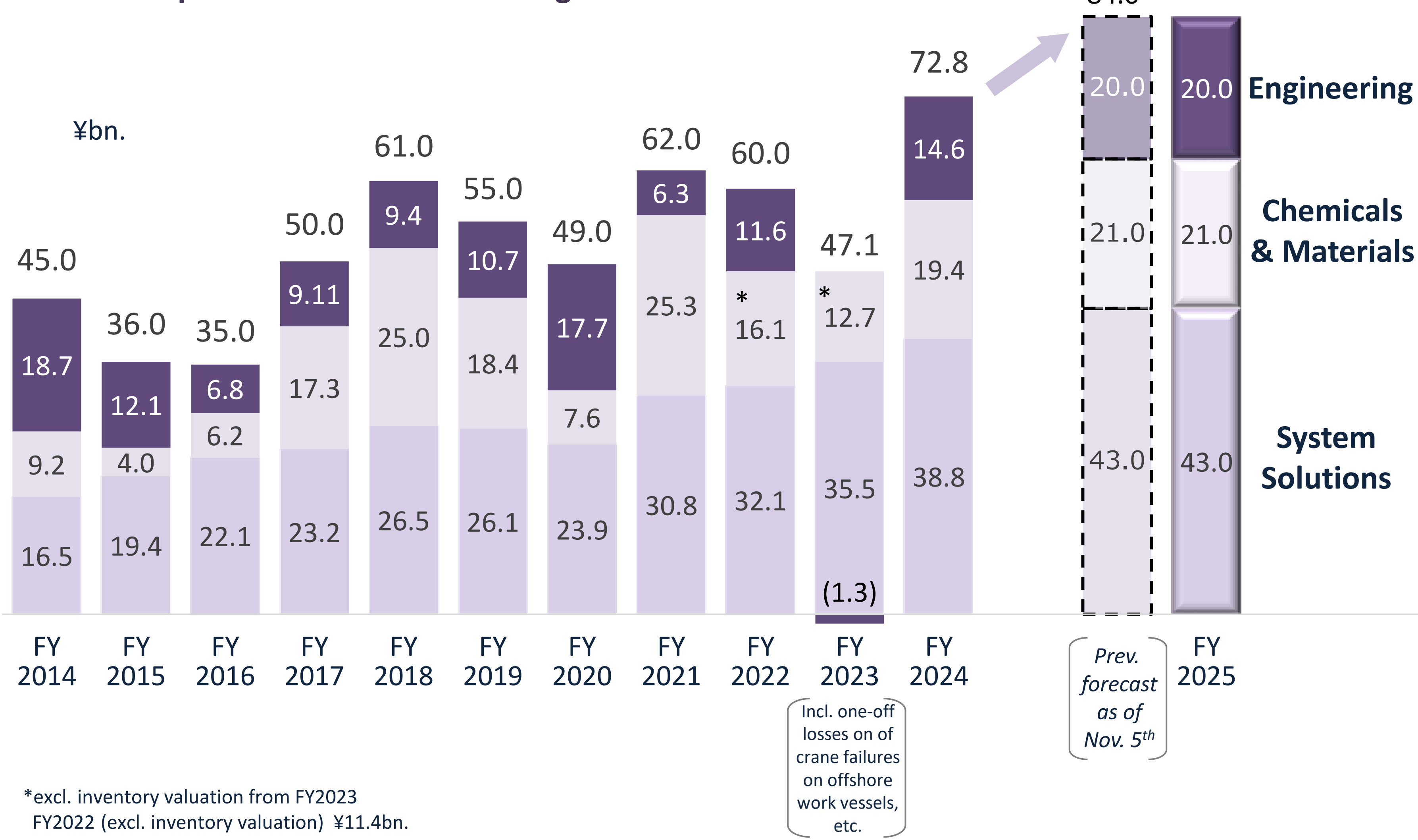
NIPPON STEEL — **Wholly Owned Subsidiary (100%)** — KROSAKI

(1)(2)Total Purchase Amount: approx. **¥75.8** bn.

Three Non-steel Segments P/L Trend (Underlying Business Profit)

Earnings expansion mainly in growth areas

Business profit of three non-steel segments



*excl. inventory valuation from FY2023
FY2022 (excl. inventory valuation) ¥11.4bn.

Three Non-steel Segments Earnings Summary

(Previous forecast: released on Nov. 5, 2025)

Engineering

¥bn.	H2	FY 2024	H1	Q3	H2(f)	*Prev. forecast*	FY 2025(f)	*Prev. forecast*
Order intake	253.6	380.8	134.3	72.5	225.7	*265.7*	360.0	*400.0*
Revenue	217.1	400.4	182.2	90.3	217.8	*217.8*	400.0	*400.0*
Business profit	15.8	14.6	7.4	4.5	12.6	*12.6*	20.0	*20.0*

- The order intake is expected to decrease due to term change of orders for large-scale projects in environmental plants etc. Sales are expected to be at the same level as the previous year.
- Profitability in the EPC field is expected to improve due to thorough project management, and fixed costs are expected to decrease due to structural measures, resulting in a YoY increase in profit.

Chemicals and Materials

¥bn.	H2	FY 2024	H1	Q3	H2(f)	*Prev. forecast*	FY 2025(f)	*Prev. forecast*
Revenue	128.7	269.1	128.1	63.0	131.9	*131.9*	260.0	*260.0*
Business profit	6.6	18.9	9.8	4.7	10.2	*10.2*	20.0	*20.0*
Underlying	*9.3*	*19.4*	*11.0*	*5.0*	*10.0*	*10.0*	*21.0*	*21.0*

- Coal Chemicals and Chemicals business environment is difficult due to sluggish product market conditions.
- In Functional materials, AI-related products continued to perform well.
- Business profit is expected to increase due to volume growth in the functional materials field, etc.

System Solutions

¥bn.	H2	FY 2024	H1	Q3	H2(f)	*Prev. forecast*	FY 2025(f)	*Prev. forecast*
Revenue	182.3	339.3	179.0	97.4	198.0	*198.0*	377.0	*377.0*
Business profit	20.5	38.8	17.5	12.4	25.5	*25.5*	43.0	*43.0*

- Revenues are expected to increase YoY due to strong performance in all business areas and the inclusion of consolidated Infocom.
- Business profit is expected to increase due to higher sales and improved gross profit margins, despite higher SG&A expenses, mainly for technological R&D.

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Three Non-steel Segments

Nippon Steel Engineering Co., Ltd. and Kanadevia Corporation Have Begun Consideration toward a Management Integration

Through the integration of the two companies, which have a high degree of compatibility in terms of business domains and strategies, they aim to expand revenues and achieve profit growth, with the goal of becoming a leading company in the global market

Current Challenges and Issues

◆Regarding domestic environmental-related facilities, which are the core businesses of both companies,
- Medium- to long-term structural changes in the market driven by factors such as population decline and the wide-area integration and consolidation of facilities
- Intensifying competition for talent due to the declining labor force, and increasing difficulty in maintaining and securing supply chains

◆In overseas markets,
- New construction of environmental-related facilities
- Introduction of cutting-edge technologies

demand related to these areas is expanding

◆The increasing sophistication of social and customer needs accompanying the transition to a decarbonized society

Key Perspectives for Considering the Integration

Kanadevia
Technology for people and planet
×
NIPPON STEEL ENGINEERING

1. Strengthening the domestic market position and profitability in the resource circulation business, and accelerating investment in overseas and growth-oriented businesses
2. Strengthening technological capabilities in decarbonization-related businesses, including CCS technologies
3. Strengthening and streamlining organizational structures

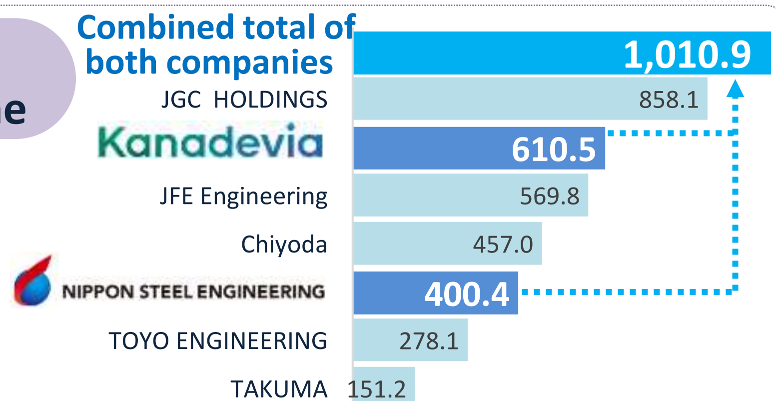
Nippon Steel Engineering Co., Ltd. and Kanadevia Corporation Have Begun Consideration toward a Management Integration

Overview of the Two Companies

		Kanadevia (Technology for people and planet)	NIPPON STEEL ENGINEERING
Business Domains	Resource Circulation	Waste treatment, Material recycling, Biogas, Water treatment and Electrical power	Waste treatment, Water treatment, Electrical power and On-site energy
	Decarbo-nization	Onshore wind power, Hydrogen, Methanation, Marine engines (denitrification), Process and Nuclear-related equipment	Biomass, Geothermal power, Offshore wind power, Hydrogen and ammonia, CCUS, Energy-saving equipment for steelmaking and Pipelines
	Resilience	Precision equipment and Infrastructure	Building construction
Number of Employees (Consolidated)		12,964 employees(2025.3E)	5,619 employees(2025.3E)
Corporate History		1934: Company established 1943: Company name changed to Hitachi Zosen Corporation 2002: Shipbuilding business transferred to Universal Shipbuilding Corporation (currently JMU) 2024: Company name changed to Kanadevia Corporation	1974: The Engineering Division of the former Nippon Steel Corporation was established 2006: Spun off from the former Nippon Steel Corporation, Nippon Steel Engineering Co., Ltd. was established

FY2024 sales volume

(FY ended Dec. 2024 or FY ended Mar. 2025, Unit: ¥ bn.)



Upcoming Schedule

Feb. 5, 2026 Submission of Basic Memorandum

Following this date, conduct due diligence.

Apr. 2027 Integrated Execution (Current Assumptions)

Agenda

1. Q3 FY2025 Earnings Summary and FY2025 Earnings Forecast
   - Business Result / Net Profit / Dividend / Business Environment etc.

2. Status of Each Business Execution Toward Developing a Robust Business Structure with Vertical and Horizontal Expansion
   - Domestic Steel Business / Overseas Steel Business / Raw Material Business / Other Group Companies / Three Non-Steel Segments

3. Carbon Neutral Vision 2050

CNV2050 Efforts to Surmount the Four Challenges [Summary of recent results]

Steady efforts to develop and implement innovative technologies and to promote and standardize GX steel

Technology development	**Development planning and testing**	Establishment of technology to reduce CO2 emissions in test blast furnaces using hydrogen (-43%) Started testing of a test EAF (2024) and scheduled to start testing of a test reduction furnace (2nd half of 2025)	
	Gov't support	Increase in Green Innovation (GI) Fund for "Utilization of hydrogen in the steelmaking process" to ¥449.9 bn. ・・・	**Budgeting completed**
Predictability of investment recovery	**Gov't support (CAPEX, OPEX)**	Government to cover one-third of the investment amount under the GX Promotion Act; EAF transition investment projects at Yawata, Hirohata, and Shunan adopted and approved for implementation ・・・	**Approved for adoption**
		Establishment of a strategic materials and production base tax system (Green Steel)・・・	**Institutionalization completed**
	Creation of economic value from the environmental value (CO_2 reduction)	GX Product Market Study Group [METI], GX 2040 Vision and Sector-Specific Investment Strategies [Government] In Study Group on Green Steel for GX [METI], GX steel is organized as a target for the government to provide priority procurement and purchasing support. Revision of the Act on Promoting Green Procurement and CEV subsidies → advancing efforts toward GX market formation ・・・ **GX Executive Council (December 2025) :Efforts to implement and sequentially expand the scope of green iron in public works on a trial basis from 2026 onward and to make full use of it from 2030 onward are announced.**	**Currently working on GX market formation**
Institutionalization Standardization	**Institutionalization Standardization**	The Japan Iron and Steel Federation issued "GX Steel Guidelines", etc. (Oct. 2025) ・・・ worldsteel Guideline ver.1 issued (Nov. 2024)	**Issued**
		Lobbying for revision of ISO, GHG protocol, etc. GX League [METI] -> Growth-oriented carbon pricing Study group on CFP utilization for GX realization [METI] -> Progress toward CFP standardization ・・・ GX League [METI] ➡ Growth-oriented Carbon Pricing (Emissions Trading Scheme)	**Implementing and preparing**
Infrastructure	**Energy infrastructure development**	Safe use of nuclear and other energy sources for the 7th Strategic Energy Plan ・・・	**Ongoing committee recommendations**
		Hydrogen and Ammonia: Revised Basic Hydrogen Strategy, Hydrogen Society Promotion Law ・・・	**Bill passed**
		CCS: JOGMEC/Advanced CCS Support Program ・・・	**Project participation**

CNV2050

Carbon Neutral Vision 2050

present >>>>>>>>>>>>>>>>>>>>> 2030 >>>>>>> 2040 >>>> 2050

High-grade steel production in large size EAF

2022
Hirohata No.1 EAF starts commercial operation

Accumulate knowledge of high-grade steelmaking using EAF

2023
Start studies on shift to EAF

2025
Decided to invest in shift to EAF

2029
Hirohata No.2 EAF started operation

2024
Start experimental tests at small-scale EAF (of 10t/ch size) at Hasaki R&D Center

2029
Yawata, Shunan EAF started operation

Hydrogen direct reduction of iron

Electric melting furnace

Continuously develop technologies for large-scale EAFs and DR grade iron production and usage in EAFs at Hasaki R&D Center

Under trial operation

H2 2025
Start experimental tests at small-scale DRI furnace at Hasaki R&D Center

2027
Start study for scale-up

by 2030
Establish practical Implementation technology

by around 2040
Establish practical Implementation technology

Implement

Hydrogen injection into BF

From 2008
Started R&D process of COURSE50

Under construction of hydrogen injection facility

2026
Start demonstration at Kimitsu #2 BF

by 2030
COURSE50 implementation

by around 2040
SuperCOURSE50 Establish practical Implementation technology

Implement

2022
R&D starts using a pilot plant in Kimitsu Area

Scale-up Assessment

CO_2 Reduction

2022	2023	2024
22%	33%	43%

2025
Further reduction by improving heat balance, etc.

Promoting technological development through repeated testing

CO2 emission reduction by 50%

CCS

Advanced CCS projects
Survey on the implementation (JOGMEC)

30% Reduction

Fully Achieve Carbon Neutral Production Process

CNV2050

Progress in materializing the initial demand-creation strategy for ‘GX Steel’

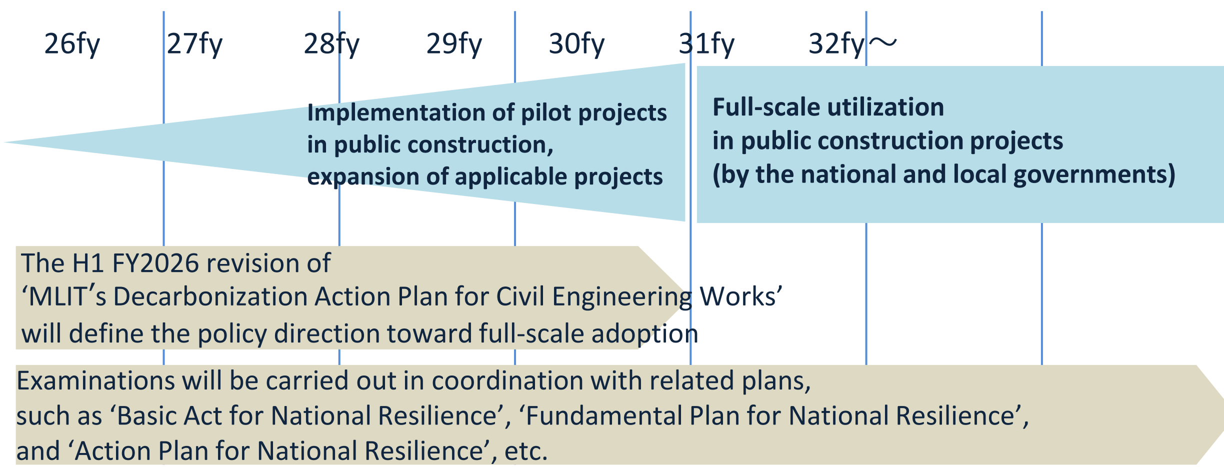
〇In January 2025, at METI’s ‘Green Steel Study Group for Promoting GX,’
‘GX Steel’ was identified as a priority target for demand-side support measures.
→The government’s preferential procurement and purchase-support measures for GX Steel are being concretized.
・Review of the Act on Promoting Green Procurement (prioritized procurement of goods using green steel)
・Implementation of an additional CEV subsidy (supporting the adoption of GX-aligned steel products)

〇**In December 2025, at the GX Implementation Council,**
the government disclosed its policy framework for adopting green steel in public-sector construction projects.
(Initiative) **Implementation of pilot projects using green steel in public construction from FY2026 onward,**
with a phased expansion of applicable projects, followed by full-scale adoption from 2030 onward.

〇**Additionally, new types of subsidy for utilizing green steel have been approved by the Cabinet in December 2025,**
such as “Subsidy Program for New ZEB Buildings Utilizing Low-Carbon Building Materials”,
and “Subsidy Program to Support the Introduction of Zero-Emission Ships”

→ **With the growing adoption of GX Steel,**
we aim to develop the GX Steel market through coordinated public-private efforts.

Concept of Expanding the Utilization of Green Steel in Public Works



Reference:
the documents from
“Expert Working Group toward the Realization of GX”
in December 2025

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