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Transfer of equity interests in AM/NS Calvert towards the consummation of the U. S. Steel acquisition

Oct. 11, 2024

NIPPON STEEL CORPORATION

Transfer of all equity interests in AM/NS Calvert towards the consummation of the U. S. Steel acquisition

Agreement with ArcelorMittal to transfer all shares in joint venture AM/NS Calvert in Alabama, United States

(The share transfer will not be consummated if the acquisition is not consummated)

Progress towards the consummation of the U. S. Steel acquisition

Pro-active share transfer as the most assured path to address any antitrust concerns and ensure timely regulatory approval for the acquisition

- **Contract Date**
October 11, 2024
- **Expected Date of Equity Transfer**
Q4 CY2024 (Immediately after consummation of the acquisition)
- **Purchaser**
ArcelorMittal or its affiliate(s)
- **Consideration for the Share Transfer**
\$1 (memorandum price)

Promote our future American business through U. S. Steel

Meet the entire market in the U.S., the largest demand country for high-grade steel, and drive our global strategy

United States Steel Corporation

Integrated steelmaker with whole facilities, from iron ore mines, steelmaking process to final steel products

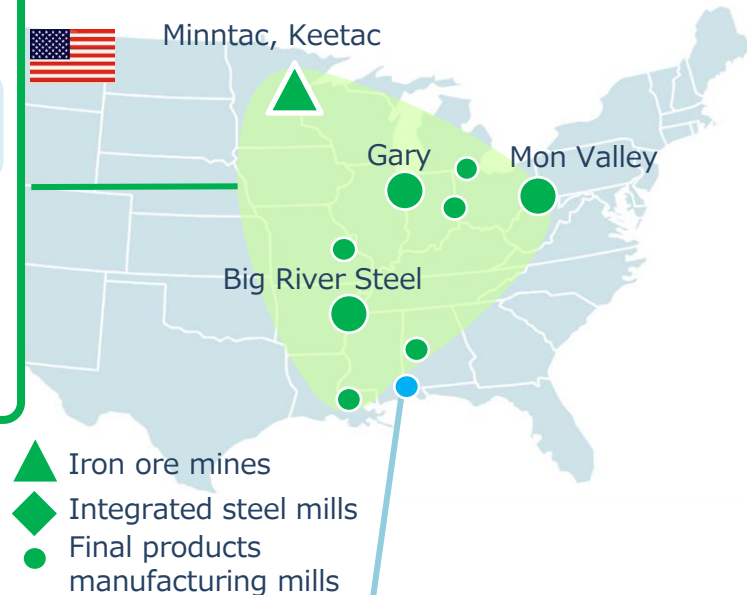
- ◆ Robust assets organically combining iron ore mines including DR-grade, BF's, and EAFs
- ◆ Well-established history and brand value, and an extensive U.S. customer base
- ◆ Well-developed, customer-oriented R&D system

Contribute NSC technologies as well as R&D progress as a wholly-owned subsidiary of NSC

Leverage broad synergies

(Study the details of potential technological synergies after acquiring U.S. Steel as a subsidiary)

Supply high-quality and high-functionality steel products in the U.S., including products & solutions that contribute to decarbonization, reinforce the American industrial base, supply chain resilience, and enhance national security



**AM/NS
CALVERT**

- ◆ **Final products base manufacturing steel sheets, including those for the automotive sector (Steelmaking process (EAF) under construction)**
- ◆ NSC and ArcelorMittal acquired from ThyssenKrupp in 2014

Impact on Performance and Dividends

One-time loss

Expected to record approx. 230 billion yen consolidated loss on business restructuring due to share transfer

Consolidated loss without cash outflow	approx. 130 billion yen
<i>Difference between book value and transfer consideration (memorandum price) and others</i>	
Consolidated loss with cash outflow	approx. 100 billion yen
Projected non-consolidated extraordinary loss	approx. 100 billion yen

After factoring in loss, **adjusted D/E ratio** at U. S. Steel acquisition consummation to remain at previously announced approx. 0.9x, decreasing to approx. 0.8x due to executed hybrid financing and conversion of CBs to shares, and expected to reach **0.7x range during FY2024**

If the acquisition does not consummate for any reason, the share transfer will not be consummated and there will be no impact on earnings performance.

Dividends

Expected to maintain FY 2024 full-year dividend forecast 160 yen per share despite updated earnings, considering a one-time occurrence that is a majority non-cash, expected profit growth after the consummation of the acquisition, incorporating U. S. Steel's profit



Profit contribution from U. S. Steel

Contribution to NSC's consolidated profit after consummation of U. S. Steel acquisition

<u>U. S. Steel Earnings before tax</u>	FX:145 ¥/US\$
CY2023 actual	US\$ 1,047 million/Y (152 billion yen/Y)
CY2021-23 average	US\$ 2,883 million/Y (418 billion yen/Y)

Appendix: Overview of U. S. Steel and AM/NS Calvert



Our equity ratio	100% (after the consummation of the acquisition)	50% NS Kote, Inc. (NSC's wholly owned subsidiary) : 50% AM Calvert LLC (ArcelorMittal wholly owned subsidiary) : 50%
Facilities Configuration	<p>【Manufacturing Bases in the U.S.】 <Flat-Rolled> Gary (Indiana), Mon Valley (Pennsylvania), Granite City (Illinois), Great Lakes (Michigan), PRO-TEC (Ohio) <Mini-Mill> : Big River Steel (Arkansas) <Tubular> : Fairfield (Alabama)</p> <p>【Steelmaking Facilities in the U.S.】 8 BFs (Including 2 BFs idle) 3 EAFs (+2 EAFs under construction)</p>  <p>【Iron ore mines】 Minntac, Keetac (Minnesota)</p> <p>【Final Products Facilities】 Abbr.</p>	<p>【Manufacturing Base】 Calvert (Alabama)</p> <p>【Steelmaking Facilities】 (1EAF under construction)</p>  <p>Under Construction</p> <p>【Final Products Facilities】 Hot Rolling, Picking and Cold Rolling, Continuous Annealing, Hot-Dip Galvanizing</p>
Raw Steel Production Capability	U.S. Domestic: 15.8 Mt/Y	—
Product types	Steel sheets(Hot-rolled sheets, Cold-rolled sheets, Galvanized Sheets, Tin plate, Electrical steel sheets), Pipes and tubes(Seamless pipes)	Steel sheets (Hot-rolled sheets, Cold-rolled sheets, Galvanized Sheets)
History	1901: U. S. Steel Established 2019: Acquisition of Big River Steel	2010: ThyssenKrupp USA Begins Operations 2014: Joint Acquisition by NSC and ArcelorMittal

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