

NIPPON STEEL CORPORATION

Notice of the 100th General Meeting of Shareholders

Nippon Steel Corporation

6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8071

May 31, 2024

Dear Shareholders:

Eiji Hashimoto

Representative Director, Chairman and CEO

NIPPON STEEL CORPORATION (Code Number 5401) (the “Company”)

6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan

Notice of the 100th General Meeting of Shareholders

We are pleased to inform you of the 100th General Meeting of Shareholders which will be held at **10 a.m., Friday, June 21, 2024**, at the **banquet room TSURU (Banquet Floor (1st Floor), the Main Building), Hotel New Otani Tokyo, 4-1, Kioi-cho, Chiyoda-ku, Tokyo, Japan**, the agenda of which is set forth below.

In convening the General Meeting of Shareholders, the information that constitutes the content of the Reference Documents for Exercising Voting Rights, etc. (matters to be provided in electronic format) is provided in electronic format, and is posted on the Company’s website.

The Company’s website: <https://www.nipponsteel.com/en/ir/individual/meeting.html>

In addition to the Company’s website above, the matters to be provided in electronic format are also available on the websites of the Tokyo Stock Exchange (TSE), the Nagoya Stock Exchange (NSE), the Fukuoka Stock Exchange (FSE), and the Sapporo Securities Exchange (SSE).

TSE (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

NSE (Listed Company Search):

<https://www.nse.or.jp/listing/search/> (in Japanese)

FSE (Listings Directory):

<https://www.fse.or.jp/english/listed/search.php>

SSE (List of Listed Companies):

<https://www.sse.or.jp/listing/list> (in Japanese)

(How to access the information)

For the TSE, NSE, and FSE websites:

- Enter either Nippon Steel’s security code (5401) or company name (Nippon Steel Corporation).
- To see the matters to be provided in electronic format on the TSE website, when the Nippon Steel name is displayed, select “Basic information” and then “Documents for public inspection/PR information.” On the NSE website, when the Nippon Steel name is displayed, select “Timely Disclosure Information.” On the FSE website, select “Detailed information.”

For the SSE website: Look for NIPPON STEEL in the “Steel” category to view the matters to be provided in electronic format.

In the event of unavoidable circumstances, such as a disaster, we may change the venue and other details of this General Meeting of Shareholders. In such case, notice of any changes will be posted on the Company’s website. Please check the website mentioned above in advance.

If you wish to exercise your voting rights in advance instead of attending the General Meeting of Shareholders in person, please review the “Reference Documents for Exercising Voting Rights” and exercise your voting rights using one of the following methods.

(Voting via the Internet)

Please read the “Exercise of Voting Rights via the Internet” on page 34 and cast your vote by 5 p.m., Thursday, June 20, 2024 (Tokyo time). If you exercise your voting rights multiple times via the Internet, the last vote will be treated as the vote of record. Meanwhile, institutional investors can use the Internet voting rights exercise platform operated by ICJ, Inc.

(Voting by mail)

Please indicate your choices on the enclosed Voting Rights Exercise Form and return it so that it will arrive at the Company by 5 p.m., Thursday, June 20, 2024 (Tokyo time).

When votes are registered by both methods, the vote registered via the Internet will be treated as the vote of record.

AGENDA

Matters to be reported to the shareholders:

Report on operations for the 99th term (from April 1, 2023 to March 31, 2024), consolidated financial statements and non-consolidated financial statements, and reports of accounting auditors and the Audit & Supervisory Committee on consolidated financial statements for the 99th term.

Matters for approval by the shareholders:

< Company Proposals (Items 1 through 5) >

Item 1: Appropriation of Surplus for the 99th Term (from April 1, 2023 to March 31, 2024)

Item 2: Election of Ten (10) Directors (Excluding Directors who are Audit & Supervisory Committee Members)

Item 3: Election of Five (5) Directors who are Audit & Supervisory Committee Members

Item 4: Revision of the Amount of Compensation for Directors (Excluding Directors who are Audit & Supervisory Committee Members)

Item 5: Revision of the Amount of Compensation for Directors who are Audit & Supervisory Committee Members

<Shareholder Proposals (Items 6 through 8)>

Item 6: Partial Amendment to the Articles of Incorporation

Item 7: Partial Amendment to the Articles of Incorporation

Item 8: Partial Amendment to the Articles of Incorporation

The Company's Board of Directors opposes each of these shareholder proposals (Items 6 through 8).

About handling of your votes

In exercising your voting rights in writing, you will be deemed to have approved the company proposals and have disapproved the shareholder proposals, should no indication be made on the voting form of whether you approve or disapprove each proposal.

1. Doors will open at 9 a.m.
2. Attendees are requested to submit the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the meeting. When the voting rights are exercised by a proxy, the said proxy is requested to submit the Voting Rights Exercise Form of the principal at the reception desk, together with a power of attorney in this matter. Meanwhile, please note that a proxy must be another shareholder entitled to exercise voting rights.
3. If revisions are made to the matters to be provided in electronic format, the revisions will be indicated on the websites of the Company, the TSE, the NSE, the FSE, and the SSE indicated above.

Reference Documents for Exercising Voting Rights

< Company Proposals (Items 1 to 5) >

Item 1 Appropriation of Surplus for the 99th Term (from April 1, 2023 to March 31, 2024)

The Board of Directors proposes that the term-end dividend for the 99th term will be paid according to the “Surplus Distribution Policy” described on page 54 as follows:

- (1) Kind of Dividend
Cash
- (2) Dividend Payment and Total Payment
85 yen per share Total payment: 78,381,387,620 yen
- (3) Effective Date of Dividend
Monday, June 24, 2024


(Reference)

For more information on dividends per share and dividend payout ratio on a consolidated basis for the 99th Term as well as those trends, see page 46.


Item 2 Election of Ten (10) Directors (Excluding Directors who are Audit & Supervisory Committee Members)


The term of office of all ten (10) Directors (excluding Directors who are Audit & Supervisory Committee Members) ends at the conclusion of the 100th General Meeting of Shareholders. The Board of Directors proposes that ten (10) Directors (excluding Directors who are Audit & Supervisory Committee Members) be elected. The candidates are set forth below. Mr. Tetsuro Tomita and Ms. Kuniko Urano are candidates for Outside Directors.


Candidates for Directors (Excluding Directors who are Audit & Supervisory Committee Members)

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
1	Eiji Hashimoto (December 7, 1955) 	April 1979:	Joined NSC	47,192
		April 2009:	Director (under the Executive Management System), Director, Plate Division and Director, Structural 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	
		Assumed current position as Representative Director, Chairman and CEO of the Company in April 2024		
(Material concurrent position)				
Vice Chair, KEIDANREN (Japan Business Federation)				

Name (date of birth)	Brief personal history (with material concurrent positions)		Number of shares of the Company owned	
2	Tadashi Imai (May 22, 1963)	April 1988:	Joined NSC	17,751
		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 and Project Leader, Thai Steel Project, Global Business Development Sector; Deputy Project Leader, Zero-Carbon Steel Project; Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company	
		April 2022:	Managing Director, Member of the Board and Project Leader, Thai Steel Project, Global Business Development Sector; Vice Head of Green Transformation Development; 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; 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; Deputy Project Leader, Next Generation Hot Strip Mill Project of the Company	
		Assumed current position as Representative Director, President and COO in April 2024		
(Responsibilities) Chairman, The Japan Iron and Steel Federation				


Name (date of birth)	Brief personal history (with material concurrent positions)		Number of shares of the Company owned	
3	Takahiro Mori (October 3, 1957)	April 1983:	Joined NSC	16,920
		April 2014:	Executive Officer, Vice Head of Unit, Flat Products Unit of the Company	
		June 2016:	Vice President of Usiminas Siderúrgicas de Minas Gerais S.A.-USIMINAS	
		April 2020:	Managing Executive Officer, Head of Unit, Plate Unit, Head of Unit, Pipe & Tube Unit, Project Leader, VSB Project, Global Business Development Sector of the Company	
		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	
		Assumed current position as 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 in April 2024		
		(Responsibilities) Rendering assistance to Chairman and CEO, and cooperating with President and COO on large-scale overseas projects Head of Global Business Development; Project Leader, India Project, Global Business Development Sector; Project Leader, USS Project Accounting & Finance; Overseas Offices (including locally incorporated companies)		
	(Material concurrent position) Vice Chairman, WISCO-NIPPON STEEL Tinplate Co., Ltd.			


Name (date of birth)	Brief personal history (with material concurrent positions)		Number of shares of the Company owned	
4	<p data-bbox="252 210 469 271">Naoki Sato (March 23, 1961)</p> 	<p data-bbox="496 210 671 232">April 1983:</p> <p data-bbox="496 248 671 271">April 2018:</p> <p data-bbox="496 333 671 356">April 2020:</p> <p data-bbox="496 427 671 450">April 2021:</p> <p data-bbox="496 611 671 633">June 2021:</p> <p data-bbox="496 822 671 844">April 2022:</p> <p data-bbox="496 1066 671 1088">April 2023:</p>	<p data-bbox="694 210 842 232">Joined NSC</p> <p data-bbox="694 248 1118 331">Managing Executive Officer and Head of Works, Kashima Works of the Company</p> <p data-bbox="694 347 1134 430">Executive Vice President and Head of Works, East Nippon Works of the Company</p> <p data-bbox="694 445 1142 607">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</p> <p data-bbox="694 622 1142 819">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</p> <p data-bbox="694 835 1142 1061">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</p> <p data-bbox="694 1077 1142 1303">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</p> <p data-bbox="496 1319 1142 1491">Assumed current position as 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 in April 2024</p> <p data-bbox="496 1507 1142 2063">(Responsibilities) Digital Innovation; Information & Communication Technology; Plant Engineering and Facility Management; Plant/Machinery Engineering & Construction Management; Ironmaking Technology; Steelmaking Technology; Energy Technology Deputy Project Leader, India Project, Global Business Development Sector; Deputy Project Leader, Thai Steel Project, Global Business Development Sector; Deputy Project Leader, USS Project Cooperating with Executive Vice President H. Minato on Production and Facilities stabilization concerning Technical Administration & Planning Cooperating with Executive Vice President T. Hirose on Production and Facilities stabilization concerning Steel Products Units Cooperating with Executive Vice President T. Mori on Technology and Facilities concerning Global Business Development</p>	12,031

Name (date of birth)	Brief personal history (with material concurrent positions)		Number of shares of the Company owned		
5	Takashi Hirose (April 19, 1962)	April 1986:	Joined NSC	1,291	
			April 2019:		Managing Executive Officer, Head of Unit, Plate Unit, and Vice Head of Unit, Flat Products Unit of the Company
		April 2020:	Managing Executive Officer, Head of Unit, Flat Products Unit, and Project Leader, Shanghai-Baoshan Cold-rolled & Coated Sheet Products Project, Global Business Development Sector of the Company		
		April 2021:	Managing Executive Officer, Head of Unit, Flat Products Unit, Project Leader, Shanghai-Baoshan Cold-rolled & Coated Sheet Products Project, Global Business Development Sector, and Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company		
		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		
		Assumed current position as Representative Director and Executive Vice President and Deputy Project Leader, Next-Generation Hot Strip Mill Project of the Company in April 2024			
		(Responsibilities) Marketing Administration & Planning; Transportation & Logistics; Project Development; Raw Materials; Machinery & Materials Procurement; Steel Products Units; Domestic Office and Branches Deputy Project Leader, Next-Generation Hot Strip Mill Project Cooperating with Executive Vice President T. Mori on Overseas Offices (including locally incorporated companies)			
(Material concurrent position) Chairman, Baosteel-Nippon Steel Automotive Steel Sheets Co., Ltd. Chairman, The Japan Ferrous Raw Materials Association					

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned	
6	Kazuhisa Fukuda (December 8, 1960) 	April 1986:	Joined NSC	9,420	
		April 2018:	Managing Executive Officer and Head of Works, Hirohata Works of the Company		
		April 2020:	Managing Executive Officer and Head of Works, Setouchi Works of the Company		
		April 2021:	Executive Vice President and Head of Works, Setouchi Works of the Company		
		April 2022:	Executive Vice President and Head of Research and Development of the Company		
		Assumed current position as Representative Director and Executive Vice President, and Head of Research and Development of the Company in June 2023			
		(Responsibilities) Head of Research and Development Cooperating with Executive Vice President H. Minato on Green Transformation Development			
		(Material concurrent position) Chairman, The Iron and Steel Institute of Japan Chairman, The Japan Research and Development Center For Metals			


Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
7	Hirofumi Funakoshi (June 17, 1963) 	July 1987:	Joined NSC	3,271
		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	
		Assumed current position as Representative Director and Executive Vice President of the Company in June 2023		
		(Responsibilities)Corporate Planning; Group Companies Planning; General Administration; Legal; Internal Control & Audit; Human Resources; Environmental Planning; Business Transformation & Standardization; Policy issues concerning Green Transformation DevelopmentCooperating with Executive Vice President H. Minato on Environmental Technology & Management		
		(Material concurrent position) Representative Director, Nippon Steel Arts Foundation		

Name (date of birth)	Brief personal history (with material concurrent positions)		Number of shares of the Company owned																
8	<p data-bbox="252 210 459 239">[New Candidate]</p> <p data-bbox="252 275 459 371">Hiroyuki Minato (February 23, 1965)</p> 	<table border="1" data-bbox="486 203 1161 1485"> <tr> <td data-bbox="486 203 683 239">April 1989:</td> <td data-bbox="683 203 1161 239">Joined NSC</td> </tr> <tr> <td data-bbox="486 239 683 338">April 2018:</td> <td data-bbox="683 239 1161 338">Executive Officer and Head of Division, Technical Administration & Planning Division of the Company</td> </tr> <tr> <td data-bbox="486 338 683 409">April 2020:</td> <td data-bbox="683 338 1161 409">Executive Officer and Head of Muroran Works of the Company</td> </tr> <tr> <td data-bbox="486 409 683 508">April 2021:</td> <td data-bbox="683 409 1161 508">Managing Executive Officer and Head of Muroran Works of the Company</td> </tr> <tr> <td data-bbox="486 508 683 580">April 2022:</td> <td data-bbox="683 508 1161 580">Managing Executive Officer of the Company</td> </tr> <tr> <td data-bbox="486 580 683 719">April 2023:</td> <td data-bbox="683 580 1161 719">Managing Executive Officer and Deputy Project Leader, Thai Steel Project, Global Business Development Sector of the Company</td> </tr> <tr> <td colspan="2" data-bbox="486 719 1161 884">Assumed current position as Representative Director and Executive Vice President, Project Leader, Next-Generation Hot Strip Mill Project, and Project Leader, Electric Furnace Project of the Company in April 2024</td> </tr> <tr> <td colspan="2" data-bbox="486 884 1161 1485"> <p data-bbox="497 891 708 920">(Responsibilities)</p> <p data-bbox="497 920 1134 1485">Intellectual Property; Safety; Environmental Technology & Management; Technical Administration & Planning (including Standardization); Quality Management; Slag, Cement & Resource Recycling; Technical issues concerning Green Transformation Development Project Leader, Next-Generation Hot Strip Mill Project; Project Leader, Electric Furnace Project Cooperating with Executive Vice President H. Funakoshi on Production & Facilities Planning concerning Corporate Planning Cooperating with Executive Vice President H. Funakoshi on Environmental Planning Cooperating with Executive Vice President T. Hirose on Steel Products Units Cooperating with Executive Vice President T. Hirose on Transportation & Logistics Technology</p> </td> </tr> </table>	April 1989:	Joined NSC	April 2018:	Executive Officer and Head of Division, Technical Administration & Planning Division of the Company	April 2020:	Executive Officer and Head of Muroran Works of the Company	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	Assumed current position as Representative Director and Executive Vice President, Project Leader, Next-Generation Hot Strip Mill Project, and Project Leader, Electric Furnace Project of the Company in April 2024		<p data-bbox="497 891 708 920">(Responsibilities)</p> <p data-bbox="497 920 1134 1485">Intellectual Property; Safety; Environmental Technology & Management; Technical Administration & Planning (including Standardization); Quality Management; Slag, Cement & Resource Recycling; Technical issues concerning Green Transformation Development Project Leader, Next-Generation Hot Strip Mill Project; Project Leader, Electric Furnace Project Cooperating with Executive Vice President H. Funakoshi on Production & Facilities Planning concerning Corporate Planning Cooperating with Executive Vice President H. Funakoshi on Environmental Planning Cooperating with Executive Vice President T. Hirose on Steel Products Units Cooperating with Executive Vice President T. Hirose on Transportation & Logistics Technology</p>		5,627
April 1989:	Joined NSC																		
April 2018:	Executive Officer and Head of Division, Technical Administration & Planning Division of the Company																		
April 2020:	Executive Officer and Head of Muroran Works of the Company																		
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																		
Assumed current position as Representative Director and Executive Vice President, Project Leader, Next-Generation Hot Strip Mill Project, and Project Leader, Electric Furnace Project of the Company in April 2024																			
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Name (date of birth)	Brief personal history (with material concurrent positions)		Number of shares of the Company owned	
<p>9 [Outside Director]</p> <p>[Independent Director]</p> <p>Tetsuro Tomita (October 10, 1951)</p>  <p>Status of attendance at the Board of Directors (Fiscal Year 2023): 93% (13 out of 14 meetings)</p>	April 1974:	Joined Japanese National Railways	3,947	
	April 1987:	Joined East Japan Railway Company		
	June 2000:	Director and General Manager of Management Administration Department, Corporate Planning Headquarters of East Japan Railway Company		
	June 2003:	Executive Director and Deputy Director General of Corporate Planning Headquarters of East Japan Railway Company		
	July 2004:	Executive Director and Deputy Director General of Corporate Planning Headquarters, General Manager of IT Business Department, Corporate Planning Headquarters of East Japan Railway Company		
	June 2005:	Executive Director and Deputy Director General of Corporate Planning Headquarters of East Japan Railway Company		
	June 2008:	Executive Vice President and Representative Director, and Director General of Life-Style Business Development Headquarters of East Japan Railway Company		
	June 2009:	Executive Vice President and Representative Director, and Director General of Corporate Planning Headquarters of East Japan Railway Company		
	April 2012:	President and Representative Director, and Director General of Corporate Planning Headquarters of East Japan Railway Company		
	June 2012:	President and Representative Director of East Japan Railway Company		
	April 2018:	Chairman and Director of East Japan Railway Company		
		Assumed current position as Outside Director of the Company in June 2020 Assumed current position as Advisor of East Japan Railway Company in April 2024		
		(Material concurrent position) Outside Director, ENEOS Holdings, Inc. Outside Director, Nippon Life Insurance Company		
	- Reasons for the election as Outside Director Candidate and outline of expected roles The Board of Directors has proposed the re-election of Mr. Tetsuro Tomita as an Outside Director because it believes that he is well-qualified for the position by reason of the deep insight and ample experience in			

	<p>corporate management, as well as his appropriate actions and remarks as an Outside Director of the Company since his appointment at the 96th General Meeting of Shareholders held on June 24, 2020. Mr. Tetsuro Tomita is expected to contribute to, among others, decision-makings from various perspectives, enhancement of supervisory functions over management and management transparency, of the Board of Directors, by actions such as expressing his opinions and exercising his voting rights from an independent standpoint in such opportunities as meetings of the Board of Directors, based on his deep insight and ample experience.</p>	
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- (Notes)
- 1) Mr. Tetsuro Tomita currently serves as an Outside Director of the Company, and will have served as an Outside Director of the Company for four (4) years as of the conclusion of this General Meeting of Shareholders.
 - 2) The Company has already filed Mr. Tetsuro Tomita as a candidate for an “independent director” with each financial exchange in Japan where it is listed.
 - 3) Mr. Tetsuro Tomita is not engaged in the execution of business of East Japan Railway Company, which has a business relationship with the Company for transactions of steel and other products/services. Since the amount of transactions with the said company account for less than 1% of the consolidated revenue of the Company, the said company is not a specified associated service provider of the Company.

Name (date of birth)	Brief personal history (with material concurrent positions)		Number of shares of the Company owned
10 [Outside Director] [Independent Director] Kuniko Urano (October 19, 1956)  Status of attendance at the Board of Directors (Fiscal Year 2023): 100% (14 out of 14 meetings)	April 1979:	Joined Komatsu Ltd.	1,000
	April 2011:	Executive Officer, General Manager of Corporate Communications Department of Komatsu Ltd.	
	April 2014:	Executive Officer, General Manager of Human Resources Department of Komatsu Ltd.	
	April 2016:	Senior Executive Officer, General Manager of Human Resources Department of Komatsu Ltd.	
	June 2018:	Director and Senior Executive Officer of Komatsu Ltd.	
	April 2021:	Director of Komatsu Ltd.	
	Assumed current position as Advisor of Komatsu Ltd. in June 2021		
	Assumed current position as Outside Director of the Company in June 2022		
	(Material concurrent position) Outside Director, Yokogawa Electric Corporation Outside Director, MORINAGA & CO., LTD.		
	- Reasons for the election as Outside Director Candidate and outline of expected roles The Board of Directors has proposed the re-election of Ms. Kuniko Urano as an Outside Director because it believes that she is well-qualified for the position by reason of the deep insight and ample experience in corporate management, as well as her appropriate actions and remarks as an Outside Director of the Company since her appointment at the 98th General Meeting of Shareholders held on June 23, 2022. Ms. Kuniko Urano is expected to contribute to, among others, decision-makings from various perspectives, enhancement of supervisory functions over management and management transparency, of the Board of Directors, by actions such as expressing her opinions and exercising her voting rights from an independent standpoint in such opportunities as meetings of the Board of Directors, based on her deep insight and ample experience.		

- (Notes)
- 1) Ms. Kuniko Urano currently serves as an Outside Director of the Company, and will have served as an Outside Director of the Company for two (2) years as of the conclusion of this General Meeting of Shareholders.
 - 2) The Company has already filed Ms. Kuniko Urano as an “independent director” with each financial exchange in Japan where it is listed.
 - 3) Ms. Urano is currently a non-executive officer of Komatsu Ltd., which has a business relationship with the Company for transactions of steel and other products/services. Since the amount of transactions with the said company account for less than 1% of the consolidated revenue of the Company, the said company is not a specified associated service provider of the Company.

(Liability Limitation Agreements)

The Company has concluded an agreement with Mr. Tetsuro Tomita and Ms. Kuniko Urano limiting their liability under Article 423, Paragraph 1 of the Companies Act to 20 million yen or the amount stipulated under Article 425, Paragraph 1 of the Companies Act, whichever is greater, as long as they act unknowingly and are not grossly negligent in performing their duties. Upon approval of Item 2 as proposed herein, the agreements will continue to be in effect.

(Indemnity Agreements)

The Company has concluded an agreement with each of Mr. Eiji Hashimoto, Mr. Tadashi Imai, Mr. Takahiro Mori, Mr. Naoki Sato, Mr. Takashi Hirose, Mr. Kazuhisa Fukuda, Mr. Hirofumi Funakoshi, Mr. Tetsuro Tomita and Ms. Kuniko Urano that the Company indemnifies each of them for the costs stipulated in Article 430-2, Paragraph 1, Item (i) of the Companies Act and the losses stipulated in Item (ii) of the same Paragraph to the extent stipulated by laws and regulations. Upon approval of Item 2 as proposed herein, the agreements will continue to be in effect with each individual.

Upon approval of Item 2 as proposed herein, the Company intends to conclude an agreement with the same terms and conditions as those of the above with Mr. Hiroyuki Minato.

(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 inaction) of the insured pursuant to their positions. Upon approval of Item 2 as proposed herein and assumption of office as Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members), the candidates will be insured under the insurance.

The Company plans to renew the insurance contracts with the same details for the duration of the candidates' term of office.

[Opinion of the Audit & Supervisory Committee]

The Audit & Supervisory Committee examined the election of Directors (excluding Directors who are Audit & Supervisory Committee Members) in accordance with the Audit & Supervisory Committee Auditing Standards in consideration of developments including the outline of discussions by the Nomination and Compensation Advisory Committee.



As a result, the Committee concluded that there is nothing in particular to be pointed out regarding the election of Directors (excluding Directors who are Audit & Supervisory Committee Members).


Item 3 Election of Five (5) Directors who are Audit & Supervisory Committee Members

The term of office of all five (5) Directors who are Audit & Supervisory Committee Members ends at the conclusion of the 100th General Meeting of Shareholders. The Board of Directors proposes that five (5) Directors who are Audit & Supervisory Committee Members be elected. The candidates are set forth below.


The submission of this proposal has been consented to by each member of the Directors who are Audit & Supervisory Committee Members. Mr. Kenji Hiramatsu, Ms. Aiko Sekine, and Ms. Sumiko Takeuchi are candidates for Outside Directors.

Candidates for Directors who are Audit & Supervisory Committee Members

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
1	[New Candidate] Kazumasa Shinkai (October 4, 1962) 	April 1987:	Joined NSC	5,338
		April 2018:	Executive Officer and Head of Division, General Administration Division of the Company	
		April 2021:	Managing Executive Officer and Head of Division, General Administration Division of the Company	
		April 2023:	Managing Executive Officer of the Company	
		Assumed current position as Executive Officer and Advisor to the President of the Company in April 2024		
2	[New Candidate] Eiji Sogo (June 16, 1966) 	April 1989:	Joined NSC	4,387
		April 2019:	Executive Officer and Head of Division, Human Resources Division of the Company	
		April 2022:	Managing Executive Officer and Head of Division, Human Resources Division of the Company	
		April 2023	Managing Executive Officer of the Company	
		Assumed current position as Executive Officer and Advisor to the President of the Company in April 2024		


Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned	
3	[New Candidate]	April 1979:	Joined Ministry of Foreign Affairs of Japan	0	
	[Outside Director]	July 2008:	Director-General for Latin American and Caribbean Affairs Bureau and Economic Affairs Bureau of Ministry of Foreign Affairs of Japan		
	[Independent Director]	January 2011:	Director-General for Global Issues of Ministry of Foreign Affairs of Japan		
	Kenji Hiramatsu (December 22, 1956)		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
			November 2022:		Retired from Ministry of Foreign Affairs of Japan
			Assumed current position as Chairman of the Institute, Institute for International Strategy, Japan Research Institute in December 2022		
			- Reasons for the election as Outside Director who is an Audit & Supervisory Committee Member Candidate and outline of expected roles The Board of Directors has proposed the election of Mr. Kenji Hiramatsu as an Outside Director who is an Audit & Supervisory Committee Member because it believes that he is well-qualified for the position by reason of the deep insight regarding international affairs, economy, culture, etc., cultivated in the Ministry of Foreign Affairs as well as ample experience earned as Ambassador Extraordinary and Plenipotentiary and other important positions, notwithstanding the fact that he does not have experience participating in corporate management. Mr. Kenji Hiramatsu is expected to contribute to, among others, surveys related to operation and status of assets, in addition to decision-makings from various perspectives, enhancement of audit and supervisory functions over management and securement of management transparency, of the Board of Directors, by actions such as expressing his opinions and exercising his voting rights from an independent standpoint in such opportunities as meetings of the Board of Directors and the Audit & Supervisory Committee, based on his deep insight and ample experience.		

(Note) The Company has already filed Mr. Kenji Hiramatsu as a candidate for an “independent director” with each financial exchange in Japan where it is listed.

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
4	[New Candidate]	April 1981:	Joined Citibank, N.A., Tokyo Branch	1,000
	[Outside Director]	October 1985:	Joined Aoyama Audit Corporation	
		March 1989:	Certified as Public Accountant, Japan	
		July 2001:	Partner of Chuo Aoyama Audit Corporation	
	[Independent Director]	September 2006:	Partner of Aarata Audit Corporation (currently PricewaterhouseCoopers Japan LLC)	
	Aiko Sekine (May 13, 1958)	July 2016:	Chairman and President of Japanese Institute of Certified Public Accountants	
		Assumed current position as Advisor of Japanese Institute of Certified Public Accountants in July 2019 Assumed current position as Professor of Waseda University, Faculty of Commerce in December 2020		
(Material concurrent position)		Audit & Supervisory Board Member (Outside), IHI Corporation Member of the Board of Directors (Outside Director), ORIX		
		<p>- Reasons for the election as Outside Director who is an Audit & Supervisory Committee Member Candidate and outline of expected roles</p> <p>The Board of Directors has proposed the election of Ms. Aiko Sekine as an Outside Director who is an Audit & Supervisory Committee Member because it believes that she is well-qualified for the position by reason of her deep insight as a certified public accountant possessing deep familiarity with corporate accounting, and her ample experience as a Partner of an audit corporation and Chairman and President of Japanese Institute of Certified Public Accountants and other important positions, notwithstanding the fact that she does not have experience participating in corporate management other than serving as an outside director/auditor.</p> <p>Ms. Aiko Sekine is expected to contribute to, among others, surveys related to operation and status of assets, in addition to decision-makings from various perspectives, enhancement of audit and supervisory functions over management and securement of management transparency, of the Board of Directors, by actions such as expressing her opinions and exercising her voting rights from an independent standpoint in such opportunities as meetings of the Board of Directors and the Audit & Supervisory Committee, based on her deep insight and ample experience.</p>		

- (Notes)
- 1) The Company has already filed Ms. Aiko Sekine as a candidate for an “independent director” with each financial exchange in Japan where it is listed.
 - 2) Ms. Sekine is a professor at Waseda University, Faculty of Commerce, and is engaged in the execution of business of the university. The Company conducts joint research with Waseda University, Faculty of Science and Engineering, and pays it, among others, contract research expenses, which account for less than 1% of the consolidated selling, general and administrative expenses of the Company. Therefore, the university is not a specified associated service provider of the Company.

3) Ms. Aiko Sekine's name in the family register is Aiko Sano.

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
5	[New Candidate]	April 1994:	Joined Tokyo Electric Power Company, Incorporated	0
	[Outside Director]	April 2016:	Visiting Professor of University of Tsukuba	
	[Independent Director]	April 2018:	Visiting Professor of Kansai University	
	Sumiko Takeuchi (June 21, 1971)	<p>Assumed current position as Director and Senior Fellow of International Environment and Economy Institute in January 2012</p> <p>Assumed current position as Co-representative of U3Innovations LLC in October 2018</p> <p>Assumed current position as Specially Appointed Professor of Tohoku University in April 2020</p> <p>(Material concurrent position)</p> <p>Outside Director of the Board of Japan Pulp & Paper Co., Ltd.</p> <p>Outside Director of GRID co.</p> <p>- Reasons for the election as Outside Director who is an Audit & Supervisory Committee Member Candidate and outline of expected roles</p> <p>The Board of Directors has proposed the election of Ms. Sumiko Takeuchi as an Outside Director who is an Audit & Supervisory Committee Member because it believes that she is well-qualified for the position by reason of the deep insight she has cultivated as a researcher in the fields of environment and energy at an NPO and universities, as well as her ample experience in corporate management.</p> <p>Ms. Sumiko Takeuchi is expected to contribute to, among others, surveys related to operation and status of assets, in addition to decision-makings from various perspectives, enhancement of audit and supervisory functions over management and securement of management transparency, of the Board of Directors, by actions such as expressing her opinions and exercising her voting rights from an independent standpoint in such opportunities as meetings of the Board of Directors and the Audit & Supervisory Committee, based on her deep insight and ample experience.</p>		
				

- (Notes)
- 1) The Company has already filed Ms. Sumiko Takeuchi as a candidate for an “independent director” with each financial exchange in Japan where it is listed.
 - 2) In March 2024, Japan Pulp & Paper Co., Ltd. (“Japan Pulp & Paper”), for which Ms. Takeuchi serves as Outside Director of the Board, was found by the Japan Fair Trade Commission to have been engaged in acts violating Article 3 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (prohibition of unreasonable restraint on trade), since June 2017 at the latest, in connection with general competitive biddings for recycled paper rolls ordered by the National Printing Bureau. Japan Pulp & Paper has applied to the commission for leniency, and has not received any cease and desist orders or surcharge payment orders. As Outside Director of the Board of Japan Pulp & Paper, Ms. Takeuchi has been proactively making recommendations concerning the importance of compliance and risk management at its Board of Directors meetings from an objective and neutral standpoint. Moreover, after the aforementioned facts came to light, Ms. Takeuchi has fulfilled her duties by continuously expressing her opinions to prevent recurrence and regularly monitoring initiatives related to overall compliance activities.
 - 3) Ms. Sumiko Takeuchi’s name in the family register is Sumiko Kobayashi.

(Liability Limitation Agreements)

Upon approval of Item 3 as proposed herein, the Company intends to conclude an agreement with Mr. Kazumasa Shinkai, Mr. Eiji Sogo, Mr. Kenji Hiramatsu, Ms. Aiko Sekine and Ms. Sumiko Takeuchi limiting their liability under Article 423, Paragraph 1 of the Companies Act to 20 million yen or the amount stipulated under Article 425, Paragraph 1 of the Companies Act, whichever is greater, as long as they act unknowingly and are not grossly negligent in performing their duties.

(Indemnity Agreements)

Upon approval of Item 3 as proposed herein, the Company intends to conclude an agreement with Mr. Kazumasa Shinkai, Mr. Eiji Sogo, Mr. Kenji Hiramatsu, Ms. Aiko Sekine and Ms. Sumiko Takeuchi that the Company indemnifies each of them for the costs stipulated in Article 430-2, Paragraph 1, Item (i) of the Companies Act and the losses stipulated in Item (ii) of the same Paragraph to the extent stipulated by laws and regulations.

(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 inaction) of the insured pursuant to their positions. Upon approval of Item 3 as proposed herein and assumption of office as Directors who are Audit & Supervisory Committee Members of the Company, the candidates will be insured under the insurance.

The Company plans to renew the insurance contracts with the same details for the duration of the candidates' term of office.

(For reference) Composition of the Board of Directors and Skills Matrix of Directors

If Items 2 and 3 are approved as proposed herein, the Directors of the Company after this Ordinary General Meeting of Shareholders will be as indicated in the table below. Outside Directors will account for one-third (5 out of 15) of all members of the Company's Board of Directors.

The Company believes that its Board of Directors, as a whole, must have the necessary skills and experience based on the Company's Group corporate philosophy and medium- to long-term management plan, etc. The main skills and experience possessed by each candidate for Director are as shown in the table below.

	Name	Position (Planned)	Skill / Experience									
			Corporate Planning / Business strategy	Finance / Accounting, Monetary / Economy	Personnel / Labor affairs / HR Development	Governance / Risk Management / Legal / Compliance	Technology / R&D	Sales / Purchasing / Marketing	Global	Environment / Sustainability	Public Administration / Public Policy	
Directors (Excluding Directors who are Audit & Supervisory Committee Members)	Eiji Hashimoto	Representative Director, Chairman and CEO	✓			✓		✓	✓	✓		
	Tadashi Imai	Representative Director, President and COO	✓			✓	✓			✓		
	Takahiro Mori	Representative Director, Vice Chairman and Executive Vice President	✓	✓					✓	✓		
	Naoki Sato	Representative Director and Executive Vice President				✓	✓				✓	
	Takashi Hirose	Representative Director and Executive Vice President	✓						✓	✓		
	Kazuhisa Fukuda	Representative Director and Executive Vice President				✓	✓				✓	
	Hirofumi Funakoshi	Representative Director and Executive Vice President	✓		✓	✓					✓	
	Hiroyuki Minato	<u>New</u> Representative Director and Executive Vice President				✓	✓				✓	
	Tetsuro Tomita	<u>Outside Independent</u> Director	✓		✓	✓				✓		
Kuniko Urano	<u>Outside Independent</u> Director			✓	✓					✓		
Directors who are Audit & Supervisory Committee Members	Kazumasa Shinkai	<u>New</u> Senior Audit & Supervisory Committee Member (full-time)			✓	✓			✓		✓	
	Eiji Sogo	<u>New</u> Senior Audit & Supervisory Committee Member (full-time)	✓		✓	✓			✓			
	Kenji Hiramatsu	<u>New</u> <u>Outside Independent</u> Audit & Supervisory Committee Member				✓				✓	✓	✓
	Aiko Sekine	<u>New</u> <u>Outside Independent</u> Audit & Supervisory Committee Member		✓		✓				✓		
	Sumiko Takeuchi	<u>New</u> <u>Outside Independent</u> Audit & Supervisory Committee Member				✓					✓	✓

(Notes) 1. New: New candidate Outside: Outside Director Independent: Independent Director

2. The check mark indicates the main skills and experience (up to four in principle) possessed by each Director candidate, based on their career history and experience.

Item 4 Revision of the Amount of Compensation for Directors (Excluding Directors who are Audit & Supervisory Committee Members)

The amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company was approved at the 96th General Meeting of Shareholders held on June 24, 2020, and has been to date, within 140 million yen per month (of which the amount of compensation for Outside Directors has been within 12 million yen per month).

The Company would like to request approval for the amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) to be set within 290 million yen per month (of which the amount of compensation for Outside Directors shall be within 14 million yen per month) in consideration of trends in the levels and systems of executive compensation in other companies and changes in economic circumstances, among other factors. This is to set a compensation level and system that ensures, for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors), that the Company can continuously secure excellent personnel that can achieve the Group's sustainable growth and enhance its mid- and long-term corporate value, and provide Directors with appropriate performance-based incentives, as the Company aims to establish a profit base that brings in a stable, high-level profit regardless of external environment and, beyond that, enables the achievement of the Group's future vision of one trillion yen in business profit, while facing increasingly high level and diverse management issues, including expanding its global business and advancing toward the achievement of carbon neutrality, and for Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), that the Company can continuously secure diverse and excellent personnel that possess, among other qualities, deep insight and ample experience.

If this proposal is approved, the Company plans to revise its Policies regarding Decisions on the Amount of Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members). Specifically, compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) will be set based on an appropriate composition of fixed compensation and performance-linked compensation. The base amount of fixed compensation and performance-linked compensation (i.e., the amount of compensation when the Company's consolidated performance reaches a certain level) will be determined for each position in consideration of compensation level commensurate with the skills and responsibilities required, and for performance-linked compensation, the amount of monthly compensation to be determined for each Director will vary within a certain range based on the Company's consolidated performance. As indicators for performance-linked compensation, the Company will use 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. The ratio of fixed compensation to performance-based compensation within the base amount will be 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). Compensation for Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) will consist solely of fixed compensation. The Company plans to stipulate, among other items, all the above in its Policies regarding Decisions on the Amount of Compensation, etc. for Directors (excluding Directors who are Audit & Supervisory Committee Members)."

The Company considers this proposal to be essential and reasonable for setting the compensation, etc. of Directors (excluding Directors who are Audit & Supervisory Committee Members) in accordance with such revised policies. This proposal has been deliberated 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. The Company therefore believes that the content of this proposal is appropriate.

There are currently ten (10) Directors (excluding Directors who are Audit & Supervisory Committee Members) (including two (2) Outside Directors). If Item 2 is approved as proposed herein, the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) will continue to be ten (10) (including two (2) Outside Directors).

[Opinion of the Audit & Supervisory Committee]

The Audit & Supervisory Committee examined the proposed revision of the amount of compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members) in accordance with the Audit & Supervisory Committee Auditing Standards in consideration of developments including the outline of discussions by the Nomination and Compensation Advisory Committee.

As a result, the Committee concluded that there is nothing in particular to be pointed out regarding the proposed revision of the amount of compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members).

Item 5 Revision of the Amount of Compensation for Directors who are Audit & Supervisory Committee Members

The amount of compensation for Directors who are Audit & Supervisory Committee Members of the Company was approved at the 96th General Meeting of Shareholders held on June 24, 2020, and has been to date, within 22 million yen per month.

The Company would like to request approval for the amount of compensation for Directors who are Audit & Supervisory Committee Members to be set within 25 million yen per month, in consideration of trends in the levels and systems of executive compensation in other companies and changes in economic circumstances, among other factors. This is to set a compensation level and system that ensures that the Company can continuously secure diverse and excellent personnel that possess, among other qualities, deep insight and ample experience, as the responsibilities and expected roles of Directors who are Audit & Supervisory Committee Members grow in line with the changes in the business environment, including the expansion of the Company's global business.

If this proposal is approved, the Company plans to revise its Policies regarding Decisions on the Amount of Compensation, etc. for Directors who are Audit & Supervisory Committee Members. Specifically, the Company plans to stipulate in its policies, among other items, that compensation for Directors who are Audit & Supervisory Committee Members will consist solely of fixed compensation and the amount of monthly compensation for each Director will be determined by considering, among other factors, the duties of the Director's position and whether the Director is full-time.

The Company considers this proposal to be essential and reasonable for setting the compensation, etc. of Directors who are Audit & Supervisory Committee Members in accordance with such revised policies. This proposal has been deliberated 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 chairman of the committee. The Company therefore believes that the content of this proposal is appropriate.

There are currently five (5) Directors who are Audit & Supervisory Committee Members. If Item 3 is approved as proposed herein, the number of Directors who are Audit & Supervisory Committee Members will continue to be five (5).

<Shareholder Proposals (Items 6 through 8)>

About Shareholder Proposals

<p>The Companies Act recognizes shareholder proposal rights under certain conditions. The Company is obliged to include proposals made by shareholders and the reasons for those proposals in the Reference Documents for the General Meeting of Shareholders, unless there are violations of laws and regulations or the Articles of Incorporation or other reasons.</p>

Items 6 and 7 are jointly proposed by two shareholders (with an aggregate voting rights ratio of less than 0.01%), and Item 8 is jointly proposed by two shareholders (with an aggregate voting rights ratio of less than 0.30%).

The Company's Board of Directors opposes each of these Items proposed by the shareholders as shown in the following statement.

The following title of each Item, details of the proposal, and reason for the proposal (as for the reason of the proposal of Item 6, an outline of the reason submitted by the relevant shareholders) are quoted from relevant parts of the original documents submitted by the relevant shareholders.

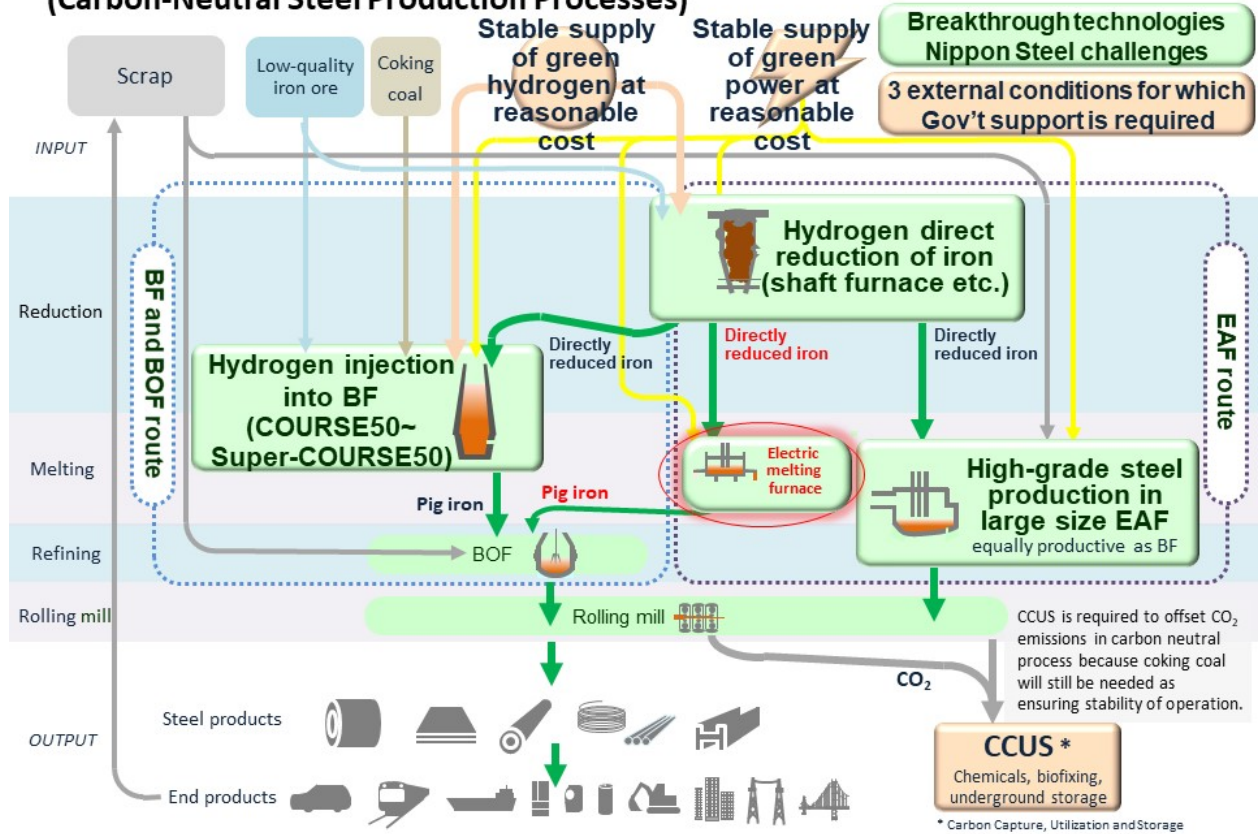
Opinions of the Board of Directors common to the shareholder proposal Items 6 through 8

Company's Efforts to Address Climate Change Issues

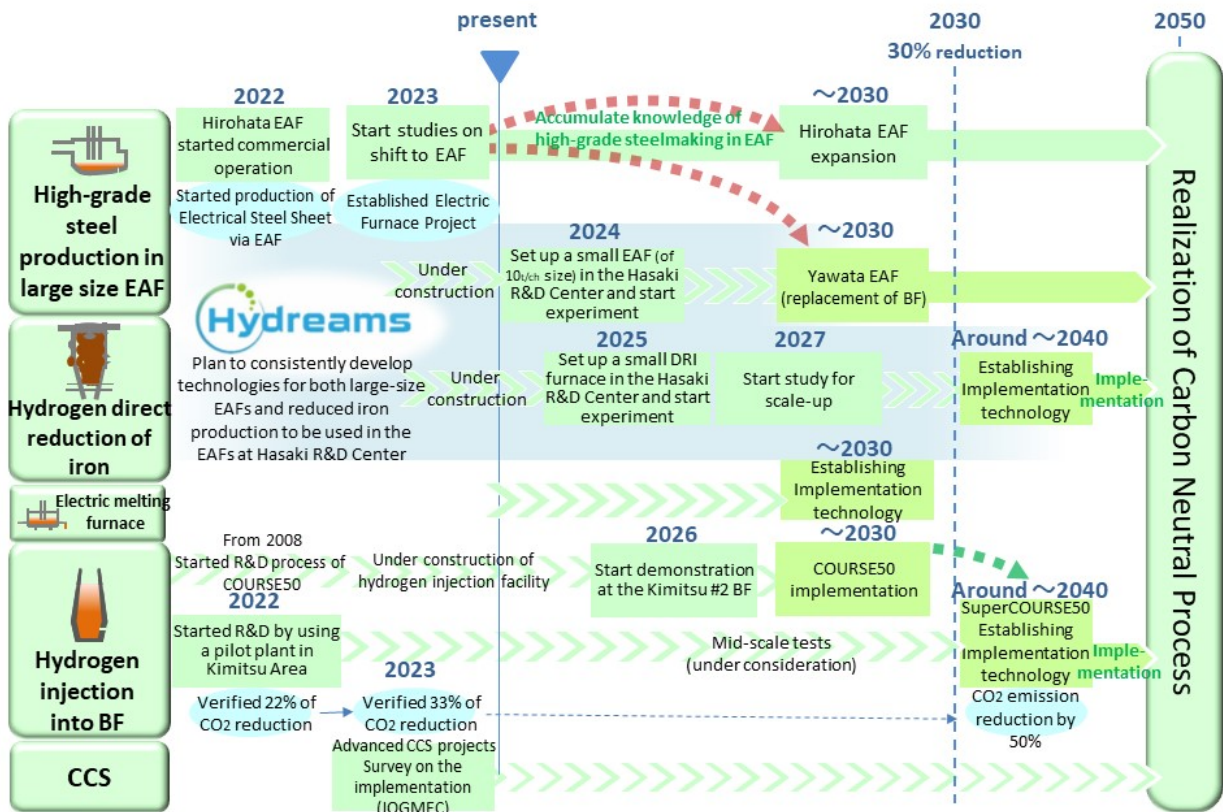
In March 2021, the Company announced the Nippon Steel Carbon Neutral Vision 2050, which sets out a target of reducing CO2 emissions in Scopes 1 and 2 by 30% from 2013 levels by 2030 and a vision of achieving carbon neutrality by 2050. The Nippon Steel Carbon Neutral Vision 2050 contributes to the Japanese government's Climate Change Adaptation Plan based on the Paris Agreement and Japan's Nationally Determined Contribution (NDC).

The steel industry currently does not have mass production technology needed to achieve carbon neutrality, and the Company is working diligently to develop innovative process technologies and commercialize them based on the results of such development. Specifically, as described below in Roadmap of Nippon Steel Carbon Neutral Vision 2050, the Company aims to develop and commercialize three breakthrough technologies: technologies for "hydrogen injection into BF" (COURSE50 and Super-COURSE50), technologies for "high-grade steel production in large-size EAF" and technologies for "hydrogen direct reduction of iron." Through a multi-track approach, taking measures including carbon offset by CCUS, the Company aims to realize a carbon-neutral steel production processes by 2050. In particular, as for "hydrogen injection into BF," the Company has been engaged in technology development of COURSE50 since 2008 and has already completed verification tests using a pilot test furnace. The Company has started the installation of demonstration facilities in preparation for full-scale blowing tests of hydrogen-based gas using a large-scale commercial BF (4,500m³), which is scheduled to start in fiscal 2026. In addition, the Company aims to start trials of "high-grade steel production in large-size EAF" and "hydrogen direct reduction of iron" in fiscal 2024 and fiscal 2025, respectively. The Company expects that R&D expenses of approximately 500 billion yen and capital expenditures for commercialization of approximately 4-5 trillion yen, including, among others, government support, will be required for such extremely challenging innovation.

(Carbon-Neutral Steel Production Processes)



(Roadmap of Nippon Steel Carbon Neutral Vision 2050)



In addition to reducing CO2 emissions from the Company’s steelmaking processes, the Company is contributing to reducing CO2 emissions in society by providing high-performance products and solution technologies.

The Company launched NSCarbolex™ as a brand family that collectively identifies the Company’s products and solution technologies that contribute to reducing CO2 emissions in society. NSCarbolex™ consists of two brands—NSCarbolex™ Neutral and NSCarbolex™ Solution—which represent the two values the Company provides.



Decarbonization of the steelmaking processes is an extremely ambitious challenge. In addition to developing carbon-neutral technology options, it is also essential to develop social infrastructure for green hydrogen, green power, CCUS, and other technologies. These are national challenges that should be addressed by the entire nation in cooperation with society, based on (1) policy packages to achieve both international competitiveness of industries and carbon neutrality as well as (2) policies for national strategies that include strong and continuous support, including from the financial side.

In order to maintain and strengthen the international competitiveness of Japanese industries, the introduction of drastic policies and systems based on national strategies is more important than anything else. To achieve this, the Company is taking various opportunities to make proposals on Japan’s climate change measures and energy policies based on the Paris Agreement. The Company is also spearheading activities through industry associations such as the Japan Iron and Steel Federation and the Japan Business Federation (Keidanren).

For example, in government councils and committees and in discussions at Keidanren, the Company has advocated the need for a Japanese-style policy package that integrates climate change measures with the maintenance and strengthening of the international competitiveness of industries. The Company has also advocated the need for, among others, the following measures: a shift in the energy supply structure, including the active promotion of the use of nuclear power; policies aimed at the realization of carbon neutrality in the materials industry; measures to promote strong and continuous public-private investment across all stages of the decarbonization transition from R&D to facility implementation; measures to secure equal footing for hydrogen, electricity and raw material operation cost increases; and a roadmap to realize CCUS. Some of these proposals have been reflected in the GX Promotion Act and the GX Decarbonized Power Supply Act, which is an example of the Company’s contribution to policy formulation.

In addition, the Japan Iron and Steel Federation has declared that the Japanese steel industry will boldly take on the challenge of achieving carbon neutrality. In March 2022, the Federation set a target for reducing CO2 emissions from energy sources by 30% from 2013 levels by fiscal 2030, which is an ambitious target even in international terms. In May 2022, Keidanren published “Towards Green Transformation (GX)” and has been proposing necessary measures to achieve carbon neutrality by 2050 (such as GX policy Package).

Concerning the Company’s efforts to address climate change issues, important matters are reported to the Board of Directors as they arise, and major progress is reported on a regular basis. In addition, opinions received from various stakeholders, including institutional investors, are regularly reported and fed back to the Board of Directors.

In addition, the Company is a signatory to the statement of support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has been disclosing information in accordance with the recommendations. The Company has also been making disclosures through business reports, securities reports, integrated reports, sustainability reports, IR materials on financial results, and individual press releases. The Company will continue to work on appropriate disclosure of its efforts to address climate change issues, taking into account trends in, among others, disclosure standards. (For details of the Company’s efforts to address climate change issues, see: <https://www.nipponsteel.com/csr/>)

* Task Force on Climate-related Financial Disclosures: An international disclosure framework to disclose information on the impact of climate change on corporate finances in four categories: governance, strategy, risk management, and indicators and targets.

Item 6 Partial Amendment to the Articles of Incorporation

(1) Details of the proposal

The following clause shall be added to the Articles of Incorporation:

1. The Company shall set and disclose short- and medium-term GHG emission reductions targets aligned to the goals of the Paris Agreement for scope 1, 2 and 3 emissions for all operations and affiliates.
2. The Company shall prepare and disclose transition plan that include, planned capital allocation for decarbonisation investment over the forward 3 years, along with the estimated emissions reduction impact of each investment, to achieve the short- and medium-term reduction targets.
3. The Company shall report, in its annual reporting, on its progress against such targets and transition plans at reasonable cost omitting proprietary information.

(2) Reason for the proposal

The Company's long-term corporate value depends upon a credible decarbonisation strategy and GHG emissions reduction targets aligned with the goals of the Paris Agreement. The Company should commit to the recommendation of the TCFD which recommends disclosure of group-wide scope 1, 2 and 3 emissions and the related risks.

The Company's emissions reduction targets towards 2030 are not aligned to the goals of the Paris Agreement and the Company's decarbonisation strategy relies heavily on technologies that have not been proven to materialise. Not having Paris aligned targets together with the uncertainty of its technology investment strategy presents a range of material risks to shareholders, including the risk of stranded assets.

Setting Paris-aligned targets, and disclosing credible business plans to achieve them, would best manage these risks and protect corporate value. Disclosure of the Company's forward capital expenditure and alignment with emissions reduction targets would assist shareholders assessment of the Company's plans.

[Opinion of the Board of Directors on the shareholder proposal Item 6]

The Company's Board of Directors opposes this shareholder proposal.

(Reasons for the opposition)

The Articles of Incorporation stipulate basic matters such as the organization of the Company, and it is not appropriate to stipulate in the Articles of Incorporation specific, individual matters such as the formulation and publication of targets related to specific management issues, including climate change measures, as this would hinder the timely and flexible formulation and modification of policies and business execution in response to changes in the business environment.

In addition, as described in "Company's Efforts to Address Climate Change Issues," the Company has announced Nippon Steel Carbon Neutral Vision 2050, which will contribute to the Japanese government's Climate Change Adaptation Plan based on the Paris Agreement and Japan's Nationally Determined Contribution (NDC), and has been working to achieve the target of reducing CO2 emissions in Scopes 1 and 2 by 30% from 2013 levels by 2030 and realize the vision of achieving carbon neutrality by 2050. Based on the assumption that the technological development necessary for the realization of carbon-neutral steel production processes and the commercialization of the technologies based on the results thereof will require, including government support, approximately 500 billion yen in R&D expenses and approximately 4-5 trillion yen in capital expenditures for the commercialization, the Company has been making steady advances in, among others, technological development and demonstration experiments, and has been disclosing such progress as appropriate, as described above in Roadmap of Nippon Steel Carbon Neutral Vision 2050. Moreover, the Company also contributes to reducing CO2 emissions in society by providing high-performance products and solution technologies.

Furthermore, the Company will continue to timely and flexibly work on the matter of how to deal with the scope of setting CO2 emission reduction targets (such as covered subsidiaries and affiliates and Scope 3) as it conducts business in Japan and overseas, in light of, among others, international trends in climate change measures and trends in laws, systems, and disclosure standards in each country.

Item 7 Partial Amendment to the Articles of Incorporation

(1) Details of the proposal

The following clause shall be added to the Articles of Incorporation:

The Company shall set and disclose, in its annual reporting, details of how the Company's compensation system incentivises and rewards progress for achieving the Company's GHG emissions reduction targets.

(2) Reason for the proposal

Long-term institutional investors in the Company consider a direct linkage between remuneration and achievement of the Company's GHG emissions reduction targets, to be in the Company's interests, as an important mechanism to incentivise executive performance towards achievement of the Company's strategy and goals and protect corporate value.

[Opinion of the Board of Directors on the shareholder proposal Item 7]

The Company's Board of Directors opposes this shareholder proposal.

(Reasons for the opposition)

The Articles of Incorporation stipulate basic matters such as the organization of the Company, and it is not appropriate to stipulate in the Articles of Incorporation specific, individual matters such as the establishment and disclosure of a compensation system that responds to specific management issues, as this would hinder the timely and flexible formulation and modification of policies and business execution in response to changes in the business environment.

In addition, as described in "Company's Efforts to Address Climate Change Issues," the Company regards climate change measures as its top priority management issue, and, believing that achieving carbon neutrality will contribute to enhancing mid- to long-term corporate value, the Company has established and strengthened its officers and organizational structures and is promoting various measures to achieve that goal, thus steadily producing results.

The Company intends to propose a revision of the amount of compensation for Directors in Items 4 and 5 at the 100th General Meeting of Shareholders after the deliberation of the Nomination and Compensation Advisory Committee consisting of the Chairman, the President and three or more Outside Directors appointed by the President who serves as the chairman of the committee. If each of these proposals is approved, the Company will continue to properly address its management issues, including the challenge of achieving carbon neutrality under the new compensation levels and system.

Item 8 Partial Amendment to the Articles of Incorporation

(1) Details of the proposal

The following clause shall be added to the Articles of Incorporation:

The Company shall disclose annually, climate-related and decarbonisation-related policy positions and lobbying activities globally, including its own direct lobbying and industry association memberships, and review these for alignment with the Company's goals of carbon neutrality by 2050 and explain the actions it will take if these activities are determined to be misaligned.

(2) Reason for the proposal

To manage strategy and risks to protect company value, it is in the Company's best interests for its climate- and decarbonisation-related policy positions and direct and indirect lobbying activities to be aligned with the Company's goal of carbon neutrality by 2050 and the achievement of its GHG emissions reduction targets.

The Filing Shareholder believes that disclosure of climate-related and decarbonisation-related policy positions and lobbying activities globally and their alignment to the Company's goals are required by good governance and essential to long-term value creation.

The current level of the Company's disclosures in these regards means shareholders cannot properly assess if the Company's lobbying activities are sufficiently coordinated and optimised to ensure the global policy environment supports its decarbonisation goals and are in line with the goals of the Paris Agreement.

[Opinion of the Board of Directors on the shareholder proposal Item 8]

The Company's Board of Directors opposes this shareholder proposal.

(Reasons for the opposition)

The Articles of Incorporation stipulate basic matters such as the organization of the Company, and it is not appropriate to stipulate in the Articles of Incorporation specific, individual matters such as the disclosure of the Company's position and policy proposal efforts on certain policies, as this would hinder the timely and flexible formulation and modification of policies and business execution in response to changes in the business environment.

In addition, as described in "Company's efforts to address climate change issues," the Company is taking various opportunities to make proposals on Japan's climate change measures and energy policies based on the Paris Agreement and is spearheading activities through industry associations. The Company also discloses information regarding these policy proposals and activities. The Company will continue to work on enhancing disclosure of information including major policy proposals and activities it has conducted, as well as policy positions in conducting these proposals and activities.

Exercise of Voting Rights via the Internet

In exercising your voting rights via the Internet, please review and confirm following instructions before exercising your voting rights.

**Deadline for exercising voting rights
via the Internet:
5 p.m., Thursday, June 20, 2024 (JST)**

Please access the following website and enter your “voting right exercise code” and “password” indicated in the Voting Rights Exercise Form. Please follow the instructions that appear on the display and indicate whether you are for or against each Item.

Internet Voting Website: (<https://www.web54.net>)

- **Treatment of votes**

If you exercise your voting rights both by mail and via the Internet, the vote exercised via the Internet will be treated as the vote of record. If you exercise your voting rights multiple times via the Internet, the last vote will be treated as the vote of record.

- **Inquiries about the operation of personal computers and other issues**

For inquiries on how to exercise your voting rights via the Internet, please call:
0120-652-031 (toll free within Japan) (9 a.m. ~ 9 p.m.)

This is a dedicated line for website support provided by the transfer agent, Sumitomo Mitsui Trust Bank, Limited.

Business Report

99th Term: From April 1, 2023 to March 31, 2024

1. Current Situations of the NIPPON STEEL Group

(1) Progress and Results of Business Operations and Tasks Ahead

General Review

In fiscal 2023, the global economy showed signs of a further slowdown due to factors such as progressive inflation stemming from the situation in Ukraine and the effects of monetary tightening in Europe and the United States. The Japanese economy recovered moderately, but domestic demand lacked strength.

Steel demand fell into an unprecedented dire level in the second half of fiscal 2023, which became further depressed toward the end of the fiscal year, against the background of the sluggish economy in China and the deteriorating economic sentiment in the United States and Europe. In addition, due to factors including India's continued spot purchases of coal and China's continued high-level production despite sluggish economy and significant increase in exports, raw material prices have remained high while product prices have been sluggish in ASEAN and other countries. These factors have led to the continued historically low level of the spread (price difference between raw materials and steel products) in the overseas general spot market, and the decoupling of raw materials and products has become more evident.

In response to this business environment, the Nippon Steel Group (“the Group”) implemented various measures aimed at achieving the four pillars of its medium- to long-term management plan (formulated in March 2021): “Rebuilding the domestic steel business and strengthening the Group’s management,” “Promoting a global strategy to deepen and expand the overseas business,” “Taking on the challenge of carbon neutrality,” and “Promoting digital transformation strategies.”

Business Segment Review

The NIPPON STEEL Group’s business segments strived to respond to their changing business environments and have applied their utmost management effort.

• Steelmaking and Steel Fabrication

Although the business environment remained extremely harsh, the Steelmaking and Steel Fabrication segment continued to implement drastic profit restructuring measures. In addition, the segment strived to evolve toward having a further vertically-integrated business structure that could achieve the Group’s future vision of ¥1 trillion in business profit. The segment has also built a foundation that is planned to enable it to record even higher profits regardless of the external environment. As a result, the segment recorded revenue of ¥8,076.3 billion and business profit of ¥821.0 billion.

Specifically, the following efforts were made during fiscal 2023.

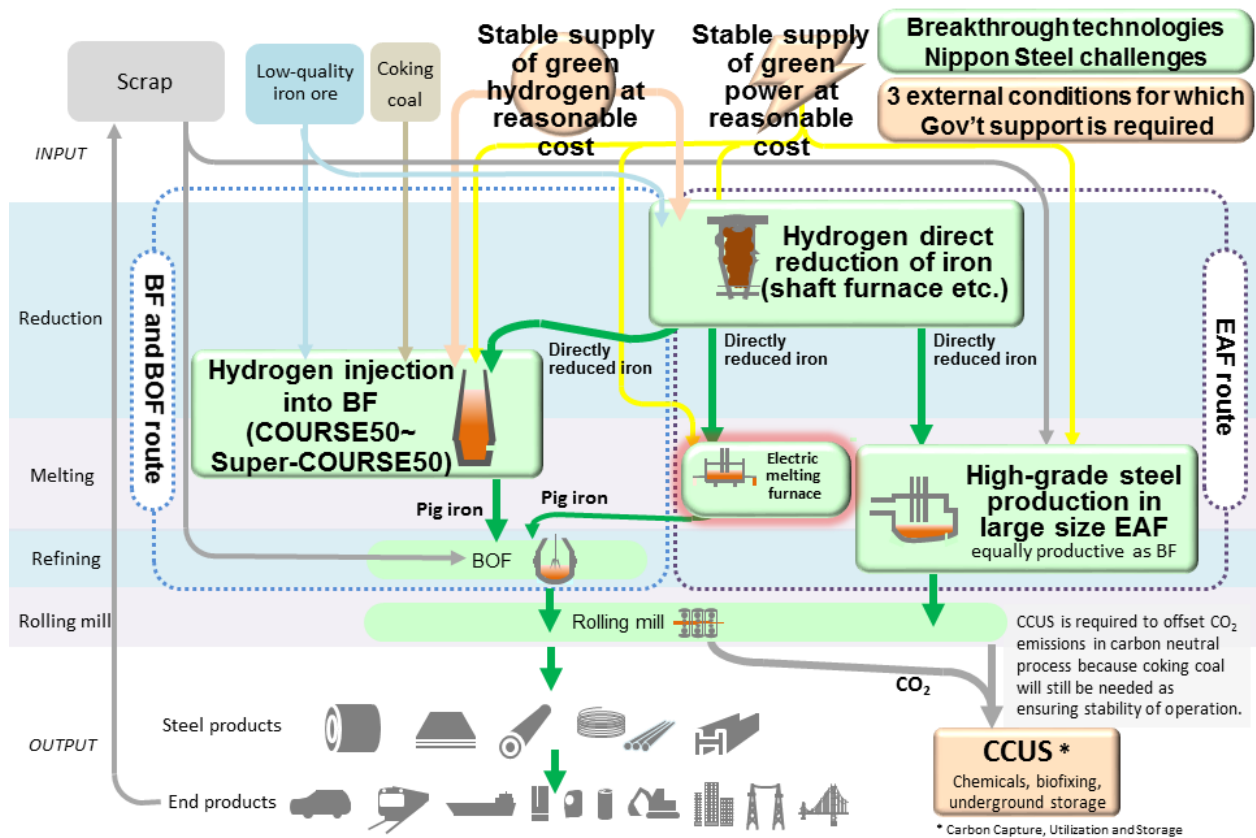
We are steadily implementing facility structural measures, with or without a short-term improvement in the business environment. We have also aimed to establish an integrated business structure that encompasses everything from raw materials to manufacturing and distribution, strengthen competitiveness across the entire supply chain, and create a more resilient business structure (a business structure with a robust profit base), one that contributes importantly toward the achievement of carbon neutrality. During fiscal 2023, the Company made selective investments in facilities having competitive advantages. These investments included measures to improve the capacity and quality of strategic products, such as the next-generation hot-strip mill at the Nagoya Works, and electrical steel sheet facilities at the Setouchi Works Hanshin Area (Sakai) and the Kyushu Works Yawata Area. Coupled with the shut-down of less competitive facilities, we have made production facilities more advanced, streamlined, and efficient, promoted the sophistication of product types, and optimized the scale of production capacity and fixed costs. In the raw materials business, we have acquired a 20% interest in Elk Valley Mining Limited Partnership, a Canadian coking coal company, as we aim to ensure steady procurement of high-grade coking coal for steelmaking that contributes to promoting carbon neutrality and to establish a profit structure that is less susceptible to the external environment. In addition, Nippon Steel Trading Corporation was delisted and has become a subsidiary of Nippon Steel, and we have been working to enhance and raise efficiency of the Group’s trading company functions, to enhance the direct sales ability by making an integrated use of our sales knowhow and our infrastructure, and to further increase sophistication of the supply chain. We intend to continue evolving toward having a further vertically-integrated business structure.

Overseas, the Steelmaking and Steel Fabrication segment is working to ensure capturing of local demand and securing high integrated added-value by expanding integrated manufacturing bases in “markets with promising growth in steel demand” and “markets where Nippon Steel’s technologies and products are highly appreciated.” In India, where future market expansion and further development of domestic production are expected, we are expanding capacity through several approaches: by acquisition of bases and construction of a new integrated steelworks now being studied by ArcelorMittal Nippon Steel India Limited, among other measures. Moreover, we have decided to acquire United States Steel Corporation in the United States. The United States is a country that has the highest demand for high-grade steel, and where we can make use of our technological and product strengths. This means for us to secure three key areas, which are adding the United States to India and our home market of ASEAN, leading to the diversification of our global bases. We aim to continue improving profitability through expansion of our integrated production system in these major overseas markets, thereby advancing toward the realization of 100 million tons in global crude steel capacity.

Diversify Nippon Steel’s global footprint by three primary geographies



About our efforts to achieve carbon neutrality, we have implemented various measures to realize the Nippon Steel Carbon Neutral Vision 2050. In order to decarbonize our steelmaking processes, we are developing three breakthrough technologies: for injection of hydrogen into blast furnaces, for 100% hydrogen use in the direct reduction process, and for high-grade steel production in large-sized electric arc furnaces (EAFs). Our recent progress in technological development includes the Super COURSE50 development test at a pilot test furnace in the East Nippon Works Kimitsu Area, which confirmed the effect of reducing CO₂ emissions by 33%, the world’s highest level for reduction. In addition, we started full-scale studies on shifting from the blast furnace steelmaking process to the EAF process in the Kyushu Works Yawata Area and the Setouchi Works Hirohata Area as candidate sites. In addition, NSCarbolex™ Neutral (a steel product that is certified to reduce CO₂ emissions in the steelmaking process) and NSCarbolex™ Solution (a high-performance product and solution technology that contributes to reducing CO₂ emissions in society) are the two products of value we provide for carbon neutralization, supporting our customers’ international competitiveness. These efforts have led to a reaffirmation of the importance of the steel industry’s role in decarbonization initiatives and the Green Innovation Fund has significantly increased the allocation of its fund to the steel industry. We are therefore working to accelerate and move forward development and practical implementation in these areas. It deserves mention here that the Company’s climate change risk information based on its CO₂ emission reduction targets and the framework of the Task Force on Climate-related Financial Disclosures (TCFD) are disclosed in the Sustainability Report 2023, per <https://www.nipponsteel.com/en/csr/report/>.



As to DX strategy, we have promoted business and production process reforms that make full use of data and digital technology. As an example of a specific initiative in fiscal 2023, we established and commenced operation of a system that enables real-time acquisition of operating information for management of vessel allocation when shipping raw materials by sea. We believe that this facilitates faster decision-making, and contributes to improve the efficiency of the supply chain, from raw material procurement to transportation and production. The resultant improvement of efficiency in operation and transportation will also help efforts on behalf of realization of a carbon-neutral society. A second example of what we are doing is, in collaboration with NS Solutions Corporation, applying mathematical optimization technology in development of a steel output scheduling system for high-speed production planning in the steelmaking process. Full-scale use of the system is now under way at the East Nippon Works Kimitsu Area. This has enabled equal or greater plans, and faster plans, to be derived compared to those made by skilled technicians. Planning time has been reduced by about 70% compared to conventional systems. Going forward, we plan to start using the system at each steelworks, one by one, and promote the unification of production plans for the entire company. We also continue to work on various DX measures in areas such as remote management, predictive monitoring, and automation of operations and equipment maintenance using IoT and AI, as well as centralization and acceleration of performance management and integrated production planning.

• **Engineering and Construction**

Nippon Steel Engineering Co., Ltd. increased overall sales year-on-year. Solid sales were posted in the business of offshore wind power plants, waste-to-energy facilities, and other components in the Environment and Energy sector as well as in the business of construction work and seismic isolation devices in the Urban Infrastructure sector, centering on large-scale logistics facilities, while experienced a decrease in sales in the Steelmaking Plants sector. The segment's profit decreased year-on-year due to the impact of large losses caused by the breakdown of a crane of its own marine workshop and the surge in the prices of materials and fuel. For fiscal 2023 the Engineering and Construction segment recorded revenue of ¥409.2 billion and business loss of ¥1.3 billion.

• **Chemicals and Materials**

Nippon Steel Chemical & Material Co., Ltd. posted a year-on-year decrease in profits despite utmost efforts to reduce costs and improve selling prices amid a severe business environment in which demand continued to be sluggish due to soaring raw material and fuel prices worldwide and inventory adjustments for semiconductors and other products. In the Coal Tar Chemicals business, sales of carbon black for tires were firm, but demand for needle coke used in graphite electrodes, its main product, remained sluggish. In the Chemicals business, the benzene market remained generally stable, but sales of styrene monomer decreased due to a delay in the recovery of demand for derivatives in Japan, and the continued expansion of new production facilities in China led to stagnate the styrene monomer market. In the Functional Materials and Composite Materials business, recovery of production remained weak due to the impact of the deterioration in the Chinese economy, and the prolonged sluggish demand for semiconductors as well as end products such as smartphones and PCs. Among carbon fiber composite materials, the sales volume of carbon fiber reinforced materials for civil engineering and construction, which are the main product responding to demand for infrastructure upgrades, increased, and sales of carbon fiber continued to be strong, mainly in the sports and space fields. The overall Chemicals and Materials segment recorded revenue of ¥260.8 billion and business profit of ¥15.3 billion.

• **System Solutions**

In response to stepped-up corporate DX initiatives, NS Solutions Corporation is working to expand business by making corporate-wide efforts to satisfy the needs of DX at maximum while deepening relationships with customers. As an example of its initiatives in fiscal 2023, NS Solutions jointly developed and commenced full-scale operation of a production planning system that realizes operational reforms by applying mathematical optimization technology, jointly with Nippon Steel. In addition, the company introduced a local 5G system to power plant premises, which enables power companies to conduct efficient maintenance and inspection work, etc. through remote monitoring of sites using video and audio links, and facilitates the transfer of technology. In addition, the company has provided ConSeek™, an integrated business management platform service for financial institutions to its customers, and has launched a modernization project for mission-critical systems of insurance companies. As investments for growth, NS Solutions formed business alliances with AI start-up companies and Nippon Steel Texeng Co., Ltd. in the field of digital manufacturing, and entered into an agreement to make Texeng Solutions Corporation (renamed to NS Solutions BizTech Corporation) a group company. These developments were to enhance its ability to respond to customers' DX needs. The System Solutions segment recorded revenue of ¥311.5 billion and business profit of ¥35.5 billion.

Revenue and Profit

For fiscal 2023, although the business environment remained extremely harsh, the Company strived to maximize profit by continuing to implement measures such as to fundamentally improve profit structure. As a result, the Company recorded consolidated revenue of ¥8,868.0 billion, business profit of ¥869.6 billion, and profit attributable to owners of the parent of ¥549.3 billion.

An overview of the revenue and business profit of each business segment in fiscal year 2023 is as follows:

Revenue and Business Profit by Business Segment

	Steelmaking and steel fabrication	Engineering and construction	Chemicals and materials	System solutions	Adjustments	Consolidated total
Revenue	8,076.3	409.2	260.8	311.5	(189.8)	8,868.0
Business profit	821.0	(1.3)	15.3	35.5	(1.0)	869.6

Non-consolidated financial result for fiscal year 2023 was net sales of ¥4,876.5 billion, operating profit of ¥331.6 billion, ordinary profit of ¥453.1 billion and profit of ¥324.2 billion.

Assets, Liabilities, and Equity

Consolidated total assets as of March 31, 2024 were ¥10,714.6 billion, an increase of ¥1,147.5 billion from ¥9,567.0 billion as of March 31, 2023. The main factors contributing to the increase were business investments in such as Nippon Steel Trading Corporation, becoming a subsidiary, resulting in an increase in trade and other receivables (¥525.5 billion), an increase in inventories (¥190.6 billion), an increase in property, plant and equipment (¥196.7 billion), and an increase in investments accounted for using the equity method (¥327.3 billion), among other factors.

Consolidated total liabilities as of March 31, 2024 were ¥5,358.7 billion, an increase of ¥438.0 billion from ¥4,920.6 billion as of March 31, 2023. Trade and other payables increased (¥298.5 billion) due to the aforementioned consolidation of subsidiaries, deferred tax liabilities also increased (¥102.8 billion).

Consolidated total equity as of March 31, 2024 was ¥5,355.8 billion, an increase of ¥709.4 billion from ¥4,646.4 billion as of March 31, 2023. This was primarily contributed by an increase from profit attributable to owners of the parent of ¥549.3 billion, a decrease in dividend payment (¥152.1 billion), and an increase in the foreign exchange differences on translation of foreign operations (¥105.9 billion), and an increase in non-controlling interests resulting from the consolidation of Nippon Steel Trading Corporation (¥112.8 billion), among other factors. As a result, total equity attributable to owners of the parent as of March 31, 2023 amounted to ¥4,777.7 billion, and the ratio of interest-bearing debt to total equity attributable to owners of the parent (D/E ratio) was 0.57 times (0.45 times after adjusting for equity credit attributes of subordinated loans and subordinated bonds).

Dividends

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 bases. The Company has adopted a consolidated annual payout ratio target of around 30% as the benchmark for the "payment of dividends from distributable funds in consideration of the consolidated operating results." The level of the interim dividend is determined in consideration of the first-half performance results and forecasts for the full fiscal year.

NIPPON STEEL paid a dividend of ¥75 per share at the end of the first half. Regarding the fiscal year-end dividend based our policy of providing continuous, high-level shareholder returns, as disclosed at the third quarter results announcement (February 7, 2024), management has decided to pay a year-end dividend of ¥85 per share (the annual dividend will be ¥160 per share).

Tasks Ahead

• Outlook for Operations in Fiscal Year 2024

The unprecedented severe situation concerning global steel demand is likely to continue for the foreseeable future. Recovery in actual demand is hard to predict at this point, and it is expected to take time for the market to recover. There is also a risk that the decoupling structure between raw materials and products will continue for the time being.

Even in this situation where the business environment has become increasingly severe and is expected to remain so for the time being, we will continue to implement the existing profit structure measures. At the same time, we will steadily advance measures to evolve to a further vertically-integrated business structure, and to advance toward achieving the Group's future vision of ¥1 trillion in business profit, and build a foundation that enables us to record even higher profits regardless of the external environment. We will also make investments in forward-looking initiatives to recruit and retain diverse talent.

For fiscal 2024, we forecast underlying business profit of ¥750 billion or more and business profit of ¥650 billion or more. Profit attributable to owners of the parent is expected to be around ¥300 billion, due in part to a large loss on business restructuring, the loss being related to the completion of the production facility structural measures. For fiscal 2025, the final year of the ongoing medium- to long-term management plan, we will strive hard to secure underlying consolidated business profit of ¥900 billion or more by realizing the benefits from capital expenditures, notably sales expansion of high-grade steel products, and expanding overseas businesses including that of India, in addition to the impacts of restructuring measures. Moreover, by acquiring United States Steel Corporation, we aim to achieve the Group's future vision of ¥1 trillion in business profit at the earliest possible time.

While profit attributable to owners of the parent is forecasted to stay at around ¥300 billion in fiscal 2024 and no significant turnaround in the business environment is expected in fiscal 2025, we will strive hard in fiscal 2025 to secure underlying consolidated business profit of ¥900 billion or more, and most losses from reorganization are expected to be eliminated, thanks to the almost-secured effects of various measures including the restructuring measures and capital expenditures. Based on these assumptions and our policy of providing continuous, high-level shareholder returns, we plan to distribute a full-year dividend of ¥160 per share in fiscal 2024, maintaining the same level as in fiscal 2023.

With the aim of becoming “the best steelmaker with world-leading capabilities,” the Company is committed to steadily implementing various measures aimed at achieving the four pillars of its medium- to long-term management plan: “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.”

NIPPON STEEL wishes to take this opportunity to ask its shareholders for their understanding of the aforementioned circumstances and for their continued support.

**(For reference) Progress of NIPPON STEEL Group's
Medium-to Long-term Management Plan**

Below is an explanation of the current status of implementation of the NIPPON STEEL Group's Medium- to Long-term Management Plan formulated in March 2021.

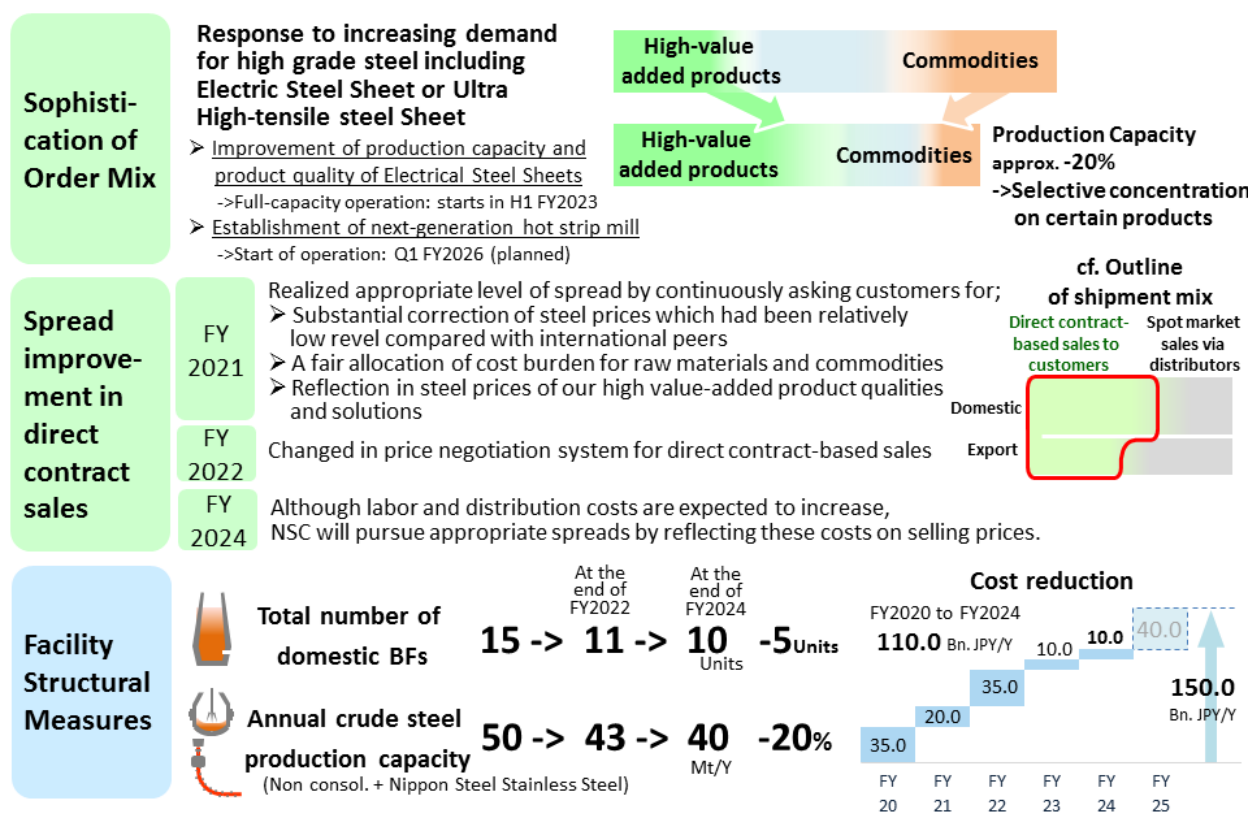
Four pillars of the management plan

1. Rebuilding our domestic steel business and strengthening our group's management
2. Promoting a global strategy to deepen and expand our overseas business
3. Taking on the challenge of carbon neutrality
4. Promoting digital transformation strategies

1. Rebuilding our domestic steel business

The Group's basic policies are "to realize a higher-level order mix through aggressive investment in strategic products," "to renew and improve facilities to ensure technological strength leading to profit generation," and "to make the production framework streamlined and more efficient by selective concentration on certain products and facilities." Based on these overall basic policies, we are striving to build an optimal production framework for our domestic steel business, strengthen our earnings base by re-establishing cost competitiveness, which will overwhelm our competitors, and securing appropriate margins.

(Efforts to strengthen earnings base)



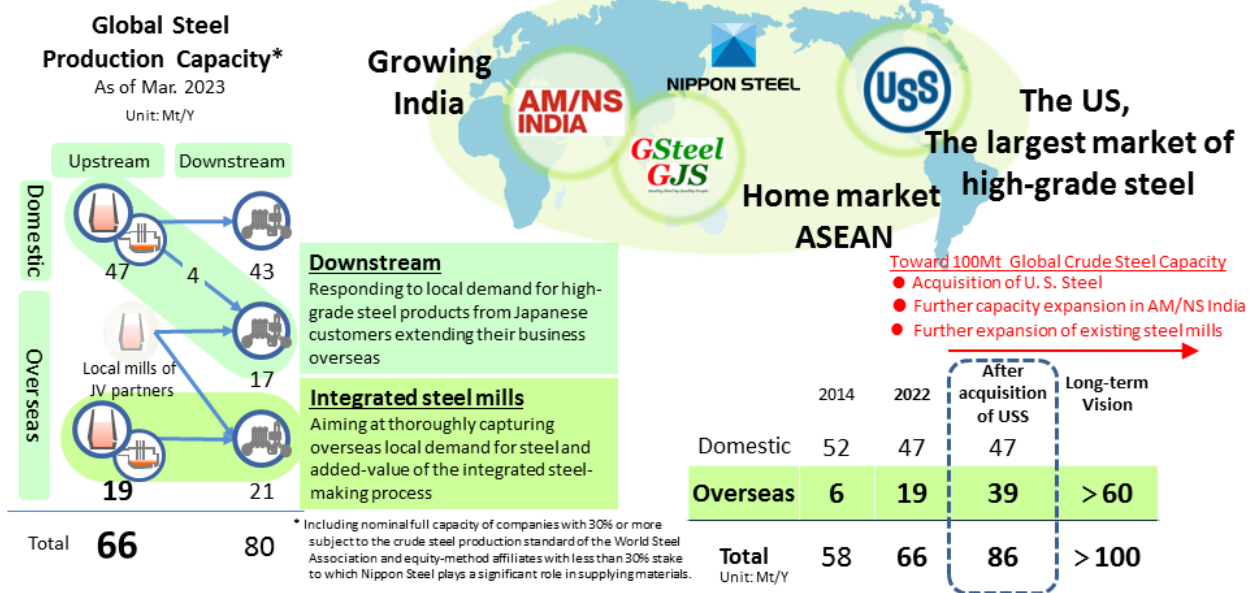
2. Deepening and expansion of overseas business

NIPPON STEEL will move away from our traditional business of exporting steel products, mainly high-grade steel, and supplying them through overseas companies in charge of producing predominantly cold-rolled and plating products. We will move toward 100 million ton global crude steel capacity through expanding integrated production framework in areas with demand and firmly capturing local demands in “districts and areas where demand is promisingly expected to grow” and in “sectors in which our technologies and products are appreciated.”

(Toward 100 million ton global crude steel capacity)

- NSC has intended to expand steel production into :
- **Markets where steel demand growth is promising**
 - **Markets where Nippon Steel’s technologies and products are highly appreciated**
- To expand integrated steel mill and create added value from the upstream**
- To acquire brownfield production bases through M&A**

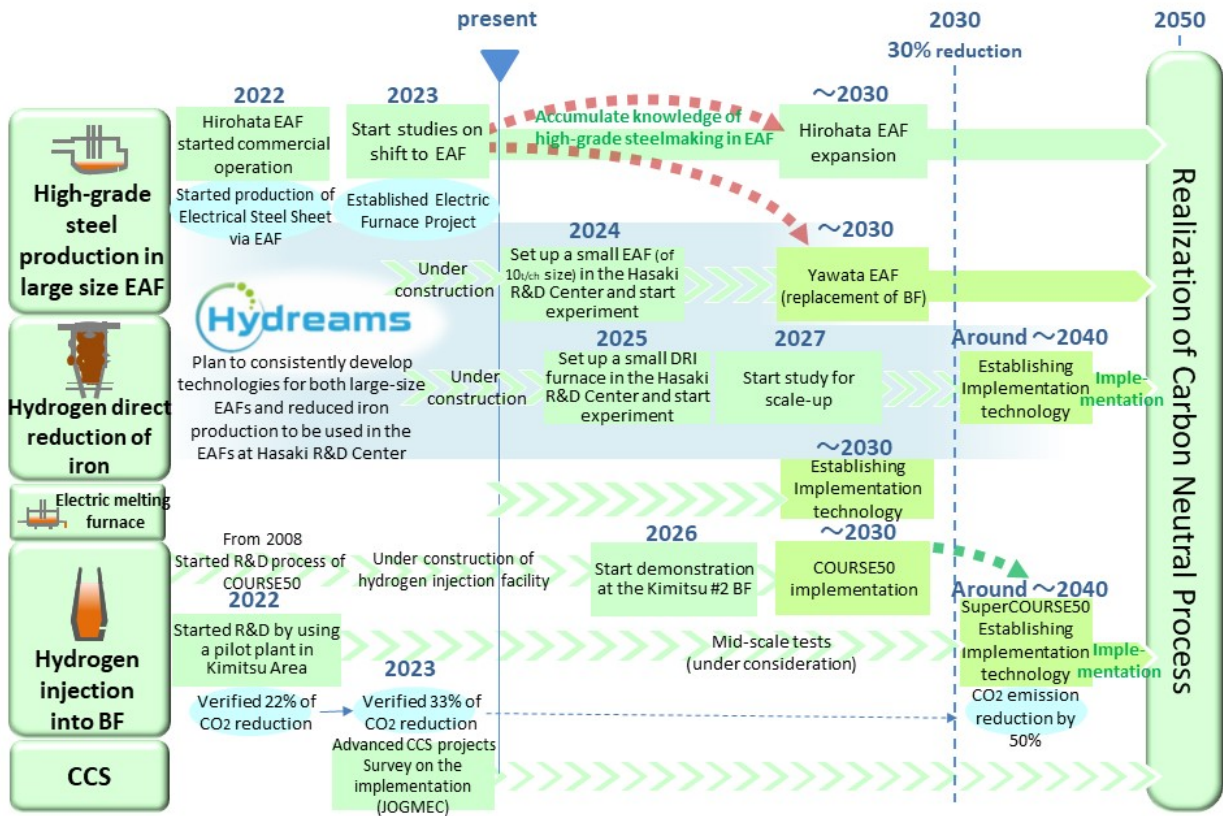
Diversify Nippon Steel’s global footprint by three primary geographies



3. Taking on the challenge of carbon neutrality

Adopting “Nippon Steel Carbon Neutral Vision 2050,” as our own new initiative against climate change, a critical issue affecting human beings, NIPPON STEEL will strive to achieve carbon neutrality by 2050 as our top priority management issue.

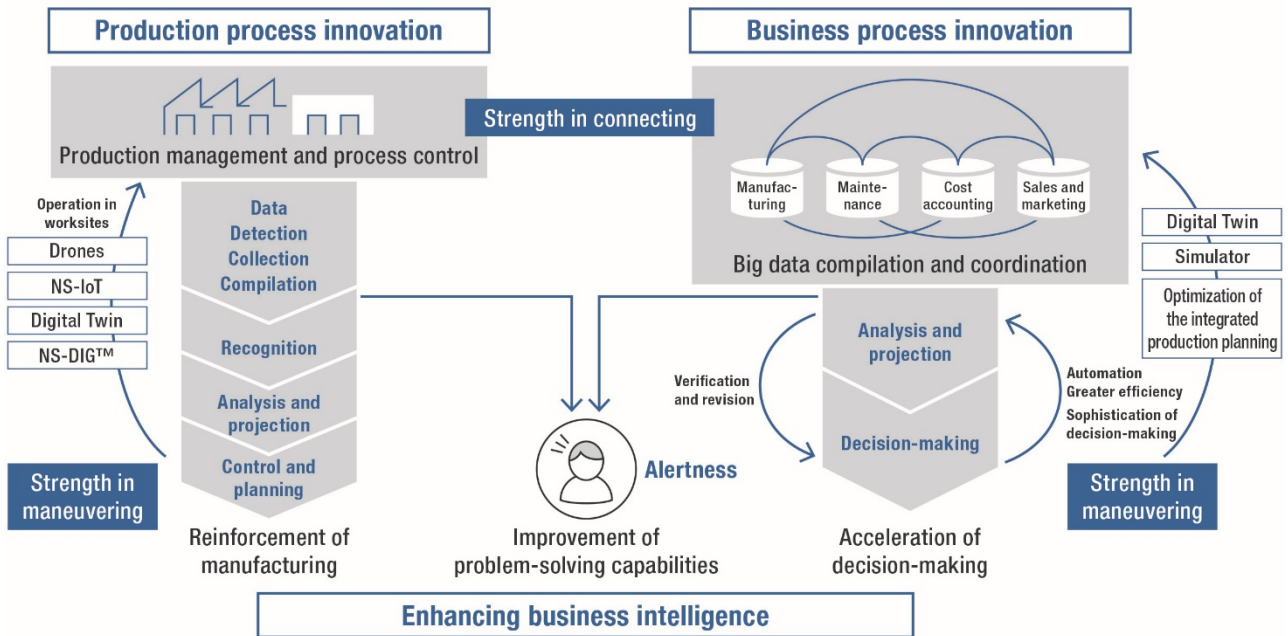
(Roadmap of Nippon Steel Carbon Neutral Vision 2050)



4. Promoting digital transformation strategies

Over the five years, we will invest ¥100 billion or more into our digital transformation strategy, with the aim of becoming a digitally advanced company in the steel industry.

(Production process innovation and business process innovation)



(2) Capital Procurement

There have been no major increases in capital or capital procurement through the issuing of bonds during fiscal year 2023.

(3) Plant and Equipment Investments

Classification	Title
Major ongoing plant and equipment investment during fiscal year 2023	Relining of No. 3 coke oven, including fixtures and fittings (Kimitsu, East Nippon Works, NIPPON STEEL) Establishment of next-generation hot-strip mill (Nagoya Works, NIPPON STEEL) Relining of No. 2 coke oven, including fixtures and fittings (Oita, Kyushu Works, NIPPON STEEL)

(4) Transfer of Business

NIPPON STEEL acquired the shares of common stock of NIPPON STEEL TRADING CORPORATION through a tender offer under the Financial Instruments and Exchange Act of Japan, and made it a subsidiary as of April 14, 2023.

(5) Changes in Assets and Profits/Losses

Fiscal Term Classification	96th Term	97th Term	98th Term	99th Term (fiscal year 2023)
Crude steel production (million tons)	37.65	44.46	40.32	40.51
Revenue (billions of yen) (Overseas revenue shown in brackets)	4,829.2 [1,611.1]	6,808.8 [2,707.0]	7,975.5 [3,239.8]	8,868.0 [3,416.6]
Business profit (billions of yen)	110.0	938.1	916.4	869.6
Profit for the year attributable to owners of the parent (billions of yen)	(32.4)	637.3	694.0	549.3
Total assets (billions of yen)	7,573.9	8,752.3	9,567.0	10,714.6
Total equity attributable to owners of the parent (billions of yen)	2,759.9	3,466.7	4,181.1	4,777.7
Basic earnings per share	(35.22) yen	692.16 yen	753.66 yen	596.59 yen
Total equity attributable to owners of the parent per share	2,997.53 yen	3,764.69 yen	4,540.59 yen	5,187.32 yen
Dividends per share (Interim dividends shown in brackets)	10.00 yen [-]	160.00 yen [70.00 yen]	180 yen [90.00 yen]	160 yen [75.00 yen]
Ratio of cash dividends to consolidated profit (%)	-	23.1	23.9	*26.8

(Notes)

- (1) The consolidated financial statements of NIPPON STEEL are prepared in accordance with the International Financial Reporting Standards (“IFRS”), pursuant to the provisions of Article 120, Paragraph 1 of the Rules of Corporate Accounting.
- (2) The figures for crude steel production include production amounts of consolidated subsidiaries, in addition to NIPPON STEEL’s production.
- (3) 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.
- (4) The figures with an asterisk (*) are values on the assumption that the proposal on the year-end dividend payment is approved as originally proposed at the 100th General Meeting of Shareholders.

(6) Major Business Operations (as of March 31, 2024)

Business Segment	Main Products	
Steelmaking and Steel Fabrication		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, tinplates, 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
	Steel Products	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	
	Others Rolled titanium products, food and textile products, power supply, real estate, services and others	
Engineering and Construction	Iron and steelmaking plants, industrial machinery and equipment, industrial furnaces, resources recycling and environment restoration solutions, environmental plants, waterworks, energy facilities and plants, chemical plants, storage tanks, on-land and offshore pipelines laying works, energy-related solutions, offshore structure fabrication/construction, civil engineering work, building construction, steel-structure construction, trusses, standardized buildings products, base-isolation and vibration-control devices	

Business Segment	Main Products
Chemicals and Materials	Pitch coke, pitch, naphthalene, phthalic anhydride, carbon black, styrene monomer, bisphenol A, 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	Computer systems engineering and consulting, outsourcing and other services using IT

(7) Major Plants, Research Laboratories, Head Office, Office, Marketing Branches and Overseas Offices (as of March 31, 2024)

Plants	North Nippon Works (Muroran, Kamaishi), East Nippon Works (Kashima / Kimitsu / Kamaishi / Joetsu), Nagoya Works (Tokai), Kansai Works (Wakayama / Kainan / Sakai / Osaka / Amagasaki), Setouchi Works (Himeji / Sakai / Saijo / Amagasaki), Kyushu Works (Kitakyushu / Oita / Hikari)
Research Laboratories	Steel Research Laboratories, Advanced Technology Research Laboratories, Process Research Laboratory (Located in Futtsu, Amagasaki, Kamisu) R&D laboratories (Located within Steelworks of North Nippon, East Nippon, Nagoya, Kansai, Setouchi, Kyushu)
Head Office, Office and Marketing Branches	Head Office (Chiyoda-ku, Tokyo) Osaka Office (Osaka) Hokkaido Marketing Branch (Sapporo), Tohoku Marketing Branch (Sendai), Niigata Marketing Branch (Niigata), Nagoya Marketing Branch (Nagoya), Chugoku Marketing Branch (Hiroshima), Kyushu Marketing Branch (Fukuoka)
Overseas Offices	NIPPON STEEL Beijing Representative Office (China), NIPPON STEEL Shanghai Representative Office (China), NIPPON STEEL Guangzhou Representative Office (China), NIPPON STEEL Dubai Office (UAE), NIPPON STEEL NORTH AMERICA, INC. (USA), NIPPON STEEL AMÉRICA DO SUL LTDA. (Brazil), NIPPON STEEL EUROPE GmbH (Germany), NIPPON STEEL AUSTRALIA PTY. LIMITED (Australia), NIPPON STEEL CONSULTING (BEIJING) CO., LTD. (China), PT. NIPPON STEEL INDONESIA (Indonesia), NIPPON STEEL VIETNAM COMPANY LIMITED (Vietnam) NIPPON STEEL SOUTHEAST ASIA CO., LTD. (Thailand), NIPPON INDIA PRIVATE LIMITED (India)

(Notes)

- (1) Overseas Offices include local subsidiaries.
- (2) See “(9) Principal Subsidiaries and Affiliates” for a listing of major subsidiaries and their locations.
- (3) As of April 1, 2024, the overseas office (a locally incorporated company) NIPPON STEEL SOUTHEAST ASIA CO., LTD. has changed its trade name to NIPPON STEEL (THAILAND) CO., LTD.

(8) Employment Data (as of March 31, 2024)

1) NIPPON STEEL Group

Business Segment	Number of employees
Steelmaking and Steel Fabrication	97,316 [12,796]
Engineering and Construction	4,997 [1,752]
Chemicals and Materials	3,454 [587]
System Solutions	7,872 [59]
Total	113,639 [15,194]

(Notes)

- (1) Number of employees represents the number of employees engaged in each business at NIPPON STEEL and its subsidiaries.
- (2) Temporary workers are not included. Numbers of temporary workers (average number of temporary workers employed during fiscal year 2023) are shown in brackets.

2) NIPPON STEEL

Number of employees	Average age	Average number of years employed
28,543 [1,397] employees	39.9 years old	17.6 years

(Note)

Temporary workers are not included. Number of temporary workers (average number of temporary workers employed during fiscal year 2023) is shown in brackets.

(9) Principal Subsidiaries and Affiliates (as of March 31, 2024)

Steelmaking and Steel Fabrication

Company (Location of head office)	Paid-in capital	Shareholding Ratio	Business content
[Subsidiaries]	Million yen	%	
Sanyo Special Steel Co., Ltd. (Himeji)	53,800	*53.1	Makes and markets special steel products
NIPPON STEEL TRADING CORPORATION (Chuo-ku, Tokyo)	16,389	80.0	Markets, imports and exports iron and steel, industrial machinery, infrastructure, food and textile, and other products
NIPPON STEEL COATED SHEET CORPORATION (Chuo-ku, Tokyo)	12,588	100.0	Makes and markets galvanized sheets, prepainted galvanized sheets, coated sheets, and construction materials
Osaka Steel Co., Ltd. (Osaka)	8,769	*61.0	Makes and markets shapes, bars, flat steels and billets
NIPPON STEEL METAL PRODUCTS CO., LTD. (Chiyoda-ku, Tokyo)	5,912	100.0	Makes and markets structural materials for buildings and civil engineering work, prepainted galvanized sheets, steelmaking fluxes, and CC powders
Krosaki Harima Corporation (Kitakyushu)	5,537	*42.9	Makes, markets and constructs refractories
NIPPON STEEL TEXENG. CO., LTD. (Chiyoda-ku, Tokyo)	5,468	100.0	Conducts engineering, maintenance, and operations relating to machinery, electrical instrumentation, systems, and construction for steel-production and other facilities
NIPPON STEEL PIPE CO., LTD. (Chiyoda-ku, Tokyo)	5,000	100.0	Makes, coats and markets steel pipes and tubes
NIPPON STEEL Stainless Steel Corporation (Chiyoda-ku, Tokyo)	5,000	100.0	Makes and markets stainless steel
NIPPON STEEL LOGISTICS CO., LTD. (Chuo-ku, Tokyo)	4,000	100.0	Undertakes ocean and land transportation and warehousing
NIPPON STEEL SG WIRE CO., LTD. (Chiyoda-ku, Tokyo)	3,634	100.0	Makes and markets bars and wire rods
Geostr Corporation (Bunkyo-ku, Tokyo)	3,352	* 44.6	Makes and markets concrete and metal products for civil engineering and building construction work
NIPPON STEEL WELDING & ENGINEERING CO., LTD. (Koto-ku, Tokyo)	2,100	100.0	Makes and markets welding materials and apparatuses
NIPPON STEEL DRUM CO., LTD. (Koto-ku, Tokyo)	1,654	100.0	Makes and markets drums
NIPPON STEEL PROCESSING Co., Ltd. (Sakai)	1,530	*63.1	Makes, processes, and markets cold-heading wire, cold-finished bars, other secondary processed products using bars and wires, drawn steel tubes, and machine parts
NIPPON STEEL CEMENT CO., LTD. (Muroran)	1,500	85.0	Makes and markets cement
NIPPON STEEL FINANCE Co., Ltd. (Chiyoda-ku, Tokyo)	1,000	100.0	Engages in the Group's financing operations
NIPPON STEEL STAINLESS STEEL PIPE CO., LTD. (Chiyoda-ku, Tokyo)	916	100.0	Makes and markets stainless-steel pipes

Company (Location of head office)	Paid-in capital	Sharehol ding Ratio	Business content
NIPPON STEEL Eco-Tech Corporation (Minato-ku, Tokyo)	500	*84.2	Designs, builds, operates, maintains, and manages water-treatment and other systems; designs civil-engineering projects; and performs environmental and chemical analysis
G Steel Public Company Limited (Rayong State, Thailand)	THB 144,643 million	*60.2	Makes and markets hot-rolled steel sheets
G J Steel Public Company Limited (Chon Buri State, Thailand)	THB 24,467 million	*57.6	Makes and markets hot-rolled steel sheets
NS-Siam United Steel Co., Ltd. (Rayong State, Thailand)	THB 13,007 million	*95.2	Makes and markets cold-rolled sheets and galvanized sheets
NIPPON STEEL PIPE (THAILAND) CO., LTD. (Chon Buri State, Thailand)	THB 8,336 million	*100.0	Makes and markets steel pipes and tubes
PT KRAKATAU NIPPON STEEL SYNERGY (Cilegon, Indonesia)	US\$186 million	84.8	Makes and markets cold-rolled sheets and galvanized sheets
Standard Steel, LLC (Pennsylvania, U.S.A.)	US\$77 million	*100.0	Makes and markets railway wheels and axles
WHEELING-NIPPON STEEL, INC. (West Virginia, U.S.A.)	US\$ 71 million	*100.0	Makes and markets galvanized sheets
PT. PELAT TIMAH NUSANTARA TBK. (Jakarta, Indonesia)	US\$ 26 million	*40.0	Makes and markets tinplate
NIPPON STEEL Processing (Thailand) Co., Ltd. (Rayong State, Thailand)	THB 571 million	*70.1	Makes and markets cold-heading wire and cold-finished bars
NIPPON STEEL PIPE AMERICA, INC. (Indiana, U.S.A.)	US\$ 10 million	*80.0	Makes and markets steel pipes and tubes

Company (Location of head office)	Paid-in capital	Sharehol ding Ratio	Business content
[Companies accounted for using the equity method]	Million yen	%	
Usinas Siderúrgicas de Minas Gerais S.A.-USIMINAS (Estado do Minas Gerais, Brazil)	R\$13,200 million	22.2	Makes and markets steel products
Baosteel-Nippon Steel Automotive Steel Sheets Co., Ltd. (Shanghai, China)	RMB 3,000 million	50.0	Makes and markets automotive steel sheets
WISCO-NIPPON STEEL Tinplate Co., Ltd. (Hubei, China)	RMB 2,310 million	50.0	Makes and markets tinplate and tinplate sheets
AMNS Luxembourg Holding S.A. (Luxembourg, Luxembourg)	US\$229 million	40.0	A holding company of ArcelorMittal Nippon Steel India Limited
Jamshedpur Continuous Annealing & Processing Company Private Limited (West Bengal, India)	INR 14,320 million	49.0	Makes and markets automotive cold-rolled steel sheets
UNIGAL Ltda. (Estado do Minas Gerais, Brazil)	R\$584 million	*30.0	Makes galvanized sheets

Engineering and Construction

Company (Location of head office)	Paid-in capital	Sharehol ding Ratio	Business content
[Subsidiaries] NIPPON STEEL ENGINEERING CO., LTD. (Shinagawa-ku, Tokyo)	Million yen 15,000	% 100.0	Makes and markets industrial machinery and equipment and steel structures; undertakes civil engineering and building constructions work; waste and regeneration treatment business; electricity, gas, and heat supply business

Chemicals and Materials

Company (Location of head office)	Paid-in capital	Sharehol ding Ratio	Business content
[Subsidiaries] NIPPON STEEL Chemical & Material Co., Ltd. (Chuo-ku, Tokyo)	Million yen 5,000	% 100.0	Makes and markets coal chemicals, petrochemicals, electronic materials, semiconductor components and materials, electronic components and materials, carbon-fiber composite products, and metal-processed products

System Solutions

Company (Location of head office)	Paid-in capital	Sharehol ding Ratio	Business content
[Subsidiaries] NS Solutions Corporation (Minato-ku, Tokyo)	Million yen 12,952	% 63.4	Provides engineering and consulting pertaining to computer systems, outsourcing and other services using IT

(Notes)

- (1) Figures with asterisks (*) include shares held by subsidiaries
- (2) The percentage of the Group's ownership of Krosaki Harima Corporation, Geostr Corporation and PT PELAT TIMAH NUSANTARA TBK. 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.
- (3) Starting from fiscal year 2023, the standards for the companies to be listed above have been revised.

(10) Major Lenders (as of March 31, 2024)

Lender	Funds borrowed (Billions of yen)
Sumitomo Mitsui Banking Corporation	362.6
MUFG Bank, Ltd.	349.2
Mizuho Bank, Ltd.	321.2
Sumitomo Mitsui Trust Bank, Limited	121.0
Development Bank of Japan Inc.	100.0

(11) Surplus Distribution Policy

1) Dividends

NIPPON STEEL'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 NIPPON STEEL on a consolidated and a non-consolidated basis.

NIPPON STEEL aims to achieve a consolidated annual payout ratio target of approximately 30% as benchmark for the payment of dividends from distributable funds in consideration of the consolidated operating results.

The level of the first half dividend is determined in consideration of the first-half performance results and full-year earnings forecasts.

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.

2) Acquisition of treasury stocks

The Company will acquire treasury stocks according to the resolution of the Meeting of the Board of Directors, as provided by Article 33 of the Articles of Incorporation and with the aim of securing flexibility in financial operations. At the Meeting of the Board of Directors, the acquisition of treasury stocks will be comprehensively determined after examining the needs of flexible financial operations management and after studying the effect of such an acquisition on NIPPON STEEL's financial structure.

(12) Others

On October 30, 2018, December 21, 2023, and January 11, 2024, the Supreme Court of Korea dismissed the appeals by NIPPON STEEL (NIPPON STEEL lost the appeals) of a decision concerning three lawsuits originally filed in the Republic of Korea by certain South Korean plaintiffs claiming damages for their work as draftees for Japan Iron & Steel Co., Ltd. during the Second World War, and handed down decisions (ordering NIPPON STEEL to pay aggregated 14 plaintiffs in the three lawsuits a total of 1.2 billion Won (approximately 130 million yen) and accrued interest).

Additionally, in connection with the series of so-called draftee cases in the Republic of Korea, including the above lawsuits, the assets of NIPPON STEEL located in the country (a portion of the shares in POSCO-Nippon Steel RHF Joint Venture Co., Ltd. owned by NIPPON STEEL) is currently under seizure. The procedures to convert such assets to cash are pending.

NIPPON STEEL will deal appropriately with this matter, taking into account the status of diplomatic negotiations between the governments of Japan and South Korea and other factors.

2. Shares and Stock Acquisition Rights

(1) Overview of Shares (as of March 31, 2024)

- 1) Total number of shares authorized to be issued 2,000,000,000 shares
 2) Total number of shares issued 950,549,305 shares
 (including 28,415,333 treasury stocks)
 (Note) Due to the exercise of stock acquisition rights between April 1, 2024 and April 30, 2024, the total number of shares outstanding as of April 30, 2024 was 951,460,919.
- 3) Number of shareholders 629,748
- 4) Top 10 shareholders

Name of shareholder	Shares held (Thousand shares)	Percentage of ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	119,863	13.0
Custody Bank of Japan, Ltd. (Trust Account)	46,803	5.1
Nippon Life Insurance Company	19,179	2.1
STATE STREET BANK WEST CLIENT - TREATY 505234	17,424	1.9
Meiji Yasuda Life Insurance Company	13,712	1.5
JPMorgan Securities Japan Co., Ltd.	12,859	1.4
Nippon Steel Group Employees Shareholding Association	12,337	1.3
Mizuho Bank, Ltd.	11,046	1.2
Sumitomo Mitsui Banking Corporation	10,252	1.1
MUFG Bank, Ltd.	8,933	1.0

(Note)

The percentage of ownership is calculated based on the total number of shares issued excluding treasury stocks.

- 5) Shares delivered to Directors as compensation for the execution of their duties during the current fiscal year

No matters to be reported during this period.

(2) Stock Acquisition Rights (as of March 31, 2024)

The Company has issued Zero Coupon Convertible Bonds due 2024 and Zero Coupon Convertible Bonds due 2026 on October 4, 2021.

[Outline of Stock Acquisition Rights under Zero Coupon Convertible Bonds due 2024]

Class, contents, and number of shares to be issued upon exercise of stock acquisition rights	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 the bonds subject to the exercise request by the applicable conversion price as detailed 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.
Number of stock acquisition rights	15,000 at the time of issuance (14,945 remaining)
Conversion price	*2,413.3 yen
Period during which stock acquisition rights may be exercised	From October 18, 2021 to September 20, 2024 (local time at the place where the bonds are deposited to exercise of stock acquisition rights). However, the Terms and Conditions of Zero Coupon Convertible Bonds due 2024 provide additional period during which stock acquisition rights may be exercised in the event of certain events.
Contents of assets to be contributed for the exercise of stock acquisition rights and the amount thereof	Upon the exercise of each stock acquisition right, the bonds pertaining to such stock acquisition right shall be contributed, and the value of such bonds shall be equal to the face value thereof.
Balance of the bonds with stock acquisition rights	149.45 billion yen

(Notes)

- (1) Of conversion price with an asterisk (*), in accordance with the approval of the payment of an interim dividend of 75 yen per share of common stock of the Company at the meeting of the Board of Directors of the Company held on November 1, 2023, the conversion price was adjusted from 2,468.3 yen to 2,413.3 yen on and after October 1, 2023 pursuant to the Terms and Conditions of Zero Coupon Convertible Bonds due 2024.
- (2) Due to the exercise of stock acquisition rights between April 1, 2024 and April 30, 2024, the number of stock acquisition rights remaining as of April 30, 2024 was 14,725, and the balance of the bonds with stock acquisition rights was 147.25 billion yen.

[Outline of Stock Acquisition Rights under Zero Coupon Convertible Bonds due 2026]

Class, contents, and number of shares to be issued upon exercise of stock acquisition rights	<p>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 the bonds subject to the exercise request by the applicable conversion price as detailed below.</p> <p>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.</p>
Number of stock acquisition rights	15,000 at the time of issuance (15,000 remaining)
Conversion price	*2,528.8 yen
Period during which stock acquisition rights may be exercised	From October 18, 2021 to September 24, 2026 (local time at the place where the bonds are deposited to exercise of stock acquisition rights). However, the Terms and Conditions of Zero Coupon Convertible Bonds due 2026 provide additional period during which stock acquisition rights may be exercised in the event of certain events.
Contents of assets to be contributed for the exercise of stock acquisition rights and the amount thereof	Upon the exercise of each stock acquisition right, the bonds pertaining to such stock acquisition right shall be contributed, and the value of such bonds shall be equal to the face value thereof.
Balance of the bonds with stock acquisition rights	150 billion yen

(Note) Of conversion price with an asterisk (*), in accordance with the approval of the payment of an interim dividend of 75 yen per share of common stock of the Company at the meeting of the Board of Directors of the Company held on November 1, 2023, the conversion price was adjusted from 2,586.4 yen to 2,528.8 yen on and after October 1, 2023 pursuant to the Terms and Conditions of Zero Coupon Convertible Bonds due 2026.

3. Basic Philosophy of Corporate Governance

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 delegation of responsibilities by and trust of all stakeholders, including its shareholders and business partners.

The Company has adopted a company structure with an Audit & Supervisory Committee for the purpose of, among others, expediting management decision-making, enhancing discussions by the Board of Directors relating to matters such as the formulation of management 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.

Currently, the Board of Directors of NIPPON STEEL is comprised of fifteen (15) members, of whom ten (10) are Directors (excluding Directors who are Audit & Supervisory Committee Members) and five (5) are Directors who are Audit & Supervisory Committee Members. By all Directors appropriately fulfilling their respective roles and responsibilities, prompt decision-making is achieved corresponding and transparent decision-making 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 the 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.

If Items 2 and 3 are approved as proposed herein at the 100th General Meeting of Shareholders, Outside Directors will continue to account for one-third (5 out of 15) of all members of the Company's Board of Directors.

4. Members of the Board of Directors

(1) Executive Officers as of March 31, 2024

Title and name	Responsibilities/positions and material concurrent positions
<p><i>Representative Director and Chairman</i> Kosei Shindo</p>	<p><u>Material concurrent positions</u> Outside Director, Japan Post Holdings Co., Ltd. Outside Director, Tokio Marine Holdings, Inc. Outside Member of the Board of Directors, Development Bank of Japan</p>
<p><i>Representative Director and President</i> Eiji Hashimoto</p>	<p><u>Material concurrent positions</u> Vice Chair, KEIDANREN (Japan Business Federation)</p>
<p><i>Representative Directors and Executive Vice Presidents</i> Naoki Sato</p>	<p>Digital Innovation; Information & Communication Technology; Intellectual Property; Safety; Environmental Technology & Management; Plant Safety; Technical Administration & Planning (including Standardization); Quality Management; Plant Engineering and Facility Management; Plant/Machinery Engineering & Construction Management; Ironmaking Technology; Steelmaking Technology; Energy Technology; Slag, Cement & Resource Recycling Project Leader, Next-Generation Hot Strip Mill Project; Project Leader, Ironmaking Operations Project; Deputy Project Leader, India Project, Global Business Development Sector Cooperating with Executive Vice President T. Imai on Green Transformation Development Cooperating with Executive Vice President H. Funakoshi on Environmental Planning</p> <p>Takahiro Mori</p> <p>Head of Global Business Development; Project Leader, India Project, Global Business Development Sector Accounting & Finance; Overseas Offices (including locally incorporated companies) <u>Material concurrent positions</u> Vice Chairman, WISCO-NIPPON STEEL Tinplate Co., Ltd.</p> <p>Takashi Hirose</p> <p>Marketing Administration & Planning; Transportation & Logistics; Project Development; Raw Materials; Machinery & Materials Procurement; Steel Products Units; Domestic Office and Branches Head of Unit, Pipe & Tube Unit; Head of Division, Raw Materials Division-II; Deputy Project Leader, Next-Generation Hot Strip Mill Project Cooperating with Executive Vice President T. Mori on Overseas Offices (including locally incorporated companies) <u>Material concurrent positions</u> Chairman, Baosteel-Nippon Steel Automotive Steel Sheets Co., Ltd. Chairman, The Japan Ferrous Raw Materials Association</p> <p>Kazuhisa Fukuda</p> <p>Head of Research and Development Cooperating with Executive Vice President T. Imai on Green Transformation Development <u>Material concurrent positions</u> Vice Chairman, The Iron and Steel Institute of Japan Chairman, The Japan Research and Development Center For Metals</p>

Title and name	Responsibilities/positions and material concurrent positions
Tadashi Imai	Head of Green Transformation Development; Project Leader, Electric Furnace Project; Deputy Project Leader, Next-Generation Hot Strip Mill Project Cooperating with Executive Vice President H. Funakoshi on Production & Facilities Planning concerning Corporate Planning <u>Material concurrent positions</u> Vice Chairman, The Japan Iron and Steel Federation
Hirofumi Funakoshi	Corporate Planning; Group Companies Planning; General Administration; Legal; Internal Control & Audit; Human Resources; Environmental Planning; Business Transformation & Standardization; Cooperating with Executive Vice President N. Sato on Environmental Technology & Management Cooperating with Executive Vice President T. Imai on Green Transformation Development <u>Material concurrent positions</u> Representative Director, Nippon Steel Arts Foundation
<i>Directors, Member of the Board (Outside Directors)</i>	
Tetsuro Tomita	Chairman and Director, East Japan Railway Company <u>Material concurrent positions</u> Outside Director, ENEOS Holdings, Inc. Outside Director, Nippon Life Insurance Company
Kuniko Urano	Advisor of Komatsu Ltd. <u>Material concurrent positions</u> Outside Director, Yokogawa Electric Corporation Outside Director, MORINAGA & CO., LTD.
<i>Senior Audit & Supervisory Committee Members (full-time)</i>	
Shozo Furumoto	
<i>Audit & Supervisory Committee Members (full-time)</i>	
Masayoshi Murase	
<i>Audit & Supervisory Committee Members (Outside Directors)</i>	
Seiichiro Azuma	Certified Public Accountant, Seiichiro Azuma Certified Public Accountant Office
Hiroshi Yoshikawa	
Masato Kitera	<u>Material concurrent positions</u> Outside Director, Marubeni Corporation Outside Director, Japan Tobacco Inc.

(Notes)

- (1) The Company has concluded an agreement with each Outside Director (excluding Executive Directors etc.) limiting their liability under Article 423, Paragraph 1 of the Companies Act to 20 million yen or the amount stipulated under Article 425, Paragraph 1 of the Companies Act, whichever is greater, as long as he/she acts unknowingly and is not grossly negligent in performing his/her duties.
- (2) The Company has concluded an agreement with each Director that the Company indemnifies each of them for the costs stipulated in Article 430-2, Paragraph 1, Item (i) of the Companies Act and the losses stipulated in Item (ii) 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.
- (3) The Company has concluded a directors and officers liability insurance contract with the insurance company with persons including directors, audit & supervisory board members, executive officers, and important employees, of the Company, its subsidiaries, and other related entities as the insured. Under the contract, the insurance company will cover, among others, legal compensation for damages and litigation costs to be incurred by the insured as a result of claims for damages arising from acts (including inactions) of the insured pursuant to their positions. All insurance premiums are paid by the Company and its subsidiaries. The contract stipulates a deductible amount and also stipulates that damages caused by criminal acts of the insured or damages caused by acts committed by the insured that the insured knew were in violation of laws and regulations are not covered.
- (4) Representative Director and President Eiji Hashimoto served as Vice Chairman of The Japan Iron and Steel Federation until March 29, 2024.
- (5) Audit & Supervisory Committee Member Seiichiro Azuma is a certified public accountant with substantial knowledge of finance and accounting.
- (6) The Company elected Mr. Shozo Furumoto and Mr. Masayoshi Murase as full-time Audit & Supervisory Committee Members to ensure the effectiveness of audits.
- (7) The Company has filed all five Outside Directors as its “independent directors” with each financial exchange in Japan where it is listed.

(2) Executive Officers after April 1, 2024

Title and name	Responsibilities/positions
<p><i>Representative Director, Chairman and CEO</i></p> <p>Eiji Hashimoto</p> <p><i>Representative Director, President and COO</i></p> <p>Tadashi Imai</p> <p><i>Representative Director, Vice Chairman and Executive Vice President</i></p> <p>Takahiro Mori</p>	<p>Rendering assistance to Chairman and CEO, and cooperating with President and COO on large-scale overseas projects</p> <p>Head of Global Business Development; Project Leader, India Project, Global Business Development Sector; Project Leader, USS Project</p> <p>Accounting & Finance; Overseas Offices (including locally incorporated companies)</p>
<p><i>Representative Directors and Executive Vice Presidents</i></p> <p>Naoki Sato</p>	<p>Digital Innovation; Information & Communication Technology; Plant Engineering and Facility Management; Plant/Machinery Engineering & Construction Management; Ironmaking Technology; Steelmaking Technology; Energy Technology</p> <p>Deputy Project Leader, India Project, Global Business Development Sector; Deputy Project Leader, Thai Steel Project, Global Business Development Sector; Deputy Project Leader, USS Project</p> <p>Cooperating with Executive Vice President H. Minato on Production and Facilities stabilization concerning Technical Administration & Planning</p> <p>Cooperating with Executive Vice President T. Hirose on Production and Facilities stabilization concerning Steel Products Units</p> <p>Cooperating with Executive Vice President T. Mori on Technology and Facilities concerning Global Business Development</p>
<p>Takashi Hirose</p>	<p>Marketing Administration & Planning; Transportation & Logistics; Project Development; Raw Materials; Machinery & Materials Procurement; Steel Products Units; Domestic Office and Branches</p> <p>Deputy Project Leader, Next-Generation Hot Strip Mill Project</p> <p>Cooperating with Executive Vice President T. Mori on Overseas Offices (including locally incorporated companies)</p>
<p>Kazuhisa Fukuda</p>	<p>Head of Research and Development</p> <p>Cooperating with Executive Vice President H. Minato on Green Transformation Development</p>
<p>Hirofumi Funakoshi</p>	<p>Corporate Planning; Group Companies Planning; General Administration; Legal; Internal Control & Audit; Human Resources; Environmental Planning; Business Transformation & Standardization; Policy issues concerning Green Transformation Development</p> <p>Cooperating with Executive Vice President H. Minato on Environmental Technology & Management</p>

Title and name	Responsibilities/positions
<p><i>Directors, Member of the Board</i> Kosei Shindo</p> <p><i>Directors, Member of the Board (Outside Directors)</i> Tetsuro Tomita Kuniko Urano</p> <p><i>Senior Audit & Supervisory Committee Members (full-time)</i> Shozo Furumoto (full-time) Masayoshi Murase Masayoshi Murase</p> <p><i>Audit & Supervisory Committee Members (Outside Directors)</i> Seiichiro Azuma</p> <p>Hiroshi Yoshikawa Masato Kitera</p>	<p>Senior Advisor</p> <p>Advisor, East Japan Railway Company Advisor, Komatsu Ltd.</p> <p>Certified Public Accountant, Seiichiro Azuma Certified Public Accountant Office</p>

(3) Compensation Paid to Company Officers

Position	Number of recipients	Total amount (yen)	Total amount by type (yen)		
			Monthly compensation*	Non-monetary compensation	Other compensation
Directors (excluding Directors who are Audit & Supervisory Committee Members)	11	1,175,320,000	1,175,320,000	-	-
Outside Directors	2	34,560,000	34,560,000	-	-
Directors who are Audit & Supervisory Committee Members	5	172,790,000	172,790,000	-	-
Outside Directors	3	51,840,000	51,840,000	-	-
Total	16	1,348,110,000	1,348,110,000	-	-

(Notes)

- (1) The above number of recipients includes one (1) Director (excluding Directors who are Audit & Supervisory Committee Members) who retired at the conclusion of the 99th General Meeting of Shareholders held on June 23, 2023.
- (2) Of monthly compensation with an asterisk (*), matters regarding performance-linked compensation are as follows.
 - (i) Monthly compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) is wholly based upon the performance of NIPPON STEEL. As indicators for performance-linked compensation, NIPPON STEEL uses consolidated annual profit/loss (however, corrections were made for the sake of fair remuneration commensurate with earnings for the term by excluding the portion of gains/losses from reorganization for production facility structural measures; hereinafter the same in (ii) and (iii) below), which clearly indicates its business performance and earnings power, and consolidated EBITDA, while taking into account other factors including the revenue targets in the Medium- to Long-term Management Plan.
 - (ii) Monthly compensation for Directors who are Audit & Supervisory Committee Members (excluding Outside Directors) is fixed compensation in principle, but the amount of compensation will be increased or decreased only in the event of significant changes in the consolidated annual profit/loss and consolidated EBITDA of NIPPON STEEL.
 - (iii) Monthly compensation for Outside Directors is fixed compensation in principle, but the amount of compensation may be increased or decreased only in the event of significant changes in the consolidated annual profit/loss of NIPPON STEEL.

As for monthly compensation for Directors, the base amount of compensation for each position, etc. fluctuates within a certain range based on each of the above indicators, and the amount of each Director's monthly compensation is determined within the limit approved by the General Meeting of Shareholders. The consolidated profit for the year attributable to owners of the parent and consolidated EBITDA in fiscal year 2021, which were used to determine the monthly compensation for Directors from April 2023 to June 2023, were 637.3 billion yen and 1,290.2 billion yen. The consolidated profit for the year attributable to owners of the parent and consolidated EBITDA in fiscal year 2022, which were used to determine the monthly compensation for Directors from July 2023 to March 2024 were 694.0 billion yen and 1,256.6 billion yen.
- (3) The specific amount of monthly compensation for each Director (excluding Directors who are Audit & Supervisory Committee Members) is, as detailed in (3) 1) (a) (i) c. below, determined by the Board of Directors after discussion in the "Nomination and Compensation Advisory Committee." The specific amount of monthly compensation for each Director who is Audit & Supervisory Committee Member is determined by discussions of the Directors who are Audit & Supervisory Committee Members.
- (4) The limit on the amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) was approved at the 96th General Meeting of Shareholders held on June 24, 2020 to be within 140 million yen per month (including compensation for Outside Directors of within 12 million yen per month). The number of Directors (excluding Directors who are Audit & Supervisory Committee Members) was 11 (including 3 Outside Directors) at the conclusion of the 96th General

Meeting of Shareholders.

- (5) The limit on the amount of compensation for Directors who are Audit & Supervisory Committee Members was approved at the 96th General Meeting of Shareholders held on June 24, 2020 to be within 22 million yen per month. The number of Directors who are Audit & Supervisory Committee Members was 7 (including 4 Outside Directors) at the conclusion of the 96th General Meeting of Shareholders.

(4) Policies regarding Decision on the Amount of Compensations for Directors

1) Content of policies

The policies regarding the 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 the Decisions on the Amount of Compensation” for Directors, etc. in 2013.

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

a. Basic policy

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

b. Policy on performance-linked compensation

In accordance with the basic policy in the above a, compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) consists solely of monthly compensation, and the amount of compensation is wholly based upon the performance of NIPPON STEEL, in order to give incentives for the sustainable growth of NIPPON STEEL’s group and improvement of its corporate value. As indicators for performance-linked compensation, NIPPON STEEL uses consolidated annual profit/loss (however, corrections were made for the sake of fair remuneration commensurate with earnings for the term by excluding the portion of gains/losses from reorganization for production facility structural measures; hereinafter the same in this section), which clearly indicates its business performance and earning power, and consolidated EBITDA, while taking into account other factors including the revenue targets in the Medium- to Long-term Management Plan.

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

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 the deliberation of the “Nomination and Compensation Advisory Committee.”

(ii) Directors who are Audit & Supervisory Committee Members

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

2) Methods of determining the policies

The policies described in 1) above for Directors (excluding Directors who are Audit & Supervisory Committee Members) are determined by resolution of 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 1) above are determined through discussion by Directors who are Audit & Supervisory Committee Members.

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

3) 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 1) 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 1) 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 1) above.

(5) Outside Directors

1) Material concurrent positions held by Outside Directors

Such positions are shown on pages 59 to 61

2) Activities of the Outside Directors

Position	Name	Main activities
Director (excluding Directors who are Audit & Supervisory Committee Members)	Tetsuro Tomita	Mr. Tomita has attended Board Meetings and Nomination and Compensation Advisory Committee meetings, presented his views based on knowledge and experience in corporate management, and exercised his voting rights at Board Meetings. Outside Directors, including Mr. Tomita, regularly hold meetings with the Chairman, the President, etc., to share the management challenges and exchange opinions. Through these actions, Mr. Tomita contributes to, among others, decision-makings from various perspectives, enhancement of supervisory functions over management and management transparency, of the Board of Directors, thereby appropriately fulfilling the expected roles of an Outside Director. Board Meeting attendance rate: 93% (13 out of 14 meetings) Nomination and Compensation Advisory Committee meeting attendance rate: 100% (3 out of 3 meetings)
	Kuniko Urano	Ms. Urano has attended Board Meetings and Nomination and Compensation Advisory Committee meetings, presented her views based on knowledge and experience in corporate management, and exercised her voting rights at Board Meetings. Outside Directors, including Ms. Urano, regularly hold meetings with the Chairman, the President, etc., to share the management challenges and exchange opinions. Through these actions, Ms. Urano contributes to, among others, decision-makings from various perspectives, enhancement of supervisory functions over management and management transparency, of the Board of Directors, thereby appropriately fulfilling the expected roles of an Outside Director. Board Meeting attendance rate: 100% (14 out of 14 meetings) Nomination and Compensation Advisory Committee meeting attendance rate: 100% (3 out of 3 meeting)

Position	Name	Main activities
Directors who are Audit & Supervisory Committee Members	Seiichiro Azuma	<p>Mr. Azuma has attended Board Meetings and Audit & Supervisory Committee meetings, conducted hearings on business conditions of each Division, as well as visits to our major steelworks, presented his views based on his knowledge and experience as a certified public accountant possessing deep familiarity with corporate accounting, and exercised his voting rights at Board Meetings. Outside Directors, including Mr. Azuma, regularly hold meetings with the Chairman, the President, etc., to share the management challenges and exchange opinions. Through these actions, Mr. Azuma contributes to, among others, decision-makings from various perspectives, enhancement of audit and supervisory functions over management and management transparency, of the Board of Directors, thereby appropriately fulfilling the expected roles of an Outside Director.</p> <p>Board Meeting attendance rate: 100% (14 out of 14 meetings) Audit & Supervisory Committee meetings attendance rate: 100% (18 out of 18 meetings)</p>
	Hiroshi Yoshikawa	<p>Mr. Yoshikawa has attended Board Meetings and Audit & Supervisory Committee meetings, conducted hearings on business conditions of each Division, as well as visits to our major steelworks, presented his views based on his knowledge and experience in economics as an expert, and exercised his voting rights at Board Meetings. Outside Directors, including Mr. Yoshikawa, regularly hold meetings with the Chairman, the President, etc., to share the management challenges and exchange opinions. Through these actions, Mr. Yoshikawa contributes to, among others, decision-makings from various perspectives, enhancement of audit and supervisory functions over management and management transparency, of the Board of Directors thereby appropriately fulfilling the expected roles of an Outside Director.</p> <p>Board Meeting attendance rate: 93% (13 out of 14 meetings) Audit & Supervisory Committee meetings attendance rate: 100% (18 out of 18 meetings)</p>
	Masato Kitera	<p>Mr. Kitera has attended Board Meetings, Audit & Supervisory Committee meetings and Nomination and Compensation Advisory Committee meetings, conducted hearings on business conditions of each Division, as well as visits to our major steelworks, presented his views based on knowledge and experience regarding international affairs, economy, culture, etc., and exercised his voting rights at Board Meetings. Outside Directors, including Mr. Kitera, regularly hold meetings with the Chairman, the President, etc., to share the management challenges and exchange opinions. Through these actions, Mr. Kitera contributes to, among others, decision-makings from various perspectives, enhancement of audit and supervisory functions over management and management transparency, of the Board of Directors, thereby appropriately fulfilling the expected roles of an Outside Director.</p> <p>Board Meeting attendance rate: 100% (14 out of 14 meetings) Audit & Supervisory Committee meetings attendance rate: 100% (18 out of 18 meetings) Nomination and Compensation Advisory Committee meeting attendance rate: 100% (3 out of 3 meetings)</p>

3) Total amount of compensation, etc.

Total amount of compensation, etc. paid to outside directors is as shown on page 64 to 65.

5. Certain Matters concerning Accounting Auditor

(1) Name

KPMG AZSA LLC

(Note) NIPPON STEEL NORTH AMERICA, INC. and some other subsidiaries of the Company are audited by audit firms other than the above-mentioned audit firm.

(2) Amount of Compensations, etc. of Accounting Auditor and Grounds for Consent to Such Compensations, etc. by Audit & Supervisory Committee

1) Amount of compensations paid	170,000,000 yen
2) The amount of compensations payable by NIPPON STEEL and its subsidiaries to accounting auditor for its audit certification services	1,171,246,099 yen
3) Total amount of cash and other financial benefit payable by NIPPON STEEL and its subsidiaries to accounting auditor	1,173,466,099 yen

(Note) With respect to 1) above, the compensations for audit services under the Companies Act and the compensations for audit services under the Financial Instruments and Exchange Act are not clearly distinguished and it is not practically possible to distinguish them, therefore, their total amount is shown above.

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.

(3) Policy regarding Decision on Dismissal or Non-Reelection of Accounting Auditor

NIPPON STEEL will 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.

6. Outline of the Resolution Concerning Establishment and Management of the System to Ensure Appropriateness of Business, etc. and Status of Operation of the System

(1) Basic policy on internal control system (system to ensure appropriateness of business, etc.)

The resolutions made to ensure appropriateness of its business are as follows.

NIPPON STEEL is aiming at continuous improvement of its corporate value and winning the trust of society under the “Corporate Philosophy of the Nippon Steel Corporation Group.” In addition, NIPPON STEEL will establish and appropriately manage an internal control system (system to ensure 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

1. Matters related to Directors and Employees to Assist the Audit & Supervisory Committee of NIPPON STEEL in its Duties

NIPPON STEEL 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.

2. 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.

3. System for Directors, Employees, Etc. of NIPPON STEEL 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 NIPPON STEEL will report to the Audit & Supervisory Committee in a timely and appropriate manner in accordance with laws and regulations or NIPPON STEEL’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 NIPPON STEEL will report to the Audit & Supervisory Committee in a timely and appropriate manner in accordance with laws and regulations or NIPPON STEEL’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.

4. 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

NIPPON STEEL will stipulate Rules for the Whistleblower System, which state that NIPPON STEEL 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.

5. Matters related to the Policy for the Handling of Expenses Incurred in the Performance of Duties by Audit & Supervisory Committee Members

NIPPON STEEL 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, NIPPON STEEL will handle them appropriately in accordance with the provisions of the Companies Act.

6. 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 NIPPON STEEL 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, NIPPON STEEL 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 NIPPON STEEL 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 NIPPON STEEL and its Subsidiaries

1. System to Ensure that Performance of Responsibilities by the Directors of NIPPON STEEL 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.

2. System for the Preservation and Management of Information in relation to the Performance of Responsibilities by the Directors of NIPPON STEEL

NIPPON STEEL 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.

NIPPON STEEL 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.

3. Rules and Other Systems with respect to Loss-related Risk Management of NIPPON STEEL

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.

4. System to Ensure Efficiency in the Performance of Responsibilities by Directors of NIPPON STEEL

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.

5. System to Ensure that Performance of Responsibilities by Employees of NIPPON STEEL Complies with Applicable Laws and Regulations and the Articles of Incorporation

NIPPON STEEL 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. NIPPON STEEL 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.

6. System to Ensure Appropriateness of Operation in the Corporate Group Consisting of NIPPON STEEL and its Subsidiaries

Under the "Corporate Philosophy of the NIPPON STEEL Group," NIPPON STEEL 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, NIPPON STEEL 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 NIPPON STEEL. Each responsible division of NIPPON STEEL 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 NIPPON STEEL in relation to the Performance of Responsibilities by the Group Companies' Directors

The responsible divisions of NIPPON STEEL will request that each Group company report on important management matters in relation to NIPPON STEEL'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 NIPPON STEEL 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 NIPPON STEEL 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 NIPPON STEEL 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.

(2) Outline of status of operation

1) Operational organization

NIPPON STEEL has established an operational organization for its internal control systems. This organization consists of the Internal Control & Audit Division (19 full-time and 22 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). NIPPON STEEL has also designated a person in charge of risk management (about 130 for NIPPON STEEL) and a person responsible for risk management (about 550 in group companies) who are engaged in planning and promoting autonomous internal-control activities in each division and Group company.

This organization operates the internal control system as follows.

2) Specific status of operation

a) Internal control plan

In March of each year, NIPPON STEEL develops an annual plan on internal control for NIPPON STEEL Group as a whole based on changes in the related laws and the business circumstances. This plan includes a basic policy, separate plans for each function, including safety, environment, plant safety, and quality, an internal audit plan, and an education plan. Each division and Group company creates its own plan for the fiscal year based on such annual plan developed by NIPPON STEEL.

b) Autonomous internal control activities

In accordance with the annual plan, each division and Group company autonomously performs internal control activities based on the characteristics of each business and its inherent risks. Specifically, such activities include establishment, education and voluntary inspections of operational rules, manuals and other documentation; third-party monitoring; and improvements to operations based on the results thereof.

Such divisions and Group companies immediately report any accidents, disasters, facts that may violate applicable laws and regulations, etc. to the Internal Control & Audit Division, and coordinate with the relevant divisions to take corrective measures, such as measures to prevent recurrence. The Internal Control & Audit Division compiles case studies of such incidents and shares them within the NIPPON STEEL Group. Each division and Group company then performs inspections for similar risks.

c) Internal audits, etc.

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.

As measures to complement NIPPON STEEL's internal controls, NIPPON STEEL also

operates a hotline for internal reporting and consultations within the company and at external professional organizations, which are open to officers and employees of NIPPON STEEL and group companies and their families, as well as employees of NIPPON STEEL's suppliers and others. In fiscal year 2023, there were 441 cases of internal reporting and consultations. NIPPON STEEL and its major group companies regularly conduct employee awareness surveys regarding internal controls.

d) Assessment and improvement

The Internal Control & Audit Division and each functional division report the status of operation of the internal control system at the quarterly meeting of the Risk Management Committee. They also report important matters at meetings of the Corporate Policy Committee and the Board of Directors. In addition, the status of operation of the internal control system is also shared with each division and Group company at the meeting 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, NIPPON STEEL establishes measures to improve the effectiveness of its internal control system, and incorporates them into the next fiscal year's internal control plan.

e) Education and awareness raising

The Company educates officers and employees of NIPPON STEEL and those of its group companies through sessions on internal controls prepared by NIPPON STEEL. The sessions include position-specific training, and are given to everyone from new hires to executive management. The Company also works actively to raise awareness of its approach to internal controls, establishment of better workplace culture, and other topics through a dialog between the Internal Control & Audit Division, and each division of NIPPON STEEL, and its group companies.

f) Coordination with the Audit & Supervisory Committee and Accounting Auditor

The Internal Control & Audit Division reports the status of internal controls to the Audit & Supervisory Committee each quarter. It also reports and discusses the status of internal controls with the Risk Management Committee with the attendance of Audit & Supervisory Committee Members selected by the Audit & Supervisory Committee. The Internal Control & Audit Division is also committed to sharing information and coordinating, including holding monthly liaison meetings.

It reports and discusses such matters as the results of assessments of internal controls relating to the status of operation of the Risk Management Committee and reporting of financial statements to the Accounting Auditor periodically.

7. Basic Policy regarding the Control of NIPPON STEEL

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

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.

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

Consequently, NIPPON STEEL will pay close attention to the status of trading of shares of NIPPON STEEL and changes of its shareholders in order to prepare for such disadvantages to the shareholders of NIPPON STEEL 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 NIPPON STEEL, which could result in harm to the common interests of shareholders of NIPPON STEEL, NIPPON STEEL 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.

(Note)

With respect to amount of money and numbers of shares expressed in this Business Report, the amount less than unit are truncated.

● Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(Millions of Yen)

ASSETS	March 31, 2024	LIABILITIES	March 31, 2024
Current assets :		Current liabilities :	
Cash and cash equivalents	448,892	Trade and other payables	1,890,718
Trade and other receivables	1,587,979	Bonds, borrowings and lease liabilities	541,495
Inventories	2,276,665	Other financial liabilities	7,036
Other financial assets	33,927	Income taxes payable	80,269
Other current assets	212,919	Other current liabilities	62,353
Total current assets	4,560,384	Total current liabilities	2,581,874
Non-current assets :		Non-current liabilities :	
Property, plant and equipment	3,380,436	Bonds, borrowings and lease liabilities	2,170,148
Right-of-use assets	100,601	Other financial liabilities	146
Goodwill	70,207	Defined benefit liabilities	116,309
Intangible assets	177,853	Deferred tax liabilities	140,532
Investments accounted for using the equity method	1,537,936	Other non-current liabilities	349,737
Other financial assets	675,942	Total non-current liabilities	2,776,874
Defined benefit assets	127,579	Total liabilities	5,358,748
Deferred tax assets	75,893	EQUITY	
Other non-current assets	7,791	Common stock	419,799
Total non-current assets	6,154,242	Capital surplus	398,914
		Retained earnings	3,525,585
		Treasury stock	(58,149)
		Other components of equity	491,576
		Total equity attributable to owners of the parent	4,777,727
		Non-controlling interests	578,150
		Total equity	5,355,878
Total assets	10,714,627	Total liabilities and equity	10,714,627

(2) Consolidated Statements of Profit or Loss (April 1, 2023—March 31, 2024)

(Millions of Yen)

	Fiscal 2023
Revenue	8,868,097
Cost of sales	(7,481,331)
Gross profit	1,386,765
Selling, general and administrative expenses	(730,388)
Share of profit in investments accounted for using the equity method	144,326
Other operating income	178,085
Other operating expenses	(109,131)
Business profit	869,657
Losses on reorganization	(90,995)
Operating profit	778,662
Finance income	21,540
Finance costs	(36,230)
Profit before income taxes	763,972
Income tax expense	(176,074)
Profit for the year	587,898
Profit for the year attributable to :	
Owners of the parent	549,372
Non-controlling interests	38,526

(3) Consolidated Statements of Changes in Equity

Fiscal 2023 (April 1, 2023—March 31, 2024)

(Millions of Yen)

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

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

Notes to the consolidated financial statements

I. Material accounting policies for consolidated financial statements

1. Standards for preparation of consolidated financial statements

The consolidated financial statements of the Company have been prepared in conformity with the International Financial Reporting Standards (“IFRS”) pursuant to the provisions of Article 120, paragraph (1) of the Ordinance on Accounting of Companies. Some of the items in the consolidated financial statements required to be disclosed by IFRS have been omitted in accordance with the provisions of the second sentence of Article 120, paragraph (1) of the Ordinance on Accounting of Companies.

2. Scope of consolidation

Number of consolidated subsidiaries: 434 companies

Principal consolidated subsidiaries are presented in “1. Current Situations of the Nippon Steel Group, (9) Principal Subsidiaries and Affiliates.”

In fiscal 2023, the scope of consolidation expanded by 95 companies, including 90 newly acquired companies and 4 newly established companies, etc. 21 companies—14 merged companies and 5 liquidations, etc.—were eliminated from the scope of consolidation in fiscal 2023.

As part of the above, the acquisition of Nippon Steel Trading Corporation on April 14, 2023, added 89 companies to the scope of consolidation.

3. Application of equity method

Number of equity-method affiliates (associates, joint operations and joint ventures): 113 companies

Principal equity-method affiliates are presented in “1. Current Situations of Nippon Steel Group, (9) Principal Subsidiaries and Affiliates.”

During fiscal 2023, 27 companies were added to the scope of equity-method affiliates and 11 companies were removed from the scope of equity-method affiliates.

As part of the above, the acquisition of Nippon Steel Trading Corporation on April 14, 2023, added 16 companies to the scope of equity method.

4. Accounting principles

(1) Financial instruments

1) Recognition and measurement

The Group recognizes financial assets when it becomes a party to the contractual provisions of the assets. Financial assets purchased or sold in a regular way are recognized on the trade date. Financial assets other than derivative financial instruments are classified at initial recognition as those measured at amortized cost or at fair value through other comprehensive income. Financial assets measured at amortized cost and at fair value through other comprehensive income are initially recognized at their fair value plus transaction costs that are directly attributable to the acquisition of the assets. However, the trade receivables that do not contain a significant financing component are recognized initially at their transaction price.

(i) 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.

(ii) Financial assets measured at fair value through other comprehensive income

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

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

2) 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.

3) 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

(2) Derivatives and hedge accounting

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

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

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

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

1) Fair value hedges

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

2) Cash flow hedges

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

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

(3) 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.

(4) Property, plant and equipment

1) 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.

2) 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. The depreciable amount is the cost of the asset less the respective estimated residual values.

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

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

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

(5) 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.

1) 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 (7) "Impairment of non-financial assets".

2) 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. Expenditures related to internally generated intangible assets are recognized as expenses when incurred, unless development expenses meet the criteria for capitalization.

3) 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 25 years

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

(6) Leases

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

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

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

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

(7) 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 judgments regarding these factors are expected to have a material impact on future cash flows.

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.

(8) 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).

1) Performance obligations satisfied at a point in time

The Group recognizes revenue from sale of goods at the point of shipment as 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 its performance obligation and it does not contain a significant financing component.

2) 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.

(9) Employee benefits

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

1) 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.

2) Retirement benefits

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

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

The net defined benefit liabilities or assets of defined benefit plans are recognized as the present value of defined benefit obligations less the fair value of any plan assets. If the defined benefit plan has surplus, 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.

(10) Income taxes

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

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

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

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

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

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

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

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

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

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

The Group has applied International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12 Income Taxes) (announced in May 2023). With regard to the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two income taxes, the exceptions set forth in these amendments are applied.

(Changes in Accounting Policies)

The Group has initially applied the following standard from the beginning of the year ended March 31, 2024. The application of this standard does not have a material impact on the various items of the consolidated financial statements.

Standards	Name of Standards	Content
IAS 12	Income Taxes	Amendments clarify that deferred taxes related to transactions such as leases and decommissioning obligations (when an entity recognizes both assets and liabilities) cannot be exempted from recognition.

5. Material accounting estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. However, actual results could differ from these estimates.

The estimates and their underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are recognized prospectively in the period in which the estimates are revised.

Information about uncertainty of key estimates and assumption that may have material risks of causing material adjustments to the carrying amount of assets and liabilities in the subsequent reporting year, particularly the impairment of non-financial assets and the recoverability of deferred tax assets that the Group considers material, is included in the following notes.

-I. Material accounting policies for consolidated financial statements 4. Accounting principles
(7) Impairment of non-financial assets

-The carrying amounts in the consolidated financial statements as of the year ended March 31, 2024	
Property, plant and equipment	¥ 3,380,436 million
Right-of-use assets	100,601 million
Goodwill	70,207 million
Intangible assets	177,853 million
Investments accounted for using the equity method	1,537,936 million

-I. Material accounting policies for consolidated financial statements 4. Accounting principles
(10) Income taxes

-The carrying amounts in the consolidated financial statements as of the year ended March 31, 2024	
Deferred tax assets	¥ 75,893 million

II. Notes to the consolidated statements of financial position

1. Assets pledged as collateral and secured debts

Assets pledged as collateral	Amount (Millions of Yen)
Land	5,740
Buildings and structures	2,038
Machinery and vehicles	612
Other	10,029
Total	18,420

Secured debts	Amount (Millions of Yen)
Short-term borrowings	630
Other	1,028
Total	1,658

In addition to the pledged assets listed above, ¥461 million of shares of associates are pledged as collateral for affiliates' loans.

2. Inventories

Merchandise and finished goods (including semi-finished products)	¥ 1,244,000 million
Work in progress	98,217 million
Raw materials and supplies	934,446 million

3. Allowance for doubtful accounts directly deducted from assets

Trade and other receivables	¥ 2,325 million
Other financial assets	10,141 million

4. Accumulated depreciation of property, plant and equipment

¥9,768,168 million

5. Loan guarantees

The Group provides guarantees for the bank loans of its joint ventures and associates which would require the Group to repay the loan in the event of a default. The following amount includes reserved guarantees of loans, etc.

Guarantee for debts of joint ventures and associates	¥ 429,418 million
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III. Notes to the consolidated statements of profit or loss

(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.

(Losses on reorganization)

Losses on reorganization were recorded owing to business reorganization and withdrawal, and the details are described below.

Losses on inactive facilities and others ¥ 90,995 million

Losses on inactive facilities and others were mainly incurred due to termination and demolition losses based on the decision to close the hot strip mill, pickling line, etc. of Setouchi Works Kure Area.

IV. Notes to the consolidated statements of changes in equity

1. Number and class of shares outstanding at the end of fiscal 2023

Number of shares outstanding at the end of the period (including treasury stock)

Ordinary shares 950,549,305 shares

Number of treasury stock at the end of the period

Ordinary shares 29,510,730 shares

2. Dividends

(1) Dividends paid

Date of resolution	Class of share	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Shareholders' meeting held on June 23, 2023	Ordinary shares	82,973	90	March 31, 2023	June 26, 2023
Board of Directors' meeting held on November 1, 2023	Ordinary shares	69,143	75	September 30, 2023	November 30, 2023

(2) Dividends that belong to the current consolidated reporting year but become effective in the subsequent consolidated reporting year (planned)

Date of resolution	Class of share	Source of dividends	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Shareholders' meeting held on June 21, 2024	Ordinary shares	Retained earnings	78,381	85	March 31, 2024	June 24, 2024

(3) Class and number of shares to be issued upon exercise of stock acquisition rights at the end of the consolidated fiscal year (excluding those for which the first day of the exercise period has not yet arrived).

Ordinary shares 121,244,321 shares

V. Notes to the financial instruments

1. Current status of 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.

(2) 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.

1) Market risk management

A. Foreign currency risk

Trade receivables denominated in foreign currencies arising from exports of products are exposed to foreign currency risk.

Trade payables, notes payable and other payables are, in principle, come due within one year. Certain trade payables are denominated in foreign currencies arising from imports of raw materials and exposed to foreign currency risk.

The Group enters into forward exchange contracts and currency swaps to hedge foreign exchange risk arising from sales and capital transactions and investing and financing activities of the Group.

Derivative transactions are executed in accordance with the internal derivative transaction policy. According to the internal derivative transaction policy, the policy for entering into a derivative transaction of financial instruments is discussed and approved by the Financial Management Committee and reported as necessary at the Board of Directors' meeting. Subsequently the Financial Controller approves the implementation of derivatives within the approved authority limits and reports that transaction amounts as well as gains or losses arising from derivative transactions to the Financial Management Committee on a regular basis.

B. Interest rate risk

Certain bonds and long-term borrowings are floating-rates debts. The interest expenses vary depending on interest rates.

The Group enters into interest rate swap contracts in order to mitigate the risk of interest rate fluctuations and to maintain the proportion of assets and liabilities bearing fixed and variable interest rates.

C. 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.

2) Credit risk management

In accordance with the internal credit management policy, the Group shares customer credit records with related departments, and provides for credit protection measures as necessary. Trade receivables, including notes and accounts receivable, are exposed to the credit risk of customers. The Group limits transactions to customers who are also the principal suppliers of the Group such that the trade receivables due from the customers may be offset with the trade payables and borrowings, or to customers with high credit ratings where and the Group concludes that there are limited credit risks.

3) 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.

2. Fair value of financial instruments

The carrying amount and fair value of financial instruments as of March 31, 2024 are as in the following table.

The Group does not disclose the financial instruments measured at fair value in the consolidated statements of financial position and the financial instruments with fair value being nearly equal to their carrying amount.

(Millions of Yen)

	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Bonds and borrowings	2,308,686	647,471	—	1,649,122

Notes:

Classification by levels in the fair value hierarchy

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.

Notes:

Valuation techniques used to measure the fair value of financial instruments

- The fair value of a bond is measured with reference to its market price.

- The fair value of convertible bonds with stock acquisition rights is measured at the present value discounted by the yield of similar bonds that do not have an equity conversion option.

- The fair value of a borrowing is measured at the present value of the total amounts of principal and interest discounted by the Group's incremental borrowing rate with a similar term.

VI. Notes to the per share information

Total equity attributable to owners of the parent per share ¥5,187.32

Basic earnings per share ¥596.59

VII. Notes to the material subsequent events

(Exercises of the stock acquisition rights of the convertible bonds)

Between April 1, 2024 and April 30, 2024, as a result of the exercises of the stock acquisition rights, the total number of shares outstanding increased by 911,614 shares, and common stock and capital surplus increased by ¥1,100 million each.

VIII. Notes to the revenue recognition

1. Disaggregation of revenue

(Millions of Yen)

	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions	Consolidated
Revenue	8,010,655	381,600	243,327	232,513	8,868,097

IX. Business combinations

Acquisition of NIPPON STEEL TRADING CORPORATION

1. Overview

(1) Name of the acquiree and the description of its business

Name of the acquiree: NIPPON STEEL TRADING CORPORATION (Nippon Steel Trading Corporation)

Description of business: Marketing and import/export of steel, industrial supply and infrastructure, foodstuffs, textiles and others

(2) Acquisition date: April 14, 2023

(3) Ratio of acquired voting equity interest

Ratio of voting rights held prior to the acquisition date: 34.54%

Ratio of voting rights after additional acquisition on the acquisition date: 70.21%

Ratio of voting rights after the company's stock consolidation and the handling of fractions of less than one share: 80.00%

(4) Primary reason for business combination

The Company Group believes that to enhance its ability to promptly and appropriately respond to structural changes in the global steel market, it must increase direct contact with domestic and overseas customers and enhance its ability to conduct integrated operations regarding steel transactions, and further strengthen its competitiveness throughout the supply chain in order to ensure integrated profitability of the Company Group by optimizing and streamlining from steel manufacturing to distribution and processing thereof, and creating new added value. Under such understanding, the Company determined that it is desirable to make Nippon Steel Trading Corporation a consolidated subsidiary of the Company and delist Nippon Steel Trading Corporation in order to make the relationship between the Company and Nippon Steel Trading Corporation stronger and implement measures with a medium- to long-term perspective.

(5) Form of control acquisition of the acquirees

Acquisition of shares for cash

2. Consideration transferred

(Millions of Yen)

Cash	136,543
Fair value of equity interests held before the acquisition date, etc. (Note 1)	103,616
Total consideration transferred (Note 2)	240,159

Note:

1. The Company recorded a profit of 36,430 million yen as other operating income in the consolidated statements of profit or loss as a result from fair value measurement conducted at the acquisition date of the equity interests of Nippon Steel Trading Corporation held prior to the acquisition date.
2. The Group recorded acquisition-related costs of 1,081 million yen as selling, general and administrative expenses in the consolidated statements of profit and loss.

3. Fair value of the assets acquired and liabilities assumed, non-controlling interests and bargain purchase gain
The fair value of the assets acquired and liabilities assumed, non-controlling interests and bargain purchase gain has been confirmed at the end of fiscal 2023.

	(Millions of Yen)
Current assets	991,604
Non-current assets	183,003
<u>Total assets</u>	<u>1,174,608</u>
Current liabilities	690,620
Non-current liabilities	147,867
<u>Total liabilities</u>	<u>838,488</u>
Total identifiable net assets acquired	336,120
Non-controlling interests (Note 1)	89,987
Total equity attributable to owners of the parent	246,132
Total consideration transferred	240,159
<u>Bargain purchase gain (Note 2)</u>	<u>5,972</u>

Note:

1. Non-controlling interests are measured at the proportionate share of the fair value of the acquirees' identifiable total equity.
2. The total equity attributable to owners of the parent of 246,132 million yen, which is determined by subtracting the non-controlling interests from the fair value of assets acquired and liabilities assumed based on reasonable information available at the time (such as financial and assets conditions based on due diligence performed by a third-party and valuation of shares performed by a financial advisor), exceeds the consideration transferred for the acquisition of Nippon Steel Trading Corporation of 240,159 million yen. The Group recorded a bargain purchase gain of 5,972 million yen arising from the difference between those two as "Other operating income" in the consolidated statements of profit or loss for the year ended March 31, 2024.

4. Net cash used in the transaction

	(Millions of Yen)
Cash consideration transferred	136,543
Cash and cash equivalents held by the acquirees at the acquisition date	(28,899)
<u>Net cash used in the transaction</u>	<u>107,643</u>

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

	(Millions of Yen)
Revenue	2,098,224
<u>Profit or loss</u>	<u>32,040</u>

6. Revenue and profit or loss of the Group if the business combination had been completed at the beginning of the year
Information about revenue and profit or loss of the Groups if business combination had been completed at the beginning of the year is not disclosed as it is immaterial to the consolidated financial statements.

(For reference 1)

● Consolidated Statements of Cash-Flows

Fiscal 2023 (April 1, 2023—March 31, 2024)	(Millions of Yen)
Cash flows from operating activities	1,010,159
Cash flows from investing activities	(710,654)
Cash flows from financing activities	(543,945)
Other	22,922
Net increase in cash and cash equivalents	(221,518)
Cash and cash equivalents at beginning of the year	670,410
Cash and cash equivalents at end of the year	448,892

(For reference 2)

●Segment Information

Fiscal 2023 (April 1, 2023—March 31, 2024)

(Millions of Yen)

	Reportable segment				Total	Adjustments	Consolidated
	Steelmaking and Steel Fabrication	Engineering and Construction	Chemicals and Materials	System Solutions			
Revenue							
Revenue from external customers	8,010,655	381,600	243,327	232,513	8,868,097	—	8,868,097
Inter-segment revenue or transfers	65,689	27,632	17,506	79,058	189,887	(189,887)	—
Total	8,076,345	409,233	260,834	311,572	9,057,985	(189,887)	8,868,097
Segment profit(loss) <Business Profit>	821,065	(1,340)	15,390	35,588	870,704	(1,046)	869,657

● Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheet

		(Millions of Yen)	
ASSETS	March 31, 2024	LIABILITIES	March 31, 2024
Current assets :		Current liabilities :	
Cash and bank deposits	209,498	Accounts payable	353,175
Accounts receivable	198,259	Short-term loans payable	242,621
Finished products	234,952	Bonds due within one year	199,450
Semi-finished products	441,038	Current portion of lease obligations	476
Work in process	6,357	Accounts payable-other	607,331
Raw materials	403,210	Accrued expenses	54,738
Supplies	204,627	Income tax payable	33,453
Advance payments-other	79,559	Advances received	1,813
Prepaid expenses	36,873	Deposits received	483,686
Accounts receivable-other	125,630	Other	9,896
Other	13,002		
Total current assets	1,953,012	Total current liabilities	1,986,645
Fixed assets :		Long-term liabilities :	
Tangible fixed assets :		Bonds and notes	680,000
Buildings (net)	265,633	Long-term loans payable	1,231,717
Structures (net)	209,072	Lease obligations (excluding current portion)	1,250
Machinery and equipment (net)	919,309	Accrued pension and severance costs	57,832
Vehicles (net)	4,816	Other	250,977
Tools, furniture and fixtures (net)	52,464		
Land	461,833	Total long-term liabilities	2,221,778
Leased assets (net)	1,559		
Construction in progress	199,753	Total liabilities	4,208,424
	2,114,442		
Intangible fixed assets :			
Patents and utility rights	1,959		
Software	93,192		
Leased assets	91		
	95,244	NET ASSETS	
Investments and others :		Shareholders' equity :	
Investments in securities	407,319	Common stock	419,799
Shares of subsidiaries and affiliates	1,534,517	Capital surplus	
Investments in capital of subsidiaries and affiliates	52,574	Legal capital surplus	111,807
Long-term loans receivable	4	Other capital surplus	269,909
Long-term loans receivable from subsidiaries and affiliates	295,393		
Long-term prepaid expenses	69,742	Total Capital surplus	381,717
Deferred tax assets	58,387	Retained earnings :	
Other	17,463	Other retained earnings	
Less: Allowance for doubtful accounts	(8,697)	Reserve for advanced depreciation of fixed assets	26,233
	2,426,705	Retained earnings carried forward	1,416,267
Total fixed assets	4,636,393	Total retained earnings	1,442,500
		Less: Treasury stock, at cost	(54,861)
		Total shareholders' equity	2,189,156
		Valuation and translation adjustments :	
		Unrealized gains on available-for-sale securities	188,560
		Deferred hedge income (loss)	3,263
		Total valuation and translation adjustments	191,824
		Total net assets	2,380,980
Total assets	6,589,405	Total liabilities and net assets	6,589,405

(2) Non-Consolidated Statements of Operations (April 1, 2023—March 31, 2024)

(Millions of Yen)

Fiscal 2023

Operating revenues :	
Net sales	4,876,550
Cost of sales	4,272,460
Gross profit	604,089
Selling, general and administrative expenses	272,392
Operating profit	331,697
Non-operating profit and loss :	
Non-operating profit :	
Interest and dividend income	170,837
Other	76,347
	247,184
Non-operating loss :	
Interest expense	18,071
Other	107,696
	125,768
Ordinary profit	453,113
Extraordinary profit and loss :	
Extraordinary profit :	
Gain on contribution of securities to retirement benefit trust	35,135
	35,135
Extraordinary loss :	
Losses on inactive facilities	82,573
	82,573
Profit before income taxes	405,676
Income taxes - current	46,769
Income taxes - deferred	34,671
	81,441
Profit for the year	324,235

(3) Non-Consolidated Statements of Changes in Net Assets

Fiscal 2023 (April 1, 2023—March 31, 2024)

(Millions of Yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock, at cost	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					Reserve for advanced depreciation of fixed assets	Retained earnings carried forward			
Balance as of March 31, 2023	419,524	111,532	270,305	381,837	26,385	1,243,997	1,270,382	(54,789)	2,016,955
Changes of the year									
Conversions of convertible bonds	275	275		275			—		550
Reversal of reserve for advanced depreciation of fixed assets				—	(152)	152	—		—
Cash dividends				—		(152,117)	(152,117)		(152,117)
Profit for the year				—		324,235	324,235		324,235
Purchases of treasury stock				—			—	(73)	(73)
Disposals of treasury stock			1	1			—	2	4
Decrease by corporate division			(396)	(396)			—		(396)
Net changes of items other than shareholders' equity									
Total change for fiscal 2023	275	275	(395)	(120)	(152)	172,270	172,118	(71)	172,201
Balance as of March 31, 2024	419,799	111,807	269,909	381,717	26,233	1,416,267	1,442,500	(54,861)	2,189,156

	Valuation and translation adjustments			Total net assets
	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)	Total valuation and translation adjustments	
Balance as of March 31, 2023	116,841	1,596	118,437	2,135,393
Changes of the year				
Conversions of convertible bonds				550
Reversal of reserve for advanced depreciation of fixed assets				—
Cash dividends				(152,117)
Profit for the year				324,235
Purchases of treasury stock				(73)
Disposals of treasury stock				4
Decrease by corporate division				(396)
Net changes of items other than shareholders' equity	71,719	1,666	73,386	73,386
Total change for fiscal 2023	71,719	1,666	73,386	245,587
Balance as of March 31, 2024	188,560	3,263	191,824	2,380,980

Notes to the non-consolidated financial statements

I. Material accounting policies

1. Basis and method of valuation of assets

(1) Marketable securities

- Shares of subsidiaries and affiliates: Stated at cost determined by the moving-average method
- Available-for-sale securities:
Investments in securities other than equity securities without market prices: Stated at fair value (Net unrealized gains or losses are comprehensively included in net assets, and the cost of securities sold is determined by the moving-average method.)
Investments in equity securities without market prices: Stated at cost determined by the moving-average method

(2) Inventories

- Products, semi-finished products, work in process, and raw materials: Cost accounting method based on the periodic average method (Regarding balance sheet values, this method is designed to reduce book value when the contribution of inventories to profitability declines.)
- Supplies: Cost accounting method mainly based on the first-in, first-out method (Regarding balance sheet values, this method is designed to reduce book value when the contribution of inventories to profitability declines)

2. Depreciation methods for fixed assets

(1) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets is mainly calculated using the straight-line method.

Useful lives of tangible fixed assets are generally as follows:

Buildings:	Principally 31 years
Machinery and equipment:	Principally 14 years

(2) Intangible fixed assets (excluding leased assets)

Amortization of intangible fixed assets is calculated using the straight-line method.

Software products made by the Company are amortized over the projected usage periods that are of 5 years.

(3) Leased assets

- Assets concerning finance leases in which ownership is not transferred to the lessee
These assets are depreciated to a residual value of zero based on the straight-line method over a useful life period corresponding to the lease contract period.

3. Accounting basis for allowances

(1) Allowance for doubtful accounts

To provide for potential losses on doubtful accounts, the allowance for doubtful accounts is computed based on the historical experienced default ratio for non-specific receivables, as well as the estimated irrecoverable portion of specific doubtful receivables calculated on an individual basis.

(2) Accrued pension and severance costs

To provide for employee retirement benefits, an allowance is calculated based on projections of retirement benefit obligations and the pension fund asset balance at the end of the fiscal year. The employee retirement benefit obligation is computed based on the benefit formula basis using the projected retirement benefit obligation at the end of the fiscal year. Prior service cost is appropriated using the straight-line method over a specified period (10 years) within the employees' average remaining service period at the time when such costs accrues. Actuarial differences are principally charged to expenses proportionally using the straight-line method from the fiscal year following the year in which such differences accrue over a specified period (10 years) within the employees' average remaining service period at the time when such differences accrue.

4. Recognition criteria for revenue and expenses

Basic information for understanding revenue is omitted because the same information is disclosed in "Accounting principles" included in "Notes to the consolidated financial statements."

5. Other material accounting policies for financial statements

(1) Assets and liabilities denominated in foreign currencies and foreign currency translation

Monetary assets and liabilities of the Company denominated in foreign currencies are translated into yen at the spot rate prevailing on the closing date of accounts, and the resulting foreign exchange gains or losses are recognized as income or expenses.

(2) Method of hedge accounting

In principle, the Company applies the deferred hedging accounting method. For foreign exchange forward contracts and currency swaps whose amounts, currency, and period meet the conditions of hedged items, the “assigning” method is applied. In addition, for interest swaps whose amounts, index, and period meet the conditions for hedged items, the “exceptional” method is applied.

(3) Method and period for amortization of goodwill

Goodwill is amortized using the straight-line method over the period, where it is possible to estimate such a period, for which the excess cost is expected to have an effect on the balance sheets. Otherwise, the excess cost is amortized proportionately over 5 years.

(4) Retirement benefit accounting policy

The accounting methods for unrecognized actuarial differences associated with the retirement benefits and unrecognized past service liability used herein differ from the methods used in the consolidated financial statements.

(5) Application of the group tax sharing system

The Company applies the group tax sharing system.

(6) Application of Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System

The Company applies the group tax sharing system. The accounting treatment and disclosures of national and local corporate income taxes and tax effect accounting for these are in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ Practical Solution No.42, August 12, 2021).

6. Accounting estimates

Items of accounting estimates recorded in the financial statements for the current fiscal year that may have a material impact on the financial statements for the following fiscal year, are as follows.

(1) Impairment of fixed assets

- The carrying amounts in the financial statements as of fiscal 2023

Tangible fixed assets	¥2,114,442 million
Intangible fixed assets	95,244 million

- Other information that contributes to understanding of the details of accounting estimates

This information is omitted because the same information is described in "Material accounting estimates and judgments" included in “Notes to the consolidated financial statements.”

(2) The recoverability of deferred tax assets

- The carrying amounts in the financial statements as of fiscal 2023

Deferred tax assets (after offsetting deferred tax liabilities)	¥58,387 million
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- Other information that contributes to understanding of the details of accounting estimates

This information is omitted because the same information is described in "Material accounting estimates and judgments" included in “Notes to the consolidated financial statements.”

II. Notes to the non-consolidated balance sheet

1. Accumulated depreciation of tangible fixed assets ¥6,755,042 million

2. Contingent liabilities

The Company guarantees loans from financial institutions and other sources held by other companies.

(1) Loan Guarantee Liabilities

	(Outstanding amounts as of March 31, 2024)	(Substantial amounts)
AMNS Luxembourg Holding S.A.	¥367,986 million	¥367,986 million
AM/NS Calvert LLC	115,083	60,213
NS Architectural Steel Services Corporation	7,108	7,108
NIPPON STEEL SPIRAL PIPE VIETNAM CO., LTD.	2,271	2,271
Other	2,184	2,184
Total	¥494,634	¥439,764

(2) Reserved guarantees of loans ¥24 million
(The substantial amount guaranteed is ¥24 million.)

3. Accounts receivable and payable to subsidiaries and affiliates

Short-term accounts receivable	¥175,628 million
Long-term accounts receivable	295,393 million
Short-term accounts payable	905,208 million
Long-term accounts payable	10,940 million

III. Notes to the non-consolidated statements of operations

Transactions with subsidiaries and affiliates

Operating transactions

Net sales	¥1,911,379 million
Purchases	1,320,107 million

Non-operating transactions

Proceeds from the transfer of assets, etc.	¥530,028 million
Expenditures from the transfer of assets, etc.	146,983 million

IV. Notes to the statements of changes in net assets

Number and class of treasury stocks outstanding at the end of the fiscal year	
Ordinary shares	28,415,333 shares

V. Notes to the tax-effect accounting

Deferred tax assets primarily arise from the exclusion from expenses of accrued bonus, impairment losses and losses on inactive facilities. Deferred tax liabilities primarily arise from unrealized gains on available-for-sale securities.

VI. Notes to the related party information

Subsidiaries and affiliates

Category	Name	Equity ownership percentage	Relation with related party	Description of transaction	Amount of transaction (Millions of Yen)	Account	Resulting account balances (Millions of Yen)
Affiliate	AMNS Luxembourg Holding S.A.	Holding 40% directly	Loan guarantee	Loan guarantee (*1)	367,986	—	—
Subsidiary	NS Canadian Resources, Inc.	Holding 100% directly	—	Underwriting of capital increase (*2)	183,648	—	—

Terms and conditions applied to related party transactions:

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

(*2) The Company underwrote the capital increase by the subsidiary in full.

VII. Notes to the per share information

Net assets per share ¥2,582.03

Earnings per share ¥351.69

VIII. Notes to the material subsequent events

(Exercises of the stock acquisition rights of the convertible bonds)

This information is omitted because the same information is described in "Notes to the material subsequent events" included in "Notes to the consolidated financial statements."

Report of Accounting Auditor on Consolidated Financial Statements (Copy)

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 10, 2024

Mr. Tadashi Imai
Representative Director and President
Nippon Steel Corporation

KPMG AZSA LLC
Tokyo Office
Yutaka Terasawa
Designated Limited Liability Partner
Certified Public Accountant
Hirotaka Tanaka
Designated Limited Liability Partner
Certified Public Accountant
Takahiro Toyama
Designated Limited Liability Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to the consolidated financial statements of Nippon Steel Corporation (the "Company") for the fiscal year from April 1, 2023 through March 31, 2024.

In our opinion, the above consolidated financial statements present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in accordance with the accounting principles prescribed in the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, which omits certain disclosure items required under the designated International Financial Reporting Standards.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting principles prescribed in the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, which omits certain disclosure items required under the designated International Financial Reporting Standards. This includes designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with the accounting principles prescribed in the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, which omits certain disclosure items required under the designated International Financial Reporting Standards. The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with the accounting principles prescribed in the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, which omits certain disclosure items required under the designated International Financial Reporting Standards, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor provides the Audit & Supervisory Committee with a statement that the auditor has complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Report of Accounting Auditor on Non-Consolidated Financial Statements (Copy)

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 10, 2024

Mr. Tadashi Imai
Representative Director and President
Nippon Steel Corporation

KPMG AZSA LLC
Tokyo Office
Yutaka Terasawa
Designated Limited Liability Partner
Certified Public Accountant
Hirotaka Tanaka
Designated Limited Liability Partner
Certified Public Accountant
Takahiro Toyama
Designated Limited Liability Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of Nippon Steel Corporation (the "Company") for the 99th fiscal year from April 1, 2023 through March 31, 2024.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor provides the Audit & Supervisory Committee with a statement that the auditor has complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Report of Audit & Supervisory Committee on Business Report and other issues, Consolidated Financial Statements and Non-Consolidated Financial Statements (Copy)

[English Translation of the Audit & Supervisory Committee Members' Report Originally Issued in the Japanese Language]

Audit Report

The Audit & Supervisory Committee has audited the performance of duties by Directors of Nippon Steel Corporation ("NIPPON STEEL") for the 99th fiscal year from April 1, 2023 to March 31, 2024. The Audit & Supervisory Committee hereby reports the method and result of its audit as follows:

1. Auditing Method and Details Thereof

The Audit & Supervisory Committee received explanations from the Directors and other relevant personnel on the details of the resolutions of the Board of Directors concerning matters listed in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act and the status of establishment and operation of the frameworks established based on such resolutions (hereinafter referred to as the "Internal Control System"), and scrutinized the explanations and expressed opinion thereon, and conducted an audit in the following manner. With respect to the internal control on financial reporting, each Audit & Supervisory Committee Member received a report on the assessment of such internal control and auditing thereof also from KPMG AZSA LLC and sought explanations as necessary.

- (1) In compliance with the standards for the Audit & Supervisory Committee's audits, which was established by the Audit & Supervisory Committee, and in accordance with auditing policy, the audit plan, and the assignment of duties, etc., the Audit & Supervisory Committee Members defined the status of establishment and operation of the Internal Control System and the status of promotion of various measures for the Management Plan as priority audit items, cooperated closely with the department in charge of internal audits, attended meetings of the Board of Directors, management meetings and other meetings, received reports from Directors, employees and other relevant personnel regarding the status of execution of their duties, sought explanations as necessary, inspected important documents, and examined the operations and financial position of NIPPON STEEL at the Head Office and Works of NIPPON STEEL. As for the subsidiaries of NIPPON STEEL, each Director and Audit & Supervisory Committee Member endeavored to keep communication and shared information with the Audit & Supervisory Board Members and other related personnel of the subsidiaries, and received reports from the subsidiaries regarding their businesses and sought explanations as necessary.
- (2) As for the Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies of NIPPON STEEL as described in the Business Report, each Audit & Supervisory Committee Member examined its contents based on discussions at the Meetings of Board of Directors and other relevant meetings.
- (3) The Audit & Supervisory Committee Members confirmed whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. The Audit & Supervisory Committee Members also received notification from the Accounting Auditor that system for ensuring appropriate execution of the duties of the Accounting Auditor has been prepared and sought explanations as necessary.

Based on the foregoing method, the Audit & Supervisory Committee Members reviewed the Business Report for this fiscal year and the supplementary schedules thereof, the non-consolidated financial statements for this fiscal year (non-consolidated balance sheet, non-consolidated statement of operations, non-consolidated statement of changes in net assets and the related notes) and supplementary schedules as well as the consolidated financial statements for this fiscal year (consolidated statements of financial position, consolidated statements of profit or loss, consolidated statements of changes in equity and the related notes).

2. Audit Results

(1) Audit Results on the Business Report, etc.

- 1) In our opinion, the Business Report and the supplementary schedules fairly represent NIPPON STEEL's condition in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of NIPPON STEEL.

- 2) We have found no evidence of misconduct or material facts in violation of the applicable laws and regulations, nor of any violation with respect to the Articles of Incorporation of NIPPON STEEL, related to performance of duties by the Directors.
 - 3) In our opinion, the content of the resolutions of the Board of Directors regarding the Internal Control System is appropriate, and we have found no matters to remark in regard to the implementation thereof, including internal control on financial reporting. In addition, we have found no matters to remark in regard to the description in the Business Report relating to the internal control system.
 - 4) We have found no matters to remark in regard to the Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies of NIPPON STEEL as described in the Business Report.
- (2) Results of Audit of the Non-Consolidated Financial Statements and Supplementary Schedules
In our opinion, the method and the results of the audit used and conducted by KPMG AZSA LLC, the Accounting Auditor, are appropriate.
- (3) Results of Audit of the Consolidated Financial Statements
In our opinion, the method and the results of the audit used and conducted by KPMG AZSA LLC, the Accounting Auditor, are appropriate.

May 14, 2024

The Audit & Supervisory Committee of Nippon Steel Corporation

Senior Audit & Supervisory Committee Member (full-time)	Shozo Furumoto (Seal)
Audit & Supervisory Committee Member (full-time)	Masayoshi Murase (Seal)
Audit & Supervisory Committee Member	Seiichiro Azuma (Seal)
Audit & Supervisory Committee Member	Hiroshi Yoshikawa (Seal)
Audit & Supervisory Committee Member	Masato Kitera (Seal)

- (Note) Audit & Supervisory Committee Members, Seiichiro Azuma, Hiroshi Yoshikawa and Masato Kitera are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

Report of Audit & Supervisory Committee on Business Report and other issues, Consolidated Financial Statements and Non-Consolidated Financial Statements (Copy)

[English Translation of the Audit & Supervisory Committee Members' Report Originally Issued in the Japanese Language]

Audit Report

The Audit & Supervisory Committee has audited the performance of duties by Directors of Nippon Steel Corporation (“NIPPON STEEL”) for the 99th fiscal year from April 1, 2023 to March 31, 2024. The Audit & Supervisory Committee hereby reports the method and result of its audit as follows:

1. Auditing Method and Details Thereof

The Audit & Supervisory Committee received explanations from the Directors and other relevant personnel on the details of the resolutions of the Board of Directors concerning matters listed in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act and the status of establishment and operation of the frameworks established based on such resolutions (hereinafter referred to as the “Internal Control System”), and scrutinized the explanations and expressed opinion thereon, and conducted an audit in the following manner. With respect to the internal control on financial reporting, each Audit & Supervisory Committee Member received a report on the assessment of such internal control and auditing thereof also from KPMG AZSA LLC and sought explanations as necessary.

- (1) In compliance with the standards for the Audit & Supervisory Committee’s audits, which was established by the Audit & Supervisory Committee, and in accordance with auditing policy, the audit plan, and the assignment of duties, etc., the Audit & Supervisory Committee Members defined the status of establishment and operation of the Internal Control System and the status of promotion of various measures for the Management Plan as priority audit items, cooperated closely with the department in charge of internal audits, attended meetings of the Board of Directors, management meetings and other meetings, received reports from Directors, employees and other relevant personnel regarding the status of execution of their duties, sought explanations as necessary, inspected important documents, and examined the operations and financial position of NIPPON STEEL at the Head Office and Works of NIPPON STEEL. As for the subsidiaries of NIPPON STEEL, each Director and Audit & Supervisory Committee Member endeavored to keep communication and shared information with the Audit & Supervisory Board Members and other related personnel of the subsidiaries, and received reports from the subsidiaries regarding their businesses and sought explanations as necessary.
- (2) As for the Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies of NIPPON STEEL as described in the Business Report, each Audit & Supervisory Committee Member examined its contents based on discussions at the Meetings of Board of Directors and other relevant meetings.
- (3) The Audit & Supervisory Committee Members confirmed whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. The Audit & Supervisory Committee Members also received notification from the Accounting Auditor that system for ensuring appropriate execution of the duties of the Accounting Auditor has been prepared and sought explanations as necessary.

Based on the foregoing method, the Audit & Supervisory Committee Members reviewed the Business Report for this fiscal year and the supplementary schedules thereof, the non-consolidated financial statements for this fiscal year (non-consolidated balance sheet, non-consolidated statement of operations, non-consolidated statement of changes in net assets and the related notes) and supplementary schedules as well as the consolidated financial statements for this fiscal year (consolidated statements of financial position, consolidated statements of profit or loss, consolidated statements of changes in equity and the related notes).

2. Audit Results

(1) Audit Results on the Business Report, etc.

- 1) In our opinion, the Business Report and the supplementary schedules fairly represent NIPPON STEEL’s condition in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of NIPPON STEEL.

- 2) We have found no evidence of misconduct or material facts in violation of the applicable laws and regulations, nor of any violation with respect to the Articles of Incorporation of NIPPON STEEL, related to performance of duties by the Directors.
 - 3) In our opinion, the content of the resolutions of the Board of Directors regarding the Internal Control System is appropriate, and we have found no matters to remark in regard to the implementation thereof, including internal control on financial reporting. In addition, we have found no matters to remark in regard to the description in the Business Report relating to the internal control system.
 - 4) We have found no matters to remark in regard to the Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies of NIPPON STEEL as described in the Business Report.
- (2) Results of Audit of the Non-Consolidated Financial Statements and Supplementary Schedules
In our opinion, the method and the results of the audit used and conducted by KPMG AZSA LLC, the Accounting Auditor, are appropriate.
- (3) Results of Audit of the Consolidated Financial Statements
In our opinion, the method and the results of the audit used and conducted by KPMG AZSA LLC, the Accounting Auditor, are appropriate.

May 14, 2024

The Audit & Supervisory Committee of Nippon Steel Corporation

Senior Audit & Supervisory Committee Member (full-time)	Shozo Furumoto (Seal)
Audit & Supervisory Committee Member (full-time)	Masayoshi Murase (Seal)
Audit & Supervisory Committee Member	Seiichiro Azuma (Seal)
Audit & Supervisory Committee Member	Hiroshi Yoshikawa (Seal)
Audit & Supervisory Committee Member	Masato Kitera (Seal)

- (Note) Audit & Supervisory Committee Members, Seiichiro Azuma, Hiroshi Yoshikawa and Masato Kitera are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

NIPPON STEEL CORPORATION 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.

Shareholder Reference Information

Fiscal year end	March 31 each year
General Meeting of Shareholders	Latter part of June each year
Record date for the General Meeting of Shareholders	Shareholders entitled to exercise the right at the General Meeting of Shareholders shall be those who are electronically recorded as having the voting rights in the latest Register of Shareholders of March 31 each year.
Record date for dividends	NIPPON STEEL may distribute its surplus to the shareholders or pledgees of shares registered in the latest Register of Shareholders as of March 31, September 30 and such other date as determined by the Board of Directors.
Website for electronic public notices	https://www.nipponsteel.com/index.html
Articles of Incorporation and Regulations Relating to Shares	Articles of Incorporation and Regulations Relating to Shares are posted on NIPPON STEEL's website under "Investor Relations."
Registration agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Place of business of registration agent (Mailing address and telephone enquiries)	Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-0063, Japan Telephone number designated for NIPPON STEEL's shareholders: 0120-785-401 (toll free within Japan) Main number of transfer agent: 0120-782-031 (toll free within Japan)

Change of address, and request for sale and purchase of shares less than one unit

Please contact and consult with the securities firm in where you have an account.

Shareholders for whom special accounts have been opened due to their lack of an account in a securities firm should contact Sumitomo Mitsui Trust Bank, Limited, our administrator of the special accounts.

Payment of accrued dividends

Please contact Sumitomo Mitsui Trust Bank, Limited, our registration agent.

Fees concerning sale and purchase of less than one unit of shares

Charged at the amount specified separately (please refer to "Investor Relations" on NIPPON STEEL's website).

Nippon Steel Corporation

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<https://www.nipponsteel.com/en/index.html>