TYO : 5401 OTC : NPSCY(ADR)

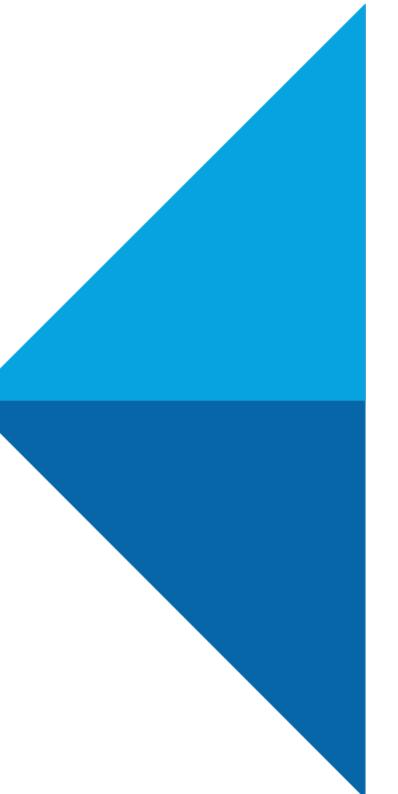


FY2022 Earnings Summary

May 10th, 2023

NIPPON STEEL CORPORATION

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. Unless otherwise noted, net profit represents net profit attributable to owners of the parent.



Agenda

1. FY2022 Earnings Summary and FY2023 Earnings Forecast

Summary / Additional Line Items, Net Profit / Dividend

- 2. Establishing a Business Structure that Ensures Stably High Profit Regardless of the External Environment
 - Proceeding to Next Phase toward 100 Mt and ¥1 Tn. Vision -

Strategy / Domestic Steel Business / Overseas Steel Business / Raw Material Business / Other Group Companies / Three Non-steel Segments / FY2023 Outlook

- 3. Progress in Carbon Neutral Vision 2050
- 4. HR and PR Initiatives to Recruit from and Retain Diverse Talent
- **5. Business Environment**
- 6. Other Topics
- 7. Supplementary Materials for Financial Results

8. Other References



FY2022 Earnings Summary

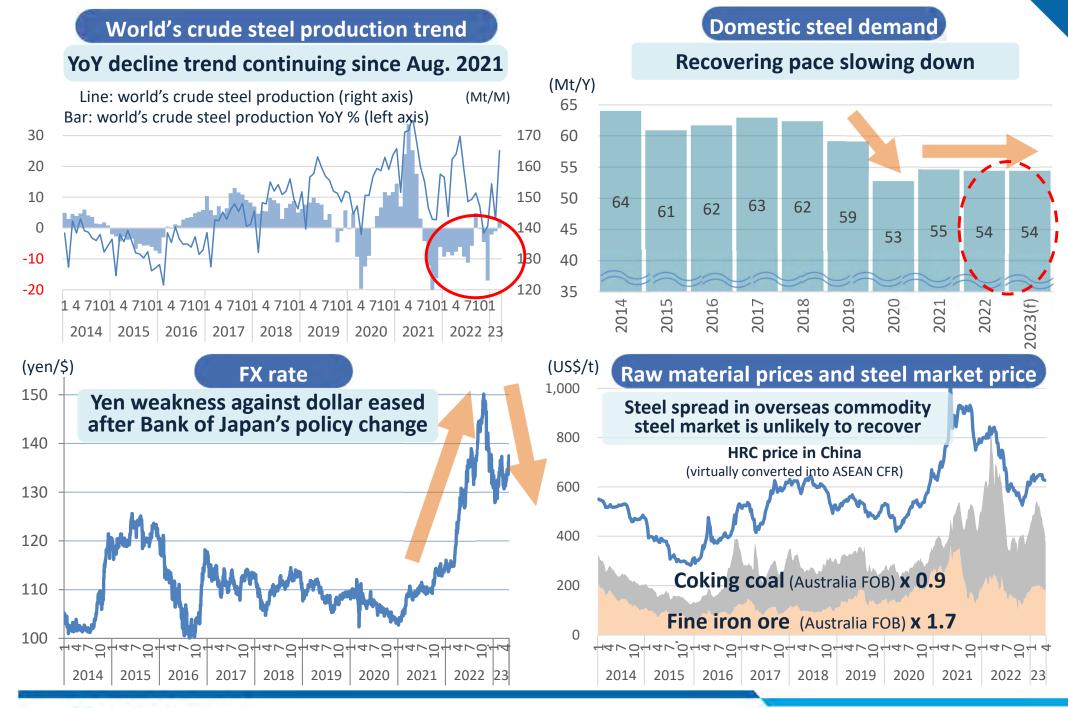
- Underlying consol. business profit: ¥734.0 bn. (¥44.0 bn. higher than the previous guidance), reaching the record-high level even in the prolonged sluggish business environment
- Consol. business profit: ¥916.4 bn.
- Securing high profit, which is now becoming more robust than that of competitors in east Asia.

	H2	FY2021	H1	Q4	H2	Vs. H1	FY2022	Vs. FY2021	Vs. prev. forecast as of Feb. 9	Prev. forecast as of Feb. 9
Non-consol. crude steel production (Mt)	18.45	38.68	17.04	8.62	17.21	+0.17	34.25	-4.43	+0.05	34.20
Non-consol. steel shipment (Mt)	17.28	35.56	15.69	7.80	15.79	+0.10	31.47	-4.09	+0.07	31.40
FX (USD/JPY)	114	112	132	133	139	7 yen dep.	135	23 yen dep.	1 yen dep.	134
Revenue (bn. JPY)	3,644.9	6,808.8	3,874.4	2,013.9	4,101.1	+226.7	7,975.5	+1,166.7	-24.5	8,000.0
Underlying BP Excl. Inventory val. Etc.	350.0	690.0	300.0	214.0	434.0	+134.0	734.0 Record High	+44.0	+44.0	690.0
Inventory valuation etc.	110.2	248.1	241.7	(59.4)	(59.3)	-301.0	182.4	-65.7	+2.4	180.0
Consol. business profit (bn. JPY)	460.2	938.1	541.7	154.6	374.7	-167.0	916.4	-21.7	+46.4	870.0
ROS	12.6%	13.8%	14.0%	7.7%	9.1%	-4.8%	11.5%	-2.3%	+0.6%	10.9%

NIPPON STEEL

 $\ensuremath{\mathbb{C}}$ 2023 NIPPON STEEL CORPORATION All Rights Reserved.

Harsh Business Environment Unlikely to Recover



NIPPON STEEL

© 2023 NIPPON STEEL CORPORATION All Rights Reserved.

FY2022 Underlying Consol. Business Profit Variance

*1 excluding effect of BF relining *2 including impact from FX rate fluctuation Unit: bn. JPY Consol. Business Profit	H1 FY2022 to H2 FY2022 -167.0	FY2021 to FY2022 -21.7	FY2022(f) as of Feb. 9 to FY2022 +46.4
<i>ariance</i>	<541.7→374.7>	<938.1 to 916.4>	<870.0 to 916.4>
Inventory Valuation etc.	-301.0	-65.7	+2.4
Underlying Business Profit Variance	+134.0 <300.0 to 434.0>	+44.0 <690.0 to 734.0>	+44.0 <690.0 to 734.0>
Domestic Steel Business	+132.0	-22.0	+22.0
Volume *1	-15.0	-135.0	-
[in(de)crease of shipment volume]	[-0.30 Mt}	[-4.09 Mt]	[+0.07 Mt]
Spread *2	+150.0	+60.0	+30.0
(Sales price, mix, raw material price) <per of="" steel="" ton=""></per>	<+9 kJPY/t>	<+2 kJPY/t>	<+1 kJPY/t>
[FX rate]	[7 yen dep.]	[23 yen dep.]	[1 yen dep.]
Cost Reduction	+15.0	+50.0	_
Others	-18.0	+3.0	-8.0
Overseas Steel Business	-31.0	-40.0	+10.0
Raw Material Business	+8.0	+23.0	+2.0
Other Group Companies	+27.0	+76.0	+10.0
Three Non-steel Segments	-6.0	-2.0	+2.0

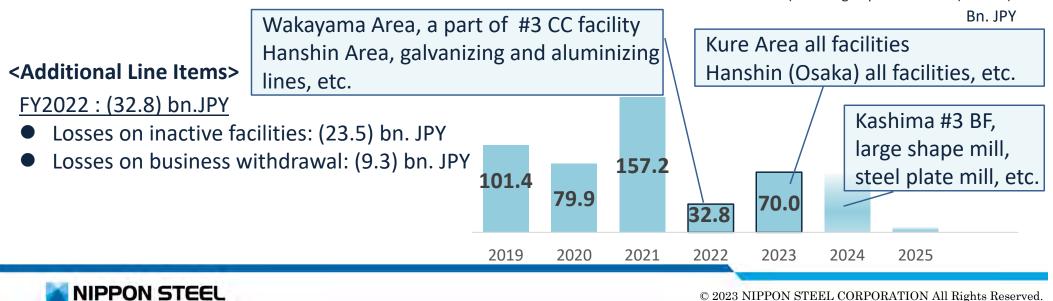


© 2023 NIPPON STEEL CORPORATION All Rights Reserved.

Additional Line Items, Net Profit

Bn. JPY	FY2021	H1	H2	FY2022	Vs. prev. forecast as of Feb. 9
Consol. Business Profit	938.1	541.7	374.7	916.4	+46.4
Additional Line Items	(97.2)	-	(32.8)	(32.8)	-32.8
Profit Attributable to Owners of the Parent	637.3	372.3	321.6	694.0 Record high	+24.0
EPS (¥/share) ROE(%)	692 20.5%	404 20.1%	349 15.8%	754 18.1%	+26

Cf. Losses on Inactive Facilities (including impairment loss (in 2019)



© 2023 NIPPON STEEL CORPORATION All Rights Reserved.

FY2023 Earnings Forecast: Proceeding to Next Phase toward 100 Mt and ¥1 Tn. Vision

- In addition to continuing to implement the existing profit structure measures, Nippon Steel will evolve to a further vertically-integrated business structure. The full-year forecasts for underlying business profit for FY2023 is expected to be ¥800.0 bn. or more, a record high for the third consecutive year, despite of sluggish and unforeseeable steel demand.
- However, due to expected significant inventory valuation losses mainly in the H1 of FY2023 largely following a surge in raw material prices in FY2022 as well as significant losses on reorganization associated with structural measures, consolidated business profit is expected to be approximately ¥650.0 bn. and profit attributable to owners of the parent ¥370.0 bn.

	51/2024		5,49999		Vs. H2		
	FY2021	H2	FY2022	H1(f)	FY2022	FY2023(f)	Vs. FY2022
Non-consol. crude steel production (Mt)	38.68	17.21	34.25	Approx. 17.50	+0.29	Approx. 35.00	+0.75
Non-consol. steel shipment (Mt)	35.56	15.79	31.47	Approx. 16.00	+0.21	Approx. 32.00	+0.53
FX (USD/JPY)	112	139	135	Approx. 130	9 yen app.	Approx. 130	5 yen app.
Revenue (bn. JPY)	6,808.8	4,101.1	7,975.5	4,500.0	+398.9	9,000.0	+1,024.5
Underlying BP Excl. Inventory val. Etc.	690.0	434.0	734.0	370.0	-64.0	800.0 or more Record High	+66.0
Inventory valuation etc.	248.1	(59.3)	182.4	(100.0)	-40.7	(150.0)	-332.4
Consol. business profit (bn. JPY)	938.1	374.7	916.4	270.0	-104.7	Approx. 650.0	-266.4
ROS	13.8%	9.1%	11.5%	6.0%	-3.1%	7.2%	-4.3%
Additional Line Items	(97.2)	(32.8)	(32.8)	(60.0)	-27.2	(70.0) *	-37.2
Profit Attributable to Owners of the Parent	637.3	321.6	694.0	120.0	-201.6	Approx. 370.0	-324.0
EPS (JPY/share)	692	349	754	130	-219	402	-352

* Losses on inactive facilities (70.0) bn. JPY (Kure Area down stream lines, Hanshin Area (Osaka) all facilities, etc.)

Underlying Profit Growth and the Impact of Inventory Valuations ete.

FY2023 forecast assumes decrease in raw material prices after two Raw material cost per ton of steel years of soaring (mainly of hard coking coal) and slight appreciation of Yen that has been depreciated rapidly. (However, medium-term kJPY/t trend of raw material price increase is not likely to change.) 90 -> Followed by significant amount of valuation losses aside of 80 companies' underlying profitability (YoY impact of inventory/FX Increase Decrease valuations is expected to amount to negative ¥365.0 bn.) FY22 ave 70 -> It is more important to manage underlying profit rather than 60 superficial profit in a situation where raw material prices and FX FY21 ave. Recent level rates significantly fluctuate. FY2022 -> FY2023 50 **Consol. Business** Hard coking coal price 40 in JPY x 0.9 **Profit** -266.4 Bn. JPY/Y 30 FY20-ave. 800.0 **916.**4 **Underlying Consol.** or more 20 +66.0 **Business Profit +66.0** Consol Fine iron ore price Inventory Business 10 Inventory/FX valuation in JPY ×1.7 valuation Profit Inventory 734.0 -365.0 0 valuation osses 7 10 1 4 7 10 1 4 7 10 1 4 7 10 1 (80.0)gains Non-OP P/L etc. +32.0 FX Non-OP FY2020 FY2021 FY2022 FY2023 *³valuation 240.0 P/L *5 FX FX rate Appre-*1 losses valuation (65.0) JPY/USD (7.0) Non-OP ciation gains **Depre-**140 of Yen *4 38.0 P/L *5 BF ciation *2 (63.0)relining 130 of Yen (30.0) Underlying FY22 ave. FY23(f) Conso .35 JPY/USD 182.4 (150.0)120 650.0 130 JPY/USD Business *1 Surge in raw *3 Decrease in raw Prof material prices + material prices + 110 depreciation of Yen appreciation of Yen FY21 ave *2 FX rate change *4 FX rate change 112 JPY/USD 122 -> 134 JPY/USD 134 -> 130 JPY/USD 100 0 **FY2022** FY2023(f) FY2020 FY2021 FY2022 FY2023

NIPPON STEEL *5 Non-OP P/L: Fixed asset retirement and demolition etc.

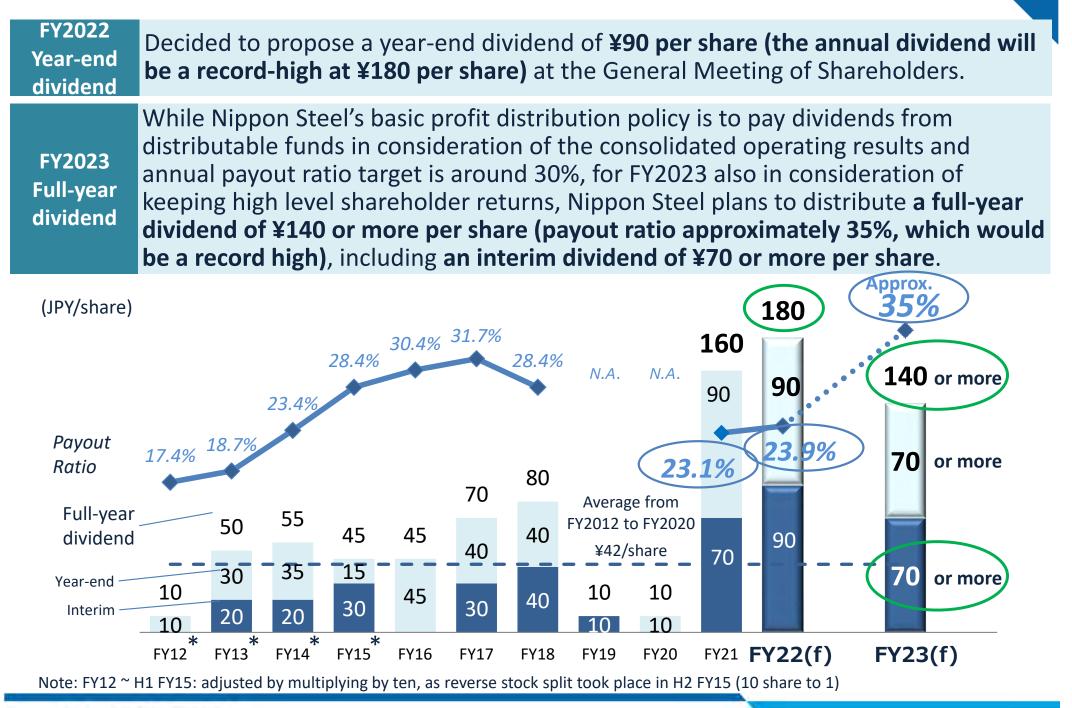
FY2023 Underlying Consol. Business Profit Variance

 excluding effect of BF relining including impact from FX rate fluctuation Bn. JPY 	FY2022 to FY2023(f)	H2 FY2022 to H1 FY2023(f)
Consol. Business Profit Variance	-266.4 <916.4 to 650.0>	-104.7 <374.7 to 270.0>
Inventory Valuation etc.	-332.4	-40.7
Underlying Business Profit Variance	+66.0 <734.0 to 800.0>	-64.0 <434.0 to 370.0>
Domestic Steel Business	+58.0	-37.0
Volume *1	+5.0	+10.0
[In(de)crease of shipment volume]	[+0.13 Mt]	[+0.21 Mt]
Spread *2 (Sales price, mix, raw material price) <per of="" steel="" ton=""></per>	- <- >	-70.0 <-4 kJPY/t>
[FX rate]	[5 yen appreciated]	[9 yen appreciated]
Cost Reduction	+50.0	+10.0
Others	+3.0	+13.0
Overseas Steel Business	+25.0	+23.0
Raw Material Business	-17.0	-15.0
Other Group Companies	+5.0	-31.0
Three Non-steel Segments	-2.0	-3.0

NIPPON STEEL

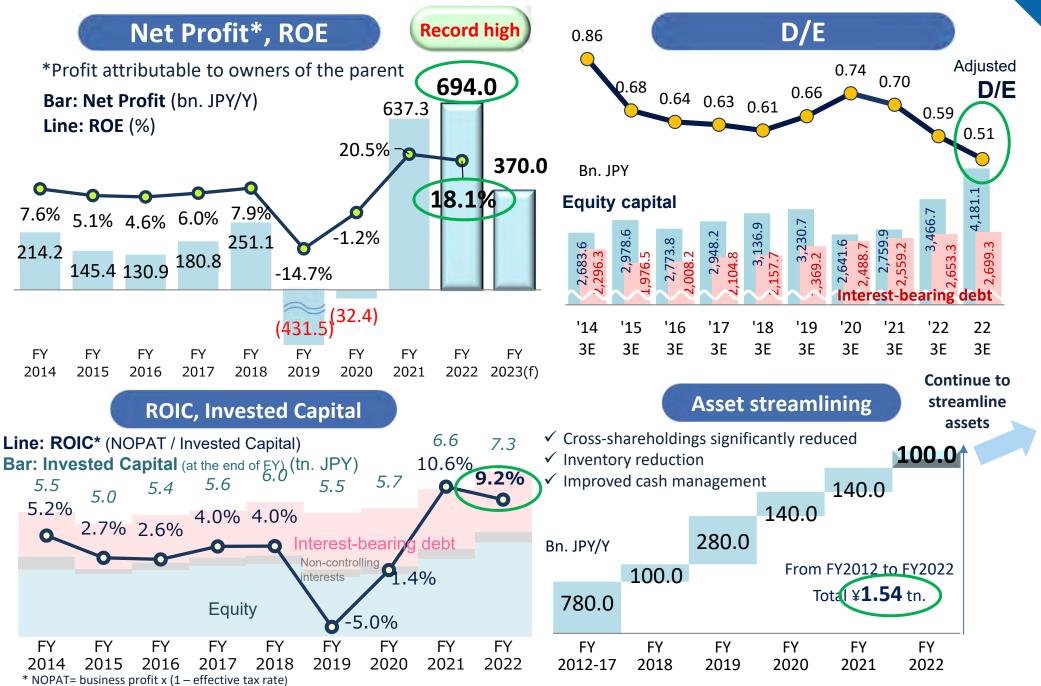
© 2023 NIPPON STEEL CORPORATION All Rights Reserved.

Full-year Dividend



NIPPON STEEL

Net Profit*, ROE, Financial Health Indicators



Invested Capital(*1) = Total equity attributable to owners of the parent + Non-controlling interests + Interest bearing debt

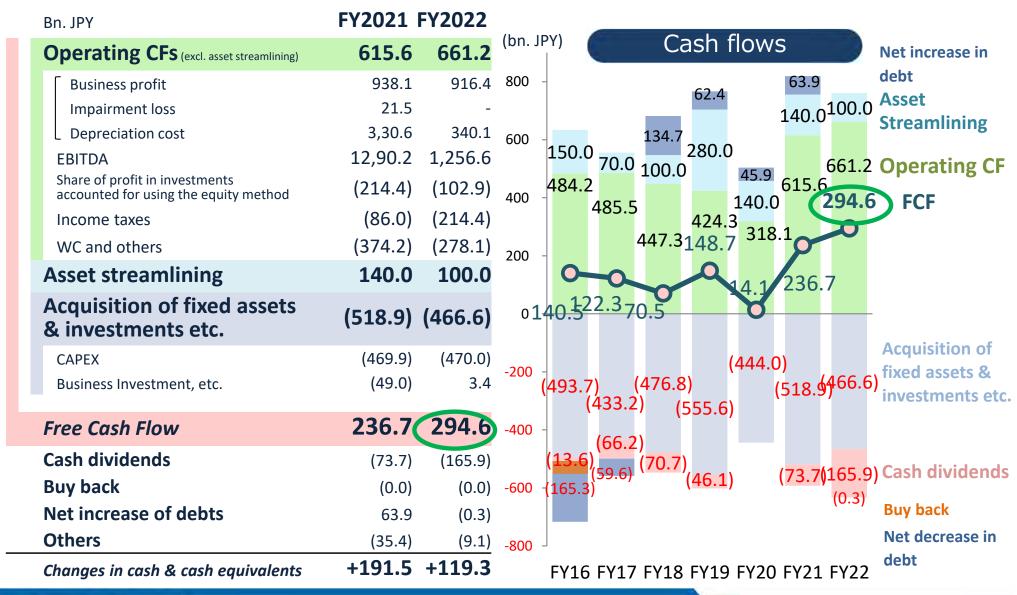
(*1) the average of the beginning and end of the period

Cash Flows

Cash-in

Cash-out

Record high-level business profits and continuous asset streamlining have generated high operating cash flows. Free cash flows have also increased significantly even in large-scale CAPEX for growth strategy and facility maintenance.



NIPPON STEEL

 $\ensuremath{\mathbb{C}}$ 2023 NIPPON STEEL CORPORATION All Rights Reserved.

Agenda

- **1. FY2022 Earnings Summary and FY2023 Earnings Forecast** Summary / Additional Line Items, Net Profit / Dividend
- **2. Establishing a Business Structure that Ensures**
 - **Stably High Profit Regardless of the External Environment**
 - Proceeding to Next Phase toward 100 Mt and ¥1 Tn. Vision -

Strategy / Domestic Steel Business / Overseas Steel Business / Raw Material Business / Other Group Companies / Three Non-steel Segments / FY2023 Outlook

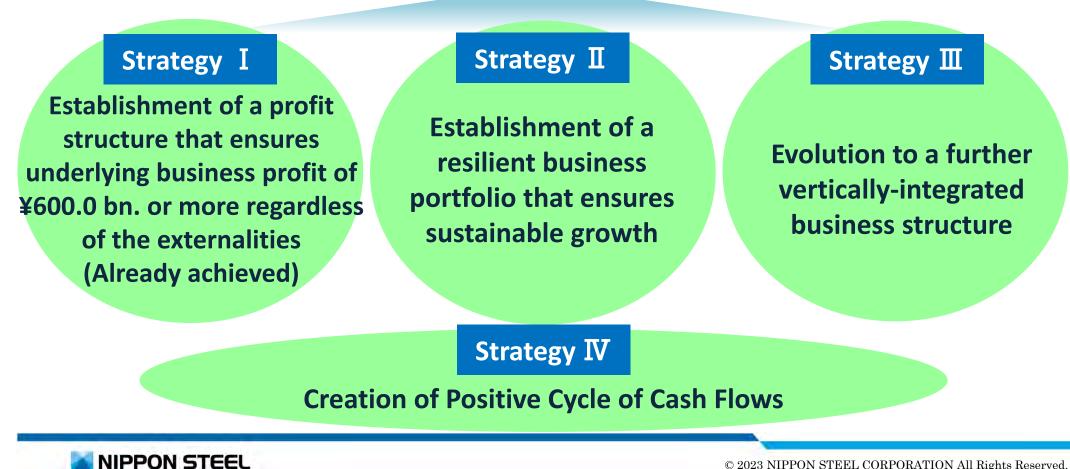
- 3. Progress in Carbon Neutral Vision 2050
- 4. HR and PR Initiatives to Recruit from and Retain Diverse Talent
- **5. Business Environment**
- 6. Other Topics
- 7. Supplementary Materials for Financial Results
- 8. Other References



Corporate Strategy To Realize Sustainable Growth of Corporate Values

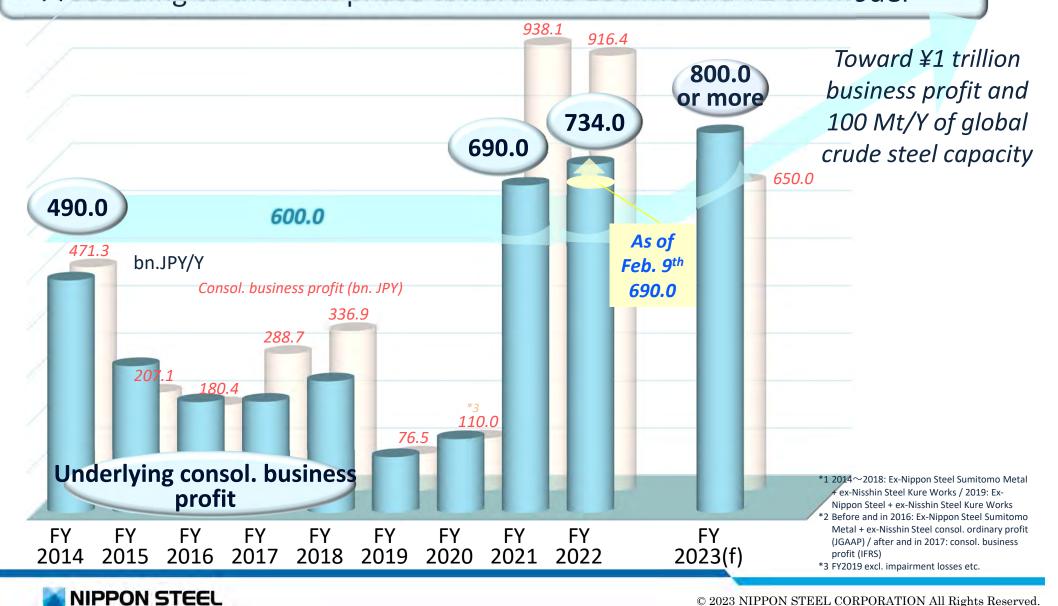
Sustain high levels of profit and cash flows

Further growth toward the 100 Mt and ¥1 tn. Vision



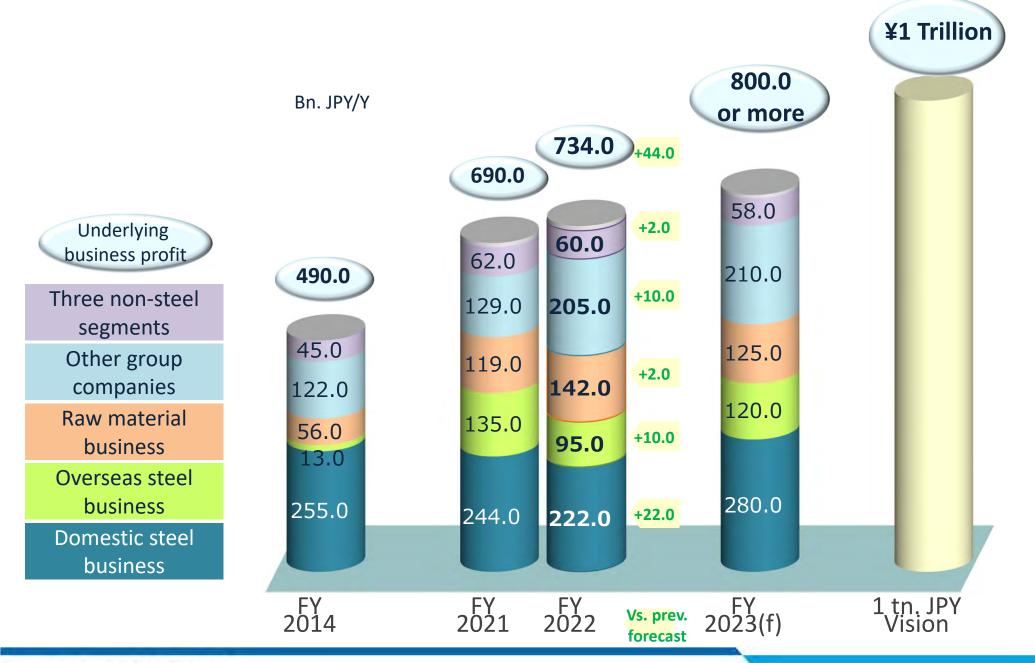
Corporate Strategy I : Further Enhancement of Profitability on Top of Stability

We have already secured a profit structure that ensures **underlying** business profit of ¥600.0 bn. regardless of the externalities -> Proceeding to the next phase toward the 100 Mt and ¥1 tn. model



^{© 2023} NIPPON STEEL CORPORATION All Rights Reserved.

Corporate Strategy II : Establishment of a Resilient Business Portfolio ¹⁶ that Ensures Sustainable Growth



NIPPON STEEL

Corporate Strategy III: Evolution to a Further Verticallyintegrated Business Structure

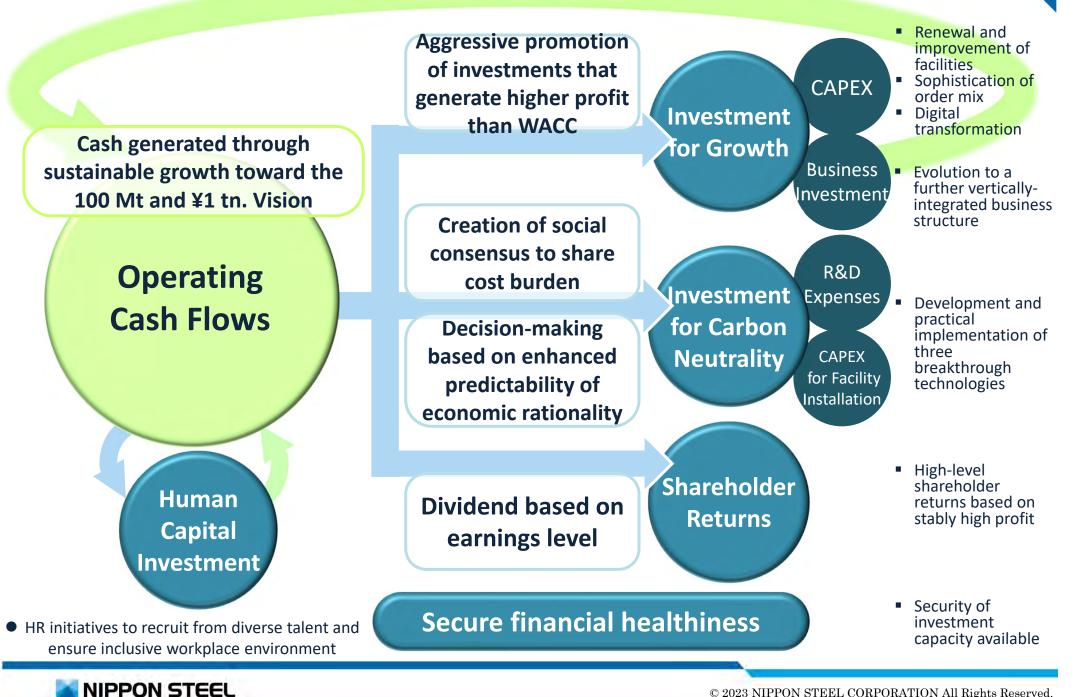
To construct integrated business framework from raw material business to steel production to distribution



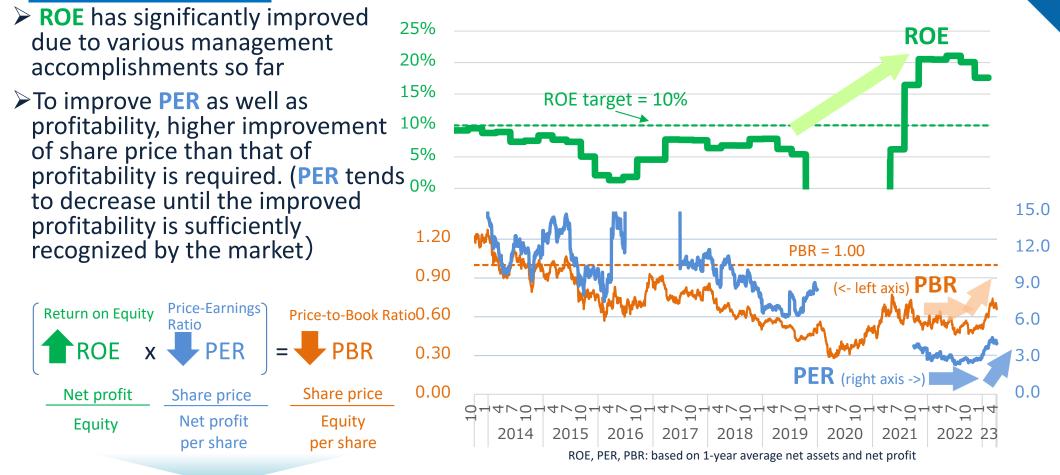


Corporate Strategy IV: Creation of Positive Cycle of Cash Flows

18



Corporate Strategy Share Price Trend and Investor Relations Strategy



With clear and informative disclosure, Nippon Steel will continue to make an effort to enhance the recognition of Nippon Steel's;

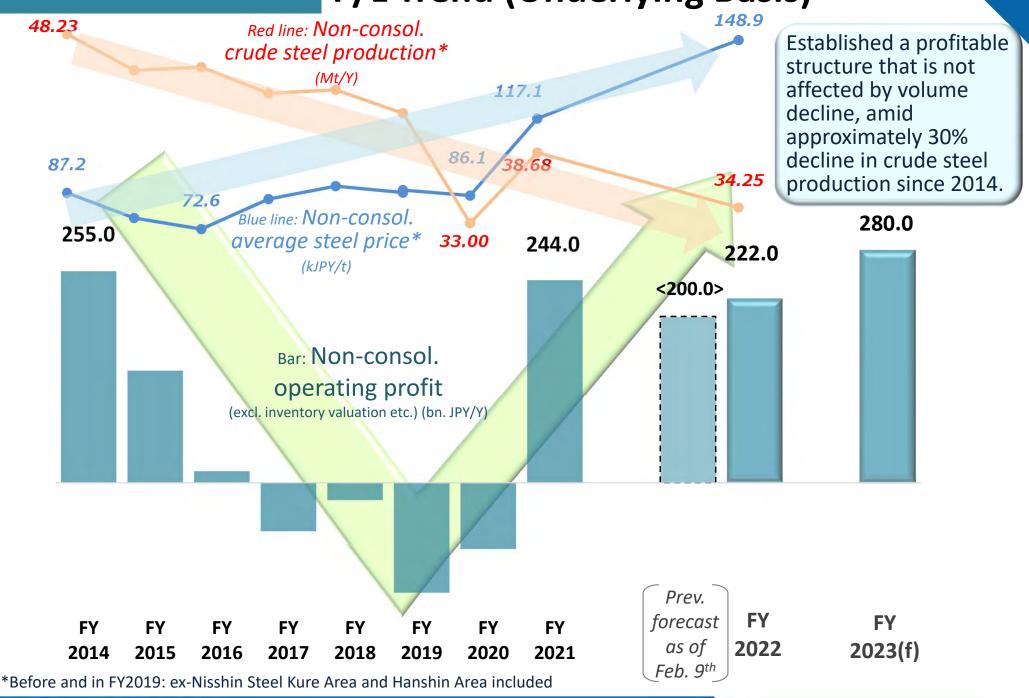
1) management to secure stably high profitability and profit growth, and

2) management to achieve carbon neutrality and secure its economic rationality

NIPPON STEEL

© 2023 NIPPON STEEL CORPORATION All Rights Reserved.

Domestic Steel Business P/L Trend (Underlying Basis)

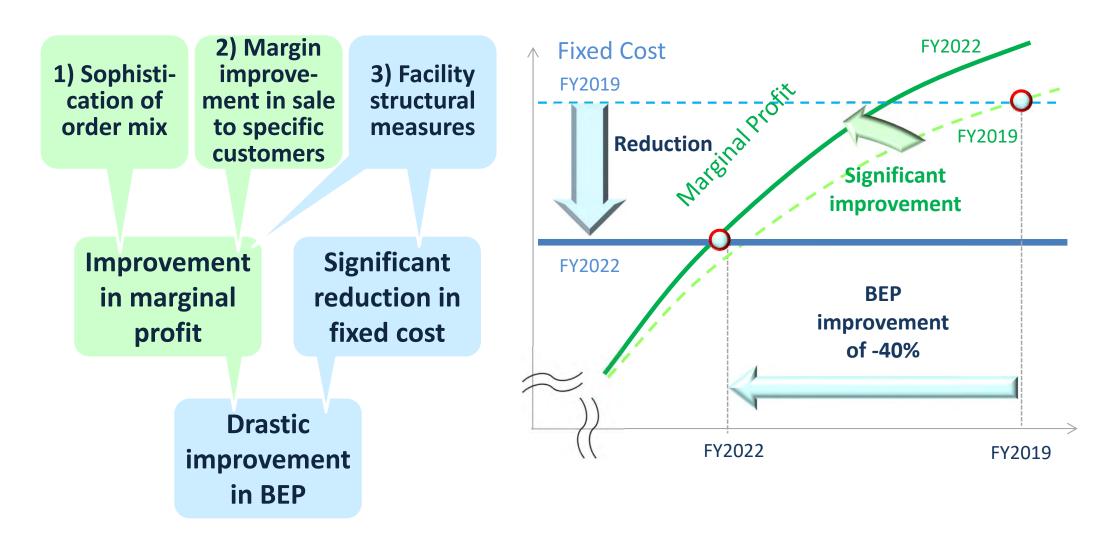


NIPPON STEEL

© 2023 NIPPON STEEL CORPORATION All Rights Reserved.

Domestic Steel Business Drastic improvement in Break Even Point²¹

To establish a business structure that ensures stably high profit regardless of the external environment by drastically lowering the break even point





Domestic Steel Business Drastic improvement in Break Even Point ²²

1)Sophisti- cation of Order Mix	for hi Elect High- ▷ Impr prod ->Fu ▷ Estab	onse to increasing demand igh grade steel including ric Steel Sheet or Ultra tensile steel Sheet ovement of production capacity and luct quality of Electrical Steel Sheets Il-capacity operation: starts in H1 FY2023 olishment of next-generation hot strip is art of operation: Q1 FY2026 (planned)	High-value added products High-value added products	Commo	dities Production Capacity approx20% ->Selective concentration on certain products
2) Margin improve- ment in direct contract sales	FY 2021 FY 2022 FY 2023	 Realized appropriate level of margi Substantial correction of steel p low revel compared with interna A fair allocation of cost burden for Reflection in steel prices of our and solutions Changed in price negotiation system from retroactive basis to pre-fixed Renovation in contract terms in Secure appropriate prices and marginal 	rices which had be tional peers for raw materials an high value-added p m for direct contrac ed basis direct contract sale	en relatively nd commodities product qualities ct-based sales; Dom es	r; cf. Outline of shipment mix Direct contract- based sales to customers Spot market sales via distributors
3) Facility Structural Measures		At thend FY20Total number of domestic BFs15 -> 13Annual crude steel oroduction capacity50 -> 43State50 -> 43	of end of FY2024 $1 \rightarrow 10$ Units -5 $3 \rightarrow 40$ AC -2 Mt/Y	FY2020 to FY2 Units 100.0 Bn. Jf 20.0	^{27/γ} 10.0 150.0

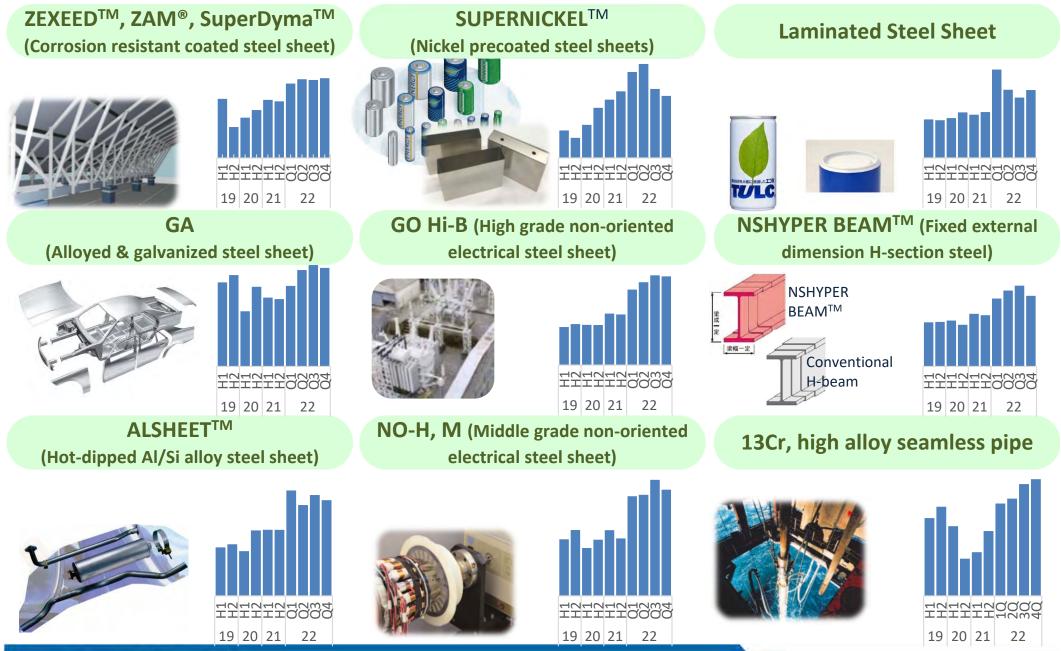
NIPPON STEEL

Domestic Steel Business

Sophistication of Order Mix (Examples of High-value Added Products)

(Unit in the figures below: t/Q)

23





Do	omestic Stee	l Business Quality Enhai		-	ity and 24
		o expand production capaci ii Works Hanshin Area (Saka	-		
t	the demand for	er restriction on CO ₂ emissions and eco-cars is expected to increase f ion in 2025: 32 million units (appro D)	aster tha	n previou	sly expected.
r	notor cores, de	ented electrical steel sheets (ESS) the mand for high-grade non-oriented titiveness in is expected to increase	ESS whic significa	h Nippon antly.	
	Solution	Non-oriented ESS is used for n motors of hybrid-cars and xEV contributes to reducing CO2 e from automobiles by reducing electrical power losses in iron	s, and missions	Yawata	Possesses cutting-edged cold-
	vestment Deta	ils Area	Amount	Full Operation	Details
1.	Aug. 2019 ~ May 2020	Setouchi Works Hirohata Area Kyushu Works Yawata Area	105.0 bn. JPY	H1	Capacity increase (GO + NO): +50%
2.	Nov. 2021	Setouchi Works Hirohata Area	19.0 bn. JPY	H1 FY2024	of which, high-grade ESS: +250%
3.	May 2023	Setouchi Works Hanshin Area (Sakai) Kyushu Works Yawata Area (Total:	90.0 bn. JPY 213.0 br	H1 FY2027 h. JPY)	Capacity increase (NO for eco-cars) vs. current capacity: approx. +400% vs. after investment 1&2: approx. +60%



Domestic Steel Business Expansion of ESS Supply Chains (Processing Sites)²⁵

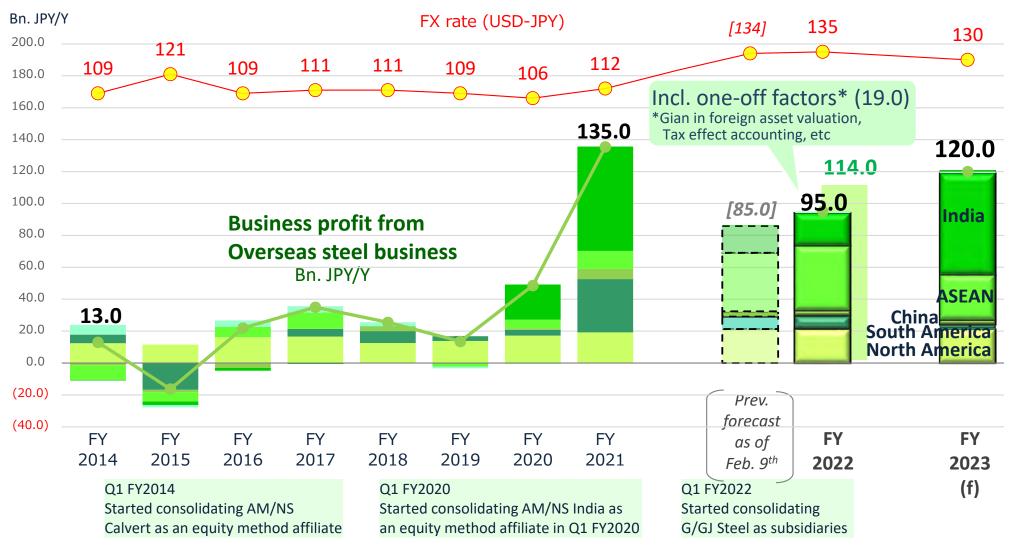
Decided to establish new processing sites for slitting owned by subsidiaries in demand-growing areas and strengthen ESS supply chains. Nippon Steel will continue to take additional measures as necessary by country and region.



NIPPON STEEL

Overseas Steel Business P/L Trend (Underlying Basis)

Although the profit in FY2022 decreased YoY due to one-off factors, robust profit is expected onward as soon as the one-off factors are eliminated.

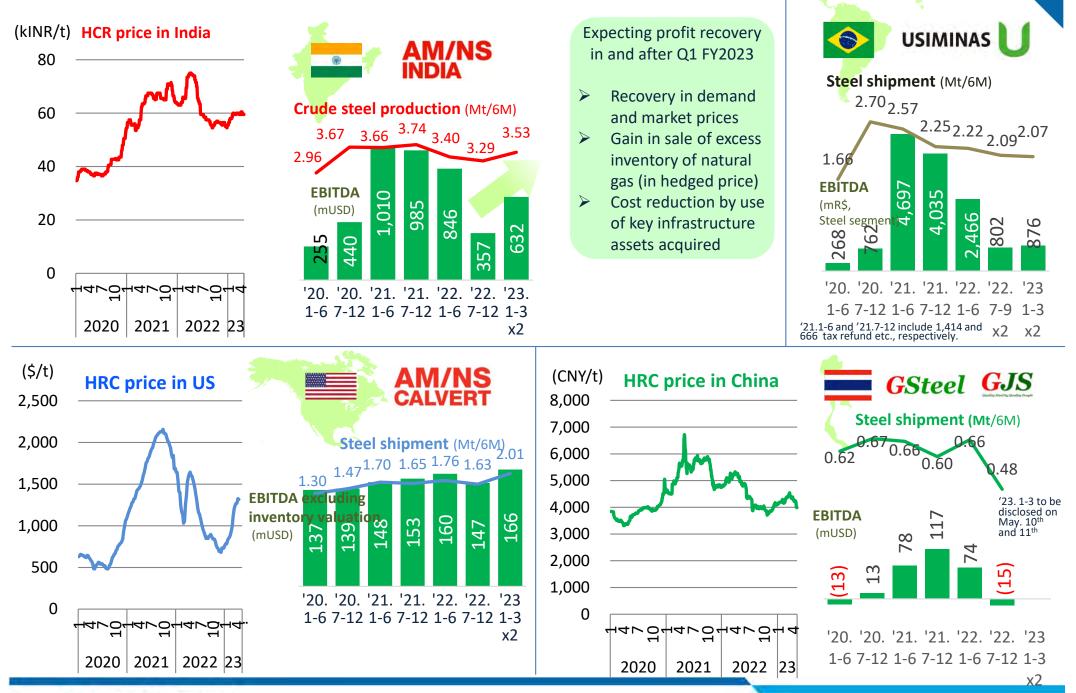


Ordinary profit (subsidiaries) + share of profit in investments accounted for using equity method (equity method affiliates), both underlying profit excl. inventory valuation

Note. Most of overseas businesses are operated in Jan.-Dec. term and consolidated to Nippon Steel's Apr. -Mar.



Overseas Steel Business EBITDA Trends of Main Overseas Business

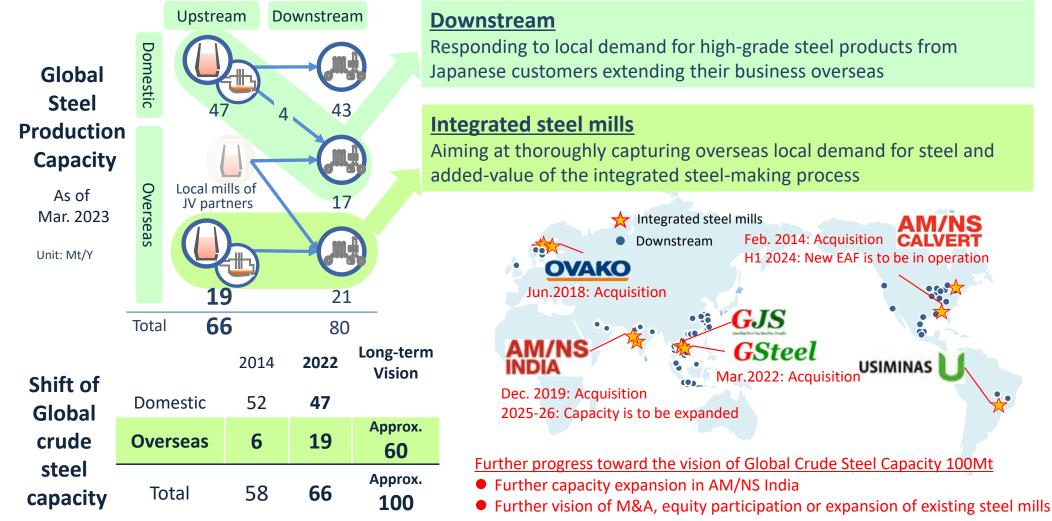


NIPPON STEEL

Overseas Steel Business

Improvement of profitability by deepening and expanding overseas business

- Completed withdrawal from unprofitable businesses
- Established integrated steel mills in five major overseas markets
 - -> toward the vision of "Global Crude Steel Capacity 100Mt"

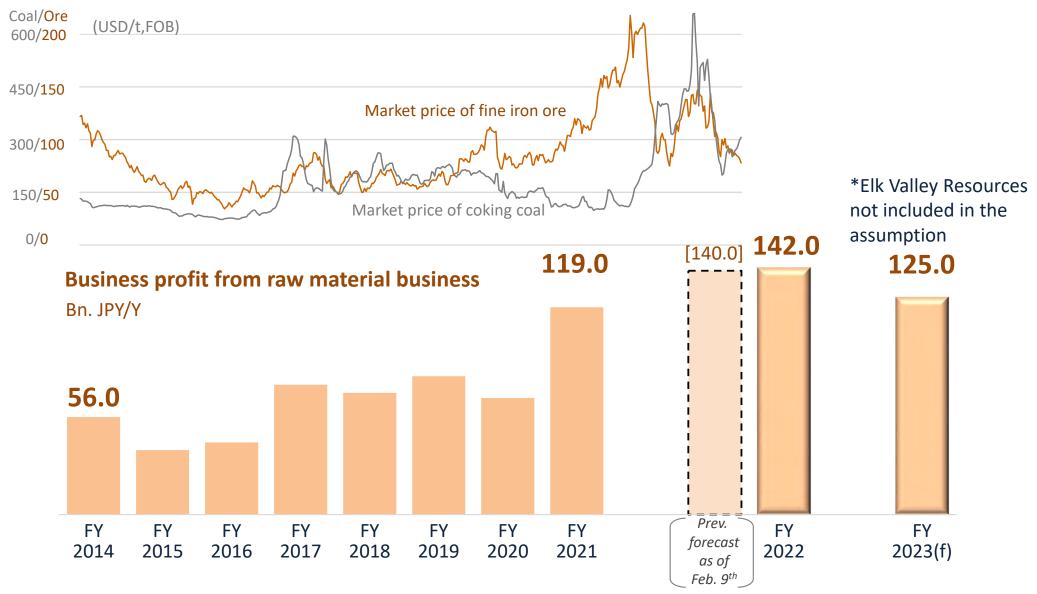


*In addition to full capacities of 30-50% ownership companies (incl. USIMINAS) as defined by Worldsteel Association, those of equity method affiliates with less than 30% ownership are also included.



Raw Material business P/L Trend (Underlying Basis)

Profit has remained high due to high raw material prices and enhanced cost competitiveness associated with depreciated AUD to USD etc.



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



© 2023 NIPPON STEEL CORPORATION All Rights Reserved.

Raw material business Vertical Expansion of the Core Businesses ³⁰

- Establishing stable procurement structure and easing fluctuation in operating profit of domestic steel business caused by raw material cost variance
- > Aiming further growth in the ratios of raw materials procured from invested mines

Currently Investing	Mines		Year participated	Equity ratio	Major shareholder	Capacity Mt/Y
Iron oro nollet	Australia	Robe River	1977	14.0%	Rio Tinto 53.0%	70
Iron ore, pellet	Brazil	NIBRASCO	1974	33.0%	VALE 51.0%	10
		Moranbah North	1997	5.0%	Anglo American 88.0%	12
		Warkworth	1990	9.5%	Yancoal 84.5%	8
Coal	Australia	Bulga	1993	12.5%	Glencore 85.9%	7
Carbon Neutral production processes		Foxleigh	2010	10.0%	Middlemount South70.0%	3
will require a certain		Boggabri	2015	10.0%	Idemitsu Kosan 80.0%	7
amount of coking coal	Canada	Elkview	2005	2.5%	Teck Coal 95.0%	7
Others(Niobium)	Brazil	CBMM	2011	2.5%	Moreira Salles 70.0%	0.15
pro Iron ore Coal	Ratios of rav ocured from i Approx Approx	w materials Total proc invested mines (FY20 . 20% 58 м	urement)21) t -> m	Aiming	urther growth in the ratios of the second seco	



Raw material business

Current Status toward Acquisition of Equity of Elk Valley Resources

- Feb. 21st, 2023: Nippon Steel decided to acquire par of the common shares of Elk Valley Resources (EVR), a steelmaking coal company which would be listed after spin-off from Teck Resources, the second largest producer of high-quality steelmaking coal in the world
- April 11th, 2023: Glencore proposed an acquisition of Teck Resources
- April 26th, 2023: Teck withdrew the separation proposal for the shareholders meeting and expressed its plan to "pursue a simpler and more direct separation."
- Nippon Steel will continue to discuss with Teck Resources on revision of the separation plan

<Purposes of the investment> Securing high-quality steelmaking coal that is essential to Nippon Steel's carbon neutral strategy

Stabilizing Nippon Steel's consolidated profit by increasing investment in highquality raw materials







Other Group Companies P/L Trend (Underlying Basis)

- 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 and improving spread 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



Other Group Companies Further Vertically-integrated Business Structure

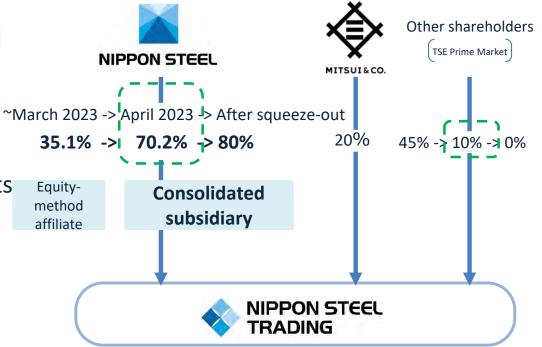
Tender Offer for shares of Nippon Steel Trading (NST) has been completed, and NST has become a subsidiary of Nippon Steel.

Measures applicable after consolidation and delisting its shares 3

 Streamline and strengthen the trading company's functions across the group
 Strengthen direct sales capabilities by integrally utilizing sales know-hows and infrastructure

3) Further sophisticate the supply chain (establishment of a new business model)

- Mar. 13th, 2023: Tender Offer started April 10th: Tender Offer closed April 14th: Made NST a subsidiary
- Going to delist NST's share through squeeze-out after determination at its special meeting of shareholders.
- Going to consolidate its financial statement from Q1 FY2023.



3 Non-steel Segments P/L Trend (Underlying Basis)

Business profits of three 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

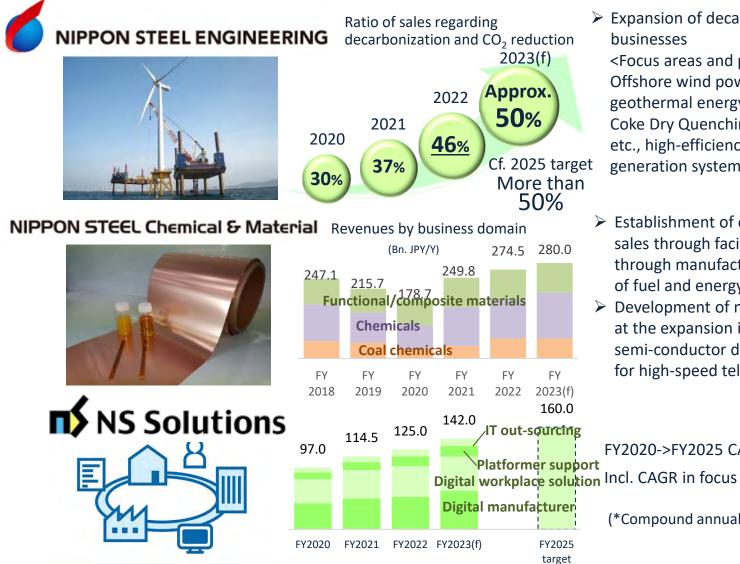
62.0 Bn. JPY/Y 61.0 60.0 58.0 [58.0] 55.0 6.3 9.4 11.6 Engineering 50.0 *[11.0]* 49.0 15.0 10.7 45.0 9.1 [16.0] 25.3 **Chemicals &** 36.0 16.1 17.7 35.0 25.0 Materials ^{9.5} 18.4 18.7 17.3 6.8 12.1 7.6 6.2 4.0 9.2 System 33.5 32.1 30.8 [31.0] 26.5 Solutions 26.1 23.2 23.9 22.1 19.4 16.5 FY Prev. 2016 2021 2014 2015 2017 2018 2019 2020 2022 2023(f) forecast as of Feb. 9th



3 Non-steel Segments

NIPPON STEEL

supporting and generating synergy with steel business, and increasing profit in promisingly growing fields



Expansion of decarbonization and low-carbon related

<Focus areas and products>

Offshore wind power, CCUS, hydrogen infrastructure, geothermal energy, sewage sludge fueling, biomass energy, Coke Dry Quenching (CDQ), EPC for waste power generation etc., high-efficiency energy supply service (natural gas cogeneration system), etc.

- Establishment of optimal framework for production and sales through facility improvement, and cost reduction through manufacturing process improvement and reduction of fuel and energy use.
- Development of new technologies and new products aimed at the expansion in sales of products related to growing semi-conductor demand, especially for high-grade products for high-speed telecommunication and automobiles

FY2020->FY2025 CAGR* target: **+5~6%/year** Digital workplace solution Incl. CAGR in focus area: Over +10%/year

(*Compound annual growth rate for revenue growth)

Earnings Summary

Nippon Steel Engineering

Bn. JPY	FV2021	111	112	FY2022	H1	H2	FY2023
	FY2021	H1	H2	FIZUZZ	(f)	(f)	(f)
Order intake	389.0	172.1	259.3	431.4	210.0	140.0	350.0
Revenue	279.2	164.0	188.1	352.2	200.0	200.0	400.0
Business profit	6.3	5.3	6.3	11.6	7.0	8.0	15.0
[previous forecast]	-	-	[5.7]	[11.0]	-	-	-

N	Nippon Steel Chemical & Material										
В	n. JPY				1	114	112				
		FY2021	H1	H2	FY2022	H1	H2	FY2023			
		112021		112	112022	(f)	(f)	(f)			
	Revenue	249.8	144.9	129.6	274.5	140.0	140.0	280.0			
Bu	siness profit	25.3	13.6	2.4	16.1	2.5	7.0	9.5			
[pre	vious forecast]	-	-	[2.4]	[16.0]	-	-	-			

NS Solutions

						-	
Bn. JPY	512024	114	112	51/2022	H1	H2	FY2023
	FY2021	H1	H2	FY2022	(f)	(f)	(f)
Revenue	271.3	135.0	157.4	292.5	140.0	165.0	305.0
Business profit	30.8	14.0	18.0	32.1	14.0	19.5	33.5
[previous forecast]			(17.0)	(31.0)	-	-	-

The revenue and profit in FY2022 increased YoY due to robust sales in environment and energy sectors such as waste-to-energy plants and offshore wind power business, and construction of large-scale logistics facilities and seismic isolation devices. The revenue and profit in FY2023 are expected to increase YoY due to progress in large projects. NSE will also promote raising ratio of sales regarding decarbonization and CO2 reduction.

The revenue in FY2022 increased YoY due to increase in sales price reflecting depreciated yen and raw materials cost inflation. However, the business profit decreased YoY due to rapid slowdown in semiconductor market since H2 of the year, S&D adjustment in needle coke market, calmed market prices of chemical products, etc., which are expected to continue in FY2023. The underlying business profit in FY2023 excluding inventory valuation is expected to be flat YoY.

The revenue and profit in FY2022 increased YoY due to increase in demand for DX mainly from platformers and government-related projects. The revenue and profit in FY2023 are expected to increase YoY, capturing robust DX demand from platformers and manufacturing industry including Nippon Steel.

- **1. FY2022 Earnings Summary and FY2023 Earnings Forecast** Summary / Additional Line Items, Net Profit / Dividend
- 2. Establishing a Business Structure that Ensures Stably High Profit Regardless of the External Environment
 - Proceeding to Next Phase toward 100 Mt and ¥1 Tn. Vision -

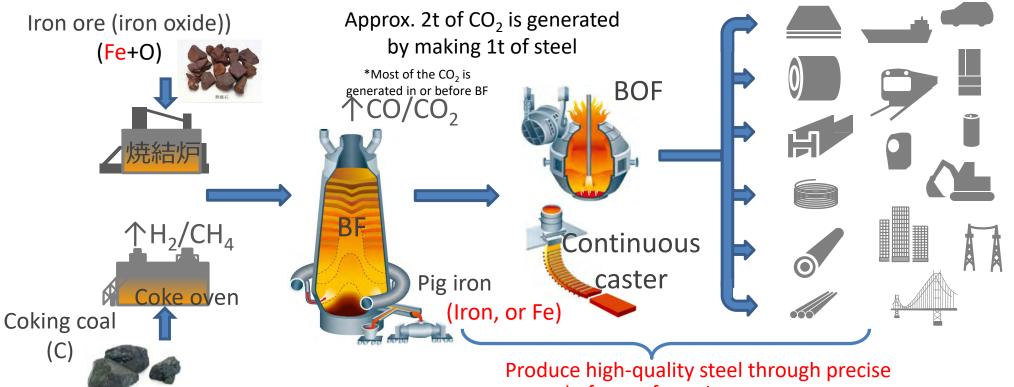
Strategy / Domestic Steel Business / Overseas Steel Business / Raw Material Business / Other Group Companies / Three Non-steel Segments / FY2023 Outlook

- **3. Progress in Carbon Neutral Vision 2050**
- 4. HR and PR Initiatives to Recruit from and Retain Diverse Talent
- **5. Business Environment**
- 6. Other Topics
- 7. Supplementary Materials for Financial Results
- 8. Other References



The Nature of BF Method Steelmaking Process

- Currently, BF method is the only process in which high-grade steel can be mass-produced from iron ore.
- Unlike many other manufacturing industries where respective products are processed in dedicated lines, in steel industry all products share the same upstream line and diverge into different product lines.
- BF method is extremely efficient system where the by-product gas generated in iron ore reduction and melting by coking coal can be reused as energy source (heat, electric power, etc.) for the integrated steel making processes



control of manufacturing processes

1) Iron ore, or iron oxide, is removed of oxygen (reduced) and turns into 1,500 °C molten iron

NIPPON STEEL

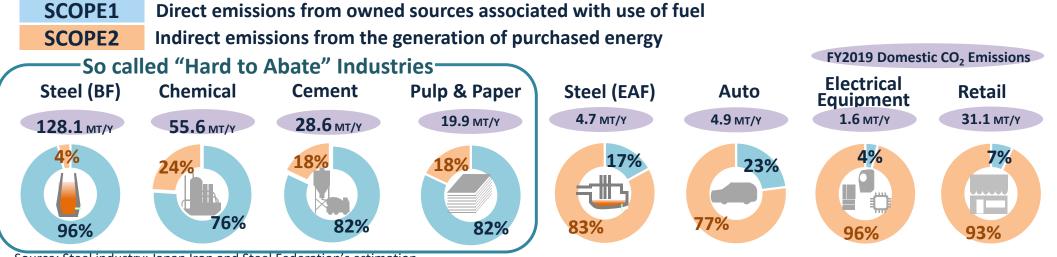
 Molten iron is removed of impurities and solidified into semi-finished products with standardized sizes and shapes Semi-finished products are processed into steel products with respective sizes, shapes, and features (through processes such as hot-rolling, annealing, galvanizing, etc.)

38

Difficulties and Challenges in Decarbonization Investment in Japanese Steel Industry – Difficulties of Securing Profit in Demand-declining Situation –

- 1. Manufacturing processes must be changed drastically in order to reduce CO₂ emissions from steel industry, and development and *"Hard to Abate" industries* implementation of innovative technologies are necessary.
- 2. On the other hand, the implementation of the new technology requires <u>large-scale CAPEX and</u> <u>significant increase in OPEX</u>. <u>However, because domestic steel demand is unlikely to grow in the</u> <u>future, decarbonization investment in Japan cannot be combined with investment for capacity</u> <u>expansion</u>. Furthermore, <u>decarbonization in steel making processes itself will not directly affect the</u> <u>quality and characteristics of steel products</u>.
- 3. Given these premises and to promote practical implementation aimed for CO₂ reduction in Japan aligning to the government's plan, <u>Japanese steel industry needs government's drastic and holistic</u> <u>support to secure the predictability of investment decisions going forward. With the support secured,</u> <u>Japanese steel industry will be able to challenge to materialize economically rational investments.</u>

Cf. Ratio of CO₂ emissions Scope1 to Scope 2 by industry



Source: Steel industry: Japan Iron and Steel Federation's estimation Other industries: Japan Iron and Steel Federation's estimation base on Energy Supply & Demand Survey 2019

Carbon Neutral Vision 2050

Released in March 2021

<u>Aim to reduce CO₂ emissions by 30% by 2030 and achieve carbon neutrality by 2050></u>

Our 2030 target is ambitious compared to those of our global peers, and is feasibly aligned with the Japanese government's plan



Provision of high-performance steel products and solutions that contribute to reducing CO₂ emissions in society

Reduce CO₂ emissions at the time of production and processing by customers

Reduce CO₂ emissions at the time of use of our products by end customers



Decarbonization of steelmaking process for providing carbon neutral steel

Reduce CO₂ emissions in customers' supply chains

By providing high-performance steel products and solutions, and by decarbonizing steelmaking process ahead of other countries, we are determined to provide carbon neutral steel to our customers (including approximately 6,000 companies in Japan) and support their international competitiveness. From September 2023, we will launch sales of NSCarbolex[®] Neutral, a steel product that is certified as reducing CO₂ emissions by a third-party organization.





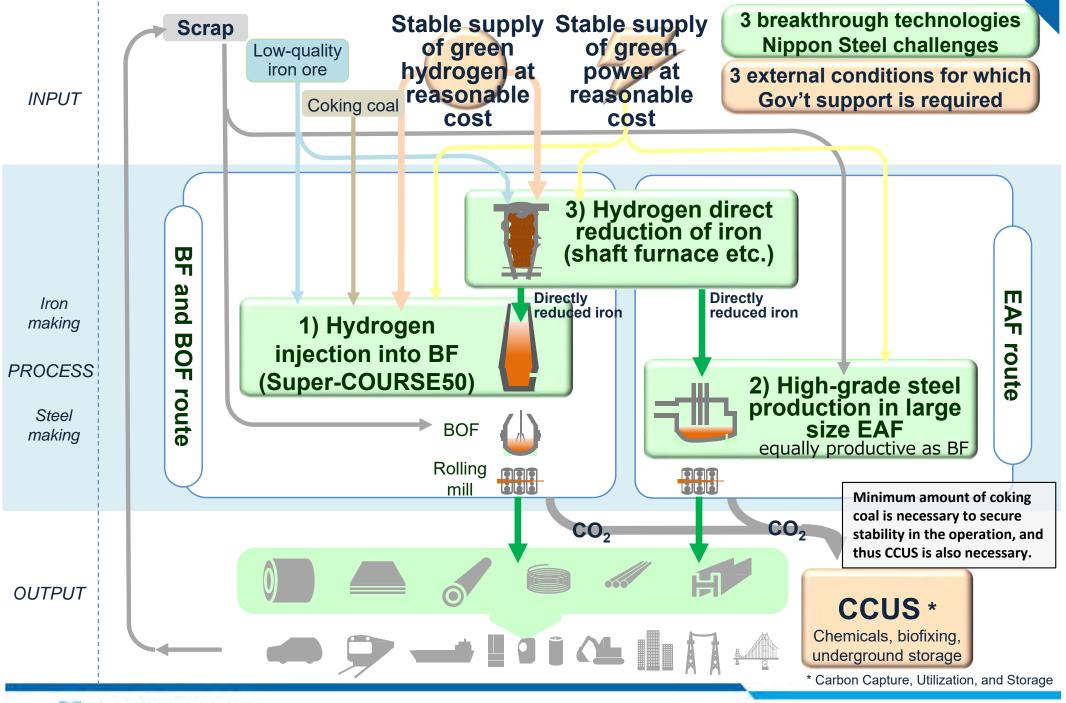


40

NIPPON STEEL

Carbon Neutral Process

NIPPON STEEL

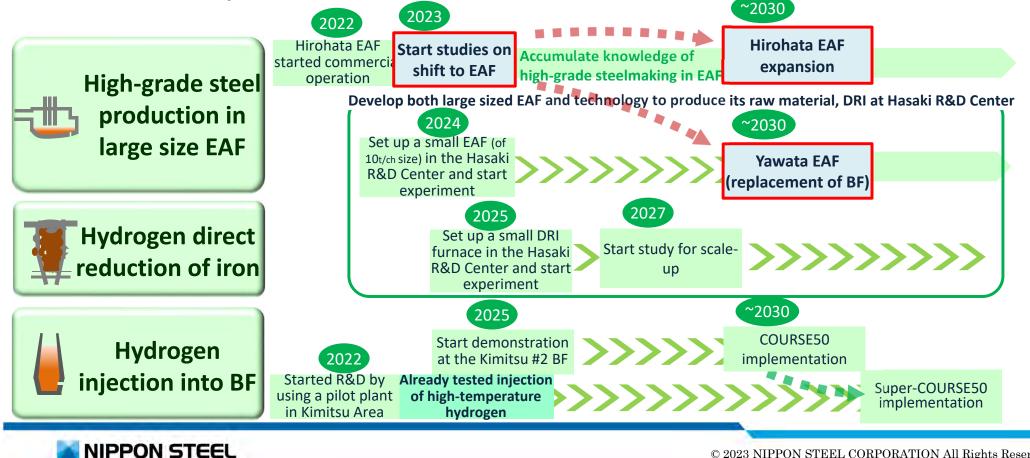


© 2023 NIPPON STEEL CORPORATION All Rights Reserved.

Progress in Carbon Neutral Vision 2050

- In October 2022, new EAF in Hirohata Area started commercial operation and production of high-grade steel including the world's first EAFbased highest-grade ESS
- Experiments for the three innovative technologies take place between 2022 and 2025 with the assistance of the Green Innovation Fund.
- A demonstration for hydrogen injection into BF started at #2 BF (in operation) in Kimitsu Area

- \blacktriangleright To promote CO₂ reduction as fast as possible, it is important to also start shifting to EAF process, a feasible pathway in the short term, along with **R&D** of hydrogen injection into BF, a challenging technology that requires relatively long time
- > As it is imperative to make decision on investment plans as soon as possible to meet Japan's NDC by 2030, Nippon Steel has decided to launch studies on shift to EAF.



- **1. FY2022 Earnings Summary and FY2023 Earnings Forecast** Summary / Additional Line Items, Net Profit / Dividend
- 2. Establishing a Business Structure that Ensures Stably High Profit Regardless of the External Environment
 - Proceeding to Next Phase toward 100 Mt and ¥1 Tn. Vision -

Strategy / Domestic Steel Business / Overseas Steel Business / Raw Material Business / Other Group Companies / Three Non-steel Segments / FY2023 Outlook

3. Progress in Carbon Neutral Vision 2050

4. HR and PR Initiatives to Recruit from and Retain Diverse Talent

- **5. Business Environment**
- 6. Other Topics
- 7. Supplementary Materials for Financial Results
- 8. Other References



HR and PR Initiatives to Recruit from and Retain Diverse Talent

44

Progress in Nippon Steel's corporate strategy

Promoting various strategies toward 100 Mt and ¥1 tn. Vision Rebuild domestic steel business

Promote a global strategy to deepen and expand overseas business Evolution to further vertically-integrated business structure Involving "raw material business" not just as procurement activity Insourcing steel distribution as a new business domain

Take on the challenge of carbon neutral steel

Promote digital transformation strategies

Change in the labor market

- Intensified competition in recruitment due to population decline
- Diversification of individuals' career targets and higher mobilization of labor market
- Sluggish degree of recognition to steelmaking industry

To secure and support workforce, Nippon Steel will promote various HR measures as one of the highest-priority management challenges

<Major initiatives already taken>

Recruitment	 Increasing the mandatory retirement age to 65 (since FY2021) Recruitment of post doctors (since FY2006)
Employee support	 24-hour available as necessary childcare centers at steelworks (Oita, Kimitsu, Yawata, Nagoya, Hirohata, Kashima, and Muroran as of end of FY2021)
Working hour	 Accompany leave system for employees whose spouse is transferred to other countries (since FY2016) Working from home system and core-flextime system (since FY2019) Temporary exemption from the transfer (since FY2020) Recommendation to all male employees to take child-care leave (since FY2021) Temporary leave system for employees who wish to take a reeducation (since FY2022) Increasing maximum capacity for "Family holidays" (reserved paid holidays) to 100 days (since FY2022)
Human capital development	 Digital transformation training (since FY2021) Reinforcement of English language training programs (since FY2021)

<Major initiatives going forwards>

- Public relations activities aimed to enhance recognition of the company from not only job applicants such as students but also wide range of generation
- Promotion of mid-career recruitment (including alumni hiring) on top of stable recruitment of fresh graduates
- Increasing starting salary
- Promoting employee engagement (e.g. promotion of open feedback culture, creating opportunities for challenge and development such as overseas assignment for mid-career and junior employees, etc.)

- **1. FY2022 Earnings Summary and FY2023 Earnings Forecast** Summary / Additional Line Items, Net Profit / Dividend
- 2. Establishing a Business Structure that Ensures Stably High Profit Regardless of the External Environment
 - Proceeding to Next Phase toward 100 Mt and ¥1 Tn. Vision -

Strategy / Domestic Steel Business / Overseas Steel Business / Raw Material Business / Other Group Companies / Three Non-steel Segments / FY2023 Outlook

- 3. Progress in Carbon Neutral Vision 2050
- 4. HR and PR Initiatives to Recruit from and Retain Diverse Talent

5. Business Environment

- 6. Other Topics
- 7. Supplementary Materials for Financial Results
- 8. Other References



Business Environment World Economy, Steel Demand

- The recovering pace of the world economy slowed down in 2022 due to due to inflation in many countries, interest rate hikes, and prolonged Russia-Ukraine conflict. No significant uplift is expected in 2023.
- The steel demand was low globally in 2022. In 2023, while there is some possibility that the global steel demand recovers especially in China, the Chinese real estate market has been experiencing stagnation and outlook for China's domestic demand is unclear.

	Outlook for GDP growth rate (As of April 2023)											nd Outl ril 2023)	ook		
So	CY22	rce: IMF, released on April 11th, 2023Source: World Steel Association, estimated on April 18th, 2CY22(f)CY23(f)CY23(f)													
Unit:%	As of April 2023	Vs. CY21	VS.as of Jan.31 st	As of April 2023	Vs. CY22	VS.as of Jan. 31 st	Unit: Mt/Y	Steel demand	Vs. CY2021	Vs. CY2021 (%)	Vs. as of Oct. 2022	Steel demand	Vs. CY2022	Vs. CY2022 (%)	Vs. as of Oct. 2022
္တ World	3.4	-2.8	-	2.9	-0.5	+0.2	World	1,781	-60	-3.2%	-15	1,822	+41	+2.3%	+8
ed Nations OS	1.1	-1.0	-0.3	1.3	+0.2	-0.5	Japan	55	-2	-4.2%	-3	57	+2	+4.0%	-1
US	2.1	-3.8	+0.1	1.6	-0.5	+0.2	US	95	-2	-2.6%	-5	96	+1	+1.3%	-5
ÖEurope	3.5	-1.8	-	0.8	-2.7	+0.1	Europe	152	-13	-8.0%	X-7	151	-1	-0.4%	-6
o Korea	2.6	-1.5	-	1.5	-1.1	-0.2	Korea	51	-5	-8.6%	-3	53	+2	+2.9%	-2
္မ China	3.0	-5.4	-	5.2	+2.2	-	China	921	-33	-3.5%	+7	939	+18	+2.0%	+25
	5.5	+1.7	+0.3	4.5	-1.0	+0.2	ASEAN*	73	-0	-0.3%	-4	77	+4	+6.2%	-4
ອັ India	6.8	-1.9	-	5.9	-0.9	-0.2	India	115	+9	+8.2%	+2	123	+8	+7.3%	+3
hoasean* Asean* اndia المانع Brazil سط Russia	2.9	-2.1	-0.2	0.9	-2.0	-0.3	Brazil	23	-4	-11.0%	-1	24	+1	+1.0%	-2
E Russia	-2.1	-6.8	+0.1	0.7	+2.8	+0.4	Russia	42	-2	-5.0%	+0	40	-2	-5.0%	+3



(*)GDP growth rate: Indonesia, Malaysia, Philippines, Thailand and Singapore Steel Demand: Indonesia, Malaysia, Philippines, Thailand and Vietnam

Business Environment Steel Demand in China

Steel demand has remained at low revel mainly due to the stagnation in the real estate market, and steel demand outlook is unforeseeable



[To date]

- Steel demand recovery is relatively slow in spite of the termination of zero-COVID policy.
- Infrastructure project volume is robust due to the government's policy, but steel demand from the real estate market, which accounts for approx. 30% of total demand, has been low.
- Crude steel production volume had been controlled in decline YoY last two years, but it has been in increasing trend recently.
- The volume of steel export has also been in increasing trend.

[Going forward]

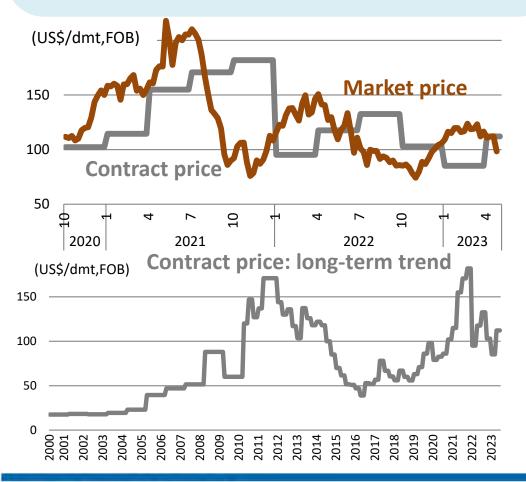
- Crude steel production is expected to be controlled at lower level than the previous year in 2023.
- However, careful attention must be paid to the trend of domestic demand and steel export.

CY23 (Nippon Steel estimate)

Business Environment Raw Materials Market Prices

Fine iron ore price

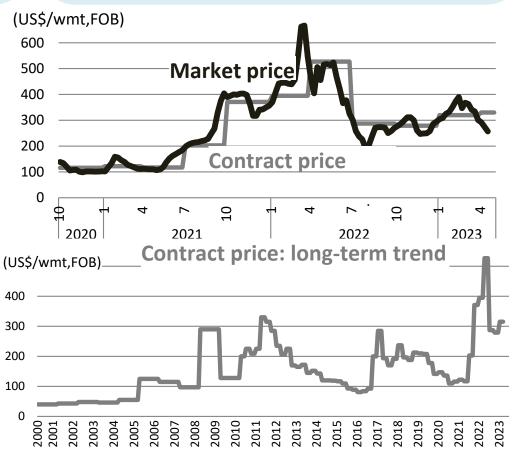
The recent fine iron ore price is around \$100. While the Chinese government's economic stimulus measure may have an impact to lift the iron ore price, it has been sluggish due to also sluggish domestic demand and the government's strict control on crude steel production and intervene in the iron ore market.



NIPPON STEEL

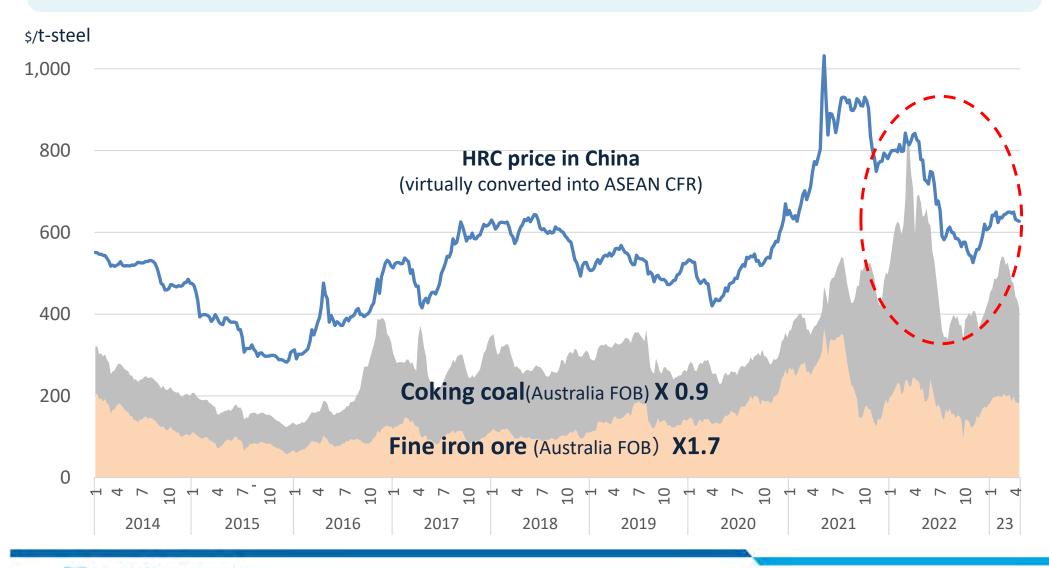
Coking coal price

Due to chronic labor shortages, heavy rainfall and operation troubles in coal bearing countries, the coking coal price has remained at a relatively high level of around \$250 to \$300. China seems to have restarted importing some amount of Australian coal, and close attention must be paid to its import trend.



The decoupling of steel price from raw material price

Recent steel spread is squeezed, as raw material prices remain high while steel market prices remain low especially in ASEAN and Chinese markets.



NIPPON STEEL

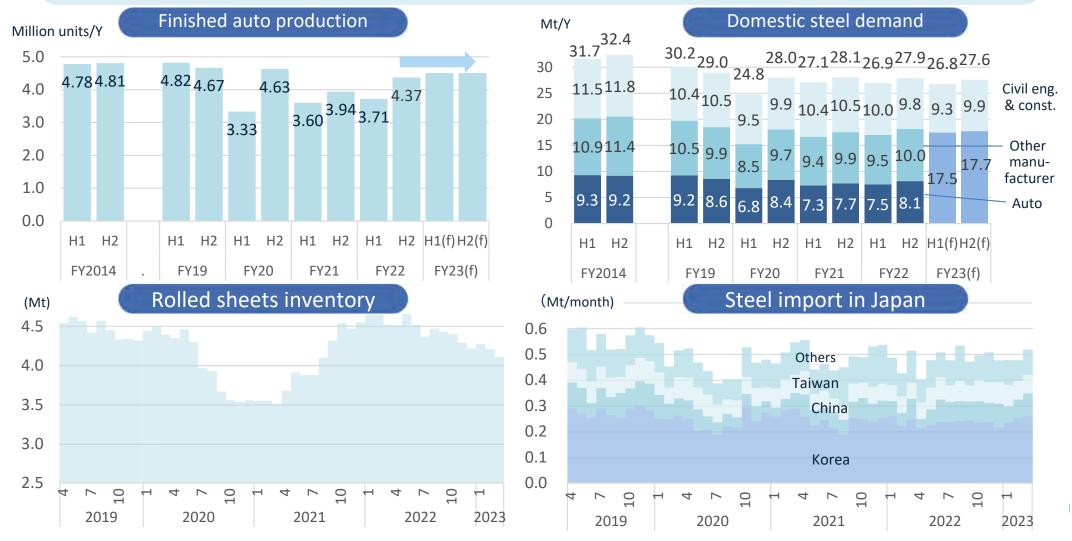
Business Environment

© 2023 NIPPON STEEL CORPORATION All Rights Reserved.

Business Environment Steel S&D in Japan

The steel S&D in Japan keeps gradually recovering from the pandemic.

- Demand for civil engineering and construction remains stable thanks to large-scale construction in urban area and robust needs for non-residential construction starts.
- As for auto production which was damaged by supply chain disruption, the number of production continues to achieve YoY increase and its demand seems to be recovering.
- > The amount of inventory has gradually been decreasing.
- > The number of imported products has not largely increased despite the loosened S&D in Asian market.



Business Environment The Balance of Trade and FX Sensitivity

Domestic steel business: The proportion of import-related costs to steel manufacturing cost has risen due to the recent surge in prices of raw materials and energy, and because the amount of import exceeds export, **the impact of Yen depreciation to our domestic steel business is negative**.

<u>Consol. business profit</u>: <u>The impact of Yen depreciation is neutral or slightly positive</u> due to increase in profit in overseas business and raw material business translated into Yen basis, and valuation gains for inventories and foreign assets.

Impact from Yen depreciation

Depreciation Excess of import to export Increase in raw of Yen materials and energy **Domestic Steel Business** -) Negative Q4 FY2022 1.2 bn. USD/Q costs, cost reduction, (import 4.7 - export 3.5)etc. **Overseas Steel Business** Increase in profit translated into +) Positive Yen basis **Raw Material business Other Group Companies** Excess in export, gain in foreign Other costs +) Positive Approx. asset valuation **Three Non-Steel Segments** 60% Underlying consol. Approx. -) Negative Approx. business P/L 40% 40% Import-relate costs Gain in valuation for imported Inventory valuation (raw materials & energy) +) Positive materials, gain in foreign asset Non-operating P/L FY FY FY valuation 2014 2019 2022 Neutral or Consol. business P/L slightly FX 109 135 109 positive (JPY/USD)



Cf. Rough figure for our steel

manufacturing cost structure

- **1. FY2022 Earnings Summary and FY2023 Earnings Forecast** Summary / Additional Line Items, Net Profit / Dividend
- 2. Establishing a Business Structure that Ensures Stably High Profit Regardless of the External Environment
 - Proceeding to Next Phase toward 100 Mt and ¥1 Tn. Vision -

Strategy / Domestic Steel Business / Overseas Steel Business / Raw Material Business / Other Group Companies / Three Non-steel Segments / FY2023 Outlook

- 3. Progress in Carbon Neutral Vision 2050
- 4. HR and PR Initiatives to Recruit from and Retain Diverse Talent
- **5. Business Environment**

6. Other Topics

- 7. Supplementary Materials for Financial Results
- 8. Other References



Awards

Titanium: Okochi Memorial Production Prize

(announced on February 15th, 2023) "Development of new manufacturing process of titanium sheet by direct slab casting system and surface structure control"

> [Refining and melting] Toho Titanium X [Processing lines] Nippon Steel

Omits hot-rolling process to produce slab from ingot Minimizes the surface defects in cold-rolling process

CORSPACE®: Ichimura Industrial Prize

(announced on March 13th, 2023)

"Development of coating cycle extension steel CORSPACE[®] that contributes to longer duration of steel bridge and port facilities"

<u>Twice longer duration</u> against corrosion
Number of coatings required: **3 times** /100 years for normal steel **1 time** / 100 years for CORSPACE



Significant reduction in life cycle cost of steel Contributes to labor saving and longer duration

Awarded the 2023 Steel Sustainability Champion by World Steel Association (announced on April 19th, 2023)

The third award after 2020 and 2022

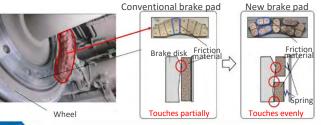


Brake pad: Commendation by MEXT*, Science and Technology Prize (Development Category) "Development of new brake pad for Shinkansen" (announced on April 7th, 2023)

*The Minister of Education, Culture, Sports, Science and Technology

Contributes to improvement of brake performance -> longer duration of brake disk and shortened

braking distance





Other topics 1) Issued Green Bond and decided its conditions (Announced on March 3rd, 2023) 2023. Feb. 9th Made decision of issuing Green Bond Use of proceeds Decided conditions of its issuance Mar. 3rd (the eligible project) Mar. 9th Issuance Production facilities, and other related **Major Conditions;** GreenBond expenditures of NO (Non-Oriented Platform electrical steel sheet) for eco-friendly Period **10 years 5** years car motors **NSCarbolex** ¥30.0 bn. ¥20.0 bn. Amount 0.564%/Y 1.150%/Y Interest **Redem-Environmental benefit** March 17th March 18th ption 2028 2033 date CO₂ reduction : -3Mt/Y

Opened a webpage of sustainable finance

page for **Sustainable finance**; [<u>https://www.nipponsteel.com/en/ir/stock/sustainablefinance.html</u>] page for **green bond**; [<u>https://www.nipponsteel.com/en/ir/stock/sustainablefinance/gb.html</u>]



Other topics 2) CO_2 reduction by efficient utilization of steel slag⁵⁵

Nippon Steel ground granulated blast furnace slag (GGBFS) was adopted by many demonstrative revetment projects using low-carbon concrete blocks

(Announced on April 25th, 2023)

- GGBFS, or fine powder of blast furnace slag, is a by-product of iron making in blast furnaces and has a feature like that of cement to harden.
- GGBFS added to raw materials of Portland cement can cut the CO₂ emissions in its production process (approx. 700kg-CO₂/t) by approx. <u>53%</u>.

Examples of GGBFS products adopted by customers

- 1) "SPIRITS" produced by Nippon Steel Cement
 - Ishikari River revetment replacement, Ito gutter removal work
 - Ishikari River revetment maintenance, Horomukawa River East No. 2 downstream gate gutter
- 2) "ESMENT" produced by Nippon Steel Blast Furnace Slag Cement
 - High-water mark maintenance work in Minami-Noda district around Shigenobu River

* The Nippon Steel Group's GGBFS products made from Nippon Steel's blast furnace slag are also provided through Nippon Steel Slag Products (Kashima City, Ibaraki Prefecture; Kimitsu City, Chiba Prefecture; Tokai City, Aichi Prefecture; Wakayama City, Wakayama Prefecture) as well as through Nippon Steel Cement (Muroran City, Hokkaido) and Nippon Steel Blast Furnace Cement (Kitakyushu City, Fukuoka Prefecture)



 $\ensuremath{\mathbb{C}}$ 2023 NIPPON STEEL CORPORATION All Rights Reserved.

- **1. FY2022 Earnings Summary and FY2023 Earnings Forecast** Summary / Additional Line Items, Net Profit / Dividend
- 2. Establishing a Business Structure that Ensures Stably High Profit Regardless of the External Environment
 - Proceeding to Next Phase toward 100 Mt and ¥1 Tn. Vision -

Strategy / Domestic Steel Business / Overseas Steel Business / Raw Material Business / Other Group Companies / Three Non-steel Segments / FY2023 Outlook

- 3. Progress in Carbon Neutral Vision 2050
- 4. HR and PR Initiatives to Recruit from and Retain Diverse Talent
- **5. Business Environment**
- 6. Other Topics

7. Supplementary Materials for Financial Results

8. Other References



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

(Bn. JPY)	FY22(f) old	FY22	Change	(approx. 34.20 -> 34.25)
Business Profit	870.0	916.4	+46.4	Steel shipment volume : approx. +0.07 Mt (approx. 31.40 -> 31.4
Underlying profit	690.0 734.0		+44.0	*2 Incl. the impact of FX, and carry over -5.0 (68.0 -> 63.0)
1) Domestic	200.0	222.0	+22.0	*3 Improve: Stainless steel & EAFs, secondary
2) Overseas	85.0	95.0	+10.0	processing , operational support, etc.*4 Engineering +0.6, Chemicals & Materials +0.1,
3) Raw material	140.0	142.0	+2.0	System Solutions +1.1 *5 Incl. decrease in depreciation cost +1.0
4) Other group	195.0	205.0	+10.0	
5) Non-steel	58.0	60.0	+2.0	
Volum * +180.0	e *2 red +30.0	$\begin{array}{c} \text{Cost} & \text{steel} \\ \text{uctionbusiness} \\ \sim & \pm 10.0 \\ \end{array}$	business compa	*3 *4
+180.0	e *2 red +30.0	uctionbusiness	business compa	anies steel Others *3 *4 *5 -100
**************************************	e *2 red +30.0 <pre> </pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <!--</th--><th>uctionbusiness ~ +10.0</th><th>business compa</th><th>$\begin{array}{c cccc} &$</th></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre>	uctionbusiness ~ +10.0	business compa	$\begin{array}{c cccc} & & & & & & & & & & & & & & & & & & & $

Business Profit Variance (H1 FY22 -> H2 FY22)

NIPPON STEEL

(Bn. JPY)	H1 FY22	H2 FY22	Change	*1 Crude steel production : +0.17 Mt (17.04 -> 17.21)
Business Profit	541.7	374.7	-167.0	Excl. BF relining impact : -0.23 Mt (17.44 -> 17.21)
Underlying profit	300.0	434.0	+134.0	Steel shipment volume : +0.10 Mt (15.69 -> 15.79)
1) Domestic	45.0	177.0	+132.0	Excl. BF relining impact : approx0.30 Mt
2) Overseas	63.0	32.0	-31.0	(16.09 -> 15.79) *2 Incl. the impact of FX, and
3) Raw material	67.0	75.0	+8.0	carry over -95.0 (79.0 -> (16.0))
4) Other group	89.0	116.0	+27.0	*3 Improve: Stainless steel& EAFs, operational support secondary processing, etc.
5) Non-steel	33.0	27.0	-6.0	*4 Engineering +1.0, Chemicals & Materials -11.2, System Solutions +4.0
541.7 +241.7 Volu -15 300.0	ime *1 +150.0	(30	<u>Y22 H2 FY22</u> .0) -	er Non- p steel nies *4 *3
H1 Inventory Under- FY22 valuation lying etc. profit	Non-operating p Total	orofit etc. 21	L.7 (49.3) L.7 (59.3)	- 71.0 - 301.0 Under- Inventory H2 lying valuation FY22 profit etc.

 $\ensuremath{\mathbb{C}}$ 2023 NIPPON STEEL CORPORATION All Rights Reserved.

Business Profit Variance (FY21 -> FY22)

	•••••				_,	
(Bn. JP	Y)	FY21	FY22	Change	*1 Crude stee	el pro
Business Pro	fit	938.1	916.4	-21.7	Excl. BF r	elinin
Underlying	profit	690.0	734.0	+44.0	Steel ship	ment
1) Domes	tic	244.0	222.0	-22.0	Excl. BF r	relinin
2) Overse	as	135.0	95.0	-40.0		
3) Raw ma	aterial	119.0	142.0	+23.0	*2 Incl. the ir carry	over
4) Other g	group	129.0	205.0	+76.0	*3 Improve:	
5) Non-ste	eel	62.0	60.0	-2.0	operation *4 Engineerin	•
			Oversea Cost steel	material	*5 Incl. incre	ase in Others *
938.1 +248.1	Volum	*2	duction busines	+76	5.0 -2.0 +	-12.
·، ا		- - +60 0 ⁺	-50.0 -40.0	+23.0	Non-	
	690.0			Oth gro comp	ner steel up _{*4}	
		<inventory th="" v<=""><th>aluation etc.></th><th>FY21 FY22</th><th>2 Change</th><th></th></inventory>	aluation etc.>	FY21 FY22	2 Change	
		BF relining	5	(30.0) (30.	.0) -	

Consol. Inventory valuation

Non-operating profit etc.

Total

Under-

lying

profit

NIPPON STEEL

Inventory

valuation

etc.

FY21

275.0

248.1

3.1

oduction : -4.43 Mt $(38.68 \rightarrow 34.25)$ ing impact : -4.43Mt $(39.08 \rightarrow 34.65)$ t volume : -4.09Mt $(35.56 \rightarrow 31.47)$ ing impact : approx. -4.09 Mt $(35.96 \rightarrow 31.87)$ ct of FX, and -59.0 (122.0 -> 63.0) nless steel & EAFs, pport, secondary processing, etc. 5.3, Chemicals & Materials -9.2, System Solutions +1.3 n depreciation cost -4.0 rs *5 .0 +182.4 916.4 734.0 240.0 -35.0 -30.7 (27.6)182.4 -65.7 FY22

Under- Inventory FY2 lying valuation profit etc.

59

Business Profit Variance (Q3 FY22 vs. Q4 FY22)

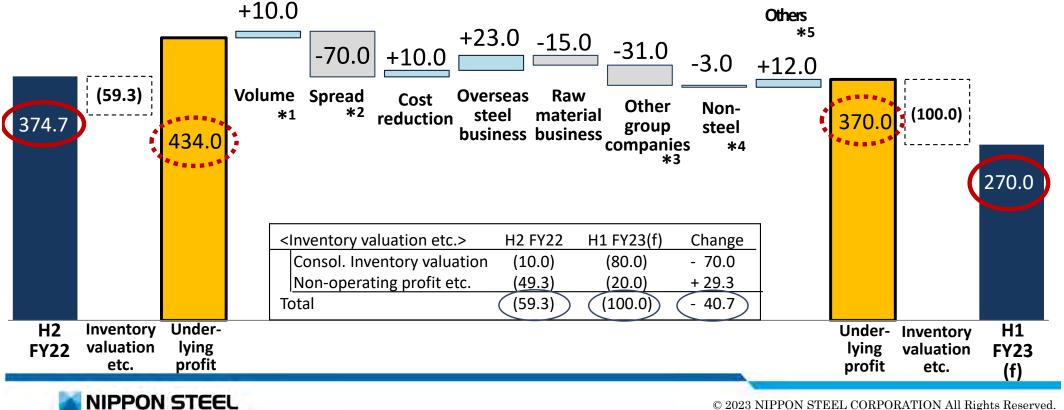
NIPPON STEEL

	(Bn. JPY)	Q3 FY22	Q4 FY22	Change	*1 Crude steel production : approx. +0.03 Mt
ſ	Business Profit	220.0	154.6	-65.4	(8.59 -> 8.62) Steel shipment volume: approx0.18 Mt (7.98 -> approx. 7.80)
	<underlying profit=""></underlying>	220.0	214.0	-6.0	*2 Incl. the impact of FX fluctuation, and carry over +24.0 (-20.0 -> 4.0)
	Steel	210.1	135.5	-74.6	*3 Improve: Stainless steel and EAFs, secondary processing makers, etc.
	Non-steel	12.2	14.6	+2.4	*4 Engineering +3.9, Chemicals & Materials -2.5,
	Adjustment	(2.4)	4.6	+7.0	System Solutions +1.1 *5 Incl. increase in depreciation cost -1.0
2	220.0	<invento Consol.</invento 	+5.0 +4.0 pry valuation etc.> Inventory valuation erating profit etc.	Q3 FY22	*3 *4 *5 10.0 +3.0 -11.0 -59.4 214.0 -59.4 (214.0 -59.4 (154.6) (154.6)
	Q3 Inventory Under- FY22 valuation lying etc. profit	Total			(59.4) - 59.4 Under- Inventory Q4 lying valuation FY22 profit etc.

© 2023 NIPPON STEEL CORPORATION All Rights Reserved.

Business Profit Variance (H2 FY22 -> H1 FY23(f))

(Bn. JPY)	H2 FY22	H1 FY23(f)	Change	*1 Crude steel production : approx. +0.29 Mt
Business Profit	374.7	270.0	-104.7	(17.21 -> approx. 17.50) Steel shipment volume : approx. +0.21 Mt
Underlying profit	434.0	370.0	-64.0	
1) Domestic	177.0	140.0	-37.0	carry over +90.0 ((16.0) -> 74.0)
2) Overseas	32.0	55.0	+23.0	*3 Improve: Stainless steel& EAFs, operational support, etc.
3) Raw material	75.0	60.0	-15.0	*4 Engineering +0.7, Chemicals & Materials +0.1,
4) Other group	116.0	85.0	-31.0	System Solutions -4.0 *5 Incl. increase in depreciation cost -4.0
5) Non-steel	27.0	23.5	-3.0	



© 2023 NIPPON STEEL CORPORATION All Rights Reserved.

Business Profit Variance (FY22 -> FY23(f))

(Bn. JPY)	FY22	FY23(f)	Change	*1 Crude steel production : approx. +0.75Mt (34.25 -> approx. 35.00)
Business Profit	916.4	650.0	-266.4	Excl. BF relining impact : +0.35Mt (34.65-> approx. 35.00)
Underlying profit	734.0	800.0	+66.0	Steel shipment volume : approx. +0.53 Mt
				(31.47 -> approx. 32.00)
1) Domestic	222.0	280.0	+58.0	Excl. BF relining impact : +0.13Mt
2) Overseas	95.0	120.0	+25.0	(31.87 -> approx. 32.00) *2 Incl. the impact of FX, and
3) Raw material	142.0	125.0	-17.0	
				*3 Improve: Stainless steel & EAFs, operational support
4) Other group	205.0	210.0	+5.0	etc. *4 Engineering +3.4, Chemicals & Materials -6.6,
5) Non-steel	60.0	58.0	-2.0	System Solutions +1.4
916.4 +182.4 +5 734.0	. <u>0</u> ~ _	50.0 valuation etc.>	Oth grou compa	up steel
		g iventory valuatior rating profit etc.	n 240.0 (8 (27.6) (7	$\begin{array}{c} - & + 30.0 \\ 0.0) & -320.0 \\ 0.0) & - 42.4 \\ \hline 0.0) & -332.4 \end{array}$
FY22 Inventory Under- valuation lying etc. profit				Under- Inventory FY23 lying valuation (f) profit etc.
NIPPON STEEL				© 2023 NIPPON STEEL CORPORATION All Rights Reserved

- **1. FY2022 Earnings Summary and FY2023 Earnings Forecast** Summary / Additional Line Items, Net Profit / Dividend
- 2. Establishing a Business Structure that Ensures Stably High Profit Regardless of the External Environment
 - Proceeding to Next Phase toward 100 Mt and ¥1 Tn. Vision -

Strategy / Domestic Steel Business / Overseas Steel Business / Raw Material Business / Other Group Companies / Three Non-steel Segments / FY2023 Outlook

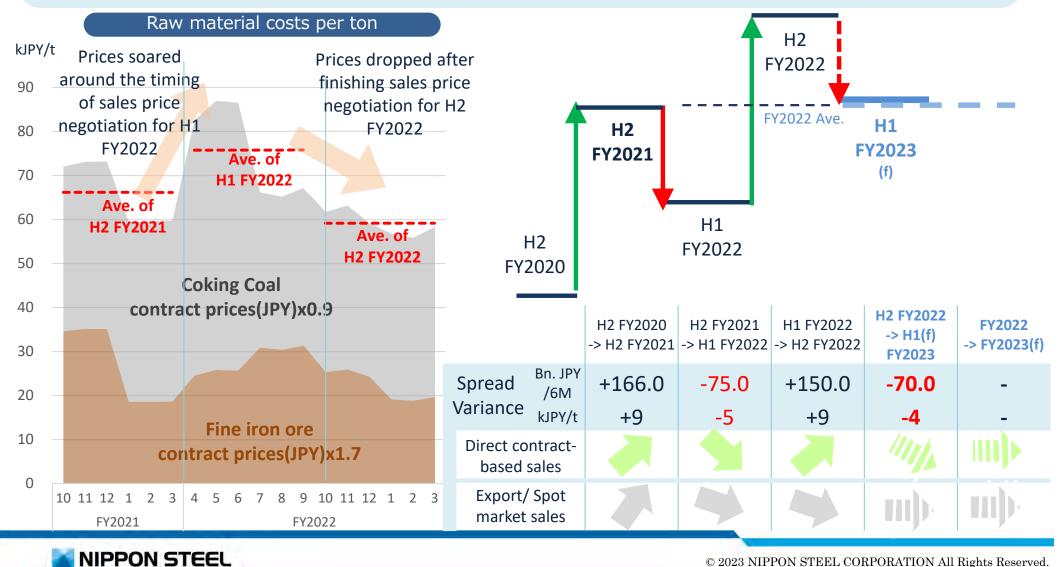
- 3. Progress in Carbon Neutral Vision 2050
- 4. HR and PR Initiatives to Recruit from and Retain Diverse Talent
- **5. Business Environment**
- 6. Other Topics
- 7. Supplementary Materials for Financial Results

8. Other References

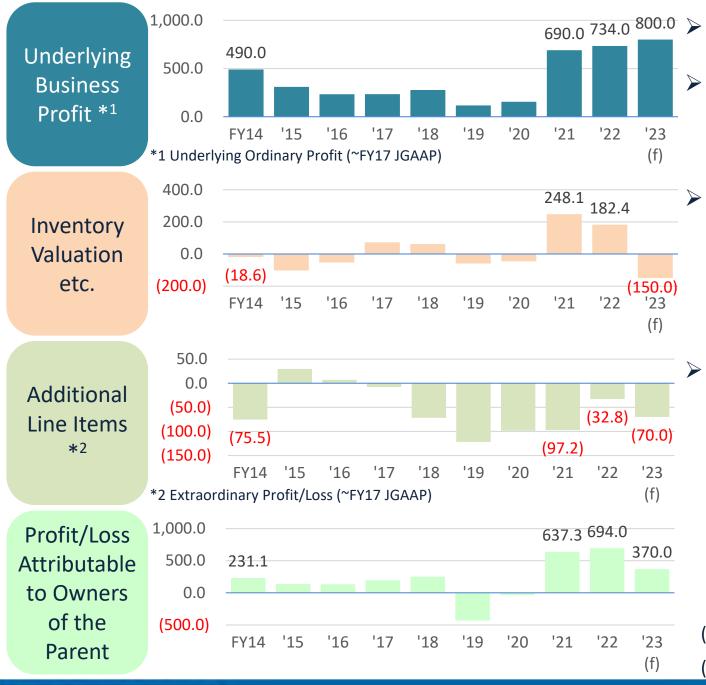


Realization of an appropriate level of price spread

- After H1 FY2022, changed price negotiation system to pre-fixed basis
- While price spread varies due to the change in raw material prices after finishing negotiation, it will be offset in the long run.
- > With the spread level remained equivalent to the average of FY2022, NSC will pursue the sales price level s that reflects high value-added product quality and solutions



P/L Trend Breakdown



- Established stably and highly profitable structure
- Promoting additional measures to realize further growth
- Non-cash items such as valuation gains/losses on inventories and foreign currencies vary drastically in the short term but offset themselves in the long term
- Certain amounts of one-off
 losses on structural measures
 continue to be incurred until
 FY2024



(FY14 to FY16: Ex-Nisshin Steel included)

NIPPON STEEL

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

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

