TYO: 5401

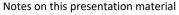
OTC: NPSCY(ADR)



FY2021 Earnings Summary

May 10th, 2022

NIPPON STEEL CORPORATION



Unless otherwise noted, all volume figures are presented in metric tons Unless otherwise noted, all financial figures are on consolidated basis

Agenda

- 1. FY2021 Earnings Summary
- 2. FY2022 Earnings Forecast
- 3. Initiatives for Sustainable Growth
- 4. Carbon Neutral Vision 2050
- 5. Supplementary Material for Financial Results
- 6. Topics
- **Appendix 1. Progress of Management Strategy Measures**
- **Appendix 2.** Medium- to Long-Term Management Plan: Rebuilding Domestic Steel Business
- **Appendix 3. Related Indicators**

FY2021 Earnings Summary

Achieved a record-high business profit since the integration*, almost reaching future milestone 1 trillion JPY

* The integration of ex-Nippon Steel and ex-Sumitomo Metals in FY2012

Consol. business profit: 938.1 bn. JPY (vs. forecast as of Feb. 3rd: +138.1)

Underlying profit : 690.0 bn. JPY (excl. inventory valuation, BF relining impact, etc)

cf. Récord-high profit after the integration: 471.3 bn. JPY (FY2014)

(ex-Nippon Steel and Sumitomo Metal + ex-Nisshin Steel)

Non-consol. operating profit: 244.0 bn. JPY (excl. inventory valuation, BF relining impact, etc) (vs. previous forecast as of Feb. 3rd: +44.0 bn. JPY)

	2H	FY2020	1H	2H	Vs. 1H	FY2021 forecast as of Feb. 3 rd	FY2021	Vs. FY2020	Vs. forecast as of Feb. 3 rd
Non-consol. crude steel production (MMT)	18.36	33.00	20.23	18.45	-1.78	Approx. 38.80	38.68	+5.68	-0.12
Non-consol. steel shipment (MMT)	16.77	31.22	18.28	17.28	-1.01	Approx. 35.60	35.56	+4.33	-0.04
Revenue (Bn. JPY)	2,587.2	4,829.2	3,163.9	3,644.9	+481.0	6,600.0	6,808.8	+1,979.6	+208.8
Consol. business profit (Bn. JPY)	216.5	110.0	477.8	460.2	-17.6	800.0	938.1	+828.1	+138.1
ROS	8.4%	2.3%	15.1%	12.6%	-2.5%	12.1%	13.8%	+11.5%	+1.7%

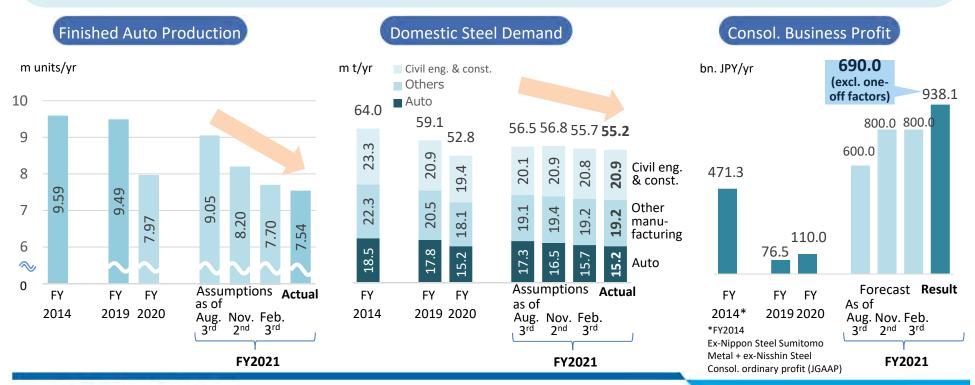
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Since 2H of last year, the recovery in the steel demand has lost its momentum. However, we have developed high-profit structure that can likely generate 600.0 bn. JPY/Y of underlying consolidated business profit stably, even in further worsened business environment.

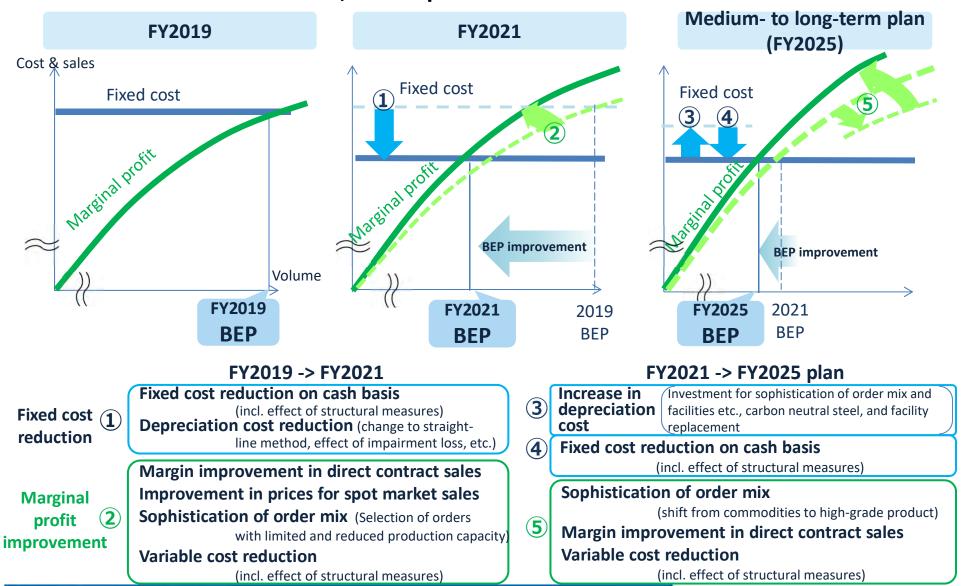
- ✓ Drastic cost reduction in FY2020 (significant improvement in BEP)
- ✓ Margin improvement in direct contract sales
- ✓ Streamlining capacity and carefully choosing orders intake
- ✓ Earnings improvement in overseas group companies

Thus we achieved a record-high consol. business profit in FY2021:

938.1 bn. JPY (Underlying business profit 690.0 bn. JPY)



Drastic improvement of BEP in non-consol. steel business has steadily been 5 progressed through production facility structural measures, margin improvement in direct contract-based sales, and sophistication of order mix

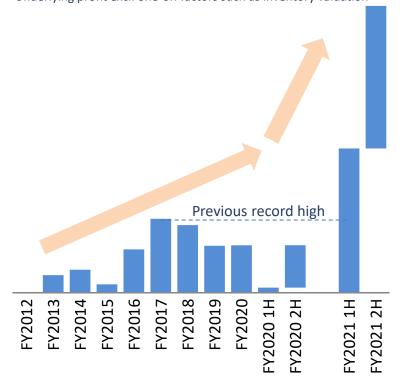


Deepening and Expansion of Overseas Businesses

Profit from overseas businesses in FY2021 reached its record high due to the steady capture of robust demand and completion of withdrawal from unprofitable businesses through thorough selection and concentration.

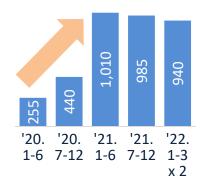
Consol. business profit from overseas businesses

Ordinary profit (subsidiaries) + share of profit in investments accounted for using equity method (equity method affiliates) Underlying profit excl. one-off factors such as inventory valuation



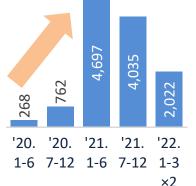
AM/NS INDIA

EBITDA (Million US\$)



USIMINAS

EBITDA (Million R\$, steel segment)



'21.1-6 and '21.7-12 include 1,414 and 666 tax refund etc., respectively.

AM/NS CALVERT

EBITDA (Million US\$)



'20. '20. '21. '21. '22. 1-6 7-12 1-6 7-12 1-3 ×2

GSteel GJS

To be consolidated from 1Q FY2022 (G/GJ's Jan-Mar will be consolidated to Nippon Steel's Apr-Jun)

EBITDA (Million US\$)



Consol. Business Profit Variance

(*1)as of Feb. 3 rd (*2)Excl. BF Relining impact (Bn. JPY)	FY2021 Forecast*¹ 800.0 ↓ Actual	FY2020 110.0 ↓ FY2021	1H FY2021 477.8 ↓ 2H FY2021	3Q FY2021 265.9 ↓ 4Q FY2021
	938.1	938.1	460.2	194.3
Consol. Business Profit Variance	+138.1	+828.1	-17.6	-71.6
<underlying business="" profit="" variance=""></underlying>	<+93.1>	<+553.1>	<+17.4>	<+43.4>
Volume*2	-	+95.0	-25.0	-3.0
Steel prices, product mix, raw materials	+45.0	+245.0	+55.0	+15.0
Cost reduction	-	+60.0	+5.0	-
Domestic group companies	+15.0	+40.0	+10.0	+13.0
Overseas group companies	+10.0	+125.0	-10.0	-6.0
Non-steel businesses	+11.0	+13.0	+12.0	+3.0
Others	+12.0	-25.0	-30.0	+21.0
Consol. inventory valuation	+45.0	+305.0	-5.0	-85.0
BF Relining impact	-	-30.0	-30.0	-30.0

Additional Line Items, Net Profit

(Bn. JPY)	FY2020	1H	2H	FY2021 forecast as of Feb. 3 rd	FY2021 actual	Vs. forecast as of Feb. 3 rd
Consol. business profit	110.0	477.8	460.2	800.0	938.1	+138.1
Additional line items	(98.6)	(49.4)	(47.7)	(80.0)	(97.2)	-17.2
Net profit (loss)* * Profit (loss) attributable to owners of the parent	(32.4)	298.7	338.5	520.0	637.3	+117.3
EPS (JPY/share)	(35)	324	368	565	692	+127
ROE (%)	(1.2%)	20.3%	20.5%	-	20.5%	-

<Additional line items>

FY2021: (97.2) bn. JPY

 Losses on inactive facilities etc.: (157.2) bn. JPY (1H (81.3), 2H (75.8)) (Upstream facilities in Kure Area (69.6),

A series of upstream facilities in Wakayama Area (23.7),

Steel plate mill in Nagoya Works (21.2),

Large-shape mill and UO pipe mill in Kimitsu (15.8) etc.)

Gain on sale of land (ex-Tokyo Works)
 (1Q: sale of land from NSC to Nippon Steel Kowa Real Estate(NSKRE, group company)
 3Q: sale of land from NSKRE to a non-group company and realization of unrealized gain)

FY2020: (98.6) bn. JPY

- Losses on inactive facilities: (79.9) bn. JPY (Upstream facilities in Kokura Area (39.8) bn. JPY, Nippon Steel Stainless Steel (Kinuura Works to be terminated, etc.) (25.1) bn. JPY, etc.)
- Losses on sale of business: (18.7) bn. JPY
 (Loss on sale of VSB (23.6) bn. JPY, gain on sale of I/N Tek & Kote, etc.)

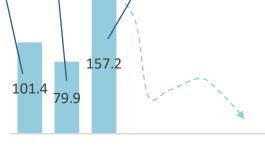
Cf. Losses on inactive facilities (bn. JPY)

including Impairment loss (in 2019)

Kokura Area upstream facilities
NSSC Kinuura Works, etc.

Kure Area (impairment loss)
Kashima Area UO pipe mill
NSSC Kinuura Works, etc.

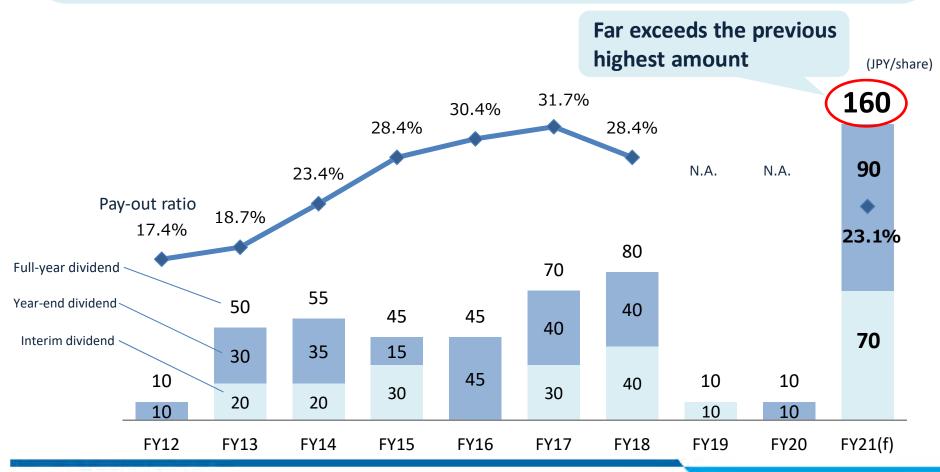
Kure Area upstream facilities
Wakayama Area upstream facilities
Wakayama Area upstream facilities
Wakayama Area upstream facilities
Valvayama Area upstream facilities
Nagoya Works steel plate mill
Kimitsu Area large shape mill, UO
pipe mill etc.



2019 2020 2021

Dividend

Regarding the fiscal year-end dividend, based on the improvement in business performance since the previous forecast announcement and with a view to maintaining a high-level return to shareholders from the next fiscal year, we have decided to propose an increase of ¥20 per share from the previous dividend forecast in the third quarter results announcement (February 3, 2022, and a year-end dividend of ¥90 per share (the annual dividend is ¥160 per share, substantially exceeding the previous highest amount) at the General Meeting of Shareholders.



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Our initiatives in FY2022 and earnings forecast

FY2022 business

FY2022 Earnings Forecast

- Three major risk factors
 - 1) China's slowdown in economic growth
 - 2) Supply shortages, such as for semiconductors
 - 3) Greenflation that leads to a surge in prices of natural and energy resources
 - -> These risk factors are even exacerbated by the Russia-Ukraine Conflict
- Yen's recent rapid depreciation that leads to the aggravation in the Nation's trade deficit
- > Surge in steel prices especially in US and Europe markets

The external environment is changing rapidly beyond economic rationality, and global outlook is extremely uncertain.

-> It is difficult to reasonably calculate and estimate FY2022 performance.

Under this situation, we aim at realizing over 600 bn. JPY underlying profit by taking initiatives as follows;

- > Continuous and radical effort to establish an optimal and profitable business structure
- Flexible response to the changes in global steel market S&Ds: shortening management cycles (such as a passing on costs to quarter basis from half year basis)

(bn. JPY)	1H	2H	FY2021	FY2022(f)
Consol. business profit	477.8	460.2	938.1	
Underlying Profit Excl. inventory valuation, etc	340.0	350.0	690.0	Aiming for Over 600

World Economic Outlook < Released on Apr. 19th, 2022 by IMF >

Numbers in [parentheses]: Prev. IMF's Outlook as of Jan. 25th, 2022

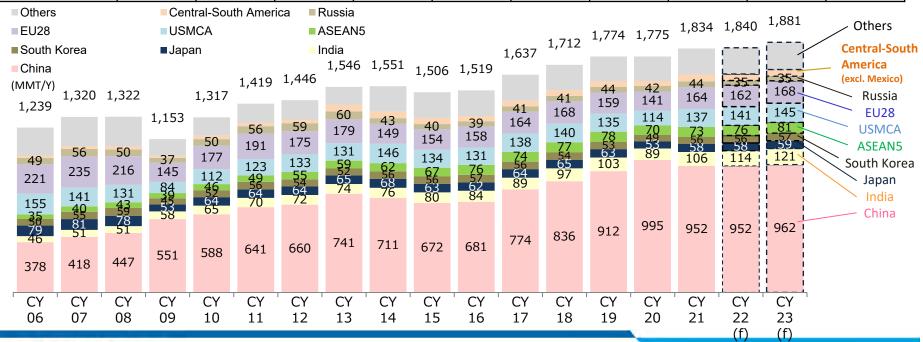
(G	DP growth rate)	CY14	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	(f)	vs. prev. forecast	vs.CY21
W	orld Total	3.6	3.5	3.4	3.8	3.6	2.8	-3.2	6.1	[4.4]	3.6	-0.8	-2.5
	Developed Countries	2.1	2.3	1.7	2.5	2.2	1.7	-4.6	5.2	[3.9]	3.3	-0.6	-1.9
	USA	2.5	2.9	1.6	2.4	2.9	2.2	-3.5	5.7	[4.0]	3.7	-0.3	-2.0
	EU27	1.4	2.1	1.9	2.5	1.9	1.3	-6.5	5.3	[3.9]	2.8	-1.1	-2.5
	Japan	0.4	1.2	0.6	1.9	0.3	0.7	-4.7	1.6	[3.3]	2.4	-0.9	+0.8
	Emerging Countries	4.7	4.3	4.6	4.8	4.5	3.7	-2.1	6.8	[4.8]	3.8	-1.0	-3.0
	China	7.3	6.9	6.7	6.8	6.6	6.1	2.3	8.1	[4.8]	4.4	-0.4	-3.7
	India	7.4	8.0	8.2	7.2	6.8	4.2	-7.3	8.9	[9.0]	8.2	-0.8	-0.7
	Russia	0.7	-2.3	0.3	1.6	2.3	1.3	-3.0	4.7	[2.8]	-8.5	-11.3	-13.2
	Brazil	0.5	-3.6	-3.3	1.1	1.3	1.1	-4.1	4.6	[0.3]	0.8	+0.5	-3.8

Source : IMF



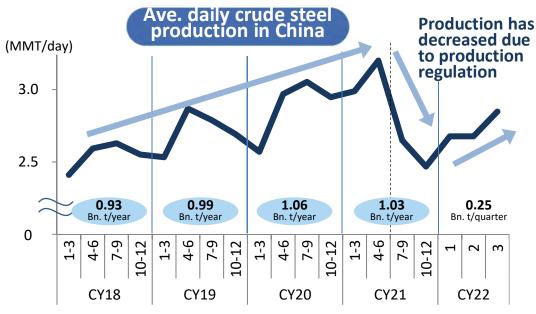
World Steel Demand: World Steel Association forecast as of Apr. 14th, 2022

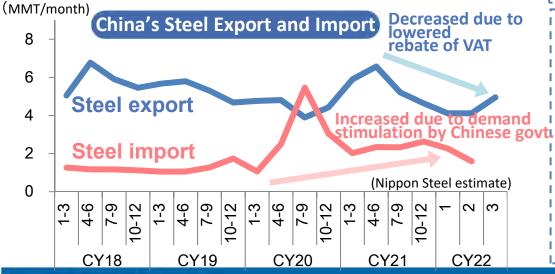
(apparent steel use) MMT/Y	World	Japan	China	South Korea	ASEAN5	India	USMCA	EU28	Russia	Other CIS + Ukraine
CY2021	1,834	58	952	56	73	106	137	164	44	15
2020->21 change	+58	+5	-43	+7	+3	+17	+23	+23	+2	N.A.
vs previous year	+2.7%	+9.3%	-5.4%	+13.5%	+3.5%	+18.8%	+20.5%	+16.8%	+3.8%	N.A.
CY2022(f)	1,840	58	952	56	76	114	141	162	35	10
vs as of Oct. 2021	-56	-1	-33	+2	-3	+3	+4	-6	-10	N.A.
2021->22 change	+6	+1	_	+1	+4	+8	+4	-2	-9	-5
vs previous year	+0.4%	+1.2%	_)	+1.2%	+4.8%	+7.5%	+2.9%	-1.3%	-20.0%	-34.9%
CY2023(f)	1,881	59	962	57	81	121	145	168	35	10
2022->23 change	+41	+1	+10	+1	+5	+7	+4	+6	-	+1
vs previous year	+2.2%	+1.0%	+1.0%	+1.0%	+6.1%	+6.0%	+2.7%	+4.0%	-	+5.3%



Steel S&D in China

Careful attention must be paid to the impact of economic activity disruptions due to current lockdown in China.



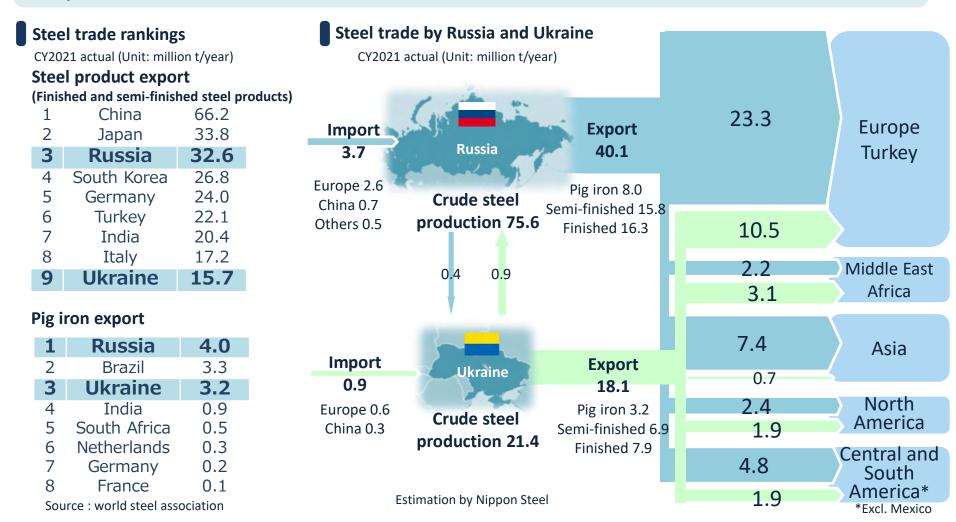


- The daily crude steel production in China radically decreased in 2H CY21 due to production cutback announcement from Chinese govt. for reducing CO₂ emissions.
- Likewise, the annual crude steel production in China, which had continued to increase until CY20, turned to decrease in CY21.
- We assume that the production cutback continues in CY22 under the strong policy of Chinese govt. though the production temporarily increased in accordance with some expectation to stimulation measures.
- Careful attention must be paid to the impact of the current lockdown.
- Though steel export from China temporarily increased at times due to domestic steel price decline and sluggish domestic demand, the export has been controlled at a relatively low level by the govt.
- On the other hand, steel import in China has increased due to demand stimulation by Chinese govt.
- We assume the above trend to continue going forwards. Careful attention must be paid to the impact of the current lockdown.

The Impact of Russia-Ukraine Conflict on Global Steel S&Ds

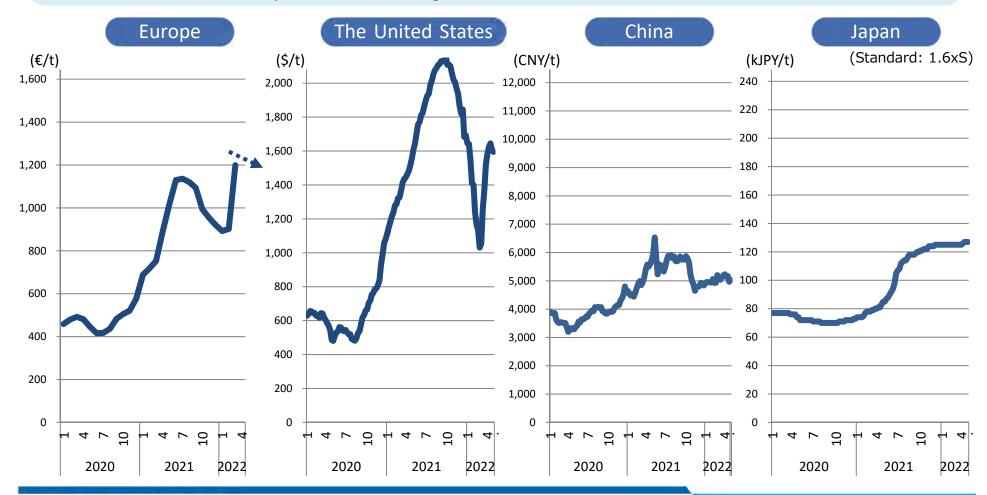
Russia and Ukraine are both major exporters of semi-finished steel products.

The steel exports from these countries dropped significantly due to the production/logistics disruptions and trade sanctions to Russia



HRC Prices

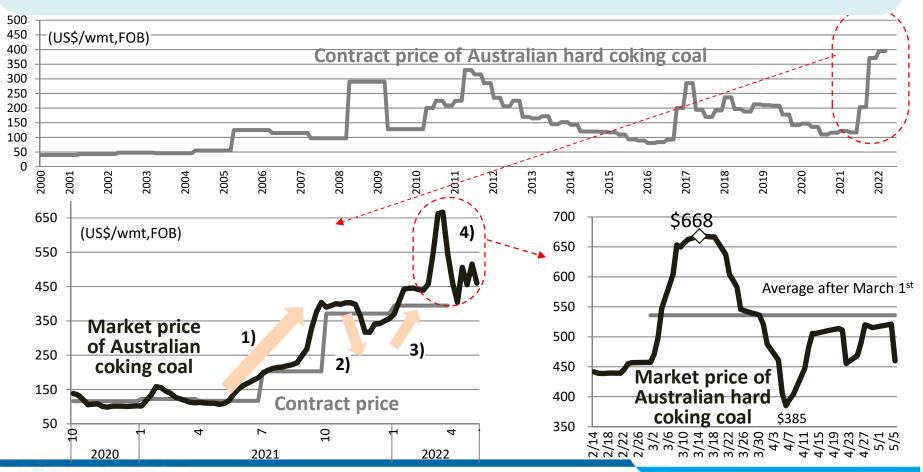
- Steel market prices have risen since March especially in Europe, Turkey, and North America as steel supply shortage from Russia and Ukraine is anticipated and boosts raw material and energy costs though the prices peaked out after April.
- However, in China, economic growth of which is slowing down due to prolonged countermeasures against COVID-19 pandemic, the rising rate in steel market prices has been relatively low. This has also negatively affected Asian market.
- Close attention must be paid to the future global steel market trends.



Raw Material Prices – Coking Coal

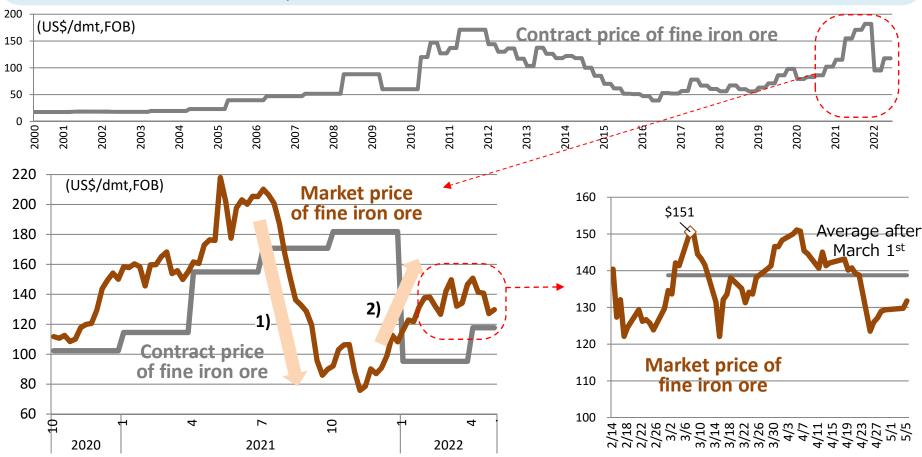
Australian coking coal price

- 1) in 2H CY2021: surged beyond the previous record high due to the tightened S&D in China.
- 2) at the end of 2021: was temporarily eased as the recovery of domestic coal supply in China and Mongolian coal import loosened the S&D.
- 3) from the beginning of 2022: surged again due to intermittent weather-related coal supply disruptions in Australia and Canada etc.
- 4) After March to date: surged with violent fluctuation as many countries imposed an embargo on the imports of Russian coal



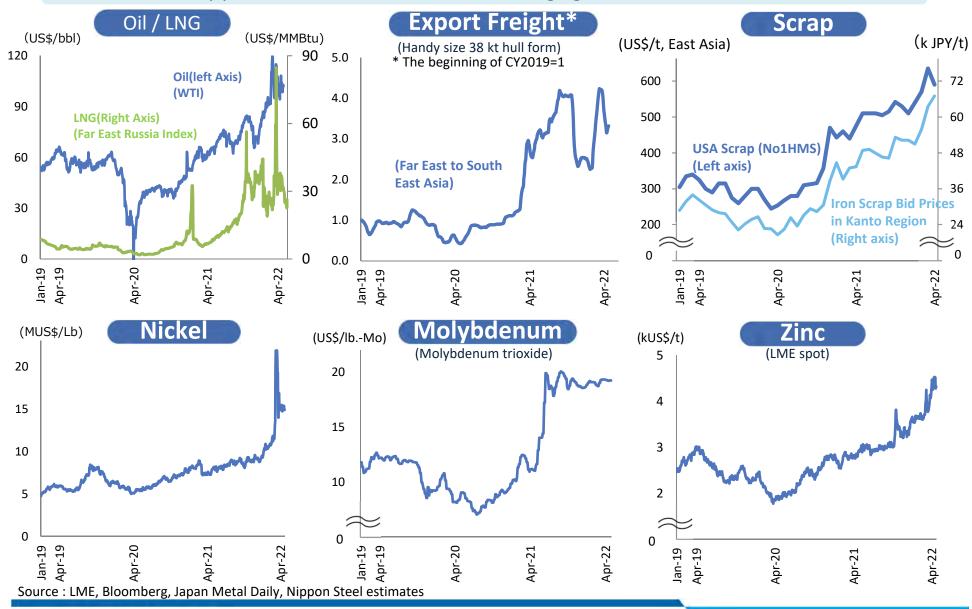
Raw Material Prices – Iron Ore

- 1) The iron ore market price, which had surged since 2H 2020, turned to fall in 2H 2021 as the demand declined due to **Chinese government's steel production cutback policy** and the supply of iron ore from major iron ore exporting countries was recovered.
- 2) However, the iron ore market price has surged again with violent fluctuation since the end of 2021 as economic stimulation by Chinese government is anticipated and iron ore supply chain is disrupted due to Russia-Ukraine Conflict. Increase in the inflow of speculative money to the commodity market has even exacerbated the volatility.



Commodity Prices Hike

Commodity prices such as of oil and nickel are surging due to Russia-Ukraine Conflict.



Impacts of Russia-Ukraine Conflict on our Earnings

The impact of the recent changes in the global economy and the steel market caused by Russia-Ukraine Conflict to our business is not estimable for now, and the future business environment remains uncertain.

Direct exposure to Russia and Ukraine

Manufacturing sites

There is no manufacturing site, sales branches and offices in Russia and Ukraine.

Sales

The total sales volume to customers in Russia and Ukraine is little. (Less than 0.1% of overall steel export and mainly consists of steel pipes)

Procurement

Disruption of iron ore imports from Russia and Ukraine and coal and alloys imports from Russia is offset by inventory usage and substitution with imports from other areas (no impact on our steel production)

Influence on the global economy

- > The following risk factors since last year are even exacerbated by Russia-Ukraine Conflict
 - 1) China's slowdown in economic growth
 - 2) Supply shortages, such as for semiconductors
 - 3) Greenflation that leads to the surge in prices of natural and energy resources
- Yen's recent rapid depreciation that leads to the aggravation in the Nation's trade deficit

Impact on the global steel market

- Surge in coking coal price with violent fluctuation due to many countries' embargo on the imports of Russian coal
- > Surge in iron ore price due to supply chain disruption caused by Russia-Ukraine Conflict
- > Soaring steel prices especially in US and Europe markets due to the declined steel exports from Russia and Ukraine

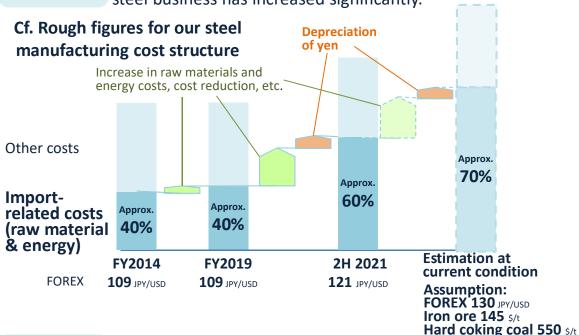
The Balance of Trade and FOREX Sensitivity

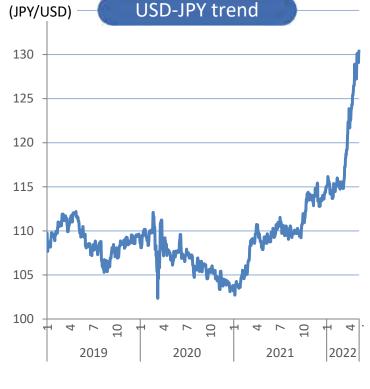
Cost structure

The proportion of import-related costs to steel manufacturing cost has risen due to the recent surge in raw materials prices. (JPY/USD)

structure -> The negative impact of Yen's depreciation to our domestic

steel business has increased significantly.





FOREX balance of trade

The balance of trade on raw material imports and steel exports in our steel business depends on the prices of raw materials and exported steel products and export/domestic sales ratio.

The non-consol. steel business has been in excess in import since 2017 due to the raw material prices increase.

Impact of FOREX change on earnings

Impact of Non-consol. underlying operating profit
[Impact of depreciated yen] -> [Negative]: excess in its profit of the profi

-> [Negative]: excess in import boosts cost more than sales

Inventory valuation and non-operating profit -> [Positive] : valuation gain in raw material and

foreign currency denominated assets

Group companies -> [Positive] : gain in foreign currency translation

Consolidated business profit -> [Positive]

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Initiatives for Sustainable Growth

Shortening management cycle

Shortened management cycle from FY2022 in order to flexibly respond to rapid and significant business environment change

Steady improvement of operation performance

- 1) Stabilization of facilities; further cost reduction and stable steel production in upstream facilities
- 2) Further improvement of operation efficiency; variable cost reduction and flexible response to rapid change in demand

Negotiation with customers to realize fair steel prices in direct contract-based sales

<u>Substantial correction of steel prices in direct contract sales to secure fair appropriate margin on an international level</u> was realized in FY2021, having been negotiated with customers from the following perspectives:

- 1) A fair allocation of cost burden for raw materials and commodities among players in the supply chain
- 2) Reflection in steel prices of our high value-added product qualities and solutions.

To stably continue material procurement and steel supply for customer, which is our first priority in recent uncertain business environment, further improvement in the direct contract price reflecting cost increases including the impact of Yen's depreciation is needed. We will continuously ask customers for understanding to cost burden share throughout the supply chains and fairly reflect added value on the steel prices to realize appropriate level of margin.

Proposal to change Japanese business practice in direct contract sales

<Before FY2021 1H> There had been many contracts where prices were negotiated after shipping

<Proposal 1> Advancement of negotiation timing and establishment of more efficient negotiation system to fix prices before order intake. We believe our proposal contributes to both customers and ourselves to forecast respective business performances so that we can steadily tackle long-term and difficult management issues such as carbon neutrality, and most of our clients have agreed with our proposal. Most of direct contract prices for 2H FY2021 were fixed by the end of December, earlier than ever before. Also, direct contract prices from April have already been fixed by the end of March.

<Proposal 2> Shortened contract period etc. as a countermeasure against rapid fluctuation of raw materials and commodities market prices. Taking into consideration the actual circumstances each customer is in, we have established shortened management cycle among customers who agreed with our proposal. We are to have further discussion with them.

Rebuilding domestic steel business

Initiatives for Sustainable Growth

Establishment of furtherly more profitable structure; steady implementation of production facility structural measures, regardless of short-term upturn in business environment

▶ Effect of structural measures in FY2021: 20.0 bn. JPY/Y

Refer to P.72-73

in FY2022: 35.0 bn. JPY/Y (planned)

(the accumulation of the effects so far: 90.0 bn. JPY out of 150.0 bn. JPY)

Facilities terminated in 1H FY2021:

upstream facilities in Kure Area, a series of upstream facilities in Wakayama Area, titanium welded pipe production line in Kyushu Works Oita Area, etc.

Facilities terminated in 2H FY2021: steel plate mill in Nagoya Works, #1 CC, large shape mill, UO pipe mill in Kimitsu Area, etc.

Facilities to be terminated in FY2022:

pickling line in East Nippon Works Kashima Area, galvanizing and aluminizing line in Setouchi Works Hanshin Area (Sakai), etc.

Aggressive investments in strategic products and in cutting-edge facilities (remodeling of remaining facilities) which will promisingly contribute to the profit by taking advantage of our sophisticated technology

> FS for additional investment in electrical steel sheet line

Refer to P.31

(for capacity increase and quality improvement)

An additional investment is now under consideration on top of the already decided investment of 123.0 bn. JPY in order to respond to growing electrical steel sheet demand

> Decision on the construction of next-generation hot strip mill in Nagoya Works Amount of investment: approx. 270.0 bn. JPY, Capacity: approx. 6 million ton/Y (from 1Q FY2026)

Major facilities to be put in place in FY2022: Nagoya #3BF (relined), Hirohata EAF (newly constructed)

Refer to P.32



Concentrated production



Deepening and expansion of overseas business

Initiatives for Sustainable Growth

Thorough selection and concentration of overseas businesses

> April 1st: Business integration with NS-Siam United Steel(NS-SUS) and Siam Tinplate(STP)

Capturing global steel demand growth

Profit from overseas businesses in FY2021 reached its record high.

Expansion of global crude steel capacity to 100 mtpa

Completion of acquisition of G Steel and GJ Steel, integrated EAF steel mills in Thailand (MTO completed)
Refer to P.53-54

Total amount of purchase: 55.6 bn. JPY. Equity ratio: G Steel 60.23%, GJ Steel 57.60%

- -> to become an insider as a local integrated steel mill in Thailand
- -> to capture promisingly growing local demand for hot-rolled steel sheets for general purpose use.
- -> to pursue the potential of strategical growth from the perspective of Carbon Neutrality
- > Steady promotion of capacity expansion strategy in AM/NS India

Refer to P.8

- 1) Decided to construct new steel sheet facilities in Hazira Works
- 2) Entered into partnership with southern Indian renewable energy project to be supplied with electricity for 25 years

Process and Contribution to Carbon Neutral Society **Challenge to Realize Carbon Neutral Steelmaking**

Initiatives for Sustainable Growth

Initiatives toward development and practical implementation of breakthrough technologies in steelmaking process ahead of peers overseas

- Our roadmap is more ambitious than those of global peers and will surely contribute to the National roadmap.
- ➤ With support from Green Innovation Fund, we have developed a more specific plan for R&D and practical implementation of breakthrough technologies; small sized pilot EAF (test starting from FY2024) and small sized pilot direct reduction furnace (test starting from FY2025) at Hasaki R&D center, targeting practical implementation as soon as possible.

Contribution to realization of carbon neutral society and enhancement of customers' competitiveness

- \checkmark Provision of Eco-Products[®] that contribute to the reduction of CO₂ emissions
- ✓ Decarbonization in steel making processes and provision of carbon neutral steel
- An additional investment plan now under FS for electrical steel sheet (for capacity increase and quality improvement)

Refer to P.31,32

- Construction of next-generation hot strip mill that can mass-produce cutting-edge ultra-high-tensile steel at Nagoya Works
- Signed MoU regarding decarbonization solution with VALE, one of the world's foremost mineral resource companies

Refer to P.55

Initiatives for Sustainable Growth

Remote operational support with IoT and AI, productivity improvement by visualization and predictive monitoring in facility maintenance, company-wide optimization of production control by centralized data management throughout order to manufacturing, etc.

- ➤ NS-IoT: remote and centralized data management for multiple steelworks
- > Al utilization: visualization and standardization of heavy equipment work procedures that contributes to efficient skill transfer to younger employees

Refer to P.58

Refer to P.59

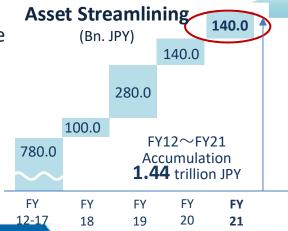
Generation of sufficient cash flow necessary for growth investment and profit return to shareholders

Establishment of healthier financial structure (targeted international credit ratings of "A") in preparation against possibly further deteriorated business environment in the future and for carbon-neutral steel investment that will start in earnest after FY2025.

- ➤ Issuance of CB: 300.0 bn. JPY (published on Sep. 16th, 2021)

 To strengthen financial structure to continue to carry out agile and reliable growth strategy over the medium- to long-term. Issued on Oct. 4th, 2021
- Continuation of asset streamlining effort
 FY2021: 140.0 bn. JPY
 Sales of ex-Tokyo Works lands and cross-shareholdings etc.

Additional asset streamlining in progress



(Adjustment page)

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- 1. FY2021 Earnings Summary
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Carbon Neutral Vision 2050



Our Carbon Neutral Vision 2050, a part of Mid- to Long-Term Management Plan published in March 2021, is aligned with the ambitious national policy to aim for 2050 carbon neutrality.

Two core values that our Carbon Neutral Vision provides



Provision of high-value-added products and energy-saving solutions that contribute to the reduction of CO₂ emissions from whole society



- Decarbonization in steel making processes
- Provision of Carbon Neutral Steel

Contribution to customers' reduction in CO₂ emissions from manufacturing process

Contribution to end-users' reduction in CO₂ emissions

Contribution to reduction in supply chain CO₂ emissions

We will provide high-value-added products and energy-saving solutions and develop decarbonized steel making process ahead of the other countries to provide Carbon Neutral Steel, thus enhancing the global competitiveness of approx. 6,000 domestic customers.



NIPPON STEEL

Green Transformation

initiative





Contribution of Our Technology and Products to Decarbonization of Whole Society – Investment in ESS Capacity & Quality Enhancement

Social needs for carbon neutrality

Growing demand for xEVs motors in quantity and quality (high-efficiency, compact in size, lightweight, etc.)

Tightening regulation for electric transformer efficiency

Non-Oriented
(NO)
electrical steel sheet
for motors



High-quality Electrical Steel Sheets(ESS) meet these needs with the best economic rationality



Grain-Oriented
(GO)
electrical steel sheet
for transformers

In order to meet the growing demand for Electrical Steel Sheets in quantity and quality that reduce energy loss in motors and transformers, we are sequentially investing in capacity and quality enhancement measures (total amount 123.0 bn. JPY).

Already-decided investments

(Sequentially published in Nov. 2019 to Nov. 2021)

Total amount: 123.0 bn. JPY

Places : Kyushu Works Yawata Area

Setouchi Works Hirohata Area

Full operation : From 1H 2024

Capacity : +50% (NO & GO)

+250% (High-grade NO & GO)

It is expected that the xEVs market growth and the conversion to greener energy gather momentum. In this situation, we are considering additional investment in ESS capacity expansion.

Contribution of Our Technology and Products to Decarbonization of Whole Society – Installation of Next-Generation Hot Strip Mill and Production of Ultra-High-Tensile Steel Sheets

Ultra-High-Tensile Steel Sheets

We call steel sheet with a tensile strength above 1.0GPa "ultra-high-tensile steel", which helps reduce vehicle weight and thus contributes to energy saving while also ensuring vehicle sturdiness and thus improves safety in the event of a vehicle crash. Its controlled crystal structure provides both strength and formability.

The social needs for carbon neutrality

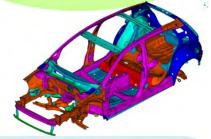
The social needs for safety

Further stricter world-wide regulation for fuel consumption of internal combustion vehicles

Needs for more lightweight bodies for xEVs (for mileage and battery weight)

Stricter collision safety standards

Demand for ultra-high-tensile steel sheets that contribute to more <u>lightweight</u> and <u>stronger</u> bodies of vehicles and to <u>easier processing</u> is expected to increase

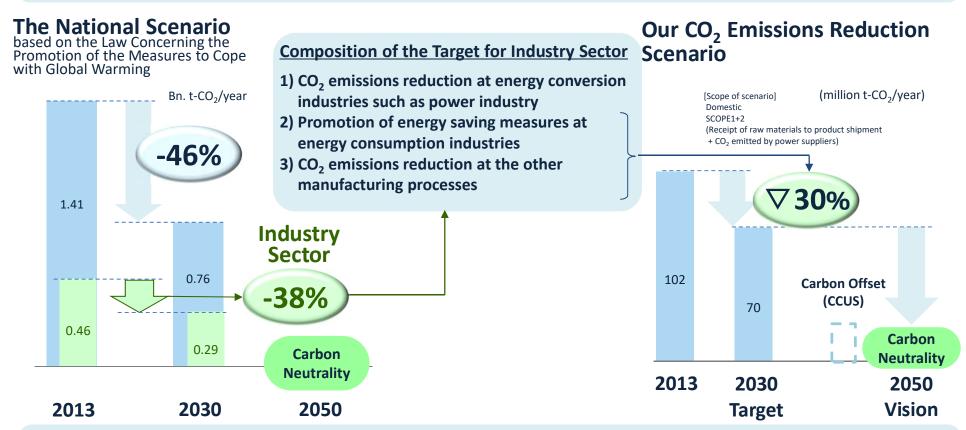


A next-generation hot strip mill is to be installed at Nagoya Works, one of our major steelworks where automobile steel sheets are manufactured, to fundamentally strengthen manufacturing framework for high-value-added steel sheets such as ultra-high-tensile steel sheets. The hot strip mill will have the highest pressure rolling machine in the world and dramatically improved rolling and temperature controllability that are developed over the long years of our pursuit of the potential of steel by the R&D Div..

Investment amount: approx. 270.0 bn. JPY / Production capacity: approx. 6.0 million tons/year Start of operation: 1Q FY2026 (planned) (After the full operation of new hot strip mill, the existing mill will be terminated)

Contribution to the National Scenario of CO₂ Emissions Reduction

Standing with the ambitious national policy to aim for carbon neutrality by 2050, we have published Carbon Neutral Vision 2050 as a part of Mid- to Long-Term Management Plan in March 2021: CO₂ emissions reduction of -30% by 2030 and Carbon Neutrality by 2050



Our CO₂ emissions reduction scenario takes the central role in the national scenario in which – reduction of 38 % from industry sector and overall -46% from all sectors are planned (The CO₂ emissions reduction at Nippon Steel accounts for the largest portion of the overall reduction excluding those at power generation companies)

Our CO₂ Emissions Reduction Scenario

Nippon Steel Carbon Neutral Vision 2050





NIPPON STEEL Green Transformation initiative

2030 Target

CO₂ Emissions Reduction -30%

30% reduction in total CO₂ emissions vs. 2013 by actually implementing the COURSE50* in the existing BF and BOF process, reducing CO₂ emissions in existing processes, and establishing an efficient production framework

* COURSE50: CO₂ Ultimate Reduction System for cool Earth 50

2050 Vision

Carbon Neutrality

Aim to become carbon neutral by taking up the challenge to mass produce high-grade steel in large size EAFs and to realize hydrogen reduction steelmaking (i.e., Super-COURSE50 use of BFs; direct reduction of 100% hydrogen), and with multi-aspect approach, including CCUS* and other carbon offset measures

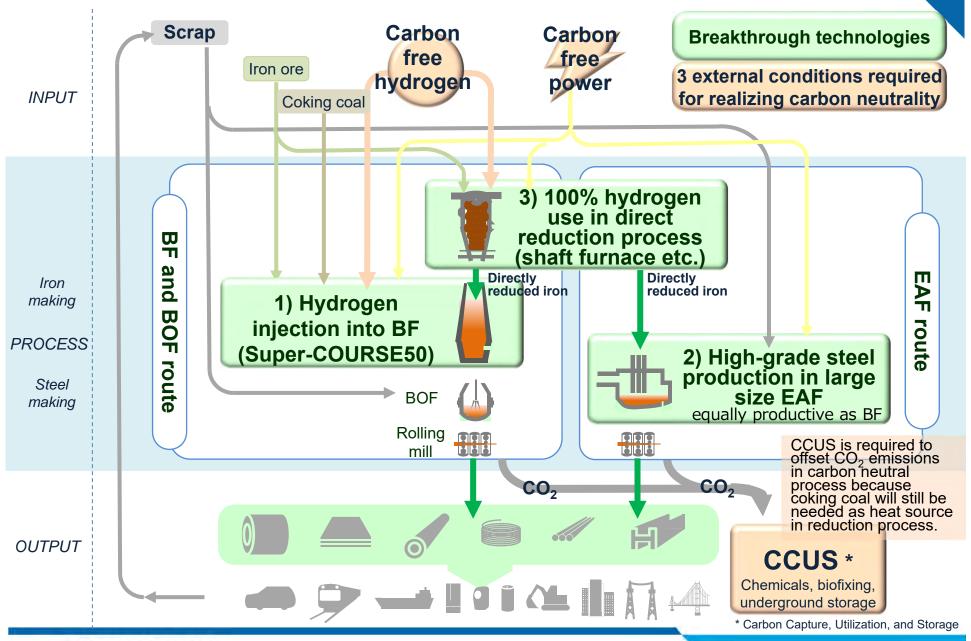
* CCUS: Carbon Capture, Utilization and Storage

Our 2030 scenario -30% is supported by the technological development of hydrogen injection into BF (COURSE50) since 2008, implementation of other transition technologies, and high efficiency in manufacturing process: feasible and more ambitious than competitors' scenarios

cf. 2030 CO₂ emissions reduction scenarios in global steel companies

	2030 CO ₂ emissions reduction		
	rate	Base year	Major measures
Nippon Steel	-30%	2013	 ✓ Hydrogen injection into BF (COURSE50) ✓ Build an efficient production system ✓ Lower CO₂ emissions from existing processes
Baowu	(Peak out)	_	✓ Bring CO ₂ emissions to a peak by 2030
POSCO Including indirect en	-10%	2017-19 average tion -30%	 ✓ Improve energy efficiency ✓ Make use of low-carbon intensity materials (steel scrap, pellet, etc.)
ArcelorMittal	-25% Europe -35%	2018	✓ Making shift to direct reduction furnace using natural gas
Thyssenkrupp	-30%	2018	√ (Same as ArcelorMittal)

Carbon Neutral Process



1) Hydrogen Injection into BF

Initiatives by 2030

Since 2008, we have been developing COURSE50 blast furnace in which by-product gas containing hydrogen is mostly used as reduction agent instead of coking coal. CO₂ emissions reduction has already been verified at an experimental blast furnace

R&D Project Supported by Green Innovation Fund

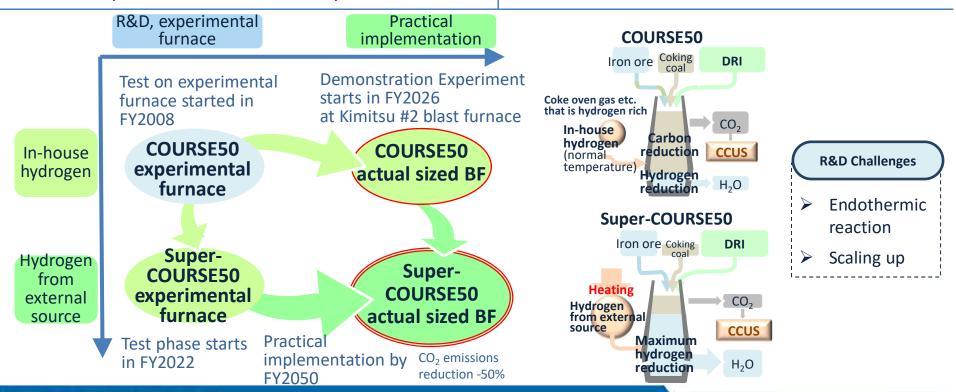
COURSE50 technology will be installed to Kimitsu #2 blast furnace for demonstration experiment in FY2026

Practical implementation of COURSE50 by 2030

Initiatives by 2050

Development of Super-COURSE50 blast furnace, in which CO₂ emissions will be reduced up to 50%

Practical implementation of Super-COURSE50 by FY2050



2) High-Grade Steel Production in Large-Sized EAFs

Initiatives by 2030

Sales of low-carbon-intensity steel will be started from FY2022 as a new EAF at Setouchi Works Hirohata Area is put in operation, where Electric Steel Sheet(ESS) will be produced. For the first time in the world, we commercialized the highest-grade ESS with integrated process with EAFs, which will lead us to acquire and accumulate knowledge on producing high-quality steel in EAFs.

R&D Project Supported by Green Innovation Fund

At the meantime, we will develop a technology to produce high-grade steel in large-sized EAFs.

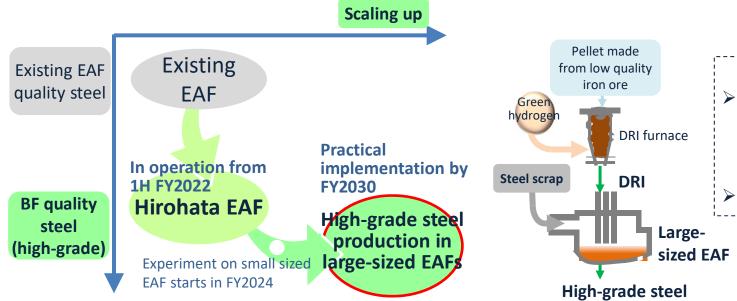
Experiment on small sized EAF (10t) will be started at Hasaki R&D center in FY2024.

Practical implementation of large-sized EAF by 2030

Initiatives by 2050

While expanding the product lineup that can be produced in EAFs, we will develop technology to produce high-grade steel in large-sized EAFs.

We will develop an integrated EAF process (approx. 300t size), in which the concentration of impurity can be controlled as in BF method, to use steel scrap and DRI that is made from low quality iron ore reduced by hydrogen and to produce high-grade steel that can be used for automobile body sheet etc.



R&D Challenges

- Development of technology to eliminate hazardous impurities in steel scrap and DRI
- Scaling up

3) 100% Hydrogen Use in Direct Reduction Process

Initiatives by 2030

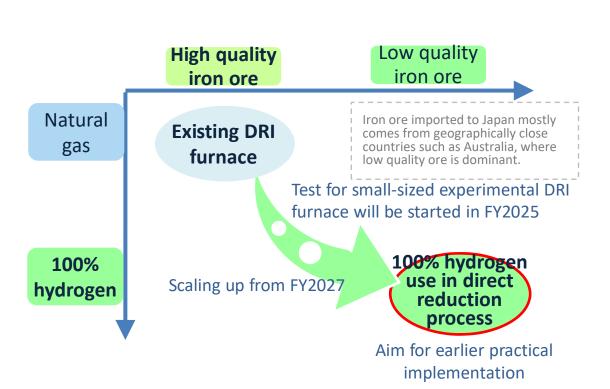
R&D Project Supported by Green Innovation Fund

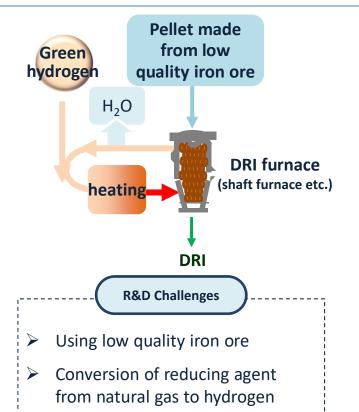
Test phase for small-sized experimental DRI furnace will be started at Hasaki R&D Center in FY2025.

DRI process in which hydrogen is used as reducing agent for low quality iron ore will be researched and developed.

Initiatives by 2050

DRI process in which hydrogen is used as reducing agent for low quality iron ore will be practically implemented





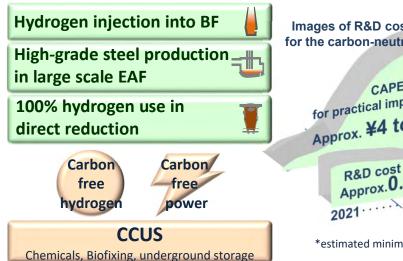
Challenges to realize carbon neutral

Crucial to develop and implement new technology in advance of other countries or competitors in order to be the top runner in steel industry in the world and to maintain and strengthen Japanese industrial competitiveness.

Challenges to realize carbon neutral

Huge amount of CAPEX to develop and implement 3 breakthrough technologies

3 external conditions are to be arranged by Japanese society as a whole



Images of R&D cost and CAPEX for the carbon-neutral steel project CAPEX for practical implementation Approx. ¥4 to ¥5 trillion R&D cost Approx. 0.5 trillion

*estimated minimum level for now

3 factors to increase costs for decarbonization

- 1. Huge R&D costs
- 2. Huge CAPEX for practical implementation
- 3. Increase in operational cost, even if inexpensive carbon free hydrogen and zero-emission power are to be secured

Aiming for R&D and implementation of technology which can minimize these large increase in cost

Request for increase of financial support from government

Equal-footing in international competition

Financial support minimizing cost increase due to R&D and practical implementation

Support for every single step of Initiatives from R&D to social implementation

Expansion of support for R&D

An increase in the budget of Green Innovation Fund, which currently is going significantly behind after Europe and China.

Consistent supports for all stages from R&D to social implementation to realize decarbonization

> For CAPEX of commercial facilities

CAPEX costs huge amount and takes several years Incentives for earlier investment are needed

- For increased operating cost of hydrogen, electricity and raw material
 - ->Hydrogen= price should be less than 8 yen/Nm³, if the reduction cost level is equal with coal.
 - cf. Janpanese govt's goal: 20 yen/Nm³ European govt's: 13 yen/Nm³
- ->Electricity= current German electricity price level for energy-intensive and export industries is 6.8 yen/kwh
 - cf. Current Japanese electricity price for industries = 17 yen/kwh
- > For Roadmap toward realization of CCUS

Designing of appropriate system for industries which are to develop options for decarbonization (e.g., taxation system)

Carbon pricing

- Taxing on industries on the way of developing innovation for decarbonization like steel industry could adversely affect the goal of CO₂ reduction and could directly decrease international competitiveness of domestic industries overall.
- ➤ We are going to further discuss this theme in "GX League," a unit of companies to realize Green Transformation, hosted by METI.

Abolishment of taxing on depreciable assets

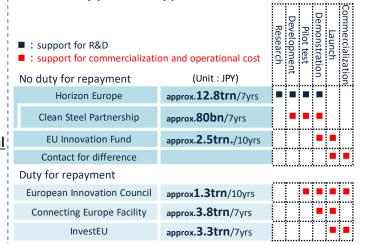
Minimizing or abolishing tax on fixed assets including facilities which can contribute to decarbonization is one of the effective ways for developing and practically implementing new technology.

Cf. Political support for decarbonization in overseas Initiatives in EU

1 Comprehensive political package

Green Deal policy funds, approx. 70trn. In JPY in total, cover stages from R&D to social implementation.

Primary political support for carbon neutral



2 Individual prioritized support

Governments in Spain, Canada and Germany have announced <u>financial support of 50% at maximum of CAPEX for commercializing facilities</u> of Arcelor Mittal towards decarbonization.

Initiatives in China

Various supportive initiatives has been done with the concept of strengthening industrial competitiveness against United States.

The China Baowu carbon Neutral Equity Investment Fund, which is essentially a Chinese government initiative, has been established and https://example.com/has-determined-to-provide-Baowu with 850bn.yen-for R&D.

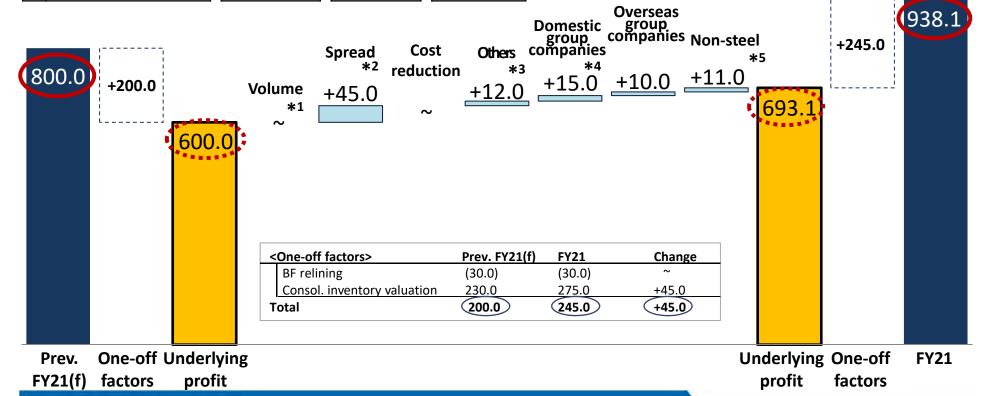
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4	2

	(Bn. JPY)	Prev. FY21(f) [A]	FY21 [B]	Change [A→B]
	Business Profit	800.0	938.1	+138.1
<	:Underlying Profit>	<600.0>	<693.1>	<+93.1>
	Steel	750.0	871.0	+121.0
	Non-steel	51.5	62.5	+11.0
	Adjustment	(1.5)	4.5	+6.0

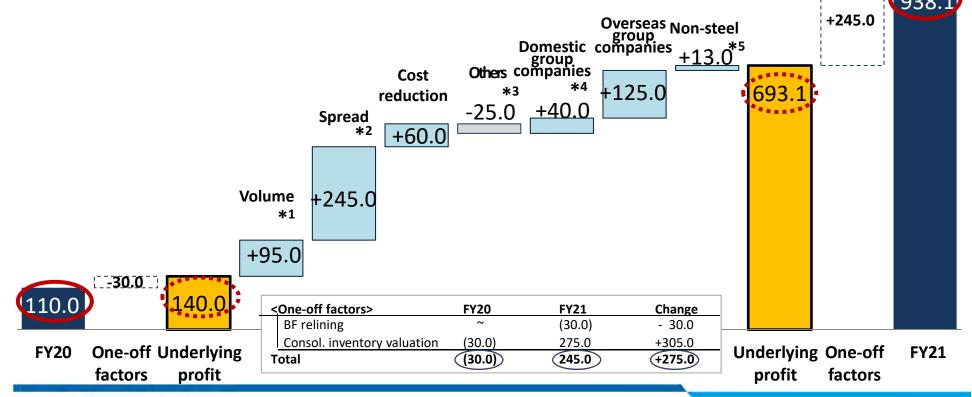
- *1 Crude steel production: approx. -0.12 MMT (approx. 38.80-> 38.68) Steel shipment: approx. -0.04 MMT (approx. 35.60-> 35.56)
- *2 Incl. carry over +10.0 (112.0 -> 122.0)
- *3 Incl. decrease in depreciation cost +1.0, FOREX valuation +4.0
- *4 Improve: re-rollers, Sanyo Special Steel, operational supports, etc.
- *5 Engineering +5.3, Chemicals & Materials +3.3, System Solutions +2.3



Business Profit Variance (FY20 vs. FY21)

	(Bn. JPY) FY20 [A]		FY21 [B]	Change [A→B]
	Business Profit	110.0	938.1	+828.1
$\ $	<underlying profit=""></underlying>	<140.0>	<693.1>	<+553.1>
	Steel	63.5	871.0	+807.5
	Non-steel	49.2	62.5	+13.3
	Adjustment	(2.7)	4.5	+7.2

- *1 Crude steel production: +5.68 MMT (33.00-> 38.68) Excl. one-off factor: +6.08 MMT (33.00-> 39.08) Steel shipment: +4.33 MMT (31.22-> 35.56) Excl. one-off factor: +4.73 MMT (31.22-> 35.96)
- ***2** Incl. carry over +101.0 (21.0->122.0)
- *3 Incl. increase in depreciation cost -31.5, FOREX valuation +20.0
- ***4** Improve: Sanyo Special Steel, stainless steel, re-rollers, operational supports, etc.
- ***5** Engineering -11.4, Chemicals & Materials +17.7, System Solutions +6.9



Business Profit Variance (1H FY21 vs. 2H FY21)

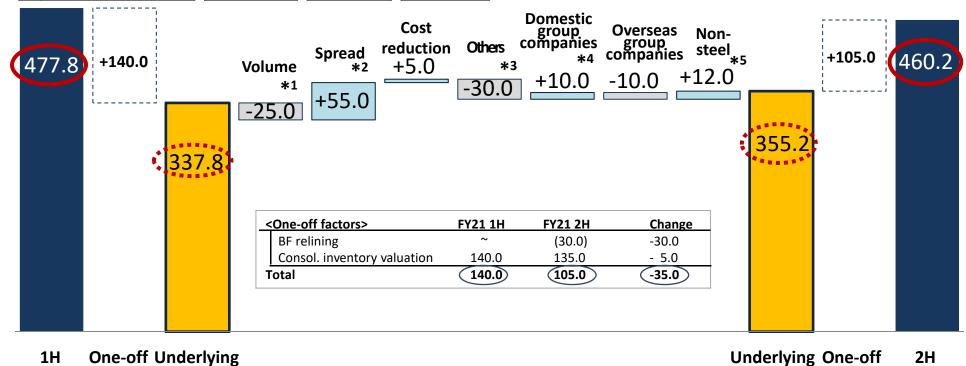
	(Bn. JPY)	1H FY21 [A]	2H FY21 [B]	Change [A→B]
	Business Profit	477.8	460.2	-17.6
<	Underlying Profit>	<337.8>	<355.2>	<+17.4>
	Steel	448.2	422.7	-25.5
	Non-steel	25.2	37.3	+12.1
	Adjustment	4.3	0.2	-4.1

***1** Crude steel production: -1.78 MMT (20.23 -> 18.45) Excl. one-off factor: -1.38 MMT (20.23 -> 18.85)

Steel shipment: -1.01 MMT (18.28 -> 17.28)

Excl. one-off factor: -0.61 MMT (18.28 -> 17.68)

- ***2** Incl. carry over -20.0 (71.0 -> 51.0)
- *3 Incl. increase in depreciation cost -8.5, FOREX valuation +8.0
- *4 improve: re-rollers, EAFs, operational supports, etc.
- ***5** Engineering +12.1, Chemicals & Materials -1.7, System Solutions +1.6



profit

factors

FY21

factors

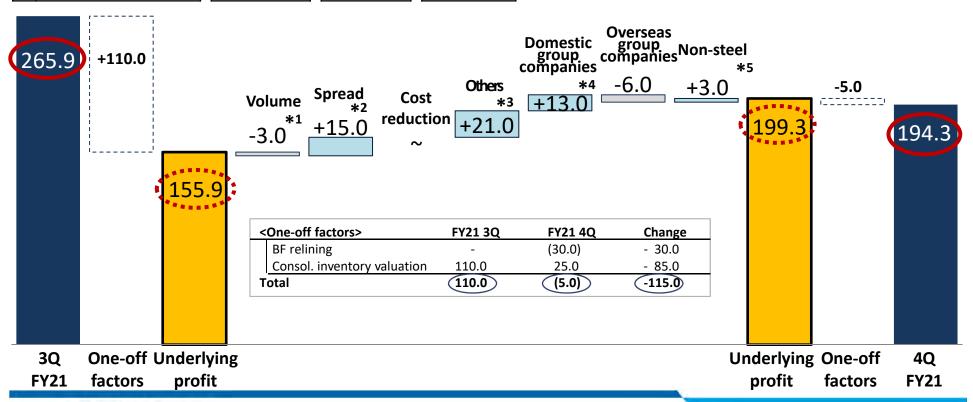
profit

FY21

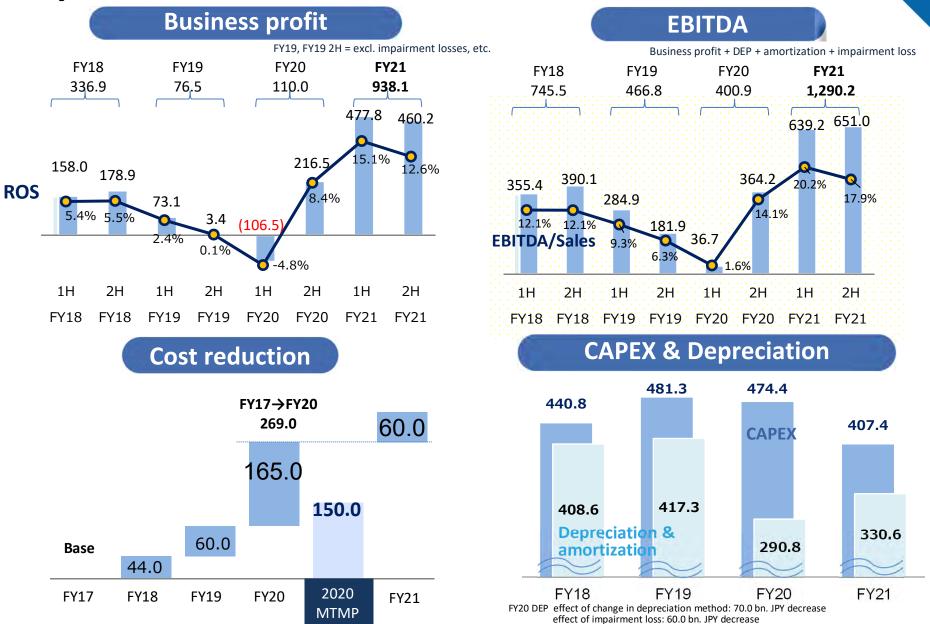
Business Profit Variance (3Q FY21 vs. 4Q FY21)

(Bn. JPY)	3Q FY21 [A]	4Q FY21 [B]	Change [A→B]
Business Profit	265.9	194.3	-71.6
<underlying profit=""></underlying>	<155.9>	<199.3>	<+43.4>
Steel	249.8	172.9	-76.9
Non-steel	17.4	19.9	+2.5
Adjustment	(1.2)	1.4	+2.6

- *1 Crude steel production: -0.83 MMT (9.64-> 8.81) Steel shipment: -0.65 MMT (8.96-> 8.31) Excl. one-off factor: -0.25 MMT (8.96 -> 8.71)
- ***2** Incl. carry over -67.0 (59.0-> -8.0)
- *3 Incl. increase in depreciation cost -0.5, FOREX valuation -1.5
- *4 Improve: re-rollers, operational supports, stainless steel, etc.
- ***5** Engineering +4.2, Chemicals & Materials -1.5, System Solutions -0.2



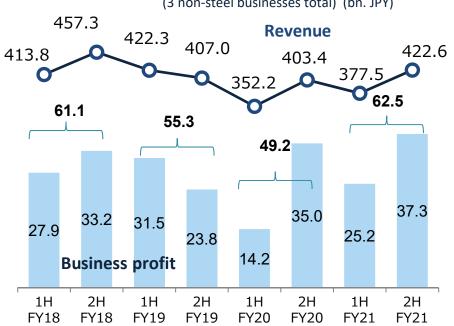
Key Indicators (bn. JPY)



Non-Steel Businesses

Revenue & Business Profit

(3 non-steel businesses total) (bn. JPY)



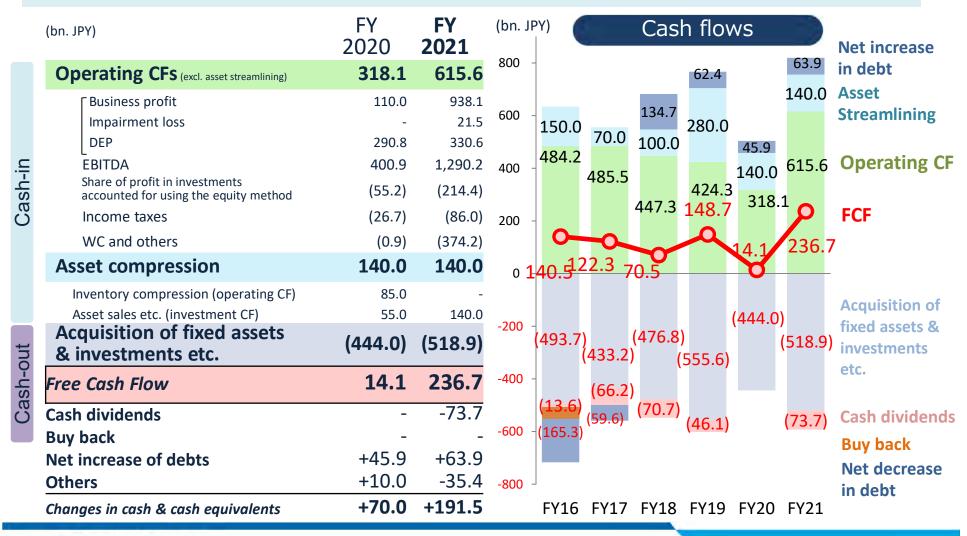
Engineering & construction	FY20	Prev. FY21(f)	FY21	FY20 →FY21	FY21(f) →FY21
Revenue	324.4	280.0	279.2	-45.2	-0.8
Business profit	17.7	1.0	6.3	-11.4	+5.3
Chemicals & Materials	FY20	Prev. FY21(f)	FY21	FY20 →FY21	FY21(f) →FY21
Revenue	178.6	250.0	249.8	+71.2	-0.2
Business profit	7.6	22.0	25.3	+17.7	+3.3
System Solutions	FY20	Prev. FY21(f)	FY21	FY20 →FY21	FY21(f) →FY21
Revenue	252.4	270.0	271.3	+18.9	+1.3
Business profit	23.9	28.5	30.8	+6.9	+2.3

Segment	FY2020 vs. FY2021
Engineering & Construction	The revenue and profit have decreased due to a cyclical drop in sales in environment and energy sectors such as in waste to energy plants business, and due to few large completed construction projects overall. On the other hand, orders intake has largely increased YoY, such as in waste to energy plants business in environment and energy sectors, construction of offshore wind power mills and overseas offshore projects, etc.
Chemicals & Materials	The revenue and profit have increased due to the recovery of demand and prices of needle coke, ongoing high market prices of chemicals, and continuation of favorable sales environment of functional and composite materials.
System Solutions	NS Solutions has increased its revenue and profit by steadily capturing needs for DX investment mainly from platformers and Nippon Steel as well, for response to regulation change in financial sector, etc. While G&A cost has increased due to medium-term growth measures, NS Solutions has expanded the profit by improving gross profit on sales due to increased revenue.

Cash Flows

We have continued high-level CAPEX investment to realize business growth and strengthening of business foundation, and business investment including acquisition of G/GJ steel.

On the other hand, large number of operating cash flow, derived from record-high profit, and steady asset streamlining have led us to obtain a big increase in free cash flow.



Balance Sheet

Due to the issuance of convertible bonds 300 bn. JPY, Interest-bearing debt has gone up by 90 bn., on the other hand, cash & cash equivalent has grown by 190bn., thanks to record-high net profit. Equity capital has increased by 710 bn., which has brought us 0.59 of adjusted D/E ratio.

(bn. JPY)	End of Mar. 2021	End of Mar. 2022	Debt & equity 2025 Medium- to
Current assets	2,672.6	3,514.6	long-term management plan
Cash & cash equivalent	359.4	551.0	1.06 Adjusted D/E Approx. 0.74 0.7
Inventories	1,349.3	1,756.5	• • • • • • • • • • • • • • • • • • • •
Fixed assets	4,901.2	5,237.6	3,466.7
Tangible fixed assets	2,954.9	3,052.6	0.68 0.64 0.63 o.64 0.70 0.59
Investments accounted for using the equity method	817.3	1,079.0	0.61
Investment in securities	578.8	491.6	2 7 7 3 8 3 136 9
Assets	7,573.9	8,752.3	2 6/1 6
Liabilities	4,442.5	4,855.3	2,394.0 Equity capital
Interest-bearing debt	2,559.2	2,653.3	2 260 2
Net assets	3,131.3	3,897.0	2,543.0 2,104.8 2,157.7
Equity capital	2,759.9	3,466.7	1,976.5 Interest-bearing debt
Retained Earnings	1,910.3	2,514.7	
Non-controlling interest in consolidated subsidiaries	371.3	430.2	
Liabilities & assets	7,573.9	8,752.3	'13 '14 '15 '16 '17 '18 '19 '20 '21 '22 3E 3E 3E 3E 3E 3E 3E 3E 3E

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AM/NS India downstream expansion in Hazira

Newly decided to add state-of-the-art steel sheets manufacturing facilities (pickling, cold rolling, and galvanizing), scheduled to begin production by 2024.

Hazira Integrated steel plant

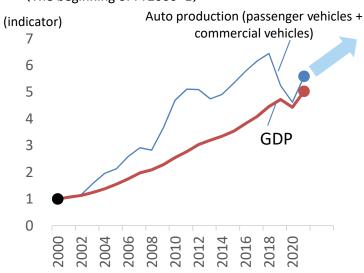
Pune

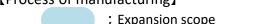
Downstream rerolling plant

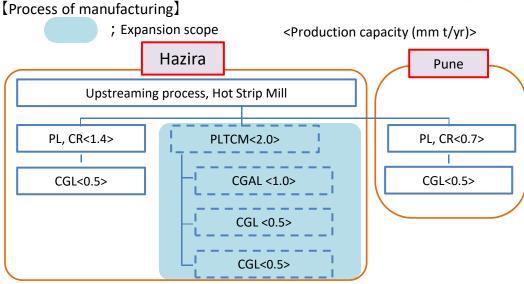
Responding to growing demand for steel sheets and domestic production of high-value-added products in India

To capture a wide range of demand for cold rolling and galvanizing in India from sectors including automotive and construction for high corrosion resistance material

[India GDP and auto production growth] (The beginning of FY2000=1)







PLTCM: Pickling Line and Tandem Cold Rolling Mill CGAL: Continuous Galvanizing and Annealing Line CGL: Continuous Galvanizing Line

AM/NS India renewable energy utilization

Invest in renewable energy power project and secure 250MW of renewable energy power annually for the next 25 years for Hazira steel plant, etc. (starting in 2024)

- ➤ This will result in about 20% of the electricity requirement at Hazira steel plant coming from renewable sources, reducing carbon emissions by approximately 1.5 million tonnes per year.
- > AM/NS India will realize the dual benefits of reducing environmental footprint and lowering electricity costs.
- Procurement of renewable electricity at low cost by (a) reducing the cost of solar and wind power generation facilities, (b) taking advantage of low construction fees, and (c) obtaining incentives from the Indian government to aggressively introduce renewable energy.

Overview of the renewable energy power project

(Investment participation by AM/NS India in the project by AM and Greenko Group, India)

- Location : Andhra Pradesh, India
- Equipment : Solar and wind power supported with hydro pumped storage to ensure power generation stability
- Capacity : 975MW (Total solar and wind power generation)

Acquisition of G Steel and GJ Steel completed

Acquisition procedures including tender offer completed, enabling us to capture growing demand for general-purpose hot rolled steel sheet as the only local integrated steelmaker with EAFs and hot strip mills in Thailand

Total investment 55.6bn JPY

Ownership ratio (indirect ownership included)

G Steel 60.23%

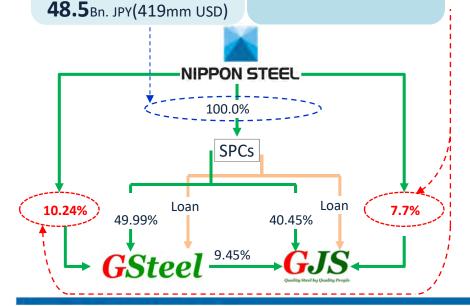
GJ Steel 57.60%

2022.2.17
Total purchase
price(shares + loans)
from fund:

2022.2.23~3.29

Tender offer:

7.1Bn. JPY (1.96bn THB)



Company overview	G Steel	GJ Steel	Total
Revenue* (mm THB/yr)	15,814	18,407	34,221
Sales volume* (mm t/yr)	0.59	0.66	1.25
Production capacity (mm t/yr)	1.58	1.50	3.08
Product types manufactured	construction, s	il (Mainly for steel pipes, and esale)	
Number of employees**	621	646	1,267
Listing Market	Stock Exchan		

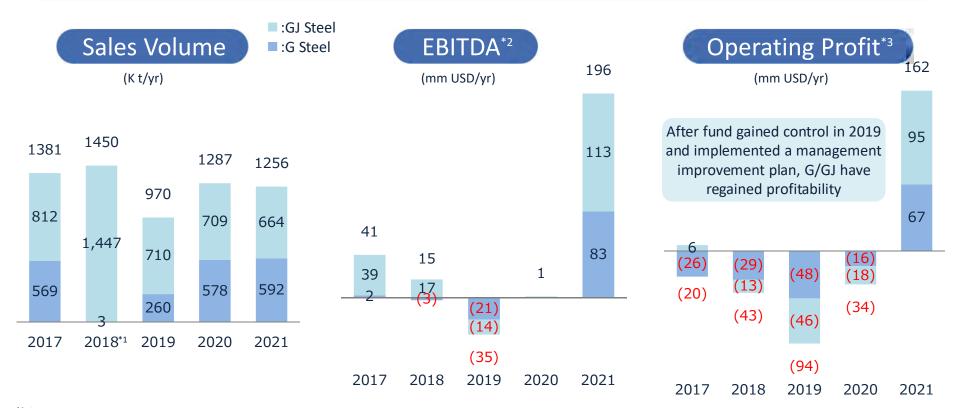


G/GJ Steel Performance Trends

Balance Sheet : Consolidated to our BS at the end of forth quarter of FY2021

Income Statement: As consolidated subsidiaries, their profits and losses will be

reflected in our consolidated PL from the first quarter of FY2022



Notes:

The total figures are the sum of the individual companies, before consolidation adjustments

^{*3} Operating Profit = Revenue from sale/service – (Cost of sale/services + Selling/Administrative expenses + Bad and doubtful debts expense) THB/USD: (2017~2021) 31.16, 32.57, 31.23, 31.29, 32.64, respectively



^{*1} GJ Steel entered the Tolling agreement with G Steel to increase the normal capacity during off peak power usage commencing in 4th quarter of 2017

^{*2} EBITDA = Operating Profit + (Depreciation and amortization + Work roll amortization)

Topics – Environment (2)



Signed Memorandum of Understanding regarding Decarbonization Solution with VALE, one of the world's leading mineral resource companies





(*1) Green mold pig iron

 -> cooled and solidified pig iron which is made from carbon neutral materials We are to conduct a joint research regarding raw materials, which can contribute to carbon neutral steelmaking processes, such as

DRI(direct reduced iron), green mold pig iron (*1), green briquettes (*2), etc

(*2) Green briquettes

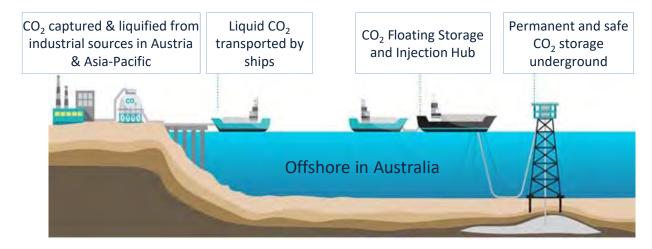
-> raw materials which are made from iron ore fines being molded using pressure without heating

In addition to MoU regarding Climate Change with Rio Tinto in Dec. 2020, promoting decarbonization collaboration with other raw material suppliers

Topics – Environment (2)

Executed a Joint Study Agreement to capture and transport liquified CO₂ toward flagship offshore floating CO₂ capture and storage hub project("CStore1") in Australia.

Carrying out valuation of the commercial feasibility to capture and transport $1 \sim 5$ million tons per annum of liquified CO_2 from our Works toward "CStore1," which deepC Store Limited is to develop in Australia.



Joint Study agreement of deepC Store Limited with Add Energy Group, Commonwealth Scientific and Industrial Research Organisation (CSIRO), JX Nippon Oil and Gas Exploration Corporation, Kyushu Electric Power, Mitsui O.S.K. Lines, Osaka Gas and Osaka Gas Australia, Technip Energies and Toho Gas

Started consideration on the CO₂ storage in overseas in addition to the ongoing strategy of CO₂ Storage in Japan, currently tackling in "NEDO" (New Energy and Industrial Technology Development Organization) project.

Topics – our products



Tailored Welded Blank products using Aluminum-Plated Steel Sheets for hot stamping have started sales "First commercialization in Japan"

Aluminum-Plated Steel Sheets for hot stamping

Steel sheets realizing high-strength by heating and cooling, and prevention of scale generation in hot stamping.

Tailored Welded Blank(TWB)

Press forming technology by laserwelding steel sheets with different thickness or strength

Our TWB products using Aluminum-Plated steel sheets for hot stamping can avoid vulnerability on the welded part caused by aluminum contamination thanks to our unique welding technology

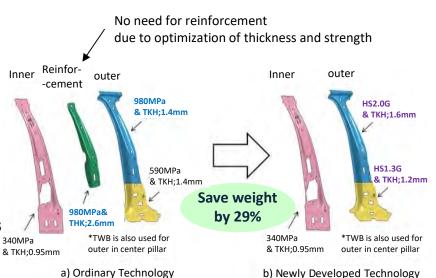
Optimization of strength and thickness of automotive components

Improvement of body performance

Lightweight

Secured safety

Cost reduction of parts



Published the EcoLeaf Environmental Product Declarations for steel sheet products, which is verified by Sustainable Management Promotion Organization("SuMPO")

- ➤ Eleven declarations for seven steel sheet products (hot-rolled steel sheets, pickled steel sheets(*), cold-rolled steel sheets, cold-rolled steel sheets (full hard), electrogalvanized steel sheets(*), hot-dip galvanized and aluminium alloy coating sheets(*) and color coated steel sheets(*))

 (*) EcoLeaf EPDs for construction were also published
- Since we published the EcoLeaf EPDs for H-shapes in December 2019, we have published
 33 EcoLeaf EPDs in total for variety of products, covering most of our steel products.



Topics – DX Promotion Strategies (1)

- > Built up "NS-IoT," a platform which can collect data from wireless IoT sensor
- Realized centralized management system of sensor data from multiple works and realized advanced vigilance, based on integrated big data

Launched operation in Apr. 2022 in Kimitsu and Kashima(East Nippon Works) in order to catch anomaly signal from the facilities.



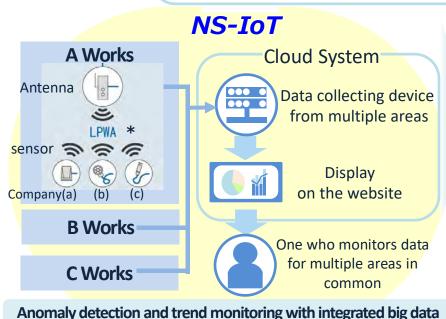
NIPPON STEEL

NIPPON STEEL Developed a system that enables data collection and monitoring with a single receiver, even for data in different formats from different sensor manufacturers.



Built up a system that values user interface, such as anomaly detection based on sensor data, anomaly alerts, and trend display.

Formulation of skills including know-hows



monitoring and analysis of data and determination at the same quality in both domestic and overseas business.

*Benefits of LPWA(Low Power Wide Area)

- Ultra-low power consumption and battery operation
- -> low cost and data can be collected in vast areas of Works without power supply facilities.

Improvement of productivity by automation and sign detection

Stabilization of production by sophisticating operational skills

Establishment of remote operational management enabling

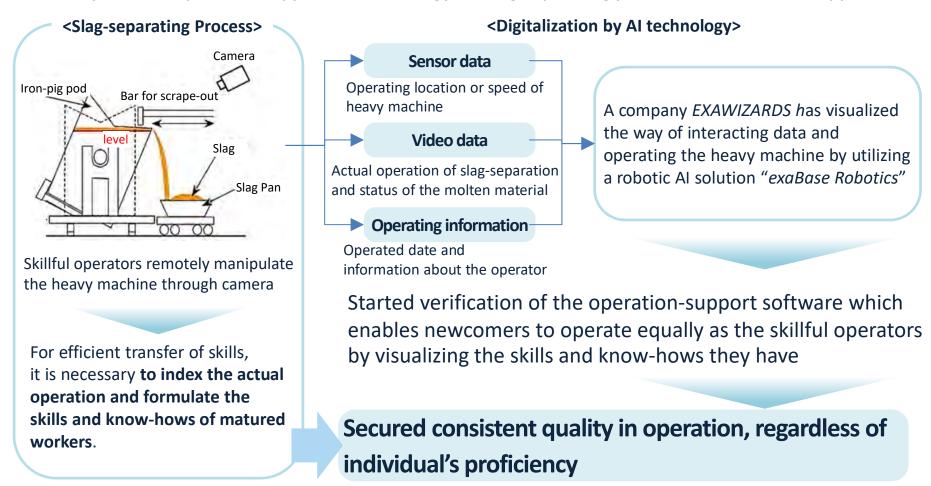
• Quick start enables to apply for global business

Taking into account to apply for all the Works and Group companies in Nippon Steel, and for other industries

Topics – DX Promotion Strategies (2)

- Digitalization of operation, in which heavy machine is manipulated by skilled operators, utilizing AI technology
- Started a trial to establish a platform to be able to transfer matured skills efficiently

Launched practical experiment; applied AI technology for Slag-separating process in Kimitsu(East Nippon Works).



Topics – Awards (1)

Awarded "World Steel Sustainability Champion in 2022" from World Steel Association

Assessed the disclosure toward stakeholders such as a strong commitment to the Environment, publication of Sustainability Report and so on.





Selected as an "Environmentally Sustainable Company" in ESG Finance Award Japan hosted by Ministry of the Environment

Awarded for the first time for the fullness of disclosure about "risk, business chance and tactics," "KPIs," and "Governance" toward crucial tasks on environment.

Designing Titanium "TranTixxii®" has got the prize of "Red dot Design Award 2022"

- Red dot Design Award, an international prestigious product design prize called as "one of the three-biggest design prizes in the world."
 - -> Awarded for the first time in the world as a metal material
- Taken into account 9 criteria, including revolutionary of design, functionality, human engineering, ecology, durability.



reddot winner 2022



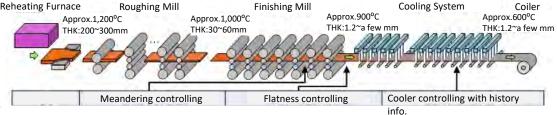
NSafe - Auto Concept

Topics – Awards (2)

Awarded Okochi Memorial Production prize for "Hot rolling technology for high-tensile steel sheet by measurement and control adapted to harsh environments"

- Developed thermometers, flatness meters and meander meters and implemented sophisticated technology for the control of hot-rolling facilities.

 Reheating Furnace Roughing Mill Finishing Mill Cooling System Co
- →realized big improvement in product quality, productivity and decrease in yield loss.
- →enables to product high-tensile steel sheets with high quality and to secure stable supply.

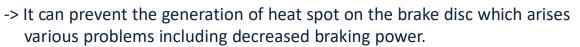


Ultra-High-Tensile pressing technology contributing to the progress of automobiles was awarded Commendation for Science and Technology

- Established press working technology to shear and deform material steel sheets into part shapes.
- -> enables **complexed formed body frame parts to be utilized ultra-high-tensile sheets**, which usually would be more difficult to be processed than ordinary steel sheets.
- -> can decrease the amount of GHG emission, reduce vehicle weight and improve collision safety.

Awarded both The Ichimura Prize in Industry and the Prize in Industry against Global Warming

The Ichimura Prize in Industry: "Development of new brake pad for bullet train"





Brake pads (left):old one and (right):new one

- ⇒shorten the braking distance until train completely stops. All Tokaido bullet trains have adopted the new pads.
- The Ichimura Prize in Industry against Global Warming: "Development of ESCAP, a low-energy separation and recovery system for CO₂ emitted from factories"
- -> can extract high-purity CO₂ from the emitted gas
- -> to be applied for CCUS(Carbon Capture Utilization and Storage), EOR(Enhanced Oil Recovery)





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Appendix 1. Progress of Management Strategy Measures

Appendix 2. Medium- to Long-Term Management Plan: Rebuilding Domestic Steel Business **Appendix 3.** Related Indicators

Progress<Domestic>: Selection and Concentration of Facilities, Products, and Businesses Early transition to domestic optimal production system and strengthening of competitiveness

*BF = Blast Furnace		(-> Pro	duction	<u>n Facilit</u>	<u>y Struct</u>	ural Measures Refer to P.72,73
Action	Public ation	~FY19	FY20	FY21	FY22	FY23~ Legend : New info → Plan → Done → Cancelled
(Wakayama) BF Switch	Mar-18	★Mid Feb-19: Switch from 5BF to New 2BF				ew 2BF
(HOKKAI IRON & COKE CORP. in Muroran) Reline 2BF	Nov-18	★ Nov-20: Completion				
(Nagoya) Reline 2BF	Jun-20	★ FY22. 1H: Completion				
Coke Oven Construction (Kashima) 2E Coke Oven Coke Oven Refurbishment (Kimitsu) 5 Coke Oven (Hokkai) 5 Coke Oven (Nagoya) 3 Coke Oven	Sep-15 Apr-16 Jun-17 Nov-18		9 : Comple 9 : Comp	etion letion rbishment	for all cok y-21: Cor	e ovens in Hokkai) npletion
(Yawata) New Continuous Casting Facility	Mar-16	★ Ma [,]	y-19 : Cor	mpletion		
(Hirohata) Scrap Melting Process	Nov-19				☆ FY	22 1H: EAF Completion ★FY23 1H: Melting furnace termination

Strengthen Quality and Volume of Globally-competitive Strategic Products

Act	ion	Publi- cation	~FY19	FY20	FY21	FY22~
Electrical Steel	Yawata #1	Aug-19/M	ay-20			FY23 1H:
Sheets Investments	Hirohata #1	Nov-19/N	ov-20			Facility operation start
for capacity & quality improvement	Hirohata #3	Mar-21				FY24 1H: Facility operation start
Super	(Kimitsu) 6CGL	Apr-18		*	Jan-21: Co	ompletion
High-tensile	(Nagoya) a next					5,400,40
Steel Sheets	generation hot strip mill	Mar-21				FY26.1Q: Start operation

Progress<Overseas>: Selection and Concentration of Facilities, Products, and Businesses 64
Strengthen Overseas Business Responding to Local Consumption Trend

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Action	Publi- cation	~FY19	FY20	FY21	FY22~	Legend : New info ★ Plan ★ Done ★ Cancelled
AM/NS India	Mar-18	Dec-19: Joint acquisition completed ★Dec-21: Land use proposal for a new integrated steel mill in Kendrapara approved from Odisha govt. ★Jan-22: MoU with Gujarat govt. on investment project in Hazira steel plant Refer to P.51 ★Apr-22: Installation & Expansion plan of downstream processes at Hazira steel plant (by 2024) published Refer to P.52 ★Apr-22: Secured renewable energy power annually				
AM/NS Calvert New EAF	Nov-20					★FY23.1H: Completion
Acquisition of G/GJ Steel	Jan-21		R	efer to I		Share transfer agreement -22:Tender offer completion

Withdrawal from or realignment of businesses that have already completed their roles, or businesses that no longer have any synergies with Nippon Steel

Action	~FY19	FY20	FY21	FY22~
Sale of Partnership Interest in Bahru Stainless (Stainless steel sheet business in Malaysia)	★ Dec-18: Sold			
Dissolution of ZNW(Special cold rolled steel sheet business in China)	★ Dec-19: Stopped production			
Sale of Partnership Interest in NAT(Stainless steel pipe business in the US)	★ Feb-20: Sold			
Dissolution of N-EGALV(Electrogalvanized steel sheet business in Malaysia)	★ Jun-20: Stopped production			
Sale of Partnership Interests in I/N Tek and Kote	★ Dec-20: Sold			
(Cold rolled and galvanized steel sheet business in the US)				
Sale of Partnership Interest in PATIN(Tinplate business in China)	★ Dec-20: Sold			
Sale of Partnership Interest in VSB(Seamless pipe business in Brazil)	★ Mar-21: Sold			
Sale of VAM USA(OCTG threading business in the US)	★ Jul-21: Sold			
Withdrawal of NSCI(Steel wire for cold heading business in the US)				

65

Legend : New info ☆ Plan ★ Done ☆ Cancelled **Action** ~FY19 **FY20 FY21** FY22~ ★ Jan-19: ★ Jan-21: Operation of 6CGL in Kimitsu Area started Eco-Products® Established ★ May-21: Expansion of "NSafe" AutoConcept" solution lineup "NSafe® AutoConcept High-Tensile Steel Sheet ★ Oct-21: New press forming technology "NSafe®-RORM-SS" established ☆ FY23 1H: Hirohata #1,2 and Yawata#1,2 full operation **Electrical Steel Sheet** TY24 1H: Hirohata #3 full operation Dec-19: 9 H-beams products, Mar-20: Mega NSHYPER BEAM ™, Oct-20: 3 tinplate products, Products given Ecoleaf May-21: OCTGs and line pipes, Jul-21: SMart BEAM ™, Sep-21: Steel plates for building structure **Environmental Label** ★Dec-21: Started selling tinplate products with EcoLeaf mark printed on ★ Feb-22: 3 Bar &Wire products, ★ Apr-22: steel sheets of Nippon Steel and Refer to P.57 H-beams of Nippon Steel Structural Shapes Co. were given Ecoleaf **Promotion Organization** ★Sep-19: Beverly®Unit won the Excellence Award in EcoPro 2019 (Japanese preeminent environmental exhibition) **Environmental Awards** ★ Feb-20: NSafe[™]-Hull was awarded Okochi Memorial Production Prize ★ Feb-21: NSafe[™]-Hull was awarded Japan Open Innovation Prize ★ Mar-21: NSafe[™]-Hull was awarded Naoji Iwatani Memorial Award ★ Apr-21: Ultra-high-tensile strength steel wire for bridge cables was awarded Commendation for Science and Technology Mar-22: ESCAP® was awarded Ichimura Prize in Industry against Global Warming Refer to P.61 ★ Apr-22: Press working technology for ultra-high tensile steel was awarded Commendation for Science and Technology Refer to P.60 ★ Apr-22: Awarded World Steel Sustainability Champion ★ May-19: Expressed our support for recommendations of TCFD Aiming for ★ Dec-19: Held the 1st sustainability briefing Carbon-free and ★Jun-20: Expressed support for "Challenge Zero" program of Japan Business Federation, and released 10 innovative challenges **Circular Society** ★Jul-21: Was selected for "FTSE4Good Index Series" & "FTSE Blossom Japan Index", Leading Indices for ESG Investment 4 years in a row

Progress: Digital Transformation, Responses to Work Style Change

Enhancement of Digital Transformation Legend: New info ★ Plan ★ Done ★ Cancelled

Action	~FY19	FY20	FY21	FY22~		
Reorganization to Enhance Digital Transformation	 ★ Apr-16: Newly-created "Advanced Application Technology Planning Dep." ★ Apr-16: NSSOL newly-created "IoX Solution Business promotion Dep." ★ Oct-17: NSSOL newly-created "Al Research & Development Center" ★ Apr-18: Newly-created Intelligent Algorithm Research Center ★ Apr-20: Newly-created "Digital Innovation Div." 					
Utilizing Advanced IT in Steelmaking Process	★ Sep-18: Company-wide Safety Support Project (Installment of smart devices to manufacturing front-lines) ★ Apr-19: Introduction of NS-DIG TM ★ Jun-20: Implementation of AI image recognition system ★ Apr-20: Full-scale system for WFH prepared ★ Dec-20: Demonstration for establishment of basis for operation monitoring in steelworks utilizing NEC's AI technology started in Kimitsu Refer to P.59 ★ Mar-22: AI technology application to heavy machine manipulation Refer to P.58					
Local 5G Private Network	★ Aug-20: FS of local 5G network system demonstration provided by NSSOL in Muroran Works ★ Nov-21:Obtained a Local 5G wireless station license					
Utilizing drones at steelworks	 ★ Aug-21: Submitted an application for permission to use drones in Wakayama Area Likewise in other areas going forward ★Nov-21: Practical experiment for the wall repair utilizing drones 					

100.0 bn. JPY of Investment in DX promotion is planned for 2021 to 2025. Human resource training for DX promotion in progress

Responses to Work Style Change

Action	~FY19	FY20	FY21	FY22~		
24 Hour Nursery	★ Apr-19: The 5 th 24 hour in-house nursery in Hirohata Area (Oita, Kimitsu, Yawata, Nagoya, <u>Hirohata</u>) ★ Dec-21: The 6 th 24 hour in-house nursery in <u>Kashima</u> Area opened ★ Jan-22: The 7 th 24 hour in-house nursery in <u>Muroran</u> Works opened					
Work System	★ Apr-16: Career return system and accompany leave system started ★ Apr-19: Trial introduction of WFH system (official introduction in November) ★ Apr-20: Transfer exemption system started ★ Apr-22: Recurrent Leave System Jaunched					

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Appendix 3. Related Indicators

Toward Medium- to Long-Term Management Plan FY2025 Targets

To secure ROS 10% and ROE 10%, Nippon Steel will establish optimal production framework with "concentrated production", "higher-level order mix", and "renewal and improvement of facilities" assuming medium- to long-term change: decrease in domestic demand, deterioration of export profitability, and increase in high grade steel demand.

Nippon Steel will steadily implement production facility structural measures regardless of short-term improvement of business environment.

Further improve BEP by establishing optimal production framework

Improve group companies' profits

Improve non-steel business profits

Improvement of marginal profit per ton

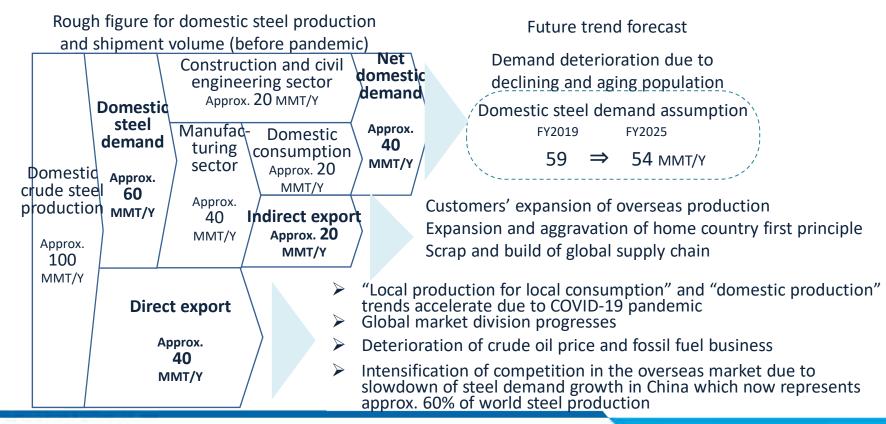
- ➤ Higher-level order mix
- > Improvement of direct contract sales prices and margins
- Variable cost reduction
- Avoiding cost increase due to low production

Maintaining low fixed cost

- Fixed cost reduction including the effect of production facility structural measures, which offsets cost increase in DEP and other cost temporarily been reduced during pandemic
- Boosting profits in overseas businesses
- > Strengthening group companies' competitiveness and profitability
- Enhancement of collaboration with group companies and reinforcement of the management system
- Boosting profitability in consolidated basis including group company re-rollers
- > Optimization of group company structure by selection and concentration
- Engineering & Construction: Expansion of stable earnings from O&M business, reinforcement of EPC business in renewable energy sector and infrastructure sector
- Chemicals & Materials: Concentration of resources to electronic materials field and expand the businesses of products with their specialty
- > System Solutions: Steady growth through concentration to DX business

Medium- to Long-Term Steel S&D Change Assumption

- 1) World steel demand increase mainly in Asia
- 2) High grade steel demand increase, including emerging needs for carbon neutrality
- 3) Domestic demand decrease, deterioration of export profitability, and intensification of competition in overseas market



Production Facility Structural Measures

Restructuring the domestic steel business based on the assumption of medium- to long-term S&D changes

Promoting production facility structural measures and selective concentration on Total number of domestic BFs

products and facility

BFs



Annual crude steel production capacity

Cost reduction

Improvement of labor productivity **Termination**

5 units

Reduction 10 MT/Y Approx. -20%

Listed above

+Nippon Steel Stainless Steel Shunan EAF

¥150 bil/Y

Reduction of essential personnel 20% or more 15 -> 10 units

The end of Sep. 2020: Kokura BF

The end of Sep. 2021: Kure #1, 2 BFs,

Wakayama #1 BF

The end of FY2024: Kashima #3BF

Crude steel production capacity

Non-consol. + Nippon Steel Stainless Steel



From FY2021 to the end of FY2025 Reduction by production facility structural measures and DX measures etc. all combined (Nippon Steel + contractors)

Building an Optimal Production Framework and Realizing Higher-Level Order Mix

Selective concentration on certain products and facilities

Build optimal production framework

Concentrated production

Optimize fixed cost level

Improve marginal profit by realizing

higher-level order mix

Build an optimal production framework

Higher-level order mix

Aggressive investment in strategic products

Renewal and improvement of facilities

Efforts to make technological strength lead to profit generation

Rough figure for higher-level order mix

Before structural measures

High-value added products

Aggressive investment in strategic products Expansion of high value added products

Commodities

Production facility structural measures
Capacity approx. -20%
Selective concentration on

certain products and facilities

FY2025 Medium- to Long-Term Plan

High-value added products

Respond to increasing demand for high grade steel including emerging needs for carbon neutrality

Commodities

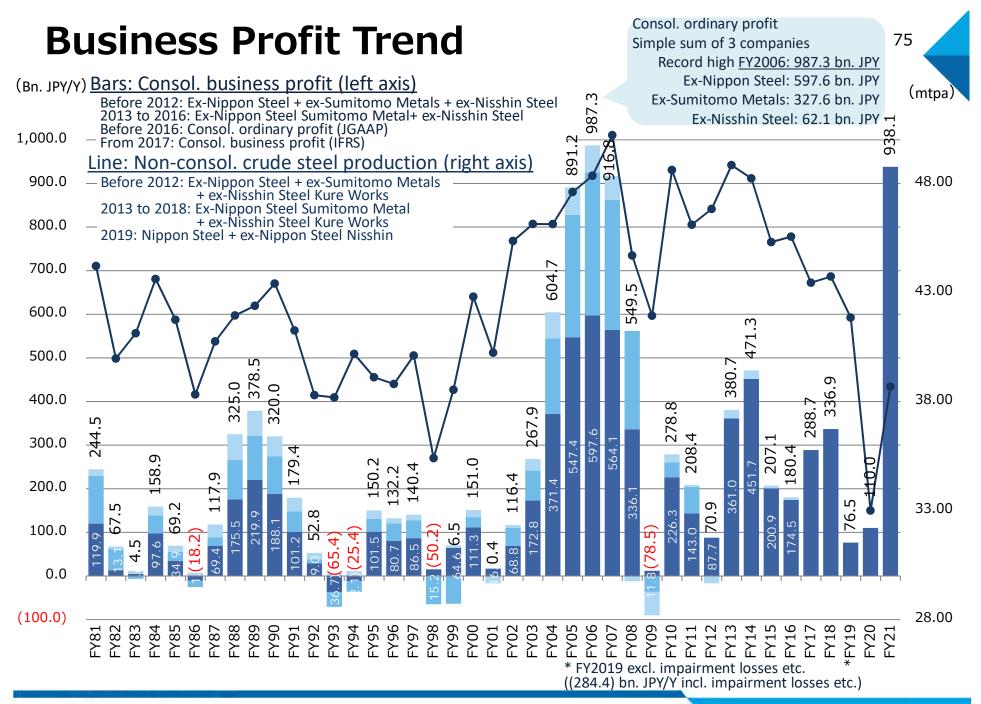
Break away from the business model of maintaining facilities on the premise of continuing low-profit exports

	Announ- cement	Steelworks	Facilities for termination	Approximate time of termination (●: completed)
 Upstream facilities 	Mar. 2021	East Nippon Works Kashima Area	One series of upstream facilities (No.3 BF, No.2-A,B,C,D coke ovens, No.3 sintering machine, and No.1 steelmaking plant)	The end of FY2024
	Mar. 2021	East Nippon Works Kimitsu Area	No.1 continuous casting machine	●The end of FY2021
	Feb. 2020 → Moved up		No.1 BF, No.5 coke oven, No.5-1 sintering machine	FY2022 1H →●Sep. 2021
	Mar. 2021 → Partially changed Nov. 2021	Kansai Works Wakayama Area	Parts of No.3 continuous casting machine	FY2022 1H
			No.4 coke oven	FY2022 1H → The end of FY2024
	Feb. 2020	Setouchi Works Kure Area	All upstream facilities (including BF, sintering, steelmaking)	●Sep. 2021
	Feb. 2020 Setouchi Works Hirohata Area		Termination: Melting furnace Establishment: New EAF	FY2023 1H FY2022 1H
	Mar. 2015	Kyushu Works Yawata Area (Kokura)	Upstream facilities (BF, sintering, steelmaking)	●Sep. 2020
Steel plate ··	Mar. 2021	East Nippon Works Kashima Area	Steel plate mill	FY2024 2H
	Feb. 2020	Nagoya Works	Steel plate mill	●The end of FY2021
Construc- tion product	Mar. 2021	East Nippon Works Kimitsu Area	Large Shape mill	●The end of FY2021
	Mar. 2021	East Nippon Works Kashima Area	Large shape mill	The end of FY2024
Pipe & tube	Mar. 2021	Kansai Works Wakayama Area (Kainan)	Small-diameter seamless pipe mill (West)	The end of FY2025
	Mar. 2021	East Nippon Works Kimitsu Area	UO pipe line	●The end of FY2021
	May 2019	East Nippon Works Kashima Area	UO pipe line	● Oct. 2019
	Mar. 2018	East Nippon Works Kimitsu Area (Tokyo)	Small-diameter seamless pipe mill	●May 2020

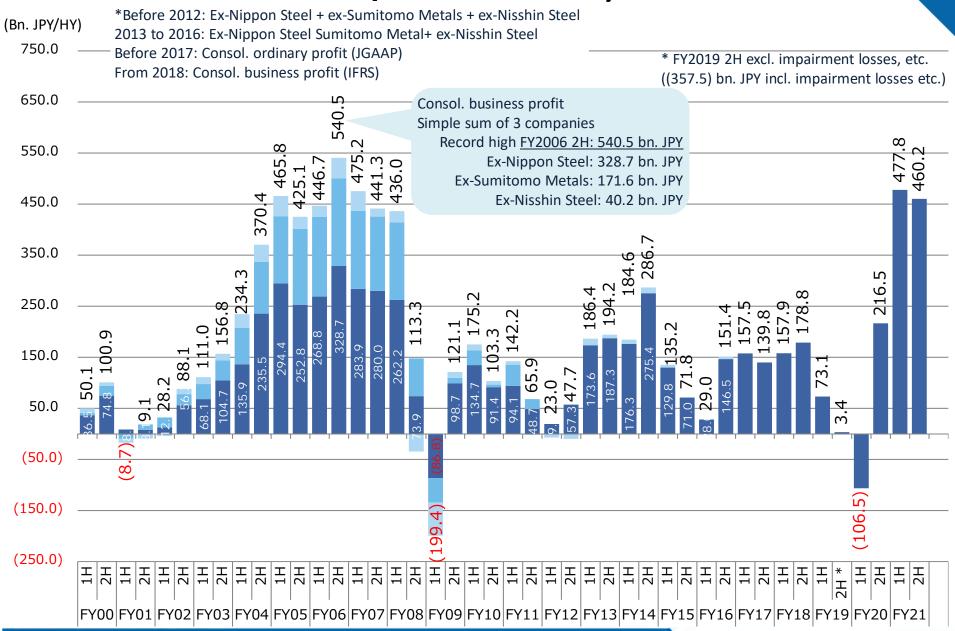
	Announce -ment	Steelworks	Facilities for termination	Approximate time of termination (●: completed)		
	Mar. 2021	East Nippon Works Kimitsu Area	No.1 hot-dip galvanizing line (No.1 CGL)	The end of FY2024		
	Mar. 2021	East Nippon Works Kashima Area	No.1 pickling line	The end of FY2022 1H		
	Mar. 2021	Setouchi Works Hanshin Area (Sakai)	No.1 hot-dip galvanizing line (No.1 CGL) No.1 hot-dip galvanizing and aluminizing line (No.1 GAL)	The end of FY2024 The end of FY2022		
	Mar. 2021	Kansai Works Wakayama Area	All steel sheet lines	The end of FY2024 1H		
Steel sheet	Mar. 2021	Setouchi Works Hanshin Area (Osaka)	All facilities	The end of FY2023 1H the end of FY2023		
	Feb. 2020	Setouchi Works Kure Area	Hot strip mill, pickling line	The end of FY2023 1H		
	Feb. 2020	Setouchi Works Hanshin Area (Sakai)	Continuous annealing line, electro-galvanizing line, No.1 hot-dip aluminizing line (No.1 CAL)	●The end of FY2020		
	Nov. 2019	Setouchi Works Hirohata Area	Tinplate mill	●The end of FY2020		
	Mar. 2021	East Nippon Works Naoetsu Area	Special stainless steel line	●The end of FY2021		
Titanium &	Mar. 2021	Kansai Works Osaka Area	Titanium raw material plant	The end of FY2022 1H		
special stainless steel	Feb. 2020	Kansai Works Osaka Area	Special equipment for titanium round bar manufacturing	The end of FY2022		
	Feb. 2020	Kyushu Works Oita Area (Hikari Pipe & Tube)	Titanium welded pipe production line	● Sep. 2021		
	Mar. 2021	Nippon Steel Stainless Steel Kinuura Works	All lines (the cold-rolling line and all other lines thereafter)	●The end of FY2021		
	Mar. 2021	Nippon Steel Stainless Steel Kashima Works	A part of annealing lines	●The end of June 2021		
Stainless steel	Mar. 2021	Nippon Steel Stainless Steel Shunan Area Yamaguchi Works	A part of cold-rolling and annealing lines	The end of March 2021 the end of June 2026		
		_	1 EAF	The end of FY2023		
	Feb. 2020	Nippon Steel Stainless Steel Kinuura Works	Hot strip mill/ dedicated facility for production of precision products	● Sep. and Oct. 2020		

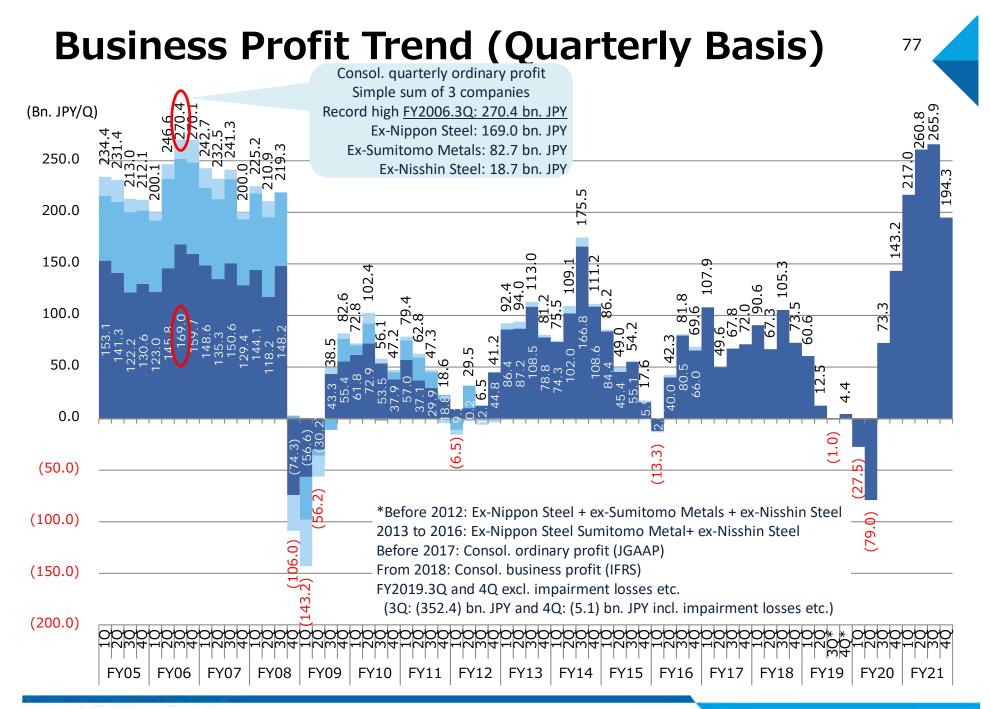
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- Appendix 2. Medium- to Long-Term Management Plan: Rebuilding Domestic Steel Business
- **Appendix 3. Related Indicators**

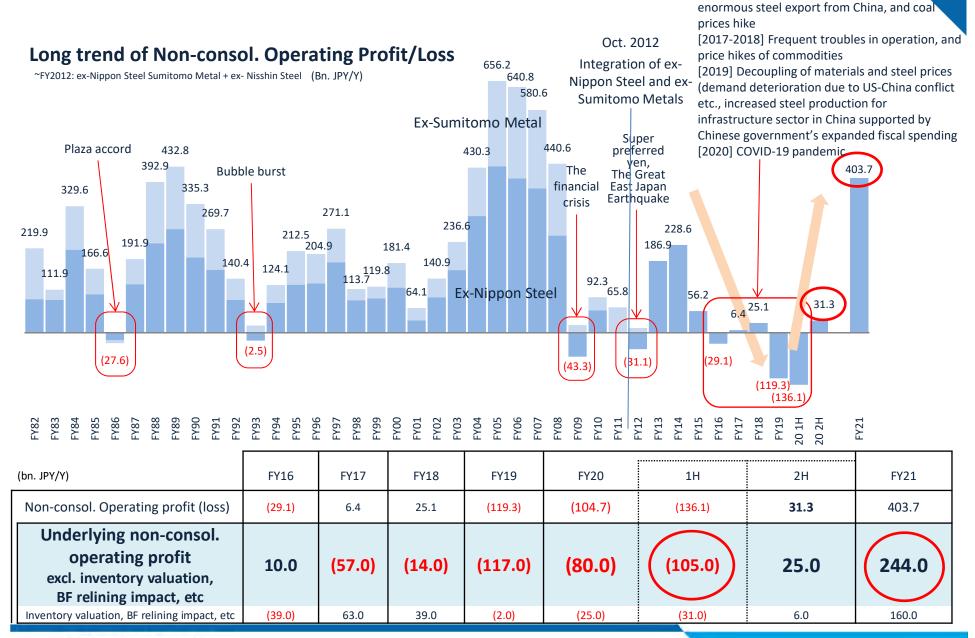


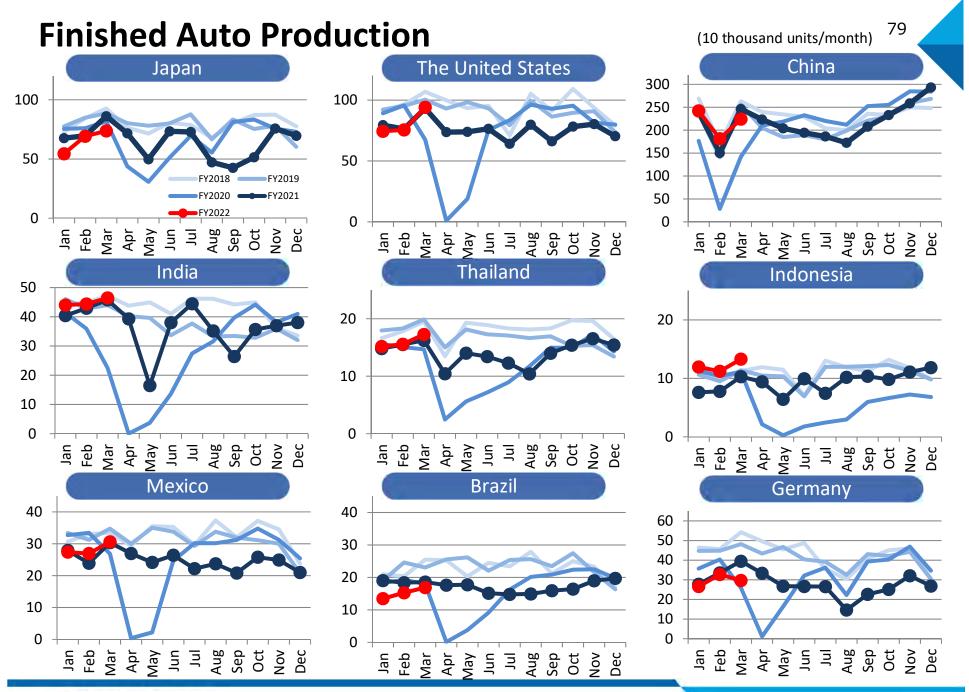
Business Profit Trend (Half Year Basis)





[2016] Over capacity in China resulting





FY2021 Earnings Summery

										change					
(bn. JPY)	1H	2H	FY2020	1H	3Q	4Q	2H	Prev.*4 FY2021(f)	FY2021	*4 Prev. FY21(f) →FY21	FY20 →FY21	FY21.1H →FY21.2H	FY21.3Q →FY21.4Q		
Sales	2,241.9	2,587.2	4,829.2	3,163.9	1,778.5	1,866.4	3,644.9	6,600.0	6,808.8	+208.8	+1,979.6	+481.0	+87.9		
Business Profit	(106.5)	216.5	110.0	477.8	265.9	194.3	460.2	800.0	938.1	+138.1	+828.1	-17.6	-71.6		
Additional Line Item	ıs (42.2)	(56.3)	(98.6)	(49.4)	33.8	(81.6)	(47.7)	(80.0)	(97.2)	-17.2	+1.4	+1.7	-115.4		
Net Profit *1	(191.1)	158.7	(32.4)	298.7	209.1	129.4	338.5	520.0	637.3	+117.3	+669.7	+39.8	-79.7		
ROS	-4.8%	8.4%	2.3%	15.1%	15.0%	10.4%	12.6%	12.1%	13.8%	+1.7%	+11.5%	-2.5%	-4.5%		
Earning per Share (JPY/ share)	(208)	172	(35)	324	227	141	368	565	692	+127	+727	+43	-87		
EBITDA *2	36.7	364.2	400.9	639.2	350.1	300.8	651.0	1,130.0	1,290.2	+160.2	+889.3	+11.8	-49.3		
EBITDA/Sales	1.6%	14.1%	8.3%	20.2%	19.7%	16.1%	17.9%	17.1%	18.9%	+1.8%	+10.6%	-2.3%	-3.6%		
EBITDA/t *3 (Thousand JPY/t)	2.2	17.5	10.6	27.5	31.7	29.6	30.7	25.2	29.0	+3.8	+18.4	+3.2	-2.1		

^{*1} Profit attributable to owners of the parent



^{*2} Business profit + depreciation cost + impairment loss

^{*3} EBITDA/ consolidated crude steel production

^{*4} Forecast as of Feb. 3rd, 2022

Operational Highlights

Forecasts are rough figures .

		FY20				FY	Change						
(MMT)	1H	2H		1H	3Q	4Q	2H	Prev. (f) *1		Prev. FY21(f) → *1 FY21	FY20 → FY21	FY21 1H → FY21 2H	FY21.3Q → FY21.4Q
Non-Consolidated Pig-iron Production	14.82	18.25	33.07	19.93	9.72	8.75	18.48	38.50	38.41	-0.09	+5.33	-1.45	-0.97
Consolidated Crude Steel Production	16.78	20.87	37.65	23.25	11.06	10.16	21.20	44.80	44.46	-0.34	+6.81	-2.05	-0.90
Non-Consolidated Crude Steel Production	14.64	18.36	33.00	20.23	9.64	8.81	18.45	38.80	38.68	-0.12	+5.68	-1.78	-0.83
Non-Consolidated Steel Shipments	14.46	16.77	31.22	18.28	8.96	8.31	17.28	35.60	35.56	-0.04	+4.33	-1.01	-0.65
Seamless Pipe Shipments	0.34	0.29	0.63	0.31	0.14	0.15	0.29	0.59	0.60	+0.01	-0.03	-0.02	+0.01
Average Steel Selling Price (k JPY/ton)	83.6	88.3	86.1	106.6	124.4	134.6	129.3	117	117.7	+1	+31.5	+22.7	+10.2
Steel Export Ratio (Value basis (%))	38	35	36	44	42	39	40	41	42	+1	+6.0	-4	-3
FOREX (USD•JPY)	107	105	106	110	113	115	114	112	112	-	Depreciated Yen +6		Depreciated Yen +2

^{*1} Forecasts as of Feb. 3rd, 2022



Key Indicators of Demand

		FY20						FY	21	•			Change					
[Domestic]		1H	2H		1	.н	3Q	4Q	2H	Prev. (f) *1		Prev. FY21(f) → * FY21	FY20 → FY21	FY21. → FY21.		FY21.3Q → FY21.4Q		
Housing Starts (mil. hous	ses)	0.41	0.40	0.8	31	0.45	0.22	0.20	0.42	0.86	0.87	+0.00	+0.05	-0.	.03	-0.02		
Non-residential Construction Starts (mil.	m²)	23.37	21.55	44.9	92 2	3.67	13.81	10.58	24.39	47.20	48.06	+0.86	+3.13	+0.	.72	-3.23		
Public Works Orders (bn	JPY)	5,654	6,383	12,03	37 5	,679	2,399	3,286	5,685	11,560	11,36	-195	-673	}	+6	+887		
Finished Auto Production (mil. ur		3.33	4.63	7.9	97	3.60	1.98	1.96	3.94	7.70	7.54	-0.16	-0.43	+0.	.34	-0.02		
Export of Finished Auto	nits)	1.46	2.22	3.0	68	1.81	0.97	0.90	1.87	3.80	3.68	-0.12	+0.01	+0.	.06	-0.07		
Overseas Auto Productio (8 Japanese car makers) (mil. ur		6.50	9.01	15.	51	7.43	4.26	4.24	8.50		15.93	3	+0.41	+1.	.07	-0.02		
Large & Middle Sized Shovel Production _{(thousand u}	nits)	32	42	-	74	44	24	24	48	90	92	+2	+18	3	+3	-		
Metal Machine Tool Production (thousand to	ons)	112	137	24	19	157	81	92	173	330	329	-1	+80	+	-16	+11		
Keel-laid New Ships (mil. gross to	ons)	4.82	4.68	9.	50	4.31	2.20	2.30	4.50	8.60	8.81	+0.21	-0.68	+0.	.19	+0.10		
Rig Count CY12		CY13	CY14	CY15	CY16	CY17	7 CY18	CY19	CY20	CY21	Late	est	Peal	‹	Bot	tom		
USA 1	1,919	1,761	1,862	977	510	875	5 1,032	944	436	475	689	(Apr.13th)	2,031 (S	ep-08)	244	(Aug-20)		
Deep well(≧15,000ft)	324	326	354	205	126	222	2 230	227	104	172	287	(Apr.13th)	413 ^{(N}	lov-11)	55	(Sep-20)		
World total 1	1,234	1,296	1,337	1,167	955	948	988	3 1,098	825	755	823	(Mar.22)	1,382	Jul-14)	656	(Oct-20)		

Source: Baker Hughes, Smith international, Nippon Steel's estimate *1 Forecasts as of Feb 3rd, 2022



Domestic Steel Consumption by Industrial Sector

		FY20				F	Y21			Change					
(MMT)	1H	2H		1H	3Q	4Q	2H	Prev. (f) *1		Prev. FY21(f) → *1 FY21	FY20 → FY21	FY21.1H → FY21.2H	FY21.3Q → FY21.4Q		
Domestic Crude Steel Production	37.09	45.70	82.78	48.42	24.20	23.01	47.21	96.70	95.64	-1.06	+12.85	-1.21	-1.19		
Domestic Steel Consumption (A + B)	24.78	27.99	52.77	27.12	14.32	13.78	28.10	55.70	55.22	-0.48	+2.45	+0.98	-0.54		
% for manufacturing sector	61.6	64.6	63.2	61.5	62.8	63.1	62.9	63	62.2	-0.8	-1.0	+1.5	+0.3		
Ordinary Steel Consumption (A)	19.62	22.28	41.90	21.53	11.20	10.95	22.14	43.80	43.67	-0.13	+1.78	+0.62	-0.25		
Construction	9.16	9.54	18.70	10.06	5.13	4.93	10.06	20.00	20.11	+0.11	+1.41	+0.00	-0.21		
Manufacturing	10.46	12.74	23.19	11.47	6.07	6.02	12.09	23.80	23.55	-0.25	+0.36	+0.62	-0.05		
Shipbuilding	1.68	1.57	3.25	1.33	0.73	0.76	1.49	2.80	2.82	+0.02	-0.43	+0.16	+0.03		
Automotive	3.92	5.25	9.17	4.38	2.35	2.29	4.64	9.20	9.02	-0.18	-0.15	+0.26	-0.05		
Industrial Machine	1.95	2.31	4.26	2.40	1.27	1.23	2.50	4.90	4.91	+0.01	+0.65	+0.10	-0.05		
Electronic Machine	1.21	1.55	2.76	1.38	0.71	0.73	1.44	2.80	2.81	+0.01	+0.06	+0.06	+0.02		
Special Steel Consumption (B)	5.16	5.71	10.87	5.60	3.12	2.83	5.95	11.90	11.55	-0.35	+0.68	+0.36	-0.28		

Source: Nippon Steel's estimation

*1 Forecasts as of Feb. 3rd, 2022



World Crude Steel Production

	CY20	CY21						CY	22		CY22	
(MMT)	[A]	Jan - Mar	Apr - Jun	Jul - Sep	Oct Dec.	[B]	Jan	Feb	Mar	Jan - Mar [C]	[D] (B*12/3)	Change [B] →[D]
World Total	1,842.4	487.9	514.4	460.2	446.5	1,909.0	155.7	142.7	161.0	459.5	1,838.0	-70.9
[YoY]	[-0.1%]	[+10.1%]	[+17.1%]	[-3.0%]	[-8.0%]	[+3.6%]	[-5.9%]	[-5.7%]	[-5.8%]	[-5.8%]		
Japan	83.8	23.7	24.3	24.1	24.2	96.3	7.8	7.3	8.0	23.0	92.1	-4.3
[YoY]	[-15.6%]	[-1.7%]	[+29.8%]	[+26.9%]	[+10.1%]	[+14.9%]	[-2.1%]	[-2.3%]	[-4.3%]	[-2.9%]		
Korea	67.1	17.6	17.6	17.7	17.6	70.4	6.1	5.2	5.7	16.9	67.7	-2.7
[YoY]	[-6.1%]	[+3.9%]	[+13.2%]	[+3.6%]	[+0.1%]	[+5.0%]	[+0.5%]	[-6.0%]	[-6.1%]	[-3.8%]		
USA	72.7	20.4	21.7	22.2	14.5	78.7	7.0	6.4	7.0	20.3	81.3	+2.6
EU28	139.3	40.1	42.2	38.3	39.3	159.8	12.7	12.4	13.4	38.4	153.5	-6.3
Russia	71.6	18.9	19.3	18.4	18.6	75.2	6.2	5.9	6.6	18.7	74.9	-0.3
Ukraine	31.4	5.3	5.6	5.4	5.1	21.4	1.9	1.4	0.2	3.4	13.7	-7.7
Brazil	31.4	8.7	9.3	9.4	8.8	36.2	2.9	2.7	3.0	8.5	34.1	-2.1
India	100.3	30.1	28.0	29.5	30.6	118.2	10.9	10.1	10.9	31.9	127.7	+9.5
China	1,064.9	269.8	291.2	243.8	227.1	1,031.9	83.0	75.0	88.3	246.3	985.0	-46.8
[YoY]	[+6.9%]	[+15.4%]	[+7.0%]	[-14.2%]	[-17.3%]	[-3.1%]	[-10.0%]	[-10.0%]	[-6.4%]	[-8.7%]		

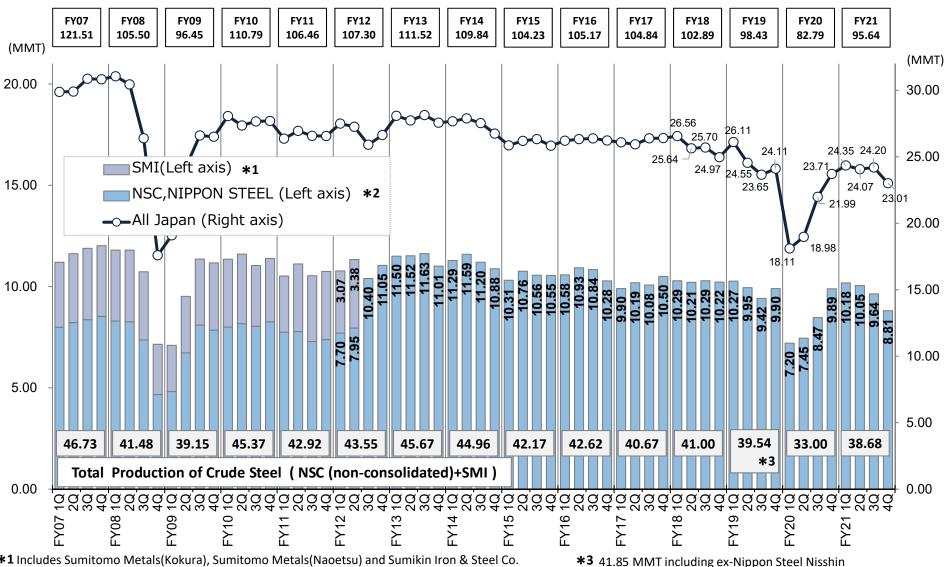
Source: World Steel Association

^{*} Total of 64 countries



Domestic Crude Steel Production

All Japan (MMT)

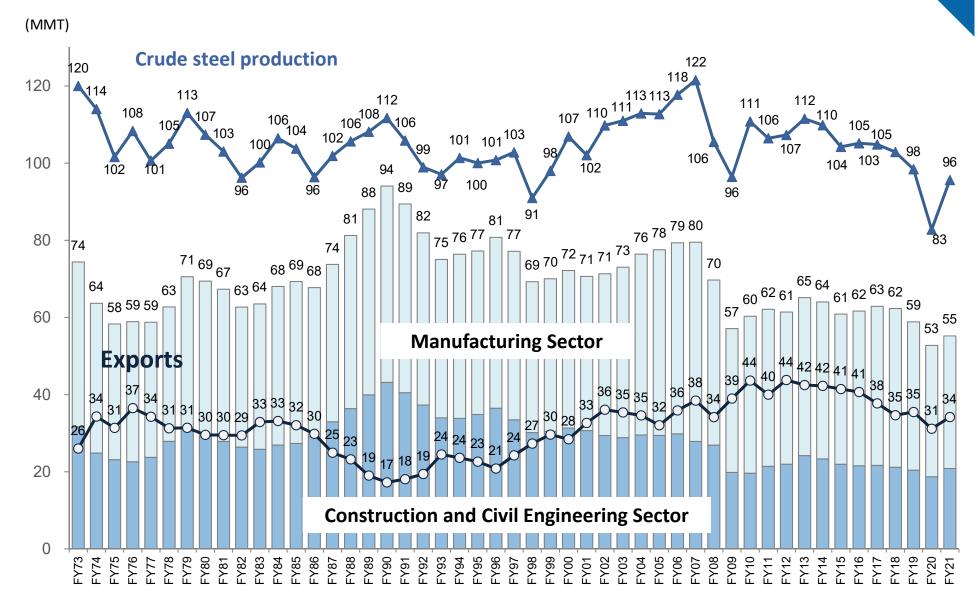


*1 Includes Sumitomo Metals(Kokura), Sumitomo Metals(Naoetsu) and Sumikin Iron & Steel Co.

*2 Includes NIPPON STEEL & SUMIKIN KOUTETSU WAKAYAMA CORP (~FY2017)



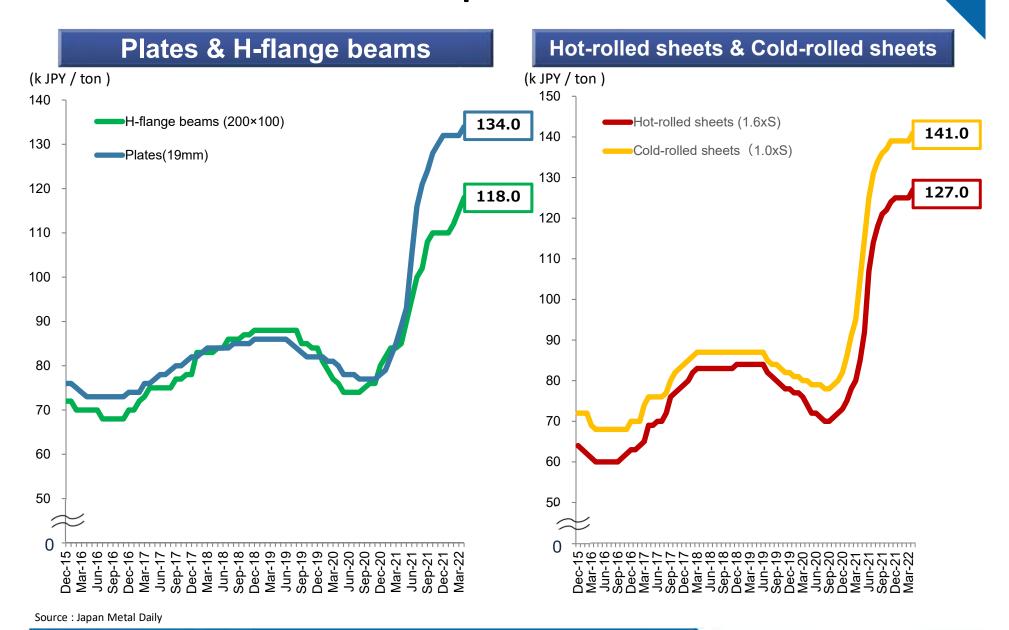
Domestic Steel Consumption Trend



Source: Nippon Steel



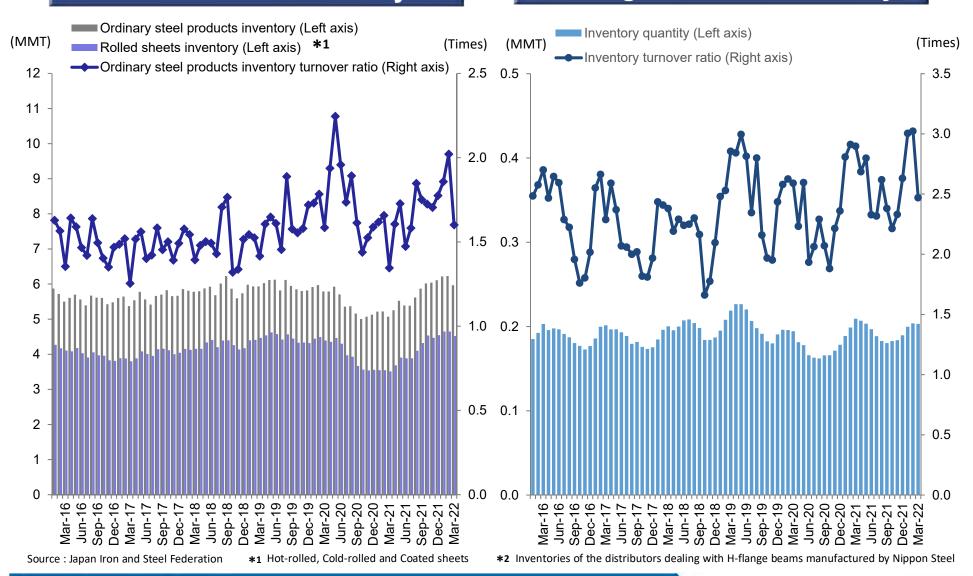
Domestic Steel Products Spot Prices



Domestic Steel Inventory

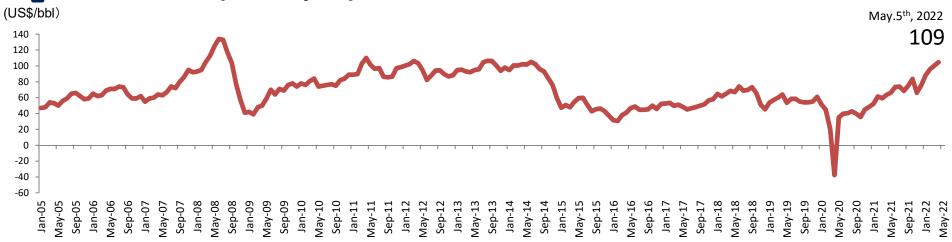
Rolled Sheets Inventory *1

H-flange beams*2 Inventory



Energy Sector: Oil Price / Rig Count





Rig Counts (Jan. 2005=100)



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