Q2 FY2022 Earnings Summary

November 1st, 2022

Notes on this presentation material
Unless otherwise noted, all volume figures are presented in metric tons
Unless otherwise noted, all financial figures are on consolidated basis
Agenda

1. Q2 FY2022 Earnings Summary and FY2022 Earnings Forecast
   - Summary
   - Additional Line Items, Net Profit
   - Dividend

2. Business Domains and Profit Trends
   - Business Environment
   - 1) Domestic Steel Business
   - 2) Overseas Steel Business
   - 3) Raw Material Interests
   - 4) Other Group Companies
   - 5) Three Non-steel Segments

3. Progress of Carbon Neutral Vision 2050

4. Supplementary Materials for Financial Results

5. Topics
# Q2 FY2022 Earnings Summary and FY2022 Forecast

**H1 FY2022 consol. BP*: 541.7 bn. JPY (record high, incl. inventory valuation etc. approx. 240.0 bn. JPY)**

**New target for consol. BP in FY2022: 870.0 bn. JPY in total and 630 bn. JPY in underlying basis, upward revision from the previous guidance as of Aug. 2022, even in the sluggish business environment**

**We have significantly improved profitability that is becoming more robust than the competitors in east Asia.**

*BP: Business profit

<table>
<thead>
<tr>
<th></th>
<th>H2 FY2021</th>
<th>Q1</th>
<th>Q2</th>
<th>H1</th>
<th>Vs. Forecast as of Aug.4th</th>
<th>Vs. FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-consol. crude steel production (MMT)</td>
<td>18.45</td>
<td>38.68</td>
<td>8.69</td>
<td>8.34</td>
<td>17.04</td>
<td>-0.47</td>
</tr>
<tr>
<td>Non-consol. steel shipment (MMT)</td>
<td>17.28</td>
<td>35.56</td>
<td>8.19</td>
<td>7.49</td>
<td>15.69</td>
<td>-0.31</td>
</tr>
<tr>
<td>FX (USD/JPY)</td>
<td>114</td>
<td>112</td>
<td>126</td>
<td>137</td>
<td>132</td>
<td>-</td>
</tr>
<tr>
<td>Revenue (Bn. JPY)</td>
<td>3,644.9</td>
<td>6,808.8</td>
<td>1,919.1</td>
<td>1,955.2</td>
<td>3,877.4</td>
<td>-122.6</td>
</tr>
<tr>
<td>Consol. BP (Bn. JPY)</td>
<td>460.2</td>
<td>938.1</td>
<td>338.8</td>
<td>202.8</td>
<td>541.7</td>
<td>+91.7</td>
</tr>
<tr>
<td>ROS</td>
<td>12.6%</td>
<td>13.8%</td>
<td>17.7%</td>
<td>10.4%</td>
<td>14.0%</td>
<td>+2.7%</td>
</tr>
<tr>
<td>Underlying profit excl. inventory valuation etc.</td>
<td>350.0</td>
<td>690.0</td>
<td>180.0</td>
<td>120.0</td>
<td>300.0</td>
<td>+50.0</td>
</tr>
</tbody>
</table>
Business Environment

World’s crude steel production trend

- Line: world’s crude steel production (right axis)
- Bar: world’s crude steel production YoY % (left axis)

YoY decline had continued for 13 months until Aug. 2022

Domestic steel demand

- FY2014 -> FY2022(f) approx. -15%
- FY2014 64 MMT/Y -> FY2022 55 MMT/Y

Raw material prices and steel market price

- Steel price spread in east Asia has been recently squeezed
- HRC price in China (virtually converted into ASEAN CFR)
- Coking coal (Australia FOB) x 0.9
- Fine iron ore (Australia FOB) x 1.7

FX rate

- FY2014 -> FY2022(f) Approx. +30% yen depreciation
- FY2014 average 109 yen/$
- FY2022(f) average 141 yen/$ (H1:132/H2:150)

Domestic steel demand

- FY2014 - FY2022(f) approx. -15%
- FY2014 64 MMT/Y -> FY2022 55 MMT/Y

Steel price spread in east Asia has been recently squeezed

HRC price in China (virtually converted into ASEAN CFR)
**Business Profit Trend**

Even though crude steel production has decreased by approximately 30% from FY2014 due to deteriorated business environment such as demand decline and yen depreciation, underlying business profit is expected to reach 630.0 bn. JPY this year as we have established profitable business structure that would not be affected by demand decline significantly.

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-consol. crude steel production (MMT/Y)</th>
<th>Underlying profit (Bn. JPY/Y)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2014</td>
<td>471.3</td>
<td>630.0</td>
</tr>
<tr>
<td>FY2015</td>
<td>48.23</td>
<td>690.0</td>
</tr>
<tr>
<td>FY2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2022(f)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*1 TTM average for previous month  *2 2014~2018: Ex-Nippon Steel Sumitomo Metal + ex-Nisshin Steel Kure Works / 2019: Ex-Nippon Steel + ex-Nisshin Steel Kure Works  
*3 Before and in 2016: Ex-Nippon Steel Sumitomo Metal + ex-Nisshin Steel consol. ordinary profit (JGAAP) / after and in 2017: consol. business profit (IFRS)  
*4 FY2019 excl. impairment losses etc.
## Underlying Consol. Business Profit Variance

<table>
<thead>
<tr>
<th></th>
<th>H1 FY2022(f) as of Aug. 4th to H1 FY2022 result</th>
<th>H1 FY2022 result to H2(f) FY2022 as of Nov.1st result</th>
<th>FY2022(f) as of Aug. 4th to FY2022(f) as of Nov. 1st result</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Underlying profit variance</strong></td>
<td>+50.0</td>
<td>+30.0</td>
<td>+30.0</td>
</tr>
<tr>
<td>Domestic steel business etc.</td>
<td>+15.0</td>
<td>+40.0</td>
<td>+10.0</td>
</tr>
<tr>
<td>Volume *1</td>
<td>+15.0</td>
<td>-15.0</td>
<td>-30.0</td>
</tr>
<tr>
<td></td>
<td>[-0.31MMT]</td>
<td>[-0.49MMT]</td>
<td>[-0.70MMT]</td>
</tr>
<tr>
<td>Spread (sales price, mix, raw material price) *2</td>
<td>+25.0 (+2 kJPY/t)</td>
<td>+70.0 (+4 kJPY/t)</td>
<td>+40.0 (+1 kJPY/t)</td>
</tr>
<tr>
<td></td>
<td>[0]</td>
<td>[18 Yen dep]</td>
<td>[5 Yen dep]</td>
</tr>
<tr>
<td>Cost reduction</td>
<td>-</td>
<td>+10.0</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>+5.0</td>
<td>-25.0</td>
<td>+6.0</td>
</tr>
<tr>
<td>Overseas business</td>
<td>-2.0</td>
<td>-26.0</td>
<td>-10.0</td>
</tr>
<tr>
<td>Raw material interests</td>
<td>+7.0</td>
<td>+6.0</td>
<td>-10.0</td>
</tr>
<tr>
<td>Other group companies</td>
<td>+32.0</td>
<td>+2.0</td>
<td>+40.0</td>
</tr>
<tr>
<td>Three non-steel segments</td>
<td>-</td>
<td>+4.0</td>
<td>-</td>
</tr>
</tbody>
</table>

*1 excluding effect of BF relining  
*2 including impact from FX rate fluctuation

Unit: Bn. JPY

Underlying Consol. Business Profit Variance

- **Volume** *1: Increase or decrease of shipment volume (e.g., -0.31MMT)
- **Spread** *2: Increase in price or change in sales mix (e.g., +2 kJPY/t)
- **Cost reduction**: +10.0 represents a cost reduction of 10.0 Bn. JPY
- **Others**: +6.0 represents an increase of 6.0 Bn. JPY
- **Overseas business**: -10.0 represents a decrease of 10.0 Bn. JPY
- **Raw material interests**: +21.0 represents an increase of 21.0 Bn. JPY
- **Other group companies**: +51.0 represents an increase of 51.0 Bn. JPY
- **Three non-steel segments**: +8.0 represents an increase of 8.0 Bn. JPY

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Breakdown of Underlying Consol. Business Profit

Supported with robust profit from overseas steel business, raw material interests, other group companies, and three non-steel segments, while securing stable profit in domestic steel business, we aim to generate underlying consol. business profit of 630.0 bn. JPY even under the current harsh business environment.

1) Domestic steel business (Non-consol. operating profit excluding inventory valuation etc.)
   - FY2014: 255.0
   - FY2021: 244.0
   - FY2022(f): 130.0
   - [FY2022(f) as of Aug.4th]: [120.0]
   - FY2025 minimum target: 250.0

2) Overseas steel business
   - FY2014: 62.0
   - FY2021: 129.0
   - FY2022(f): [70.0]
   - [70.0]: [140.0]
   - [140.0]: [150.0]
   - [150.0]: [110.0]
   - [110.0]: 100.0

3) Raw material interests
   - FY2014: 13.0
   - FY2021: 135.0
   - FY2022(f): [100.0]
   - [100.0]: 100.0

4) Other group companies
   - FY2014: 45.0
   - FY2021: 119.0
   - FY2022(f): 180.0
   - [180.0]: 100.0

5) Three non-steel segments
   - FY2014: 490.0
   - FY2021: 690.0
   - FY2022(f): [50.0]
   - [50.0]: 100.0

Supported with robust profit from overseas steel business, raw material interests, other group companies, and three non-steel segments, while securing stable profit in domestic steel business, we aim to generate underlying consol. business profit of 630.0 bn. JPY even under the current harsh business environment.
## Additional Line Items, Net Profit

### (Bn. JPY)

<table>
<thead>
<tr>
<th></th>
<th>H1</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consol. business profit</td>
<td>477.8</td>
<td>938.1</td>
</tr>
<tr>
<td>Additional line items</td>
<td>(49.4)</td>
<td>(97.2)</td>
</tr>
<tr>
<td>Net profit (loss)*</td>
<td>298.7</td>
<td>637.3</td>
</tr>
<tr>
<td>EPS (JPY/share)</td>
<td>324</td>
<td>692</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>20.3%</td>
<td>20.5%</td>
</tr>
</tbody>
</table>

### FY2022 (f) as of Aug. 4th

<table>
<thead>
<tr>
<th></th>
<th>H1</th>
<th>Vs. H1(f) as of Aug. 4th</th>
<th>FY2022 (f)</th>
<th>Vs. FY2022(f) as of Aug. 4th</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consol. business profit</td>
<td>541.7</td>
<td>+91.7</td>
<td>870.0</td>
<td>+70.0</td>
</tr>
<tr>
<td>Additional line items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net profit (loss)*</td>
<td>372.3</td>
<td>+72.4</td>
<td>670.0</td>
<td>+70.0</td>
</tr>
<tr>
<td>EPS (JPY/share)</td>
<td>404</td>
<td>+79</td>
<td>728</td>
<td>+76</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>20.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Profit (loss) attributable to owners of the parent

### <Additional line items>

**FY2022**: Not applicable

**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)

### Cf. Losses on inactive facilities

Including Impairment loss (in 2019)

- Kokura Area upstream facilities, NSSC Kinuura Works, etc.
- Kure Area upstream facilities
  - Wakayama Area upstream facilities
  - Nagoya Works steel plate mill
  - Kimitsu Area large shape mill, UO pipe mill etc.
  - (bn. JPY)
Net Profit*, ROE, Financial Health Indicators

**Net Profit***

*Profit attributable to owners of the parent

Bn. JPY/Y

- FY 2014: 214.2
- FY 2015: 145.4
- FY 2016: 130.9
- FY 2017: 195.0
- FY 2018: 251.1
- FY 2019: 637.3
- FY 2020: 670.0
- FY 2021: 2,683.6
- FY 2022(f): 2,978.6

**ROE**

- FY 2014: 7.6%
- FY 2015: 5.1%
- FY 2016: 4.6%
- FY 2017: 6.0%
- FY 2018: 7.9%
- FY 2019: (431.5)
- FY 2020: (32.4)
- FY 2021: 20.5%
- FY 2022(f): 20.1%

**Equity capital**

- '14: 2,683.6
- '15: 2,978.6
- '16: 2,008.2
- '17: 2,104.8
- '18: 2,157.7
- '19: 2,369.2
- '20: 2,488.7
- '21: 2,559.2
- '22: 2,606.8

**Interest-bearing debt**

- '14: 140.0
- '15: 780.0
- '16: 100.0
- '17: 280.0
- '18: 140.0
- '19: 140.0
- '20: 140.0
- '21: 140.0
- '22: 140.0

**Asset streamlining**

- FY 2012: 780.0
- FY 2013: 100.0
- FY 2014: 280.0
- FY 2015: 140.0
- FY 2016: 140.0
- FY 2017: 140.0
- FY 2018: 140.0
- FY 2019: 140.0
- FY 2020: 140.0
- FY 2021: 140.0
- FY 2022(f): 1.52 tn. JPY

**D/E**

- FY 2014: 0.68
- FY 2015: 0.64
- FY 2016: 0.63
- FY 2017: 0.66
- FY 2018: 0.66
- FY 2019: 0.74
- FY 2020: 0.70
- FY 2021: 0.59
- FY 2022(f): 0.52

*Profit attributable to owners of the parent
Based on the increase of profit in the actual financial results for the H1 of FY2022 and the earnings forecast for FY2022 since the announcement of the previous earnings forecasts, and with a view to maintaining a high-level return to shareholders hereafter, Nippon Steel has decided to increase the planned dividend by 20 yen and distribute a dividend of **90 yen per share** at the end of the first half, **reaching a record high as an interim dividend**. Nippon Steel plans to determine and announce the forecast for the year-end dividend with due consideration of forecasts for the full fiscal year performance at the time of Q3 announcement.

**Pay-out ratio policy**
- In or before FY2014: approx. 20%
- In or after FY2015: approx. 30%

**Dividends**
- Full-year: 160 yen
- Year-end: 90 yen
- Interim: 90 yen
Agenda

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   - 5) Three Non-steel Segments

3. Progress of Carbon Neutral Vision 2050

4. Supplementary Materials for Financial Results

5. Topics
Steel demand is expected to stay sluggish due to increasingly gloomy and uncertain economic outlook. Careful attention must be paid going forward to demand outlook, impact of the economic stimulus measures by Chinese government, and the production cutbacks trend in China.

- China: suffering prolonged economic slowdown due to ultra-strict zero-COVID policies and sluggish property market
- The United States: housing market being negatively affected by the interest rate hike
- Europe: economic slowdown anticipated due to gas supply shortages and soared energy price over the coming winter
- Emerging countries: suffering decline in foreign currency reserves due to soared energy and USD exchange rate

### GDP Growth Outlook

<table>
<thead>
<tr>
<th>Region</th>
<th>CY21</th>
<th>CY22 outlook</th>
<th>CY23 outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>6.0</td>
<td>3.2 -2.8</td>
<td>2.7 -0.5</td>
</tr>
<tr>
<td>US</td>
<td>5.7</td>
<td>1.6 -0.7</td>
<td>1.0 -0.6</td>
</tr>
<tr>
<td>Europe</td>
<td>5.2</td>
<td>3.1 +0.5</td>
<td>0.5 -2.6</td>
</tr>
<tr>
<td>China</td>
<td>8.1</td>
<td>3.2 -0.1</td>
<td>4.4 +1.2</td>
</tr>
<tr>
<td>S. Korea</td>
<td>4.1</td>
<td>2.6 +0.1</td>
<td>2.0 -0.6</td>
</tr>
<tr>
<td>Japan</td>
<td>1.7</td>
<td>1.7 -</td>
<td>1.6 -0.1</td>
</tr>
<tr>
<td>ASEAN5*</td>
<td>3.4</td>
<td>5.3 +1.9</td>
<td>4.9 -0.4</td>
</tr>
<tr>
<td>India</td>
<td>8.7</td>
<td>6.8 -0.6</td>
<td>6.1 -0.7</td>
</tr>
<tr>
<td>Russia</td>
<td>4.7</td>
<td>-3.4 +2.6</td>
<td>-2.3 +1.1</td>
</tr>
<tr>
<td>Brazil</td>
<td>4.6</td>
<td>2.8 +1.1</td>
<td>1.0 -1.8</td>
</tr>
</tbody>
</table>

### Steel Demand Outlook

<table>
<thead>
<tr>
<th>Region</th>
<th>CY21</th>
<th>CY22 outlook</th>
<th>CY23 outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>1,797</td>
<td>-44 -42 -2.3%</td>
<td>1,815</td>
</tr>
<tr>
<td>US</td>
<td>99</td>
<td>-1 +2 +2.1%</td>
<td>101</td>
</tr>
<tr>
<td>Europe</td>
<td>159</td>
<td>-3 -6 -3.5%</td>
<td>157</td>
</tr>
<tr>
<td>China</td>
<td>914</td>
<td>-38 -38 -4.0%</td>
<td>914</td>
</tr>
<tr>
<td>S. Korea</td>
<td>55</td>
<td>-2 -1 -2.5%</td>
<td>55</td>
</tr>
<tr>
<td>Japan</td>
<td>58</td>
<td>-1 +0 +0.2%</td>
<td>59</td>
</tr>
<tr>
<td>ASEAN5*</td>
<td>77</td>
<td>+1 +4 +5.8%</td>
<td>81</td>
</tr>
<tr>
<td>India</td>
<td>113</td>
<td>-1 +7 +6.1%</td>
<td>120</td>
</tr>
<tr>
<td>Russia</td>
<td>41</td>
<td>+6 -3 -6.0%</td>
<td>37</td>
</tr>
<tr>
<td>Brazil</td>
<td>24</td>
<td>-0 -2 -8.5%</td>
<td>25</td>
</tr>
</tbody>
</table>

(*) Indonesia, Malaysia, Phillipines, Thailand, Vietnam
Steel demand has been sluggish recently and its outlook is uncertain. Careful attention must be paid going forward to impact of economic stimulus measures, production cutback policy, and zero-COVID policies of Chinese government.

[To date]
- Steel demand has declined due to sluggish construction market, restrictions on electricity use, disrupted supply chain caused by strict lockdowns, and seasonality in summer.
- Crude steel production had temporarily increased before around April and May, but dropped after June. Although it was reversed to rise from August, the production in CY2022 will remain the same level as in CY2021.
- The number of steel export peaked out around May or June.

[Going forward]
- Chinese government has announced its determination to keep reducing crude steel production in 2022 based on its decarbonization policy, and seems successfully controlling the production level with some fluctuation.
- The high levels of production seen in April to May and export in May to June are not likely to persist in the future.
### Business Environment

**Raw Materials Market Prices**

#### Fine Iron ore price
- Has dropped and stayed around 80$/t in FOB due to anticipation of worldwide economic recession.

#### Coking coal price
- Has gradually increased since August due to bad weather and labor shortages in supplier countries and operation troubles in some coal mines.

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**Contract price:** long-term trend

*Fine Iron ore price*

*Market price*

*Contract price: long-term trend*

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**Contract price:** long-term trend

*Coking coal price*

*Market price*

*Contract price: long-term trend*
Business Environment  Steel S&D in Japan

Although steel demand in some markets such as construction, shipbuilding and industrial machines is robust, Japan is facing downward economic pressure due to prolonged cutbacks in auto production deriving from chip shortages, raw materials inflation, and excessively depreciated yen.

- **Finished auto production**
  - Million units/Y
  - FY2014: 4.78, 4.81, 4.82, 4.67, 4.63, 3.33, 3.60, 3.94, 3.71, 4.09

- **USD-JPY trend**
  - Assumption for FY2022 guidance:
    - Q3: 150 yen/$
    - Q4: 150 yen/$

- **Domestic steel demand**
  - MMT/Y
  - FY2014: 31.7, 32.4
  - FY2022: 10.1

- **Non-consolidated crude steel production**
  - MMT/Y
**The Balance of Trade and FX Sensitivity**

The proportion of import-related costs to steel manufacturing cost has risen due to the recent surge in prices of raw materials and energy.

-> The negative impact of Yen depreciation to our domestic steel business has increased significantly.

**Cf. Rough figures for our steel manufacturing cost structure**

<table>
<thead>
<tr>
<th></th>
<th>FY2014 JPY/USD</th>
<th>FY2019 JPY/USD</th>
<th>H2 FY2021 JPY/USD</th>
<th>Estimation at current condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import-related costs</td>
<td>Approx. 40%</td>
<td>Approx. 40%</td>
<td>Approx. 60%</td>
<td>Approx. 70%</td>
</tr>
<tr>
<td>Other costs</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Impact from FX fluctuation

<table>
<thead>
<tr>
<th>Impact from Yen Depreciation</th>
<th>Domestic steel business</th>
<th>Overseas business, raw material interests</th>
<th>Other group companies</th>
<th>Underlying business P/L</th>
<th>Inventory valuation, non-operating P/L</th>
<th>Business P/L</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess in import in Q2 FY2022</td>
<td>-) Negative</td>
<td>(+) Positive</td>
<td>(+) Positive</td>
<td>-) Negative</td>
<td>(+) Positive</td>
<td>Neutral or slightly positive</td>
</tr>
<tr>
<td>(raw material import etc. 5.3 bn. USD/Q – steel export 3.5 bn. USD/Q)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain in foreign currency translation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess in export, gain in foreign asset valuation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Impact from Yen Depreciation**

- Domestic steel business: -) Negative
- Overseas business, raw material interests: +) Positive
- Other group companies: +) Positive
- Underlying business P/L: -) Negative
- Inventory valuation, non-operating P/L: +) Positive
- Business P/L: Neutral or slightly positive
Toward FY2025, we aim to increase profit to more than 250.0 bn. JPY, even if steel demand and market price stay sluggish, by following initiatives:

- **Sophistication of order mix**
- 60.0 bn. JPY cost reduction through structural measures
- **Recovery in spread** which temporally deteriorated in H1 FY2022 due to raw materials price fluctuation that happened after steel price agreement with customers

Aiming to secure 130.0 bn. JPY/Y profit (or 170.0 bn. JPY/Y for H2 annual basis) in FY2022 even under current harsh business environment.

By drastically lowering BEP, we have established robust profitability even with low shipment volume.

- Improvement in direct contract prices
- Sophistication of order mix
- Production facility structural measures
- Improvement in marginal profit per ton of steel
- Significant reduction in fixed cost
- Drastic improvement in BEP

Non-consol. operating P/L excluding inventory valuation etc. Before and in FY2019: including ex-Nisshin Steel Kure Area and Hanshin Area.
Domestic Steel Business Improvement in Steel Price Spread

While overseas steel market is expected to stay sluggish going forward, by H2 FY2022 we aim to improve steel price spread by 300.0 bn. JPY in annual basis compared to H2 FY2020 as we secure appropriate level of margin and improve order mix in direct contract-based sales which account for over half of our shipment.

<table>
<thead>
<tr>
<th>Spread variance</th>
<th>H2 FY2020 to H1 FY2021</th>
<th>H1 FY2021 to H2 FY2021</th>
<th>H2 FY2021 to H1 FY2022</th>
<th>H1 FY2022 to H2 FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bn. JPY/6M</td>
<td>+101.0</td>
<td>+55.0</td>
<td>-75.0</td>
<td>+70.0</td>
</tr>
<tr>
<td>kJPY/t</td>
<td>+6</td>
<td>+3</td>
<td>-5</td>
<td>+4</td>
</tr>
</tbody>
</table>

Improvement in Steel Price Spread

While overseas steel market is expected to stay sluggish going forward, by H2 FY2022 we aim to improve steel price spread by 300.0 bn. JPY in annual basis compared to H2 FY2020 as we secure appropriate level of margin and improve order mix in direct contract-based sales which account for over half of our shipment.

**Direct contract sales**

**FY2021**, we realized **appropriate level of margin** by continuously asking customers about fair steel prices from following perspectives;
- Substantial correction of steel prices which had been relatively low level compared with international peers
- A fair allocation of cost burden for raw materials and commodities
- Reflection in steel prices of our high value-added product qualities and solutions

**H1 FY2022** (Changed in price negotiation system to pre-fixed basis.) **Temporal deterioration** due to raw material cost inflation that happened after steel price agreement with customers

Profitability of Asian steelmakers has significantly deteriorated. Currently, spot market prices of steel have been lower than the sustainable level for steel mills.

**H2 FY2022**(f) Margin recovery by reflecting soared raw material costs into steel prices

Domestic / Direct contract-based sales to customers

Export / Direct contract sales

Export / Spot market sales via distributors

Export / Spot market sales

H2 FY2020 to H1 FY2021

H1 FY2021 to H2 FY2021

H2 FY2021 to H1 FY2022

H1 FY2022 to H2 FY2022

H2 FY2022

H2 FY2020
Changes in Japanese business practice for direct contract-based sales

### Domestic Steel Business

**Change in price negotiation system:**
- From retroactive basis to **pre-fixed basis**

**Fix prices before order intake**

### Renovation in contract terms
in direct contract sales

**Conventional price negotiation system (retroactive basis)**

- **Sales at agreed price**
  - + retroactive adjustment

**New price negotiation system**
- In half-year contract
  - Agreement in H1 price
- In quarter contract
  - Agreement in Q1 price
  - Agreement in Q2 price

### Conventional price negotiation system (retroactive basis)

- **Sales at provisional price**
  - Retroactive adjustment

### New price negotiation system (pre-fixed basis)

- **Sales at agreed price**
  - New price negotiation system

Makes it easier to **outlook business environment** and enables both customers and us to steadily tackle long-term and difficult management issues such as carbon neutrality.

Enables us to convince customers of our intrinsic values – stable supply of high-quality products – and reflect the values into steel prices.

Makes it easier to reflect raw materials fluctuation into steel prices in a timely manner.

Enables us to convince customers of our intrinsic values – stable supply of high-quality products – and reflect the values into steel prices.
Sophistication of Order Mix
(Examples of High-value Added Products)

ZEXEED™, ZAM®, SuperDyma™
(Corrosion resistant coated steel sheet)

SUPERNICKEL™
(Nickel precoated steel sheets)

Laminated Steel Sheet

ALSHEET™
(Hot-dipped Al/Si alloy steel sheet)

GO Hi-B (High grade grain-oriented electrical steel sheet)

NSHYPER BEAM™
(Fixed external dimension H-section steel)

GA
(Alloyed & galvanized steel sheet)

NO-H, M (High and middle grade non-oriented electrical steel sheet)

13Cr, high alloy seamless pipe

(Unit in the figures below: t/Q)
### Domestic Steel Business

**Production Facility Structural Measures**

**Promoting restructuring plan in advance to prepare for mid- to long-term S&D change**

<table>
<thead>
<tr>
<th>FY2025 Plan</th>
<th>Progress to date</th>
<th>FY2023 – FY2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 -&gt; 10 Units</td>
<td>-&gt; 11 units</td>
<td>-&gt; 10 units</td>
</tr>
<tr>
<td>-5 units</td>
<td>-&gt; 4 units</td>
<td>-1 unit</td>
</tr>
</tbody>
</table>

**Total number of domestic BFs**

- **FY2020 to FY2022**
  - At the end of 2020.9: Kokura BF
  - At the end of 2021.9: Kure #1&2 BFs
  - Wakayama #1 BF

**Annual crude steel production capacity**

- **FY2022 -> FY2025**
  - At the end of FY2024: Kashima #3 BF

**Cost reduction**

- **FY2022 -> FY2025**
  - At the end of FY2023: Nippon Steel Stainless Steel EAF -1 unit
  - At the end of FY2024: Kashima one series of upstream facilities, etc.

<table>
<thead>
<tr>
<th>Year</th>
<th>Depreciation cost</th>
<th>Fixed cost</th>
<th>Variable cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>35.0</td>
<td>20.0</td>
<td>90.0</td>
</tr>
<tr>
<td>21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**FY2022 to FY2025**

- **Change**
  - Domestic BF: -5 units & Nippon Steel Stainless Steel Shunan EAF -1 unit
  - Domestic BF: -4 units
  - Domestic BF: -4 units
  - Domestic BF: -1 unit

- **Cost**
  - FY2022 -> FY2025: 60.0 bn. JPY/Y
Improvement in Break Even Point

Having drastically improved the break even point by structural measures, direct-contract price improvement, and sophistication of order mix, we are confident to secure 130.0 bn. JPY of underlying operating profit this year, even in the situation where steel demand and overseas market prices are low.

Medium- to Long-term Management Plan (FY2025)

FY2019

- Fixed cost
- Non-consol. operating P/L (excl. inventory valuation etc.)
  - FY2019 BEP
  - Shipment -7.40 MMT/Y

FY2022 (f)

- Volume
- 2019 BEP
- 2022 BEP

FY2022 (f) -> FY2025 (planned)

- Increase in depreciation cost
- Fixed cost reduction on cash basis
- Marginal profit improvement
- Sophistication of order mix
- Margin improvement in direct contract sales

- Investment for sophistication of order mix and facilities etc., carbon neutral steel, and facility replacement
- (1) Fixed cost reduction on cash basis (incl. effect of structural measures)
- (2) Depreciation cost reduction (change to straight-line method, effect of impairment loss, etc.)
- (3) Marginal profit improvement in direct contract sales
- (4) Sophistication of order mix (Selection of orders with limited and reduced production capacity)
- (5) Variable cost reduction (incl. effect of structural measures)
Domestic Steel Business

Sophistication of Order Mix

Before structural measures

FY2025 Medium- to Long-term Plan

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

High-value added products
- Response 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

Electrical Steel Sheet
- High performance ESS for EV motor and transformer
- CAPEX to improve production capacity and product quality
  - Production capacity increase: up about 1.5 times (NO+GO)
    - Up about 3.5 times (high-grade NO+GO)
  - Full-capacity operation: starts in H1 FY2024
  - Now considering additional CAPEX for capacity expansion

Ultra High-tensile Steel Sheet
- Contributes to production of highly-lightweight and safe vehicle in easy-processing
- Establishment of next-generation hot strip mill
  - Amount of CAPEX: approx. 270.0 bn. JPY
  - Production capacity: 6 MMT/Y
  - Start of operation: Q1 FY2026 (planned)
**Overseas Steel Business P/L Trend**

Profitability has significantly improved through selection and concentration of businesses

- Selection: Withdrawal from unprofitable business
- Concentration: Expansion of integrated production capacity in major markets

### FY2014 to FY2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Bn. JPY/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>13.0</td>
</tr>
<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
</tr>
<tr>
<td>2022(f)</td>
<td>135.0</td>
</tr>
</tbody>
</table>

### FY2025 minimal target

<table>
<thead>
<tr>
<th>Year</th>
<th>Bn. JPY/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>100.0</td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
</tr>
<tr>
<td>2022(f)</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Crude steel production (MMT/6M)**

<table>
<thead>
<tr>
<th>Year</th>
<th>'20. 1-6</th>
<th>'20. 7-12</th>
<th>'21. 1-6</th>
<th>'21. 7-12</th>
<th>'22. 1-6</th>
<th>'22. 7-9</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.96</td>
<td>3.67</td>
<td>3.66</td>
<td>3.74</td>
<td>3.40</td>
<td>3.33</td>
</tr>
</tbody>
</table>

**EBITDA (mUSD)**

<table>
<thead>
<tr>
<th>Year</th>
<th>'20. 1-6</th>
<th>'20. 7-12</th>
<th>'21. 1-6</th>
<th>'21. 7-12</th>
<th>'22. 1-6</th>
<th>'22. 7-9</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>255</td>
<td>440</td>
<td>1,010</td>
<td>985</td>
<td>846</td>
<td>408</td>
</tr>
</tbody>
</table>

**EBITDA excluding inventory valuation (mUSD)**

<table>
<thead>
<tr>
<th>Year</th>
<th>'20. 1-6</th>
<th>'20. 7-12</th>
<th>'21. 1-6</th>
<th>'21. 7-12</th>
<th>'22. 1-6</th>
<th>'22. 7-9</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>137</td>
<td>139</td>
<td>149</td>
<td>153</td>
<td>160</td>
<td>160</td>
</tr>
</tbody>
</table>

**Steel shipment (MMT/6M)**

<table>
<thead>
<tr>
<th>Year</th>
<th>'20. 1-6</th>
<th>'20. 7-12</th>
<th>'21. 1-6</th>
<th>'21. 7-12</th>
<th>'22. 1-6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.70</td>
<td>2.57</td>
<td>2.25</td>
<td>2.22</td>
<td>2.09</td>
</tr>
</tbody>
</table>

**EBITDA excluding inventory valuation (Steel segment)**

<table>
<thead>
<tr>
<th>Year</th>
<th>'20. 1-6</th>
<th>'20. 7-12</th>
<th>'21. 1-6</th>
<th>'21. 7-12</th>
<th>'22. 1-6</th>
<th>'22. 7-9</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>268</td>
<td>762</td>
<td>4,697</td>
<td>4,035</td>
<td>2,466</td>
<td>802</td>
</tr>
</tbody>
</table>

Ordinary profit (subsidiaries) + share of profit in investments accounted for using equity method (equity method affiliates)

Underlying profit excl. inventory valuation

Cf. Most of overseas businesses are operated in Jan.-Dec. term and consolidated to Nippon Steel’s Apr. -Mar.
Overseas Steel Business

Steel Demand

Steel Market Prices

Business Environment

mm/t

USD/t

CNY/t

INR/t

USA

India

ASEAN5

Brazil

Steel Market Prices (Source: Bloomberg, Nippon Steel estimate)
**Future vision**

**Global Crude Steel Capacity 100 MMT**

- AM/NS Calvert: New EAF installation (2023)
- AM/NS India: Upstream facilities expansion (2025-2026)
- Nippon Steel Stainless Shunan Area: EAF termination (2024.3)
- Kashima #3 BF termination (at the end of FY2024)

**As of Sep. 2022**

<table>
<thead>
<tr>
<th>MMT/Y</th>
<th>Upstream</th>
<th>Downstream</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>47</td>
<td>43</td>
</tr>
<tr>
<td>Overseas</td>
<td>19</td>
<td>21</td>
</tr>
</tbody>
</table>

| Global total | 66 | 80 |

**H2 2026 expectation**

<table>
<thead>
<tr>
<th>MMT/Y</th>
<th>Upstream</th>
<th>Downstream</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>44</td>
<td>40</td>
</tr>
<tr>
<td>Overseas</td>
<td>26</td>
<td>31</td>
</tr>
</tbody>
</table>

| Global total | 70 | 83 |

**Future vision**

- AM/NS India: Further option to expand Hazira
- AM/NS India: Further vision to build a new integrated steel mill in east India
- Further vision of M&A, equity participation or expansion of existing steel mills

**Notes:**

- Simple aggregation of capacities of parent company, subsidiaries, companies with over 30% ownership, and some equity method affiliates less than 30% ownership (AGIS)

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Raw Material Interests

P/L Trend

Our investment in competitive mines has not only contributed to our consolidated profit but also played important role in hedging fluctuation in raw material prices and in securing stable raw material procurement. Profit has stayed high due to high raw material prices and enhanced cost competitiveness associated with depreciated AUD.

Bn. JPY/Y

Cf. All of raw material businesses are operated in Jan.-Dec. term and consolidated to Nippon Steel's Apr.-Mar.
## Overview of Mine Investments

### Iron ore
- **Robe River**
  - **Year participated:** 1977
  - **Equity Ratio:** 14.0%
  - **Major Shareholder:** Rio Tinto 53.0%
  - **Capacity:** 70 MMT/Y
- **NIBRASCO**
  - **Year participated:** 1974
  - **Equity Ratio:** 33.0%
  - **Major Shareholder:** VALE 51.0%
  - **Capacity:** 10 MMT/Y

### Coal
- **Moranbah North***
  - **Year participated:** 1997
  - **Equity Ratio:** 5.0%
  - **Major Shareholder:** Anglo American 88.0%
  - **Capacity:** 12 MMT/Y
- **Warkworth**
  - **Year participated:** 1990
  - **Equity Ratio:** 9.5%
  - **Major Shareholder:** Yancoal 84.5%
  - **Capacity:** 8 MMT/Y
- **Bulga**
  - **Year participated:** 1993
  - **Equity Ratio:** 12.5%
  - **Major Shareholder:** Glencore 68.3%
  - **Capacity:** 7 MMT/Y
- **Foxleigh**
  - **Year participated:** 2010
  - **Equity Ratio:** 10.0%
  - **Major Shareholder:** Middlemount South 70.0%
  - **Capacity:** 3 MMT/Y
- **Boggabri**
  - **Year participated:** 2015
  - **Equity Ratio:** 10.0%
  - **Major Shareholder:** Idemitsu Kosan 80.0%
  - **Capacity:** 7 MMT/Y
- **Elkview**
  - **Year participated:** 2005
  - **Equity Ratio:** 2.5%
  - **Major Shareholder:** Teck Coal 95.0%
  - **Capacity:** 7 MMT/Y
- **Mozambique**
  - **Revuboe**
    - **Year participated:** 2010
    - **Equity Ratio:** 23.3%
    - **Major Shareholder:** Talbot 58.9%
    - **Capacity:** Under exploration

### Others (Niobium)
- **Brazil**
  - **CBMM**
    - **Year participated:** 2011
    - **Equity Ratio:** 2.5%
    - **Major Shareholder:** Moreira Solles 70.0%
    - **Capacity:** 9 MMT/Y

---

* Grosvenor mine was integrated with Moranbah North in 2020

---

### Ratios of raw materials procured from invested mines
- **Iron ore:** Approx. 20% of 0.58 MMT
- **Coal:** Approx. 20% of 0.27 MMT

---

### Total procurement volume (FY2021)
- **Iron ore:** 0.58 MMT
- **Coal:** 0.27 MMT
Businesses that cover the value chain of steel business, from upstream to downstream, have contributed to improvement in steel business value.

Reinforcement of businesses by restructuring of companies and facilities resulted in stability in profit trend.

Excluding inventory valuation, and including group companies of ex-Nisshin Steel and stainless steel business of ex-Nisshin Steel.
Customers (manufacturing, civil engineering, and construction)

Secondary processing makers
- NS Coated Sheet, NS Metal Products, NS Pipe, NS Drum, NS SG Wire, NS Welding & Engineering, NS Bolten, NS Wire, NS Stainless Steel Pipe, Geostr, etc.

Operational supporters
- Recycling of slag
  - NS Slag Products, NS Cement, etc.
- Cooperative companies
  - NS Logistics, NS Technology, NS Eco-Tech, etc.

Trading firms
- NS Trading, etc.

Stainless steel & EAFs
- NS Stainless Steel (incl. KOS)
- Sanyo Special Steel (Incl. OVAKO)
- Oji Steel etc.

Domestic steel business (Nippon Steel)
- Equipment and facility vendors
  - NS TexEng, NS Rolls, NS Hardfacing, Kurosaki Harima, etc.

Other Group Companies
3 Non-steel Segments

While supporting and generating synergy with steel business, each segment aims to achieve top-class profit level in respective business field by leveraging its technology strengths and by providing excellent products and services to society.

Outlines of 3 non-steel segments

Nippon Steel Engineering Co., Ltd.
Operates businesses domestically and globally with following 3 sectors; 1) environment & energy (engineering, construction, operation and maintenance of waste to power, renewable energy plant etc.), 2) urban infrastructure, and 3) steelmaking plants.

- Design and construction of steelmaking facilities
- Construction designing using NS-brand steel

Synergy with steel business

Nippon Steel Chemical & Material Co., Ltd.

- Coal tar chemical (needle coke, carbon black, phthalic anhydride, etc.)
- Chemicals (aromatic compounds, Styrene monomer, phenol, etc.)
- Functional materials/composite materials
  (ESPANEX, epoxy resin, display materials, metal foil, metal substrate, spherical particle, bonding wire, carbon fiber composite)

Synergy with steel business

ns Solutions Corporation

Provision of IT solutions including core business cloud service, IoT and AI to various industries; manufacturing, distribution and service industries, financial institutions, public corporations, and government agencies.

- Provision to other businesses of DX technologies developed in steelmaking business
- Provision to steelmaking system of DX technologies developed in other businesses
- Cooperation with Nippon Steel to create value (practical experimentation of new solutions)

Synergy with steel business
The revenue and profit in FY2022(f) will be reversed to increase, unlike last year’s low profitability, because robust sales are expected including large amount of sales in environment and energy sectors such as overseas marine business, waste to energy plants business, offshore wind power business and so on.

**Growth strategy**

- Expansion of decarbonization and low-carbon related businesses
- Supplement social needs with a focus on resilient urban development and the maintenance and renewal of aging social and industrial infrastructure
- Acceleration of smarter engineering operations using digital technology to improve productivity

**Revenues by business domain**

<table>
<thead>
<tr>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022(f)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bn. JPY/Y</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business infrastructure</td>
<td>356.7</td>
<td>340.4</td>
<td>324.4</td>
<td>279.2</td>
</tr>
<tr>
<td>Environment &amp; energy</td>
<td>380.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steelmaking plant</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Outstanding contract**

- Record high level
- 356.7 in FY2021
- 340.4 in FY2022(f)

**Revenue(*)**

- FY2014~FY2017: JGAAP(net sales)
- FY2018, FY2019: assumption after organization reform

**ROS**

- 5.4% in FY2014
- 3.8% in FY2021
The revenue in FY2022(f) is expected to increase due to Yen depreciation and increase in sales price reflecting raw material price hike. On the other hand, the business profit will decrease YoY because of calming of chemicals market and S&D adjustment of needle coke.

Revenue, Business Profit, ROS

Revenue(*)

Bn. JPY/Y

249.1 218.0 208.7 237.7 247.0 215.7 178.6 249.8 310.0

Revenue(*)

Revenues by business domain

Functional/composite materials

Bn. JPY/Y

247.1 215.7 178.7 249.8 310.0

Chemicals

Coal chemicals

Growth strategy

Coal Chemicals / Chemicals

- Establishment of production & sales base by facility improvement, etc.
- Improvement of production processes to realize decarbonization, reduction of fuel and energy consumption, and establishment of an optimal production and sales system with improved facilities

Functional / Composite materials

- Strengthening of efforts to develop new technologies and new products in addition to the stable supply of products aimed at the expansion of the 5G market and the market for automotive functional materials
- Promoting businesses repairing & reinforcing aged infrastructure which was constructed half a century ago by CFRP composite materials

(*)FY2014~FY2017: JGAAP(net sales)

(*)FY2014~FY2017: JGAAP(ordinary profit)
### System Solutions

The revenue in FY2022(f) will rise from FY2021 by steadily capturing needs for DX investment mainly from platformers and Nippon Steel as well, expanding sales of digital workplace solutions, and implementing government projects and so on. While G&A cost will increase due to medium term growth measures, the profit will grow by improving gross profit on sales thanks to the improvement of revenue.

### Revenue, Business Profit, ROS

#### Bn. JPY

<table>
<thead>
<tr>
<th></th>
<th>H1</th>
<th>H2</th>
<th>FY2021</th>
<th>H1(f)</th>
<th>H2(f)</th>
<th>FY2022(f)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business P/L</strong></td>
<td>14.6</td>
<td>15.2</td>
<td>30.8</td>
<td>14.0</td>
<td>17.0</td>
<td>31.0</td>
</tr>
<tr>
<td>[Old estimate]</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>[14.5]</td>
<td>[16.5]</td>
<td>[31.0]</td>
</tr>
</tbody>
</table>

#### Revenue by business domain, Growth strategy

- **Areas of focus**
  - IT outsourcing
  - Platformer support
  - Digital workplace solution
  - Digital manufacturer

- **Continuous increase in revenue excl. FY2020**
  - 206.0
  - 218.9
  - 232.5
  - 244.2
  - 267.5
  - 279.0

- **Continuous increase in business profit excl. FY2020**
  - 16.5
  - 19.4
  - 22.1
  - 23.2
  - 26.5
  - 26.1
  - 23.9
  - 30.8
  - 31.0

### Non-steel Segments

#### Bn. JPY

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue(*)</td>
<td>254.2</td>
<td>275.4</td>
<td>281.5</td>
<td>287.5</td>
<td>293.5</td>
<td>300.0</td>
</tr>
<tr>
<td>Revenue, Business Profit(*)</td>
<td>267.5</td>
<td>273.3</td>
<td>252.5</td>
<td>271.3</td>
<td>290.0</td>
<td>310.0</td>
</tr>
</tbody>
</table>

(*)FY2014~FY2017: JGAAP(net sales)

(*)FY2014~FY2017: JGAAP(ordinary profit)
Agenda

1. Q2 FY2022 Earnings Summary and FY2022 Earnings Forecast
   Summary
   Additional Line Items, Net Profit
   Dividend

2. Business Domains and Profit Trends
   Business Environment
   1) Domestic Steel Business
   2) Overseas Steel Business
   3) Raw Material Interests
   4) Other Group Companies
   5) Three Non-steel Segments

3. Progress of Carbon Neutral Vision 2050

4. Supplementary Materials for Financial Results

5. Topics
Launch of Carbon Neutrality Brands

By providing the two types of values, we support international competitiveness of our customers (including approx. 6,000 companies in Japan)

NIPPON STEEL

Providing two types of values by progressing toward carbon neutrality

Launch of Carbon Neutrality Brands

NIPPON STEEL

By providing the two types of values, we support international competitiveness of our customers (including approx. 6,000 companies in Japan)
NSCarbolex™ Solution: Product and Solution Lineups

**NSSafe™-AutoConcept**
- Contributes to making lightweight vehicles by providing high-strength steel and our original processing techniques
- Contributes to CO₂ reduction in manufacturing process and vehicle rides

**Steel for high-strength gear**
- Its high strength allowing omitting annealing processes at customers and contributes to making vehicles lightweight
- Contributes to CO₂ reduction in manufacturing process and vehicle rides

**Hairline finished electrolytic zinc-nickel alloy plated steel sheet FeLuce™**
- Exquisitely designed surface allows omitting additional surface treatment
- Contributes to customers in reducing CO₂ by cutting processes

**Steel for LNG tank**
- Its high resistance to extreme low temperature contributes to construction of highly safe LNG tank
- Contributes to expansion of LNG use

**Stainless steel pipe for high-pressure hydrogen HYDREXEL™**
- Its high strength and easy welding features contribute to construction of hydrogen stations
- Contributes to the future hydrogen-based society

**High-usage OCTG**
- Its world-class resistance to corrosion contributes to welling in high-concentrate CO₂ environment
- Contributes to CCS development

**High-efficiency electrical steel sheet**
- Reduces energy loss in electric devices
- Reduces CO₂ emissions from use of automobiles and home appliances
- Improves power transmission efficiency

**Corrosion resistant coated steel ZEXEED™**
- Prevents corrosion even in severely corrosive situation
- Enables omitting of coating
- Enhances durability of solar power generation mount
- Reduces CO₂ emissions from customers’ manufacturing maintenance processes

**Energy**
- Contribution to energy transition in society
- Energy saving in electricity transmission, etc.

**Infrastructure**
- CO₂ reduction in construction processes
- Improvement in energy efficiency in railway, etc.

**Automobiles and home appliances**
- CO₂ reduction in manufacturing processes
- CO₂ reduction in product use, etc.

**Mega-sized fixed external dimension H-section steel MEGA NSHYPER BEAM™**
- Shortens construction period, saves construction materials, and thus reduces CO₂ emissions from construction processes

**High-speed railway wheels and axles**
- Strong and lightweight features reduce CO₂ emissions from trains by reducing their body weight

**Designing titanium TranTixxii™**
- Aesthetic colors and design is added to the surface of corrosion resistant, strong and lightweight titanium
- Contributes to CO₂ reduction in construction and maintenance of buildings
Progress in Carbon Neutral Vision 2050

October 2022: New EAF in Hirohata Area started commercial operation
Started to produce high-value added steel by using EAF, including the high-grade electrical steel sheets for the first time in the world

Total reduction in CO₂ emissions will be tracked and credited to NSCarbolex™ Neutral, which will be on sale from H1 FY2023

Accumulate knowledge of high-grade steelmaking in the EAF at Hirohata and develop it into high-grade steelmaking technology in large EAFs
Establish a technology to produce high-grade steel that can be used as a material of automobile bodies in large EAFs (of 300t/ch size) from steel scrap and direct reduced iron made by low-quality iron ore with hydrogen reduction technology by 2030

High-grade steel production in large-sized EAFs

DRI production by hydrogen

Reduction with hydrogen in BFs

COURSE50
Super-COURSE50

2022
Hirohata EAF
Started commercial operation

2024
Set up a small EAF (of 10t/ch size) in the Hasaki R&D Center and start experiment

2025
Set up a small DRI furnace in the Hasaki R&D Center and start experiment

2027
Start study for scale-up

2025
Complete actual implementation of large-sized EAF by 2030

2027
Complete actual implementation by 2030

2022
Started R&D by using a pilot plant in Kimitsu Area

2024
Start demonstration at the Kimitsu #2 BF

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Agenda

1. Q2 FY2022 Earnings Summary and FY2022 Earnings Forecast
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   Business Environment
   1) Domestic Steel Business
   2) Overseas Steel Business
   3) Raw Material Interests
   4) Other Group Companies
   5) Three Non-steel Segments

3. Progress of Carbon Neutral Vision 2050

4. Supplementary Materials for Financial Results

5. Topics
## Business Profit Variance (Q1 FY22 vs. Q2 FY22)

<table>
<thead>
<tr>
<th>(Bn. JPY)</th>
<th>Q1 FY22</th>
<th>Q2 FY22</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Profit</strong></td>
<td>338.8</td>
<td>202.8</td>
<td>-136.0</td>
</tr>
<tr>
<td><strong>&lt;Underlying Profit&gt;</strong></td>
<td>180.0</td>
<td>120.0</td>
<td>-60.0</td>
</tr>
<tr>
<td><strong>Steel</strong></td>
<td>331.6</td>
<td>184.1</td>
<td>-147.5</td>
</tr>
<tr>
<td><strong>Non-steel</strong></td>
<td>19.1</td>
<td>13.6</td>
<td>-5.5</td>
</tr>
<tr>
<td><strong>Adjustment</strong></td>
<td>(12.0)</td>
<td>4.9</td>
<td>+16.9</td>
</tr>
</tbody>
</table>

- **Crude steel production**: -0.35 MMT (8.69 -> 8.34)
  - Excl. BF relining impact: -0.75 MMT (9.09 -> 8.34)
  - Steel shipment: -0.70 MMT (8.19 -> 7.49)
  - Excl. BF relining impact: -1.10 MMT (8.59 -> 7.49)

- **Incl. the impact of FX fluctuation**, and** carry over**: -125.0 (102.0 -> -23.0)

- **Improve**: Stainless steel and EAFs, etc.

- **Engineering**: -1.4, Chemicals & Materials -4.8, System Solutions +0.7

- **Incl. increase in depreciation cost**: -2.0

### Underlying Profit Spread

<table>
<thead>
<tr>
<th>Volume</th>
<th>Q1 FY22</th>
<th>Q2 FY22</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Spread</strong></td>
<td>-43.0</td>
<td>-31.0</td>
<td>+2.0</td>
</tr>
<tr>
<td><strong>Cost reduction</strong></td>
<td>+5.0</td>
<td>+7.0</td>
<td>-2.0</td>
</tr>
<tr>
<td><strong>Overseas steel business</strong></td>
<td>-7.0</td>
<td>7.0</td>
<td>14.0</td>
</tr>
<tr>
<td><strong>Raw material interests</strong></td>
<td>+19.0</td>
<td>-5.5</td>
<td>13.5</td>
</tr>
<tr>
<td><strong>Non-steel</strong></td>
<td>-4.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### <Inventory valuation etc.>

<table>
<thead>
<tr>
<th>Q1 FY22</th>
<th>Q2 FY22</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>BF relining</td>
<td>(25.0)</td>
<td>(5.0)</td>
</tr>
<tr>
<td>Consol. Inventory valuation</td>
<td>155.0</td>
<td>95.0</td>
</tr>
<tr>
<td>Non-operating profit etc.</td>
<td>30.0</td>
<td>(10.0)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>160.0</td>
<td>80.0</td>
</tr>
</tbody>
</table>

**<Underlying profit> Inventory valuation etc.**

<table>
<thead>
<tr>
<th>Underlying profit</th>
<th>Inventory valuation etc.</th>
<th>Q2 FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>120.0</td>
<td>202.8</td>
<td></td>
</tr>
</tbody>
</table>
### Business Profit Variance (H2 FY21 -> H1 FY22)

<table>
<thead>
<tr>
<th>(Bn. JPY)</th>
<th>2H FY21</th>
<th>1H FY22</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Profit</td>
<td>460.2</td>
<td>541.7</td>
<td>+81.5</td>
</tr>
<tr>
<td>Underlying profit</td>
<td>350.0</td>
<td>300.0</td>
<td>-50.0</td>
</tr>
</tbody>
</table>

1. **Domestic**
   - 2H FY21: 120.0
   - 1H FY22: 45.0
   - Change: -75.0

2. **Overseas**
   - 2H FY21: 60.0
   - 1H FY22: 63.0
   - Change: +3.0

3. **Raw material**
   - 2H FY21: 65.0
   - 1H FY22: 67.0
   - Change: +2.0

4. **Other group**
   - 2H FY21: 67.0
   - 1H FY22: 89.0
   - Change: +22.0

5. **Non-steel**
   - 2H FY21: 36.5
   - 1H FY22: 33.0
   - Change: -3.0

### Business Profit Variance (H2 FY21 -> H1 FY22)

- **Crude steel**: -1.41 MMT (18.45 -> 17.04)
  - Excl. BF relining impact: -1.41 MMT (18.85 -> 17.44)
- **Steel shipment**: -1.59 MMT (17.28 -> 15.69)
  - Excl. BF relining impact: -1.59 MMT (17.68 -> 16.09)
- **Incl. the impact of FX fluctuation, and carry over**: +28.0 (51.0 -> 79.0)
- **Improve**: Stainless Steel and EAFs, etc.
- **Engineering** -3.9, **Chemicals & Materials** +1.8, **System Solutions** -2.2
- **Incl. decrease in depreciation cost**: +4.7

### Inventory Valuation etc.

<table>
<thead>
<tr>
<th>&lt;Inventory valuation etc.&gt;</th>
<th>H2 FY21</th>
<th>H1 FY22</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>BF relining</td>
<td>(30.0)</td>
<td>(30.0)</td>
<td>-</td>
</tr>
<tr>
<td>Consol. Inventory valuation</td>
<td>135.0</td>
<td>250.0</td>
<td>+115.0</td>
</tr>
<tr>
<td>Non-operating profit etc.</td>
<td>-</td>
<td>20.0</td>
<td>+20.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>105.0</td>
<td>240.0</td>
<td>+135.0</td>
</tr>
</tbody>
</table>
### Business Profit Variance (H1 FY22 (f) -> H1 FY22)

<table>
<thead>
<tr>
<th>Business Profit Variance</th>
<th>1H FY22 (f)</th>
<th>1H FY22</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Profit</td>
<td>450.0</td>
<td>541.7</td>
<td>+91.7</td>
</tr>
<tr>
<td>Underlying profit</td>
<td>250.0</td>
<td>300.0</td>
<td>+50.0</td>
</tr>
</tbody>
</table>

#### Underlying Profit Variance:

1. **Domestic**
   - 1H FY22 (f): 30.0
   - 1H FY22: 45.0
   - Change: +15.0

2. **Overseas**
   - 1H FY22 (f): 65.0
   - 1H FY22: 63.0
   - Change: -2.0

3. **Raw material**
   - 1H FY22 (f): 60.0
   - 1H FY22: 67.0
   - Change: +7.0

4. **Other group**
   - 1H FY22 (f): 57.0
   - 1H FY22: 89.0
   - Change: +32.0

5. **Non-steel**
   - 1H FY22 (f): 33.5
   - 1H FY22: 33.0
   - Change: -

**Note:**

*1 Crude steel: approx. -0.46 MMT (approx. 17.50 -> 17.04)
Excl. BF relining impact: approx. -0.46 MMT (approx. 17.90 -> 17.44)

Steel shipment: -0.31 MMT (approx. 16.00 -> 15.69)
Excl. BF relining impact: approx. -0.31 MMT (approx. 16.40 -> 16.09)

*2 Incl. the impact of FX fluctuation, and carry over -5.0 (84.0 -> 79.0)

*3 Deteriorate: Stainless Steel & EAFs, operational support, etc.

*4 Engineering -1.7, Chemicals & Materials +1.6, System Solutions -0.5

*5 Incl. decrease in depreciation cost +1.0
### Business Profit Variance (H1 FY22 -> H2 FY22 (f))

<table>
<thead>
<tr>
<th>(Bn. JPY)</th>
<th>H1 FY22</th>
<th>H2 FY22 (f)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Profit</strong></td>
<td>541.7</td>
<td>328.3</td>
<td>-213.4</td>
</tr>
<tr>
<td><strong>Underlying profit</strong></td>
<td>300.0</td>
<td>330.0</td>
<td>+30.0</td>
</tr>
<tr>
<td>1) Domestic</td>
<td>45.0</td>
<td>85.0</td>
<td>+40.0</td>
</tr>
<tr>
<td>2) Overseas</td>
<td>63.0</td>
<td>37.0</td>
<td>-26.0</td>
</tr>
<tr>
<td>3) Raw material</td>
<td>67.0</td>
<td>73.0</td>
<td>+6.0</td>
</tr>
<tr>
<td>4) Other group</td>
<td>89.0</td>
<td>91.0</td>
<td>+2.0</td>
</tr>
<tr>
<td>5) Non-steel</td>
<td>33.0</td>
<td>37.0</td>
<td>+4.0</td>
</tr>
</tbody>
</table>

**Change Notes**

*1 Crude steel: -0.04 MMT  
Excl. BF relining impact: approx. -0.44 MMT  
Steel shipment: -0.09 MMT  
Excl. BF relining impact: approx. -0.49 MMT  
Incl. the impact of FX, and carry over -80.0 (79.0 -> (1.0))

*2 Incl. the impact of FX, and operational support, etc.

*3 Improve: Stainless steel & EAFs, System Solutions +3.0

*4 Engineering +4.4, Chemicals & Materials -3.2, Non-steel +4.0

*5 Incl. increase in depreciation cost -8.5

---

**<Inventory valuation etc.>**

<table>
<thead>
<tr>
<th></th>
<th>H1 FY22</th>
<th>H2 FY22 (f)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>BF relining</td>
<td>30.0</td>
<td>-</td>
<td>+ 30.0</td>
</tr>
<tr>
<td>Consol. Inventory valuation</td>
<td>250.0</td>
<td>-</td>
<td>-250.0</td>
</tr>
<tr>
<td>Non-operating profit etc.</td>
<td>20.0</td>
<td>-</td>
<td>- 20.0</td>
</tr>
<tr>
<td>Total</td>
<td>240.0</td>
<td>-</td>
<td>-240.0</td>
</tr>
</tbody>
</table>
## Business Profit Variance (FY21 -> FY22 (f))

<table>
<thead>
<tr>
<th>(Bn. JPY)</th>
<th>FY21</th>
<th>FY22 (f)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Profit</strong></td>
<td>938.1</td>
<td>870.0</td>
<td>-68.1</td>
</tr>
<tr>
<td>Underlying profit</td>
<td>690.0</td>
<td>630.0</td>
<td>-60.0</td>
</tr>
<tr>
<td>1) Domestic</td>
<td>244.0</td>
<td>130.0</td>
<td>-114.0</td>
</tr>
<tr>
<td>2) Overseas</td>
<td>135.0</td>
<td>100.0</td>
<td>-35.0</td>
</tr>
<tr>
<td>3) Raw material</td>
<td>119.0</td>
<td>140.0</td>
<td>+21.0</td>
</tr>
<tr>
<td>4) Other group</td>
<td>129.0</td>
<td>180.0</td>
<td>+51.0</td>
</tr>
<tr>
<td>5) Non-steel</td>
<td>62.0</td>
<td>70.0</td>
<td>+8.0</td>
</tr>
</tbody>
</table>

### Explanation:

- **1** Crude steel: approx. -4.68 MMT (38.68 -> approx. 34.00)
- Excl. BF relining impact: approx. -4.68 MMT (39.08 -> approx. 34.40)
- Steel shipment: approx. -4.26 MMT (35.56 -> approx. 31.30)
- Excl. BF relining impact: approx. -4.26 MMT (35.96 -> approx. 31.70)

- **2** Incl. the impact of FX, and carry over -44.0 (122.0 -> 78.0)

- **3** Improve: Stainless steel & EAFs, operational support, etc.

- **4** Engineering +8.7, Chemicals & Materials -1.3, System Solutions +0.2

- **5** Incl. increase in depreciation cost -7.5

### Inventory Valuation

<table>
<thead>
<tr>
<th>&lt;Inventory valuation etc.&gt;</th>
<th>FY21</th>
<th>FY22(f)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>BF relining</td>
<td>(30.0)</td>
<td>(30.0)</td>
<td>-</td>
</tr>
<tr>
<td>Consol. Inventory valuation</td>
<td>275.0</td>
<td>250.0</td>
<td>-25.0</td>
</tr>
<tr>
<td>Non-operating profit etc.</td>
<td>-</td>
<td>20.0</td>
<td>+20.0</td>
</tr>
<tr>
<td>Total</td>
<td>245.0</td>
<td>240.0</td>
<td>-5.0</td>
</tr>
</tbody>
</table>

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Business Profit Variance (prev. FY22(f) -> FY22 (f))

<table>
<thead>
<tr>
<th>(Bn. JPY)</th>
<th>FY22(f) old</th>
<th>FY22(f) new</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Profit</td>
<td>800.0</td>
<td>870.0</td>
<td>+70.0</td>
</tr>
<tr>
<td>Underlying profit</td>
<td>600.0</td>
<td>630.0</td>
<td>+30.0</td>
</tr>
<tr>
<td>1) Domestic</td>
<td>120.0</td>
<td>130.0</td>
<td>+10.0</td>
</tr>
<tr>
<td>2) Overseas</td>
<td>110.0</td>
<td>100.0</td>
<td>-10.0</td>
</tr>
<tr>
<td>3) Raw material</td>
<td>150.0</td>
<td>140.0</td>
<td>-10.0</td>
</tr>
<tr>
<td>4) Other group</td>
<td>140.0</td>
<td>180.0</td>
<td>+40.0</td>
</tr>
<tr>
<td>5) Non-steel</td>
<td>70.0</td>
<td>70.0</td>
<td>-</td>
</tr>
</tbody>
</table>

*1 Crude steel: approx. -1.00 MMT (more than 35.00 -> approx. 34.00)
Excl. BF relining impact: approx. -1.00MMT (more than 35.40 -> approx. 34.40)
Steel shipment: approx. -0.70 MMT (more than 32.00 -> approx. 31.30)
Excl. BF relining impact: approx. -0.70 MMT (more than 32.40 -> approx. 31.70)

*2 Incl. the impact of FX, and carry over -7.0 (85.0 -> 78.0)

*3 Improve: Stainless steel & EAFs, operational support, etc.

*4 Engineering ~, Chemicals & Materials ~, System Solutions ~

*5 Incl. decrease in depreciation cost +2.0

Crude steel: approx. -1.00 MMT
Excl. BF relining impact: approx. -1.00MMT
Steel shipment: approx. -0.70 MMT
Excl. BF relining impact: approx. -0.70 MMT

Inventory valuation etc.
prev. FY22(f) | FY22(f) | Change
---|---|---
BF relining | (30.0) | (30.0) | -
Consol. Inventory valuation | 230.0 | 250.0 | +20.0
Non-operating profit etc. | - | 20.0 | +20.0
Total | 200.0 | 240.0 | +40.0
Agenda

1. Q2 FY2022 Earnings Summary and FY2022 Earnings Forecast
   Summary
   Additional Line Items, Net Profit
   Dividend
2. Business Domains and Profit Trends
   Business Environment
   1) Domestic Steel Business
   2) Overseas Steel Business
   3) Raw Material Interests
   4) Other Group Companies
   5) Three Non-steel Segments
3. Progress of Carbon Neutral Vision 2050
4. Supplementary Materials for Financial Results
5. Topics
Overview of the capacity expansion in Hazira steel mill

<table>
<thead>
<tr>
<th>Main facilities to be newly installed</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Blast furnaces</td>
<td>2 units</td>
</tr>
<tr>
<td>Pellet plant</td>
<td>1 units</td>
</tr>
<tr>
<td>Sintering lines</td>
<td>2 units</td>
</tr>
<tr>
<td>Coke ovens</td>
<td>3 units</td>
</tr>
<tr>
<td>Oxygen converters</td>
<td>3 units</td>
</tr>
<tr>
<td>Continuous casters</td>
<td>2 units</td>
</tr>
<tr>
<td>Hot strip mill</td>
<td>1 unit</td>
</tr>
</tbody>
</table>

**CAPEX**

410.0 bn. INR (approx. 730.0 bn. JPY), all covered by AM/NS India’s own equity and loans.

Loan guarantee will be made by Nippon Steel and ArcelorMittal for AM/NS India’s loan as necessary

**Crude steel capacity**

Approx. +6 MMT/Y (approx. 9 -> approx. 15 MMT/Y)

**Start of operation**

The First Phase (2H 2025): #2 blast furnace and related facilities, new oxygen converters and continuous casters, and new hot strip mill

The Second Phase (1H 2026): #3 blast furnace and related facilities
New construction and capacity expansion of upstream and hot-rolling facilities at the Hazira steel mill

Decision to increase capacity at existing Hazira steel mill through BF and BOF process utilizing the technology of Nippon Steel and ArcelorMittal to address the growth of the Indian steel market.

Capture demand growth through early realization of capacity expansion and start-up
- Utilization of unused land already owned in India without land acquisition issues, which can be the biggest cause of obstacles and delays in India.
- Start-up quickly and reliably through the use of the BF and BOF process, which is already an established technology.
- Avoid opportunity loss by starting operation of the new BF in time for relining of the existing BF No. 1.

Enhance ability to handle high-grade steel such as steel sheets for automobiles, etc.
- Adoption of BF and BOF process for high-grade steel production.
- Introduction of degassing facilities to ensure capability to manufacture high-grade steel.
- Expansion of product capability in combination with the previously decided expansion of steel sheets production facilities.

*Decided in December 2021 to expand steel sheets manufacturing facilities at Hazira steel mill to accommodate the production of high-grade steel such as automotive steel sheets and high corrosion resistant steel sheets for construction.

Install environmentally friendly and energy-efficient equipment
- Introduction of energy-saving equipment such as CDQ (Coke Dry Quenching) and TRT (Blast Furnace Top Pressure Recovery Turbine), and environmental protection facilities (dust, odor, wastewater treatment, noise reduction, etc.)

Provisions to apply Carbon Neutral technology
- Taking into consideration visions of Nippon Steel and ArcelorMittal to apply carbon neutral technology with Blast Furnace which is under development.
Outline of Major infrastructure companies and Assets to be acquired

Target companies

Each company operates exclusively for AM/NS India.

- Port related (numbers in parentheses: cargo handling capacity)

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essar Bulk Terminal Ltd.</td>
<td>Hazira</td>
<td>Handles almost all the incoming shipment of raw materials and outgoing shipment of products at the Hazira steel mill (25 million tons/year)</td>
</tr>
<tr>
<td>Essar Bulk Terminal Paradip Ltd.</td>
<td>Paradip</td>
<td>Handles pellet transport and cargo at the pellet plant in Paradip (12 million tons/year)</td>
</tr>
<tr>
<td>Essar Vizag Terminals Ltd.</td>
<td>Vizag</td>
<td>Handles pellet transport and cargo at the pellet plant in Vizag (16 million tons/year)</td>
</tr>
</tbody>
</table>

- Power related (numbers in parentheses: power generation capacity or transmission line length)

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essar Power Hazira Ltd.</td>
<td>Hazira</td>
<td>Power generation company on the premises of the Hazira steel mill (270MW)</td>
</tr>
<tr>
<td>Essar Power Ltd.</td>
<td>Hazira</td>
<td>Power generation assets on the premises of the Hazira steel mill (515MW)</td>
</tr>
<tr>
<td>Essar Power Transmission Company Ltd.</td>
<td>Hazira</td>
<td>Power transmission business for electricity outsourced by the Hazira steel mill (100km)</td>
</tr>
</tbody>
</table>

Acquisition amount

2.4 bn. USD (approx. 340.0 bn. JPY)
All of the amount will be covered by AM/NS India’s own equity and loans.
Loan guarantee will be made by Nippon Steel and ArcelorMittal for AM/NS India’s loan as necessary

Schedule

August 26th, 2022: Agreement with the Essar Group
Acquisition will be completed as soon as being confirmed by the government

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The Background and the Objectives of the Acquisition

**Background**
The key infrastructure assets (ports, power plants, etc.) were owned by the Essar Group even after our joint-acquisition of Essar Steel (ESIL).

**Purposes of the acquisition**
Further stabilize and strengthen operating production and supply chain by acquiring the key infrastructure assets.

- The port, electric power and other infrastructure companies and assets were not included in the acquisition of ESIL, and continued to be owned by the Essar Group.
- AM/NS India had been using these infrastructures by continuing the contracts made when it was Essar Steel.

- These ports, power plants and other infrastructures are integral and fundamental parts of AM/NS India’s steelmaking operation.
- By acquiring these facilities, AM/NS India will achieve the following:
  - Seamless and smooth transportation of raw materials and steel products among manufacturing sites located in the west, east, south parts of India and export
  - Stable supply of electric power for Hazira steel mill at low cost
  - Reduction of payment for use of these infrastructures and operating cost reduction by improvement of acquired facilities
  - Development of infrastructure that will be needed for future expansion of production capacity in AM/NS India including the expansion announced this time.
Topics – Sophistication of Order Mix

2.0GPa Level Hot-stamping Steel Sheet Adopted as B Pillar by Domestic Auto for the First Time in the World

- Reduces vehicle weight and thus CO₂ emissions, while improving collision safety
- A constituent of “NSafe®-AutoConcept”, the future automobile design concept which contributes to carbon neutrality and which we plan to further develop

Seamless Steel Pipe for Chemical Plants “NEXAGE™347Alpha” Adopted by Canadian Customer for the First Time

- An original steel pipe with high corrosion-resistance and strength, especially intended for use in chemical plants
- Contributes to efficiency in plant maintenance and cost reduction

Construction Solution Brand “ProStruct™” Launched

- “Structural steel & technology” solutions for civil engineering and construction (launched in Oct. 2022 with 5 solutions for each), which support all processes from procurement to construction
- ProStruct™ contributes to...
  1) easier and solid construction planning
  2) quick and cost-saving construction processes
  3) resilient and safe constructions
  4) reduction in CO₂ emissions in construction process
Facility Inspection and Precise Mapping with Small Drones “IBIS” in Narrow Space

Difficulties with traditional general-purposed drones

- Difficult to evade intricate facility obstacles
- Difficult to fly stably in the presence of air currents
- Difficult to capture high-resolution images of facilities

Small drone “IBIS” provided by Liberaware Co., Ltd.

- **Industry’s smallest class body**
  (20cm width, 185g weight)
  Easy to maneuver, and evade intricate facility obstacles
- **Highly resilient control**
  Able to fly even through narrow tunnels and take high-resolution pictures
- **Original 3D mapping and data analysis system**

Outcomes

1. Saving of labor for inspection of high and narrow spaces
2. Advanced maintenance and productivity
Nippon Steel defines DX human resources as "those who can identify and solve business issues based on data", and we are training employees in the following two DX programs;

**Data Science Training**
- Keep training employees to be “Citizen Data Scientists,” who have sophisticated knowledge on data science as well as on daily businesses. (*1)
- Plan to educate 20% of all office staff and engineers by the end of FY2030, and to allocate the trained employees equally to each department, which can accelerate DX strategies. (*1) : Statistics, database and data processing, BI tools, machine learning, etc.
- Plan to start training session(*2) from H2 FY2022 in order for all office staff and engineers to become “Data Science Users”. (*2): IT literacy (including governance and security), business analysis methods, promotion mindset, etc.

**Digital Management Training**
- **DX managers education** in progress
  - Aim at training all managers to be those who are able to strongly promote DX strategies, identifying their own role in each organization and creating tactics and visions.
  - Plan to complete provide training sessions to Heads of Section, Managers and Supervisors(approx. 7,000 managers) by the end of FY2022. Those who will newly become a manager are accordingly to be given the lectures.

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(*) About Open Badge
Digital credentials being published in accordance with globally shared technical standards. The badge is given as data, so that it can be shared on SNS, etc. and also is utilized as a certification, which enables to visualize their own skills. (cf. Digital Agency HP)

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Topics – Awards for Excellence in Corporate Disclosure

Received Awards for Excellence in Corporate Disclosure from SAAJ*
* Securities Analysts Association of Japan  [https://www.saa.or.jp/english/advocacy/disclosure.html]

Highly evaluated criteria and aspects
- Proactive disclosure by management
- Clear management policy and constructive communication with investors
- Substantially allocated human resources in investor relations department
- Proactive disclosure of decarbonization and digital transformation initiatives
- Concrete action plans disclosed with multifaceted perspectives

Publication of Integrated Report and Sustainability Report 2022

- Sustainability Report: 25th publication since first published in 1998 as “Environmental Report” Contains enhanced disclosure of our initiatives in climate action, DEI, human resources education, etc.  [https://www.nipponsteel.com/en/csr/report/]

1st place for three consecutive years in steel/non ferrous metal industry

1st place for the first time in disclosure to individual investors

Highly evaluated criteria and aspects
- Business overview briefing: easy to understand and full of content,  [https://www.nipponsteel.com/en/ir/library/annual_report.html]
- Quality of website contents and reports for shareholders
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