

TYO : 5401

OTC : NPSCY(ADR)



Acquisition of interest in the steelmaking coal business in Canada

November 14th, 2023

NIPPON STEEL CORPORATION

Agenda

1. Overview of the Investment

2. Purposes of the Investment

3. Appendix

Decision to Invest in Steelmaking Coal Business in Canada

Nippon Steel to indirectly acquire a 20% interest in Elk Valley Resources (“EVR JV”) (the “Investment”), a newly-formed partnership sold by Teck, the second largest producer of high-quality steelmaking coal in the world



Acquisition Value

1.34bn.USD (approx. 200bn.JPY)

(Nippon Steel’s existing interest in Elkview (2.5%) will be exchanged as part of the Investment)

Timing for Transaction

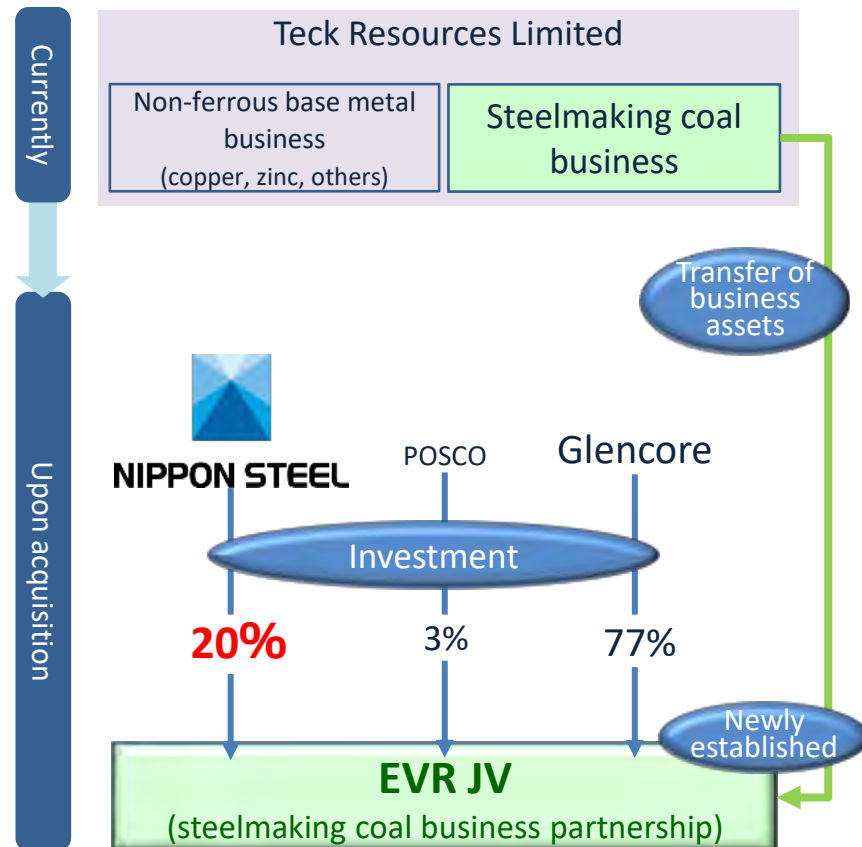
Estimated in 4Q FY2023

Plan to incorporate EVR JV profits into Nippon Steel’s consolidated business profit on the basis of its equity interest from Q1 FY2024

Nippon Steel will be entitled to:

- Participate in decision making process of the steelmaking coal business
(holding a right of veto over important decisions)
- Enter into a long-term coal offtake rights agreement upon completion of the Investment, enabling long-term and stable hard coking coal procurement

<Investment Structure(planned)>



Overview of EVR JV (Planned)

A superior mine that yields cost and quality competitive coal and which only produces hard coking coal

Head Office

Vancouver, British Columbia, CANADA

Major coal mines

Fording River, Elkview, Greenhills, Line Creek

Production capacity

Approx. 25-27 million tons / year



Large scale open pit coal mine



Advanced analytics, AI utilization, and automation



← CP: Canadian Pacific Railway
← CN: Canadian National Railway



Efficient access to rail transportation



Secured port capacity of over 31.5Mtpa/year due to co-owned port (Neptune) with other companies and other contracted ports

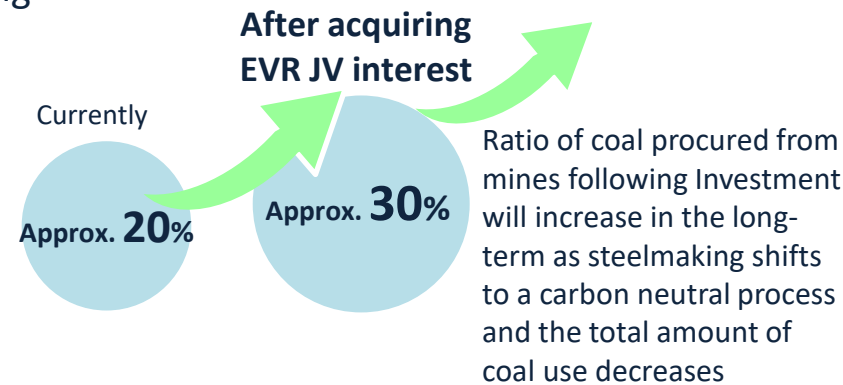
Purposes of Investment in EVR JV

To secure a stable supply of high-quality steelmaking coal that is essential to Nippon Steel's carbon neutral strategy

- While the ratio of coal use in carbon neutral steelmaking process is to decrease in the future, a certain amount of coal will still be required for the reduction process using hydrogen in blast furnaces
- Investment in steelmaking coal mine development is not expected to increase because of the decarbonization trend

Nippon Steel has decided to increase its investment in raw material assets

Ratios of coking coal to be procured following Investment



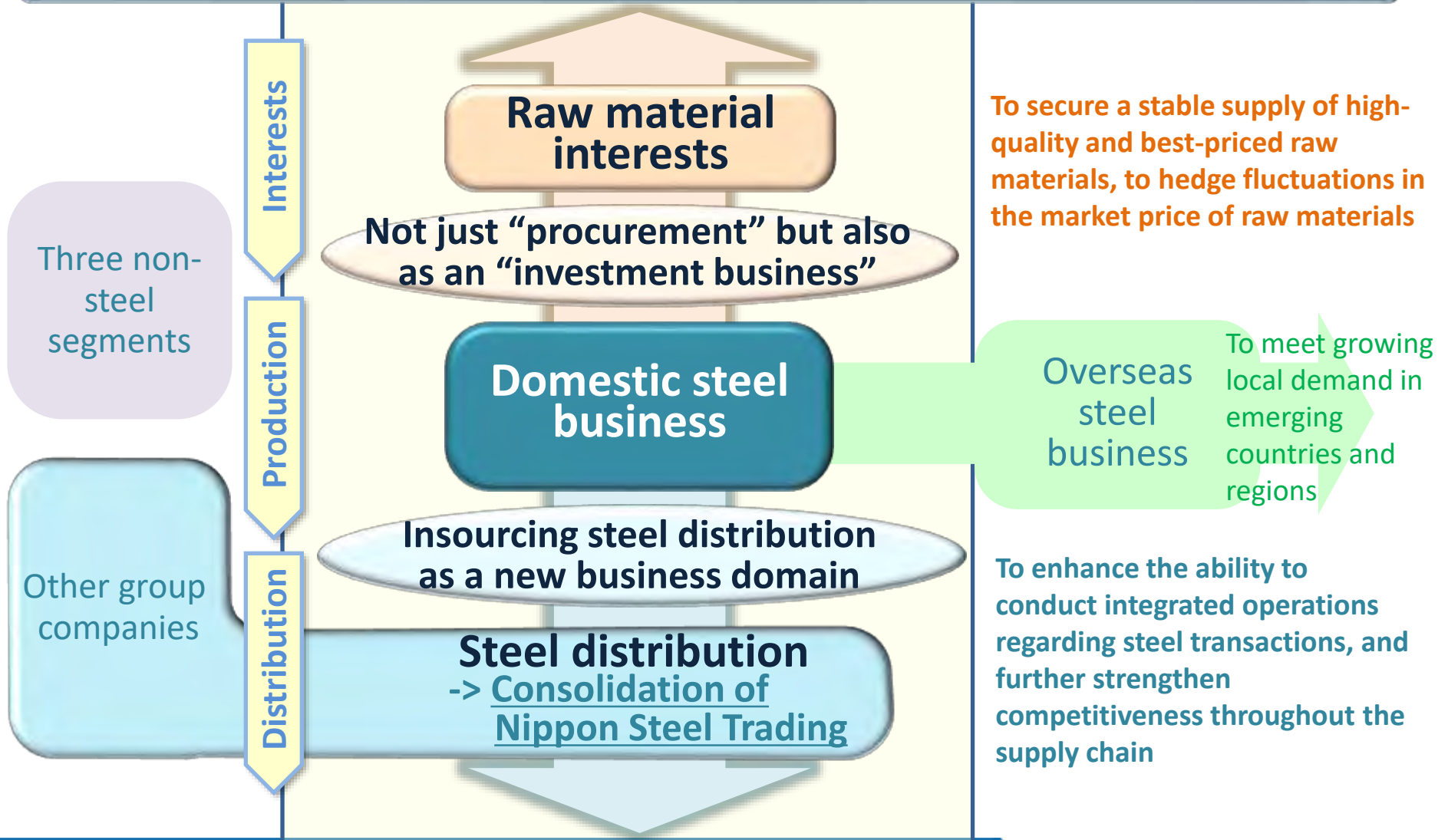
Stabilizing Nippon Steel's consolidated profit by increasing investment in high-quality raw materials

Evolving into a more vertically integrated business structure to ensure resilience to externalities

In order to secure essential funds for substantial R&D and capital investment for the development and implementation of ultra-innovative technologies to be used towards net zero, Nippon Steel will seek to continue to build a more resilient business portfolio.

Purposes of Investment in EVR JV

Evolution to a more vertically-integrated and new business structure by integrating procurement, production and distribution



Historical Steps Toward Agreement to Acquire Interest in EVR JV ⁷

Feb. 21st, 2023: Nippon Steel announced to **acquire an interest in a steelmaking coal company** spun-off from Teck

April 11th, 2023: Glencore plc proposed the acquisition of Teck

April 26th, 2023: Teck withdrew the separation proposal from the shareholders meeting and expressed its plan to “pursue a simpler and more direct separation.”

Nippon Steel continued discussions with Teck on revision of the separation plan.

Nov. 14th, 2023: Nippon Steel announces to indirectly acquire a 20% interest in EVR JV

Investment Structure as of Feb. 21st, 2023

- Nippon Steel was to acquire **10%** of each of the common shares, preferred shares and royalty interests.
Total acquisition value: **1,150 million CAD (approx. ¥110.0bn)**
(Elkview interest was to be exchanged for 125 million CAD of the above 1,150 million CAD)
- After closing Nippon Steel will have the right to acquire additional common shares up to a maximum of **17.5%** of all common shares.
- Nippon Steel and the company were to enter into an investor rights agreement that included a right to nominate one director for election to the board of directors of EVR.
- Preferred shares : Preferred shareholders were to have the right to receive dividends in preference to common shares for an agreed period of time.
- Royalty interests : Approximately 90% of free cash flow were expected to be distributed to the holders of the Royalty for an agreed period of time.

Agenda

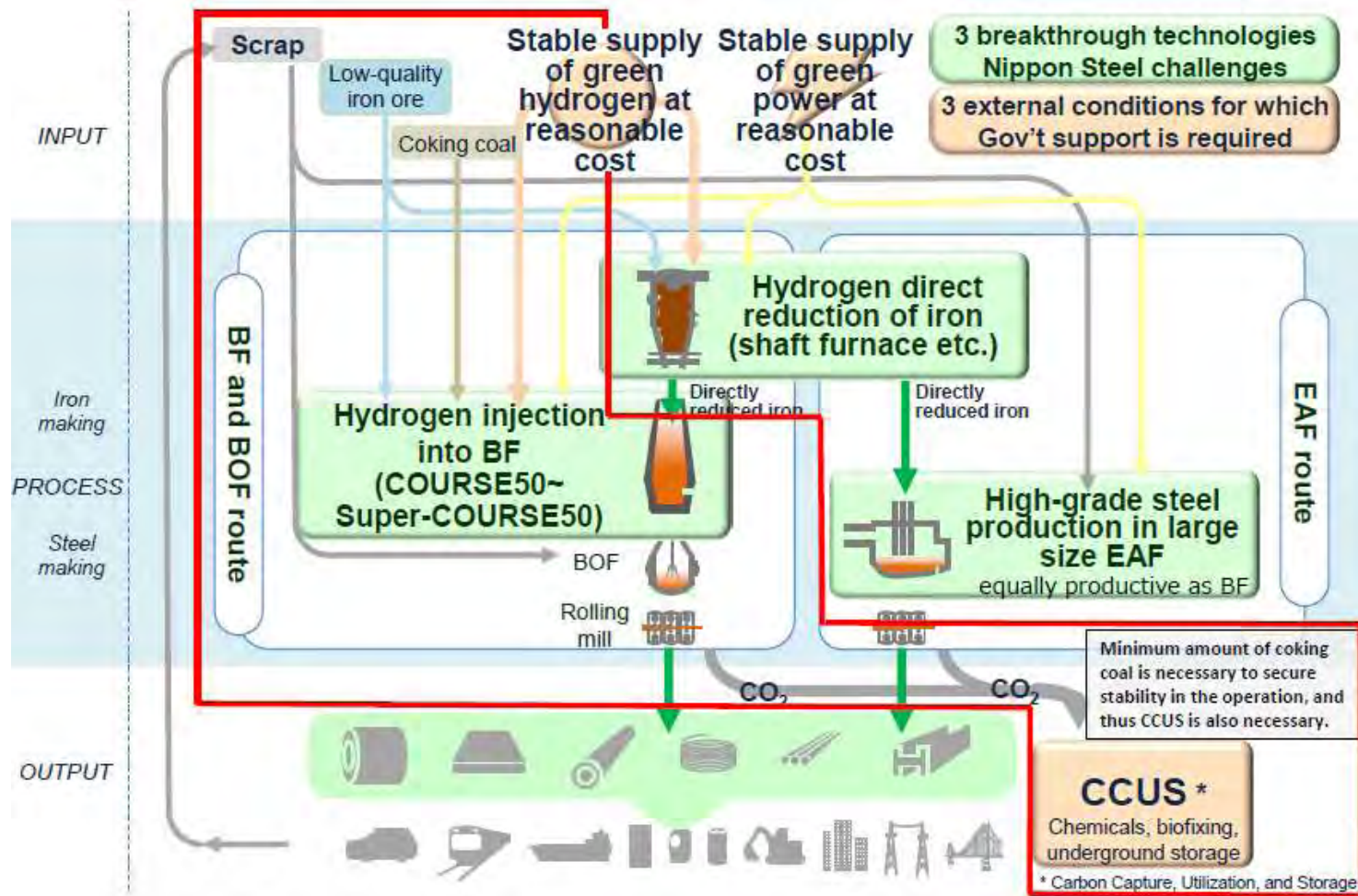
1. Overview of the Investment

2. Purposes of the Investment

3. Appendix

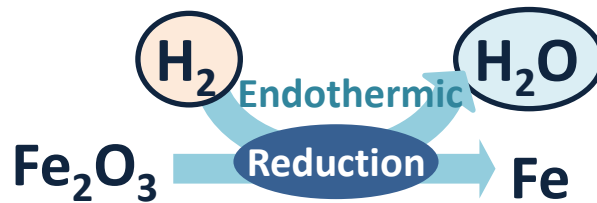
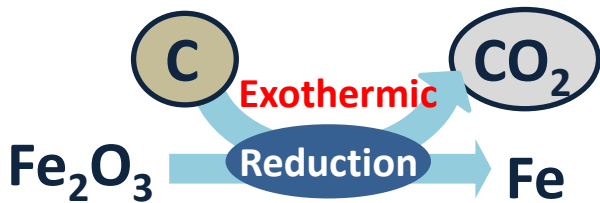
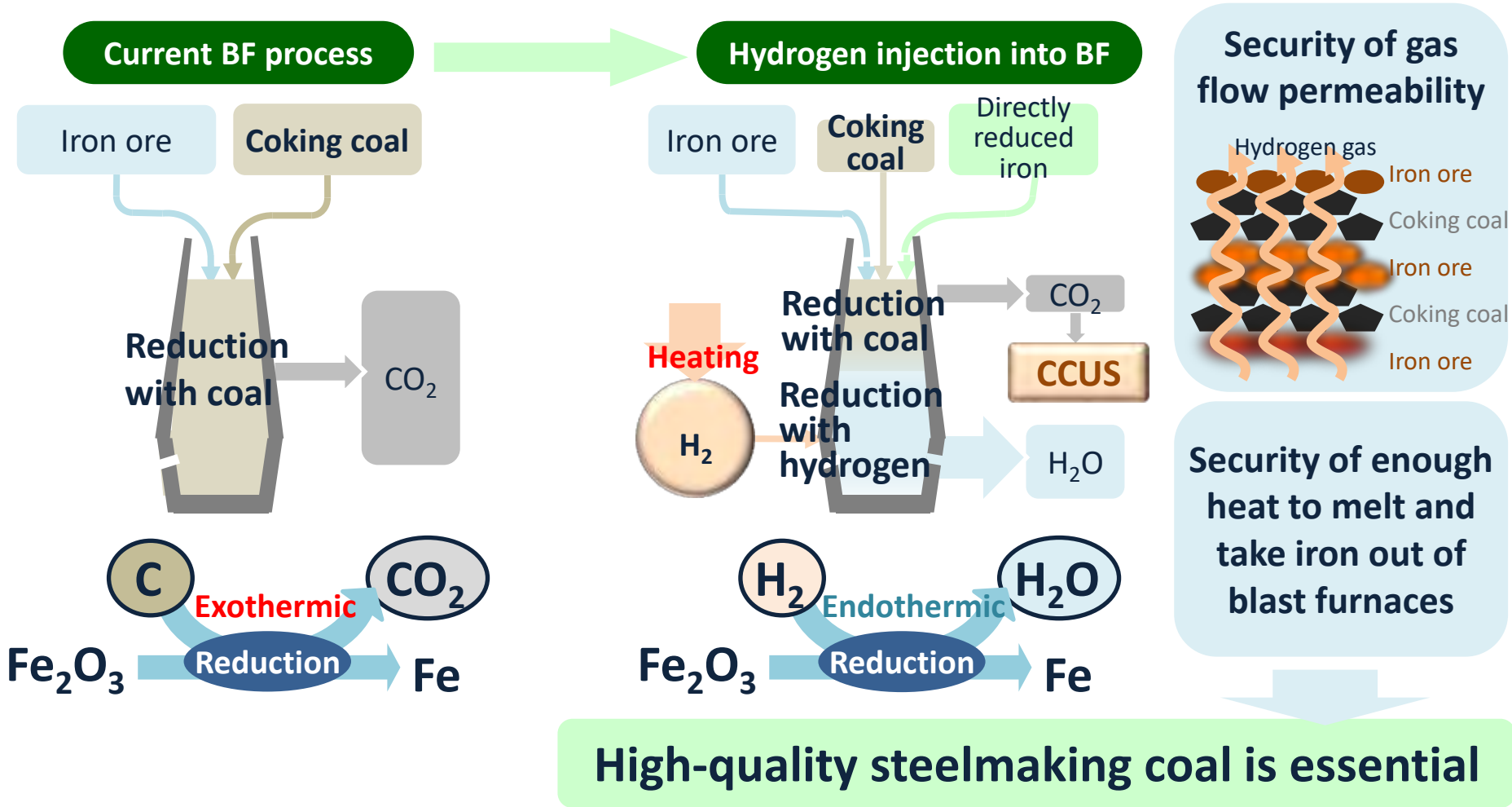
Purpose 1) Securing High-Quality Steelmaking Coal

Nippon Steel has been promoting R&D of three breakthrough technologies to realize carbon neutral steelmaking process: (a) **Hydrogen Injection into BF (circled in red)**, (b) **High-grade Steel Production in Large Size EAF**, and (c) **Hydrogen Direct Reduction**



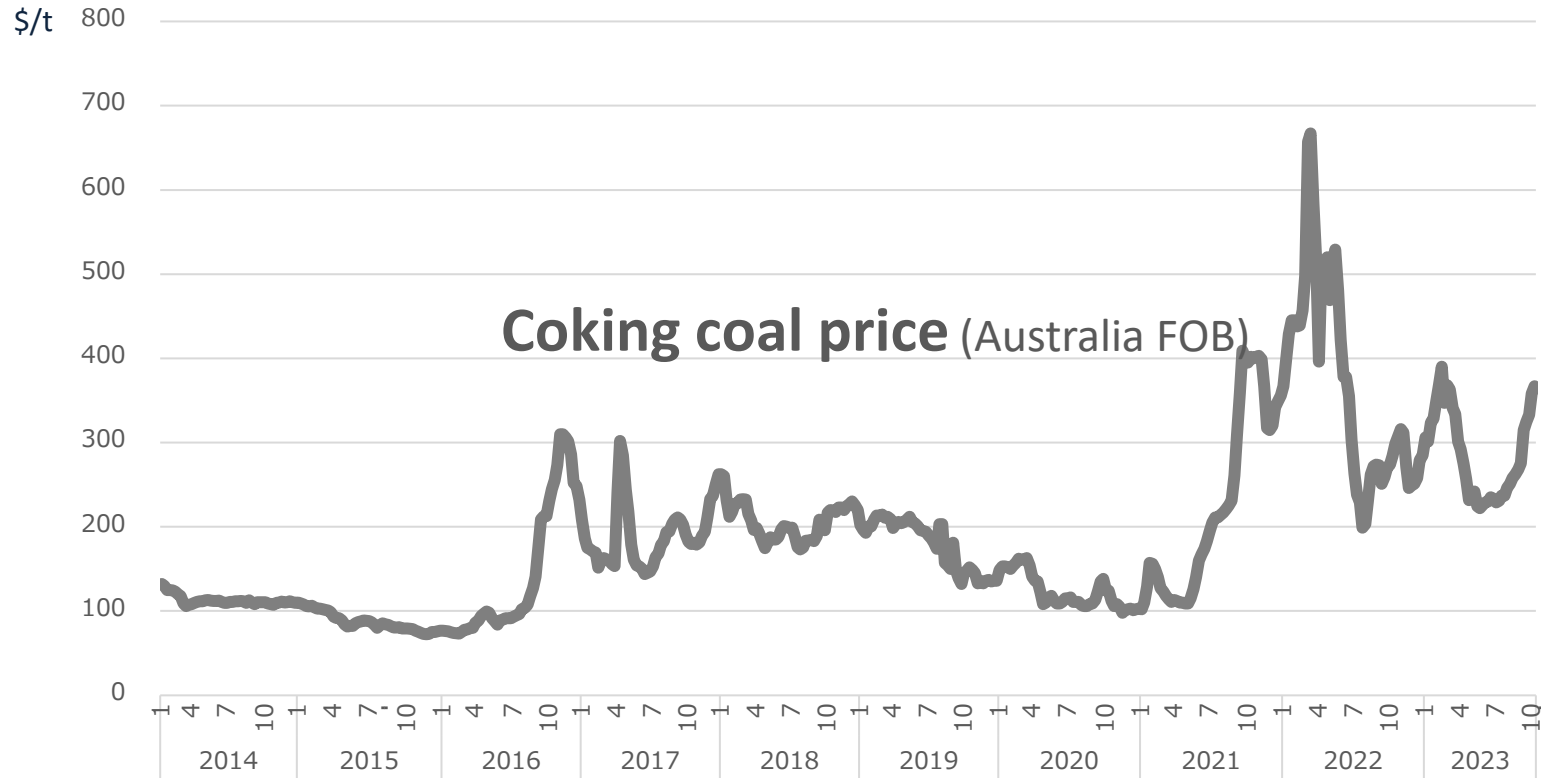
Purpose 1) Securing High-Quality Steelmaking Coal

To reduce CO₂ emissions and secure stable and efficient iron production using hydrogen injection into the blast furnace (BF), **it is essential to procure high-quality steelmaking coal stably**



Purpose 2) Stabilization of Consolidated Profit

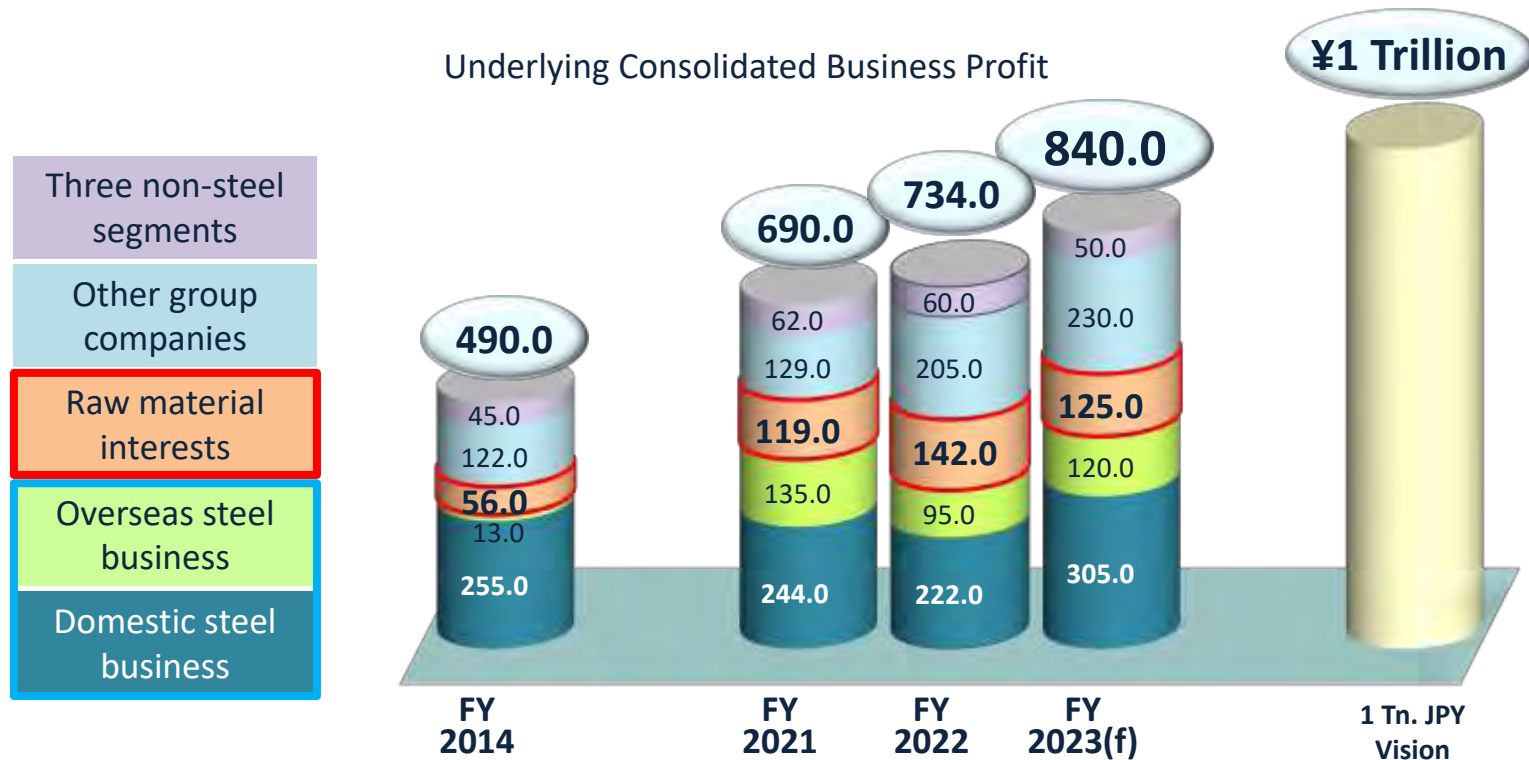
The volatility of the steelmaking coal market has increased and prices have remained particularly high in recent years, even though the users of steelmaking coal are limited to steel manufacturers.



This structural change in the raw material market has created a significant challenge to the sustainability of profits in Nippon Steel's steelmaking business

Purpose 2) Stabilization of Consolidated Profit

Evolved into vertically integrated business structure resilient to the external environment



Toward the realization of carbon neutrality, Nippon Steel will focus on research and development and commercializing innovative technology ahead of other countries. For securing essential funds for R&D and capital investment, Nippon Steel will seek to continue to build a more resilient business portfolio.

Agenda

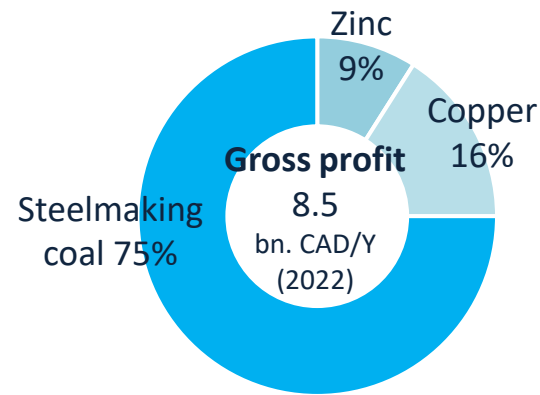
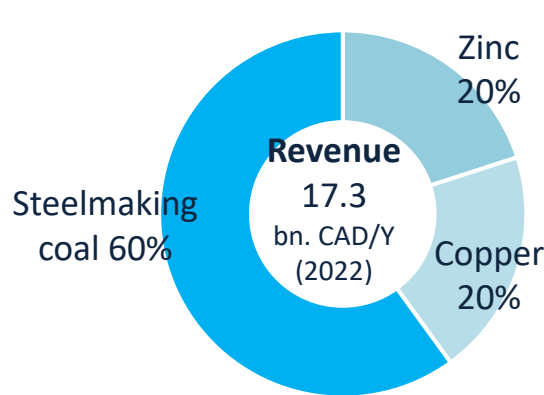
1. Overview of the Investment

2. Purposes of the Investment

3. Appendix

The second largest producer of high-quality steelmaking coal in the world

Name	Teck Resources Limited			
Head Office	Vancouver, British Columbia, CANADA			
Description of Business	A diversified resource company committed to responsible mining and mineral development with business units focused on copper, zinc, and steelmaking coal			
Name of Representative	Jonathan Price, President and Chief Executive Officer			
Number of Employees	Approximately 10,000			
Foundation	1913: Teck-Hughes Gold Ltd. Was established 2009: Changed trade name to Teck Resources Limited			
Major Shareholders	Class A share	Temagami Mining Company Ltd.	Class A votes 55.4%	Aggregate votes 33.6%
		SMM Resources Incorporated	18.9%	
	Class B share	Fullbloom Investment Corporation	Class B votes 10.3%	4.1%



Appendix: Sustainability Highlights of Teck Resources Limited in 2022



Water & Tailings

- Quadrupled water treatment capacity at Elk Valley from 2020 to 2022
- Completed third-party reviews at all tailings facilities



Safety and Health

- Zero fatality incidents
- High-risk incidence ratio: 23% lower than that in the previous year



Human Rights

- 102 active agreements with Indigenous Peoples

Inclusion & Diversity

- Ratio of new hires of women in 2022: 34%
- Female employee ratio in 2022 : 24% (+3% than the previous year)
Industry average: 15.7%(according to Bloomberg, 2019)
- Forbes World's Best Employers 2022

Ratings & Rankings

S&P Sustainability Award

2022 S&P Global Corporate Sustainability Assessment, 2nd ranked in Metal & Mining sector

Moody's ESG Solutions

Top ranked North American Mining company, 3rd ranked in North American companies

FTSE4Good

Top percentile Mining sector

MSCI

"AA" rating performance in top 10% of subindustry

ISS ESG

Rated Prime, Selected as "Leader" in Metals & Mining sector

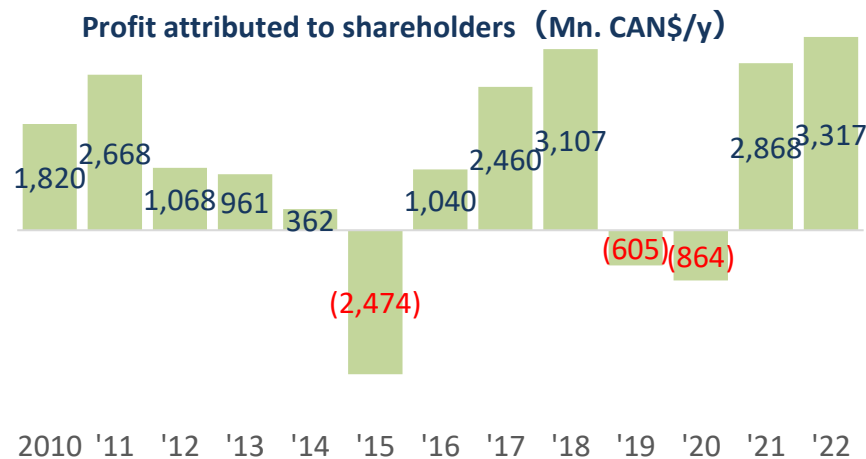
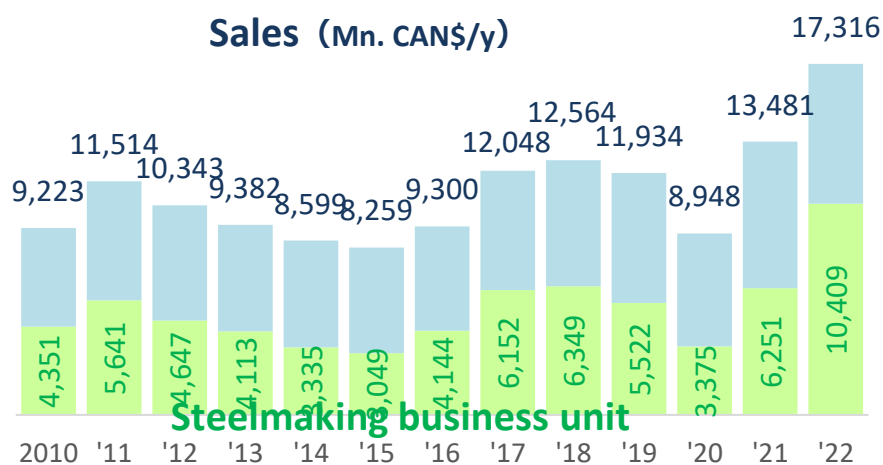
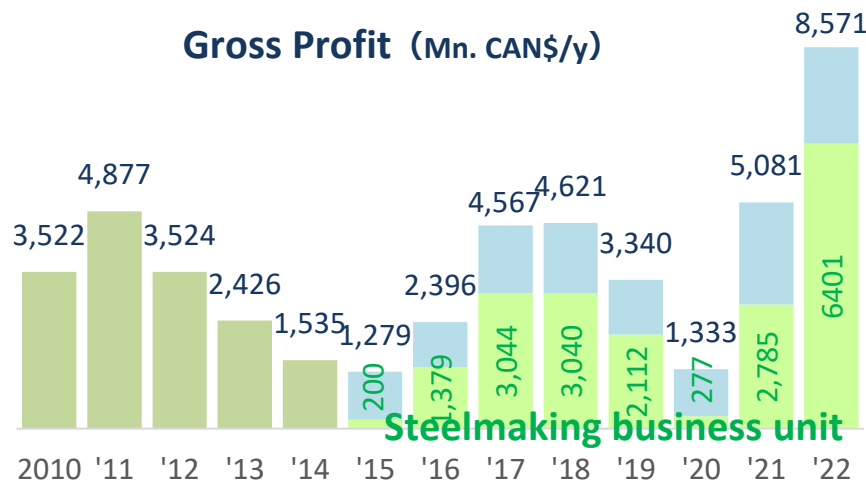
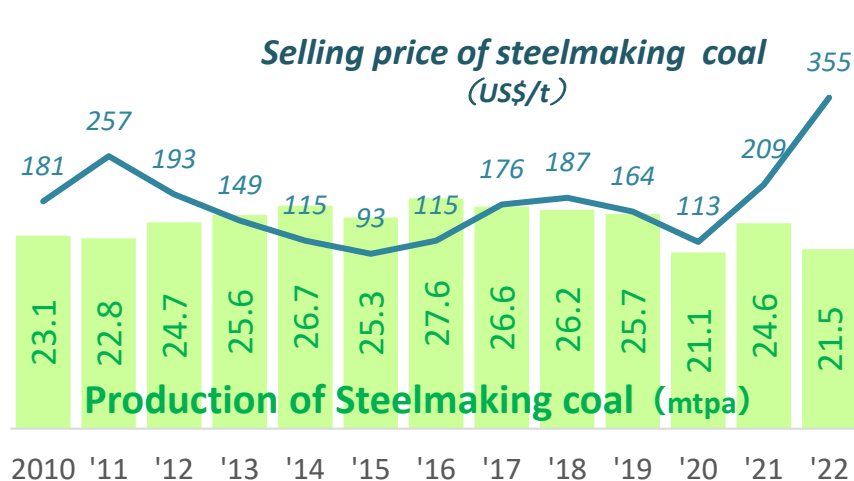
SUSTAINALYTICS

Top ranked in Metal & Mining sector

Appendix: Financial results of Teck Resources Limited

CY2022 Gross Profit
Steelmaking coal business unit
Profit attributed to shareholders

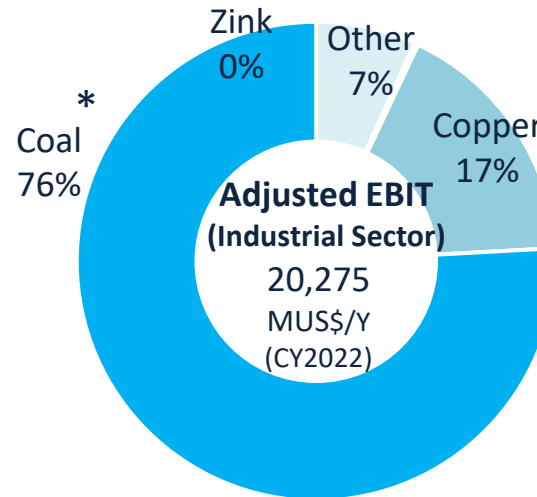
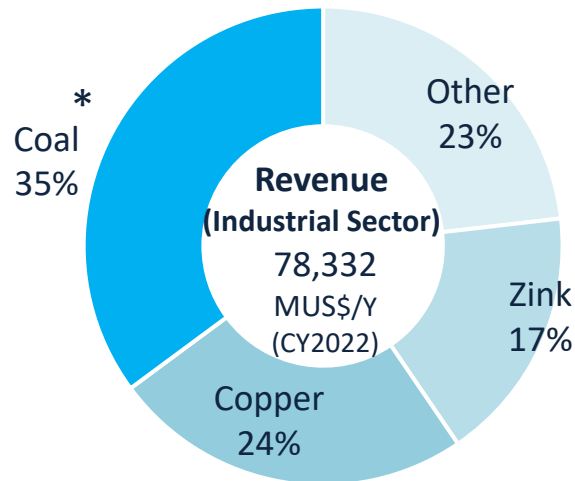
approx. 8.5 bn. CAN\$/y (approx. ¥865 bn.)
 approx. 6.4 bn. CAN\$/y (approx. ¥645 bn.)
 approx. 3.3 bn. CAN\$/y (approx. ¥335 bn.)



Appendix: Overview of Glencore plc (As of Dec. 31st, 2022)

Top ranked in trading commodities and world top-tier supplier in the Mining Sector

Name	Glencore plc
Head Office	Switzerland, Baar
Description of Business	A multinational commodity trading and mining company supplying coal, copper, zinc, nickel, oil, and others
Name of Representative	Gary Nagle, Chief Executive Officer
Number of Employees	Approximately 81,700
Foundation	2011: Glencore plc IPOs on the London Stock Exchange 2013: Glencore plc merges with Xstrata plc



*Thermal coal accounts for a little more than 80% of coal

Appendix: Sustainability Highlights of Glencore plc in 2022

Non-financial Key performance indicators



Safety

- **Number of fatalities: Four (2022)**
cf. The fatality frequency rate: 0.014
- Independent internal team has thoroughly investigated each case
-> Analyzed root cause and shared recommendations for improvement with senior management
- Consistent application of “SafeWork initiative”



Scope1, 2, 3 CO2 emissions (Mt-CO2)

- **Reduction target:**
-15%(~2026), -50%(~2035), net zero (~2050)
- Scope1&2: **28.0** cf.) +2%(vs. 2021)
- Scope3: **342** cf.) -6%(vs. 2021)



Community Investment (M\$)

- **Investment amount: \$90M** cf. \$67M(2021)
ex.) community development, enterprise and job creation, health, education and the environment
- The amount increased due to resumption of activities following suspension during Covid-related lockdowns
ex) Cerrejón’s social investment spend and humanitarian contribution for Ukraine

Appendix: Financial Results of Glencore plc

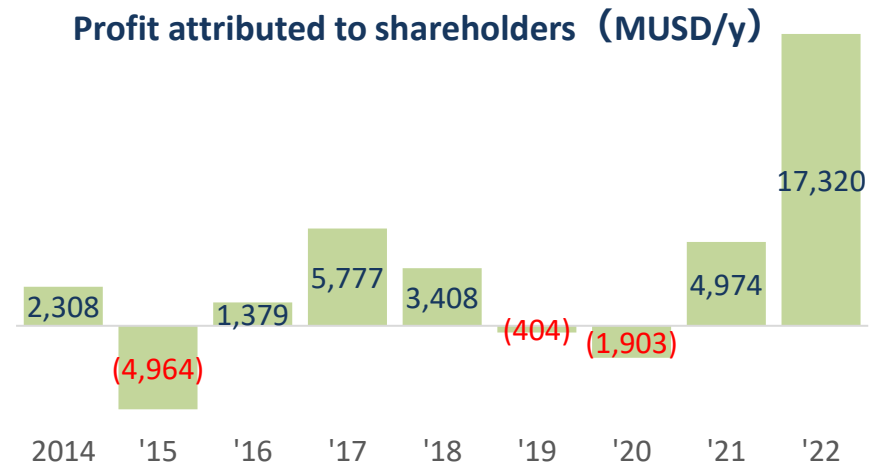
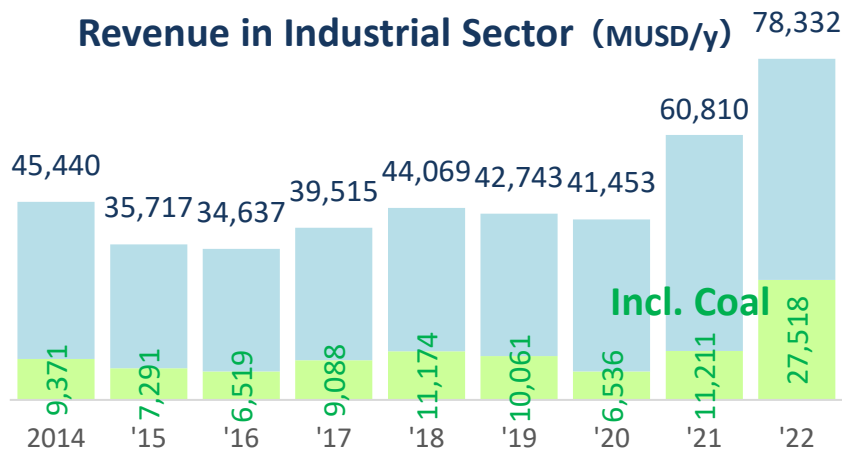
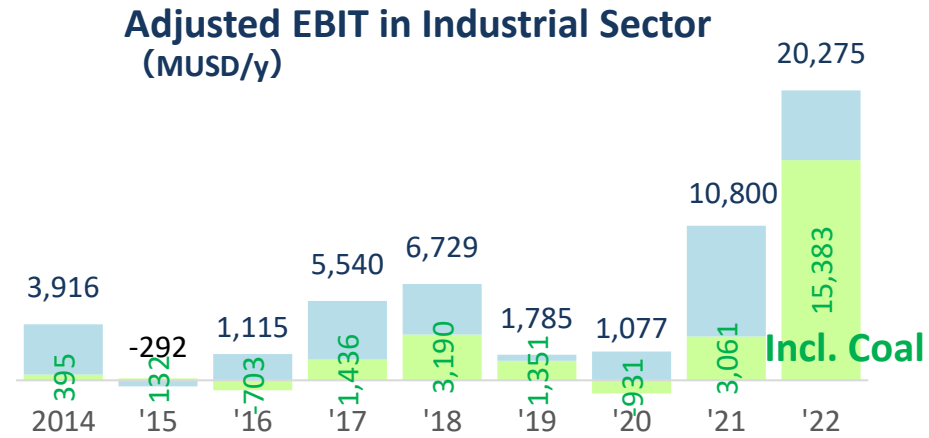
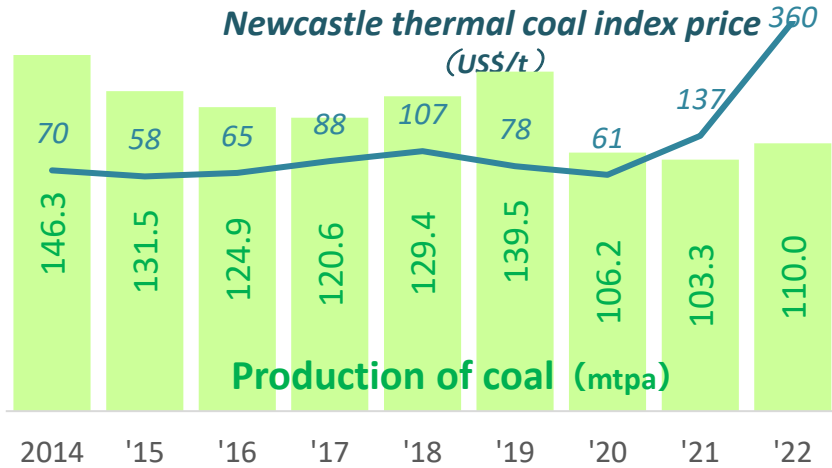
CY2022

Adjusted EBIT in Industrial Sector
incl. coal business unit

approx. 20.0 bn. USD/y (approx. ¥2.7trn.)

approx. 15.0 bn. USD/y (approx. ¥2.0trn.)

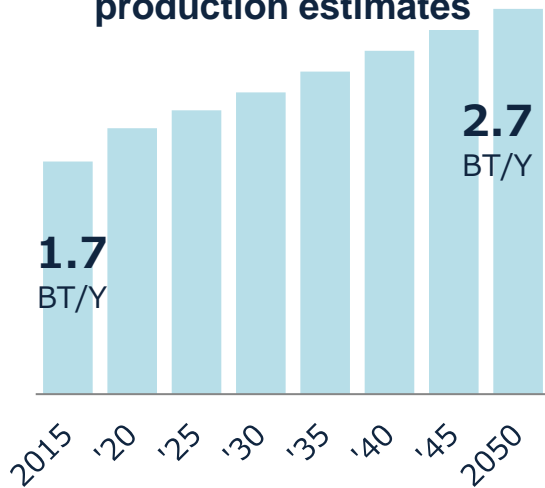
Profit attributed to shareholders(for all Sector) approx. 17.0 bn. USD/y (approx. ¥2.3trn.)





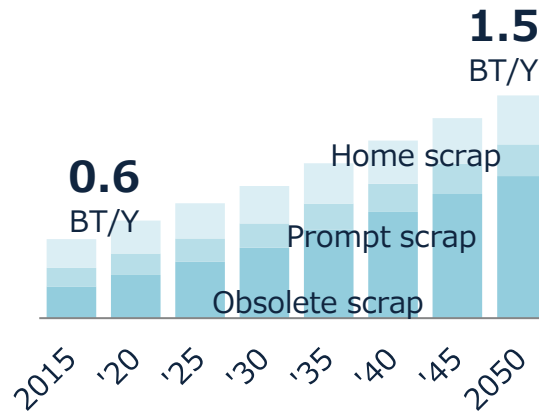
In order to achieve carbon neutrality, it is necessary to **not only use steel scrap but also to reduce CO₂ emissions from reduction of iron ore**

Global crude steel production estimates



Crude steel production needed to meet global steel stock growth will continue to increase.

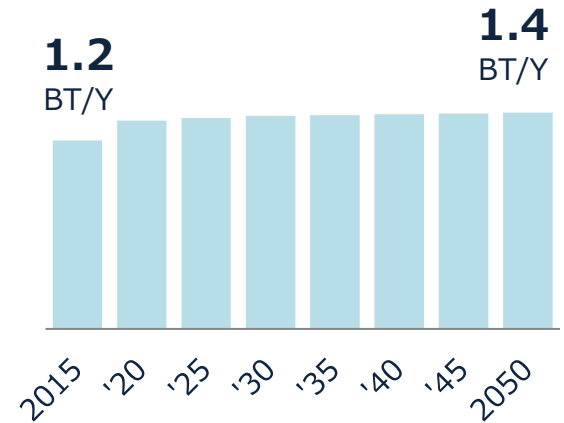
Global scrap availability



Availability of scrap increases as steel stock increases.

Obsolete scrap: Available from end-of-life products
 Prompt scrap: Generated in production of steel-based products
 Home scrap: Generated in the steelmaking process

Global pig iron production estimates



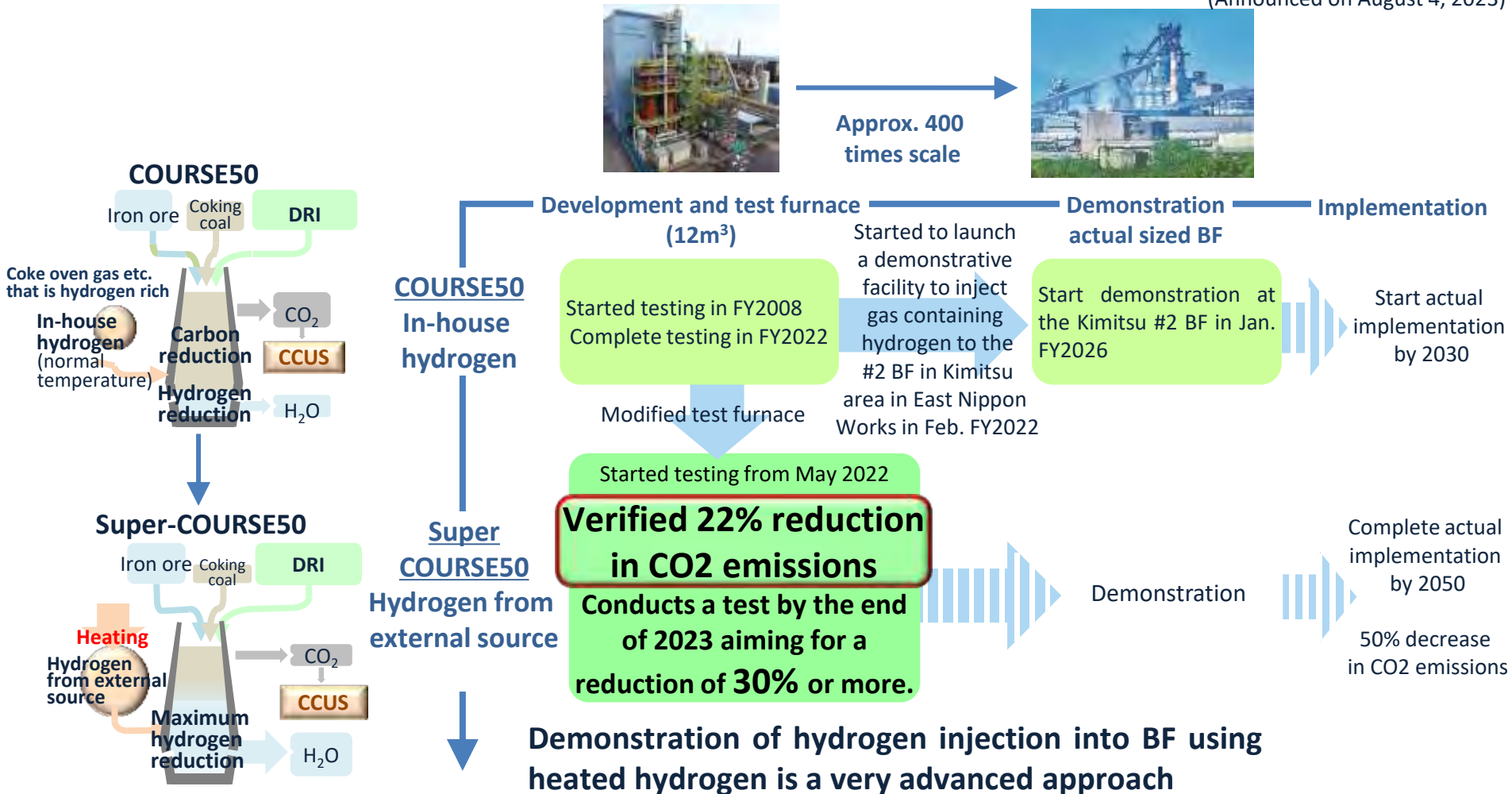
Even if all scrap is recycled, it is insufficient to meet the annual demand for crude steel production, and steel production from iron ore will need to remain at the same scale in the future.

Source: JISF, Long-term vision for climate change mitigation: A challenge towards zero-carbon steel

Development

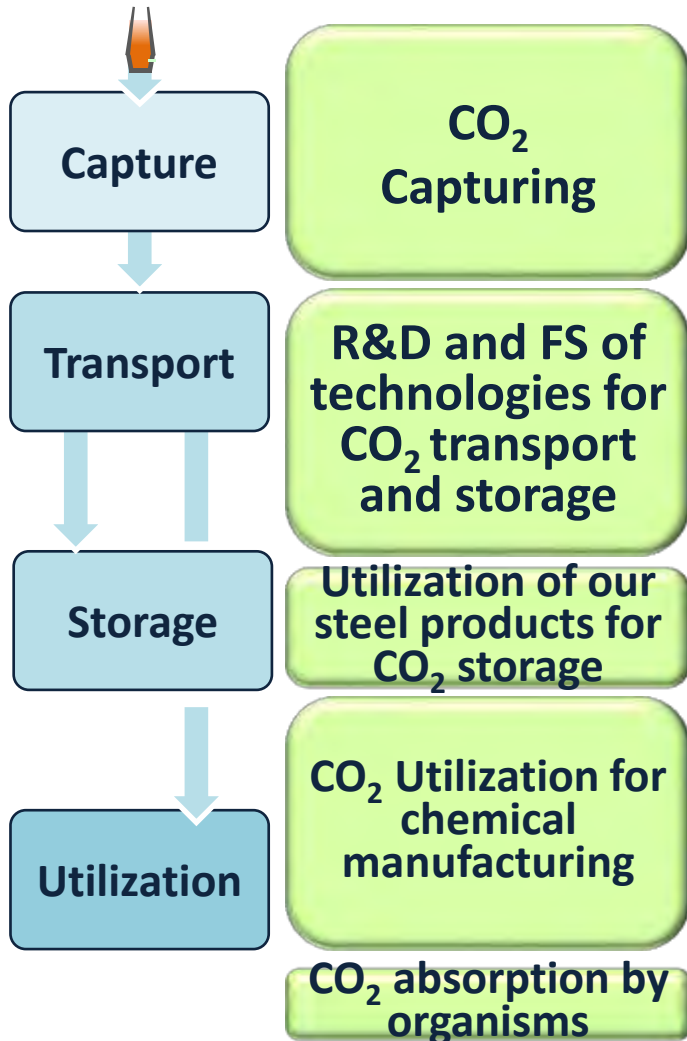
Super COURSE50 development test in a small test furnace at Kimitsu area in East Nippon Works verified the world's highest level of CO2 emissions reduction (reduced by 22%) using heated hydrogen injection. Work on early establishment of Super-COURSE50 technology (targeting CO2 emissions reduction of 50% or more).

(Announced on August 4, 2023)



Appendix: Our R&D on CCUS Technology

Nippon Steel is Dedicated to Development of Technology to Capture, Transport, Store and Utilize CO₂



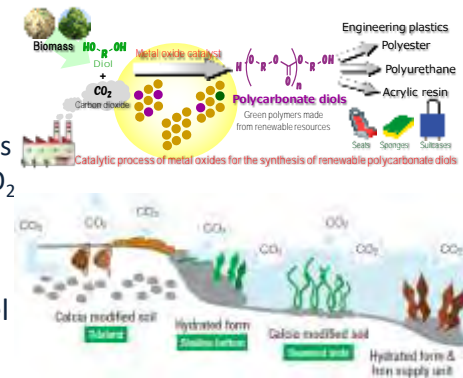
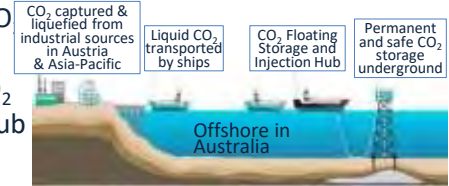
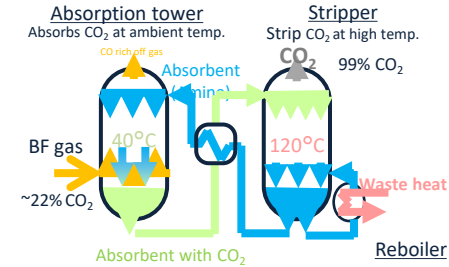
- Development of CO₂ capturing at low cost of less than ¥2,000/t-CO₂ by use of high-performance absorbent and heat exchanger for waste heat recovery
- Nippon Steel Engineering Co., Ltd. commercializes CO₂ separation and recovery equipment
- R&D for CO₂ capturing from waste gas with RESONAC and 6 universities

- Joint R&D and demonstration with ITOCHU and others on ship transportation.
- Joint Study Agreement to capture and transport liquified CO₂ toward flagship offshore floating CO₂ capture and storage hub project ("CStore1") in Australia.
- MOU with Mitsubishi and ExxonMobil to conduct research on capture, transportation and storing CO₂

- High alloy OCTG seamless pipe for CCS
- OCTG pipe and Special joint for EOR

- Joint R&D with ENEOS GLOBE and two universities on technology and processes to produce LP gas from CO₂
- Joint R&D with Australian Univ. on technology to produce medium-chain carboxylates from CO₂ using microorganisms
- Joint R&D with Toyama Univ. produce para-xylene from CO₂
- Joint R&D with three universities to produce polyurethane intermediate from CO₂ at normal pressure

- Blue Carbon - regeneration of seaweed bed using steel slag

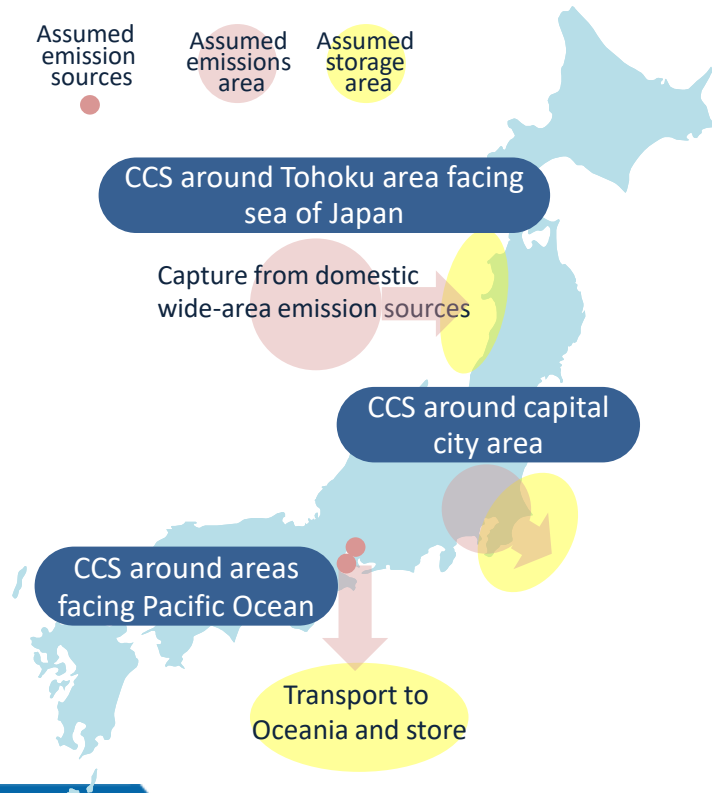


Appendix: Participation in Advanced CCS projects

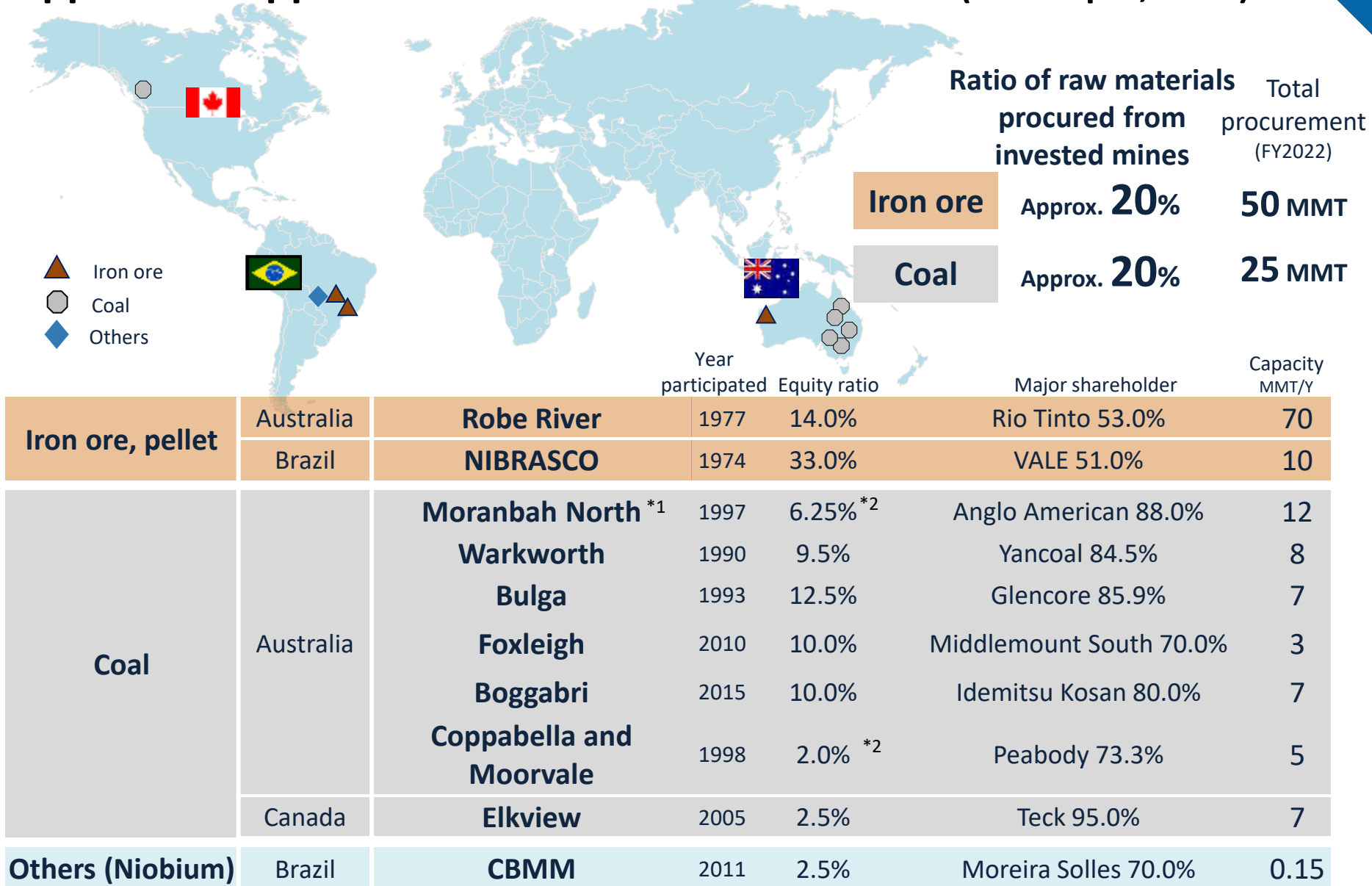
Participated in three leading joint projects coordinated by JOGMEC, “Survey on the Implementation of Advanced CCS Projects” (released Aug. 2nd and 3rd, 2023)

- Nippon Steel and other companies have been commissioned with other companies to conduct a feasibility study on the three advanced CCs project in 2023 coordinated by JOGMEC, Japan Organization for Metals and Energy Security
- Promote with each company the development of external conditions such as securing storage sites, development of storage infrastructure, and development of laws and regulations.
- Nippon Steel is proactively involved in studies related to CO₂ separation and capture, liquefaction, and shipping terminals, based on location restrictions of each steelworks.

	Storage Mt/Y	Company	Characteristics
CCS around Tohoku area facing sea of Japan	200	ITOCHU Corporation Nippon Steel Taiheiyō Cement Corporation Mitsubishi Heavy Industries, Ltd. ITOCHU Oil Exploration Co., Ltd.	<ul style="list-style-type: none"> ➤ Ship transportation of liquefied CO₂ ➤ Storage in aquifer in the Tohoku region off the Sea of Japan
		INPEX Corporation Taisei Corporation	
CCS around capital city area	100	INPEX Corporation Nippon Steel Kanto Natural Gas Development Co., Ltd.	<ul style="list-style-type: none"> ➤ Transporting CO₂ through pipelines ➤ Storing the CO₂ in offshore coastal zones of the Tokyo metropolitan area
CCS around areas facing Pacific Ocean	200	Mitsubishi Corp. Nippon Steel ExxonMobil Asia Pacific Pte. Ltd.	<ul style="list-style-type: none"> ➤ Collect and liquefy CO₂ emissions from multiple industries in the Ise Bay/Chubu region ➤ Transport and storage to offshore depleted oil and gas fields overseas



Appendix: Nippon Steel's Investment in Mines (As of April, 2023)



*1 Grosvenor mine was integrated with Moranbah North in 2020

*2 Includes the following increase in Equity ratio of Nippon Steel Trading Moranbah North 1.25%, Coppabella and Moorvale 2.00%

This presentation does not constitute an offer or invitation to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. This presentation is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. No warranty is given as to the accuracy or completeness of the information contained herein. Investors and prospective investors in securities of any issuer mentioned herein are required to make their own independent investigation and appraisal of the business and financial condition of such company and the nature of the securities. Any decision to purchase securities in the context of a proposed offering, if any, should be made solely on the basis of information contained in an offering circular published in relation to such an offering. By participating in this presentation, you agree to be bound by the foregoing limitations. This presentation contains statements that constitute forward looking statements. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of Nippon Steel Corp. or its officers with respect to its financial condition and results of operations, including, without limitation, future loan loss provisions and financial support to certain borrowers. Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in such forward looking statements as a result of various factors. The information contained in this presentation, is subject to change, including but not limited, to change of economic conditions, financial market conditions, and change of legislation / government directives.

Any statements in this document, other than those of historical facts, are forward-looking statements about future performance of Nippon Steel Corporation and its group companies, which are based on management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Actual results may differ materially from these forecasts.