



Notice of Financing by Subordinated Term Loans

Nippon Steel Corporation ("Nippon Steel") hereby announces that today it signed committed subordinated term loan agreements with a maximum total loan amount of 500 billion yen (the "Committed Subordinated Loans"). These loans will be used to repay the short-term loans taken out for paying the consideration in connection with the merger (the "Bridge Loans") between Nippon Steel's wholly owned subsidiary in the U.S. and United States Steel Corporation ("U.S. Steel").

Furthermore, Nippon Steel announces that it has resolved to make a prepayment on July 22, 2025 of Tranche A (the "Existing Loans," 300 billion yen) of its existing subordinated term loans totaling 450 billion yen, which were executed on July 21, 2020. In conjunction with this, Nippon Steel will obtain new subordinated term loans totaling 300 billion yen (the "Refinance Loans") as outlined below.

1. Purpose and Background of the Committed Subordinated Loans and the Refinance Loans

To continue realizing growth with the aim of being the "Best Steelmaker with World-Leading Capabilities," Nippon Steel has been executing its medium- to long-term management plan based on four pillars. One of these pillars is strengthening and expanding its overseas business, and it is therefore pursuing overseas business with a target global crude steel capacity of 100 million tons. As a concrete measure for achieving this goal, Nippon Steel and U.S. Steel finalized a historic partnership (the "Partnership") on June 18, 2025. Based on the Partnership, Nippon Steel and U.S. Steel will be a world-leading steelmaker, with best-in-class technologies and manufacturing capabilities.

Following the launch of the Partnership, based on consolidated earnings and cash flow that include U.S. Steel, asset streamlining, and optimal financing, Nippon Steel aims to achieve a D/E ratio¹ in the 0.7 range during FY2025 and make it quickly recover to 0.7 or less, the original financial target in the medium- to long-term management plan 2025. In this context, Nippon Steel signed the Committed Subordinated Loans (500 billion yen) for the purpose of repaying the Bridge Loans and resolved to execute the Refinance Loans (300 billion yen) for the purpose of repaying the Existing Loans.

2. Features of the Committed Subordinated Loans and the Refinance Loans

The Committed Subordinated Loans and the Refinance Loans will be containing features of both equity and liabilities. While their liability aspects will not cause dilution to stockholders, these loans will have attributes and features resembling equity, such as an option to defer interest payments, extremely long-term redemption periods, and subordination in liquidation or bankruptcy proceedings. Accordingly, Nippon Steel expects that rating agencies (Rating and Investment Information, Inc., Japan Credit Rating Agency, Ltd., Moody's Japan K.K., and S&P Global Ratings Japan Inc.) will deem 50% of the raised funds

¹ Adjusted for the capital contents of subordinated loans and subordinated bonds, etc.



to be equity for the purpose of their ratings.

3. Outline of the Committed Subordinated Loans and the Refinance Loans

(1) The Committed Subordinated Loans

1. Maximum total loan amount	¥500 billion (Tranche A: ¥160 billion, Tranche B: ¥150 billion, Tranche C: ¥190 billion)
2. Use of proceeds	Repayment of the Bridge Loans
3. Contract date	July 3, 2025
4. Drawdown date	Any optional date between the contract date and September 18, 2025
5. Maturity date	Tranche A: 35 years after the drawdown date Tranche B: 37 years after the drawdown date Tranche C: 40 years after the drawdown date Optional prepayment may be made on each interest payment date after the expiration of five years for Tranche A, seven years for Tranche B, or ten years for Tranche C, respectively from the drawdown date.
6. Lenders	Five core banks
7. Subordination conditions	In the event that liquidation proceedings are commenced, or the decision to commence bankruptcy proceedings, corporate reorganization, civil rehabilitation, or any other similar proceedings is made with regard to Nippon Steel, the principal and interest on the loans may be paid to the lenders only after payment by Nippon Steel of all debts in full excluding (i) the loans and (ii) any other subordinated debts ranking equal to them in terms of subordination.
8. Optional deferral of interest payments	Nippon Steel may, at its discretion, defer payment of all or a part of the interest on the loans.
9. Restrictions on amendments to the terms of the loans	No amendments may be made to the terms and conditions of the loans that would be prejudicial to creditors of Nippon Steel other than creditors of subordinated debts, which rank equally to the loans in terms of subordination.
10. Replacement restrictions	None* *Nippon Steel assumes that in the event that it opts to make prepayment of the loans, it will refinance with financial instruments that would be recognized as equivalent to the loans in terms of equity credit as calculated by credit rating agencies. Nippon Steel may forego such refinancing provided that it meets certain criteria.
11. Equity credit acknowledgment	Class 3; equity credit 50 (Rating and Investment Information, Inc.) Intermediate; 50% (Japan Credit Rating Agency, Ltd.) Basket M; 50% (Moody's Japan K.K.) Intermediate equity credit; 50% (S&P Global Ratings Japan Inc.)

(2) The Refinance Loans

1. Total loan amount	¥300 billion
2. Use of proceeds	Repayment of the Existing Loans
3. Contract date	July 3, 2025
4. Drawdown date	July 22, 2025 (planned)
5. Maturity date	June 13, 2061 (planned)* *Optional prepayment may be made on each interest payment date from June 13, 2031, onward.
6. Lenders	Four core banks
7. Subordination conditions	In the event that liquidation proceedings are commenced, or the decision to commence bankruptcy proceedings, corporate reorganization, civil rehabilitation, or any other similar proceedings is made with regard to Nippon Steel, the principal and interest on the loans may be paid to the lenders only after payment by Nippon Steel of all debts in full excluding (i) the loans and (ii) any other subordinated debts ranking equal to them in terms of subordination.
8. Optional deferral of interest payments	Nippon Steel may, at its discretion, defer payment of all or a part of the interest on the loans.
9. Restrictions on amendments to the terms of the loans	No amendments may be made to the terms and conditions of the loans that would be prejudicial to creditors of Nippon Steel other than creditors of subordinated debts, which rank equally to the loans in terms of subordination.
10. Replacement restrictions	None* *Nippon Steel assumes that in the event that it opts to make prepayment of the loans, it will refinance with financial instruments that would be recognized as equivalent to the loans in terms of equity credit as calculated by credit rating agencies. Nippon Steel may forego such refinancing provided that it meets certain criteria.
11. Equity credit acknowledgment	Class 3; equity credit 50 (Rating and Investment Information, Inc.) Intermediate; 50% (Japan Credit Rating Agency, Ltd.) Basket M; 50% (Moody's Japan K.K.) Intermediate equity credit; 50% (S&P Global Ratings Japan Inc.)

For inquiries, <https://www.nipponsteel.com/en/contact/>